POOL Re

REINSURING TERRORISM RISK

Delivering Change, Strengthening Resilience

Pool Re Annual Report and Accounts

2025–2026

CP 1647

Government of the United Kingdom

Pool Reinsurance Company Limited

Pool Re Annual Report and Accounts 2025-2026

Presented to Parliament by the Economic Secretary to the Treasury by Command of His Majesty.

July 2026

CP 1647

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at:

Pool Reinsurance Company Limited
Equitable House
47 King William Street
London
EC4R 9AF

Tel: 020 7337 7170

Email: contact@poolre.co.uk

ISBN 978-1-5286-6592-6

E03618936 07/26

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office.

Contents

1 Pool Re's Year in Review and Outlook

2 Strategic Report

Pool Reinsurance Company Limited

Equitable House,
47 King William Street,
London, EC4R 9AF

Registered in England

Registered Number: 02798901

Registered Office:
7 Savoy Court,
London, WC2R 0EX

3 Governance & Accountability

4 Financial Statements

1

Pool Re's Year in Review and Outlook

Welcome to Pool Re's Annual Report

Our 2025-26 annual report, Delivering Change, Strengthening Resilience, captures a defining year of execution and transformation for Pool Re.

Our purpose is clear: to ensure that every business in Great Britain can access affordable and comprehensive terrorism insurance, fostering confidence and resilience in the British economy and insulating the taxpayer from the financial impacts of catastrophic terrorist attacks.

During 2025–2026, we moved decisively from consultation and planning to delivery: embedding our modernised reinsurance scheme, increasing private market participation, and strengthening the UK's resilience to terrorism risk with the launch of our SME Incentive Scheme.

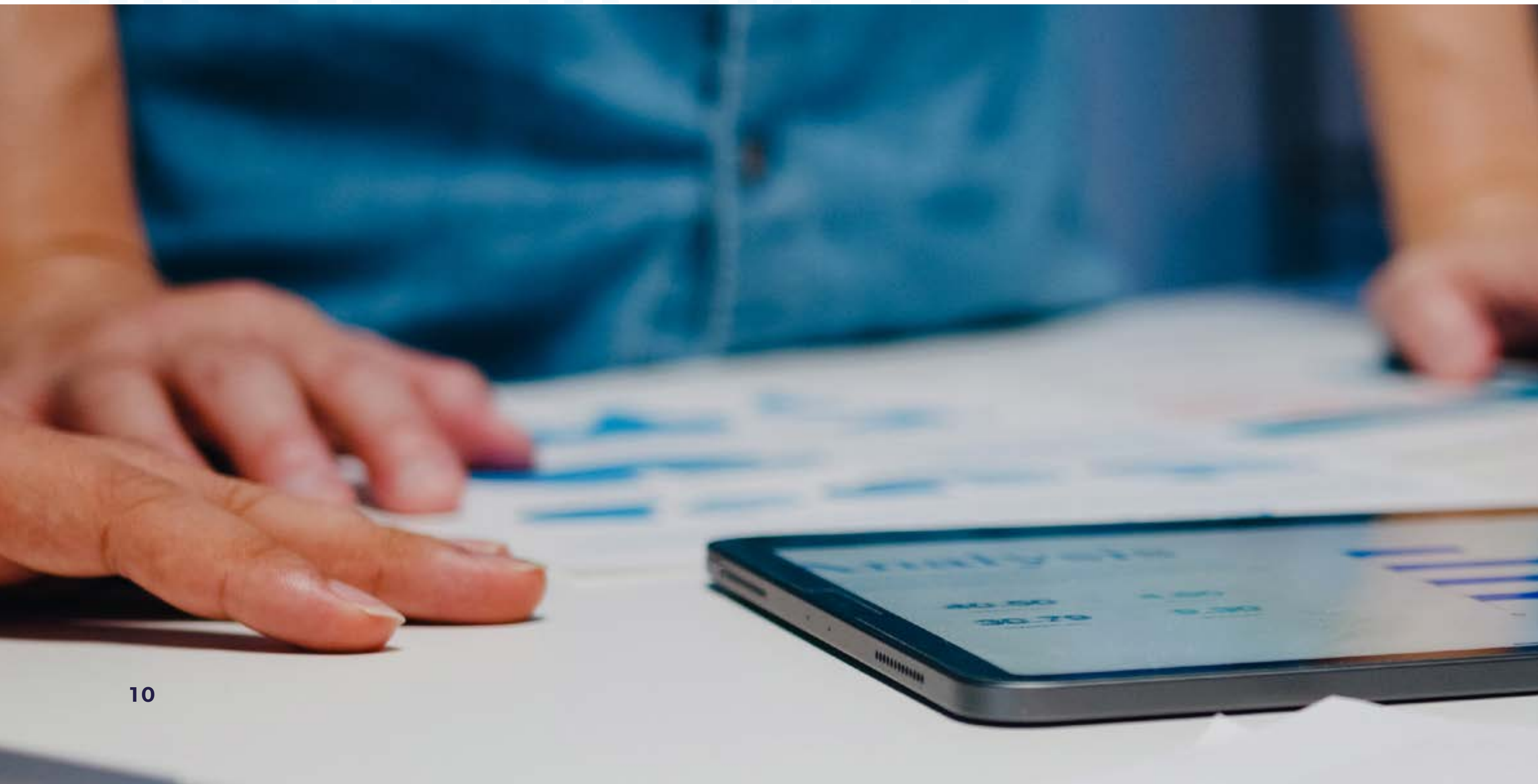
In a complex and volatile threat environment, Pool Re has continued to work closely with Members, Government, and the wider insurance market to expand access to terrorism cover, strengthen business confidence, and enhance the UK economy's preparedness for the financial consequences of terrorism.

Our mission of protection also extends to monitoring terrorism developments, assessing emerging risks, and helping mitigate their impact. This responsibility lies with our specialist division, Pool Re Solutions, which is at the forefront of analysing the evolving threat landscape, evaluating potential impacts, and supporting our Members and their policyholders to implement effective, proportionate resilience measures.

Delivering Financial Strength and Resilience

Pool Re is the UK’s leading terrorism reinsurer and operates as a mutual organisation owned by its Members.

Operating in close partnership with HM Government and our Member insurers, we provide the financial mechanisms, threat analysis and risk mitigation strategies that enable policyholders to manage terrorism related risk effectively.



Since its establishment in 1993, Pool Re has paid a total of £634 million in respect of 13 certified terrorism events. Pool Re's financial strength stands behind the industry to provide support in the event of a major terrorist incident in the UK. Pool Re is backed by a Government unlimited guarantee, for which Pool Re pays an annual premium to HM Treasury. To date, the Government backstop has not been called upon.

The resilience of the Scheme as at 31 March 2026 is illustrated here. In the event of a certified Act of Terrorism, initial losses are absorbed through Member retentions. Where losses exceed these retention thresholds, claims may be made against Pool Re's reserves. Since inception, Pool Re has built an investment fund valued at £7.4 billion. This is complemented by £2.75 billion of protection provided through a commercial retrocession programme. And a further £0.10 billion of protection is provided through the issuance of an Insurance-Linked Security.

Lastly, the premiums Pool Re has previously paid to government, totalling approximately £2.4 billion, are held to the credit of Pool Re in the event of a claim. Taken together, this represents £13.1 billion of available capital to meet the claims under the Scheme, helping to protect the taxpayer from the financial impact of terrorism incidents.

Only in the event that Pool Re's resources are fully exhausted would the company draw upon Government funding. This guarantee underpins Pool Re's financial strength and its ability to meet claims obligations under its agreements with Members.

HM Treasury Unlimited loan facility	∞	
HM Treasury funds paid to the credit of Pool Re	£2.37bn	£13.1bn
Pool Re Investment Fund (Excess)	£6.99bn	
Commercial Retrocession	£2.75bn	
Baltic III Cat Bond	£0.10bn	
Pool Re Investment Fund (Primary)	£0.45bn	
Member Retentions	£0.45bn	

Milestone Moments

APR 2025

Launched Pool Re's modernised reinsurance Scheme among our Membership to drive innovation and strengthen terrorism resilience.

APR 2025

Successfully completed third ILS Cat bond placement.

APR 2025

Welcomed Royal Assent of Martyn's Law, The Terrorism (Protection of Premises) Act.

APR 2025

Appointed Richard Roberts as Chief Finance and Investment Officer.

Pool Re's Market Event gathered experts from the risk industry, where discussions focused on the evolving threat landscape, the UK's resilience against terrorism, and the significant SME terrorism insurance gap.

JUL 2025

NOV 2025

MAR 2026

Pool Re completed its £2.75 billion retrocession placement.

Hosted Parliamentary reception to celebrate our Counter Terrorism Alliance with the Home Office, in the presence of Lord Hanson, Minister of State for Home Affairs and Dan Jarvis, Minister of State for Security of the UK.

Pool Re in Numbers

QUANTIFIABLE CONFIDENCE

£7.4bn Pool Re's fund at 31 March 2026.

£2.75bn Retrocession purchased from private sector reinsurers at 31 March 2026.

£100m ILS capacity at 31 March 2026

COMPREHENSIVE INSURANCE

£2.3tn

Reinsured £1.9 trillion of commercial property and 0.4 trillion of business interruption.

GOVERNMENT

£2.37bn

Paid to HM Treasury as outward premium between 2001 and 2026.

MEMBER INSURERS

£597m

Paid to Members as dividends between 2016 and 2025.

£634m

Paid in respect of 13 certified terrorism events since 1993.

100+ Members

of Pool Re spanning commercial insurances, captives, and Lloyd's syndicates, representing a comprehensive cross-section of the insurance market in Great Britain.

ANGELA KNIGHT

Chair's Statement

> “At Pool Re, due to the ever-changing world around us, standing still is not an option.

In presenting the Pool Re Annual Report and Accounts for 2025-26, I would like to reflect on an interesting year and highlight the progress made on some of our initiatives that are important to our industry Members and their policyholders - that is the businesses of the country that they insure.

Our vital mandate

Pool Re exists to help protect and restore the economy of Great Britain from the financial consequences of terrorism and its role is as important now as it was when formed.

In the face of the IRA mainland bombing campaign in 1993, the magnitude of losses was such that it became no longer possible to obtain building insurance cover for businesses in the major cities of the country. Pool Re was created to stand behind the industry, able to provide the essential back up finance in the event of a major terrorist attack and so enable that essential insurance to be restored.

Today, Pool Re manages some £7.4 billion of our Members funds and have access to a further £2.75 billion in reinsurance. We hold this money in trust ready to respond should it be required when an event occurs.

Pool Re is a mutual organisation accountable to its Members. We are also classified as an Arm’s Length Body of HM Treasury, to whom we pay a significant sum of money annually and which now totals £2.37 billion.

We operate as a public-private partnership, cooperating and collaborating particularly with HMT and the Home Office. This places us in a unique position at the nexus of industry, government and the commercial world, with a clear and specific mandate to help business and the economy recover from a major terrorist attack.

Innovation

The fast changing world means that Pool Re is also changing through continual innovation in how we manage and distribute the risk we re-insure and how we serve our Members and broader stakeholders. The shift over the last year to a Treaty-based underwriting methodology is an example of this and was no small undertaking. It has, however, enabled the insurance industry to retain more risk themselves. Simply put, this means the industry is better equipped to absorb initial losses, with Pool Re standing robust and ready for the scenarios that matter most. It is a more efficient and resilient model and one that showcases our leadership on an international level, as terrorism pools across the globe are now looking to emulate this model.

Although ultimately a catastrophic event has the potential to have a financial impact on the taxpayer, since the creation of Pool Re this has never happened and becomes even less likely with this new methodology.

Bridging the SME terrorism coverage gap - a commercial, economic and social imperative

This year has also been one in which Pool Re has made good progress in promoting insurance cover for the SME community. Pool Re launched the SME initiative, in close collaboration with Members, with the objective of dramatically expanding terrorism insurance coverage to these many businesses, who are a crucial section of the British economy.

For some time there has been a desire to provide terrorist damage insurance for more of the country's smaller businesses, but delivery has proved elusive until now. With the perseverance of the team at Pool Re and the will of our Members, this year, we are making it a reality. In dialogue with the Financial Conduct Authority, Pool Re developed an approach that allows terrorism cover to be reincorporated into standard business insurance policies. This has provided the regulatory clarity our Members needed. System changes are now taking place - which are significant for our larger Members - and once complete, terrorism insurance should be available to the SME community at minimal or zero additional cost.

The result will be that thousands more businesses and particularly those in higher-risk urban centres such as London, Birmingham, Manchester, and Edinburgh, will shortly have critical terrorism cover should the unthinkable occur. Without the SME initiative, this would not have been the case. Small and mid-sized businesses are the lifeblood and engine that keep our communities running. Ensuring they can recover quickly if a terrorist event takes place, is not just good risk management, it is a commercial, economic and social imperative.

The road forward

Looking ahead, the wider landscape remains uncertain. The terrorist threat in the UK has been rising for some time, underlined by the recent raising of the UK National Threat Level to 'Severe', meaning an attack is highly likely. The nature of terrorism is evolving and new threats, including those enabled by emerging technologies, are becoming more prevalent, and enhanced by rising geopolitical instability. In this environment, as a vital global commercial hub, the UK remains a high-profile target, so the need for Pool Re has never been clearer. Our role is to be ready, to ensure that when the Government declares a terrorist act and buildings and businesses have been damaged, Pool Re can respond swiftly and effectively, minimising disruption and enabling recovery.

Pool Re is also actively engaged in projects that strengthen the UK's defences. Through partnerships with the Home Office and the British Business Bank, we provide seed finance for initiatives that enhance national resilience against terrorist threats. These are early-stage, forward-looking investments that are being developed to help protect lives and infrastructure before incidents occur.

None of this would be possible without the culture we have built within Pool Re. Our small but highly expert team has a sense of genuine purpose and belief in the vital backstop Pool Re provides. We work closely with all of our Members, ranging from the largest global insurers to smaller regional firms, to deliver outcomes that serve the collective good. Through Pool Re Solutions, we have supported Members in defining risks for their end customers, leading to more tailored cover. This spirit of teamwork extends to our Board, our executive leadership under Tom Clementi, and every member of staff. I would like to thank them all, our Members and HM Treasury for their continued constructive partnership throughout the year.

TOM CLEMENTI

CEO's Statement

> “Member retentions which stood at £275m prior to the inception of Treaty rose to £452 million post April 2025 and to £536 million following the first successful renewal of the Scheme in April 2026.

The incident at the Machzike Hadath Synagogue in North London on 23 March 2026, in which three ambulances were set on fire and the synagogue sustained physical damage, provided a sobering reminder of why Pool Re’s work remains important. The incident, which was subsequently certified by HM Treasury as an Act of Terrorism under Pool Re’s Scheme, offered helpful clarity around the coverage parameters of our reinsurance scheme and underlines the importance of ensuring that businesses of every size are aware of the risks and remain protected.

Another strong year of strategic delivery

While our financial year ended on a sombre note and an upwards revision of the official terrorism threat level in the UK to Severe, the 2025-26 financial year was nonetheless a successful one. Our new Treaty Reinsurance Scheme, which was introduced in April 2025 and operates a more modern, exposure-based model, offers Members greater flexibility over their retention levels and during the year duly enabled a significant transfer of risk back into private hands. Member retentions which stood at £275 million prior to the inception of Treaty rose to £452 million post April 2025 and to £536 million following the first successful renewal of the Scheme in April 2026.

We are now ceding record levels of risk to the private market, thereby insulating the taxpayer from financial liability in the event of a large terror incident. We successfully renewed our £2.75 billion retrocession placement in March 2026, which saw strong interest from a record number of international reinsurers, and given robust market demand, were in a position to expand our program to include cover for non-damage business interruption, sub-limited to £25 million.

With the issuance of Baltic IV in April 2026, our fourth £100 million catastrophe bond, we also further extended our Insurance-Linked Securities (ILS) proposition. By moving to an annual issuance we are providing greater continuity for investors whilst demonstrating the depth of capital markets appetite for well-structured terrorism risk within the UK’s ILS regime.

We now have £200 million of ILS capacity underpinning the scheme – the largest of any terror pool globally.

Closing the SME protection gap

One of the most significant developments during the year, enabled by the new Treaty Scheme, is the launch of Pool Re's SME Incentive Scheme in April 2026. It is designed and structured to address a coverage gap that has left many of the UK's smallest and most vulnerable businesses without commercial terrorism insurance within their property policies.

To encourage greater normalisation of terrorism cover among commercial property policies, Pool Re now offers Members a discount on their Reinsurance pricing where terrorism cover is included as standard, at no or little additional cost to the SMEs themselves.

A single major incident in a town centre or near a workplace can be catastrophic for a small business that lacks the balance sheet to absorb the business interruption losses, let alone the physical damage. Yet, for many years, terrorism cover has sat outside the standard SME commercial property policy with many SMEs simply not appreciating that they would not be insured against the financial impacts of terrorism activity were their business to be impacted.

The reception to the Scheme has been positive, and I look forward to working with Members over the coming months to embed these changes fully into their policies. The prize for us all is compelling – a greater number of SMEs insured and, crucially, more resilient local economies should the unthinkable occur.

Beyond the Incentive Scheme, Pool Re has also enhanced our Non-Damage Business Interruption (NDBI) cover this year, offering preferable rates and with HMT's consent, waiving general coverage rules for SMEs. We continue to remain focused on supporting the smallest businesses in line with our ethos and recognising their centrality to the economic health of the UK.

Enhancing resilience through collaboration

On the international front we continue to be at the forefront of cross-country partnerships, setting best practice, and sharing information via the International Forum of Terrorism Risk (Re)Insurance Pools (IFTRIP), an initiative we jointly formed and whose engagement levels grow each year.

That appetite to collaborate is in our DNA and forms the fundamental premise of our role as a public-private partnership, working closely with HM Treasury, with whom we continue to enjoy an excellent dialogue. As of March 2026, Pool Re has paid HM Treasury £2.37 billion in annual premiums in exchange for an unlimited backing of our scheme, underlining the scale and strength of the relationship. Also central to our collaborative approach is the work we do with the Home Office via the Counter Terrorism Alliance, and the investments we make alongside the National Strategic Investment Fund (NSSIF) – the UK Government's corporate venture capital arm, operating under the British Business Bank – which form the central pillars of our risk mitigation strategy.

Building the buffer

Taken together, our investment fund of £7.4 billion, combined with our retrocession programme, ILS capacity, and Member retentions mean that close to £13 billion of capital now sits between the UK taxpayer and a terrorism event. At a time when threats to our national security and economic resilience remain elevated and uncertain, the strength of our financial position is a proud reflection of the confidence Pool Re affords the UK economy.

Pool Re ends this financial year stronger, more flexible and with a renewed commitment to our core purpose as the UK's economic backstop, seeking to drive a meaningful uptake in terrorism coverage across the UK economy. I'd like to thank our Members, HM Treasury, the Board and every member of the Pool Re team for their unfaltering motivation, tireless work and continued dedication to our role in supporting the UK's economic resilience. And I would like to pay particular tribute to Peter Aves and Ian Coulman, formerly Pool Re's CFO and CIO, who left the organisation this year after many years of distinguished service.

> "The reception to the Scheme has been overwhelmingly positive, and I look forward to working with Members over the coming months to embed these changes fully into their policies.

SPOTLIGHT ON TREATY

Interview with Jonathan Gray

Chief Underwriting Officer

Reflecting on the milestones achieved over the past year, our Chief Underwriting Officer, Jonathan Gray, shares his insights on the changing risk landscape and the opportunities for the year ahead in an exclusive Q&A interview.

What has been your highlight of the year?

The launch of the SME Incentive Scheme was a clear highlight. Through the new Scheme, we have been able to move the conversation on in terms of how easy it is to access coverage against terrorism, ensuring policyholders are front of mind. The easier we can make it to place terrorism cover as standard into policies, the better, and in many ways the SME Incentive Scheme helps us move towards the pre 1992 position.

The level of agreement from Members around the problem has also been really encouraging: it feels as though we are pushing at an open door. There is general consensus that the problem exists, as around 95% of SMEs currently do not have terrorism insurance, and so there is widespread support for the work we are doing in addressing this issue.

> “Around 95% of SMEs currently do not have terrorism insurance, and so there is widespread support for the work we are doing in addressing this issue.

How is Pool Re encouraging Members to take up the SME Incentive Scheme across their portfolios? What has the reception been like?

We’re having positive, active conversations with all Members who are writing SME business.

The main sticking point historically has been cost. Treaty has removed a lot of the previous friction, allowing us to be more transparent about pricing.

I have no doubt that once the first Member moves and says, “We are reintroducing terrorism cover as standard across our commercial property portfolio,” that will create momentum and encourage others who are already considering it to follow.

With the new Treaty launching last year, can you describe its benefits in one sentence?

Our modernised Treaty Reinsurance reduces friction, improves take up, and allows entire portfolios of risks to benefit from terrorism reinsurance.

How has the new Treaty been received by Members? How has Pool Re taken their views into account?

The Treaty has been well received by Members, who saw this as a positive move to modernise the scheme. It has reduced complexity and administrative burden, alongside bringing Pool Re more in line with other types of reinsurance products Members have to protect their portfolios.

The new Treaty was the result of extensive consultations - via direct feedback from Members, alongside feedback gathered through advisory boards and panels.

One good example is the work we did around run off provisions: as the new Treaty is now placed on an annual 'Losses Arising' basis there were questions as to what would happen to live risks at the end of that period. We worked with Members to craft appropriate run-off provisions to ensure that Members can have cover until their underlying policy expires.

What further progress is needed over the next 12 months?

We want Members to place more terrorism cover, and for that cover to be appropriate for important asset classes and reflect the evolving risk landscape that has been trending away from large bombs to events designed to attack people.

To achieve this, we have made some significant changes over the past year, including the ability to write multi year policies, which make terrorism reinsurance easier for sectors vital to the wider economy, like construction.

We've also changed retention levels and pricing for Non-Damage Business Interruption (NDBI), including the introduction of a significant rate reduction which reflects a conscious decision to step further into the NDBI space, and at a much lower cost to Members.

Both changes are highly relevant to the economy going forward, as the UK Government focuses on getting building projects moving and stimulating economic growth.

How does the new Treaty address growing complexity in the global risk landscape and the terrorism coverage gap facing businesses?

One of the key strengths of the Treaty is its flexibility. Through both the initial launch and the renewal, we've demonstrated that this is a product capable of adapting to change.

If a Member comes to us and says, "We need to do something differently," this doesn't require a whole rewrite of the Scheme documentation, and the approval process has become more dynamic and responsive.

If the threat evolves or new risks emerge, Members can feed that into Pool Re and we can have those conversations with HM Treasury and the Board. The Treaty gives us the ability to do that quickly and effectively, while still ensuring Members have the cover they need.

What would be your message to Members for the coming year?

It is easy to think that Terrorism doesn't happen often in the UK and we understand in an environment of economic pressure businesses naturally look for ways to reduce costs, including cutting terrorism insurance.

But the reality is this: if you don't buy terrorism insurance and your building is severely damaged by fire or explosion, or your business is interrupted for a period of time due to a terrorism event – which may not be targeted at you – there is a risk you may receive no payout from your insurer at all. If an incident is certified as a Pool Re terrorism event - then without terrorism cover, there is no claim payment.

We're also seeing less sophisticated terrorist methods being used, which can still cause significant damage without the 'traditional' attacks people typically associate with terrorism.

My message to Members is this: do policyholders really understand the consequences of not buying terrorism insurance? I don't think that message is being asked enough or landing strongly enough.

The implementation period for Martyn's Law runs until early 2027. What impact do you see this having on Underwriting?

I see the impact primarily in terms of best practice. If the security industry introduces some form of recognised rating system - for example, indicating that an organisation is Martyn's Law compliant to an 'excellent' standard - I can see underwriters using that as part of a scoring mechanism.

That could influence underwriting decisions and encourage improvements where necessary, rather than fundamentally changing the market.

Pool Re successfully issued its fourth cat bond this year. What long term role do you see for cat bonds?

We've succeeded in our goal of expanding the number of bonds. We see the capital markets accessed through the ILS route as new capital and distinct from traditional reinsurance.

We were particularly encouraged by the placement of Baltic IV while the war in Iran was ongoing. Despite wider geopolitical instability, we successfully placed the bond with increased market support and at a reduced coupon, which underlines growing confidence in the structure.

This is part of a broader journey of helping investors better understand terrorism risk. The ILS market is focused on natural catastrophes, and non cat perils are less familiar to them.

The more regularly we issue bonds - and the more other terrorism pools and similar specialist bonds enter the market - the greater the appetite and confidence we expect from investors.

INVESTING WITH INTENTION

Interview with Richard Roberts

Chief Finance and Investment Officer

> “ I’ve experienced Pool Re as a mission driven organisation with a strong culture of professionalism and integrity.

Our Chief Finance and Investment Officer, Richard Roberts, reflects on his first year at Pool Re and how Pool Re’s investment strategy has adapted to the changing macroeconomic environment.

You’ve been here a year. What has been your overriding impression of Pool Re?

I’ve experienced Pool Re as a mission driven organisation with a strong culture of professionalism and integrity.

I’ve seen a genuine focus on long-term goals: ensuring access to affordable terrorism insurance and insulating the taxpayer from the financial loss of terrorism. That objective is also supported by very strong governance and thoughtful challenge across the teams – a rare combination that is a real strength for Pool Re.

What has been your highlight of the year?

Getting to know the ins and outs of every aspect of Pool Re and gaining a deep understanding of how we operate, from Underwriting through to Risk, Finance, the Investment strategy and seeing how all those parts come together.

We’ve got a clear public purpose, and it is rewarding to work with colleagues to ensure through my own role that our financial position and investment strategy is supporting our goals as an organisation.

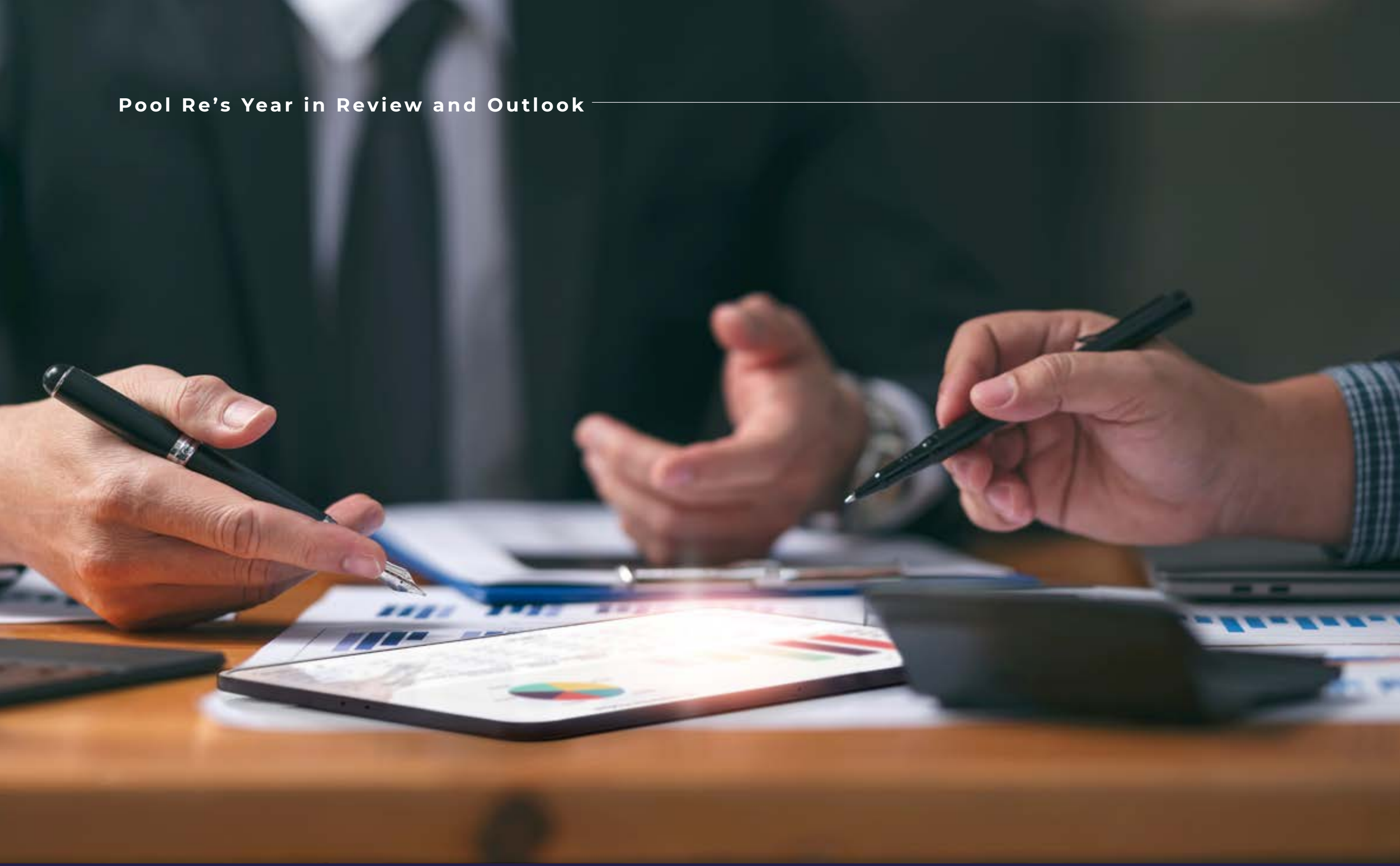
Your role spans both finance and investments - how does this structure support the organisation?

Bringing finance and investments together under a single role helps ensure that financial management, liquidity planning and investment strategy are all closely aligned and considered holistically.

In practice, it means that investment decisions are taken with a clear understanding of Pool Re’s balance sheet, liability profile and financial risk appetite, while financial planning benefits from direct insight into market conditions and portfolio positioning. That helps ensure that both the financial position of the organisation and the investment strategy can continue to work together to support Pool Re’s long-term purpose.

Can you describe Pool Re’s investment strategy in one sentence?

We maintain a well-diversified, liability-considered asset allocation, which is designed to deliver attractive, long-term results, while maintaining resilience and liquidity, so that we can pay claims as they arise.



How would you sum up the investment environment and how has it influenced Pool Re's strategy?

The investment environment is dynamic with bouts of volatility. It is currently shaped by reasonably high interest rates and the inflation outlook remains uncertain, driven in part by heightened geopolitical risks. That makes growth assumptions uncertain and probably subject to downside risks.

The volatility we are seeing reinforces the importance of diversification in the investment strategy, increasing the importance of liquidity planning and being disciplined in asset management.

At a strategic asset allocation level, we avoid any kneejerk reactions to short-term market moves and noise. We've remained very focused on the long-term objectives of maintaining a portfolio that is resilient enough to perform in a range of different economic scenarios. That said, at the individual asset class level, we do select and engage with best-in-class asset managers and through them, take account of the shifting short-medium term outlook and reposition portfolios to take advantage of that.

How does Pool Re's mission and purpose shape its investment strategy?

We all hope the events never arise, but we're here to meet terrorism insurance claims within the scheme as they fall due. That purpose directly shapes Pool Re's investment strategy.

Capital must be invested in a way that balances long-term returns with liquidity, capital preservation and resilience to a variety of economic environments. All of our investment decisions are therefore made through the dual lenses of resilience and liquidity, not purely on the basis of return maximisation.

We also invest 1.7% of our portfolio in venture capital funds that are accredited by the National Security Strategic Investment Fund (NSSIF) and the British Business Bank. This allows us to invest a small but crucial part of our portfolio into new technologies, primarily being developed by UK companies, that can, over time, enhance the UK's national security.

“The volatility we are seeing reinforces the importance of diversification in the investment strategy.

What have been the key drivers of portfolio performance?

Portfolio performance during the year was strong, returning 6.9%, to which all asset classes contributed positively. Naturally our bond holdings provided a big chunk of that 6.9%, as we invest a large portion of the portfolio into global investment-grade corporate bonds, as well as maintaining an allocation to government bonds.

We invest around 10% of our portfolio in global equity markets, which had a strong 2025. Outside of that, our Multi Asset Credit and Alternative Risk Premia allocations were also noteworthy contributors.

How do Pool Re's investment decisions differ from those of other Property & Casualty insurers? Do you have more flexibility? How has this been impacted by recent regulatory changes in the UK (e.g. Solvency II)?

Pool Re's investment approach does differ relative to Solvency II insurers, because we're not driven by solvency capital efficiency or earnings volatility. That means we make decisions fully focused on the expected economics. So when we make a new investment we're thinking about: what does it do to the expected return of the overall portfolio? What does it do to expected risk? What does it do to our portfolio resilience?

That means we allocate to asset classes that help drive diversification, or give us access to new risks and therefore new returns. I'd also say that some of the asset classes we invest in might be less common for other insurers due to either the magnitude, or complexity of Solvency II capital requirements that attaches to them.

What role does sustainability or responsible investing play in the portfolio?

Both are considerations and are fully integrated into the investment process. Particularly when we're thinking about assessing the long term risks and opportunities – our focus is really on understanding how the environmental, social or governance aspects are going to affect company resilience and reputation, and therefore company valuations over time.

At an aggregate level, we actively track a number of climate-related metrics, so we can make sure we're on track to meet our carbon neutral target by 2050.

What are your focus areas for the coming year?

The current economic outlook is relatively volatile, characterised by geopolitical risk and the associated impact on inflation, growth and interest rates. Given those three factors impact the return outlook for most asset classes, we will stay vigilant and manage the portfolio appropriately.

We are constantly assessing how we can improve and evolve our approach to managing the portfolio. This has led us to enhancing the way in which we set and retest our investment strategy. For example, we will be considering the merits of differing expressions of our risk appetite and assessing the expected performance of our portfolio in a range of economic scenarios. This will help inform our asset allocation - either re-validating the path we're on or helping us to determine whether a change in our investment strategy is warranted.

OUR CULTURE IN ACTION

Interview with Georgina Wicken

Chief People Officer

> “Our mission is distinctive, and employees feel they are contributing to strengthening the UK’s resilience against terrorism.

What has been your highlight of the year?

One of the biggest highlights has been enhancing our parental leave offering. We have recognised the vital role co-parents play in the early weeks and months of parenthood by increasing paternity leave from two to six weeks, as well as extending maternity and shared parental leave to up to 26 weeks on full pay. This has been a very positive step, giving our people greater flexibility and support at such an important stage of life.

The response has been incredibly encouraging and reflects our commitment to creating a genuinely supportive and inclusive workplace.

We have also introduced a new HR system and payroll provider. While these changes are more operational in nature, they’ve significantly improved how we work as a function and strengthened the support we provide to employees and the wider business.

How important is flexible and hybrid working continuing to be?

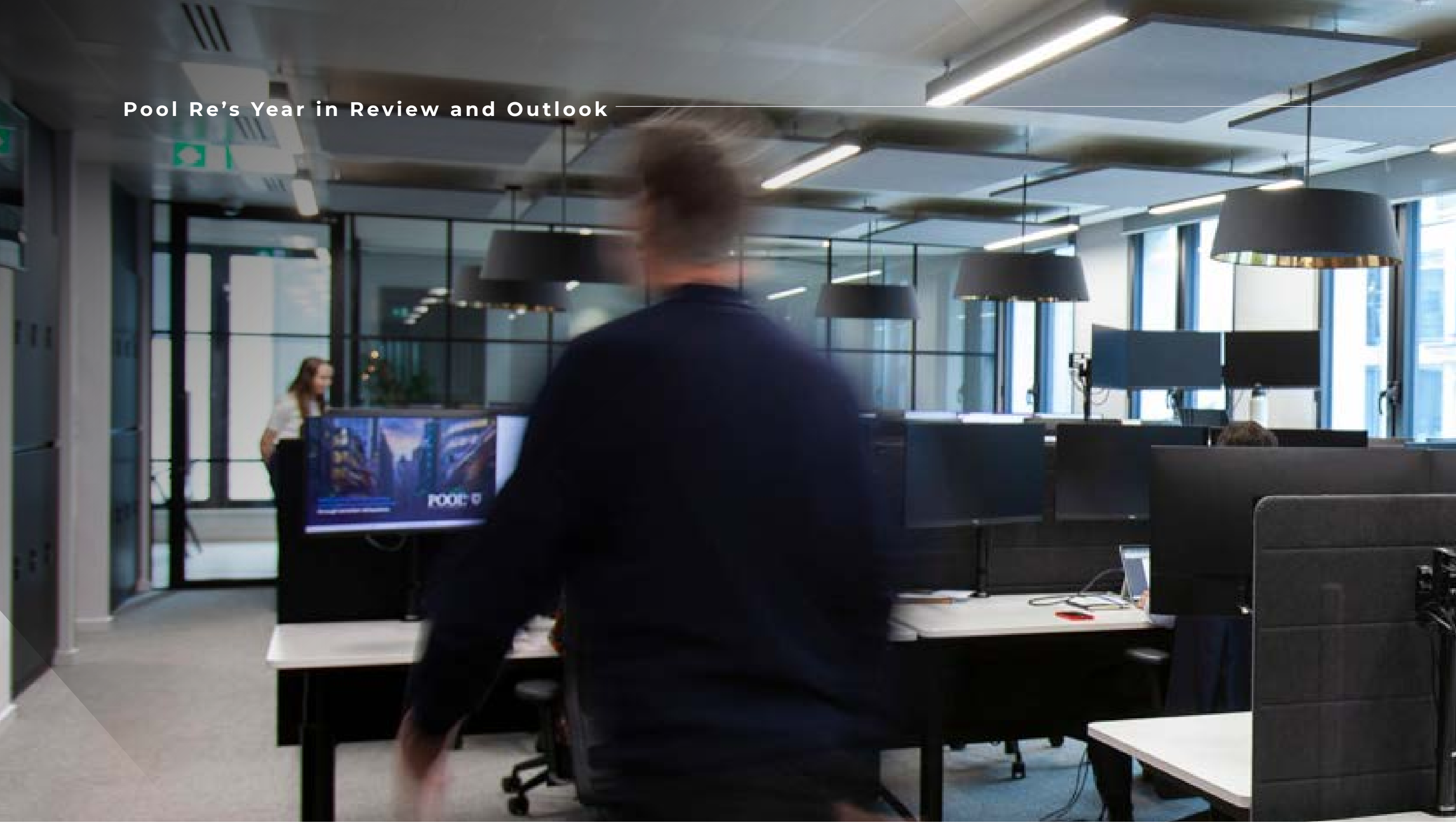
Flexible and hybrid working remains an important part of how we operate and continues to be highly valued by employees. We recognise that flexibility means different things to different people, which is why we offer it in both office attendance and working hours, to help employees balance professional and personal commitments.

How does Pool Re ensure it is attracting talent in a competitive market?

As a purpose-driven organisation, we attract individuals who are looking for more than a purely commercial role. Our mission is distinctive, and employees feel they are contributing to strengthening the UK’s resilience against terrorism.

This is particularly important for younger generations, who are increasingly drawn to organisations with a clear sense of purpose, strong values and an inclusive culture.

At the same time, Pool Re is equally attractive to experienced professionals. The opportunity to combine a career in financial services with broader societal impact is relatively rare, and that continues to differentiate us in a highly competitive market.



How is Pool Re developing the next generation of leaders within the business?

We recognise that leadership development is not a one-size-fits-all approach, which is why we place a strong emphasis on continuous learning and development at every stage of a career.

This includes aspiring manager training and a new personal effectiveness programme that will be launching shortly, both designed to support employees as they grow and progress within the business.

We also invest in senior development through our Heads of offsite days, which are designed to strengthen collaboration, innovation and cross-functional thinking.

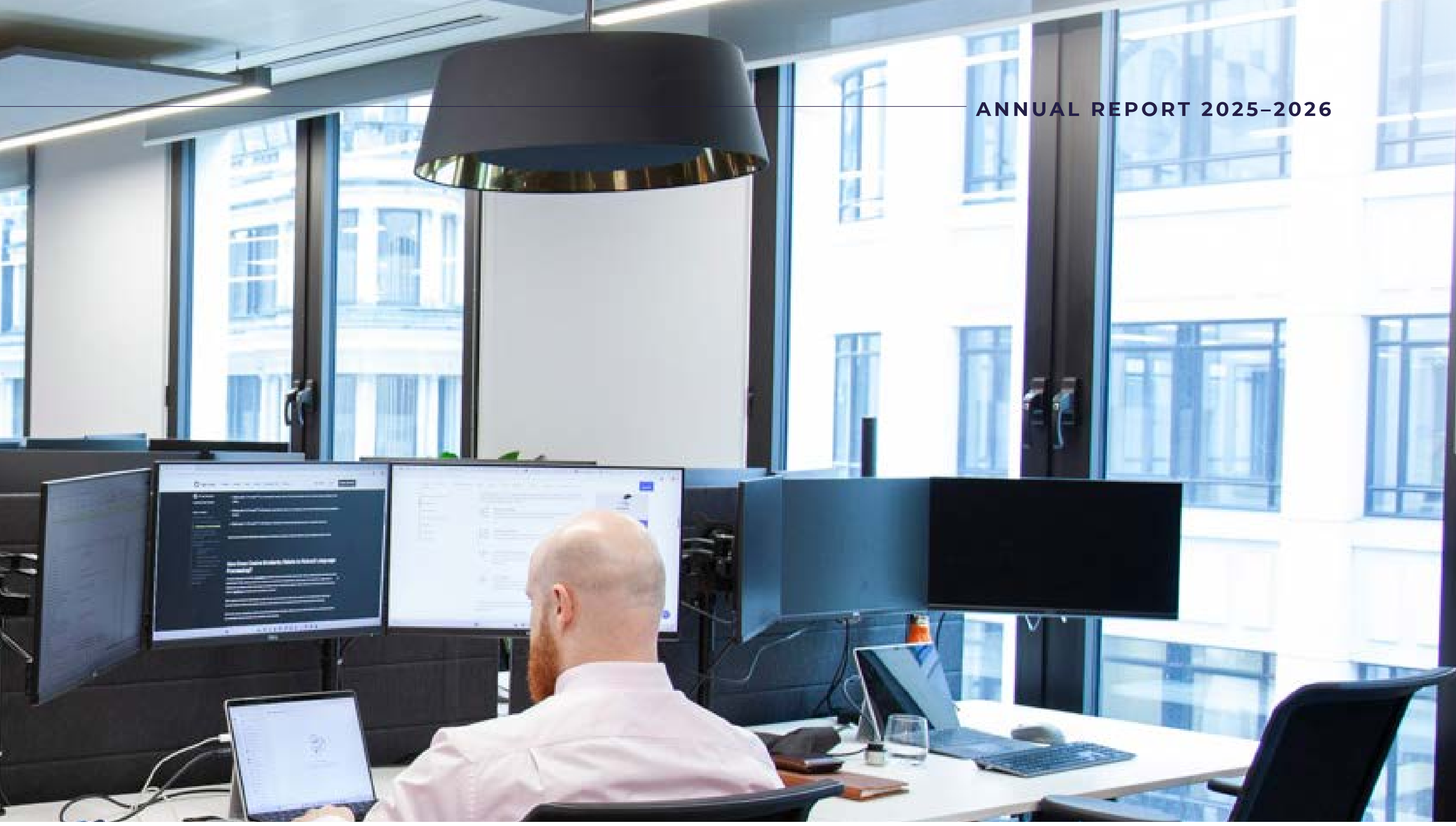
For early-career colleagues, our bi-annual Next Gen sessions provide an opportunity to spend time with our CEO, Tom, in an open and informal setting. These sessions offer valuable insight into leadership, the business and the wider industry, while also highlighting the benefits of working in an organisation where leadership is genuinely accessible.

What steps has Pool Re taken this year to strengthen employee engagement and wellbeing?

Employee engagement and wellbeing remain a key priority.

Each year, we run both engagement and culture surveys to gather feedback. We then follow these with targeted sessions to ensure we act on what we hear and continue making meaningful improvements across the workplace.

From a wellbeing perspective, we continue to host regular Lunch & Learn sessions covering a broad range of topics, including menopause awareness, stress resilience, neurodiversity, women's safety and financial wellbeing. These conversations play an important role in creating a more open and inclusive culture.



Can you share any initiatives that have had a meaningful impact on company culture?

Our BE-EPIC value days have a particularly positive impact on company culture. Initiatives such as 'Cook for Good' give employees an opportunity to reflect on our values, give back to the community and connect with colleagues outside of day-to-day work.

In addition, YES Day supports our ESG ambitions while encouraging collaboration, providing opportunities for colleagues to support young people in developing key employment skills.

How would you describe the culture within Pool Re in one sentence?

Collaborative, goal-orientated and purpose-driven, underpinned by strong professionalism and a commitment to continuous improvement.

What are the biggest priorities for Pool Re's people strategy this year?

The move to our new office will be a major priority this year, shaping the day-to-day employee experience while embedding our culture and values more deeply across the organisation. We will focus on creating collaborative spaces alongside areas designed for concentration, ensuring the environment supports a range of working styles, personalities and needs, and enables people to innovate and thrive.

We also plan to use data - such as engagement surveys and retention metrics - to identify any gaps between our intentions and employees' lived experience. From this, we will develop clear action plans and make informed decisions to ensure employees feel heard and can help drive positive change across the organisation.

Ensuring employees have a meaningful voice in shaping this space will be particularly important to us.

We have also recently welcomed several new joiners, so continuing to support their integration will be a key focus. At the same time, their fresh perspectives will help us evolve and strengthen our approach to recruitment and onboarding.

2

Strategic Report

Scope of Works

2022–2026 Initiatives

The Scope of Works is our five-year strategic roadmap, taking us through to the end of the 2026/2027 Financial Year, designed to ensure that Pool Re works effectively in the modern world and continues to innovate in response to the evolving needs of Members, their customers, the market, and Government.

The Scope of Works programme comprises five objectives:

1. To modernise Pool Re's system of reinsurance
2. To return risk to the private market proactively
3. To increase SME awareness and take-up of terrorism cover
4. To explore clarifications to the Definition of Terrorism, which underpins the scheme
5. To develop Pool Re Solutions and risk mitigation initiatives

Progress to date for each of these objectives is outlined below:

1 Modernise Pool Re's system of reinsurance

Summary

To transform our reinsurance scheme from a 'facultative obligatory' model to an 'aggregate excess of loss treaty' model. At the same time, introduce a bifurcated (or sub-divided) risk retention structure split between 'CBRN/Cyber' and 'all other' terrorism perils.

Purpose

- Deliver a scheme fit for the contemporary digital insurance marketplace.
- Deliver on our mandate to create conditions for the maximum return of risk to the private market over time.
- Empower Member insurers to reintegrate terrorism cover more easily within their products and, in particular, improve penetration within the SME market.

Key activities and success criteria

- Design a modernised scheme, preserving the elements of the current scheme that Members value.
- Create and develop a pricing model to underpin the modernised scheme.
- Secure Member and HM Treasury buy-in for the proposed changes.
- Implement the proposed changes with minimal disruption to Members and policyholders.

Progress 1 April 2025 – 31 March 2026

- The 2026/7 reinsurance Treaty contract was refined, with HM Treasury support, demonstrating ongoing evolution of the Scheme. Multi-year insurance policies can now be covered (particularly benefitting the construction market) and we have made it easier for Members to sell Non-Damage Business Interruption (NDBI) coverage to SMEs.
- The new reinsurance Treaty was successfully renewed for the first time, with all contracts in place prior to inception on 1 April 2025, ensuring continuous reinsurance cover for all Members.
- In order to boost the take-up of Non-Damage Business Interruption cover, we instituted a 60% rate reduction, and also cut the retention level Members are required to hold. Both these measures reflect the evolving nature of terrorism and the overall risk to the Pool Re Scheme of such losses.
- More than £115 million of unearned premium was successfully returned to Members as part of the move from a ‘risks attaching’ to a ‘losses occurring’ basis of cover.
- Pricing for the 2026/7 Treaty was successfully transitioned away from being linked to the prior Scheme.

Progress 1 April 2024 – 31 March 2025

- All transitional, operational and legal requirements were delivered to enable smooth inception of the new Scheme on 1 April 2025.
- All Members retaining membership signed reinsurance contracts prior to inception, achieving full contract certainty.
- Treaty pricing was underpinned by Pool Re’s Pricing Model, with governance and assumptions reviewed by an independent third party.
- All contracts were processed through the new underwriting and claims system, FORTRESS, providing a seamless ‘quote, select and bind’ process and smooth renewals.

Progress to 31 March 2024

- Designed the proposed scheme and pricing strategy, with Member Consultation between August and November 2022 (87% of premium ceded represented).
- Established the Reinsurance Committee of the Board in January 2023.
- A Special Resolution to transform the Scheme to an annual aggregate excess of loss treaty from 1 April 2025 was passed by an overwhelming Member majority on 22 March 2024.
- Proposals were approved by HM Treasury on 25 March 2024.
- Maintained ongoing stakeholder engagement to ensure changes were effective, proportionate, compliant and supported:
    - Quarterly Technical and Advisory Member Forums
    - Regular dialogue with HM Treasury, trade bodies and regulators
- Conducted two rounds of indicative (‘shadow’) pricing with Members in November 2023 and January 2024.
- Conducted a comprehensive Member Consultation in December 2023 on revised legal documentation.

2 Proactively return risk to the private market

Summary

To find proactive ways in which we can return risk to the market, in return for HM Treasury continuing to extend an unlimited guarantee to Pool Re.

Purpose

- Continue to address the market failure that led to the scheme's creation in 1993 and ensure that HM Treasury's guarantee is only called upon where there are clear areas of ongoing market failure.
- Distance the taxpayer from financial loss in the event of certified terrorism attacks.
- Stimulate private (re)insurance and capital markets to retain as much terrorism risk as commercially viable.

Key activities and success criteria

- Maximise commercial capacity through increased Member retention.
- Bifurcate the scheme's retention structure through the proposed transition to an aggregate treaty model, in order to facilitate greater retention of - and appetite for - non-CBRN/Cyber terrorism risk.
- Continue to manage a viable and cost-effective retrocession programme.
- Continue to manage a viable and cost effective terrorism catastrophe bond programme.
- Provide Members with actuarial analysis, pricing tools and threat analysis to develop greater comfort around underwriting and assuming terrorism risk.

Progress 1 April 2025 – 31 March 2026

- At the first renewal of the Treaty, Members continued to use the flexibility of the Scheme to further increase their retentions from £452 million to £536 million, a 19% increase.
- Baltic III was successfully launched on 1 April 2025, adding a further £100 million of private market protection over a 36 month period to the Pool Re Scheme. During the year we prepared for a further £100 million issuance, Baltic IV, which will run for 36 months from 1 April 2026.
- We maintained our £2.75 billion of commercial retrocession capacity, taking advantage of favourable market conditions to achieve a risk-adjusted premium rate reduction of 14%.
- The overall capital stack protecting the taxpayer from loss, which includes Member retentions, the Pool Re Fund, Retro & ILS and payments made to HMT now stands at more than £13 billion.

Progress 1 April 2024 – 31 March 2025

- Members used the flexibility of the new scheme to choose Treaty retentions aligned to their risk appetite, leading to a 63% increase in loss retained in 2025–26 and further distancing the taxpayer from potential loss.
- Renewed the retrocession programme for a further three years, expanding the limit to £2.75 billion, with 62 supporting markets rated A- or higher.
- Prepared for the 1 April 2025 launch of 'Baltic III' Cat Bond, maintaining £100 million of Insurance-Linked Security capacity, accessing alternative capital and new investors.
- Grew the Pool Re fund from £7.0 billion (31 March 2024) to £7.3 billion (31 March 2025), further distancing the taxpayer in the event of a loss.

Progress to 31 March 2024

- Implemented pricing reductions averaging 14%, effective 1 October 2022.
- Increased industry retentions in the annual aggregate and per event.
- Maintained the world's largest terrorism retrocession programme at £2.4 billion.
- Maintained the world's largest and only terrorism catastrophe bond of £100 million.
- Secured support for a bifurcated retention structure to incept 1 April 2025, better reflecting Members' risk appetite across different terrorism risks.

3 Increase SME awareness and take up of terrorism

Summary

To work with HM Treasury, insurer Members and broader insurance bodies to generate awareness and take-up of terrorism cover among SMEs.

Purpose

- Improve the resilience of SMEs in Great Britain and, by extension, the resilience of the economy as a whole to the threat of terrorism.

Key activities and success criteria

- Work with trade associations, industry bodies and insurers to increase awareness of the terrorism risk and the insurance available to SMEs who do not buy insurance.
- Create the conditions for terrorism insurance to be as accessible as possible to all businesses in Great Britain.
- Create the conditions for Member insurers to deploy terrorism cover within their products through modernising the scheme's system of reinsurance and improve penetration in the SME market.
- Use the opportunity offered by the Terrorism (Protection of Premises) Bill, known more commonly as Martyn's Law to increase understanding of the terrorism risk to SMEs and how to mitigate against it.

Progress 1 April 2025 – 31 March 2026

- Following extensive work throughout the year, in February 2026 the Board approved the introduction of the SME Incentive Scheme (SMEIS) – an initiative developed with the insurance market to return the peril of terrorism as standard cover within commercial property policies offered to SMEs.
- The market consultation held between February and April 2025 provided valuable insights that confirmed the extent of the problem – 19 out of 20 SMEs do not have terrorism cover within their commercial insurance policy – and also helped us develop the mechanics of how the SMEIS would work in practice.
- In order to boost the inclusion of Non-Damage Business Interruption (NDBI) cover, we worked with HMT to allow a permitted departure from the 'General Cover' Scheme Rule – allowing SMEs to obtain NDBI terrorism cover, even if they have not purchased this for other perils on their commercial insurance policy.
- We ensured that both the FCA and PRA were kept fully informed of the development of the SMEIS and sought their feedback before implementation.
- We anticipate that it will take Members approximately 6-9 months between decision to re-integrate terrorism into an SME product and to starting to issue policies with this coverage, usually due to delivery platform and IT constraints.
- We are confident that Members will take advantage of this development and that this will ultimately improve the economic resilience of hundreds of thousands of SMEs.

Progress 1 April 2024 – 31 March 2025

- Closely followed the parliamentary progress of Martyn's Law, updating Members and stakeholders through website, social media, and in-person briefings, including the October 2024 Market Event. The Bill received Royal Assent in March 2025, with a two-year implementation phase before compliance is required.
- Developed partnerships with BIBA, Airmic, the British Chambers of Commerce, and the Home Office to promote awareness materials for SMEs.
- Continued development of the SME hub on the Pool Re website, hosting content on the need for terrorism insurance and risk mitigation, including sector threat reports supporting insurers and policyholders.
- Following engagement with Members, regulators and stakeholders on barriers to reintroducing terrorism cover, launched a market consultation in February 2025 to gather views on removing the terrorism cover exception from standard SME property policies.

Progress to 31 March 2024

- Delivered pricing reductions from October 2022, reducing rates by an average of 14% nationwide and up to 30% in non-urban areas, increasing affordability of terrorism insurance for businesses in Great Britain.
- Modelled approaches to increase SME take-up under the new Treaty arrangement and shared these with Member insurers.
- Worked closely with the Government policy team on Martyn's Law, and with Members to prepare for the forthcoming legislation.

4 Explore clarifications to the Definition of Terrorism, which underpins the Scheme

Summary

To work with HM Government to explore the possibility of agreeing new guidance that can be issued within the industry to clarify the scope of Pool Re's cover.

Purpose

- Provide greater clarity to the market and policyholders regarding the scope of Pool Re's cover against an evolving threat. Key activities and success criteria.
- Facilitate a greater understanding by Members and HM Treasury of what we cover at Pool Re.

Progress 1 April 2025 – 31 March 2026

- HM Treasury published updated guidance on its general principles of interpretation of the definition of terrorism.
- The guidance:
  - » Did not result in any changes to the Pool Re cover.
  - » Maintained a consistent approach to the definition of terrorism whilst providing some additional clarity.

  This included:

  - » Confirming that hoax attacks may be covered by the Scheme, despite there being no property damage;
  - » That Acts of Terrorism can be carried out by a single person;
  - » Outlining the necessity for a connection between the perpetrator(s) and an organisation which carries out activities directed towards overthrowing or influencing a government by force or violence and;
  - » Outlining what may constitute an organisation.
- Pool Re welcomed these developments, which enable policyholders, brokers and Members to understand better the extent of our reinsurance coverage.

Progress 1 April 2024 – 31 March 2025

- Submitted foreign state scenarios to HM Treasury for consideration in May 2024.

Progress to 31 March 2024

- Worked with the Home Office and legal counsel to establish and subsequently rule out the alternative statutory definitions which might have replaced the Scheme's existing Definition of Terrorism.
- Established consensus from Members that clarification of the scope of the Scheme's existing Definition of Terrorism is preferable to changing the definition.
- Submitted a proposal to HM Treasury in December 2022, requesting a clarification of their interpretation of the Scheme's Definition of Terrorism and scope of cover.
- Continue to collaborate with HM Treasury and external counsel to refine thinking and identify scenarios that can be analysed to determine the boundaries of the Scheme's definition.
- Working towards HM Treasury publishing updated guidance, such as how they interpret the meaning of an act of terrorism when asked to certify an event.

5 Develop Pool Re Solutions and risk mitigation initiatives

Summary

To develop Pool Re Solutions, our consultancy that focuses on terrorism risk intelligence and management projects with insurer Members and academia; liaises and engages Government departments and Counter Terrorism Police; and offers support to risk management projects for Members' major policyholders.

To establish a formal collaboration with the Home Office, forming the Counter Terrorism Alliance (CTA).

To invest alongside the National Security Strategic Investment Fund (NSSIF), delivered by the British Business Bank, which contributes patient capital to advanced technologies involved in delivering national security outcomes.

Purpose

- Enhance Members' and policyholders' understanding of the contemporary terrorism threat through thought leadership, training and education services.

- Mitigate contemporary terrorism risk through the delivery of bespoke and at-scale risk management services.

- Amplify terrorism risk mitigation best practice as a primary conduit between Government and the insurance industry.

- Enhance national resilience and security efforts through partnership and investment in CTA initiatives with the Home Office, Homeland Security Group and Counter Terrorism Police and NSSIF investments.

Key activities and success criteria

- Agree and implement a three-year development plan for Pool Re Solutions.

- Deliver regular thought leadership, risk intelligence and risk management services to the Scheme's stakeholders.

- Collaborate with the Home Office and police to assist Members and their policyholders (SMEs in particular) with awareness and education materials relating to the Terrorism (Protection of Premises) Bill, or Martyn's Law.

- Invest a proportion of the fund into technologies, companies and projects that reduce the threat of terrorism and increase the UK's resilience.

Progress 1 April 2025 – 31 March 2026

- Pool Re agreed to fund four projects under the Counter Terrorism Alliance programme, including funding the Victims of Terrorism Support Hub.

- We maintained our allocation to venture capital funds, with a total commitment to venture capital managers approved under the British Business Bank's National Security Strategic Investment Fund (NSSIF) of approximately £128 million, or 1.7% of the Pool Re investment fund.

- Pool Re Solutions' 3-year business plan has been completed and moved to 'business as usual' and it now forms part of our annual planning process.

- Six Risk Management projects were completed for large and high profile policyholders.

- We developed an in-house Terrorism database to enable greater in-depth analysis of all terrorist incidents.

- Development and automation of a 'Terrorism Intent' scoring mechanism to inform internal actuarial analysis.

- Totally Terrorism podcast extended for season 3: notable interview with Head of Counter Terrorism Police, Matt Jukes, with greater in-house analysis and discussion from Pool Re Solutions analysts.

Progress 1 April 2024 – 31 March 2025

- Pool Re Solutions delivered nine terrorism risk management reports, increasing understanding of terrorism risk and security mitigation, protecting the public, policyholders, Members, Pool Re and HM Treasury.
- Developed working practices with NaCTSO's CTSAs to combine capabilities on site, now formally agreed and incorporated into routine procedures and training.
- Created a terrorism risk scoring framework assessing sites based on threat (intent and capability) rather than property value, used in reviewing major policyholders ('Top 200') and now embedded in Pool Re data and the actuarial model.
- Delivered four proof-of-concept projects modelling terrorism scenarios for Members' key aggregations, improving understanding and informing retention decisions; now being developed into an automated annual service.
- Updated the Knowledge Centre, publishing 60+ Sector Threat Assessments - now the most accessed website materials - alongside deep-dive reports and the Annual Threat Report used across the Market, businesses, police and academia.
- Launched Series 2 of the Totally Terrorism podcast, reaching 10,000 downloads, featuring senior counter-terrorism and security figures.
- Agreed funding for two new projects (completing 2025 and 2029).
- Committed £17.5 million to two venture capital funds, bringing total NSSIF commitments to ~£118 million (1.6% of the Pool Re fund).

Progress to 31 March 2024

- Agreed a three-year Pool Re Solutions development plan (December 2022).
- Established regular engagement with NPSA and NaCTSO, supporting threat understanding and on-site activity.
- Reviewed actuarial model scenarios (including CBRN) with Government, private sector and academia, revising frequencies and identifying new credible scenarios reflecting evolving attack methods.
- Published regular thought leadership and risk intelligence, including Martyn's Law webinars and panels.
- Launched the Totally Terrorism podcast (top 25% globally).
- Published monthly threat bulletins, deep-dive reports and 60+ sector threat assessments.
- Increased VSAT usage by 40% to support risk benchmarking and premium discounts.
- Delivered bespoke consulting projects (PMLs and TVRAs) across CNI, transport, retail and real estate sectors.
- Reinvigorated the Counter Terrorism Alliance with the Home Office.
- Agreed funding for three projects (two completing 2025, one in 2026).
- Invested alongside NSSIF in advanced technologies supporting national security outcomes.

Finance Review

Background to the financial statements

The following notes are designed to aid the understanding of the financial statements presented in this Annual Report.

Basis of preparation

The financial statements of the Company, and the Group's consolidated financial statements, have been prepared based on UK adopted International Accounting Standards and International Financial Reporting Standards, and in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under international accounting standards.

The financial statements also reflect the Accounts Direction letter by HM Treasury to Pool Re dated 6 March 2025, in accordance with the Framework Agreement between HM Treasury and the Group. Under this direction, the Group has regard for the requirements and principles in the Government Financial Reporting Manual (the FReM) issued by HM Treasury, to the extent that they clarify or build on the requirements of the Companies Act.

As a result of the implementation of the aggregate excess of loss treaty which came into effect on 1 April 2025, all facultative scheme contracts were cancelled. The proportion of premiums paid for these facultative scheme contracts relating to the period after 1 April 2025 was carried forward to the current financial year and remitted back to the policyholders during the year.

The move to Treaty has also resulted in a change in earnings pattern of both inwards contracts and outwards HMT retrocessions, with premiums for policies incepted in the year all earned by 31 March 2026.

Further information for the period ended 31 March 2026 is detailed in Note 6 of the financial statements.

Group accounts

The financial statements for the Group have been prepared on a consolidated basis. The two subsidiary undertakings, Pool Re Services Limited and Pool Re Solutions Limited, commenced trading on 1 October 2023, and as the Company has control of both subsidiary companies, they are consolidated within these financial statements.

Further details on the subsidiary undertakings are disclosed in the notes to the accounts. Due to the immaterial financial nature of the subsidiary companies, the financial statements have only been presented on a consolidated basis, with additional disclosure of information provided where management judges it to be of benefit to the users of the accounts.

Financial performance for the year to 31 March 2026

- Pool Re's insurance revenue, representing gross premium from Members was increased marginally year-on-year to £266.7 million (2024–25: £263.3 million).

- Reinsurance expenses include the costs of the two elements to our outward reinsurance: premium to Governmentand commercial reinsurance protection.

- Under the Group's HM Treasury Retrocession Agreement, 50% of the value of gross premiums written incepting during the year is payable as outward reinsurance premiums to Government. For the 12 months to 31 March 2026, this amounted to £131.9 million (2024–25: £129.0 million). In addition, further premium is payable to Government in accordance with the Retrocession Agreement. This is calculated as 25% of the surplus reported by the Group, calculated as profit for the year before the 25% further premium payable to Government. In the reporting period, this amounted to £101.2 million (2024–25: £86.4 million). Hence the total of outward premium to HM Treasury totalled £233.1 million.

- Commercial reinsurance has also been purchased under our longstanding retrocession programme. In the 12 months to 31 March 2026, commercial retrocession reinsurance expenses amounted to £52.2 million (2023–24: £44.3 million) reflecting increased underlying exposures.

- The terms of the Retrocession Agreement between Pool Re and HM Treasury include provision for Pool Re to pay an annual distribution to Members. The Board declared such a dividend in respect of its 2024–25 results at its Annual General Meeting on 24 September 2025. The amount of the dividend paid was £86.4 million.

- No new claims were recorded in 2025–26 and there are no claims outstanding at 31 March 2026. However, pursuant to the terms of the inwards Reinsurance Agreement, a Member advised Pool Re that they were aware of a claim relating to an event which may have constituted an Act of Terrorism. The claim was not large enough to result in a loss to Pool Re, but upon certification of the act by HM Treasury, it contributed to the erosion of the Member's annual aggregate retention under their reinsurance treaty.

- The total investment result, comprising investment income, including net realised and unrealised gains and losses, net of investment expenses totalled £493.5 million in the year to 31 March 2026 (2024–25: £438.1 million).

- There were no changes during the year to the investment strategy agreed by the Board in 2022. The strategy remains to invest across a range of assets classes to provide a return that focusses on stability through diversification, liquidity and achieving an attractive return within our risk appetite. The 2025–26 investment performance saw strong gains across all major asset classes, reflecting positive underlying market conditions during most of the year, in particular a continuing high interest rate environment. Lower returns towards the end of the period reflect the uncertainty in markets as a result of the conflict in Iran. The value of the fund (financial investments, accrued income and investment debtors, creditors and cash) grew by 2.6%.

- The amount allowed for taxation in respect of 2025–26 was a charge of £99.8 million (2024–25: £92.4 million). This relates to United Kingdom Corporation Tax and foreign withholding tax on investment income receivable and realised and unrealised profits, less interest payable and investment expenses. There is no taxation charged on the underwriting result as the business is conducted on a mutual basis.

- The Company made a resulting profit after taxation of £305.5 million for the year ended 31 March 2026 (2024–25: £212.6 million).

- After accounting for the dividend paid to Members in 2025, the accumulated retained earnings at 31 March 2026 stood at £6,876.9 million, 3.3% higher than the 31 March 2025 balance of £6,657.8 million.

- The investment fund rose from £7,257.4 million at 31 March 2025 to a value at 31 March 2026 of £7,446.9 million, driven by the strong investment performance in the period.

Section 172 Statement

In accordance with section 172(1) of the Companies Act 2006, the Directors act in the way they consider, in good faith would be most likely to promote the success of the Company for the benefit of its Members as a whole. In doing so, the Directors have regard to the long-term consequences of decisions, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct and the need to act fairly as between our Members.

The Board of Directors has a comprehensive understanding of its key relationships with the broad range of interested stakeholder groups, such as employees, suppliers and Member insurers. The Board of Directors, both individually and collectively, have paid due regard to consider how the interests of Pool Re's stakeholders have been addressed in Board discussions and decision-making.

Principal decisions of the Board

The Pool Re Board considers the principal decisions of the Board to be those which determine the Company's long-term strategy, financial resilience and public purpose. These include decisions relating to the overall strategic direction of the Company, capital management and risk appetite, pricing, premiums, dividends and the return of surplus to Members, major risk mitigation and counter-terrorism initiatives, engagement with HM Government, capital markets and retrocession transactions, and the appointment, remuneration and succession planning of senior leadership. In reaching such decisions, the Board takes account of the interests of the Company's key stakeholders and the likely long-term consequences for the sustainability of the Scheme.

The Board also recognises its responsibilities regarding decisions delegated to management or a Committee of the Board. The Board considers how decisions regarding management of the business affect stakeholders' interests. Pool Re's core values, which are Bold, Excellent, Innovative, Personable, Collaborative and ESG-Centric, guide the Company's decision-making process. (See also the Company's purpose and strategy on pages 9 and 26)

Stakeholders

The Board has identified the Company's key stakeholders to be: employees, Member insurers, UK businesses and policyholders, the wider (re)insurance industry (including competitors), suppliers, local communities, HM Government, the Regulators and IFTRIP (International Forum of Terrorism Risk (Re)Insurance Pools).

Employees

We employed an average of 50 full-time equivalent staff during the year. Key concerns for our colleagues include training and career development, appropriate tools to do the job, wellbeing, reward, culture and values and community support. At Pool Re, we continue to develop our suite of HR initiatives to retain, develop, and encourage first-class performance from our staff. The Board receives regular reports on the Company's people strategy, culture, remuneration, succession planning and professional development. Matters relating to employee engagement, capability and wellbeing are considered by the Board, recognising that a motivated and skilled workforce is essential to maintaining operational resilience and delivering the Company's public purpose.

In 2025-6, staff engagement was emphasised through results of the Gallup survey showing rising engagement scores and a strong focus on culture, training and development. The Board strengthened governance around peoplerelated risks, approving a new People Risk appetite, refining operational resilience responsibilities, and supporting a stable and wellgoverned working environment.

Regular presentations and updates about the business and the office culture, including hybrid working, are given to staff, where feedback is actively encouraged.

Member insurers

Pool Re provides a solution in response to market failure, and an evolving product which meets the needs of our Member insurers, with comprehensive terms for terrorism coverage, including CBRN events and acts of terrorism triggered by remote digital means. Our reinsurance product is simple to operate, and provides unbroken coverage.

We provide our Members with access to information from our partnerships with public agencies, academia and international pools and we also assist our Members' understanding of the terrorism risk and access to threat and actuarial expertise.

Members derive value from the Pool Re annual dividend, which reflects the amount of premium ceded. Additionally, the quality of Pool Re's offering to its Members enhances London's reputation as a world-leading insurance and risk-transfer centre.

The Board gives careful consideration to the interests of Member insurers when determining strategic and financial matters, including premium structures, the payment of dividends, refunds of unearned premium and initiatives designed to increase market penetration and return risk to the private market. Feedback from Members, together with market conditions, is key components of the Board's decision-making.

UK businesses and policyholders

In overseeing underwriting, pricing and claims arrangements, as well as risk mitigation and counter-terrorism initiatives, the Board seeks to ensure the continued availability and affordability of terrorism insurance for UK businesses and policyholders, for example equal treatment and addressing SME barriers. These considerations underpin the Company's role in supporting economic resilience. The cover can reward risk mitigation activities, supported by Pool Re's Solutions team, whose knowledge and experience provides specialist terrorism risk information and advice to help policyholders identify and address potential vulnerabilities.

Wider (re)insurance industry including competitors

The Board recognises the importance of the Company's role within the wider (re)insurance market. Through engagement in capital markets activity, retrocession arrangements and industry forums, the Company works constructively alongside market participants, including competitors, to support market resilience and the sharing of best practice. Our annual Market Event brings together Members, the wider insurance industry and other parties with an interest in terrorism reinsurance. Pool Re's unique position as an insurance industry mutual enables us to facilitate this broad-based engagement and information sharing.

Suppliers

As an organisation governed by public law, Pool Re operates in accordance with the requirements of the Procurement Act 2023 (the Act) when procuring goods, services and works, and when managing its contractual arrangements. Through the application of the Act, we ensure that our procurement activity is conducted in line with the principles of propriety, integrity, fairness, transparency, consistency and proportionality, providing suppliers with confidence that processes are open, objective, and applied consistently across all procurements.

We support our suppliers through our adherence to the principles of the Prompt Payment Code, designed to ensure minimum standards for payment practices between organisations and their suppliers.

The Board oversees key supplier relationships and procurement decisions, having regard to service quality, value for money, ethical standards and compliance with applicable policies. The Board also monitors adherence to the Company's Modern Slavery and responsible business practices.

Local communities

Pool Re has established a Community Working Group, comprised of a diverse range of employees which is focused on helping the Company's wider community to thrive. The objectives and deliverables of the Group are employee-led, promoting opportunities for employees that benefit the public interest, whether through initiatives organised by the Company or employees pursuing their own personal community activities. The Group promotes the use of our volunteering policy and provides meaningful and impactful volunteering and fundraising opportunities for staff.

We continue to develop our approach to Environmental, Social and Governance (ESG) issues. This encompasses both Pool Re's office practices and the management of our investment fund. Our commitment to ESG matters is illustrated by our adoption of the UN Principles for Responsible Investment and by subscribing to the Carbon Disclosure Project.

The Board is mindful of the broader social impact of the Company's activities. Through oversight of risk mitigation initiatives and projects aimed at improving public safety and national resilience, the Board seeks to contribute positively to the communities in which UK businesses operate.

HM Government

As an arm's length body, the Company maintains a close and constructive relationship with HM Government and HM Treasury. The Board regularly considers matters related to funding arrangements, the profit share mechanism and the Company's alignment with public policy objectives when reaching decisions. The Company is committed to the Managing Public Money framework.

Public finances are boosted through the Government's 50% share of the Pool Re gross premium and 25% share of the annual surplus. Additionally, Pool Re's investment fund, our retrocession programme and issuance of Insurance-Linked Securities (ILS) reduce reliance on the HM Treasury guarantee to Pool Re, thereby distancing the taxpayer from potential loss. We provide support for the Government's counter-terrorism strategy, both through our Counter Terrorism Alliance with the Home Office, and through our role as a conduit to incentivise businesses to implement accredited risk mitigation strategies. Pool Re provides Government with access to expertise in the quantification and pricing of terrorism risk liabilities and an efficient mechanism for payment of claims to businesses impacted by terrorism, enabling the economy to "build back" in the event of catastrophic loss.

Government moral hazard is reduced by the formalised hierarchy of losses between the public and private sectors in the event of an attack. Pool Re is establishing a reputation as a trusted advisor on how Government could work effectively with the insurance market to address other system risks which are difficult to insure on a purely commercial basis.

Regulators

The Board engages openly with regulators and auditors and promotes a culture of transparency, accountability and high standards of governance. Compliance with legal and regulatory obligations is a standing consideration in Board decision-making.

We continue to have an effective and transparent dialogue with our key regulators, the PRA and FCA. This is demonstrated by the ongoing regular engagement of our Board and management, supported by our legal and regulatory team, with our PRA supervisor.

International Forum of Terrorism Risk (Re)Insurance Pools

The International Forum of Terrorism Risk (Re)Insurance Pools (IFTRIP), launched in London in 2015 at the instigation of Pool Re, has become the pre-eminent forum for collaboration between the world's terrorism (re)insurance pools. Governments, the (re)insurance industry and their policyholders throughout the world benefit from the exchange of best practice and enhanced management of terrorism risk fostered through IFTRIP.

The Board supports the Company's leadership role in IFTRIP. Participation in IFTRIP enables the Company to share experience and best practice with international counterparts and to remain informed about global developments in terrorism risk insurance.

By Order of the Board on 22 June 2026.

Tom Clementi

Tom Clementi
Chief Executive Officer

3

Governance & Accountability

Directors' Report

The Directors of Pool Reinsurance Company Limited (registered number 2798901) present their report and the audited financial statements of the Company for the period from 1 April 2025 – 31 March 2026.

Board of Directors

The Board holds five scheduled meetings in the course of the year. At the Board meetings, the Board considers reports from each of the key functions, in particular: financial performance, operational performance, commercial and customer engagement, reinsurance scheme management, underwriting, claims and pricing, outwards reinsurance and capital markets, investment management, actuarial and terrorism risk management, legal and regulatory, risk management, operational resilience, marketing and communications, threat analysis and people and culture. In addition to these standing items, the Board annually considers other matters of significance to the Company, in accordance with an agreed schedule. Alongside the regularly scheduled Board meetings, the Directors also hold an annual strategy session and meet as necessary to discuss any material matters as they arise. During the period 1 April 2025 – 31 March 2026, the Board met five times, reflecting the needs of the business.

A formal schedule of matters reserved to the Board is maintained and reviewed annually. Such matters include those that are considered to be of significant strategic importance, which affect the structure of the Pool Re Scheme, setting the culture, ethics, values and standards of the Company, or affect the corporate governance framework.

The Board has otherwise delegated to its committees and to the executive management the power to make decisions on operational matters within a framework of internal controls. Each committee operates within written terms of reference and the respective roles and responsibilities of the Chair, Senior Independent Director, the Non-Executive Directors and the Chief Executive are set out in writing. All of this may only be amended with the Board's approval. The appointment and removal of the Chief Executive, the General Counsel and Chief Risk Officer, and the Company Secretary are also matters reserved to the Board.

The Chair, in conjunction with the Chief Executive and the Company Secretary, ensures that the Board is provided with timely, accurate and sufficient information to enable it to discharge its responsibilities effectively. All Directors have access to the services of the

General Counsel and Chief Risk Officer and the Company Secretary and independent professional advice is available, at the expense of the Company, to the Directors in respect of any issue arising in the performance of their duties. The Company maintains appropriate directors' and officers' liability insurance in respect of legal actions against its Directors.

Following their appointment, new Directors receive a comprehensive induction process led by executive management. Ongoing training and development are provided throughout a Director's tenure to ensure they maintain an up-to-date understanding of the Company, its operations and the regulatory environment, enabling them to discharge the responsibilities effectively.

Information to the Board

The Board and its Committees are provided with timely, accurate and relevant information appropriate to the nature scale and complexity of the business to support effective decision-making.

Financial and performance data provided to the Board is derived from Pool Re's accounting and operational systems. The sourcing and production of management information have continued to evolve as the Company's business systems have become more sophisticated and are subject to regular review, internal assurance processes and independent audit. The Board effectiveness review included consideration of the quality, timeliness and frequency of information received by the Board and no concerns were identified.

The Board considers that the management information it receives to be sufficient and appropriate to enable the Board to discharge its responsibilities, including setting strategic direction, safeguarding the Company's assets and overseeing performance.

Composition

From 1 April 2025 – 31 March 2026, the Board consisted of nine Non-Executive Directors, including a Non-Executive Chair, and one Executive Director, the CEO. Brief biographical details of the current Directors are set out on pages 84-88. The Directors who served during the year and up to the date of signing the financial statements are:

A A Knight CBE

T C Clementi

K Allchorne

C G Cripps

C J Holmes

B J Merry

O C Morris

K M Norgrove

Dame Susan Owen

A M Rubenstein

The power to appoint Directors rests solely with the Board. The Articles of Association provide that the number of Directors in office at any one time shall be between three and twelve.

The size and composition of the Board is kept under regular review in order to ensure an appropriate balance of independence, skills, experience and expertise, enabling the Board to support the strategic and operational direction of the Company and to provide effective challenge. Irrespective of the overall size of the Board, a majority of Directors are independent Non-Executive Directors. Director appointments are made, following a formal, rigorous and transparent process, supported by external executive search and leadership advisory firms.

The Articles of Association allow HM Treasury to nominate individuals to be considered by the Board for a single appointment as Directors. However, only one Director at any time may hold office following nomination in this way. Dame Susan Owen is the Director appointed following nomination by HM Treasury.

At Pool Re, we recognise that a Board of Directors that promotes diversity, inclusion and equal opportunity within its membership is more likely to benefit from a broad range of experience, qualifications and knowledge, fostering more effective challenge. A wider range of perspectives also enables the Board to identify a broader range of risks to the business and to better understand and manage their potential impact. Board appointments and succession plans are therefore based on merit and objective criteria and, within this framework, seek to promote diversity. However, the Board has not adopted specific diversity targets. Instead, it maintains a policy of appointing individuals of the highest calibre at every level, selected on merit and equipped with the skills, experience and judgement to deliver high performance, while effectively managing the Company's risk exposure.

The Board undertakes an annual review of the independence of each Director. In making this assessment, the Board takes into account factors including the length of service, whether a Director holds directorships within companies or groups that cede business to Pool Re and whether a Director has been appointed by a significant counterparty. The Board has concluded that, as at the date of this statement, the majority of Non-executive Directors remain independent in character and judgement.

In accordance with the Articles of Association of the Company, all Directors must retire and seek election at the first Annual General Meeting (AGM) following their appointment and annually thereafter.

> At Pool Re, we recognise that a Board of Directors that promotes diversity, inclusion and equal opportunity within its membership is more likely to benefit from a broad range of experience, qualifications and knowledge, fostering more effective challenge.

Board Committees

The Board has six standing Committees: **the Audit Committee; the Investment Committee, the Nominations and Governance Committee, the Reinsurance Committee; the Remuneration Committee,** and **the Risk Committee**. All the Committees have written Terms of Reference. The Board has satisfied itself that each of its Committees has sufficient resources to undertake its duties.

The **Audit Committee** is chaired by Barbara Merry and comprises four Directors, all of whom are independent Non-Executive Directors.

The Committee met four times during the period 1 April 2025 - 31 March 2026. A summary of the principal activities of the Committee during this period is provided below:

- **Financial statements:** The Committee reviewed the Annual Report and Accounts and the PRA Annual Return in detail prior to recommending them to the Board for approval, demonstrating effective oversight of financial reporting, significant judgements and disclosure and the provision of appropriate challenge prior to Board approval. The review focused on the integrity of the financial statements, including the application of IFRS to new Treaty arrangements, significant accounting judgements, estimates and disclosures. Particular attention was given to investment valuation, the return of unearned premium arising by nature of the Scheme's transition to new Treaty arrangements and Scheme run-off cover.

- **Financial instruments:** The Committee considered the audit risks and assurance relating to the valuation and existence of debt securities, equities and derivative financial instruments, including audit risks arising by nature of the transition to the Clearwater investment accounting system and related custodian changes.

  The Committee provided oversight of the significant audit risks to scrutinise how those risks were addressed by management and the external auditor.

- **Financial internal controls and internal audit:** The Committee monitored the effectiveness of the Company's system of financial internal controls and reviewed the independence, resourcing and performance of the internal audit function. The Committee's provided ongoing interaction with the assurance provider and oversight of the control environment to support financial reporting.

- **Internal audit reports:** The Committee reviewed internal audit plans, individual reports and progress against management actions covering areas including investment management, procurement, operational resilience and post-implementation system reviews. The Committee also reviewed the effectiveness of the internal auditor's audit process.

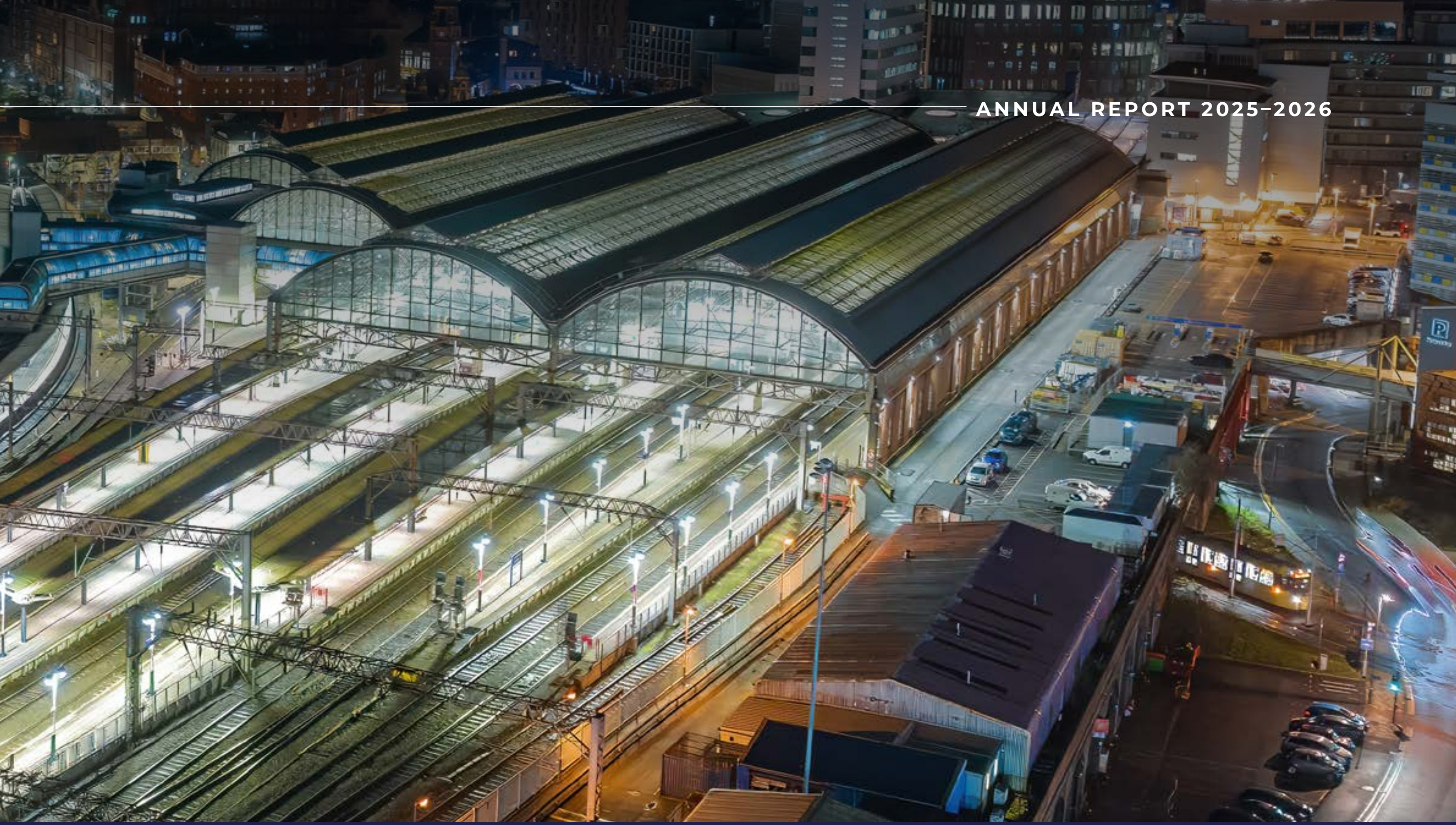
- **Going concern and viability of the Company:** The Committee considered management's assessment of going concern and viability and concluded that the Company has adequate resources for the foreseeable future.

- **Relationship with the External Auditor:** In accordance with the terms of the Framework Agreement agreed with HM Treasury in May 2022, the National Audit Office (NAO) has been appointed as the statutory auditor of Pool Re. Owing to the prescriptive nature of the appointment of the NAO as the Company's statutory auditor, the Committee can no longer conduct a tender process and make recommendations to the Board about the appointment, reappointment and removal of the external auditor, nor approve its remuneration and terms of engagement. This represents a departure from parts of provisions 25 and 26 of the Financial Reporting Council's UK Corporate Governance Code (the Code), read together with the FRC Audit Committees and the External Audit: Minimum Standard. The NAO provides a non-audit service in relation to its audit of the annual PRA return. However this service is audit related in nature.

- **External audit reports:** The Committee reviews audit planning, interim updates and audit completion reports, including significant risks and key judgements, and assesses the overall effectiveness of the audit process in order to support its assessment of audit quality, audit planning and execution.

- **Financial controls effectiveness review:** The Committee continued its work with a third-party professional services firm to carry out phase two of the independent assessment of the control environment, This second piece focused on benchmarking the Company's controls against market practices to provide assurance over the material controls' design and operating effectiveness providing additional assurance to the Board in relation to the financial, operational and compliance controls.

- **Audit governance, independence and Committee effectiveness:** The Committee kept under review the effectiveness of its own operation and Terms of Reference, ensuring that its work programme remained appropriate and aligned to regulatory and governance expectations. The Committee also oversaw the independence of the statutory auditor, including consideration of independence confirmations and the framework governing non audit services, and reviewed management representations provided to the auditor to support the completeness and accuracy of financial disclosures. In addition, the Committee received updates on relevant accounting, regulatory and reporting developments to inform its oversight of financial reporting and audit quality.



The **Investment Committee** is chaired by Alan Rubenstein and comprises four Directors. The Committee met four times during the period 1 April 2025 – 31 March 2026. A summary of the principal activities of the Committee during this period is provided below:

- **Asset allocation:** The Committee kept the Company's asset allocations under regular review, considering market conditions, liquidity requirements and risk appetite, and monitored the positioning of the portfolio across asset classes.

- **Investment policy:** The Committee advised the Board on the ongoing development, review and implementation of the Investment Policy and Strategy, including recommending updates to reflect changes in investment approach and regulatory context and oversaw the process of monitoring the Company's investments against agreed objectives.

- **Investment guidelines:** Investment guidelines were maintained and issued to the Company's Investment Managers and the Committee monitored adherence through regular performance, risk, and compliance reporting, including consideration of any breaches and remedial actions.

- **Investment manager presentations:** At each meeting the Committee received detailed presentations from one or more investment managers, covering performance, portfolio positioning, market outlook and risk management with each manager presenting at least once every two years.

- **Other activities:** The Committee oversaw the appointment and ongoing review of investment managers, considered the Company's approach to venture capital investment, monitored investment performance, risk and compliance matters; and received updates on investment related operational arrangements, including custody and investment accounting.

The **Nominations and Governance Committee** is chaired by Angela Knight and comprises all the Non-Executive Directors. The Committee met four times during the period. A summary of the principal activities of the Committee during the period 1 April 2025 – 31 March 2026 is provided below:

- **Board appointments and succession planning:** The Committee reviewed and recommended to the Board the size, structure and composition of the Board, taking into consideration skills, experience, diversity and leadership needs. It considered appointments of Directors and Committee members, oversaw Executive Committee succession planning, and reviewed both short term emergency and longer term succession arrangements.

- **Board effectiveness:** The Committee makes recommendations to the Board concerning the re-election and continuation in office of Directors, taking into account performance, contribution, independence and length of service and considered matters relating to Board dynamics and effectiveness.

- **Effectiveness review of the Board, Committees and Directors:** The Committee oversaw the annual Board and Committee performance review, which was informed by the Board's internal self-evaluation, supplemented by internal meetings with Directors and senior management and subsequent discussion of key findings, themes and development actions.

- **Governance framework:** The Committee reviewed and recommended for Board approval the Committee's Terms of Reference, considered developments in corporate governance requirements and oversaw the operation of the Company's governance framework and practices of the Company.

- **Conflicts of interest:** The Committee reviewed and monitored Directors' actual and potential conflicts of interest including consideration of new external appointments, and oversaw the maintenance and annual review of the conflicts of interest register.

The **Reinsurance Committee** held five scheduled meetings during the period 1 April 2025 – 31 March 2026. The Committee is chaired by Kevin Allchorne and comprises five Non-Executive Directors, one Executive Director (the CEO) and the Chief Underwriting Officer. The Reinsurance Committee oversees the Company's provision of reinsurance to its Members along with the scope, structure and cost of the cover it provides. The Committee exercises its authority in line with the risk appetite approved by the Board. The Committee oversees the purchasing of the outwards retrocession programme, including its insurance linked securities, and governance over and validation of Pool Re's pricing model.

A summary of the principal activities of the Committee during the period 1 April 2025 – 31 March 2026 is provided below:

- **Underwriting:** The Committee oversees the Company's underwriting scope, principles and Scheme rules, including the review of pricing methodology. During the year, the Committee oversaw the transition to the new Treaty framework, including consideration of revised Scheme documentation, underwriting processes and systems, Member engagement and implementation readiness, and monitored the embedding of the new arrangements following go live.
- **Model governance:** The Committee oversaw the governance and validation of the internal model, including approving the Model Governance Policy, considering independent model validation findings, monitoring material model changes and reviewing governance logs and assurance arrangements.
- **Reinsurance:** The Committee oversaw the Company's reinsurance proposition, including the structure of the Scheme, global aggregate minimum retention, target retention and premium setting, and made recommendations to the Board in respect of these matters.
- **Commercial retrocession (including the ILS placement):** The Committee oversaw the planning, renewal and performance of the outward retrocession programme and insurance linked securities placements, including renewing budgets, market conditions, broker performance and recommendations to the Board.
- **Brokers:** The Committee provided oversight and input into the appointment performance, and potential extension of contracts of brokers engaged in placing the retrocession programme.
- **Regulatory and legal:** The Committee considered regulatory and legal matters arising in respect of the reinsurance proposition, including engagement with HM Treasury, competition law considerations, and proposed amendments to the Reinsurance Agreement and Scheme documentation.
- **SME and market normalisation:** The Committee oversaw the development of proposals aimed at improving take up of terrorism insurance by SMEs and market normalisation, including consideration of pricing, regulatory and operational implications ahead of implementation.
- **Pricing model:** The Committee oversaw the governance, validation and application of the pricing model, including assumptions, data quality, exposure management and the interaction between modelling outputs and premium setting.

The **Remuneration Committee** is chaired by Catherine Cripps and comprises five Non-Executive Directors, of whom four are Independent Non-Executive Directors.

The Committee held three scheduled meetings during the period 1 April 2025 - 31 March 2026. A summary of the principal activities of the Committee during the period is provided below:

- **Remuneration Policy:** The Committee has delegated responsibility for overseeing the Remuneration and Reward Policy and its application, including for the Chair, the Directors, the Chief Executive and, upon the CEO's recommendation, the senior management team. During the year, the Committee undertook its annual review and approval of the Remuneration and Reward Policy, including consideration of minor updates and confirmation of its alignment with regulatory expectations and the UK Corporate Governance Code. The Committee reviewed and agreed performance objectives for the Chief Executive and the senior management team, and received regular updates on performance, and considered a risk opinion on the operation of the policy to ensure it promoted sound risk management and did not encourage excessive risk-taking.

- **Remuneration of employees (including the CEO and senior management team):** The Committee reviewed and considered the overall remuneration of Pool Re employees, including the Chief Executive and senior management team, having regard to market conditions, performance outcomes and the Framework Agreement as agreed with HM Treasury. This included consideration of annual salary increases, bonus outcomes and pay differentiation, with particular focus on affordability, fairness, and consistency across the organisation. The Committee reviewed and approved recommendations on executive and wider workforce remuneration, including salary increases and bonus awards, and exercised judgement and discretion where appropriate before making recommendations to the Board.

- **Remuneration practices:** The Committee continued to oversee the design and implement practices to support strategy and the long-term sustainable success of the Company and ensure accountability in remuneration outcomes. The Committee ensured that remuneration arrangements included appropriate malus and clawback provisions and their application in practice, enabling the withholding or recovery of variable remuneration in specified circumstances. During the year, the Committee kept these arrangements under review and was satisfied that they were clearly defined, proportionate, and capable of being operated effectively if required, thereby reinforcing alignment between remuneration outcomes, performance, and risk. The Committee remained satisfied that the policy was applied fairly and consistently.

The **Risk Committee** is chaired by Barbara Merry and comprises four Directors, all of whom are independent Non-Executive Directors.

The Committee met four times during the period 1 April 2025 - 31 March 2026. A summary of the principal activities of the Committee during this period is provided below:

- **Effectiveness of the Risk Management and Internal Control Framework:** The Committee monitored the effectiveness of the Company's Risk Management and Internal Controls Framework throughout the year, including receipt and review of quarterly risk reports, monitoring of key risk indicators against appetite, oversight of emerging and principal risks, consideration of risk events and remediation actions and oversaw enhancements to second line assurance and material controls testing to support future Board attestation under the UK Corporate Governance Code. The Committee reviewed and recommended to the Board for approval the Company's Risk Management and Internal Controls Framework, Risk Policies, Risk Preferences and Taxonomy, and the Risk Preference and Risk Appetite Framework. The Committee also reviewed and approved the annual Risk Management Plan and the Risk and Capital Assessment, ensuring that the Company's approach to risk remained proportionate, robust and aligned with regulatory expectations and evolving business activities.

During the year, Pool Re identified and managed a limited information security incident arising from a third-party configuration error within its underwriting and claims platform, Fortress. The issue was detected promptly through Member reporting, escalated immediately to senior management, the Risk Committee and the Board, and swiftly contained and remediated. Regulators and key stakeholders were notified on a transparent basis, and the incident was subject to formal internal and external review. The outcome confirmed that the impact was limited in scope, with no evidence of misuse of data and no material exposure of sensitive information.

The incident provides a clear example of the effectiveness of Pool Re's governance and risk management framework. Established escalation protocols operated as intended, enabling timely oversight by the Risk Committee and Board, and a coordinated response across management, suppliers and advisers. Follow-up reviews have driven targeted enhancements to testing, monitoring and third-party risk management, with internal audit providing assurance over the remediation actions. The event has been incorporated into the ongoing assessment of operational and cyber risk and has strengthened the Company's control environment.

- **Effectiveness of the risk function:** The Committee monitored the effectiveness, resourcing and independence of the risk function and completed its annual review of the risk function mandate. The Committee considered the adequacy of resources and skill-set and satisfied itself that the risk function had sufficient authority, independence and capacity to discharge its responsibilities.

- **Risk register:** The Committee reviewed the Company's risk register, including monitoring principle, developing and emerging risks, and the effectiveness of key controls. The Committee considered detailed updates on insurance, operational, financial, regulatory, cyber and third party risks, reviewed reported risk events and near misses, and monitored progress against agreed management actions and remediation plans.

- **Business plan alignment:** The Committee advised the Board on whether the Company's strategy and annual business plan remained consistent with the Risk Management Framework and the Board-approved risk appetite. This included consideration of major strategic initiatives such as Treaty embedding, pricing model development, SME incentives, operational resilience activities, and preparation for future regulatory requirements.

- **Internal controls:** The Committee monitored the framework of internal controls throughout the year. This included oversight of material controls testing (including finance controls), monitoring of control effectiveness through the Risk and Control Self Assessment process, review of internal and external assurance findings, and tracking of management actions to remediate identified control weaknesses. The Committee also oversaw enhancements to the Company's risk management systems and reporting to support stronger governance, transparency and assurance.

In addition to these Committees, the Board may from time to time establish ad hoc committees to address any specific purpose, with such delegation of powers and membership as the Board considers appropriate or necessary to achieve its objectives.

In accordance with the Articles of Association, the proceedings of any Committee to which the Board has delegated authority are minuted and reported to the Board at the next scheduled Board meeting.

Attendance at meetings

It is recognised that Directors' executive responsibilities outside of the Company may, from time to time, prevent attendance at all scheduled Board and/or Committee meetings. In such circumstances, the Chair of the Board will, where practicable, seek the Director's views on the matters to be considered and ensure that those views are appropriately conveyed to the Board. During the period 1 April 2025 - 31 March 2026, the Board convened five Board meetings.

The table below sets out each Director's attendance at the meetings of the Board and the Committees which they were eligible to attend as Members during the period 1 April 2025 - 31 March 2026.

	Board	Audit Committee	Investment Committee	Nominations and Governance Committee	Reinsurance Committee	Remuneration Committee	Risk Committee
A A Knight CBE	5 (5)		4 (4)	4 (4)	5 (5)	3 (3)	
T C Clementi	5 (5)				5 (5)		
K Allchorne	5 (5)	4 (4)		4 (4)	5 (5)		4 (4)
C G Cripps	4 (5)	4 (4)	4 (4)	4 (4)	1 (1)*	3 (3)	4 (4)
C J Holmes	4 (5)			4 (4)			
B J Merry	5 (5)	4 (4)	4 (4)	4 (4)	5 (5)		4 (4)
O C Morris	3 (5)			3 (4)		3 (3)	
K M Norgrove	4 (5)			3 (4)	4 (5)		
Dame Susan Owen	5 (5)	4 (4)		4 (4)		3 (3)	4 (4)
A M Rubenstein	5 (5)		4 (4)	4 (4)		3 (3)	

** C G Cripps was appointed as a member of the Reinsurance Committee on 17 December 2025.*

The total number of meetings during the period that could have been attended are shown in brackets.

Board performance review

Each year the Board undertakes an evaluation of its performance. Every third year, the evaluation process includes an assessment by external board performance consultants, the intervening years being through self-assessment.

In 2025-26, following on from the internal self-assessment of the effectiveness of its Board and Committees, carried out by the Company and supported by Independent Audit Limited, which reported at the beginning of the financial year, Pool Re undertook another internal self-assessment comprising interviews 1-2-1 meetings which resulted in a set of agreed actions to support the continued effectiveness of the Board. Building on this work, further Chair led one to one meetings with Directors were undertaken later in the year and reported in September. A similar engagement exercise was also carried out by the Senior Independent Director. The outcomes of these reviews were reported to the Nominations and Governance Committee and subsequently discussed by the full Board.

Directors' remuneration

The Company's Articles of Association provide that, until otherwise determined by ordinary resolution, there shall be paid to the Directors such fees as the Directors determine, not exceeding an annual aggregate.

In the period 2025-26, a triennial independent benchmarking exercise was carried out by Korn Ferry, an independent consultancy firm, in respect of Non-Executive Director fees both in terms of quantum and structure. The recommendations from that review included retaining the current fee structure which reflects the time commitment of Non-Executive Directors who are members of multiple committees. The review also proposed that an inflationary increase broadly aligned to a wider workforce increase be applied to Directors' fees. Current fees were otherwise deemed to be broadly aligned to market levels. The Board approved the recommendations of the independent review.

Non-Executive Directors do not receive any additional remuneration from the Company other than their fees and are not paid compensation for loss of office.

Dividend

The Articles of Association of the Company provide for distributions to Members in the form of a dividend and also in the circumstances of a winding up.

In September 2025, the Company paid a dividend to Members of £86.4 million (September 2024: £96.6 million) in proportion to premium ceded by each Member during the preceding year.

Donations

The Company has a policy that it does not make political donations. In the year under review the Company made no such donations.

The Company has established a Donations Committee to consider and determine its charitable donations, subject to an annual limit of £50,000. The Company's charity of the year for 2025-26, for the third year running, was the East End Community Foundation. The charity of the year is determined by the Community Working Group in accordance with agreed criteria. The donations made during the period 1 April 2025 – 31 March 2026 totalled £40,338.30 as listed below:

	Grand total
AFC Wimbledon Foundation	**£790**
Barnes Children's Literature Festival	**£3,825**
Crimestoppers Trust	**£1,000**
East End Community Foundation	**£30,000**
Lord Mayor's Appeal Trading Limited	**£423.30**
Supporting Wounded Veterans	**£1,000**
The Switch Charity Limited	**£3,300**
Grand total	**£40,338.30**

Bribery and corruption

The Company adopts a zero-tolerance approach to bribery and corruption and has appropriate policies and regular training in place to maintain this approach.

Tax evasion

The Company adopts a zero-tolerance approach to tax evasion in compliance with the Criminal Finance Act 2017 and the corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion.

Whistleblowing

The Board complies with the recommendation made in the UK Corporate Governance Code with regard to a policy and procedures on whistleblowing and has reviewed the arrangements under which staff may, in confidence, raise concerns.

The Board has adopted a whistleblowing policy, which is disseminated throughout the Company, and is satisfied that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where appropriate, for follow-up action to be taken. Employees are encouraged to raise matters of concern and receive training on this matter at least annually. Catherine Cripps, one of the independent Non-Executive Directors, is the Whistleblowers' Champion. In this role, she is responsible for ensuring and overseeing the integrity, independence and effectiveness of the whistleblowing framework.

Financial risk management

The Company's financial risk management objectives and policies with regard to the use of financial instruments are described in Note 5 to the financial statements.

Directors' indemnities

The Company has entered into indemnities for the benefit of its existing Directors and future Directors, and these indemnities remain in force at the date of this report. Copies of the Directors' indemnities, which are qualifying indemnity provisions, are available for inspection at the Company's registered office.

Statement of Directors' and Accounting Officer's Responsibilities

Under the Companies Act 2006, the Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and Company's financial statements (the "financial statements") in accordance with applicable law and regulations. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Pool Re Group and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

The Directors have prepared the financial statements in accordance with applicable law and UK-adopted international accounting standards. These include:

- Observing the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, insofar as these do not conflict with the Companies Act 2006 and the requirements of IFRS;
- Selecting suitable accounting policies and then apply them consistently;
- Making judgements and accounting estimates that are reasonable and prudent;
- Stating, where applicable, that the Directors have prepared the Group and Company's financial statements in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Notifying Members in writing about the use of disclosure exemptions, if any, of UK-adopted international accounting standards used in the preparation of financial statements; and
- Preparing the Group and Company's financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time our financial position and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

At the date of this report, each individual Director states that they are not aware of any relevant audit information of which the Company's auditors are unaware, and each individual Director states that they have taken any necessary steps as set out in section 418(4) of the Companies Act 2006 as a Director to make themselves aware of any relevant audit information and establish whether the Company's auditors were aware of that information.

HM Treasury has appointed the Pool Re Chief Executive as the Pool Re Accounting Officer.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Pool Re's assets, are set out in Managing Public Money published by HM Treasury. This includes ensuring propriety, regularity, value for money and feasibility in the handling of expenditure by Pool Re.

The Directors have prepared the financial statements in accordance with applicable law and UK-adopted international accounting standards.

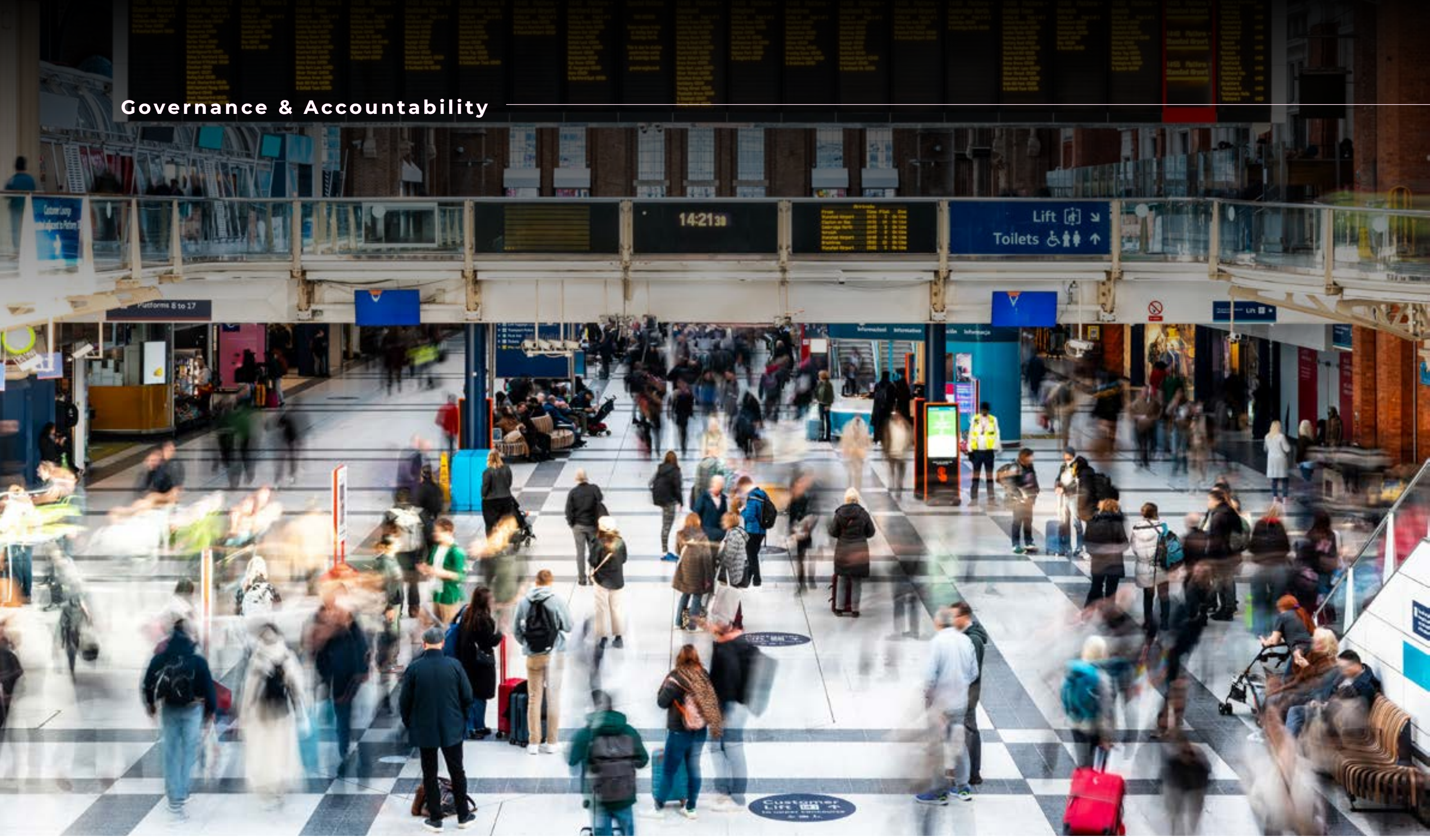
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis; and
- Confirm on behalf of the Board that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

> “As the Accounting Officer, and on behalf of the Board, I have taken the steps required to be aware of relevant audit information and ensure that Pool Re's auditors are informed of that. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

This statement was approved by the Board of Directors on 22 June 2026 and was signed on its behalf by Pool Re's Chief Executive Officer, Tom Clementi.

Tom Clementi
Chief Executive Officer



Statement of Going Concern and Statement of Viability

Going concern

The Board is satisfied, after taking account of the size of the investment fund and the Retrocession Agreement with HM Government, that the Company has adequate financial resources to continue to operate for the foreseeable future which is, but not limited to, at least 12 months. For this reason, it considers the going concern basis appropriate for the preparation of the financial statements.

Statement of viability

Pool Re's continuation as an entity is ultimately at the discretion of its Members. The Board considers that Pool Re has, and will continue to have, Member support and that its funding arrangements will remain in place. The Directors have based their assessment of viability on the Group's business planning, and the budget which is approved annually by the Board. The Board is confident the unlimited guarantee of funds from HM Treasury will continue and as at the date of approval of this Annual Report and Accounts they have no reason to believe otherwise.

The Directors consider that a three-year period from the year end of assessment is an appropriate period over which to provide its viability statement. The Board considers that it can form a reasonable view over this period of the key drivers of the Group's performance, including the investment profile and operating costs. In accordance with the requirements of the Framework Agreement, as agreed with HM Treasury, the Group is committed to complying with the principles and provisions of the Code to the extent appropriate. The Board reviews compliance on at least an annual basis.

Status of the Company

The Company is a private company limited by guarantee, not having share capital. The Company is authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

The Company does not have any branches outside the United Kingdom. It has two wholly owned subsidiary undertakings, Pool Re Solutions Limited (PReS) and Pool Re Services Limited (Pool Re Services). PReS supplies services to Pool Re including input into the

Pool Re model, terrorism threat updates, risk assessments and risk mitigation services. It also provides risk mitigation services and terrorism threat analysis to Members and their policyholders. Pool Re Services supplies services to Pool Re including the employees to work for and on behalf of Pool Re and PReS as necessary.

In 2020, the Company was classified by the Office for National Statistics to the Central Government Subsector in the context of international statistical rules laid out in the European System of Accounts 2010 and the accompanying Manual on Government Deficit and Debt 2019. As a consequence, the Cabinet Office has classified the Company for administrative purposes as an unclassified Arm's Length Body ("ALB") of HM Treasury. The ONS classification and the ALB classification do not affect the separate legal personality of Pool Re, or that its assets (including reserve funds) belong to Pool Re.

Independent Auditor

The Board's policy on the provision of non-audit services to the Company by the Auditor is to permit such work to be performed in areas where it is appropriate, provided this does not compromise independence. The NAO provides a non-audit service in relation to its audit of the annual PRA return. However this service is audit related in nature.

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report.

Employee engagement

Details of employee engagement are set out on page 51.

Wider stakeholder engagement

Details of wider stakeholder engagement are set out in pages 50-53.

Greenhouse gas emissions, energy consumption, and energy efficiency action

Recognising that our investment portfolio carries significant exposure to environmental related risks and while operating an outsourced model, we engage with our investment managers on these risks to bring about necessary change and reduce the portfolio's carbon footprint. We have not provided detailed disclosures on greenhouse gas emissions and energy consumption as the energy consumption of the Pool Re office is less than 40,000 kWh.

Governance Statement

The following Governance Statement forms part of this Directors' Report.

By Order of the Board

Taryn Jones
Company Secretary

Governance Statement

The Board is committed to upholding the highest standards of corporate governance. Its policy is to maintain an effective, transparent and accountable governance framework, aligned to the Company's purpose and values. A strong and proportionate governance framework is essential in supporting the Board in setting the desired culture, delivering the Company's strategy and operating within the legal and regulatory environment in which the Company operates. Clear governance arrangements and a well-defined division of responsibilities enables the Board to operate effectively, fulfil its responsibilities and provide appropriate challenge and oversight. The Board has reserved certain matters for its own decision and has delegated the day-to-day management of the business to the Chief Executive Officer, supported by the Executive Committee.

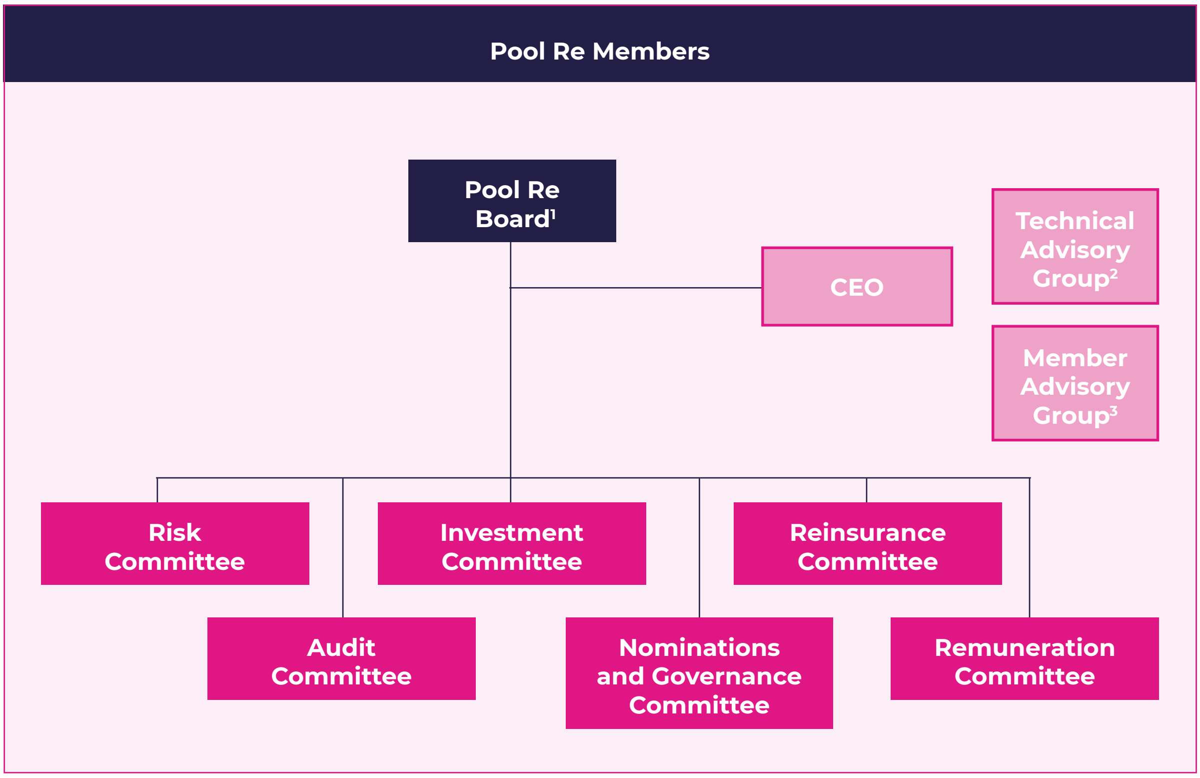
The Company's classification as an Arm's Length Body of HM Treasury in 2022 introduced additional governance arrangements for Pool Re, which are set out in its Framework Agreement agreed with HM Treasury. The Framework Agreement describes the governance and accountability framework between HM Treasury and Pool Re and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters. Whilst the Framework Agreement does not confer legal powers or responsibilities both parties have agreed to operate within its terms.

Pool Re and HM Treasury share the common objective of ensuring the ongoing availability and affordability of terrorism (re)insurance in Great Britain. To achieve this, Pool Re and HM Treasury work together collaboratively, recognising their respective roles and areas of expertise, and maintaining an open, constructive relationship founded on partnership and trust.

In line with the Framework Agreement, Pool Re has agreed to apply the principles of the Financial Reporting Council's UK Corporate Governance Code (the Code) and comply with or explain any divergence from the Code's provisions to the extent determined by the Board, exercising good governance practices. At the heart of the Code is a set of principles that emphasise the value that good corporate governance can have on the long-term sustainable success of a business. In addition to compliance with the Code, Pool Re has undertaken to comply with FReM to the extent appropriate to Pool Re, to comply with applicable procurement law and guidance and to comply with Managing Public Money. For the 2025-2026 financial year, Pool Re has applied the 2024 version of the Code save for Provision 29, which is effective from 1 January 2026. Accordingly, in 2025-26 it continued to comply with Provision 29 of the 2018 Code. The Company continued to comply with the Code to the extent it is appropriate and relevant to do so as a company that is limited by guarantee and has no shareholders. During the course of this year, the Board undertook further work to strengthen its financial, operational and compliance controls assurance. This work forms part of the Board's preparation for meeting the enhanced internal controls reporting expectations under Provision 29 of the 2024 Code and will support future disclosures, including the Board's assessment of and attestation to the effectiveness of internal controls.

The Board discharges its responsibilities through a programme of scheduled Board and Committee meetings during the year, supported by timely, accurate and high quality information. During the period, the Board considered a wide range of matters central to the effective application of the Code, including strategy development, oversight of financial performance and capital position, review of principal and emerging risks, operational resilience, cyber security, and the effectiveness of the Company's internal control environment. The Board also received regular updates from Committee Chairs on matters within their respective remits, ensuring effective oversight and informed decision making.

The Company's corporate governance framework, set by the Board to provide comprehensive oversight, is set out below:



[1] Membership comprised of nine Non-Executive Directors (Chair, 5 Independent NEDs including one Treasury Nominee Director, three Member NEDs) and one Executive Director (the CEO).

[2] Advisory body comprised of senior executives from the UK Insurance Company and Lloyd's Syndicate markets to give advice and guidance to the Chief Executive and Chief Underwriting Officer of Pool Re on the development and execution of strategic and operational changes to the Scheme.

[3] Advisory body drawn from Members and non-Member stakeholders. A forum whose purpose is to ensure that the views of Pool Re Members and stakeholders in connection with the Scope of Works are heard and fed into the Board for consideration.

Board Leadership and Company Purpose

The role of the Board (Principle A)

The Board is responsible for leading the Company in a way that promotes its long-term sustainable success within a framework of prudent and effective controls. The Board oversees delivery of the Company's strategy and monitors performance against agreed objectives, while ensuring that the Company's culture and conduct remain aligned with its purpose, values and strategic priorities. The Directors set the tone from the top and expect the highest standards of behaviour across the organisation. The Board is also responsible for ensuring that appropriate systems of risk management and internal controls are established and maintained and that the Company has the necessary financial and human resources it needs to achieve its objectives and generate long-term value to Members and wider stakeholders.

The Board has assessed the basis on which the Company generates and preserves value over the long term and has considered, and continues to consider, the opportunities and risks to the future success of the business. During the year, this included Board oversight of the transition to, and embedding of, the new Treaty Scheme and the associated work to refine model governance and pricing, together with the development of initiatives intended to support the sustainability and effectiveness of the Scheme (including the approach to SME take up). The Board also maintained oversight of Scheme sustainability and resilience through ongoing consideration of the role of risk transfer (retrocession and ILS) and Member retentions, supported by regular management reporting and Board approvals. In parallel, the Board considered material strategic and reputational risk areas, including definitional uncertainty in relation to terrorism cover and the approach to engaging with stakeholders on Scheme boundaries.

The Board's governance framework supports delivery of the Company's strategy and long term objectives. The Board is supported by a structure of six Committees, which provide specialist oversight and report into the Board, enabling appropriate focus on matters most material to the Company's long term sustainability. The Board receives regular updates from its committees and uses established approval and assurance processes (including in relation to annual reporting, budgets, key policies and risk framework documentation), supporting effective stewardship and decision making. The Directors have a broad range of skills, knowledge and experience and bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of the Company. The Board also considers the views of key stakeholders in its decision making and keeps engagement mechanisms under review to ensure that they remain effective.

Purpose, values, strategy and culture (Principle B)

The Board has established the Company's purpose, values and strategy and satisfies itself that these, and the company's culture are aligned. The Company's purpose is to provide confidence and resilience to the economy and return terrorism risk to the private market over time. The purpose underpins the Company's strategy and informs the framework within which the Board takes decisions on long-term Scheme sustainability, risk transfer and engagement with Members, Government and wider stakeholders. The Board recognises that effective delivery of strategy depends on a strong and appropriate culture. The Company's values are embedded through the BE-EPIC behavioural framework, (Bold, Excellent, ESG Centric, Personable, Innovative and Collaborative), which sets clear expectations for conduct and decision-making. The Board assessed and monitored the Company's culture and how the desired culture has been embedded throughout the year. This included consideration of the results of the annual Engagement Survey which achieved full participation and showed improved engagement levels. The Board also assessed culture through its oversight of how the organisation delivered significant strategic and operational activity during the year. This included the embedding of the new Treaty scheme, governance and data quality enhancements, and the Company's approach to engaging openly with Members and other stakeholders during consultation and implementation phases. The Board further supported the embedding of the desired culture through targeted training and reflection on its own effectiveness, including Board deep dives on model governance and cyber risk, and consideration of themes emerging from the Board performance review.

Governance and outcomes (Principle C)

The Board oversaw a year of significant strategic delivery, operational transformation, deeper government engagement, and meaningful progress toward Pool Re's core objectives: building national economic resilience, ensuring affordable and accessible terrorism cover, returning risk to the private market, and strengthening governance and operational capability. This was a year of substantial strategic alignment and delivery. The outcomes of the Board's decisions was the collective enhancement of national economic resilience to terrorism, Member value and market stability, operational capability and governance maturity, the Company's standing with the Government and regulators and the long term sustainability of the Scheme.

As in previous years, there was one departure from the Code provisions in the appointment of the statutory auditor, whose appointment is prescribed in the Framework Agreement, as agreed between Pool Re and HM Treasury (see page 90.)

Stakeholder engagement (Principle D)

At Pool Re, the Board receives regular updates on the strong and structured engagement with Members and other Stakeholders through a collaborative, transparent and structured approach to communication. The Board spends a significant amount of time considering stakeholder perspectives. In 2025-26, Pool Re continued its extensive stakeholder engagement programme with its Members and other key stakeholders through regular touchpoint meetings with Members, the creation of ongoing two-way dialogue with the Member Advisory Group and the Technical Advisory Group, and it enabled Members to shape developments such as the Treaty transition, SME incentive scheme, and data quality improvements. The Board also prioritised clear communication during major changes and Pool Re issued explanatory updates on the new Treaty Scheme, retrocession developments, the terrorism definition, and modelling enhancements – to build confidence and understanding. Engagement with Government, regulators, and industry bodies (including HMT, the Home Office, Counter Terrorism Police, the FCA, the PRA, the ABI and trade associations) ensured alignment with public policy expectations while strengthening relationships critical to Scheme sustainability. This combination of structured engagement, transparent consultation, and active listening helped foster trust, encourage Member participation, and ensure that strategic decisions were informed by a broad and representative stakeholder voice. The further details of stakeholder engagement can be found in the Section 172 Statement on page 50.

Workforce policies and practices (Principle E)

During the year, the Board consistently reinforced workforce policies and practices that reflect the Company's values. Pool Re considers its people to be a key pillar within the business model who live its value of doing the right thing to deliver value for stakeholders Recruitment activity was conducted with emphasis on capability, succession planning and maintaining organisational capacity, reflecting the Company's values of professionalism and continuity. Workforce stability, training, and support are reaffirmed through monitoring turnover, onboarding new hires, and improving employee development within functions and workforce related policies – including the Equal Opportunities and Dignity at Work Policy – were reviewed and approved annually, reinforcing the company's commitment to fairness, inclusion, and a respectful culture. The Board oversaw leadership development, succession planning, and investment in talent, supporting long term operational resilience and strategic delivery. Pool Re has clear recruitment, retention, promotion, performance management, rewards and incentives, flexible working and other policies in place. A continuous programme of lunch and learn sessions are conducted throughout the year to provide ongoing support and training for staff. Further details can be found on page 106. Whistleblowing policies and procedures are reviewed and approved annually by the Board and available on the intranet and a Whistleblowing Champion has been appointed which allows the workforce to report any concerns relating to wrongdoing (page 69). Employees are encouraged to raise matters of concern and at least annually receive training on this matter.

Division of Responsibilities

The role of the Chair (Principle F)

Angela Knight is Chair of the Board of Directors. The Chair was independent on appointment and remains independent. She leads the Board and consistently sets a constructive, professional tone that enables effective discussion, robust debate and high quality decision making. The Chair encourages challenge by inviting Directors to contribute meaningfully in order to prompt frank debate and ensuring all perspectives are aired before decisions are taken. She models transparency and accountability by reporting back to the Board on engagements with key stakeholders such as HMT and by ensuring that sensitive matters are fully explored. Through structured facilitation, clear direction, and active encouragement of diverse viewpoints, the Chair ensures Board discussions remained disciplined, evidence based and aligned with

Pool Re's long-term strategic objectives. In addition, she ensures that Directors receive accurate, timely and clear information through well structured Board packs, prompt updates and transparent reporting, enabling informed and effective oversight.

The Chair is supported by the Senior Independent Director, Alan Rubenstein, who acts as a sounding board for the Chair and serves as an intermediary for the other Directors, if required. Neither are involved in the day-to-day management of the Company. The internal Board performance review carried out during 2025-6 included an assessment of the Chair's performance, which was led by the Senior Independent Director. The review found that the Chair continues to promote a culture of openness and debate, and should continue to actively encourage diverse viewpoints, thus enabling the contributions from Non-Executive Directors to effectively challenge management.

Division of responsibilities (Principle G)

In the financial year to 31 March 2026 the Board comprised nine Non-Executive Directors, of whom, five are independent, and one Executive Director (the CEO). With the exception of the CEO, none of the Company's executive management are Directors of the Company, thereby ensuring a clear division between the leadership of the Board and the executive leadership of the Company's business. The distinct responsibilities of the Chair of the Board, the Non-Executive Directors and the Chief Executive Officer are clearly defined and are set out in writing in the Board Procedures Manual which is a Board approved Company policy. This Framework supports the effective operation of the Board and promotes objective and independent oversight of executive management. The Chair and the CEO maintain a close and regular working relationship, including meeting without the presence of the other Directors and Executive Team, to ensure the effective functioning of the Board, the quality of information and debate and the integrity of the Board's decision-making processes. Subject to the matters reserved for the Board, the Chief Executive Officer, supported by the senior executive team, is responsible for implementing Board decisions and managing the business in line with the strategy approved by the Board.

Role of the NEDs (Principle H)

It is the role of the Non-Executive Directors to provide constructive challenge, strategic guidance and offer their respective specialist advice whilst holding management to account against agreed performance objectives and the combination of challenge, expertise and rigorous oversight ensures that Board decisions are informed, balanced and aligned with long-term organisational resilience and strategic success. They are appointed from a range of backgrounds, disciplines and industries and meet regularly throughout the year without the Executive being present. The Non-Executive Directors are encouraged to operate outside the Board in order to develop a good understanding of the business and its relationships with significant stakeholders from all levels of the organisation. The Nominations and Governance Committee assesses the time commitments presented by the Directors' other commitments prior to appointment and any additional appointments during their tenure at Pool Re require approval by the Board. Directors are provided with regular and timely management information to enable them to operate effectively.

Effective and efficient functioning of the Board, supported by the Company Secretary (Principle I)

Across the 2025 Board Cycle, the Board had clear policies, robust processes, high quality information and sufficient time and resources to operate effectively. The Board and each of the Committees are provided with high-quality support from the Company Secretary who works with the Chair and the CEO to ensure that board procedures are complied with, advises the Board on governance matters, and supports the Chair, helping the Board and its committees to function effectively by ensuring accurate, timely and clear information flows between the management and the Board in support of effective discussion and decision-making.

Composition, Succession and Evaluation

Board composition (Principle J)

Director appointments are run through a formal, rigorous and transparent process, led by the Nominations and Governance Committee, which evaluates the skills, experience, diversity and time commitment required for the role to ensure that the right skillsets and a breadth of perspectives are represented at the Board. The committee draws on the expertise of leading executive search firms with financial expertise and access to talent from a diverse range of candidates to promote inclusion and equal opportunity and to ensure a positive effect on the quality of decision making by making sure that candidates are drawn from a variety of backgrounds.

The Chair, with the oversight of the Nominations and Governance Committee, oversees optimal board and senior management composition by ensuring that procedures are in place for an orderly succession of roles, identifying individuals having taken into account the candidates' skills, experience, fitness and propriety and diversity. An effective Board succession plan, is maintained by means of a detailed Board Succession Calendar which maps Directors' skills, tenure and planned retirement dates to future Board needs, thereby ensuring forward looking coverage of critical competencies and committee leadership roles. Further information on the work of the committee can be found on page 62, on Board composition on page 57 and on succession planning on page 62.

Skills, knowledge and experience (Principle K)

The experience and knowledge of the Directors is regularly assessed across a skillset of 18 categories, recorded and reviewed at least annually by the Nominations and Governance Committee. These matrices demonstrate that the Board is intentionally composed of individuals with complementary and wide ranging professional backgrounds, ensuring coverage of all critical capability areas. The length of service of the Board as a whole is kept under review and regularly refreshed.

Board evaluation (Principle L)

The Board undertakes an independent external evaluation every third year. In the current reporting period, the Board undertook a self-assessment of itself, its committees, the Chair and the individual Directors. The outcome was reported to and discussed at the Nominations and Governance Committee, attended by the full Board. Further information on the Board performance review can be found on page 68.

Audit, Risk and Internal Control

Internal and external audit (Principle M)

Oversight of risk management, internal controls and compliance is the delegated responsibilities of the Risk Committee and oversight of internal financial controls is the delegated responsibilities of the Audit Committee. In addition, the Audit Committee has Board-delegated responsibility for annually assessing the independence and effectiveness of the outsourced internal audit function. The Audit Committee operated clear, formal and transparent policies and procedures to safeguard the independence and effectiveness of the internal audit function. In line with its Terms of Reference, the Committee approves the Internal Audit Charter, annual plan, budget, appointment of the internal auditor, reporting lines and performance assessment arrangements, ensuring Internal Audit's direct accountability to the Committee. These policies were applied consistently through regular review of internal audit reports, action tracking and independence confirmations, alongside active challenge of audit scope and assurance coverage where necessary. The Committee also approved the internal audit annual report and refreshed mandate and resourcing arrangements, providing structured oversight of Internal Audit's independence, access, scope and quality.

The Committee maintained a structured framework governing approval of the scope and fees, engagement terms, audit planning and reporting of the statutory auditor. The Committee annually reviewed and recommended to the Board the external audit plan, fee and engagement arrangements, and received all statutory audit reports and updates, enabling robust oversight, challenge of key judgements and assessment of audit quality. These arrangements provided a codified and consistently applied approach to external audit oversight, supporting auditor independence and effectiveness in line with the UK Corporate Governance Code and the FRC's Audit Committees and the External Audit: Minimum Standard.

The Board satisfied itself as to the integrity of the Company's financial and narrative reporting by considering the structured assurance provided by the Audit Committee, supported by management, the external auditor and independent controls testing. Further information on the work of the Audit Committee can be found on page 59 and further information on the work of the Risk Committee can be found on page 64.

Fair, balanced and understandable assessment (Principle N)

The Board confirms that the Company's Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, providing the information necessary for the Members to assess the Company's position and performance, business model and strategy. The Audit Committee undertakes a due diligence approach to assess this requirement and provides assurance to the Board that the fair, balanced and understandable assessment of the Company's position and prospects is evidenced by the viability statement and the going concern statement which are set out on page 72. The Audit Committee also confirms to the Board that the Annual Report and Accounts provide a comprehensive analysis of the Company's position at the end of the reporting period, present an unbiased and complete picture and are understandable, using clear and concise language.

Risk management and internal control framework (Principle O)

The Board has established and maintains an effective framework of governance, risk management and internal control to support the delivery of the Company's long-term objectives. The Board is responsible for the effectiveness of the risk management and internal control framework for the period up to and including the approval of the annual report, and it carries out a review of its effectiveness following a thorough analysis and report from the Risk Committee. Oversight of the Board delegated responsibility for the risk management and internal control framework is provided by the Risk Committee, which has authority for the day to day oversight and operation of these arrangements and provides regular assurance to the Board. Throughout the period, the Board determined the nature and extent of the principal and emerging risks the Company was willing to take by approving the risk management and internal control framework, risk policies, risk taxonomy, key risk indicators, and risk preferences and appetites, thereby defining acceptable risk boundaries across operational, financial, underwriting and strategic areas. The Board received structured assurance from the Risk Committee, the Chief Risk Officer (supported by the Risk Team) and senior management through regular risk and regulatory reporting, which included updates on model governance, operational resilience, regulatory developments and emerging threat trends, enabling the early identification and consideration of evolving and emerging risks. Defined procedures for the identification of emerging risks were overseen by the Board, supported by the Strategic Oversight Group, which tracks developments across pricing, modelling, operational resilience and market conditions, alongside periodic operational resilience self assessments escalated through the Risk Committee. Independent assurance was further provided through internal audit reviews, including assessments of operational resilience and model governance, with thematic findings and remediation activity, such as enhancements to financial controls, reported to and overseen by the Board through the Audit and Risk Committees. Through these structured governance and assurance processes, the Board ensured that controls and external risk transfer arrangements remained aligned with its risk appetite and long term strategy, and concluded, following its formal review, that the system of risk management and internal control operated effectively, with no significant weaknesses identified. Further information on the work of the Risk Committee, the principal and emerging risks, and the Company's risk management and internal control framework is set out in the Risk Management section and the Risk Committee report.

Remuneration

Remuneration policies (Principle P)

The Remuneration Committee has the Board-delegated responsibility for developing remuneration policy. The Committee determines the remuneration and reward policy which applies to all staff and is designed to promote the long-term sustainable success of the Company. Its aim is to ensure that management and staff are remunerated fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel. Further information on the work of the Remuneration Committee can be found on page 64.

Executive remuneration (Principle Q)

The Remuneration Committee has delegated responsibility to develop policy on executive remuneration and Director and senior management remuneration. Salaries are justified against benchmarking data and the calibre of the individual and linked to satisfactory performance and the achievement of financial and non-financial objectives. Incentives and rewards are aligned with the values and culture of the Company. The Remuneration Committee is also responsible for oversight of the malus and clawback policy which was reviewed in 2025, further details of which can be found in the Remuneration Report. Executive pay is determined annually and approved by the Board. Further information on the work of the Remuneration Committee can be found on page 64 and the Remuneration Report can be found on page 90.

Independent judgement (Principle R)

The responsibility for remuneration decisions ultimately rests with the Board, following recommendations from the Remuneration Committee. Where necessary, the Remuneration Committee, on behalf of the Board, takes independent advice from external consultancies, on levels of remuneration to seek to ensure that executive remuneration appropriately recognises responsibilities and is broadly market competitive. Any Executive salary increases generally reflect the Company's standard approach to all-employee salary increases. No Director or Executive is involved in their own remuneration outcomes.

BIOGRAPHIES

The Board, Executive Management and Corporate Information

Details of the Directors of the Company who served during the year and up to the date of signing the financial statements are set out as follows.

Angela Knight CBE
Chair of the Board

Angela Knight joined Pool Re in November 2021 as Chair of the Board. Angela is also the Chair of the Nominations and Governance Committee and is a member of the Investment Committee and the Remuneration Committee. Angela's current Non-Executive Directorships include Encore Capital Group Inc, Arbuthnot Banking Group Plc and Arbuthnot Latham & Co Ltd. Until January 2024, she was a Non-Executive Director of Vanquis Banking Group plc. In addition, Angela is an Independent Member of the Astana Financial Services Authority, the Kazakhstan regulator.

Prior to joining Pool Re, Angela was the Senior Independent Director at TP ICAP plc and Chair of the Office of Tax Simplification. She has extensive experience in both the public and private sectors, having been a Member of Parliament and Treasury Minister (Economic Secretary). Prior to that she worked for many years in the engineering industry. Since Parliament, she has been the Chief Executive of the British Bankers Association and the CEO of Energy UK, as well as serving on several company Boards. From 2023-2024, she served as the Master of the Worshipful Company of International Bankers.

Thomas Clementi
Chief Executive Officer

Tom Clementi was appointed CEO of Pool Re in April 2022, prior to which he was CEO of MS Amlin, a Lloyd's underwriting business, where he spent 13 years in various management roles. In December 2023, he was appointed as a Director of the Association of Chief Executives (ACE).

Tom was a Director of the Lloyd's Market Association between 2017 and 2020 and a Common Councillor in the City of London between 2017 and 2022. Prior to insurance, Tom worked as a solicitor at Linklaters. He currently serves as a Governor of the Royal Ballet School and is a member of the National Preparedness Commission, the CBI's Financial Services Council, and the OECD's High Level Advisory Board on Catastrophic Risks. Tom has an MBA from INSEAD business school and a degree from Oxford University.

Kevin Allchorne

Kevin joined the Pool Re board in January 2023. He is the Chair of the Reinsurance Committee and a member of the Risk Committee, the Audit Committee and the Nominations and Governance Committee. He worked as a reinsurance treaty underwriter for Amlin's Syndicate 2001 for 20 years before being appointed head of Amlin London and active underwriter of the syndicate in 2012. From 2014 to 2015 he was Global Managing Director of Amlin's reinsurance business. Subsequent to leaving Amlin, Kevin has served as an independent Non-Executive Director of MAP Underwriting Limited since 2016 and in 2025 he was appointed as Chair. Previously, he was a director and advisor to Giroux Ltd, a data analytics consultant for the MGA sector. In April 2024, Kevin was appointed as a Trustee of Music 24, a leading community music charity, working to support people affected by ill-health and/or disability.

Catherine Cripps

Catherine Cripps joined the Board in June 2022. She is the Chair of the Remuneration Committee and is a member of the Risk Committee, the Audit Committee, the Investment Committee, the Reinsurance Committee and the Nominations and Governance Committee. Catherine brings significant financial markets and investment industry experience spanning more than 30 years where she held a number of senior executive roles. She is an experienced Non-Executive Director and currently serves as a Non-Executive Director of Goldman Sachs International and Goldman Sachs International Bank, chairs those companies' Board Risk Committees, and is a member of their Audit Committees. She is also the Non-Executive Chair of Polar Capital Technology Trust plc and recently completed a four-year term as Director of the Nuclear Liabilities Fund Ltd where she chaired the Investment Committee. Last year, Catherine was appointed as a Director of the National Wealth Fund and she was appointed Chair of the Risk and Audit Committee of the NWF from June 2026. In June 2023, Catherine was appointed as an Independent Member of the Investment Committee of the Marie Curie charity and until November 2024, she was a Non-Executive Director of Maniyar Capital Advisors Ltd.

Colm Holmes

Colm joined the Pool Re Board in January 2024. He is also a member of the Nominations and Governance Committee. Colm was appointed CEO of Allianz Insurance in the UK in December 2021. Prior to joining Allianz, he was Global CEO for the General Insurance business of Aviva, the FTSE 100 insurer, and President and CEO of Aviva Canada and CEO of Aviva UK General Insurance. Colm joined Aviva as CFO for the UK General Insurance business in 2013. In a career that spans 35 years, he also worked at Zurich Insurance and JP Morgan. Colm holds a bachelor's degree in business from Trinity College, Dublin and is a Chartered Accountant (FCA) and a Member of the Institute of Chartered Accountants in England and Wales.

Barbara Merry

Barbara Merry has been a Non-Executive Director of Pool Re since February 2019 and is the Chair of the Risk Committee and the Audit Committee. She is also a member of the Investment Committee, the Reinsurance Committee and the Nominations and Governance Committee. Barbara was formerly employed at the Corporation of Lloyd's (1985-1999), as MD of Omega Underwriting (1999-2001) and as CEO of Hardy Underwriting Group plc (2002 to 2014). She is now a portfolio Non-Executive Director. In 2025, she was appointed as Non-Executive Director and Chair of the Audit Committee and the Risk Committee at Ardonagh Specialty Limited and she is on the Board of BGC Brokers LP and BGC European Holdings LP. Previously, Barbara was a Non-Executive Director of Domestic and General Insurance Plc, Argus Group Holdings Limited, Berkshire Hathaway European Insurance Company DAC and Berkshire Hathaway International Insurance Limited.

Owen Morris

Owen Morris joined the Pool Re Board as a Non-Executive Director in November 2023. He is a member of the Remuneration Committee and the Nominations and Governance Committee. Owen was appointed UK Personal Lines CEO at Aviva in July 2025, having led the transformation of one of the UK's largest Personal Lines businesses. During his time at Aviva, Owen was previously the Managing Director of UK Personal Lines, the Chief Underwriting and Data Officer for the Group, founded its global data science practice in 2017, and was Managing Director of Aviva's Quote Me Happy business, Aviva's online digital, direct business. Owen has been a Fellow of the Institute of Actuaries since 2006 and has been an active member of a number of research working parties covering elasticity modelling; model monitoring and validation; and fairness in insurance pricing.

Kenneth Norgrove

Ken Norgrove joined the Board in November 2022. He is a member of the Reinsurance Committee and the Nominations and Governance Committee. Ken has been Chief Executive Officer at Intact Insurance UK (formerly RSA) since January 2022, following Intact Financial Corporation's acquisition of RSA. In October 2025, the business rebranded to Intact Insurance, reflecting its ambition to become the UK's leading commercial insurer and to accelerate growth in specialty lines by leveraging Intact's global capabilities Prior to his current role, Ken served as CEO of RSA Scandinavia from 2019 until the 2021 acquisition, and previously as CEO of RSA Ireland. In 2025, he was appointed a Non-Executive Director of Prudential Assurance Company Limited, a subsidiary of M&G. He also serves as the Deputy President of the ABI Board and the Vice President of the Chartered Insurance Institute, London. Ken is a Chartered Insurance Director, a Chartered Insurer and a Fellow of the Chartered Insurance Institute (CII).

Dame Susan Owen

Dame Sue Owen DCB was appointed to the Board on 1 July 2020, following nomination by HM Treasury. She is a member of the Risk Committee, the Audit Committee, the Remuneration Committee and the Nominations and Governance Committee. Sue is an economist with over 30 years' experience in Government, including 14 years at the Treasury. She led the Department for Digital, Culture, Media & Sport 2013-2019, having also worked in the British Embassy in Washington, No. 10, International Development and as Strategy Director General in Work and Pensions. Having retired from the civil service in 2019, Sue now chairs the UK Debt Management Office Advisory Board and chairs the Governors of the Royal Ballet. She is a Non-Executive Director at Serco plc, Pantheon International plc, and (pro bono) at start up Methera Global Communications. She is also a part-time Specialist Partner at Flint Global, and a member of the DAF NV Supervisory Board. Until 2025, she served on the board of Pool Re Nuclear (a company which is not related to Pool Reinsurance Company Limited).

Alan Rubenstein

Alan Rubenstein joined the Board of Pool Re in March 2021 as a Non-Executive Director. He is the Senior Independent Director. He is the Chair of the Investment Committee and a member of the Remuneration Committee and the Nominations and Governance Committee. Alan was formerly the Chief Executive of the Pension Protection Fund, having previously worked in investment banking, asset management, pensions and insurance in the course of a 40-year career in financial services. Now a portfolio Non-Executive Director, he currently chairs the Board of the National House Building Council, and is a member of the Boards of Fidelity International's UK holding company and subsidiaries. He also serves as a Trustee of a number of trusts related to Dignity Group Holdings Ltd.

Executive Management

Chief Executive
Thomas Clementi

Chief Finance and Investment Officer
Appointed 14 May 2025

Richard Roberts

Chief Finance and Operations Officer
Served until 31 December 2025

Peter Aves FCA

Chief Underwriting Officer
Jonathan Gray

Chief Investment Officer
Served until 31 May 2025

Ian Coulman MCSI

General Counsel, Chief Risk Officer
Rhodri Cruwys

Chief Communications Officer
Tracey Paul

Chief People Officer
Georgina Wicken

Company Secretary
Taryn Jones

Corporate information

Registered in England, United Kingdom
Registration number 2798901

Registered office
7 Savoy Court
London WC2R 0EX

Principal office
Equitable House
47 King William Street
London EC4R 9AF

Telephone number + 44 (0) 20 7337 7170
E-mail enquiries@poolre.co.uk
Website www.poolre.co.uk

Remuneration and Staff Report

In accordance with our Framework Agreement as agreed with HM Treasury dated 5 May 2022, Pool Re is required to comply with the Government Financial Reporting Manual (FReM) and to produce a Remuneration and Staff Report.

This report sets out the Company's remuneration policy, with particular reference to Directors' remuneration, and details the amounts paid to Directors and Executive Management. The report also provides details of the composition of staff employed by the Company and presents measures relating to fair pay and gender pay gap reporting.

Staff numbers and costs (Audited)

Further analysis of staff numbers and staff costs is provided in the notes to the financial statements (see Note 9 – Employees and Directors).

Sickness absence

Pool Re monitors sickness absence through its HR system and applies an absence management approach which includes return-to-work discussions and appropriate support for employees.

During the year ended 31 March 2026, total sickness absence recorded was 71.75 working days. This equates to an average of 1.4 working days lost per employee over the period, based on an average headcount of 50. Sickness absence in the year was concentrated in a small number of cases, with the majority of absences being short-term in nature.

Staff turnover

Pool Re monitors staff turnover through its HR system. During the year ended 31 March 2026, there were 13 leavers. Based on an average headcount of 50, staff turnover for the year was 26.0% (2024–25: 21%, based on 10 leavers and an average headcount of 47).

The increase in turnover year-on-year reflects higher levels of workforce movement, alongside growth in overall headcount and continued recruitment at more junior levels. Turnover reflects normal workforce movement over the year, including the departure of employees in a range of roles and seniority levels.

Staff disability policies

Pool Re is committed to providing equality of opportunity for employees with disabilities and to supporting employees through appropriate workplace adjustments. Employees are encouraged to inform their line manager or HR of any disability so that reasonable adjustments can be considered, including adjustments to working arrangements where appropriate.

The Company applies its policies in a fair and consistent manner and complies with its obligations under relevant legislation. Where absence relates to a disability, this is managed appropriately with consideration given to individual circumstances.

Reward and remuneration policy

The Remuneration Committee has the responsibility, delegated to it from the Board, for developing remuneration policy.

The Committee determines the reward and remuneration policy which applies to Directors and staff, designed to promote the long-term sustainable success of the Company, with remuneration aligned to the Company's purpose and values.

The Company's policy is to reward Directors and staff in accordance with the role, the market rate for similar positions, and the specific contribution of the individual, having regard to the provisions of the Framework Agreement. Staff remuneration is linked to performance and the achievement of financial and non-financial strategic objectives.

The Company aims to offer a reward package that is competitive with comparable companies in the sector and of similar size and complexity, in order to attract and retain quality people. Staff remuneration is subject to an annual market benchmarking review to supplement remuneration intelligence from recruitment agencies. An independent review of Directors' fees is carried out every three years.

Directors' fees is carried out every three years. In the intervening two years, any increase in Non-Executive Directors' fees is aligned with staff increases. The salary and performance-related bonus of the Chief Executive, who is the only Executive Director, and that of the Executive Management team, is decided annually by the Remuneration Committee and recommended to the Board for approval.

Malus and Clawback

Recovery provisions (malus and clawback) apply to incentives for Senior Management, including the Chief Executive Officer who is the sole Executive Director of Pool Re. There was no application of the malus or clawback provisions in the reporting period. Further detail on the recovery provisions, including the circumstances and timeframe for which they can be applied, are set out below:

Malus: The payment of any bonus is discretionary and should reflect the performance of the overall business performance of the Company, the employee or wider circumstances and may be reduced or cancelled. The Company operates malus and clawback provisions to enable it to reduce, withhold or recover, within two years* of the date of payment, bonus awards where it determines that an award was granted or paid on the basis of misstated performance outcomes, incorrect financial accounts or other information, or errors in calculation, resulting in a higher outcome than would otherwise have been justified. The provisions also apply where a participant is found to have committed misconduct justifying summary dismissal, or where the Committee determines that the level of bonus was not justified by individual or Company performance, including circumstances involving significant losses, a material downturn in financial performance, material failures in risk management, or failure to meet applicable fitness and propriety standards. In each case, action may be taken where, had the Committee been fully aware of the relevant circumstances at the time of grant or payment, the bonus would not have been awarded or would have been awarded at a lower level.

Clawback: Where a bonus has already been paid and a clawback trigger is identified, the Remuneration Committee may require repayment of up to the gross amount of the bonus and determine the method of recovery. Recovery may be effected through repayment in cash, offset against any current or future bonus, reduction or cancellation of awards under other incentive arrangements (where permitted), or deduction from salary or other payments.

The Chair receives an annual fee. All other Non-Executive Directors receive a basic fee for membership of the Board and the Nominations and Governance Committee, plus fees for additional responsibilities, including acting as the Senior Independent Director and for chairing or membership of the remaining Committees of the Board.

The Executive Director is employed on a standard contract of employment with a six-month notice period; Non-Executive Directors' terms, including three-month notice periods, are detailed in letters of appointment. All Directors are subject to re-election each year.

Whilst the Remuneration Committee takes independent advice from external consultancies where necessary on behalf of the Board, the responsibility for remuneration decisions rests with the Board. No Director or Executive is directly involved in setting their own remuneration.

Pool Re's Members set the total maximum amount that could be payable to Directors at the Company's Annual General Meeting, approving the overall figure included in the Articles and as amended from time to time.

The Remuneration Committee proposes a fee for the Chair and in turn asks the Board to approve. The Chair, together with the Chief Executive, proposes Non-Executive Directors' fees, which are put to the approval of the full Board, after discussion at, and recommendation by, the Remuneration Committee. Non-Executive Director fees are not performance-related and there is no provision for compensation if a contract is terminated.

Directors' remuneration (audited)

Details of the Directors' remuneration for the year ending 31 March 2026 and the comparatives for the year ending 31 March 2025 are shown below.

Year ended 31 March 2026	Banded fees and salary £'000	Banded performance related bonus £'000	Pension and cash in lieu of pension £'000	Benefits in kind £	Banded total for the 12-months £'000	Banded total Full Year Equivalent* £'000
Executive Director						
T C Clementi	480–485	480–485	45–50	4,300	1,010–1,015	
Non-Executive Directors						
A A Knight CBE	125–130	–	–	–	–	125–130
K Allchorne	70–75	–	–	–	–	70–75
C G Cripps	85–90	–	–	–	–	85–90
B J Merry	85–90	–	–	–	–	85–90
C J Holmes	–	–	–	–	–	
K M Norgrove	50–55	–	–	–	–	50–55
Dame Sue Owen	60–65	–	–	–	–	60–65
A M Rubenstein	75–80	–	–	–	–	75–80
Sums paid to third parties for Director services						
O C Morris	50–55	–	–	–	–	50–55

Year ended 31 March 2025	Banded fees and salary £'000	Banded performance related bonus £'000	Pension and cash in lieu of pension £'000	Benefits in kind £	Banded total for the 12-months £'000	Banded total Full Year Equivalent £'000
Executive Director						
T C Clementi	465–470	470–475	45–50	4,800	990–995	
Non-Executive Directors						
A A Knight CBE	120–125	–	–	–	–	120–125
K Allchorne	70–75	–	–	–	–	70–75
C G Cripps	80–85	–	–	–	–	80–85
B J Merry	80-85	–	–	–	–	80–85
C J Holmes	–	–	–	–	–	–
M Moore	–	–	–	–	–	–
K M Norgrove	50–55	–	–	–	–	50–55
Dame Sue Owen	60–65	–	–	–	–	60–65
A M Rubenstein	75–80	–	–	–	–	75–80
Sums paid to third parties for Director services						
O C Morris	40–45	–	–	–	–	40–45

Notes:

The Executive Director is paid a salary and Non-Executive Directors are paid fees. The Executive Director does not receive fees or any extra remuneration for his role as a Director. Salaries and fees are stated for the financial period they are earned in and relate to each Director's period of appointment. For the Executive Director, the figure in the "Fees and salary" column consists of basic salary.

"Performance related bonus" figures are based on specific financial and non-financial performance targets and align with the period disclosed.

"Pension" amounts are paid to the Company's defined-contribution pension scheme, or as payroll payments in lieu of pension contributions.

"Benefits in kind" are in respect of private medical insurance for the Executive Director. This represents the gross (pre-tax) value of the benefits that UK income tax is charged on.

By mutual agreement, Colm Holmes has taken up his role as a Director of Pool Re on a pro bono basis. As a result, he does not receive Board fees.

In 2024–25, Matthew Moore served as a Non-Executive Director on a pro bono basis. As a result, he did not receive Board fees. He was not a member of the Board in 2025–26.

By mutual agreement, the 2024–2025 and 2025–2026 fees for Owen Morris are paid to a third party.

No payments were made in the period in respect of former Directors.

** Full year equivalent only shown for Directors who served for a part of the year.*

Fair pay disclosures (audited)

The fair pay disclosure shows the relationship between the remuneration of the highest-paid Director and the remuneration of employees at the 25th, 50th and 75th percentile of pay and benefits of our workforce. The 50th percentile is also known as the median, being the midpoint of our range of salaries.

The banded remuneration of the highest paid Director employed by Pool Re in the 12-month period 2025–26 was £960–965k (2024–25: £945–950k). For these purposes, total remuneration includes base salary, performance related bonuses and benefits in kind (private medical insurance). It does not include pension contributions, pay in lieu of pension contributions or any other allowances.

In 2025–26, no employees received remuneration in excess of the highest paid Director (2024–25: none). Staff remuneration ranged from approximately £30–35k to £960–965k (2024–25: £35–40k to £945–950k).

The ratio of the total remuneration of the highest-paid Director to the remuneration of the workforce as a whole (excluding the highest-paid Director) is shown below:

	12 months to 31 March 2026		12 months to 31 March 2025	
	Salary component	**Total remuneration**	**Salary component**	**Total remuneration**
Band of highest paid Director's total remuneration (£'000)	480–485	960–965	465–470	945–950
Median remuneration (£'000)	70–75	75–80	80–85	100–105
- Ratio	6.8	12.4	5.6	9.3
25th percentile remuneration (£'000)	30–35	35–40	50–55	55–60
- Ratio	14.0	25.1	9.0	16.9
75th percentile remuneration (£'000)	120–125	135–140	145–150	185–190
- Ratio	4.0	6.9	3.2	5.3

The table above is based on salary, performance-related bonus and benefits in kind (private medical insurance) and excludes employer pension contributions, pay in lieu of pension contributions and any other allowances.

Ratios at the 25th, 50th and 75th percentile have increased compared to the prior year. This reflects changes in the composition of the workforce during 2025–26, including continued growth in employee numbers and a higher proportion of employees at earlier career stages.

In particular, the ratio at the 25th percentile has increased significantly, driven by a reduction in lower quartile remuneration relative to the highest paid Director. This reflects workforce growth at more junior levels and the inclusion of employees who joined or left during the year and therefore did not receive a full year of salary or bonus payments.

The median ratio has also increased year on year, reflecting changes in workforce composition and a lower overall median salary compared to the previous year.

Total remuneration continues to show greater variability than the salary component. This is due to the impact of performance-related bonus outcomes and the mix of joiners and leavers during the year, particularly where individuals are not eligible for full bonus awards.

Percentage change in total salary and bonuses for the highest paid Director and the staff average (audited)

The average number of persons employed on a full-time equivalent basis by the Company increased from 47 in 2024–25 to 50 in 2025–26.

The increase in average headcount reflects continued investment in the workforce to support business demand, including the recruitment of additional employees below the Executive Management team. This includes both the filling of existing vacancies and the creation of new roles to meet operational requirements.

The average staff remuneration data for 2025–26 reflects changes in workforce composition, including the impact of a higher proportion of employees at earlier career stages and the inclusion of employees who joined or left during the year.

Average staff salary and allowances decreased by 2.2% year on year, while average staff bonus payments decreased by 11.7%. This reflects the combined effect of workforce mix, bonus outcomes and the increase in employees below the Executive Management team.

In 2025–26, no employees received remuneration in excess of the highest paid Director (2024–25: none). Staff remuneration ranged from approximately £30–35k to £960–965k (2024–25: £35–40k to £945–950k).

The percentage change from the previous financial year is shown below:

12 months to 31 March 2026

Percentage increase / decrease from 2024-25	Salary	Bonuses
Staff average	-2.2%	-11.7%
Highest paid Director	2.5%	1.7%

Staff average calculated in accordance with 6.5.22 in the Government Financial Reporting Manual (FReM), taking the annualised salary, divided by the FTE number of staff as at 31 March in each respective year.

All staff are included in the discretionary performance bonus plan, subject to completion of probation periods. Additionally, all staff are eligible for inclusion in the company pension plan, funded with 10% employer contributions and 6% employee contributions. Pool Re ceased to offer private medical insurance and pension sacrifice arrangements for individuals first employed after the 5 May 2022 signing of the Framework Document with HM Treasury.

Executive Management remuneration (audited)

The individuals listed below served as members of the Pool Re Executive Management team in 2025–26 and 2024–25.

CHIEF EXECUTIVE
Tom Clementi

CHIEF FINANCE AND OPERATIONS OFFICER (served until December 2025)
Peter Aves FCA

CHIEF INVESTMENT AND FINANCE OFFICER (appointed April 2025)
Richard Roberts

CHIEF UNDERWRITING OFFICER
Jonathan Gray ACII

CHIEF INVESTMENT OFFICER (served until May 2025)
Ian Coulman MCSI

GENERAL COUNSEL AND CHIEF RISK OFFICER
Rhodri Cruwys

CHIEF COMMUNICATIONS OFFICER
Tracey Paul

CHIEF PEOPLE OFFICER
Georgina Wicken

Changes in Executive Management

During the year, certain members of the Executive Management team served for part of the financial year due to changes in roles and employment status. Remuneration disclosed reflects the amounts paid in respect of the period served in the year. Where relevant, this includes individuals who joined or left the organisation during the period.

Details of the Executive Management remuneration for the years ending 31 March 2026 and 31 March 2025 are shown below.

Year ended 31 March 2026	Banded salary £'000	Banded performance related bonus £'000	Pension and cash in lieu of pension £'000	Benefits in kind £	Banded total £'000	Banded total Full Year Equivalent * £'000
Executive Director						
T C Clementi	480–485	480–485	45–50	4,300	1,010–1,015	–
Executives						
P N Aves	155–160	105–110	15–20	8,300	290–295	385–390
R A Roberts	200–205	150–155	20–25	–	370–375	–
I M Coulman	35–40	30–35	0–5	1,200	70–75	445–450
R D Cruwys	230–235	150–155	20–25	6,200	410–415	–
J A Gray	280–285	300–305	25–30	–	610–615	–
T A Paul	165–170	80–85	15–20	2,600	270–275	–
G E Wicken	125–130	70–75	10–15	–	210–215	–

**Full year equivalent values are provided for individuals who served for part of the year, to support comparability. Peter Aves worked 9 months of the year and Ian Coulman worked 2 months of the year. Peter Aves received a statutory redundancy payment of £17,256 on exit.*

Year ended 31 March 2025	Banded salary £'000	Banded performance related bonus £'000	BPension and cash in lieu of pension £'000	Benefits in kind £	Banded total £'000
Executive Director					
T C Clementi	465–470	470–475	45–50	4,800	990–995
Executives					
P N Aves	205–210	100–105	20–25	1,200	340–345
I M Coulman	230–235	195–200	20–25	8,400	455–460
R D Cruwys	215–220	150–155	20–25	7,100	395–400
J A Gray	275–280	320–325	25–30	–	620–625
T A Paul	180–185	90–95	15–20	3,000	290–295
G E Wicken	120–125	65–70	10–15	–	195–200

Benefits in kind (BIK) shown above relate to private medical insurance (PMI) and represent the gross (pre-tax) value of taxable benefits reported for UK income tax purposes.

Notes: Certain members of the Executive Management team served for part of the year. Peter Aves served for nine months and Ian Coulman served for two months during the period. Remuneration disclosed reflects amounts paid for the period served.

Georgina Wicken's remuneration reflects a change in working pattern during the year, increasing from 80% to 90% full-time equivalent from January 2026. Tracey Paul's remuneration reflects a reduction in working pattern to 50% full-time equivalent from February 2026.

"Pension" amounts are paid to the Company's defined-contribution pension scheme, or as payroll payments in lieu of pension contributions.

Four individuals, all members of the Executive Management team, received a total of £48,840 of pension contributions in 2024–25, in excess of the contractual values stated above, in error. These amounts were fully recovered by the Company during 2025–26.

Gender Pay Gap Reporting

The gender pay gap measures the difference in pay between male and female employees.

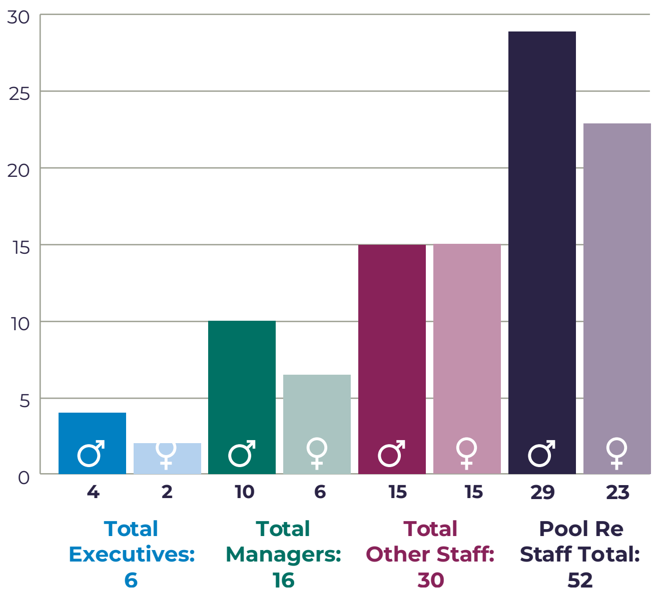
In accordance with Section 17.4 of the May 2022 Framework Agreement between HM Treasury and Pool Re, we are publishing data on the organisation's gender pay gap as prescribed by the Government Equalities Office published gender pay gap reporting guidance.

This reporting is mandatory for employers with a headcount of 250 or more. Pool Re's headcount at the reporting date, 5 April 2026, was 52 (5 April 2025: 50). This excludes Non-Executive Directors, whose remuneration is detailed separately in this report. As we are a relatively small organisation, changes in pay and staff movements for just one employee can have a substantial impact on our pay gap reporting for the year. Nevertheless, we believe this reporting is a tool to help us to reflect on progress and pursue our ambition to become a fully inclusive and diverse workforce.

Our mean gender pay gap (the difference between the average earnings of male and female employees) based on hourly pay at 5 April 2026 was 38.6% (5 April 2025: 74.3%).

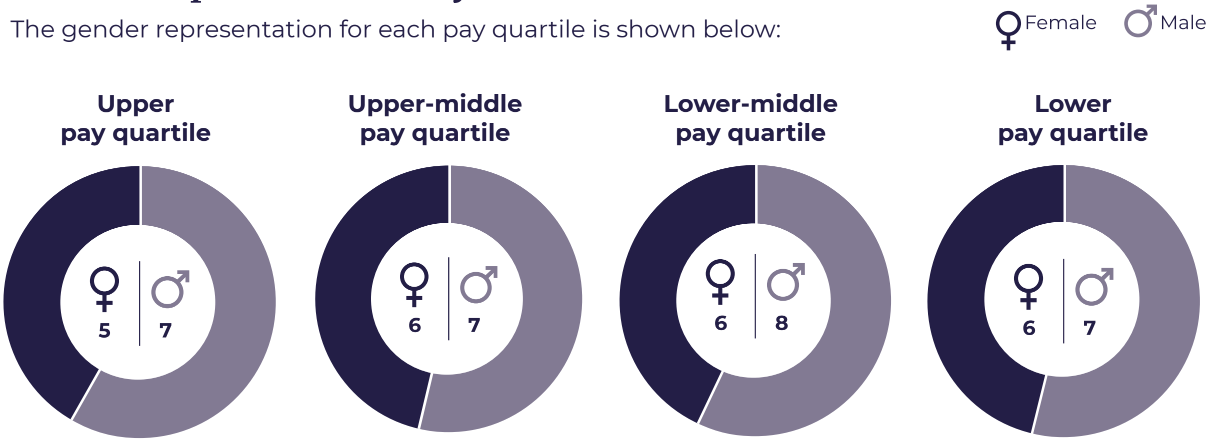
The gender pay gap is calculated based on the 29 male and 23 female employees employed by Pool Re at 5 April 2026 (30 male and 20 female at 5 April 2025), as shown in the table right. We recognise the importance of continuing to improve female representation at Executive and Management levels, and are supporting this through a combination of targeted recruitment and the development and progression of existing employees.

Headcount 5 April 2026

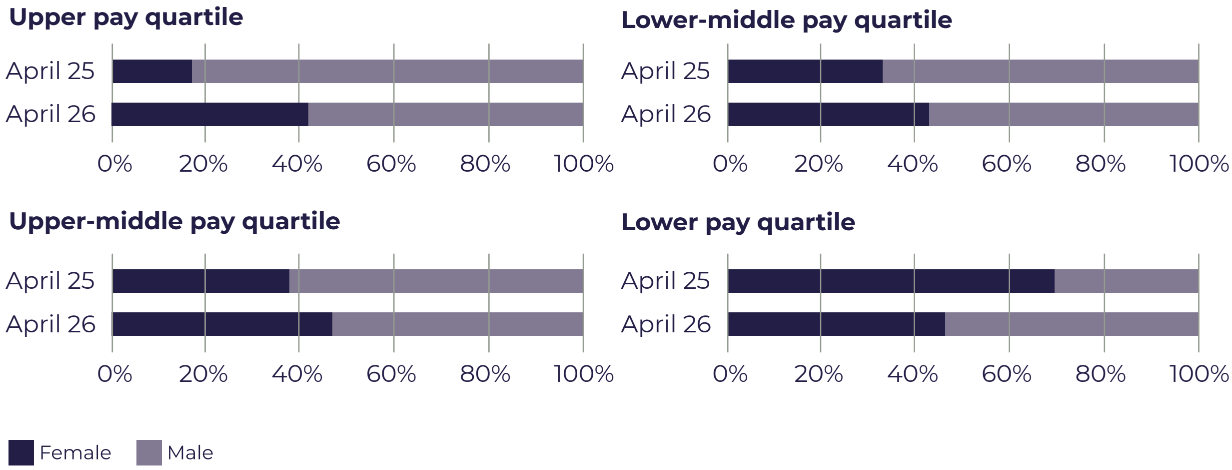


Gender representation by level

The gender representation for each pay quartile is shown below:



The comparison of 5 April 2026 data with 5 April 2025 is shown below. As a relatively small organisation, gender representation by quartile is sensitive to individual joiners and leavers. During the year, there were 13 starters and 11 leavers, which has influenced the distribution of employees across the pay quartiles. At 5 April 2026, gender representation across the quartiles is relatively balanced, with women represented across all pay quartiles, including the upper quartile. While men continue to represent a slightly higher proportion of employees in the upper pay quartile, this reflects the current distribution of senior roles within the organisation. We expect that gender representation by level will continue to improve over time as we maintain focus on inclusive recruitment practices and support the progression of employees across the organisation.



Severance and exit payments (audited)

There was one statutory redundancy in 2025–26 (2024–25: two). The total cost of the redundancy was in the £0–£25,000 band (2024–25: one redundancy in the £0–£25,000 band and one in the £25,000–£50,000 band).

Losses and special payments (audited)

Pool Re has not incurred any losses or special payments requiring disclosure (2024–25: nil).

ESG Approach

Our approach to Environmental, Social, and Governance (ESG) principles focuses on ensuring we act sustainably, ethically, and in the best interests of our stakeholders. Being a responsible business goes far beyond providing terrorism reinsurance. We're committed to making a positive impact on the environment, society, and the way we operate as an organisation.

Our environmental responsibility

We recognise the importance of reducing our environmental impact and playing our part in the transition to a more sustainable future. That means working to lower our carbon footprint, using resources more efficiently, and embedding sustainability in our day-to-day operations and within the management of our investment portfolio.

Currently, we employ just over 50 staff members in just one location that occupies 575 square metres. As a result, we realise our ability to have a material impact on carbon emissions is limited from an operations perspective. Nevertheless, we are cognisant of the actions we can take to support a more sustainable and fairer environment.

We continue to look for practical ways to reduce our environmental footprint across our day to day operations - from minimising waste and paper use, to improving energy efficiency in our offices, making more sustainable procurement choices, and encouraging responsible travel practices.

Alongside these operational measures, we recognise that climate related and environmental changes will increasingly influence the sustainability of the global landscape over time. Consideration of the risks and opportunities associated with the transition to a lower carbon economy is embedded within the management of our assets. Our long-term ambition is to support this transition and to achieve a carbon neutral position by 2050.

Our social commitment

At Pool Re, people are central to our mission - whether it's supporting the well-being of our employees and partners or contributing to the communities we serve. While we are a relatively small organisation, we are acutely aware of our capacity to create a meaningful impact that extends well beyond our core operations. With this perspective, we actively seek to enrich the wider community by fostering a culture of engagement. This includes dedicating time, effort, and financial resources to support local initiatives and volunteer efforts.

At Pool Re, social inclusion is not merely a principle. It is a deeply embedded commitment reflected in our daily practices, policies, and organisational culture. From recruitment to employee engagement, we strive to cultivate an environment where every individual feels respected, valued, and empowered to succeed.

A key focus of our approach is ensuring fairness and consistency throughout the recruitment process. Following the implementation of our Applicant Tracking System (ATS), we have strengthened our ability to apply structured and consistent assessment criteria across all candidates. This supports a more objective and transparent approach to hiring, ensuring that decisions are grounded in skills, experience, and potential. We recognise that inclusion is underpinned by respect, flexibility and equitable support. Our flexible working arrangements enable employees to balance professional and personal responsibilities, whether they are parents, caregivers, or require greater adaptability in how they work.

In 2025, we enhanced our existing family leave provisions, increasing paid maternity, adoption and shared parental leave to 26 weeks and paid paternity leave to six weeks. These enhancements provide greater support to employees at key life stages and reflect our ongoing commitment to support a diverse and inclusive workforce.

Our commitment to equity is further demonstrated through regular equal pay reviews and annual benchmarking of all roles to ensure fairness across the organisation.

Our Equity, Diversity, and Inclusion (EDI) working group plays a pivotal role in guiding our efforts, while our 'Next Gen' forum ensures that younger voices are heard and have direct access to senior leadership, including the CEO. Although internal feedback indicates that our workplace is already inclusive, these platforms help us remain proactive and responsive.

We acknowledge that there is still progress to be made, for example in enhancing physical accessibility to our offices for potential candidates. However, we are committed to continuous improvement. By embedding our values into performance appraisals and bonus frameworks, and through bi-annual culture surveys, we consistently monitor our progress and hold ourselves accountable.

At Pool Re, social inclusion is a dynamic and evolving journey. It is about listening, adapting, and taking meaningful action - ensuring that every individual, regardless of background or circumstance, has the opportunity to contribute and feel a genuine sense of belonging.

Community Working Group

The purpose of the Community Working Group is to help the Company's wider community to thrive. Through strategic partnerships with charities and the organisation of impactful events, they extend a helping hand to the underprivileged sectors of society. Their efforts are a testament to the power of collaboration and compassion in action, as they work tirelessly to ensure that the benefits of growth and security are accessible to everyone.

Partnerships

The East End Community Foundation (EECF)

The East End Community Foundation (EECF) was carefully selected by the Community Working Group to be Pool Re's "Charity Partner" for the financial years 2024–25, 25–26 and 26–27. Focused on London's most deprived boroughs, the EECF is dedicated to alleviating poverty in Tower Hamlets, Newham and Hackney, as well as the City of London. A multi-year arrangement with the EECF is allowing us to maximise the benefits of our relationship with the charity, deepening our ties and providing the EECF with greater financial stability and ability to plan for the future, as they know that they will have a committed income over that period. This allows them to invest in multi-year projects, again helping to ensure that the EECF maximise their impact in the East End.

- **Tea Dance:** In April 2025, a five strong team from Pool Re volunteered at the EECF's annual Tea Dance, an event aimed at combatting pensioner isolation in the East End. Volunteers undertook a number of roles, including setting up and decorating the venue, preparing and serving refreshments and welcoming and interacting with guests.

- **Winter Appeal:** In December 2025, as part of the EECF's "Life Chances Winter Appeal", Pool Re volunteers helped pack and gift tag 150 winter care packages delivered to vulnerable older people experiencing poverty and isolation. These packages provided essentials such as warm clothing, blankets, food, and gifts during the festive period. Volunteers wrapped Christmas gifts and winter care packages, wrote Christmas cards, and supported EECF staff with packing and distribution of items to older residents via care homes and day centres.

- **YES Day:** In February 2026, Pool Re hosted an innovative 'YES Day'. A day focussed on youth employability, run in collaboration with the EECF. The Youth Employment Scheme (YES) Project provides young people with support developing their employability and soft skills, with an aim of helping them move into secure work. The day was packed with activities including one-to-one online and in-person interviews with Pool Re team members. Participants were given immediate and constructive feedback to help them build on their experience and take learnings in to future interviews. A number of workshops were also delivered by external specialists on employability topics.

The Switch

The Switch is our education charity partner. It is a charity committed to helping children and young people in Tower Hamlets fulfil their potential, which Pool Re supports financially and through the volunteering efforts of our staff. Running a range of volunteer programmes designed to give young people essential skills, boost their aspirations and increase their employment prospects.

Through this partnership our staff have impacted our local communities through a variety of their programmes, including:

- **Reading partners:** This programme mobilises Pool Re volunteers to deliver weekly one-on-one reading support sessions, to primary school pupils who may be experiencing reading difficulties or require additional support. The initiative aims to:
  - » Develop and inspire an enjoyment of reading.
  - » Improve reading comprehension, speaking and listening skills.
  - » Provide role models from the world of work.
- **Abacus:** Pool Re volunteers have supported family financial literacy project engaging children and their parents in Tower Hamlets; exploring the practical and emotional aspects of managing money and engaging with the world of work.
- **Mentoring programme:** This offers Pool Re volunteers the opportunity to guide and support an assigned student through impartial guidance on career choices in the hope of raising their aspirations and helping them get closer to achieving their goals.

Through this partnership our staff have impacted our local communities through a variety of their programmes.

Social Wellbeing Working Group

The Social Wellbeing Working Group plays a key role in promoting employee wellbeing and fostering a supportive and inclusive working environment across Pool Re. Through a range of initiatives, the group supports both individual wellbeing and wider employee engagement, helping to create a positive and connected workplace culture.

The group actively promotes awareness of the wellbeing support available to employees, including mental health resources, counselling services, and access to trained Mental Health First Aiders, ensuring that support is visible and accessible when needed.

Employee engagement is further supported through a variety of initiatives designed to encourage connection and inclusivity across the organisation. These include social and team-based activities such as games evenings, a lunchtime book club, and organisation-wide events including staff away days and seasonal gatherings, helping to strengthen relationships and collaboration across teams.

The group also supports initiatives that bring employees together in support of wider causes, including participation in activities linked to City Giving Day, combining employee engagement with charitable impact.

Alongside these activities, the group contributes to maintaining a positive workplace environment by promoting behaviours that support a respectful and inclusive shared workspace, reinforcing a culture where all employees feel comfortable and supported.

Learning, Development and Awareness

Pool Re continues to support employee development and awareness through a structured programme of learning and engagement initiatives led by HR. These initiatives are designed to build capability across the organisation, support professional development, and promote awareness of key topics aligned to our organisational goals and values.

This includes a programme of lunch and learn sessions and targeted training covering a broad range of topics. During the year, sessions have included technical and operational learning, such as claims and exposure management, alongside broader organisational knowledge sessions, including introductions to Pool Re's strategy and operations.

A number of sessions have also focused on employee wellbeing and inclusion, including emotional resilience, menopause awareness, neurodiversity in the workplace, and generational diversity. These initiatives support a greater understanding of the diverse experiences of colleagues and contribute to a more inclusive working environment.

In addition to these sessions, employees have participated in a range of structured development opportunities, including presentation skills training, report writing, finance for non-finance professionals, and Excel training at different levels. Mandatory training has also been delivered on key areas such as anti-sexual harassment, alongside annual training such as cyber security awareness.

Employee engagement and development are further supported through regular organisational processes, including the annual appraisal cycle, Gallup engagement and culture surveys, and targeted development opportunities such as Next Gen sessions with senior leadership.

Our approach to Governance

Pool Re's Governance strategy seeks to ensure that the Company is run in such a way that it fulfils its purpose and achieves its goals by establishing:

- appropriate decision-making processes and controls so that the interests of all stakeholders (including Members, employees, suppliers, customers and the community, regulators and HM Government) are balanced.
- sound and transparent processes through which the Company's objectives are set and pursued in the context of the social, regulatory and market environment; and
- Pool Re has an established governance framework that is aligned to the UK Corporate Governance Code and the Financial Reporting Manual (FReM), and compliant with the regulatory rulebooks of the PRA and FCA, including the Senior Managers and Certification Regime.

Key ESG focus areas

Underwriting
We're committed to aiding our Members and other stakeholders as they evaluate the impact of terrorism on developing a sustainable future and seek to influence positive change.

Investing
Our investment portfolio carries significant exposure to ESG-related risks. By engaging with our investment managers, we can mandate that ESG-related risks are considered as an integral part of the investment process, and actively challenge them on the investments they make on our behalf - this is part of Pool Re's Investment Policy. But we also subscribe to an independent third-party database that provides information and analytics on ESG related matters. This enables us to assess the environmental impact of our investments, track variations, and to hold investment managers accountable for their decisions concerning environmental, social, and governance factors.

Operations
Additional recycling units, low energy and timed lighting have helped us to reduce energy consumption already, but we maintain a regular dialogue with other building tenants and our landlord to determine if we can reduce the environmental impact of the building even further.

Risk Framework

Effective risk management at Pool Re is a shared responsibility across the organisation.

Pool Re's Risk Management Framework supports the identification, assessment, management and reporting of risks across the organisation. It is codified through underpinning policies and procedures and overseen through a robust risk governance framework, with the tone set from the top. This promotes the right risk behaviour throughout our organisation and enables effective risk-based decision-making.

Our risk strategy

Pool Re's risk strategy is to focus on risk versus reward and on the resilience and sustainability of its operations. This ensures Pool Re has a strong control environment which is proportionate to its business model and aligned with regulatory expectations. Everyone at Pool Re is responsible for managing risks. We carry out regular risk assessments, stress testing and monitoring, which supports our ability to adapt to perceived threats and capitalise on opportunities and, therefore, maintain the equilibrium between risk exposure and the potential for strategic growth.

Our approach to risk management.

Our Risk Management Framework comprises several key components.

Risk governance

The Board sets the tone from the top and has established a Risk Governance Framework that supports the effective implementation of Pool Re's Risk Management Framework. It includes a system of internal controls to safeguard the Company's assets and reputation, and to ensure compliance with laws and regulations. These responsibilities are delegated to the Risk and the Audit Committees. The Risk Committee is tasked with providing risk oversight and challenging the implementation of the Risk Management Framework across the business. Within the context of the Risk Governance Framework, the Audit Committee is responsible for overseeing the development and implementation of the internal audit plan.

Risk strategy

The Board owns the risk preferences and risk appetites. The risk preferences set our attitude towards risks and support our decision-making by clearly identifying the risks that we are willing to accept, avoid or mitigate. The risk appetite and accompanying key risk metrics and thresholds define the amount of risk that our organisation is willing to take to meet our strategic objectives.

Risk processes

Pool Re's Risk Management Framework is composed of several tools and procedures which support risk identification, measurement, management, monitoring and reporting.
The key components of the Risk Management Framework include:

- A regulatory horizon-scanning process which enables the identification, analysis and proactive implementation of key regulatory changes.
- An emerging risks process which supports the identification and management of new or evolving risks.
- A risk events process which allows Pool Re to identify and actively manage risk incidents and near-misses, which in turn supports the strengthening of its control framework.
- A risk and control self-assessment process which supports the identification and assessment of key risks and control effectiveness.
- Second-and third-line independent challenge of key strategic initiatives and material controls to ensure risks are identified and adequately mitigated.
- A stress and scenario testing framework which helps improve our risk management capabilities.
- A policy framework to ensure minimum standards of control and effective delegation of responsibilities in relevant risk areas.
- Quarterly and annual risk reports which enable effective risk oversight.

Risk enablers

Pool Re's Risk Management Framework is enabled by our three lines of defence model which promotes clear risk accountability and in turn reinforces a strong risk culture across the organisation.

Board	**Executive Management**	The Executive Management and staff are responsible for the implementation of the Risk Management Framework within their department and therefore hold the primary responsibility for risk identification, measurement, monitoring and reporting.	**First Line**
	Risk Committee	The risk management and compliance functions are responsible for the establishment of the Risk Management Framework, and providing guidance and independent challenge in respect to the implementation of the Risk Management Framework within business processes.	**Second Line**
	Audit Committee	The Internal Audit function provides independent assurance over Pool Re's internal control framework	**Third Line**

Principal risks and uncertainties

The Directors consider that the principal risks faced by the Company remain broadly consistent with the prior year, reflecting the stability of Pool Re's business model, while acknowledging an evolving external environment.

1 Strategic risk

The Company is exposed to strategic risk through internal factors and the external business environment, including the changing terrorism threat, execution of its business strategy, and environmental, social and governance concerns.

Key risk mitigants and controls

The Company's approach to the management of strategic risk is considered in the context of the agreed initiatives of the long-term strategy of the Company. Exposure is managed by continual review of the business strategy in conjunction with the commitment to develop plans and contingencies that reflect changes in the external environment whether political, regulatory, economic, social, technological, legal or environmental.

2 Insurance risk

The Company is exposed to insurance risk arising from inherent uncertainties regarding the occurrence, quantum and timing of its insurance liabilities. Insurance risk is considered to be the most significant risk for Pool Re.

Key risk mitigants and controls

The Company's approach to the management of insurance risk reflects the commitments contained in the agreements which underpin the Pool Re Scheme. We accept all risks presented to us which meet the scheme criteria.

Exposure to insurance risk is managed through the placement of a commercial reinsurance programme with high credit-rated reinsurers; exposure management; and a well-documented and tested claims management processes.

In addition, under the Retrocession Agreement with HM Treasury, the Company would draw public funds if claims were to exceed its resources. This risk and its mitigations are described further in Note 5(a) to the financial statements.

3 Market risk

The Company is exposed to market risk through its investments in financial assets. Market risk arises from fluctuations in asset prices due to movements in interest rates, exchange rates and other economic variables.

Key risk mitigants and controls

The Company's investment strategy is relatively conservative, designed to preserve capital and limit volatility from market fluctuations while still delivering an acceptable return.

Exposure to market risk is managed through regular monitoring of investment performance and returns, employing expert fund managers across diversified asset classes, investing in high quality investments, and oversight of the Company's investment strategy and performance by the Investment Committee. This risk and its mitigations are described further in Note 5(b) to the financial statements.

4 Credit risk

The Company is exposed to credit risk arising from a counterparty failing to perform its financial obligations, including failure to perform them in a timely manner.

Key risk mitigants and controls

Exposure to credit risk predominantly arises from financial investments and commercial reinsurance contracts. These exposures are managed through the use of high-quality counterparties and setting appropriate investment limits with individual or group counterparts and reinsurance counterparts. This risk and its mitigations are described further in Note 5(b) to the financial statements.

5 Liquidity risk

The Company is exposed to liquidity risk through its investments in financial assets against the contingency that they may be required in the short term to deal with a claim or series of claims, but with the recognition that they may not be called upon for long periods.

Key risk mitigants and controls

Exposure to liquidity risk is managed through holding assets in high-quality liquid investments, the diversification of our investment portfolio, and the support provided by HM Treasury should that be required. This risk and its mitigations are described further in Note 5(b) to the financial statements.

6 Operational risk

The Company is exposed to operational risk through inadequate controls or failures in people, processes and/or systems, including those from an external party.

Key risk mitigants and controls

Exposure to operational risk is managed through our risk management and control framework which seeks to ensure the effectiveness of our processes, systems and controls through regular assessment with gaps or deficiencies addressed upon identification. Third party service provider arrangements are monitored through our contract management framework. The Company maintains a strong and open relationship with its regulators and embraces a good conduct culture.

Emerging risks

Pool Re defines emerging risks as new or familiar risks that become apparent in new or unfamiliar conditions. These risks are identified, prioritised and managed through our emerging risk process. They are distinguished from our principal risks by the high degree of uncertainty as to how and when the risk might crystallise and its impact to Pool Re.

Our top emerging risks include:

- **Evolving terrorism threat landscape:** The methodology and the way in which terrorism attacks are carried out evolve constantly, making it a difficult and subjective risk to manage and mitigate.
  - **Impact:** If Pool Re does not keep pace with evolving threat from the point of view of coverage and definitions, there could be significant negative legal, reputational and financial consequences.
  - **Mitigation:** The UK benefits from the presence of a strong countrywide terrorism mitigation infrastructure. Furthermore, the introduction of Martyn's Law enhances the protective and preparedness capabilities across all premises within scope. There is continuous engagement between Pool Re and the Counter Terrorism Police.
  - In addition, Pool Re is actively trying to address the potential mismatch between policyholder expectations and the scope of cover provided and to develop its cover to meet the needs of policyholders.

- **Cyber risk:** Cyber-attacks continue to increase in sophistication, with attackers increasingly exploiting automation, supply-chain dependencies and concentration in critical technologies leveraging the evolution of new technologies.

  » **Impact:** The impact is totally dependent on the specific cyber incident. Even with controls and mitigations in place, a user error or zero-day threat is not predictable and could materially impact Pool Re's operations.

  » **Mitigation:** Key controls include the security training and awareness programme and the maintenance of a resilient IT strategy and infrastructure, including third party cyber security reviews.

- **Macroeconomic crisis:** A macroeconomic crisis can be triggered by a variety of factors, including for example a financial sector crisis, missteps in foreign and/or local policy, commodity shocks, natural disasters and political or social unrest. These shifts can cause fluctuations in the global markets, potentially leading to significant economic events such as a heightened inflation, and in severe cases, a global financial crisis.

  » **Impact:** A significant, sustained reduction in the value of the financial assets, particularly fixed income assets could be significant to Pool Re given the size of its investment portfolio relative to the insurance service result. This could be particularly significant in the event a macroeconomic crisis coincides with a claims event. From an insurance perspective, claims inflation driven by supply chain issues could lead to increase in the cost of claims and extreme weather/geopolitics could particularly influence the availability and/or cost of reinsurance purchases.

  » **Mitigation:** The investment fund strategy is designed to withstand short-term shocks, with external advisers retained to provide guidance on the investment fund strategy. Pool Re regularly conducts stress testing to assess potential impacts and management actions it could take should this risk crystallise. Pool Re's pricing model takes into consideration inflation and reinsurance costs.

- **Artificial intelligence and disruptive technologies:** The rapid acceleration of AI and other disruptive technologies introduces new risks for organisations whose operations rely on trusted data, sound decision making and strong governance.

  » **Impact:** The increased adoption of AI, automation and other disruptive technologies creates a risk around the lack of transparency within decision-making and increases the complexity of cyber threats and the potential risks to data security.

  » **Mitigation:** Pool Re has introduced AI into its operation to drive efficiency, optimise processes and drive innovation. There are robust controls in place in relation to AI and other technology use.

- **Fragmented Political Landscape in UK:** The UK political landscape is becoming increasingly fragmented. Voter preferences are spreading across a wider range of parties, creating greater uncertainty around future government priorities and policy direction ahead of the next general election.

  » **Impact:** This close link with the Government means that any shifts in policy direction could significantly affect Pool Re's business model and overall viability. The next HM Treasury review of Pool Re's Scope of Works will take place against a backdrop of heightened political and policy uncertainty.

  » **Mitigation:** Pool Re actively engages with the Government and political parties through regular and periodic meetings to ensure alignment and address potential policy changes.

Independent Auditor's Report to the Members of Pool Reinsurance Company Limited and the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of Pool Reinsurance Company Limited for the year ended 31 March 2026 which comprise the:

- Consolidated and Parent Company Statements of Financial Position as at 31 March 2026;
- Consolidated Statement of Profit or Loss, Consolidated and Parent Company Statements of Cash Flows and Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and the UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of Pool Reinsurance Company Limited and its Group's affairs as at 31 March 2026 and of the profit for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of Pool Reinsurance Company Limited and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities

Authorising legislation	Companies Act 2006
HM Treasury and related authorities	Managing Public Money
	Framework agreement between HM Treasury and Pool Reinsurance Company Limited

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Pool Reinsurance Company Limited and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included obtaining sufficient audit evidence to conclude that:

- The directors have a reasonable expectation that the Pool Reinsurance Company Limited has sufficient resources to continue operating for the foreseeable future taking account of the size of its investment fund and the existence of the Retrocession Agreement with HM Government.

The directors' assessment of the going concern basis of accounting is appropriate in the circumstances.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Pool Reinsurance Company Limited and its group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

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

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified though the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the presumed risk of fraud through management override of controls an area where my work has not identified any matters to report.

The key audit matters were discussed with the Audit Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 59-60. There have been no changes to the key audit matters reported in my previous report.

Insurance accounting

Description of risk

Insurance accounting is fundamental to Pool Reinsurance Company Limited's operations and therefore considered a key audit matter.

Pool Reinsurance Company Limited recognises insurance contract liabilities of £1.6 million and reinsurance contract liabilities of £507 million (Note 15), with insurance revenues of £267 million and reinsurance costs of £312 million respectively (Note 6). The accounting for these balances under IFRS 17 involves significant judgement, particularly in relation to:

- the application of the premium allocation approach (PAA); and
- the assessment of whether groups of contracts are onerous.

These judgements are described in further detail in Note 4.

During the year, the Group entered into a new treaty agreement with its members and implemented a new underwriting and claims system (FORTRESS). This resulted in increased audit focus on the appropriateness of accounting assessments, the completeness and accuracy of underlying data and how the changes were presented and disclosed in the financial statements and notes.

Given these developments, I identified significant risks in relation to:

- the selection of appropriate methods for measuring the liabilities for remaining coverage arising from the Company's insurance contracts; and
- inaccurate or incomplete data transfer, or Inappropriate specification, design or configuration of the new IT systems.

These risks apply at both the Company and Group level.

Consistent with the prior year, I did not identify insurance claims and related liabilities as a significant risk of material misstatement, as Pool Reinsurance Company Limited has not experienced material loss events or claims above member retentions during the current or prior year.

While not assessed as significant risks, the scope of my work in this area also included consideration of the broader measurement and reporting of both insurance and reinsurance, including the integrity of models and key inputs used to measure reinsurance contract liabilities.

How the scope of my audit responded to the risk

I assessed the adequacy of the design of key controls over the significant risks specified above and their implementation, including governance arrangements and monitoring of the implementation of the IT system changes.

I also performed the following procedures:

- I reviewed and challenged management's assessment of the new Treaty to confirm the accounting treatment reflected the contractual terms and was in accordance with IFRS 17.

- I reviewed management's judgments in relation to the identification of groups of onerous contracts to confirm these were still appropriate, considering both internal and external sources of evidence in relation to the risk.

- I reviewed management's methods used to measure the related insurance contract liabilities and recognise insurance revenue to ensure they remained appropriate.

In relation to those aspects of this key audit matter which I did not consider to be a significant risk, I performed further audit procedures to:

- Independently recalculate insurance and reinsurance contract liabilities to confirm that management's models accurately applied their chosen method;

- Confirm that the input data used in the modelling agreed to supporting evidence, including, for inwards contracts, the treaty contracts recorded in FORTRESS;

- Test samples of premiums received, and reinsurance premiums paid; and

- Review the presentation and disclosure of insurance related balances, focusing on reporting of the new treaty and repayment of unearned premium to members in relation to the previous arrangements.

I engaged independent financial reporting specialists with experience in the insurance sector to support my work across this area, where I deemed this appropriate.

Key observations	The outcomes of the procedures I performed in response to these risks were satisfactory. I noted no material issues arising from my work.

Investments portfolio

Description of risk

Pool Reinsurance Company Limited's investment fund, valued at £7.4 billion as at the reporting date, is dominated by its portfolio of debt securities (mostly government and corporate bonds), which, at £5.6 billion make up around 76% of the total fund value. These, alongside a smaller portfolio of equities, are actively traded, with £5.5 billion of sales and maturities, and £5.4 billion of purchases recorded in the Statement of Cash Flows during 2025-26 and are measured at fair value through profit or loss under IFRS 9, Financial Instruments. Pool Reinsurance Company Limited's investments are managed by external investment managers and custodians who provide pricing information for financial reporting purposes. These securities can usually be valued without significant subjectivity or complex modelling.

However, given the large values, even a low rate of error in recording trades or pricing assets could, across the portfolio, lead to a material misstatement. There is also a risk in such a large portfolio with frequent trading that not all securities reported in the Statement of Financial Position belong to the Company. As a result, I consider the valuation and existence of these investments to be a key audit matter and, in relation to the debt securities portfolio specifically, one of the most significant assessed risks of material misstatement.

I consider the significant risks in relation to the valuation and existence of debt instruments to be as follows:

- Trading transactions (purchases and sales) may be recognised inappropriately, reported incorrectly in the cash flow statement, or may not have occurred;
- Investments may have been recognised that Pool Reinsurance Company Limited is not party to;
- Fair values may not be compliant with the financial reporting framework, or reported inaccurately; and
- Related disclosures may be inadequate or inaccurately prepared.

During the year, Pool Re implemented a new third-party investment accounting system to collate and report financial information from the Company's investment managers and custodians, with the output being used to prepare the financial statements and disclosures. I have therefore considered that the introduction of this new IT system presents a significant risk that the financial statements could be misstated due to inappropriate presentation, classification or recognition of debt instruments in the financial statements, occurring, for example due to:

- Inaccurate or incomplete data transfer, or Inappropriate specification, design or configuration of the new IT system.

These risks apply at both the Company and Group level.

The scope of my audit work also included Pool Reinsurance Company Limited's holdings in equities, derivative financial assets, mutual funds and venture capital funds, which I did not consider to be significant risks of material misstatement. Further details of the investments including the valuation techniques applied by management are disclosed in Notes 5 and 11 of the financial statements.

How the scope of my audit responded to the risk

I understood and evaluated the design and implementation of key controls in place to mitigate these risks, including those operating at service organisations (including asset custodians) through review of service auditor reports and Pool Reinsurance Company Limited's complementary controls.

My review also considered the design and implementation of key controls in relation to the Pool Re's new investment accounting system, including governance arrangements and monitoring of the implementation by the Company.

I also performed the following procedures to address the significant risks of material misstatement:

- I independently confirmed investment holdings with the Company's custodians, reconciling these to investment manager reports and the financial statements.
- I independently recalculated valuations at the reporting date using third party pricing sources.
- I evaluated whether management had appropriately classified instruments within the fair value hierarchy.
- I tested samples of sales and purchases to confirm that they had been accurately recorded.

- I reviewed investment confirmations and the results of my testing of transactions to confirm data had been transferred accurately and completely into the investment accounting system.
- I tested the completeness and accuracy of reports used to prepare the financial statements and disclosures to confirm the system had been appropriately configured to produce IFRS-compliant presentation and disclosure.

In addition, I performed further audit procedures to independently confirm the existence of Pool Reinsurance Company Limited's equity, derivative financial asset and fund holdings and to assess that the valuations were reasonable.

Key observations	The outcomes of the procedures I performed in response to these risks were satisfactory. I noted no material issues arising from my work.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for Pool Reinsurance Company Limited the and its Group's financial statements as a whole as follows:

	Group	Parent Company
Materiality	£100 million (2024-25, 100 million)	£99 million (2024-25, £99 million)
Basis for determining materiality	1.5% of net assets of £6.9 billion (2024-25, 1.5% of net assets of £6.5 billion)	1.5% of net assets of £6.9 billion (2024-25, 1.5% of net assets of £6.5 billion) reduced to ensure this is below group materiality
Rationale for the benchmark applied	I have based materiality on net assets since the funds available to Pool Reinsurance Company Limited to meet potential future claims are fundamental to the group and company's operations and purpose and, in my view, are of most interest to the primary users of the accounts.	

Performance materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2025-26 audit (2024-25: 75%).

Other materiality considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error reporting threshold

I agreed with the Audit Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £1 million as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Audit scope

The scope of my Group audit was determined by obtaining an understanding of Pool Reinsurance Company Limited's and its environment, including the Group-wide controls, and assessing the risks of material misstatement at the Group level.

As the subsidiaries are co-located with the parent and share common processes and management, I scoped my audit and carried out our risk assessment procedures at the level of the whole group. However, in practice, Pool Reinsurance Company Limited's subsidiaries are immaterial to the group individually and in aggregate and my work was therefore focused on the audit of the parent company, which covered substantially all of the Group's net assets, expenses and revenue.

Together with the procedures performed at Group level, such as reviewing the accuracy and completeness of the Group's consolidation procedures, this gave me the evidence I needed for my opinion on the Group financial statements as a whole.

Other information

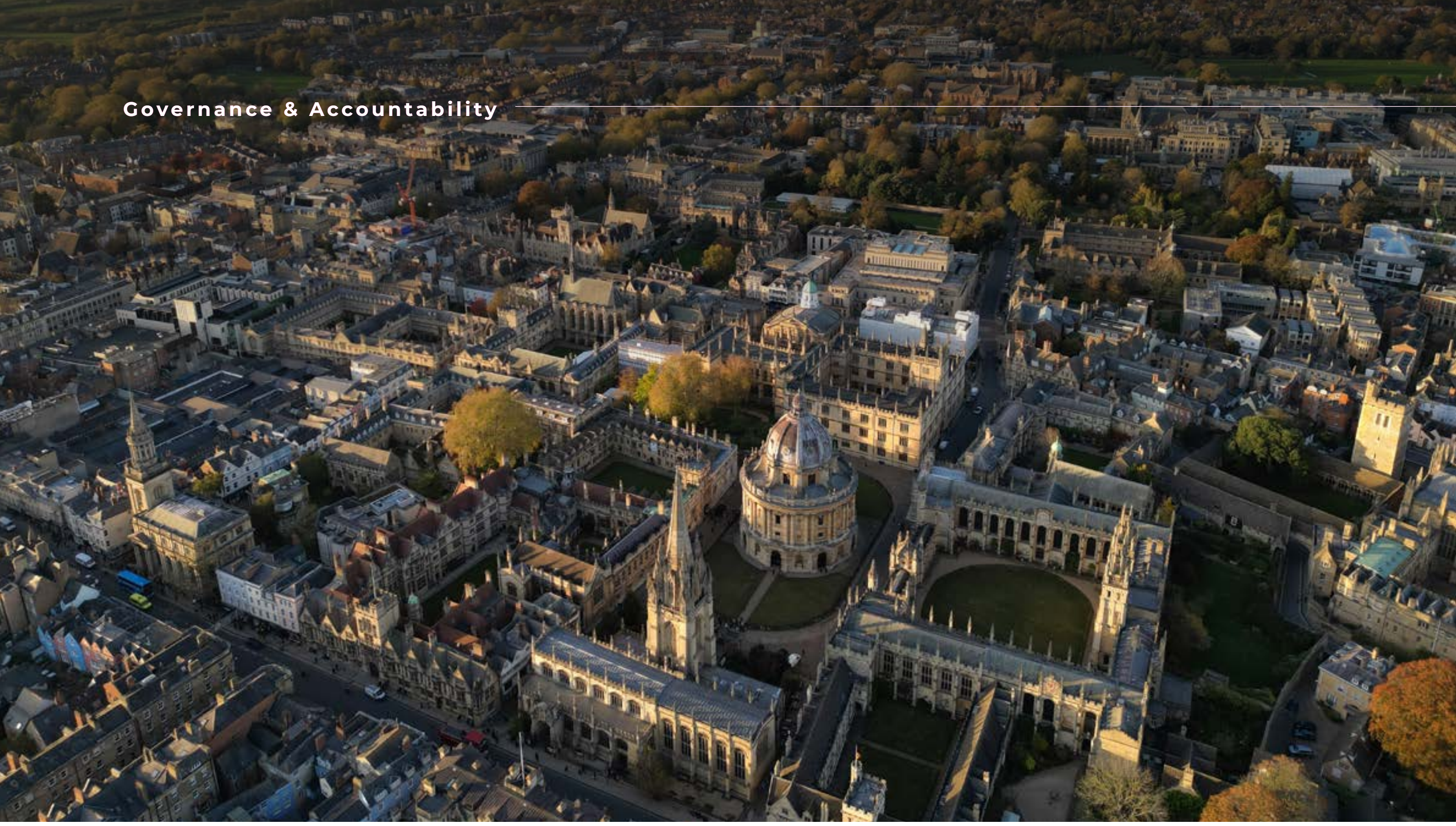
The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.



Opinion on other matters

As prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Other matters

In my opinion:

- The parts of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.
- The parts of the Annual Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.

Matters on which I report by exception

In the light of the knowledge and understanding of Pool Reinsurance Company Limited, its Group, and their environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Corporate Governance Statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Pool Reinsurance Company Limited and its Group's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 82;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 82;
- Directors' statement on fair, balanced and understandable set out on page 82;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 82 and 83;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 82 and 83; and
- The section describing the work of the audit committee set out on page 81.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officers' Responsibilities, the Directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Pool Reinsurance Company Limited and its Group from whom the auditor determines it necessary to obtain audit evidence;
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, in accordance with the Companies Act 2006; and
- assessing Pool Reinsurance Company Limited and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the entity or the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- Considered the nature of the sector, control environment and operational performance including the design of Pool Reinsurance Company Limited and its Group's accounting policies, key performance indicators and performance incentives.
- Inquired of management, Pool Reinsurance Company Limited's group internal audit function and those charged with governance, including obtaining and reviewing supporting documentation relating to Pool Reinsurance Company

Limited and its Group's policies and procedures on:

» identifying, evaluating and complying with laws and regulations;

» detecting and responding to the risks of fraud; and

» the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Pool Reinsurance Company Limited and its Group's controls relating to Pool Reinsurance Company Limited and its group's compliance with the Companies Act 2006, Managing Public Money; the Financial Services and Markets Act 2000; the Financial Conduct Authority Handbook and the Prudential Regulation Authority Rules;

- Inquired of management, Pool Reinsurance Company Limited's internal audit function and those charged with governance whether:

  » they were aware of any instances of non-compliance with laws and regulations; and

  » they had knowledge of any actual, suspected, or alleged fraud.

- Discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Pool Reinsurance Company Limited and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Pool Reinsurance Company Limited and its Group's framework of authority and other legal and regulatory frameworks in which Pool Reinsurance Company Limited and its Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Pool Reinsurance Company Limited and its Group. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law, tax legislation, the Financial Services and Markets Act 2000, the Financial Conduct Authority Handbook and the Prudential Regulation Authority Rules.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- I reviewed the regularity of exit packages paid to senior staff by assessing the Company's compliance with requirements of their framework of authorities, including Managing Public Money.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Shah Rukh Memon (Senior Statutory Auditor)

10 July 2026

For and on behalf of the
Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

4

Financial Statements

Consolidated Statement of Profit or Loss

For the year ended 31 March 2026

	Notes	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Insurance revenue	6	266,680	263,274
Insurance service expenses	6, 8	(3,243)	(3,429)
Net expenses from reinsurance contracts held	6	(312,484)	(362,396)
Insurance service result		**(49,047)**	**(102,551)**
Investment result	7	493,478	438,074
Finance expenses from reinsurance contracts held	7	(20,639)	(12,230)
Net insurance and investment result		**423,792**	**323,293**
Other operating income		11	6
Other operating expenses	8	(18,527)	(18,324)
Total other income and operating expenses		**(18,516)**	**(18,318)**
Profit before tax		**405,276**	**304,975**
Tax expense	10	(99,792)	(92,364)
Profit for the year		**305,484**	**212,611**

The above results all relate to continuing operations and to risks located in the United Kingdom.

There were no amounts recognised in other comprehensive income in the current or preceding periods other than those included in the consolidated statement of profit or loss. Therefore, no statement of other comprehensive income has been presented.

Company number: 2798901

The notes on pages 134 to 188 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2026

	Notes	31 March 2026 £000	31 March 2025 £000
ASSETS			
Property, plant and equipment	*12*	374	846
Financial assets carried at fair value	*11*	7,247,466	7,038,299
Insurance contract assets	*15(i)*	-	137
Reinsurance contract assets	*15(ii)*	881	-
Investment and other receivables	*14*	171,877	97,695
Current tax assets		21,288	-
Cash and cash equivalents	*13*	231,552	344,955
Total assets		**7,673,438**	**7,481,931**
EQUITY AND LIABILITIES			
Retained earnings	*18*	6,876,917	6,657,815
Total equity		**6,876,917**	**6,657,815**
LIABILITIES			
Deferred tax liabilities	*17*	92,086	64,124
Insurance contract liabilities	*15(i)*	1,599	65,896
Reinsurance contract liabilities	*15(ii)*	507,074	514,267
Financial liabilities carried at fair value	*11*	102,236	21,868
Current tax liabilities		-	7,713
Investment and other payables	*16*	93,526	150,248
Total liabilities		**796,521**	**824,116**
Total equity and liabilities		**7,673,438**	**7,481,931**

The financial statements on pages 130 to 133 were approved by the Board of Directors on 22 June 2026 and signed on its behalf by:

Tom Clementi

Tom Clementi
Chief Executive Officer

Company number: 2798901

The notes on pages 134 to 188 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

	Notes	**£000**
Balance at 1 April 2024		**6,541,827**
Profit for the year		212,611
Dividends paid to Members	*20*	(96,623)
Balance at 31 March 2025		**6,657,815**
Balance at 1 April 2025		**6,657,815**
Profit for the year		305,484
Dividends paid to Members	*20*	(86,382)
Balance at 31 March 2026		**6,876,917**

The notes on pages 134 to 188 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	Notes	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
OPERATING ACTIVITIES			
Profit before tax		405,277	304,975
ADJUSTMENTS FOR:			
Net foreign exchange loss		(34,092)	118,990
Net gains on financial assets/liabilities carried at fair value		(203,326)	(335,104)
Income from financial assets carried at fair value		(273,803)	(236,126)
Depreciation	*12*	535	546
Interest expense		22,211	12,855
CHANGES IN OPERATIONAL ASSETS AND LIABILITIES:			
Changes in insurance and reinsurance contract assets/liabilities		(72,220)	166,706
Proceeds from investment sales, maturities and derivative asset settlements		5,543,174	7,773,620
Investment purchases and derivative liability settlements		(5,416,298)	(7,852,757)
Decrease/(Increase) in investment and other receivables		(52,350)	19,030
(Decrease)/Increase in investment and other payables		(35,539)	76,065
Cash generated from operations		**(116,431)**	**48,800**
Taxation paid		(100,838)	(79,693)
Interest paid		(50,754)	(25,700)
Interest received		228,879	204,005
Dividends received		18,824	15,801
Net cash flows from operating activities		**(20,320)**	**163,213**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	*12*	(64)	(109)
Net cash flows from investing activities		**(64)**	**(109)**
FINANCING ACTIVITIES			
Dividends paid to Members	*20*	(86,382)	(96,623)
Lease payments	*16*	(440)	(440)
Net cash flows used in financing activities		**(86,822)**	**(97,063)**
Net increase/(decrease) in cash and cash equivalents		**(107,206)**	**66,041**
Opening cash and cash equivalents balance	*13*	**338,584**	**268,714**
Net increase/(decrease) in cash and cash equivalents		(107,206)	66,041
Effect of exchange rate fluctuations on cash and cash equivalents		174	3,829
Closing cash and cash equivalents balance	*13*	**231,552**	**338,584**

The notes on pages 134 to 188 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2026

1 General information

Pool Reinsurance Company Limited (the “Company”) is a mutual company limited by guarantee, incorporated in England and Wales, with its principal place of business at Equitable House, 47 King William Street, London, EC4R 9AF. Its principal activity is to provide reinsurance in respect of losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland.

The Company is the parent of two subsidiary undertakings, Pool Re Services Limited and Pool Re Solutions Limited. Both subsidiaries are incorporated in England and Wales and are 100% owned by the Company (the three entities together constitute the “Group”).

2 Basis of preparation

The financial statements of the Company, and the Group’s consolidated financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards and International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under international accounting standards.

Following the parent company’s designation as an Arm’s-Length Body (“ALB”) of HM Treasury (“HMT”) and the signing of the Framework Agreement between HMT and the Company on 5 May 2022, the financial statements have also been prepared in accordance with the Accounts Direction issued by HMT on 14 December 2023 and subsequently updated on 6 March 2025, and reflect the requirements set out in the Framework Agreement between HMT and the Group. Under this Direction, and in addition to the Companies Act 2006, the Group has had regard to the principles and disclosure requirements set out in the Government Financial Reporting Manual (“the FReM”) issued by HMT for the relevant financial year, to the extent that the FReM clarifies or supplements the Companies Act requirements in relation to the financial statements and selected disclosures within the Annual Report and Accounts. The information contained in the Group’s Annual Report and Accounts is consolidated into the Annual Report and Accounts of HM Treasury.

The Group includes two subsidiary undertakings, Pool Re Services Limited and Pool Re Solutions Limited, and as the Company has control of both subsidiary companies, they are consolidated within these financial statements. Further details on the Group structure are disclosed in Note 19. Financial statements for the Company are disclosed following the notes to these financial statements. Due to the immaterial nature of the subsidiary companies, the notes to these financial statements have been disclosed on a consolidated basis. Additional disclosure of information relating to the Company has been provided where management judges it to be of benefit to the users of the accounts.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments, including derivative instruments, which are measured at fair value. Investments in subsidiaries reported in the Company financial statements are measured using the equity method. The Statement of Financial Position of the Group has been presented in order of increasing liquidity. All amounts presented in the Statement of Profit or Loss relate to continuing operations.

The preparation of financial statements in conformity with United Kingdom adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Any areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Group's principal activity as a monoline reinsurer, is the provision of reinsurance in respect of losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland. Due to the single line of business and geographic concentration, a segmental analysis of the Group's (re) insurance contracts, as prescribed by IAS 1.29-31 and IFRS 17.96 has not been deemed necessary for disclosure in these financial statements.

The Group undertakes an annual capital assessment, as approved by the Board, to determine its capital resource requirements. The assessment considers the Group's strategic, insurance, market, credit, liquidity and operational risks and the impact of those risks on the Group's capital requirements.

Following the completion of HMT's 5-year review of the scheme in early 2022, an updated Retrocession Agreement ("the HMT Retrocession Agreement") was entered into extending the unlimited guarantee. The agreement was further updated with effect from 1 April 2025. For further details on the HMT Retrocession Agreement, see Note 3(e). The current assessment confirms that the Group has adequate capital resources to meet its liabilities as they fall due.

Furthermore, this assessment is consistent with the conclusions reached by The Prudential Regulation Authority ("PRA"), as set out in its direction dated 10 November 2020, which stated that the Company's capital requirement is zero. The assessment, which remained valid until 1 January 2026, was extended in December 2025 until 1 January 2031, and is based upon the PRA's recognition that the capital resources available to the Group include capacity available from HMT under the HMT Retrocession Agreement.

Based on current assessments, management has determined that the financial statements should be prepared on a going concern basis for the period ending 31 March 2026.

The financial statements of the Company and Group are presented in pound sterling and rounded to thousands. The functional currency of the Company and Group is pound sterling.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New standards, interpretations and amendments to published standards that have been adopted by the Group

The Group has applied the following amendments for the first time in the year commencing 1 April 2025, which did not have a material impact on its consolidated financial statements or the Company's financial statements.

(i) Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates': 'Lack of Exchangeability'

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(b) Standards, interpretations and amendments to published standards which are not yet effective

(i) Amendments to IAS 21, Amendments to IAS 21: 'Translation to a Hyperinflationary Presentation Currency'

Published by the IASB in November 2025. The amendments are effective for annual reporting beginning on or after 1 January 2027 and have yet to be endorsed by the UK, and are not expected to give rise to any impact on the Group's consolidated or the Company's financial statements.

(ii) Amendments to IFRS 9, 'Financial Instruments' and IFRS 7, 'Financial Instruments: Disclosures': 'Amendments to the Classification and Measurement of Financial Instruments'

Amendments to IFRS 9 and IFRS 7 were issued in May 2024 and are effective for annual reporting periods beginning or after 1 January 2026, subject to UK endorsement.

The amendments include:

- clarification around the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- clarification and guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest ("SPPI") criterion.
- new disclosure requirements for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets).
- an update to the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

These amendments are not expected to give rise to a material impact on the Group's consolidated or the Company's financial statements.

(iii) Annual Improvements to IFRS Accounting Standards - Volume 11

The IASB issued its annual improvements in July 2024, which include a collection of minor amendments to accounting standards IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. These are applicable for annual reporting periods beginning on or after 1 January 2026. These amendments are not expected to give rise to a material impact on the Group's consolidated or the Company's financial statements.

(iv) IFRS 18 'Presentation and Disclosure in Financial Statements'

IFRS 18, issued in April 2024 and endorsed in the UK in December 2025, will replace IAS 1, 'Presentation of Financial Statements'. The standard is effective for reporting periods beginning or after 1 January 2027, with earlier application permitted. IFRS 18 introduces new requirements for presentation within the Statement of Profit or Loss, including specified totals and subtotals, which aim at increasing comparability of the financial performance of similar entities, as well as provide more relevant information and transparency to users. The Group is in the early stages of implementation, however, no financial impacts are expected as a result of adoption.

(v) IFRS 19 'Subsidiaries without Public Accountability: Disclosures' and amendments to IFRS 19.

IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements without changing the fundamental reporting requirements of IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027, with early application permitted, subject to UK endorsement. The application of IFRS 19 is not expected to have any financial impact on the presentation of the Group's financial statements.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities that are controlled by the Group as at 31 March 2026. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group controls another entity, the existence and effect of the potential voting rights that are currently exercisable are considered. The financial statements of subsidiaries are included in the consolidated financial statements only from the date that control commences until the date that control ceases.

All intercompany transactions, balances, income and expenses between Group entities are eliminated on consolidation.

The Company applies the equity method to account for subsidiaries. Investments in subsidiaries are initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of the subsidiaries net assets (share of results).

The controlled entities listed in Note 19 are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts under S479A-479C. The Company has guaranteed the debts and liabilities of the controlled entities at the reporting date in accordance with Section 479C of the Companies Act 2006.

(d) Foreign currency

Foreign currency transactions are translated into pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss for the period.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(e) Insurance contracts

The accounting policy set out below is applicable to insurance contracts that are issued by the Group and reinsurance contracts held by the Group, unless indicated otherwise.

(i) Definition and classification

Insurance contracts are defined as those contracts under which the Group accepts significant insurance risk from a policyholder. Significant insurance risk criteria are met if, and only if, an insured event could cause an insurer to make significant additional payments to a policyholder in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

The Group has reviewed the nature of the inwards and outwards (re)insurance business it transacts. It is satisfied that all such business transfers significant insurance risk and has therefore treated the relevant contracts as insurance contracts for the purposes of these financial statements.

The Group's financial position and its obligations to meet claims under its agreements with Members are assured in that the Group has entered into a Retrocession Agreement with HMT, under which the Group would draw funds from HMT if claims were to exceed the Group's resources. The HMT Retrocession Agreement specifies circumstances in which amounts paid by HMT will be repayable by the Group, which would be subject to agreement between the parties. However, in certain circumstances when the HMT Retrocession Agreement is terminated, HMT is not entitled to repayment of amounts it has paid to the Group.

Premium is payable to HMT for providing retrocession cover only when the funds standing to the credit of the Insurance Fund and the Investment Fund, as defined by the HMT Retrocession Agreement, exceed £1 billion. These funds are broadly equivalent to premiums received, investment income earned and investment gains, less investment losses, incurred claims, taxation and expenses, subject to certain differences in the timing of their recognition. The retrocession premium may become immediately payable, in certain circumstances, if the Group fails to comply with the conditions of the HMT Retrocession Agreement.

(ii) Level of aggregation

The Group's contracts are aggregated into the following portfolios:

- Insurance contracts issued covering losses and damage from Acts of Terrorism; these insurance contracts are managed as two separate lines of business, with the risks relating to the classes of insurance contracts considered to be different, as such, the Group aggregates insurance contracts issued into two portfolios as follows:

  » **Class A:** Property damage and business interruption; and
  » **Class B:** Non-damage business interruption.

- Reinsurance contracts held are grouped into portfolios at contract level, with reinsurance contracts measured at the individual contract level.

Portfolios are further divided based on expected profitability at inception into three categories:

- Onerous contracts, if any;

- Contracts with no significant risk of becoming onerous; and

- The remainder groups of contracts in the portfolio.

A group of insurance contracts is considered to be onerous at initial recognition if the fulfilment cashflows allocated to that group of contracts in total are a net outflow. This occurs if the present value of expected claims, attributable expenses and risk adjustment exceeds the premium. As all insurance contracts issued are measured under the Premium Allocation Approach ("PAA") model, the Group takes the Standard's default assumption that no groups are onerous unless facts and circumstances indicate otherwise. The Group has determined that it currently does not have contracts falling into the category of onerous contracts.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued.

The Group has set its cohorts at annual intervals based on underwriting year.

(iii) Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

From 1 April 2025, all inwards Insurance contracts are aggregate excess of loss treaties, on a claims occurring basis, and are issued and renewed on the 1st April of each financial year. Premiums are received in quarterly instalments with the first payment due in April.

A group of reinsurance contracts held that covers the losses of insurance contracts issued is recognised at the earlier of:

- the beginning of the coverage period of the group or the initial recognition of any underlying insurance contract issued; or
- if the entity recognises an onerous group of underlying contracts before the beginning of the coverage period of the group of reinsurance contracts held - at the same time as the onerous group of underlying contracts if the Group entered into the related reinsurance contract held at or before that date.

Currently, the Group recognises all reinsurance contracts held at the beginning of the coverage period of the group of contracts. Currently, there are no reinsurance contracts providing coverage for onerous groups of underlying insurance contracts and no underlying contracts incepting after coverage start date, therefore the Group has not needed to apply IFRS 17.62A, which mandates to delay recognition until the inception date of the underlying insurance contract.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

(iv) Derecognition and modification
An insurance contract issued is derecognised when it is:

- extinguished (i.e. when the obligation specified in the insurance contract issued expires or is discharged or cancelled); or
- the contract is modified, and certain additional criteria are met.

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

Following the Group's transition to the new Treaty Scheme on 1 April 2025, all inwards contracts in force at 31 March 2025 have been cancelled and derecognised on 1 April 2025.

When a group of insurance contracts is derecognised, adjustments to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to the profit or loss statement:

- if the contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage ("LRC") of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to a third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(v) Contract boundary
The Group uses the concept of contract boundary to determine which cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

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

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

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

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

(vi) Measurement - Premium Allocation Approach

Initial measurement
The Group applies the PAA to all insurance contracts it issues and reinsurance contracts that it holds, because:

- the coverage period of each contract in the group is 12 months or less; or
- for contracts longer than 12 months, the Group has assessed possible future scenarios on a qualitative basis, and on a quantitative basis where necessary, and reasonably expects that the measurement of the LRC for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the General Measurement Model ("GMM").

For insurance contracts issued, on initial recognition, the Group measures the LRC as the amount of premiums received. The Group does not currently incur any acquisition expenses related to the contracts it issues.

For reinsurance contracts held on initial recognition, the Group measures the Asset for remaining coverage ("ARC") as the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer. For reinsurance contracts held, broker fees and commissions are recognised over the coverage period of contracts in a group along with premiums ceded.

Subsequent measurement
The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- the LRC; and
- the liability for incurred claims ("LIC"), comprising of fulfilment cash flows related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- the remaining coverage; and
- the incurred recoveries (on incurred claims), adjusted for the effect of changes in the default risk of the reinsurer and a risk adjustment for non-financial risk.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the period.
- decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.

The Group does not incur insurance acquisition cash flows in respect of currently issued insurance contracts or any other relevant pre-recognition cash flows that may be included in subsequent measurement of LRC.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- increased for ceding premiums paid in the period
- increased for any commissions paid to brokers or other parties.
- decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period; and
- decreased/increased for the effect of the time value of money in relation to significant financing components.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or has become onerous subsequently, the Group increases the carrying amount of the LRC, recognising a loss component, to the amounts of the excess of the fulfilment cash flows that relate to the remaining coverage of the group of contracts, over the carrying amount of the LRC of the group. The amount of such an increase is recognised in insurance service expenses. Subsequently, the loss component is amortised over the coverage period of the group of contracts.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the ARC for reinsurance contracts held measured under the PAA is increased by the amount of expected recoveries that will be recognised in the profit or loss, with a loss recovery component being established or adjusted for that amount. The loss recovery component is calculated by multiplying the loss component recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Were a loss event to arise, the company would use what is considered the most appropriate loss damage function to project fulfilment cash flows based on notified exposures. As individual loss events are different by nature, actuaries would compare expected loss estimates by risk and policy against actual claim amounts from cedants as they emerge over time. These estimates will take into account policy limits, and inflationary changes in average limits as 'live' policy details are confirmed. Such considerations will help bridge the difference with previously reported exposure which may lag live values. Discounting and risk adjustments would be applied as disclosed in sections 4(a) (ii) and 4(a) (iii).

Claims payment patterns are expected to vary by the size of the event and would be applied to overall loss estimates to predict liquidity requirements.

Currently, there is no risk adjustment as there is effective certainty over the current nil liability, as disclosed in Note 5.

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

For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of revenue recognised is calculated by using the most appropriate basis available, which is considered to be the 365ths basis. This basis assumes that premium is earned evenly over the risk period.

(viii) Insurance service expenses
Insurance service expenses include directly attributable insurance service expenses, including:

- incurred claims;
- other incurred directly attributable insurance service expenses;
- amortisation of insurance acquisition cash flows;
- changes that relate to past service; and
- changes that relate to future service (i.e. losses/reversal on onerous groups of contracts from changes in the loss components).

Currently, there are no claims handling costs as the Group has not incurred any claims during the year.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the profit or loss.

(ix) Net income/(expenses) from reinsurance contracts held
The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable insurance service expenses; and
- changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

(x) (Re)insurance finance income or expenses
(Re)insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within (re)insurance finance income or expenses are:

- interest accreted on the LIC;
- interest accreted on the LRC in relation to significant financing components; and
- the effect of changes in interest rates and other financial assumptions.

(f) Employee benefits

The Group provides a range of benefits to employees, including a defined contribution pension plan and annual bonus arrangements.

(i) Short-term benefits
Short-term benefits, including salaries, holiday pay, accrued bonuses and pension contributions, are recognised in the period in which employees provide the services to which the payments relate.

(ii) Defined contribution pension plan
The Group operates a defined contribution pension plan for its employees. Under the pension plan, the Group pays fixed contributions to an independently administered pension fund. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position.

(iii) Annual bonus arrangements
The Group operates annual bonus plans for employees. An expense is recognised in profit or loss when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

(g) Expenses

All expenses are recognised on an accruals basis and are charged to profit or loss.

(h) Property, plant and equipment

Capital expenditure on computer equipment and office equipment is depreciated by equal instalments over the estimated useful lives of the assets. Expenditure on computer software is written off as incurred.

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation and any impairment loss. Depreciation is calculated to write off the costs of tangible assets, less their residual values, over their expected useful lives using the straight-line basis. Fixtures and fittings are depreciated over the lease term of the office premises. Furniture is depreciated over five years and computer and telephone equipment over two years. At each reporting date, tangible assets are reviewed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset and, where necessary, the carrying amount is adjusted accordingly.

Additions are included at their original purchase price plus any costs directly attributable to bringing the asset to its working condition for its intended use. Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Leased assets (the Group as lessee)

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date at which the asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made before the commencement date, less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets are presented on the statement of financial position as property, plant and equipment.

The lease liabilities arising from a lease are initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily identified, the discount rates set by HM Treasury and promulgated in Public Expenditure System papers as a suitable proxy. After the commencement date, the amount of the lease liability is increased to reflect interest charges and reduced for the lease payments made. The carrying amount of lease liabilities are remeasured if there is a modification of the lease, including a change in the lease term or a change in future lease payments. Lease liabilities are presented on the statement of financial position as investment and other payables.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, then the lease liability is re-measured using the changed cash flows and changed discount rate. Further, a corresponding adjustment is also made to the right-of-use asset.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (i.e. leases with a value of less than £5k). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Current and deferred tax

Taxation is charged on investment income receivable plus realised and unrealised gains, less interest payable and investment expenses, for the period. Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date and adjustments to tax payable in prior periods.

Deferred tax is recognised in respect of all material temporary differences that have originated but not reversed at the balance sheet date where the transactions or events result in an obligation to pay more tax in the future or a right to pay less tax in the future, including revaluation gains and losses on investments recognised in profit or loss.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(k) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

This assumes that the transaction takes place in the principal market under current market conditions. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price. If an asset measured at fair value has a bid price, the bid price is considered to best represent fair value.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 5(v).

(l) Financial assets and liabilities

The Group classifies its financial assets and liabilities as i) financial assets/liabilities at fair value through profit or loss, ii) investment and other receivables and iii) investment and other payables. Management has classified on initial recognition, its financial assets held for investment purpose, at fair value through profit or loss ("FVTPL"). This is in accordance with the Group's documented investment strategy and consistent with the management and reporting of investment performance and risk to the Group's Directors on a fair value basis. The gains or losses arising from fair value changes on assets measured at FVTPL are recognised in profit or loss and presented within investment result in the period in which they arise.

The Group recognises a financial asset or financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. A financial asset is derecognised when either the contractual rights to the cash flows from the asset expire, or the asset is transferred, and the transfer qualifies for derecognition through an assessment of the contractual rights to receive cashflows and the extent to which the Group retains the risks and rewards of ownership. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Purchases and sales of financial assets are recognised at the trade date. Financial assets and liabilities are initially recognised at fair value. After initial recognition, financial assets and liabilities are measured as described below.

i) Financial assets/liabilities at fair value through profit or loss
Financial assets/liabilities are classified into this category at inception if managed and evaluated on a fair value basis in accordance with a documented strategy.

(ii) Investment and other receivables
Receivables are non-derivative financial assets with fixed or determinable payments. Receivables are carried at amortised cost less any provision for impairment.

(iii) Investment and other payables
Payables are initially recognised at fair value and then subsequently carried at amortised cost.

(m) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently valued at fair value at each reporting date as they are held for trading. All derivatives are carried as assets when the fair value is positive and liabilities when the fair values are negative. Fair value changes in derivative financial instruments are recognised immediately in profit or loss.

(n) Investment and other receivables

Investment and other receivables are comprised of pending settlement amounts for the disposal of investment assets, prepayments and accrued income.

(o) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash at bank and in hand and deposits held at call with banks are measured at amortised cost.

(p) Investment and other payables

Investment and other payables consist of pending settlement amounts for the acquisition of investment assets and accruals.

(q) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(i) Non-financial assets

Objective factors that are considered when determining whether a non-financial asset (such as property, plant and equipment) may be impaired include, but are not limited to the following:

- adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;
- the likelihood of accelerated obsolesce arising from the development of new technologies and products; and
- the disintegration of the active market(s) to which the asset is related.

(ii) Financial assets

An expected credit loss ("ECL") model is applicable for all assets measured at amortised cost. The Group measures its receivables at amortised cost. The assessment of credit risk and the estimation of an ECL are unbiased, probability-weighted and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward-looking aspect of IFRS 9 requires judgement as to how changes in economic factors affect ECLs. Impairment charges are recognised in the statement of profit or loss within operational expenses.

A significant increase in credit risk is considered to have occurred when payments are 30 days past due, or earlier if other factors indicate the risk has increased significantly since inception. Financial assets are written off when there is no reasonable expectation of recovery on a case-by-case basis.

Group receivables comprise predominantly of Investment debtors arising from pending sales. These balances are settled daily and are considered as having minimal credit risk. An ECL calculation is therefore not considered necessary given that any result would be negligible.

(r) Investment return

Investment income on financial assets consists of interest receivable, dividends and realised and unrealised gains and losses on financial assets and liabilities at FVTPL.

Interest income is recognised as it accrues and is reported, while dividend income is recognised when the right to receive payment is established.

Realised gains and losses on financial assets and liabilities occur on disposal or transfer and represent the difference between the proceeds received net of transaction costs, and the original cost.

Unrealised gains and losses arising on financial assets and liabilities measured at FVTPL represent the difference between the carrying value at the end of the prior year, or purchase price during the current year, less the previously recognised unrealised gains and losses in respect of disposals made during the year.

(s) Distributions

Distributions to the Group's Members are determined in accordance with the provisions of the Articles of Association and HMT Retrocession Agreement, which govern the conditions under which distributions may be declared and paid, including the discretion afforded to the Directors to recommend and pay the distribution.

As distributions require Director approval prior to payment, they are therefore recognised in the period when they have been approved. See Note 20 for further details regarding the distribution to Members.

(t) Related party transactions

Where the Group has entered into related party transactions, the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements are disclosed in the notes to the financial statements.

4 Critical accounting judgements and estimation uncertainty

The judgements and assumptions involved in the Group's accounting policies that are considered by Management to be the most important and material to the preparation of these financial statements are discussed below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Significant accounting judgements

Insurance contracts

(i) Measurement model

IFRS 17 states that entities may adopt the PAA measurement model if, at inception of the group of contracts, the entity reasonably expects that such a simplification would produce a measurement of the LRC for the group that would not differ materially from the one that would be produced under the GMM. All insurance contracts issued, and reinsurance contracts held by the Group, with coverage periods of more than 12 months, are assessed for eligibility for the use of the PAA on initial recognition, using the Group's PAA eligibility framework. Where insurance and reinsurance contracts do not automatically qualify for measurement using the PAA, the Group exercises judgement in determining whether the LRC produced under the PAA would not differ materially from the LRC under the GMM.

The Group assesses PAA eligibility on a qualitative basis and, in addition, on a qualitative basis where considered necessary. Materiality is a key consideration in the quantitative assessment of results. The Group's internal PAA eligibility framework was developed based on both the relative difference between the LRC valuation under PAA and GMM and absolute measures of materiality, based on audit materiality and error reporting thresholds.

IFRS 17 requires consideration in respect of changes in assumptions that may be reasonably expected during the coverage period which would affect the measurement of the LRC. Management has used judgement to determine a number of reasonably expected scenarios impacting the key assumptions, such as loss ratios, discount rates, and the risk adjustment. Management have also given consideration to factors that could give rise to a variation in cash flows, such as additional premiums under the contractual provisions of the HMT Retrocession Agreement. Upon the initial application of IFRS 17 on 1 January 2023, groups of contracts for all in force annual cohorts were modelled and assessed as eligible to use the PAA. Under IFRS 17, reassessment is not required after inception unless a contract is modified. During the reporting period ending 31 March 2026, management conducted an assessment of all groups of contracts for annual cohorts incepting or modified during the period to determine their eligibility for the PAA, and undertook modelling where required. This process confirmed that all contracts in force during the reporting period were eligible for the PAA.

(ii) Onerous contracts

In using the PAA, the Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group has considered the structure of the scheme and its unique position in the market, including the existence of the unlimited government guarantee provided by way of the HMT Retrocession Agreement. This has been assessed against the key facts and circumstances relating to the insurance contracts issued, including historical profitability, expected loss and expense ratios and the current threat environment, and determined that is a reasonable assumption that the Group has no onerous contracts. If, at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts, the loss component will be zero. Where the Group recognises a loss on initial recognition of an onerous group of underlying reinsurance contracts, and the Group has a corresponding reinsurance contract held, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held, measuring the expected recovery of the losses.

(iii) Discount rates

IFRS 17 requires entities to determine discount rates using either the 'bottom up' or 'top down' approach. The 'top down' approach involves using discount rate curves derived from a portfolio of reference assets adjusted to remove the characteristics of the assets that are not present in insurance contracts, but not requiring elimination of the illiquidity premium. The Group has elected to apply the 'bottom up' approach which requires the use of risk-free rate curves and adding an illiquidity premium. The standard does not specify how to derive the illiquidity premium; therefore, Management is required to exercise judgement in determining a suitable illiquidity premium.

As the Group does not currently hold any reserves for incurred claims and expenses, it only requires the derivation of discount rates for measuring (i.e. discounting future premiums cashflows and accretion of interest) the remaining coverage of the HMT Retrocession Agreement, due to a significant financing component.

The UK nominal risk-free yield curve published by the Bank of England, for a maturity of 3.25 years, representing the period of the significant financing component, has been used as a proxy for the liquid risk-free yield. Due to qualitative factors, including the short coverage period and relative liquidity of LRC balances compared to LIC balances, Management has assessed the HMT Retrocession Agreement as being liquid and hence no allowance for an illiquidity premium is required. In the event of future claims, an illiquidity premium will be applied.

The following UK nominal risk-free discount rates were applied for the underwriting periods presented below:

Period commencing	Maturity of 3.25 years
1 January 2020	0.535%
1 January 2021	-0.117%
1 January 2022	0.791%
1 January 2023	3.578%
1 January 2024[1]	3.473%
1 April 2025[2]	4.024%

Notes:

[1] As a result of the Group's transition to the new Treaty Scheme effective 1 April 2025, and in accordance with the Deed of Rectification, the payment period for the 2024 underwriting year was extended from 31 March 2027 to 30 June 2027. Accordingly, the maturity period for the 2024 underwriting year has been revised to 3.50 years, compared to the standard 3.25 years applied in previous underwriting years.

[2] As a result of the Group's transition to the new Treaty Scheme effective 1 April 2025, and in accordance with the Deed of Rectification, the payment period for the 2025/26 underwriting year commenced on 1 April 2025.

(iv) Risk adjustment

A risk adjustment for non-financial risk is determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The risk adjustment will be determined for each 'loss event', since each loss event is rare and unique, and allocated to the relevant group of contracts. The risk adjustment for non-financial risk is determined using a scenario-based technique. The risk adjustment is applied to the LIC but not to the LRC under the PAA.

The process of determining a best estimate liability generates a discrete probability distribution of plausible loss scenarios for each 'loss event', covering both favourable and unfavourable outcomes. From this distribution, a plausible unfavourable scenario is selected consistent with the Group's risk appetite established over the normal course of business. The risk adjustment is the difference between the best estimate liability and the value of the undiscounted future cash flows of the unfavourable scenario. The confidence level is derived by reading the percentile at the chosen unfavourable scenario from the discrete probability distribution, allowing for diversification, if any, between the loss events and between groups of contracts.

Consistent with the risk adjustment calculation approach, the confidence level will be disclosed at an overall entity level, i.e. a single confidence level for both inwards and outwards contracts. In case of multiple loss events, the confidence level will be derived from a combined discrete probability distribution, allowing for diversification (if any) between the loss events and between groups of contracts.

Fair value hierarchy classification

Significant judgement is required to categorise financial assets and liabilities under the fair value hierarchy classifications defined in IFRS 13 Fair Value Measurement. The Group exercises judgement in determining whether a market is active and if valuations in these markets reliably reflect the price of an arm's length transaction. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques using observable and unobservable inputs.

The risks related to these judgements are set out in Note 5 below.

(b) Significant accounting estimates and assumptions

Insurance contracts

(i) Estimation of future cash flows
In estimating future cash flows, including premium receipts, reinsurance premium payments and claims, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external data, updated to reflect current expectations about future events. The estimates of future cash flows reflect the Group's view of current market conditions at the reporting date, ensuring the estimates of any relevant market variables are consistent with observable market prices, however, these cash flows are inherently uncertain in size and timing. The Group applies the PAA to simplify the measurement of insurance contracts.

Key uncertainty in estimating future cash flows arises due to the contractual terms of the HMT Retrocession Agreement, which provides for Further Premium to be payable to HM Government, which is calculated as 25% of the surplus reported by the Group. Due to Further Premium being linked to profitability, there is inherent uncertainty in the value of expected future cash flows. See Note 6 for further details regarding the calculation of Further Premium.

There are currently no other significant judgements or estimates to disclose in connection with applying the accounting policies.

5 Management of insurance and financial risk

The Board is responsible for establishing effective risk governance and a system of internal controls to safeguard the Group's assets, and to ensure compliance with laws and regulations. These responsibilities are delegated to the Risk Committee, which is tasked with providing risk oversight and challenge across the business.

(a) Insurance risk
The Group is exposed to insurance risk as a primary consequence of its business. Key risks focus on the risk of loss due to timings, amount, frequency and severity of an insured event relative to the expectations at the time of underwriting.

The Group is exposed to the following insurance risks:

Underwriting risk
This is the risk that future claims experience on business written is materially different from the results expected, including adverse changes in the value of insurance liabilities resulting from significant uncertainty of pricing, underwriting and provisioning assumptions related to extreme or exceptional circumstances.

The Group's approach to the management of underwriting risk is influenced by the commitments contained in the agreements which form the foundations of the Group's scheme. The Group undertakes to accept all risks presented to it which meet the criteria of the scheme and has a Retrocession Agreement with HM Government which makes funds available where it faces claims beyond the extent of its ability to pay from its own resources. Under the PRA capital regime, the Group has a capital resource requirement set equal to zero. These arrangements are designed to ensure that the Group can accept all exposures presented to it without limit.

In turn, these arrangements ensure that the Group can provide primary insurers with the reinsurance protection they need to enable them to provide terrorism cover to all clients upon request to the full extent of their policy programme. Hence, it is not an objective to limit the assumption of insurance risk but to ensure that:

- risks accepted fall within the criteria set by the Scheme and fall within the scope of the Retrocession Agreement;
- pricing is fair between the Members of the Scheme; and
- administration arrangements are in place in the event of a major claim.

The Group's appetite for underwriting risk is therefore unlimited, provided that losses will ultimately be met by its funds and its retrocessional cover.

The Group is exposed to concentration risk, including business line and geographic concentration, on the insurance contracts it writes by the very nature of its business. The Company is a monoline reinsurer, with its principal activity to provide reinsurance for losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland.

Reserve risk
Reserve risk relates to both premium and claims. There is a risk of understatement or overstatement of reserves arising from:

- The uncertain nature of claims, in particular low frequency events such as terrorism;
- Data issues in the claims reporting process;
- Operational failures;
- Changes in claims trends, including a slowdown in processing of reinsurance recoveries; and
- Changes in underwriting and business written.

Understatement of reserves may result in not being able to pay claims when they fall due, while overstatement of reserves can lead to a surplus of funds being retained, resulting in opportunity cost; for example, lost investment return.

Given the very low frequency of claims impacting the Group, there is not a material exposure to reserve risk.

Reinsurance risk
This is the risk of inappropriate selection and/or placement of reinsurance arrangements, with either individual or multiple reinsurers, which renders the transfer of insurance risk to the reinsurer(s) inappropriate and/or ineffective.

Key risks relating to reinsurance risk include:

- Reinsurance concentration risk - the risk of excessive credit risk exposure to any given counterparty;
- Reinsurance capacity being reduced and/or withdrawn;
- Reinsurance contract terms being inappropriate or ineffective resulting in classes of business not being appropriately reinsured;
- Non-adherence to reinsurance policy terms and conditions, resulting in reinsurance recoveries not being made in full;
- Inappropriate or inaccurate management information and/or modelling being used to determine the value for money and purchasing of reinsurance.

The Group uses reinsurance to protect the underwriting result against low-frequency, high-severity losses through the transfer of catastrophe claims volatility to reinsurers.

The Group reduces its sensitivity to insurance risk through the purchase of commercial retrocessional reinsurance. Our reason for purchasing reinsurance centres around three core objectives: to protect the Pool Re Fund, to distance HM Treasury and the UK taxpayer from paying potential losses, and to return terrorism risk to the private market.

The Group entered into a three-year agreement which incepted on 1 March 2025. The cover is placed across two layers totalling £2,750 million attaching at £1,000 million. To align with the flexible retention choice offered annually to Members under the new Reinsurance Treaty, from 2025 the attachment point is 'ground up losses to Pool Re Members'.

This affords retrocessional partners greater certainty around their probability of attachment over a three year period. The cost for the period 1 March 2025 to 28 February 2026 is £52.7 million, including broker commission. The commercial retrocessional reinsurance cover is fully back-to-back with the cover the Group provides to Members. The minimum credit rating for reinsurers accepted is A- and the contract incorporates a downgrade clause allowing the Group to remove a reinsurer if its rating is downgraded.

On 5 March 2026, the Group entered into a new retrocession programme with 65 international reinsurers and the 2025 retrocession arrangement was cancelled with effect from 1 March 2026. The 36 month placement provides £2.75 billion of aggregate excess of loss cover, unchanged from 2025. The total cost for the period 1 March 2026 to 28 February 2027 is £46.4 million.

Pool Re's reinsurance objectives are also developed by our involvement with the Insurance-Linked Security ("ILS") market. On 1 April 2025, the Group placed a three-year ILS bond with a principal amount of £100 million, issued through a SPV, Baltic PCC Limited. The bond (Baltic PCC Series 2025-3 Class A Principal At-Risk Variable Rate Notes 31/03/2028) has an initial interest spread of 5.90% and an attachment level of £700m and a maturity date of 31 March 2028, with the loss period commencing on 1 April 2025. The issue recovers at a rate of 33.3p/£1, up to an exhaustion level of £1,000 million. The structure is designed to sit immediately below the commercial retrocession programme, and to accommodate potential future ILS bond issuances. The cover is fully back-to-back with the cover the Group provides to Members. The ILS is fully collateralised and therefore exposed to minimal credit risk.

On 30 March 2026, the Group placed a further three-year ILS Bond through Baltic PCC (Series 2026-1 Principal At-Risk Variable Rate Notes due 6 April 2029), with a loss period commencing on 1 April 2026, and a principal amount of £100 million. The bond has an initial interest spread of 5.50%, an attachment level of £700 million and a maturity date of 6 April 2029, with the loss period commencing on 1 April 2026. The issue recovers at a rate of 33.3p/£1, up to an exhaustion level of £1,000 million. The structure and bond conditions are otherwise consistent with the existing bond issued on 1 April 2025.

The table below shows claims outstanding at the end of the reporting year. Significant controls are in place to ensure, to the extent possible, that liquid funds are available to meet claims or a series of claims as and when necessary.

Claim development table

Reporting year	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Estimate of ultimate claims costs:						
• At end of reporting year	-	-	-	-	-	-
• One year later	-	-	-	-		-
• Two years later	-	-	-			-
• Three years later	-	-				-
• Four years later	-					-

Reporting year	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Current position:						
Current estimate of cumulative claims	-	-	-	-	-	-
Cumulative payments to date	-	-	-	-	-	-
Gross liability recognised in the balance sheet	-	-	-	-	-	-
2020 and prior					-	-
Claims handling provision					-	-
Adjustment for non-financial risk					-	-
Effect of discounting					-	-
Other LIC					-	-
Total					-	-

The Group had a single claim, over the nine years preceding the current reporting period, for a total of £787k in 2017, which was paid in full within one year after the reporting date. Given the Group has a nil LIC balance at the end of the current reporting period and the immaterial value of claims in the preceding periods, the Group has deemed it not necessary to present a claims development table for a period of greater than five years.

As at 31 March 2026, there are no outstanding claims. On 23 March 2026 an arson attack in Golders Green took place and a claim was subsequently submitted by a member. The claim value however was significantly within the member retention and therefore did not result in any financial impact for the Group. Further detail is provided in Note 23. There are no other known loss events or circumstances that might reasonably be expected to give rise to a claim, including any events that would give rise to a balance of losses ‘incurred but not reported’ (“IBNR”), therefore the Group have not recognised a balance for LIC at the reporting date. In addition, given the time elapsed since the previous reported loss event, the Group are confident that the balance of losses ‘incurred but not enough reported’ (“IBNER”) should be nil.

(b) Financial risk management objectives

The overall financial risk management objective is to invest the Group's assets against the contingency that they may be required in the short term to deal with a claim or series of claims, but with recognition that they may not be called upon for extended periods.

The Group has adopted risk policies to address the management of its financial risks and there are procedures in place to identify, assess and manage the risks faced by the Group.

The Board has set an investment strategy and has employed independent investment managers under specific mandates to administer the Group's investments. In addition, the Group has an Investment Committee which considers all aspects of the Group's investment activity and, where appropriate, makes recommendations to the Board.

The investment strategy rests on the two main objectives for the fund of stability and liquidity, with the asset allocation aligned to these. Two stability risk measures and one liquidity risk measure have been adopted and risk budgets have been agreed in respect of each measure.

The investment portfolio is diversified, and the investment policy sets limits on the Group's exposure to various types of investment. There is a formal process to review regularly and, where appropriate, rebalance the asset allocation towards the target allocation.

Following a review of the Group's investment strategy in December 2024, several key changes were made to asset class exposures in both equity and fixed income, which were implemented in the period ending 31 March 2025. There has been no change to the Group's investment strategy during the current financial period.

Reports on investment performance are considered at the quarterly Investment Committee meetings and as a standing item in the Group's quarterly Board meetings. The Group meets regularly with the investment managers and the custodians and there is a process for considering and resolving any operational issues which arise. The Group also reviews the investment manager and custodian System and Organisation Controls ("SOC") reports on an annual basis where applicable.

Derivative contracts are used by the Group only for the purposes of efficient portfolio management. Hence, derivatives are used to reduce risk, to reduce cost or to generate additional capital or income at a risk level consistent with the risk profile of the Group.

The Group is exposed to a range of financial risks through its financial assets, financial liabilities and policyholder liabilities, the most important of which are market (equity price, commodity price, interest rate and currency), credit and liquidity risk.

When setting the strategic asset allocation, the Group is subject to concentration risk in a variety of forms including:

- Large exposures to individual assets (either bond issuers or deposit-taking institutions);
- Large exposures to different assets where movements in values and ratings are closely correlated; and
- Large exposures to geographical locations.

Concentration risk on investments arises through excessive exposure to particular industry sectors, geographical locations, groups of business undertakings or similar activities. The Group is generally not exposed to significant concentration risk due to the Group credit policy and limits framework, which restricts investments in individual assets and asset classes, and due to the diversified nature of the overall portfolio.

(i) Market risk

Equity price risk

The Group is exposed to equity price risk as a result of changes in the value of its holdings in direct equities and equity derivative instruments which are included within financial assets at fair value.

In order to mitigate its exposure to the risk of changes in the prices of individual equities, the Group has a broadly diversified portfolio of global equities which is managed against the MSCI All Country World Index ("ACWI") Value Weighted Index. The MSCI ACWI Value Weighted Index is based on a traditional market cap weighted parent index, MSCI ACWI, which includes large and mid-cap stocks across 23 developed market and 24 emerging market countries.

The table below shows the profit/loss impact should equity market indices increase/ decrease by 10%, with all other market variables held constant.

	As at 31 March 2026 £000	As at 31 March 2025 £000
Notional exposure to equity markets	991,065	941,163
Sensitivity to 10% movement in value of equities	99,031	92,349
Total equity market exposure	13.9%	13.4%

Commodity price risk

The Group is exposed to commodity price risk as a result of changes in the value of its holdings in commodity derivative instruments which are included within financial assets at fair value.

The table below shows the profit/loss impact should commodity market indices increase/decrease by 10%, with all other market variables held constant.

	As at 31 March 2026 £000	As at 31 March 2025 £000
Notional exposure to equity markets	10,085	11,014
Sensitivity to 10% movement in value of commodities	1,008	1,101
Total commodity market exposure	0.1%	0.2%

Interest rate risk

The Group is exposed to interest rate risk which arises primarily from investments in fixed interest securities. Debt and fixed income investments represent a significant proportion of the Group's assets, and the Board continually monitors the investment strategy to minimise the risk of a fall in the portfolio's market value which could affect its ability to settle claims as they fall due. The fair value of the Group's investment portfolio of debt and fixed income holdings is normally inversely correlated to movements in market interest rates. If market interest rates rise, the fair value of the Group's debt and fixed income investments would tend to fall and vice versa, if credit spreads remained constant. Debt and fixed income assets are predominantly invested in high-quality corporate and government bonds.

Modified duration has been used as the measure of sensitivity of the Group's fixed interest portfolio to changes in interest rates. Modified duration is the weighted average of the duration of each holding in the portfolio, taking into account the key characteristics of the coupon, maturity and cash flows.

The Group uses certain derivatives to mitigate this interest rate risk. Investments in derivatives are governed by specific provisions within the investment mandates and can only be made for the purposes of efficient portfolio management.

The fair value of assets in the Group's statement of financial position exposed to interest rate risk are analysed below as follows:

	As at 31 March 2026 £000	As at 31 March 2025 £000
Government issued bonds	963,764	899,443
Agency and government supported bonds	363,463	441,090
Asset-backed securities	60,207	91,545
Mortgage-backed instruments	122,864	68,496
Corporate bonds	3,794,042	3,667,414
Loans	291,354	233,880
Short term deposits and commercial paper	211,863	314,791
Bond funds	376,517	363,392
Hedge Funds	132,644	144,158
Derivative financial instruments	5,314	3,533
	6,322,032	**6,227,742**

The table below shows the value of the Group's holdings of financial assets and liabilities reported within other financial investments exposed to interest rate risk at the year end and shows the profit/loss impact of a 50-basis point, parallel decrease/increase in interest rates assuming all other assumptions remain unchanged. The prior year base asset value has been restated to reflect notional exposure, which is consistent with the base asset value disclosed for the current year.

	As at 31 March 2026	As at 31 March 2025 As restated
	£000	**£000**
Notional exposure to interest rate risk	4,598,698	6,462,002
Sensitivity to 50-basis point movement in interest rates	61,347	83,683
	Years	**Years**
Average modified duration	2.67	2.59

The carrying value of the liability under the HMT Retrocession Agreement is exposed to interest rate risk, as future cash flows and profit or loss may be affected by changes in the explicit interest rate ("SONIA") charged on the contract. The following sensitivity analysis has been performed based on a reasonably expected movement in the explicit interest rate of +/- 50 basis points, showing the resulting impact on profit after tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, however, for the purposes of the below analysis all variables, with the exception of the explicit interest rate, have been held constant. It should be noted that movements in these variables are non-linear.

	As at 31 March 2026 £000	As at 31 March 2025 £000
Carrying value of HMT Retrocession Agreement	503,134	509,773
Sensitivity to 50-basis points increase in interest rates[1]	(3,765)	(3,352)
Sensitivity to 50-basis points decrease in interest rates[1]	3,739	3,329

Notes:

[1] *The impact of changes in interest rates is consistent across profit or loss and equity.*

Currency risk

The Group is exposed to currency risk in respect of investments denominated in a currency other than pound sterling. The Group's policy is to manage its exposure to non-sterling currencies through the use of forward contracts.

	As at 31 March 2026 £000	As at 31 March 2025 £000
Unhedged investments	547,616	575,722
Sensitivity to 25% weakening in value of Sterling on unhedged investment	174,605	197,448
Sensitivity to 25% strengthening in value of Sterling on unhedged investment	(109,523)	(111,820)

The table below shows the increase/decrease in profit from a 25% weakening/ strengthening of Sterling against the Group's top five unhedged foreign currency exposures.

	As at 31 March 2026			As at 31 March 2025		
	Fair value of asset £000	Increase in profit £000	Decrease in profit £000	Fair value of asset £000	Increase in profit £000	Decrease in profit £000
USD	196,157	65,386	(39,231)	93,815	31,478	(18,639)
JPY	50,708	16,903	(10,142)	78,438	25,907	(15,831)
EUR	–	–	–	60,966	24,505	(9,683)
HKD	29,508	9,836	(5,902)	41,670	13,906	(8,324)
CAD	25,344	8,448	(5,069)	25,015	8,401	(4,966)
KRW	18,367	6,122	(3,673)	–	–	–
	320,084	**106,695**	**(64,017)**	**299,904**	**104,197**	**(57,443)**

(ii) Credit risk

Credit risk arises from the failure of a counterparty to perform its financial obligations, including a failure to perform those obligations in a timely manner. The Group is exposed primarily to counterparty default risk, which arises from the following sources:

- Investments - this arises from the investment of funds in a range of investment vehicles permitted by the investment policy.
- Reinsurance recoveries - this represents amounts receivable from the reinsurer to cover claims paid to policyholders.
- Insurance contracts issued - this arises from the collection of premiums from Members.

The Group cedes insurance risk to reinsurers, but, in return, assumes counterparty default risk against recoveries as it remains liable for claims payments to policyholders in case of reinsurer default. The Group's panel of reinsurers is therefore important, and both the quality and amount of the assumed counterparty default risk are subject to approval whereby reinsurance is only purchased from reinsurers that hold a credit rating of at least A- at the time cover is purchased.

Due to the nature of the Company's reinsurance contract agreements with its Members, there is no significant counterparty default risk relating to the insurance contracts it issues.

The Group's investment policies are designed to restrict the level of credit risk in the fund by setting limits on individual investments or groups of investments. Such limits are set with reference to the credit ratings determined by established credit rating agencies and individual issuer limits. The Group also mitigates counterparty credit risk by concentrating debt and fixed income investments in a portfolio of high quality, investment grade, corporate and government bonds, which are considered to have low credit risk. The Group further manages credit risk through Investment Management Agreements (IMAs) agreed with individual portfolio managers, which define the permitted credit quality and associated investment parameters for underlying securities. Compliance with these requirements is subject to daily monitoring as part of established governance processes, with any breaches promptly identified and escalated to the relevant investment manager.

The Group assesses the condition and creditworthiness of financial depositories by reviewing credit grades provided by rating agencies and other publicly available information. The Group also places limits on the level of counterparty exposure to financial depositories.

The Group receives reports from its investment managers detailing any breaches of mandates including those resulting from defaults and past due items. No financial assets of material value were past due or impaired at the year end.

The total exposure of the Group's assets to credit risk at the year end was £6,642,248k (31 March 2025: £6,582,544k), representing the total value of insurance and reinsurance contract assets, bonds, loans, derivative financial instruments, short term deposits, cash at bank and in hand and investment and other receivables.

	As at 31 March 2026 **£000**	As at 31 March 2025 **£000**
Insurance contract assets	-	137
Reinsurance contract assets	881	-
Equities and investment funds	655,700	632,477
Debt and fixed income holdings	5,610,567	5,469,133
Derivative financial instruments	21,483	98,007
Short term deposits	184,554	305,365
Cash at bank and in hand	46,998	41,618
Other debtors	122,065	35,816
Total assets bearing credit risk	**6,642,248**	**6,582,554**

The tables below analyse the credit quality of debt and fixed income securities exposed to credit risk held by the Group.

	AAA	AA	A	BBB	BB & below	Not rated	As at 31 March 2026 £000
Government issued	344	858,892	27,205	28,113	49,211	-	963,765
Agency and government supported	203,937	90,434	56,858	8,168	3,605	460	363,462
Asset-backed securities	3,031	3,758	7,862	31,265	14,291	-	60,207
Mortgage backed instruments	15,754	106,764	-	-	347	-	122,865
Corporate bonds	113,956	432,450	2,145,396	899,484	213,496	3,768	3,808,550
Loans	-	-	-	2,623	249,615	39,480	291,718
Total	**337,022**	**1,492,298**	**2,237,321**	**969,653**	**530,565**	**43,708**	**5,610,567**

	AAA	AA	A	BBB	BB & below	Not rated	As at 31 March 2025 £000
Government issued	45,256	745,978	37,419	28,555	47,838	-	905,046
Agency and government supported	259,654	133,138	42,522	7,715	2,134	-	445,163
Asset-backed securities	7,464	3,038	10,786	34,629	36,926	-	92,843
Mortgage backed instruments	-	64,864	1,129	2,105	506	-	68,604
Corporate bonds	280,440	366,843	1,986,600	868,182	218,788	1,429	3,722,282
Loans	-	-	-	138	218,755	16,302	235,195
Total	**592,814**	**1,313,861**	**2,078,456**	**941,324**	**524,947**	**17,731**	**5,469,133**

The tables below analyse the credit quality of financial and insurance assets (excluding debt and fixed income securities analysed above) held by the Group.

	AAA	AA	A	BBB	BB & below	Not rated	As at 31 March 2026 £000
Insurance contract assets	-	-	-	-	-	-	-
Reinsurance contract assets	-	-	-	-	-	881	881
Equities and investment funds[1]	-	-	-	-	-	655,700	655,700
Derivative financial instruments	-	-	-	-	-	21,483	21,483
Short-term deposits	184,554	-	-	-	-	-	184,554
Cash at bank and in hand	46,998	-	-	-	-	-	46,998
Other debtors	-	-	-	-	-	122,065	122,065
Total	**231,552**	**-**	**-**	**-**	**-**	**800,129**	**1,031,681**

	AAA	AA	A	BBB	BB & below	Not rated	As at 31 March 2025 £000
Insurance contract assets	-	-	-	-	-	137	137
Reinsurance contract assets	-	-	-	-	-	-	-
Equities and investment funds[1]	-	-	-	-	-	632,477	632,477
Derivative financial instruments	-	-	-	-	-	98,007	98,007
Short-term deposits	305,365	-	-	-	-	-	305,365
Cash at bank and in hand	41,618	-	-	-	-	-	41,618
Other debtors	-	-	-	-	-	35,816	35,816
Total	**346,983**	**-**	**-**	**-**	**-**	**766,438**	**1,113,421**

Notes:

[1] Equities and investment funds includes bond funds of £376,517k (31 March 2025: £363,392k) and hedge funds of £279,183k (31 March 2025: £269,085k).

At the reporting date, excluding UK Government Gilts and US Government Securities, the maximum credit risk exposure to a single counterparty amounted to 1.6% of the Net Asset Value (31 March 2025: 2.0%).

The Group has no financial assets and financial liabilities that have been offset in the Consolidated statement of financial position as at 31 March 2026 (31 March 2025: Nil). In accordance with IFRS 7, disclosure is included below regarding recognised financial instruments subject to enforceable master netting arrangements, irrespective of whether they are offset in the Consolidated Statement of Financial Position.

	Ast at 31 March 2026 £000	As at 31 March 2025 £000
Derivative assets	21,483	97,992
Derivatives liabilities	(102,236)	(21,868)

The table below details the margin requirements, margin positions and collateral posted or held in respect of derivative contracts at year end. Comparatives have been restated to reflect the variation margin, consistent with the Current Year disclosure.

	As at 31 March 2026 £000	As at 31 March 2025 As restated £000
Variation margin	15,922	(0.3)
Securities on deposit	20,874	3,100
Cash collateral posted	72,995	7,011
Cash collateral held	7,724	62,470

Securities on deposit at 31 March 2026 of £20,874k (31 March 2025: £3,100k) are disclosed within Financial assets carried at fair value, specifically within Debt and fixed income holdings and consist solely of US Treasury Notes. The Group retains all the risks and rewards of the pledged securities; therefore the assets do not qualify for derecognition and remain disclosed on the Group's statement of financial position.

Cash collateral held is included in short-term deposits, which is reported under Cash and cash equivalents on the Statement of Financial Position. Cash collateral held is regarded as encumbered.

(iii) Liquidity risk

Liquidity risk is the risk of being unable to access cash from the sale of investments or other assets in order to settle financial obligations as they fall due.

The Group's overall financial risk management objective is to invest the assets against the contingency that they may be required in the short term to deal with a claim or series of claims, or other insurance contract liabilities, but with recognition that they may not be called upon for extended periods dependent on the frequency and settlement period of any claims. To achieve this, the Group monitors and manages its needs on an ongoing basis. As part of the strategic asset allocation the Group limits the percentage of the investment portfolio that is not readily realisable, and also actively manages cash balances to meet operational requirements. As at 31 March 2026, 64% (31 March 2025: 64%) of the investment portfolio comprises of bonds (fixed income and gilt portfolios) which management consider to be highly saleable and liquid in nature, with the ability to draw down funds within a few days.

As outlined in Note 3 (e), should an extreme claims event occur, the Group has in place a retrocession agreement with HMT which provides an unlimited guarantee that can be called upon in the event that its own fund is insufficient to cover the costs.

As at 31 March 2026, 27% (31 March 2025: 29%) of the Group's investment assets were held in bonds with maturities of less than 26 months, the historical average claims settlement period.

The contractual maturity profile of the fair value of these securities is included below as proxy, the realisable value at maturity date may vary.

Fair values at balance sheet date analysed by contractual maturity as at 31 March 2026

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	As at 31 March 2026 £000
Debt and fixed income holdings	861,809	748,463	3,053,629	946,666	**5,610,567**
Short-term deposits	184,554	-	-	-	**184,554**
Cash at bank and in hand	46,998	-	-	-	**46,998**
	1,093,361	**748,463**	**3,053,629**	**946,666**	**5,842,119**

Fair values at balance sheet date analysed by contractual maturity as at 31 March 2025

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	As at 31 March 2025 £000
Debt and fixed income holdings	654,011	818,933	3,107,761	831,566	**5,412,271**
Short-term deposits	304,388	-	-	-	**304,388**
Cash at bank and in hand	40,566	-	-	-	**40,566**
	998,965	**818,933**	**3,107,761**	**831,566**	**5,757,226**

Cash and cash equivalents reported within the Statement of Cash Flows include cash collateral positions in respect of foreign exchange derivative contracts at year end. Cash collateral received is included in short-term deposits and is regarded as encumbered. The value of cash collateral held at 31 March 2026 was £7,724k (31 March 2025: £62,470k).

The Group has financial liabilities shown on the face of the Statement of Financial Position in respect of insurance contract liabilities, creditors, deferred tax and derivatives. The table below is a maturity analysis of the Group's financial liabilities. Cash flows in respect of derivative liabilities are shown on an undiscounted basis.

Financial liabilities and outstanding claims as at 31 March 2026

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	As at 31 March 2026 £000
Derivatives	97,086	159	3,146	1,845	**102,236**
Insurance contract liabilities	1,599	-	-	-	**1,599**
Reinsurance contract liabilities	3,939	245,117	258,018	-	**507,074**
Other creditors, including investment and lease creditors	93,526	-	-	-	**93,526**
	196,150	**245,276**	**261,164**	**1,845**	**704,435**

Financial liabilities and outstanding claims as at 31 March 2025

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	As at 31 March 2025 £000
Derivatives	21,385	121	185	177	**21,868**
Insurance contract liabilities	65,896	-	-	-	**65,896**
Reinsurance contract liabilities	276,815	237,452	-	-	**514,267**
Other creditors, including investment and lease creditors	149,737	511	-	-	**150,248**
	513,833	**238,084**	**185**	**177**	**752,279**

(iv) Capital management

The Group falls within the exclusion in Article 11 of EU Directive 2009/138/EC (Solvency II Directive). Following applications by the Group, in December 2025 the PRA extended certain waivers previously granted to the Group under section 138A of the Financial Services and Markets Act 2000, such that those waivers continue until 1 January 2031, and which management reasonably expects will be extended. The principal effects of those waivers are that the Group is not regulated as if subject to Solvency II and the Group's Capital Resources Requirement is zero. The Group also benefits from a waiver of certain reporting requirements, which are in force until 31 March 2027.

Notwithstanding these waivers, the Group maintains an efficient capital structure consistent with its risk profile and the requirements of its business.

The Group's objectives in managing its capital are:

- to consider the profile of its assets in the context of its liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support business growth;
- to satisfy the requirements of its regulators, its Members and its ultimate policyholders;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets; and
- to manage exposures to movement in exchange rates.

As detailed in Note 5(a) the Group considers not only traditional sources of capital funding, but also reinsurance as an alternative source of capital.

(v) Fair value estimation
The Group classifies financial instruments held at fair value in the Statement of Financial Position into the following levels in accordance with IFRS 13 Fair Value Measurement. A fair value measurement is categorised in its entirety based on the lowest level input that is significant to the fair value measurement.

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical instruments;

Level 2: Fair values measured using directly or indirectly observable inputs or other similar valuation techniques for which all significant inputs are based on market observable data; and

Level 3: Fair values measured using valuation techniques for which significant inputs are not based on market observable data.

The following tables show the Group's financial assets and financial liabilities measured at fair value:

FINANCIAL ASSETS AS AT 31 MARCH 2026	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities and investment funds	713,911	773,213	128,292	**1,615,416**
Debt and fixed income holdings	969,631	4,640,936	-	**5,610,567**
Derivative financial instruments	4,587	16,896	-	**21,483**
	1,688,129	**5,431,045**	**128,292**	**7,247,466**

FINANCIAL LIABILITIES AS AT 31 MARCH 2026	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Derivative financial instruments	10,871	91,365	-	**102,236**
	10,871	**91,365**	**-**	**102,236**

FINANCIAL ASSETS AS AT 31 MARCH 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities and investment funds	710,820	725,708	91,508	**1,528,036**
Debt and fixed income holdings	799,028	4,613,243	-	**5,412,271**
Derivative financial instruments	4,734	93,258	-	**97,992**
	1,514,582	**5,432,209**	**91,508**	**7,038,299**

FINANCIAL LIABILITIES AS AT 31 MARCH 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Derivative financial instruments	1,151	20,717	-	**21,868**
	1,151	**20,717**	**-**	**21,868**

The fair value of assets included in Level 1 are determined by the unadjusted quoted bid price in an active market at the reporting date. At the year-end, these assets comprised mainly developed market government bonds (including index-linked government bonds), listed equities and exchange traded derivatives.

If quoted prices in active markets are not available as defined in Level 1, the fair value of the asset can be determined using a valuation technique with inputs that are observable (i.e. using market data), either directly or indirectly. Assets valued using such valuation techniques are categorised in Level 2. The Group has classified corporate bonds, emerging market government and semi-government bonds, asset-backed securities, loans, mutual funds and over the counter ("OTC") derivatives within Level 2. The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured.

Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information and reflect appropriate adjustment for the risks of the instrument. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates. There were no transfers in or out of Level 1, 2 or 3 of the fair value hierarchy in the period.

Level 3 instruments solely relate to investments in limited partnerships, all of which have limited observable inputs on which to measure fair value. Limited partnership investments are carried at fair value. The effect of changing one or more inputs used in the measurement of fair value of these instruments to another reasonable assumption would not be significant.

Investments in limited partnership structures are valued by utilising a variety of techniques dependent on the nature of the underlying portfolio companies within the partnership. Valuation techniques employed include relative valuation methodologies such as discounted public company and private merger and acquisition comparables, discounted cash flow models including enterprise value to trailing twelve-month revenue and transactional valuations based on pre and post-money valuations. Cost, plus or minus the net income advised as attributable to the Group at the reporting date is taken as a reliable measurement of fair value where investments have not been revalued since initial recognition.

The Group's investment policy allows for an allocation of 3% of the total investment fund value to these limited partnership structures, as at 31 March 2026 the maximum allocation under the policy was £214 million (31 March 2025: £217 million). Total capital committed to limited partnerships at 31 March 2026 is £119,352k (31 March 2025: £118,735k), with capital called to date at 31 March 2026 of £98,220k (31 March 2025: £79,691k). The fair value of limited partnerships reported in Level 3 is £128,292k (31 March 2025: £91,508k).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the relevant reporting period during which the transfers are deemed to have occurred.

	Level 3 **£000**
As at 31 March 2025	91,508
Acquisitions	18,164
Disposals	(2,924)
Transfers into Level 3	-
Net gains recognised at fair value through profit or loss	21,544
As at 31 March 2026	**128,292**

6 Insurance service result

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
INSURANCE REVENUE		
Insurance revenue	266,680	263,274
Total insurance revenue	**266,680**	**263,274**
INSURANCE SERVICE EXPENSES		
Incurred claims and other claims expenses	-	-
Other directly attributable expenses	(3,243)	(3,429)
Total insurance service expenses	**(3,243)**	**(3,429)**
NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD		
Reinsurance expenses	(312,484)	(362,396)
Other incurred directly attributable expenses	-	-
Claims recovered	-	-
Total net expenses from reinsurance contracts held	**(312,484)**	**(362,396)**
Total insurance service result	**(49,047)**	**(102,551)**

Gross premiums written by the Group for the 12 months to 31 March 2026 totalled £263,745k (31 March 2025: £257,945k). This all relates to the Group's principal activity which is reinsurance business conducted on a mutual basis from risks located in England, Wales and Scotland.

Under the Group's HMT Retrocession Agreement, 50% (31 March 2025: 50%) of the value of gross premiums written for policies incepting during the year are payable as outward reinsurance premiums to HM Government. For the 12 months to 31 March 2026, this amounted to £131,872k (31 March 2025: £128,973k).

Following the transition to an excess of loss treaty reinsurance scheme on 1 April 2025, all existing contracts under the previous facultative scheme were cancelled. As a result, the unearned premium as at 1 April 2025 for those facultative schemes was remitted back to the policyholders during the year. In addition, the unearned portion of the 50% share of gross premiums payable to HM Government under the HMT Retrocession Agreement relating to those underlying contracts, were cancelled. The move to treaty has also resulted in a change in earnings pattern of both inwards contracts and outwards HMT retrocessions, with premiums for policies incepted in the year earned by 31 March 2026.

A Further Premium amount is also payable to HM Government in accordance with the HMT Retrocession Agreement. This provision requires a matching payment to HM Government in years when the Company declares and pays a distribution to its Members. The Further Premium is calculated as 25% (31 March 2025: 25%) of the Surplus reported by the Group for the period. Surplus, for these purposes, is calculated as profit for the year before deducting the 25% Further Premium payable to HM Government.

In accordance with IFRS 17, Further Premium is recognised in the financial statements in the reporting period in which the related insurance service is provided. This recognition is based on forecast expected future cash flows taking into account the probability of payment. This treatment differs from that of distributions to Members, which are recognised only in the period in which they are formally declared and paid. Further details are provided in Note 3(s).

In the reporting period, the Further Premium amounted to £101,184k (March 2025: £86,382k). As a result of the treaty and cancellation of all facultative scheme contracts, the earnings pattern of the 25% Further Premium share payable to HM Government under the HMT Retrocession Agreement, which reflects the profit on the Group's business written during the period, was accelerated in the prior period for the 2024 annual cohort. This reflects the termination of the facultative scheme and full recognition of the 25% Further Premium share relating to the previous scheme. The impact of this change was an increase in Reinsurance service expense of approximately £51m for the period ending 31 March 2025.

Premium payable to HM Government is due no later than 30 June in the third year following the end of the relevant underwriting year. The outstanding liability payable to HM Government is reported under reinsurance contract liabilities in the statement of financial position.

Commercial and ILS retrocession cover was also purchased during the year, as further detailed in Note 5(a). For the 12-month period ended 31 March 2026, reinsurance expenses were as follows:

- Commercial Retrocession reinsurance expenses totalled £52,195k (31 March 2025: £44,263k), of which £1,582k (31 March 2025: £1,341k) related to broker commissions.
- ILS reinsurance expenses totalled £6,959k (31 March 2025: £5,794k), including £972k (31 March 2025: £701k) attributable to issuance costs.

The Group's principal activity is to provide reinsurance in respect of losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland. Given the monoline nature of the business model and geographic restrictions, the Group has not provided any further analysis by operating segment.

7 Net insurance finance and investment result

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
FINANCE INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD		
Interest accreted	(20,639)	(12,230)
Finance expense from reinsurance contracts held	**(20,639)**	**(12,230)**
Net insurance finance expenses	**(20,639)**	**(12,230)**

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Investment income including interest receivable	273,803	236,126
Net realised gains on financial investments at fair value through profit or loss	200,627	124,758
Net unrealised gains on financial investments at fair value through profit or loss	36,794	91,358
Investment income	**511,224**	**452,242**
INVESTMENT EXPENSES		
Investment management and other expenses	(17,746)	(14,168)
Total investment result	**493,478**	**438,074**
Total net investment return, insurance and reinsurance finance income/(expenses)	**472,839**	**425,844**

The Group discounts future cash flows to reflect the time value of money. Interest rates used for discounting are determined and fixed at the inception of each underwriting year. Interest accretion on the HMT Retrocession Agreement for the 12-month period ended 31 March 2026 totalled £20,639k (31 March 2025: £12,230k). The significant year-on-year increase is primarily attributable to significantly higher HMT further premium balances compared to the prior year. This is as a result of stronger overall investment returns in the current and more recent prior financial periods.

8 Operational expenses

(a) Operational expenses

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Wages and salaries	6,439	6,384
Social security costs	885	929
Pension costs	367	370
Director fees	628	593
Other staff costs	833	1,056
Travel and entertainment	176	124
Property and office costs	767	832
IT costs	451	461
Depreciation	403	410
Professional and legal fees	2,285	2,995
External risk mitigation project funding	2,912	3,292
Other costs	2,381	878
Total non-directly attributable expenses	**18,527**	**18,324**
Wages and salaries	1,613	1,528
Social security costs	346	196
Pension costs	127	153
Other staff costs	20	222
Travel and entertainment	27	32
Property and office costs	237	239
IT costs	580	706
Professional and legal fees	293	353
Total directly attributable insurance services expenses	**3,243**	**3,429**
Total operational expenses	**21,770**	**21,753**

(b) Auditor’s remuneration

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Fees payable to the Group’s auditors for the audit of the Group’s financial statements	360	297
Fees payable to the Group's auditors for other services:		
Other assurance services	29	29
	389	**326**

The audit fee for the 12 months ending 31 March 2026 of £389k (31 March 2025: £326k) includes £325k (31 March 2025: £295k) for the current period, an adjustment of £10k relating to the prior year (31 March 2025: -£14k), and £54k (31 March 2025: £45k) of irrecoverable VAT.

9 Employee and Directors

The monthly average number of persons employed on a full-time equivalent basis by the Group during the year was 50 (31 March 2025: 47).

Employees

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Staff costs for these persons were:		
Wages and salaries	8,052	7,912
Social security costs	1,231	1,125
Other pension costs	494	523
	9,777	**9,560**

Of the total aggregate remuneration, £2,086k (31 March 2025: £1,877k) is included in the Insurance Service result as part of other directly attributable expenses. See Note 8 for further details.

Directors

As at 31 March 2026, there were 10 Non-Executive Directors (31 March 2025: 10) and one Executive Director, the Chief Executive. The Directors of the Group who were in office during the year can be found within the Directors' Report. Total remuneration paid to Directors is as follows:

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
The Directors' emoluments were as follows:		
Aggregate emoluments	1,584	1,544
Sums paid to third parties for Director services	52	41
	1,636	**1,585**

Aggregate emoluments include pension costs of £48k (31 March 2025: £47k), with the highest paid director's salary amounting to £480k (31 March 2025: £469k). Further details of directors' remuneration are set out in the Remuneration and Staff Report on page 90.

10 Tax on profit on ordinary activities

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Tax on profit on ordinary activities comprised:		
United Kingdom Corporation Tax:		
Current tax on income for the year at 25.00% (31 March 2025: 25.00%)	(69,161)	(85,348)
Withholding tax deducted from investment income	(2,669)	(2,688)
Adjustments in respect of prior years	-	-
Total current tax	**(71,830)**	**(88,036)**
Deferred tax liability - origination and reversal of timing differences at 25.00% (31 March 2025: 25.00%) - Note 17	(27,962)	(4,328)
Tax on profit on ordinary activities	**(99,792)**	**(92,364)**

Factors affecting the tax charge for the year

The tax assessed for the year is different from the standard rate of UK Corporation Tax: 25.00% (31 March 2025: 25.00%). The differences are explained below:

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Profit on ordinary activities before tax	**405,277**	**304,975**
Corporation Tax at the standard UK rate of 25.00% (31 March 2025: 25.00%) on profit on ordinary activities	(101,319)	(76,244)
Adjustments for non-taxable items. Tax at 25.00% (31 March 2025: 25.00%) on:		
Foreign taxes	(2,394)	(2,647)
Other investment expenses, capital allowances and bank charges	(1,930)	(535)
Adjustments in respect of prior year	(614)	(968)
Insurance income	(10,769)	(21,379)
Dividend income	4,936	5,850
Investment gains on equities	9,724	999
Investment gains on index-linked government bonds	2,574	2,560
Deferred tax charge	-	1
Tax on profit on ordinary activities	**(99,792)**	**(92,364)**

11 Financial assets and liabilities

Financial assets designated at fair value through profit or loss are measured at fair values, with all changes from one accounting period to the next being recorded through profit or loss.

	As at 31 March 2026 £000	As at 31 March 2025 £000
FINANCIAL ASSETS		
Debt and fixed income holdings	5,610,567	5,412,271
Equities and investment funds	1,615,416	1,528,036
Total investments	**7,225,983**	**6,940,307**
Derivative financial instruments	21,483	97,992
Total financial assets carried at fair value	**7,247,466**	**7,038,299**

The effective maturity of the debt and fixed income holdings due within one year and after one year are as follows:

	As at 31 March 2026 £000	As at 31 March 2025 £000
Within one year	862,173	654,011
After one year	4,748,394	4,758,260
	5,610,567	**5,412,271**

An analysis of the credit risk and contractual maturity profiles of the Group's financial instruments is given in Note 5.

	As at 31 March 2026 £000	As at 31 March 2025 £000
FINANCIAL LIABILITIES		
Within one year	97,086	21,385
After one year	5,150	483
	102,236	**21,868**

As at 31 March 2026 the purchase cost of equities and investment funds was £1,200,262k (31 March 2025: £1,246,835k), the purchase cost of debt and fixed income holdings was £5,687,530k (31 March 2025: £5,542,831k) and the purchase cost of derivatives was (£5,286k) (31 March 2025: £1,628k).

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. In general, under these agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

The tables below show fair values of derivative financial instruments outstanding at year end and which are subject to the above arrangements.

	As at 31 March 2026		As at 31 March 2025	
	£000 Fair value	£000 Notional	£000 Fair value	£000 Notional
ASSETS				
Foreign exchange contracts	14,613	1,234,207	91,590	4,425,927
Futures contracts	4,587	529,328	4,734	848,779
Options contracts	186	31,262	154	13,635
Swap contracts	2,097	142,813	1,514	98,075
	21,483	**1,937,610**	**97,992**	**5,386,416**

	As at 31 March 2026		As at 31 March 2025	
	£000 Fair value	£000 Notional	£000 Fair value	£000 Notional
LIABILITIES				
Foreign exchange contracts	86,201	5,912,888	20,208	3,377,976
Futures contracts	10,871	1,718,833	1,151	180,103
Options contracts	-	-	17	8,492
Swap contracts	5,164	521,393	492	42,005
	102,236	**8,153,114**	**21,868**	**3,608,576**

The movement through the Profit or Loss Statement for derivatives for the 12-month period to 31 March 2026 was as follows: foreign exchange contracts produced a loss of £30,256k (31 March 2025: gain of £131,959k); futures contracts produced a loss of £8,064k (31 March 2025: gain of £10,934k); options contracts produced a loss of £408k (31 March 2025: loss of £268k) and swap contracts produced a gain of £3,782k (31 March 2025: gain of £12k).

12 Property, plant and equipment

	Right of use assets £000	Other equipment £000	Total £000
BOOK COST			
As at 1 April 2025	**3,947**	**2,138**	**6,085**
Additions	-	64	64
Disposals	(6)	(29)	(35)
As at 31 March 2026	**3,941**	**2,173**	**6,114**
ACCUMULATED DEPRECIATION			
As at 1 April 2025	3,322	1,918	5,240
Charge for the year	394	141	535
Disposals	(6)	(29)	(35)
As at 31 March 2026	**3,710**	**2,030**	**5,740**
NET BOOK VALUE			
As at 31 March 2026	**231**	**143**	**374**

Notes to the consolidated financial statements for the year ended 31 March 2026

	Right of use assets £000	Other equipment £000	Total £000
BOOK COST			
As at 1 April 2024	3,947	2,029	5,976
Additions	-	109	109
Disposals	-	-	-
As at 31 March 2025	**3,947**	**2,138**	**6,085**
ACCUMULATED DEPRECIATION			
As at 1 April 2024	2,928	1,766	4,694
Charge for the year	394	152	546
Disposals	-	-	-
As at 31 March 2025	**3,322**	**1,918**	**5,240**
NET BOOK VALUE			
As at 31 March 2025	**625**	**220**	**846**

The charge for depreciation for the 12-month period ending 31 March 2026 was £535k (12-month period ending 31 March 2025: £546k). Depreciation for right-of-use assets consists of £394k (31 March 2025: £394k) for office leasing.

13 Cash and cash equivalents

	As at 31 March 2026 £000	As at 31 March 2025 £000
Cash at bank and in hand	46,998	40,566
Short-term deposits	184,554	304,388
Cash and cash equivalents per the Statement of Financial Position	**231,552**	**344,955**
Bank overdrafts	-	(6,371)
Cash and cash equivalents	**231,552**	**338,584**

Short-term deposits include debt securities with an original maturity date of less than three months and money market funds.

Of the total amount of short-term deposits at 31 March 2026, £7,724k (31 March 2025: £62,470k) relates to cash collateral received in respect of foreign exchange derivative contracts and is regarded as encumbered.

14 Investment and other receivables

	As at 31 March 2026 £000	As at 31 March 2025 £000
Prepayments and accrued income	62,040	61,554
Other receivables:		
Investment debtors	109,410	35,816
Other debtors	427	325
Total investment and other receivables	**171,877**	**97,695**

The amounts expected to be recovered before and after one year are estimated as follows:

	As at 31 March 2026 £000	As at 31 March 2025 £000
Within one year	171,877	97,695
After one year	-	-
	171,877	**97,695**

There is no significant credit risk within investment and other receivables. The Group recognised a loss of £nil (31 March 2025: £nil) for the impairment of receivables during the 12-month period ending 31 March 2026. The carrying amounts are reasonably approximate to the fair value at reporting date.

15 Reconciliation of the liability for remaining coverage and the liability for incurred claims

(i) Insurance contracts issued measured under the premium allocation approach

	As at 31 March 2026		
	Excluding loss component £000	Loss component £000	Total £000
Opening insurance contracts issued liabilities as at 1 April 2025	(65,896)	-	**(65,896)**
Opening insurance contracts issued assets as at 1 April 2025	137	-	**137**
Net opening balance as at 1 April 2025	**(65,759)**	**-**	**(65,759)**
Insurance revenue	266,680	-	**266,680**
INSURANCE SERVICE EXPENSES			
Incurred claims and other directly attributable expenses	(3,243)	-	**(3,243)**
Insurance service expenses	**(3,243)**	**-**	**(3,243)**
Net insurance revenue	**263,437**	**-**	**263,437**
Finance (income) expenses from insurance contracts issued	**-**	**-**	**-**
Total amounts recognised in profit or loss	**263,437**	-	**263,437**
CASH FLOWS			
Premiums received	(318,881)	-	**(318,881)**
Unearned premiums paid	116,361	-	**116,361**
Claims and other directly attributable expenses paid	3,243	-	**3,243**
Total cash flows	**(199,277)**	**-**	**(199,277)**
Net closing balance as at 31 March 2026	**(1,599)**	-	**(1,599)**
Closing insurance contracts issued liabilities as at 31 March 2026	(1,599)	-	**(1,599)**
Closing insurance contracts issued assets as at 31 March 2026	-	-	**-**
Net closing balance as at 31 March 2026	**(1,599)**	-	**(1,599)**

As disclosed to in Note 6, following the transition to an excess of loss treaty reinsurance scheme on 1 April 2025, all existing contracts under the previous facultative scheme were cancelled. As a result, the unearned premium as at 1 April 2025 for those facultative schemes of £116.4 million was remitted back to the policyholders during the year.

	As at 31 March 2025		
	Excluding loss component £000	Loss component £000	Total £000
Opening insurance contracts issued liabilities as at 1 April 2024	(64,171)	-	**(64,171)**
Opening insurance contracts issued assets as at 1 April 2024	140	-	**140**
Net opening balance as at 1 April 2024	**(64,031)**	**-**	**(64,031)**
Insurance revenue	263,274	-	**263,274**
INSURANCE SERVICE EXPENSES			
Incurred claims and other directly attributable expenses	(3,429)	-	**(3,429)**
Insurance service expenses	**(3,429)**	**-**	**(3,429)**
Net insurance revenue	**259,845**	**-**	**259,845**
Total amounts recognised in profit or loss	**259,845**	-	**259,845**
CASH FLOWS			
Premiums received	(261,573)	-	**(261,573)**
Unearned premiums paid	-	-	**-**
Claims and other directly attributable expenses paid	-	-	**-**
Total cash flows	**(261,573)**	**-**	**(261,573)**
Net closing balance as at 31 March 2025	**(65,759)**	-	**(65,759)**
Closing insurance contracts issued liabilities as at 31 March 2025	(65,896)	-	**(65,896)**
Closing insurance contracts issued assets as at 31 March 2025	137	-	**137**
Net closing balance as at 31 March 2025	**(65,759)**	-	**(65,759)**

(ii) Reinsurance contracts held measured under the premium allocation approach

	As at 31 March 2026		
	Excluding loss component £000	Loss component £000	Total £000
Opening reinsurance contracts held liabilities as at 1 April 2025	(514,267)	-	**(514,267)**
Opening reinsurance contracts held assets as at 1 April 2025	-	-	**-**
Net opening balance as at 1 April 2025	**(514,267)**	**-**	**(514,267)**
NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD			
Allocation of reinsurance premiums paid	(312,484)	-	**(312,484)**
Other incurred directly attributable expenses	-	-	**-**
Claims recovered	-	-	**-**
Changes that relate to past service - adjustments to incurred claims	-	-	**-**
Effect of changes in the risk of reinsurers non-performance	-	-	**-**
Net income/(expenses) from reinsurance contracts held	**(312,484)**	**-**	**(312,484)**
Finance income (expenses) from reinsurance contracts held	(20,639)	-	**(20,639)**
Total amounts recognised in profit or loss	**(333,123)**	**-**	**(333,123)**
CASH FLOWS			
Premiums paid including ceding commissions and other directly attributable expenses	341,197	-	**341,197**
Recoveries from Reinsurance claims	-	-	**-**
Total cash flows	**341,197**	**-**	**341,197**
Net closing balance as at 31 March 2026	**(506,193)**	**-**	**(506,193)**
Closing reinsurance contracts held liabilities 31 March 2026	(507,074)	-	**(507,074)**
Closing reinsurance contracts held assets as at 31 March 2026	**881**	-	**881**
Net closing balance as at 31 March 2026	**(506,193)**	**-**	**(506,193)**

	As a 31 March 2025		
	Excluding loss component £000	Loss component £000	Total £000
Opening reinsurance contracts held liabilities as at 1 April 2024	(353,866)	-	**(353,866)**
Opening reinsurance contracts held assets as at 1 April 2024	4,577	-	**4,577**
Net opening balance as at 1 April 2024	**(349,289)**	**-**	**(349,289)**
NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD			
Allocation of reinsurance premiums paid	(362,396)	-	**(362,396)**
Net income/(expenses) from reinsurance contracts held	**(362,396)**	**-**	**(362,396)**
Finance (income) expenses from reinsurance contracts held	(12,230)	-	**(12,230)**
Total amounts recognised in profit or loss	**(374,626)**	**-**	**(374,626)**
CASH FLOWS			
Premiums paid including ceding commissions and other directly attributable expenses	209,648	-	**209,648**
Recoveries from Reinsurance claims	-	-	**-**
Total cash flows	**209,648**	**-**	**209,648**
Net closing balance as at 31 March 2025	**(514,267)**	**-**	**(514,267)**
Closing reinsurance contracts held liabilities 31 March 2025	(514,267)	-	**(514,267)**
Closing reinsurance contracts held assets as at 31 March 2025	**-**	-	**-**
Net closing balance as at 31 March 2025	**(514,267)**	**-**	**(514,267)**

There has been no change in the risk of non-performance by the issuer of reinsurance contracts held, therefore this has not been disclosed in the above tables.

16 Investment and other payables

	As at 31 March 2026 £000	As at 31 March 2025 £000
Social security and other taxes payable	251	243
Investment creditors	83,751	132,818
Lease liabilities	511	942
Bank overdrafts	-	6,371
Distribution to Members	-	-
Other creditors	252	1,777
	84,765	**142,151**
Accruals	8,761	8,097
Total investment and other payables	**93,526**	**150,248**

The amounts expected to be settled before one year and after one year are estimated as follows:

	As at 31 March 2026 £000	As at 31 March 2025 £000
Within one year	84,765	141,640
After one year	-	511
	84,765	**142,151**

The carrying amounts are reasonably approximate to the fair value at reporting date.

Lease arrangements

As a lessee, the Group has one lease which relates to the rental of office space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease does not have the option to extend.

Right-of use leases

	As at 31 March 2026 £000	As at 31 March 2025 £000
Balance at beginning of period	**942**	**1,370**
Additions	-	-
Disposals	-	-
Remeasurement	-	-
Interest on lease liabilities	9	12
Lease payments	(440)	(440)
Balance at end of period	**511**	**942**
Non-current	-	511
Current	511	432

Group maturity analysis of right-of-use lease liabilities

	As at 31 March 2026 £000	As at 31 March 2025 £000
Within 1 year	511	432
Between 1 year and 2 years	-	510
Between 2 years and 5 years	-	-
	511	**942**

Analysis of amounts included in the Group comprehensive statement of profit or loss

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Depreciation of right-of-use assets	394	394
Interest on lease liabilities	9	12
Total	**403**	**406**

Analysis of amounts included in the statement of cashflows

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Lease payments	(440)	(440)
Total	**(440)**	**(440)**

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed.

17 Deferred tax

	As at 31 March 2026 £000	As at 31 March 2025 £000
Deferred tax asset	-	3
Deferred tax liability	(92,086)	(64,127)
Net deferred tax liability	**(92,086)**	**(64,124)**

Deferred tax assets and deferred tax liabilities relating to the same tax authority are presented net in the Group's statement of financial position.

	As at 31 March 2025 £000	Profit or Loss Account (charge)/credit £000	As at 31 March 2026 £000
Tangible assets	3	(9)	**(6)**
Total deferred tax assets	**3**	**(9)**	**(6)**
Financial assets	(64,127)	(27,953)	**(92,080)**
Total deferred tax liabilities	**(64,127)**	**(27,953)**	**(92,080)**
Net total deferred tax liability	**(64,124)**	**(27,962)**	**(92,086)**

A deferred tax liability of £6k has been recognised in respect of temporary timing differences on tangible assets (31 March 2025: £3k deferred tax asset).

A deferred tax liability of £92,080k has been recognised in respect of timing differences on the realisation of equities and investment funds at 31 March 2026 (31 March 2025: £64,127k).

In accordance with IAS 1, all deferred tax assets and liabilities are classified as non-current. The amount of deferred tax asset expected to be recovered after more than 12 months is Nil (31 March 2025: £3k).

18 Movement in retained earnings

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Retained earnings at beginning of period	**6,657,815**	**6,541,827**
Profit for the financial period	305,484	212,611
Dividends paid to Members	(86,382)	(96,623)
Retained earnings at end of period	**6,876,917**	**6,657,815**

19 Group structure

Controlled entities

This section lists the Group's controlled entities. The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company at 31 March 2026 and the results for the financial year then ended.

The Group has no controlling entity.

	Company Number	Country of Incorporation	Date of Incorporation	As at 31 March 2026 %	As at 31 March 2025 %
ULTIMATE PARENT ENTITY					
Pool Reinsurance Company Limited					
CONTROLLED ENTITIES					
Pool Re Services Limited[1]	13679394	United Kingdom	14/10/2021	100	100
Pool Re Solutions Limited[1]	13610468	United Kingdom	08/09/2021	100	100

Notes:

[1] The registered address for Pool Re Services Limited and Pool Re Solutions Limited is Equitable House, 47 King William Street, London, EC4R 9AF, United Kingdom.

20 Distribution to Members

At an Extraordinary General Meeting held on 21 November 2014, amendments to the Retrocession Agreement between Pool Re and HM Government were approved by the Members. The terms, which took effect from 1 January 2015, include the provision for the Company to pay a dividend to Members in the event that it has earned a profit in the period, equal to 25% of the profit after tax, before Further Premium payable to HM Government.

The Board declared such a dividend on 24 September 2025 in respect of its results for the 12-month period ending 31 March 2025. The amount of the dividend paid was £86,382k (in respect of the 12-month period ending 31 March 2024: £96,623k).

21 Floating charge over the Group's assets

On 2 February 2017 and 7 April 2025, Pool Reinsurance Company Limited executed deeds granting HM Treasury floating charges over the Group's assets. The deeds and associated charges relate respectively to the Retrocession Agreements applicable up to and including 31 March 2025 and from 1 April 2025. The terms of the charges restrict Pool Reinsurance Company Limited from creating, or allowing to subsist, any further charges over the Group's assets without the consent of HM Treasury. The floating charges crystallise and take effect as a fixed charge in the event, inter alia, of default by Pool Reinsurance Company Limited in meeting certain of its obligations to HM Treasury under the relevant Retrocession Agreement and upon termination of such Agreement.

22 Related party transactions

The Group has related party relationships with the UK Government, in addition to its subsidiaries and Directors.

(a) UK Government
The Company is classified as an ALB of HMT, following classification to the central government subsector by the Office of National Statistics. Information contained within the Group's Annual Report and Accounts is consolidated into the HMT Group accounts, thereby giving rise to a relationship with HMT, Government departments and Central Government bodies.

The Group's material balances with departments and bodies of Government comprise amounts owed to HMT as detailed in Notes 3(e) and 6 and amounts owed to HMRC for corporation tax, VAT, and other employment related taxes. The Group's investment strategy permits its investment in UK Government debt issued by HM Treasury. As at 31 March 2026, the Group's direct holdings of UK Government debt was £765,529k (31 March 2025: £667,891k). This excludes any indirect holdings via mutual funds.

Other Government-related transactions include payments to the Home Office totalling £2,738k (31 March 2025: £2,348k) in respect of project funding. The prior year balance included payments to the SSCL Metropolitan Police Service. In addition, the Group incurs fees payable to its regulator, the Financial Conduct Authority and to the Prudential Regulation Authority. All counterparties are ultimately controlled by the UK Government. All fees payable were made in the ordinary course of business and are not unusual in their nature or conditions.

(b) Key management personnel
Key management includes Executive and Non-Executive Directors. The Group has not entered into any transaction with Directors of the Group or their immediate relatives, other than the emoluments that are paid. Total compensation for key management personnel is disclosed in Note 9 to the financial statements and further detailed in the Remuneration Report on page 90.

(c) Directors and Officers shared with Pool Re Members
In the normal course of its operations, the Group has entered into transactions with Member insurers of the Pool Re Scheme, whose Directors and Officers include Non-Executive Directors of the Group. All such transactions, relate to inwards reinsurance business, and were completed on market terms.

Details of transactions entered into and the balances with the Member insurers are as follows:

			Insurance Premiums[1]	Dividends Paid	Balances Outstanding
			12 months to 31 March 2026	12 months to 31 March 2026	As at 31 March 2026
Member insurer	**Non-Executive Director**	**Relationship with Member**	**£000**	**£000**	**£000**
Allianz	Colm Holmes	Director and CEO	9,662	(8,257)	-
Aviva	Owen Morris	Personal Lines MD	26,748	(16,882)	37
Berkshire Hathaway	Barbara Merry[2]	NED	368	(104)	-
Intact[3]	Kenneth Norgrove	Director and CEO	15,950	(8,654)	622
Liberty Mutual	Matthew Moore[4]	Director & President of Underwriting	4,018	(1,712)	-

Member insurer	Non-Executive Director	Relationship with Member	Insurance Premiums[1] 12 months to 31 March 2025 As restated £000	Dividends Paid 12 months to 31 March 2025 As restated £000	Balances Outstanding As at 31 March 2025 £000
Allianz	Colm Holmes	Director and CEO	24,653	(8,780)	6,533
Aviva	Owen Morris	Personal Lines MD	50,404	(19,784)	7,461
Berkshire Hathaway	Barbara Merry[2]	NED	310	(154)	51
Intact[3]	Kenneth Norgrove	Director and CEO	25,838	(9,702)	5,661
Liberty Mutual	Matthew Moore[4]	Director & President of Underwriting	5,111	(1,762)	811

Notes:

[1] Insurance Premiums for the current year includes unearned premium refunds to Members. Accordingly, movements compared to the prior year do not solely reflect changes in underlying premiums written.

[2] Barbara Merry resigned from the position of Non-Executive Director at Berkshire Hathaway on 31 December 2025. Related party transactions are presented for the full year and have not been pro-rated.

[3] On 19 August 2025, the Company's registered name was changed from Royal & Sun Alliance Limited (RSA) to Intact Insurance UK Limited.

[4] Matthew Moore resigned from the position of Non-Executive Director on 1 April 2025. Related party transactions are presented for the full year and have not been pro-rated.

The presentation has been revised in the current year to separately disclose dividends from insurance premiums, as this is considered more appropriate. Accordingly, prior year comparatives have been restated.

(d) Subsidiaries

Transactions between the Company and its subsidiaries that are deemed to be related parties have been eliminated upon consolidation and are not disclosed in these notes. Further details of the group structure are included in Note 19 of these financial statements.

23 Subsequent events

Following an Arson attack in Golders Green, London, on 23 March 2026, a claim for the damage caused to a synagogue was advised to the Group by a Member. On 14 April 2026 HMT certified the incident as an Act of Terrorism under the Reinsurance (Acts of Terrorism) Act 1993. The resulting financial damage remains within the Member's retention and has not triggered a Pool Re claim.

24 Date of authorisation for issue of the financial statements

These financial statements were authorised for issue by a director of the Company on the date of the audit report.

Parent Company Statement of Financial Position

As at 31 March 2026

	Notes[1]	As at 31 March 2026 £000	As at 31 March 2025 £000
ASSETS			
Property, plant and equipment	*2**	299	756
Investment in subsidiaries	*3**	1,175	691
Financial assets carried at fair value	*11*	7,247,466	7,038,299
Insurance contract assets	*15(i)*	-	137
Reinsurance contract assets	*15(ii)*	881	-
Trade and other receivables	*5**	171,538	97,314
Current tax assets		21,456	-
Cash and cash equivalents	*6**	229,529	343,541
Total assets		**7,672,344**	**7,480,738**
EQUITY AND LIABILITIES			
Retained earnings	*7**	6,876,927	6,657,818
Total equity		**6,876,927**	**6,657,818**
LIABILITIES			
Deferred tax liabilities	*4**	92,080	64,127
Insurance contract liabilities	*15(i)*	1,599	65,896
Reinsurance contract liabilities	*15(ii)*	507,074	514,267
Financial liabilities carried at fair value	*11*	102,236	21,868
Current tax liabilities		-	7,547
Trade and other payables	*8**	92,428	149,215
Total liabilities		**795,417**	**822,920**
Total equity and liabilities		**7,672,344**	**7,480,738**

Notes:

[1] References to the notes refer to those of the consolidated financial statements. References to notes denoted with '' refer to the notes to the parent company financial statements.*

The financial statements on pages 189 to 195 were approved by the Board of Directors on 22 June 2026 and signed on its behalf by:

Tom Clementi
Chief Executive Officer

Company number: 2798901

The notes on pages 192 to 195 form an integral part of these financial statements.

Parent Company Statement of Changes in Equity

For the year ended 31 March 2026

	Notes[1]	**£000**
Balance at 1 April 2024		**6,541,837**
Profit for the year		212,604
Dividends paid to Members	*20*	(96,623)
Balance at 31 March 2025		**6,657,818**
Balance at 1 April 2025		**6,657,818**
Profit for the year		305,491
Dividends paid to Members	*20*	(86,382)
Balance at 31 March 2026		**6,876,927**

Notes:

[1] References to the notes refer to those of the consolidated financial statements. References to notes denoted with '' refer to the notes to the parent company financial statements.*

Parent Company Statement of Cash Flows

For the year ended 31 March 2026

	Notes[1]	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
OPERATING ACTIVITIES			
Profit before tax		405,106	304,802
ADJUSTMENTS FOR:			
Net foreign exchange loss		(34,092)	118,989
Net gains on financial assets/liabilities carried at fair value		(203,326)	(335,104)
Income from financial assets carried at fair value		(273,803)	(236,126)
Depreciation	2*	457	462
Interest expense		22,211	12,853
Share of results in subsidiaries		(484)	(492)
CHANGES IN OPERATIONAL ASSETS AND LIABILITIES:			
Changes in insurance and reinsurance contract assets/liabilities		(72,220)	166,706
Proceeds from investment sales, maturities and derivative asset settlements		5,543,174	7,773,621
Investment purchases and derivative liability settlements		(5,416,298)	(7,852,757)
Decrease/(Increase) in investment and other receivables		(52,392)	20,663
(Decrease)/Increase in investment and other payables		(35,604)	75,854
Cash generated from operations		**(117,271)**	**49,471**
Taxation paid		(100,666)	(79,622)
Interest paid		(50,754)	(25,698)
Interest received		228,879	204,005
Dividends received		18,824	15,801
Net cash flows from operating activities		**(20,988)**	**163,957**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2*	-	-
Net cash flows used in investing activities		**-**	**-**
FINANCING ACTIVITIES			
Dividends paid to Members	20	(86,382)	(96,623)
Lease payments	16	(440)	(440)
Net cash flows used in financing activities		**(86,822)**	**(97,063)**
Net increase/(decrease) in cash and cash equivalents		**(107,810)**	**66,894**
Opening cash and cash equivalents balance	6*	**337,170**	**266,448**
Net increase in cash and cash equivalents		(107,810)	66,894
Effect of exchange rate fluctuations on cash and cash equivalents		169	3,829
Closing cash and cash equivalents balance	**6***	**229,529**	**337,170**

Notes:

[1] References to the notes refer to those of the consolidated financial statements. References to notes denoted with '' refer to the notes to the parent company financial statements.*

Notes to the Parent Company Financial Statements March 2026

1 Basis of preparation

Full details on the basis of preparation are set out in Note 2 to the consolidated financial statements.

In accordance with the exemption permitted under Section 408 of the Companies Act 2006, the Company's statement of profit or loss and related notes have not been presented in these separate financial statements.

2 Property, plant and equipment

	Right of use assets £000	Other Equipment £000	Total £000
BOOK COST			
As at 1 April 2025	3,947	1,812	5,759
Additions	-	-	-
Disposals	(6)	(19)	(25)
As at 31 March 2026	**3,941**	**1,793**	**5,734**
ACCUMULATED DEPRECIATION			
As at 1 April 2025	3,323	1,680	5,003
Charge for the year	394	63	457
Disposals	(6)	(19)	(25)
As at 31 March 2026	**3,711**	**1,724**	**5,435**
NET BOOK VALUE			
As at 31 March 2026	**230**	**69**	**299**

	Right of use assets £000	Other Equipment £000	Total £000
BOOK COST			
As at 1 April 2024	3,947	1,812	5,759
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2025	**3,947**	**1,812**	**5,759**
ACCUMULATED DEPRECIATION			
As at 1 April 2025	2,928	1,613	4,541
Charge for the year	395	67	462
Disposals	-	-	-
As at 31 March 2025	**3,323**	**1,680**	**5,003**
NET BOOK VALUE			
As at 31 March 2025	**624**	**132**	**756**

The charge for depreciation for the 12-month period ending 31 March 2026 was £457k (12-month period ending 31 March 2025: £462k). Depreciation for right-of-use assets consists of £394k (31 March 2025: £395k) for office leasing.

3 Investment in subsidiaries

	As at 31 March 2026 £000	As at 31 March 2025 £000
Opening investment in subsidiary undertakings	691	199
Additional investment in subsidiary undertakings	484	492
Closing investment in subsidiary undertakings	**1,175**	**691**

Further details of the group structure are included in Note 19 of the consolidated financial statements.

4 Deferred tax

	As at 31 March 2026 £000	As at 31 March 2025 £000
Deferred tax asset	-	-
Deferred tax liability	(92,080)	(64,127)
Net deferred tax liability	**(92,080)**	**(64,127)**

Deferred tax assets and deferred tax liabilities relating to the same tax authority are presented net in the Company's balance sheet.

	As at 31 March 2025 £000	Profit or Loss Account (charge)/credit £000	As at 31 March 2026 £000
Trading losses	-	-	-
Tangible assets	-	-	-
Total deferred tax assets	-	-	-
Financial assets	(64,127)	(27,953)	**(92,080)**
Total deferred tax liabilities	**(64,127)**	**(27,953)**	**(92,080)**
Net total deferred tax liability	**(64,127)**	**(27,953)**	**(92,080)**

Deferred tax assets of £nil (31 March 2025: £nil) have been recognised on current year tax losses of £nil (31 March 2025: £nil).

A deferred tax liability of £92,080k has been recognised in respect of timing differences on the realisation of equities and investment funds at 31 March 2026 (31 March 2025: £64,127k).

In accordance with IAS 1, all deferred tax assets and liabilities are classified as non-current. The amount of deferred tax asset expected to be recovered after more than 12 months is £nil (31 March 2025: £nil).

5 Investment and other receivables

	As at 31 March 2026 £000	As at 31 March 2025 £000
Prepayments and accrued income	61,499	60,977
Other receivables:		
Investment debtors	109,410	35,816
Amounts due from group undertakings	237	216
Other debtors	392	305
Total investment and other receivables	**171,538**	**97,314**

The amounts expected to be recovered before and after one year are estimated as follows:

	As at 31 March 2026 £000	As at 31 March 2025 £000
Within one year	171,538	97,314
After one year	-	-
Total investment and other receivables	**171,538**	**97,314**

There is no significant credit risk within investment and other receivables. The Company recognised a loss of £nil (31 March 2025: £nil) for the impairment of receivables during the year ended 31 March 2026.

6 Cash and cash equivalents

	12 months to 31 March 2026 £000	12 months to 31 March 2025 £000
Cash at bank and in hand	44,974	39,153
Short-term deposits	184,554	304,388
Cash and cash equivalents per the Statement of Financial Position	**229,529**	**343,541**
Bank overdrafts	**-**	**(6,371)**
Cash and cash equivalents	**229,529**	**337,170**

Short-term deposits include debt securities with an original maturity date of less than three months and money market funds.

7 Movement in retained earnings

	As at 31 March 2026 £000	As at 31 March 2025 £000
Retained earnings at beginning of period	6,657,818	6,541,837
Profit for the financial period	305,491	212,604
Dividends paid to Members	(86,382)	(96,623)
Retained earnings at end of period	**6,876,927**	**6,657,818**

8 Investment and other payables

	As at 31 March 2026 £000	As at 31 March 2025 £000
Social security and other taxes payable	30	24
Investment creditors	83,751	132,818
Lease liabilities[1]	511	942
Bank overdrafts	-	6,371
Amounts due to group undertakings	2,643	2,296
Other creditors	65	1,786
	87,000	**144,238**
Accruals	5,428	4,977
Total investment and other payables	**92,428**	**149,215**

The amounts expected to be settled before one year and after one year are estimated as follows:

	As at 31 March 2026 £000	As at 31 March 2025 £000
Within one year	87,000	143,727
After one year	-	511
Total investment and other payables	**87,000**	**144,238**

Notes:

[1] The Company has one lease, details of which are included in Note 16 to the consolidated financial statements.

9 Related party transactions

Further details of related party transactions are included in Note 22 to the consolidated financial statements.

Intra-group transactions		As at 31 March 2026 Related party balances £000	12 months to 31 March 2026 Related party transactions £000	As at 31 March 2025 Related party balances £000	12 months to 31 March 2025 Related party transactions £000
Relationships	**Related party balances:**				
Subsidiary	Due (to)/from Pool Re Services Limited	(1,473)	(12,444)	(1,031)	(20,344)
Subsidiary	Due (to)/from Pool Re Solutions Limited	(933)	(3,772)	(1,049)	(3,662)
Total related party balances		**(2,406)**	**(16,216)**	**(2,081)**	**(24,006)**

Profile of Membership

As at 31 March 2026

	Number of Members	Percentage of Members	Number of votes	Percentage of votes
ANALYSIS BY JURISDICTION				
Belgium	1	0.9%	-	0.0%
Bermuda	1	0.9%	111,862	0.1%
France	2	1.8%	1,000	0.0%
Germany	2	1.8%	1,000	0.0%
Gibraltar	2	1.8%	2,000	0.0%
Guernsey	7	6.1%	5,517,619	3.7%
Ireland	9	7.9%	3,425,025	2.3%
Isle of Man	3	2.6%	4,589,816	3.1%
Liechtenstein	1	0.9%	219,859	0.1%
Luxembourg	2	1.8%	56,451	0.0%
United Kingdom	58	50.9%	134,876,816	90.0%
United States of America	3	2.6%	779,752	0.5%
	91	**79.8%**	**149,581,200**	**99.8%**
Active underwriters of Lloyd's Syndicates	23	20.2%	322,769	0.2%
	114	**100.0%**	**149,903,969**	**100.0%**

Under Article 35 of the Articles of Association, any member who becomes a member of the Company shall have one vote on a poll until the end of the financial year in which they become a member and thereafter the provisions of Article 33 shall apply. Under Article 33, on a poll, each Member shall have one vote for each £1 of premium for reinsurance business placed with the Company by them in respect of the most recent Relevant Premium Period, as defined in the Articles of Association.

E03618936
978-1-5286-6592-6

POOL Re

REINSURING TERRORISM RISK

www.poolre.co.uk