

Princemark Holdings

Designated Activity Company

Solvency and Financial Condition Report
Reporting period ended 31 December 2024

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SUMMARY

This Report refers to the business of Princemark Holdings Designated Activity Company ('Princemark', 'the Company'), a captive reinsurer, authorised and supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 December 2024.

Princemark has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

The financial statements for the year ended 31 December 2024 have been prepared in compliance with Financial Reporting Standard ("FRS") 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance contracts, applicable to UK and Irish GAAP accounting standards, and in accordance with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015 together with the Guidelines on reporting and public disclosure issued by EIOPA.

The reporting currency is Great British Pounds (GBP).

The Company's business strategy is to reinsure part of the property & other damage to property, general liability, miscellaneous financial loss and Marine, Aviation & Transport of Kerry Group plc and its subsidiaries. The impact of insurance risk volatility on the Company's capital base is mitigated through the selection of appropriate limits. Investment of Company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

The Board of Directors of Princemark ("The Board") has identified the key risks to which Princemark is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that Princemark can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals. Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over the business planning period and to better inform decision making within the Company.

There were no material changes to Princemark's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period.

As at 31 December 2024, the Company had eligible own funds of £59,068m (31 December 2023: £45.439m) available to meet its Solvency Capital Requirement (SCR) of £22,100m (31 December 2023: £23.504m); resulting in a Solvency Ratio of 267% (31 December 2023: 193%) which is in compliance with the regulatory solvency requirements per the Solvency II regulations. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business operations. The Minimum Capital Requirement (MCR) was also satisfactorily met at the year-end. There were no instances of non-compliance with the capital requirements during the year.

A. BUSINESS & PERFORMANCE

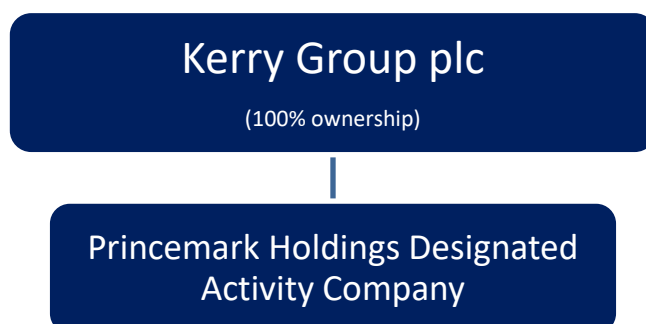
A.1 Business

Princemark is based in Co. Kerry, Ireland and is licensed as a reinsurance undertaking, under the supervision of the Central Bank of Ireland ('CBI'). Princemark was incorporated in Ireland in 1999, and in line with the requirements of the Companies Act 2014 converted to a designated activity company (Dac), limited by shares, effective 21 July 2016.

The Company is a wholly owned subsidiary of its parent company, Kerry Group plc, headquartered at Prince's Street, Tralee, Co. Kerry, Ireland, (thereafter 'the Group' or 'Kerry') and reinsures solely the risks of the Group and is therefore considered to be a captive reinsurer. Kerry is a world-leading provider of taste and nutrition solutions across food and beverage markets. It innovates with its customers to create great tasting products, with improved nutrition and functionality, while ensuring better impact for the planet. In 2024, Kerry was also a leading Irish provider of value-add dairy ingredients and consumer products. Kerry is driven to be its customers' most valued partner, creating a world of sustainable nutrition.

Listed on the Euronext Dublin and London Stock Exchanges, Kerry has an international presence with 124 manufacturing facilities across the world.

The position of the Company within the Group is set out below:



Details on principal subsidiaries are published within the Kerry Group plc Annual Report, 2024, which is available to download from www.kerry.com.

The operation of the Company is subject to the local regulatory requirements in Ireland, within which it operates. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimise the risk of default and insolvency on the part of the Company.

Princemark conducts all significant business activities, including underwriting, premium invoicing & collection, claims reserving & payments, and investing from its offices in Ireland.

The Company's independent auditor PricewaterhouseCoopers ('PwC') is located at North Wall Quay, Dublin 1, D01 X9R7.

The insurance supervision division at the Central Bank of Ireland may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3.

There have been no significant events during the reporting period which have had a material impact on the Company.

A.2 Underwriting Performance

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided reinsurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgment is involved, the Directors adopt an appropriately prudent approach to the provision and valuation of adequate reinsurance reserves, with annual support and certification being provided by an external actuary.

The Group strategy is to maintain a level of risk within the Company that provides the Group with the optimal reinsurance structure. It is therefore accepted that, in accordance with its business plan, the best strategic option available is for the Company to underwrite certain worldwide risks on a proportional reinsurance basis. Princemark is currently reinsuring Kerry Group plc risks under the following regulatory lines of business:

- General Liability
- Fire & Other Damage to Property
- Marine, Aviation & Transport
- Miscellaneous Financial Loss

Historically, reinsurance was provided for UK and Irish motor vehicle liability risks. However, no new risks have been accepted under this line of business since 2016.

All policies are subject to original policy deductibles, sub-limits and individual aggregates.

Premiums written relate to business incepted during the financial year. Provision is made for notified losses on all underwriting years.

The results for the year ended 31 December 2024 show a net profit after tax of £12.119M (31 December 2023: £5.087m).

Net premium written and earned during the period was £11.819m which reflected an increase of £0.524m when compared to the prior year (31 December 2023: £11.295m). The increase in the premium for each line of business was mainly due to actuarial modelling and changes in the total values insured.

All premiums resulted from contracts of proportional reinsurance concluded in the Republic of Ireland and are summarised by line of business below:

Line of Business (kGBP)	2024	2023	Variance
General Liability	7,815	7,451	364
Fire & Other Damage to Property	3,289	3,019	270
Marine, Aviation & Transport	115	225	(110)
Miscellaneous Financial Loss	600	600	-
Total	11,819	11,295	524

Premium is priced on an annual basis taking account of the underlying risks being reinsured, historical

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claims performance and the relevant costs associated with the administration of the programme. The premium movement year-on-year reflects changes in the underlying risks and recent claims experience. A captive pricing study is completed on a 3-year cycle by an independent actuary, and this supports the group by providing a data-led, risk-based approach to selecting appropriate captive reinsurance premiums.

The movement in the gross and net provision for claims for the financial year reflects an overall decrease in reserves of £1.716m. The outstanding loss reserves (OLSR) decreased by £1.125m and the Incurred but not yet reported reserves (IBNR) decreased by £0.590m. IBNR is calculated based on review and analysis of historical trends and per the Actuarial Function best estimate and includes a margin for uncertainty provision.

Gross and Net Claims paid, and net of a general liability subrogation claim recovery received during the period was £3,562m (31 December 2023: £13.704m). Total subrogation recoveries received during the period was £4.821 (31 December 2023: £Nil).

The Directors did not declare a dividend to the parent company during 2024 (31 December 2023: £ Nil).

Claims incurred (gross and net) are split by line of business as follows:

Line of Business (kGBP)	Claims Paid			Movement in Claims Provisions		
	2024	2023	Variance	2024	2023	Variance
General Liability	1,301	9,815	(8,514)	(2,079)	(511)	(1,568)
Fire & Other Damage to Property	2,152	3,858	(1706)	972	(1,588)	2,560
Motor Vehicle Liability	-	-	-	-	-	-
Marine Aviation & Transport	108	31	77	1	(28)	29
Financial Loss	-	-	-	(610)	(2,546)	1,936
Total	3,561	13,704	(10,143)	(1,716)	(4,673)	2,957

Net operating expenses for the year amounted to £559k (31 December 2023: £208k). The increase in the operating expenses for the year when compared to the prior year (FY 2023) relates to additional once off consultancy fees relating to actuarial services. Intercompany administration recharges for the period are also reflecting an increase during the period mainly due to an adjustment booked in the prior year accounts that related to the FY 2022.

As the activities of the Company are predominately outsourced, the Company has no employees. The directors did not receive any remuneration during the year (31 December 2023: Nil).

A.3 Investment Performance

The investment position of the Company is monitored by the Board and Kerry Group Treasury on a regular basis, to ensure the investment guidelines of the Company are adhered to.

The Company allocates its investment portfolio between cash and intercompany loans, as described below.

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Cash: The Company opened a new interest-bearing current account with Skandinaviska Enskilda Banken AB ('SEB') during the period. The Company maintains funds between the Citibank and SEB bank accounts both of which are preapproved financial institutions and Group relationship banks

Interest Income earned on the Citibank account for the 12-month period was £1.335m (31 December 2023: £1.563m). Interest was earned at an average rate of 5.09% during the period (31 December 2023: 4.52%).

Interest Income earned on the SEB account for the 9-month period was £0.734m (31 December 2023: Nil). Interest was earned at an average rate of 5.06% during the period (31 December 2023: n/a).

Intercompany Loan: Available funds are invested, as deemed prudent by the Board, in one intercompany loan with a wholly owned subsidiary of Kerry Group Plc. The interest income earned on the Intercompany loan for the 12-month period ending 31 December 2024 amounted to £2.586m (31 December 2023: 2.361m). Interest was earned at an average rate of 5.73% during the period (31 December 2023: average 5.28%). The overall principal amount invested in the Intercompany loan is £45m as of December 2024 (31 December 2023 £45m). Interest income reflected in the Company's statutory financial statements is net of the interest expense payable on the Standby Letters of Credit £220k (31 December 2023: £163k).

The Company has no investments in securitised asset classes and all investment income is recognised in the Company's income statement.

A.4 Performance of other activities

Princemark does not engage in any activities other than those associated with captive reinsurance and has not entered into any leasing agreements.

A.5 Any other information

There are no other material items to report in this section.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

In order to meet the requirements for sound corporate governance, ensure efficient conduct of business and to protect the interests of the Company's stakeholders, the Company has a comprehensive Governance and Risk Management system in place.

The Board acknowledges its responsibility to ensure that risks are fully understood and appropriately managed and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of the Company's activities. The Board is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company.

All authority comes from the Board and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision-making and that business is undertaken in a controlled and responsible manner.

The overriding goal of the Company's risk management strategy is to control and to achieve, as much as possible, a reduction in the Company's risk exposure as a means of minimising the impact of undesired and/or unexpected events.

The Governance and Risk Management System of the Company has four cornerstones:

1. A Governance Framework aligned with the Company's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, as well as clear escalating and reporting channels.
2. A Risk Management System which details the Company's strategic objectives in documented Risk Policies. Limits and operational checkpoints as well as functional identification, mitigation and monitoring processes are documented for each risk.
3. A series of Internal Controls, defining the architecture of processes required to manage the Company in accordance with its Governance and risk management framework.
4. A Risk Register combining operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's strategic objectives.

The Board annually reviews the governance framework, the risk appetite framework setting out tolerance limits and operational limits for all risk categories, the risk management policies for all risk categories and the risk register for the Company.

The Board members have:

- The necessary knowledge, skills, experience, expertise, competencies, professionalism, fitness, probity and integrity to carry out their duties;
- A full understanding of the nature of the Company's business, material activities and related risks;
- A full understanding of their individual direct and indirect responsibilities and collective responsibilities; and
- An understanding of the Company's financial statements and key performance drivers.

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The Company comprises the following senior personnel who have been selected to ensure that the Company is being run by individuals of appropriate expertise and integrity and who meet the criteria set out above:

Ronan Deasy (Chair)
Elerina Conneely
Claire Salmon

There have been no material changes in the system of governance since the prior reporting period. Given the limited scale and complexity of the Company, and having reviewed the risks facing the Company thoroughly, the Board is satisfied that the system of governance in place is adequate.

The company has an Audit Committee in accordance with Section 167 of the Companies Act 2014. The Audit Committee is responsible for providing oversight in relation to the integrity of the Company's financial statements, and the effectiveness of its internal and external audit functions, its reporting procedures and its risk management framework.

Key Functions

The key functions of Risk Management, Internal Audit, Actuarial, Compliance and Operations have clear and defined lines of reporting directly to the Board. This is facilitated by the straightforward nature of the Company's structure and fit-for-purpose documented policies and procedures which are clearly communicated and well understood by all relevant parties. The Board has ensured that the key functions are appropriately resourced and have the necessary authority and operational independence to perform their roles. The Company has engaged Aon Insurance Managers (Dublin) Limited ('AIMD') for the provision of management services, under the terms of an outsourced service and management agreement which is overseen by the Board.

Remuneration and material transactions

The members of the Board are employees of Kerry Group plc and receive no remuneration for their services as directors to the Company. As the activities of the Company are predominately outsourced, Princemark has no employees and consequently no remuneration is paid.

As a captive reinsurer, all Princemark's inward premium flows and outward claims payments relate to insured risks of the shareholder Group. In addition, the Company has advanced an intergroup loan to a fellow Group subsidiary. Other than these transactions which arise in the normal course of business, the Company had no material transactions during the reporting period with members of the shareholder Group and none with members of the Board.

B.2 Fit and proper requirements

Princemark has documented its Fitness & Probity policy setting out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions.

The Company's Fitness & Probity policy takes full account of the Central Bank's Fitness and Probity Regime, including the requirements from the Individual Accountability Framework.

In selecting individuals as directors or function holders, the Company takes account of the following factors:

- specific requirements of the role
- the skills, experience and relevant qualifications of the proposed individual
- results of due diligence enquiries
- conflicts of interest
- time requirements and other commitments
- competence and integrity
- financial soundness

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board and for those roles where specialist skills are required e.g. Head of Actuarial Function, only those individuals possessing the pertinent qualifications and expertise will be considered.

For those roles which are prescribed by the Central Bank of Ireland ('CBI') as Controlled Functions (CFs) and Pre-approval Controlled Functions (PCFs), the Compliance function adopts appropriate control and due diligence processes in the selection and vetting of such individuals to ensure that they meet the regulator's fit and proper criteria. Written approval from the CBI is obtained prior to the appointment of PCFs. Appointed individuals are required to maintain on-going compliance with the Standards of Fitness & Probity and the guidance issued by the CBI.

Princemark is satisfied that appointed individuals performing controlled functions meet all relevant regulatory requirements and have a suitable level of training and qualification in order to enable them to carry out their respective duties.

B.3 Risk Management System including the own risk and solvency assessment

The Company has taken appropriate actions in order to:

- embed risk management as a key function within its governance structure; and
- develop and maintain effective processes and reporting procedures to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the Company is exposed.

Risk refers to the effect of uncertainty on the Company's ability to meet its objectives. Risk management is a systematic approach to protect the business resources and income against losses and unexpected events so that objectives of the Company can be achieved without unnecessary disruption.

The Company's Risk Management System:

- sets out the level of risk acceptable by the Company (risk appetite and risk tolerance);
- identifies the risks which represent a threat to the achievement of its strategic objectives;
- identifies, defines and regularly measures key risk indicators enabling an efficient monitoring of risks;
- defines the appropriate actions to reduce the Company's risk exposure;
- ensures the risk management framework is adopted in day-to-day business processes; and
- regularly reviews controls and mitigation actions to ensure that they remain relevant and effective.

In order to achieve these objectives, the Risk Management System of the Company has been clearly documented and specified through specific risk management policies for each key risk category. The key risk categories for which the Company has set up specific control and monitoring mechanisms are:

- Underwriting/Reserving
- Asset Liability Management ('ALM')
- Investment
- Liquidity and concentration
- Operational
- Reinsurance and other risk mitigation techniques
- Strategic Risk

In addition to these policies, an outsourcing policy defining the key rules and criteria to be followed by each service provider has been documented.

Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment ('ORSA') process annually in order to provide its Board with a forward-looking risk and capital assessment. The adequacy of the available capital, the Risk Appetite Framework and the appropriateness of the risk limits is assessed for the business planning period, considering the evolving risk profile. To this end, risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its reinsurance obligations or pose a threat to the achievement of its business objectives are taken into account. The approach may be summarised as follows:

Define the Stress scenarios

Stress testing and scenario analysis are used to assess whether the available and future capital is sufficient in expected and stressed situations.

Business projections, stresses and scenarios are compiled by the Operations Function with input and agreement from the Board to ensure that these are appropriate for the Company.

Stress the Financial Plan

Stress test scenarios are embedded into the projected financial plan. Related solvency capital requirements and solvency ratios are then calculated for each year, resulting in a stressed financial plan and the solvency impact of adverse scenarios. This exercise is conducted by the Actuarial Function and validated by the Risk Management Function.

Assess prospective solvency needs on the basis of the Stressed Financial Plan

The Risk Management Function identifies potential additional mitigation actions to reduce the potential impact of the stress scenarios. Where applicable, any future additional capital needs will be identified and aligned to the Company's capital management plan i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

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Produce the ORSA Report

The ORSA report brings clarity over projected risk assessments and solvency needs to 3 different stakeholders:

Stakeholder	Expectation	ORSA Report
Board of Directors	Matching between risks to which the Company is or can be exposed and the Risk Appetite framework.	Provides a clear and prospective understanding of critical risk exposures and their relationship with Risk Appetite boundaries.
Shareholders	Detailed and prospective understanding about the risk of bankruptcy and potential need for future additional capital.	Provides a plan for capital needs on the time horizon of the financial planning.
Supervisory Authority	Detailed and prospective understanding of potential ORSA deviations compared to the Solvency Capital Requirements.	Gather information about: projected Solvency ratios; - explanations about deviations due to specific critical risks exposures.

The ORSA process described above ensures that ORSA is integrated in the decision-making and business planning process. Furthermore, monitoring procedures as set out in the risk management policies ensure that risk exposures are measured on a regular basis triggering exception report for the Board.

In line with Central Bank of Ireland requirements, the Head of Actuarial Function which is performed by Aon Global Risk Consulting Sàrl and provides an Actuarial Opinion to the Board of Directors in respect of the ORSA once the results of the ORSA process are presented to the Board for review and challenge.

The capital risk appetite for Princemark is to sustain its capital at a level sufficient to always meet the Regulatory Solvency Capital Requirement. It is not the intention to maintain a significant capital buffer in Princemark's balance sheet.

Kerry Group plc would always seek to be able to take prompt corrective action to replenish capital to an appropriate level in Princemark so that solvency capital compliance can be demonstrated. Kerry Group plc is expected to continue to have ample capacity to provide this support to Princemark.

B.4 Internal Control System

The Internal Control System embedded in the Company's operations is a mix of processes undertaken by all stakeholders within the Company to provide reasonable assurance that the strategic objectives will be achieved.

To achieve the aforementioned objectives, the Internal Control framework of the Company is structured around five complementary components.

Component	Contents
Control Environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight by the Board and the communication to all internal stakeholders of all governance and risk principles through the Company's Governance Manual.
Risk Assessment	Procedures and policies are detailed and formalised in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
Reporting Channels	Clear and structured reporting processes are in place enabling the Board to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
Monitoring Process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables the Company to continuously monitor and adapt when necessary its Internal Control System.
Control Activities	The Company has developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations.

Detailed Processes and Embedded Control Activities

To set out how the Internal Control System is implemented, the Company's processes and related control activities are documented, monitored and reviewed on a regular basis.

These items are approved by the Board and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least once a year.

Tasks and actions are shared between the key functions of the Company. This serves to clarify related roles, responsibilities, and embedded control activities.

Compliance Function

The Company's Compliance Function reports directly into the Board.

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;
- presentation of an annual compliance plan to the Board, outlining specific areas which it will focus on during a particular year;
- promotion of a culture of compliance within the organisation;

- maintenance of a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the compliance risk faced by the Company;
- consideration of possible future changes in the legal environment and their potential effect on the Company as well as providing regular compliance and regulatory updates to the Board;
- identification and communication throughout the Company the laws, regulations and codes of conduct to which the Company is subject and assisting to embed compliance with these in the way the Company does business; and
- investigation and follow up of compliance breaches, ensuring timely reporting to the Board and in certain circumstances to outside bodies such as the regulator, the Central Bank of Ireland.

B.5 Internal Audit Function

Purpose & Objectives

The purpose of the Internal Audit Function is to serve as an independent function that objectively evaluates and recommends improvements to the Company's internal control system by facilitating an objective and independent assessment.

The Internal Audit Function assists the Company achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes of the Company. The audit approach is risk based and in line with an annual audit plan which is provided by the Head of Internal Audit to the Board.

The Board has developed effective policies and practices and will take appropriate corrective action in response to any weaknesses identified by internal and external auditors.

Independence and Impartiality

The Company's Internal Audit Function is independent of the operational activities audited and the Board.

The Internal Audit Function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence of the Internal Audit Function ensures that the Internal Audit Function reports directly to the Board of the Company.

B.6 Actuarial Function

The Company has established an effective Actuarial Function, including a nominated Head of Actuarial Function ('HoAF'), Mr Jean Michael Briot approved by the Central Bank of Ireland, which carries out the following key tasks:

- coordinate the calculation of technical provisions;
- identify any inconsistency with the requirements set out in Articles 76 to 85 of the Solvency II Directive for the calculation of technical provisions and propose corrections as appropriate;
- explain any material effects of changes of data, methodologies or assumptions between valuation dates on the amount of technical provisions;
- assess the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set out in Article 82 of the Solvency II Directive. Where relevant, the Actuarial Function will provide recommendations on internal procedures

to improve data quality;

- take into consideration the interrelations between the Underwriting Policy, reinsurance arrangements and technical provisions, when providing its opinion;
- report in writing at least annually to the Board. The reporting should document all material tasks that have been undertaken by the Actuarial Function, and include:
 - i. details of the technical provisions
 - ii. methodologies & assumptions
 - iii. data sufficiency & quality
 - iv. experience analysis
 - v. report to the Board on reliability & adequacy
 - vi. opinion on Underwriting Policy
 - vii. opinion on reinsurance arrangements.

Their report should include any deficiencies identified and give recommendations as to how such deficiencies could be remedied

- contribute to the effective implementation of the risk management system in particular:
 - i. with regard to risk modelling underlying the calculation of the Solvency and Minimum Capital Requirement; and
 - ii. the ORSA process.
- think critically and organise the execution of actuarial approaches
- provide an Actuarial Opinion to the Board of Directors in respect of the ORSA

In establishing the Company's Actuarial Function, the Board of Directors has ensured that the persons involved have the requisite qualifications and demonstrable experience in the area of non-life reserving and are fully conversant with the Solvency II requirements for the calculation of Technical Provisions.

B.7 Outsourcing

The objectives of Princemark's Outsourcing Policy are to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's responsibility for, or influence over, key functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non-adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators;
- Conflicts of Interest; or
- Breach of the Company's data protection obligations.

All functions and activities of the Company are eligible to be outsourced provided that each of the criteria detailed above are satisfied in each instance. Sub-outsourcing is allowable only in exceptional circumstances, on the condition that the sub-outsourced service provider satisfies the above criteria and subject to approval from the Board.

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The Board is responsible for the approval of and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions of the Company's System of Governance and all functions within the Company that are fundamental to carry out its core business.

The Board is responsible for ensuring notification to the Central Bank of Ireland is made in a timely manner prior to the outsourcing of critical or important functions or activities, and thereafter where there have been material developments in relation to the service provider.

The Board is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities, carrying out the appropriate due diligence on the outsourced service provider and for reviewing the performance of outsourced service providers against their agreed and documented Service Level Agreements ('SLA').

The management of the Company is coordinated and carried out at its place of business in Ireland. Princemark engages third-party outsourced service providers in order to access the expertise and strength and depth of resources necessary to manage the specific requirements of a regulated captive reinsurance company.

The following critical or important functions / activities are outsourced:

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting and claims administration	Aon Insurance Managers (Dublin) Limited (AIMD)	Ireland
Finance and accounting	AIMD	Ireland
Compliance Function	AIMD	Ireland
Risk Management Function	Kerry Group plc – Risk Management	Ireland
Actuarial Function	Aon Global Risk Consulting Sàrl	Luxembourg
Internal Audit Function	Kerry Group plc	Ireland

B.8 Any other information

The Board is satisfied, based on its assessment of the frameworks which have been established and are in use, that the Company's system of governance is appropriate and adequate for the nature, scale and complexity of the risks inherent in its business operations.

There are no other material items to report in this section.

C. RISK PROFILE

The Risk Appetite Framework adopted by the Board sets out the level of risk that the Company is prepared to accept in the pursuit of its strategic objectives. It sets out:

- the Company's overall philosophy to risk taking and the expectations of shareholders;
- the Company's tolerance to loss of capital, profit volatility and other specified measures; and
- the risk limits that are acceptable in terms of exposures to different types of risk.

The Company's Risk Register combines operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's strategic objectives.

The Board's annual ORSA process is based on the company's current and expected risk profile over the business planning period and supports the Board in achieving its strategic objectives by taking a structured and combined approach of strategy, risk management and capital management.

C.1 Underwriting risk

The Company underwrites contracts that transfer insurance risk to the Company on a proportional reinsurance basis. The risk under any reinsurance contract is the possibility that the insured event occurs and the uncertainty that the Company will have sufficient available assets to satisfy the amounts payable under the contract. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term.

As the Company is a captive reinsurer, it is effectively insuring the risks of one customer, its parent Group, and thus is exposed to risk concentration. However, diversification is achieved through the reinsurance of different lines of business and the varying geographical locations of the underlying risks.

Underwriting risk is managed through:

- the adoption of documented controls and policies in relation to the underwriting and reserving processes;
- the setting of a risk appetite by the Board with reporting triggers and limits which are monitored and escalated in accordance with the Company's documented policies;
- the deployment of event and annual aggregate limits for the risks it reinsures; and
- the calculation of technical provisions in a prudent, reliable and objective manner using appropriate and consistent data.

There have been no changes to the Company's underwriting risk exposures or the basis by which they are assessed in the reporting period.

When calculating the technical provisions, appropriate statistical and accounting data is considered in the loss reserve estimation and recording process. Whilst considerable judgment is involved, the directors have put in place suitable processes to ensure that reserves established are appropriate. The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

Annual support and certification are provided by the Company's Actuarial Function.

As part of the Company's 2024 ORSA process, the following scenarios were analysed, (1) Downgrade of Kerry Group credit rating in 2024 by one 'step' impacting largest current solvency capital driver; Concentration Risk. (2) Reverse stress test on the level of outstanding claims which could reduce the solvency capital ratio to 100%. (3) Increase of premium and limits on Property contract and new Cyber risk from 2026.

Under each of the stress scenarios tested using the projected base case over a 3-year period, the company remained solvent across each of the projected periods (2024 to 2026).

The Board is committed to monitoring the impact of climate change risk on all aspects of the Company's business and utilises its existing Risk Management System to identify, measure, monitor, manage and report on risks; including climate change risks, considering any potential impact of climate change in its reserving, capital, underwriting and investments decisions. Owing to the nature, scale and complexity of the Company's business as a captive reinsurance entity, the Company's exposure to climate change risk through its operations and existence are considered to be limited.

In the event of a material impact on the Company's solvency position following the occurrence of a stress scenario, a redistribution of the Company's current asset allocation would be deployed, and an additional capital injection would be requested from the shareholder as required.

Sensitivity analysis is also performed for underwriting risks by selecting conservative movements in future claims development for financial statements purposes and holding all other assumptions constant. The resultant impact on Gross and Net claims reserves, Profit before Tax (PBT) and equity is shown below:

	Gross and net claims reserve kGBP	Impact on PBT for the year kGBP	Impact on equity for the year kGBP
31 December 2024			
Increase in reinsurance contact liabilities by 10%	3,509	(3,509)	(3,070)
Decrease in reinsurance contact liabilities by 10%	(3,509)	3,509	3,070
31 December 2023			
Increase in reinsurance contact liabilities by 10%	3,681	(3,681)	(3,221)
Decrease in reinsurance contact liabilities by 10%	(3,681)	3,681	3,221

C.2 Market risk

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations and market risk concentrations.

Princemark has an investment strategy in place in line with its Risk Appetite Framework and the related 'Prudent Person' regulatory requirements. The Company endeavours to:

- prudently invest with consideration of the prevailing financial market environment;
- ensure the Company invests appropriately so as not to result in the Company failing to meet its Solvency Capital Requirements;
- ensure that the Company holds assets of sufficient value and liquidity to meet all liabilities as they become due;
- maximise investment return within the levels of risk as defined by the Company's Risk Appetite;
- ensure compliance with the Liquidity Strategy and Policy;
- ensure compliance with the Asset-Liability Management Strategy and Policy; and
- ensure effective risk management of investments at all times, with due consideration of the risks associated with investments and procedures to monitor, manage and report these risks in a timely manner as part of the Company's overall Risk Management System.

There were no material changes to the measures used to assess the market risk exposure or the material risks over the reporting period.

Given the short-term cash nature of the assets and the Intercompany Loan, the impact of interest rate risk is limited. The exposure is kept under review. An increase of 50 basis points in interest rates would have increased profit for the financial year by £456k (31 December 2023: £398k). During 2024, interest income was earned on the Intercompany loan, SEB account and the Citibank bank account.

The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency. The Company's principal transactions are carried out in sterling and its exposure to foreign exchange risk arises primarily with respect to euro. The business financial assets are primarily denominated in the same currencies as its insurance liabilities, which mitigate the foreign currency exchange rate risk. Thus, the main foreign exchange risk arises from receipt of premium in other currencies. Due to the limited exposure to currency risk, the Company considers that it is unnecessary to attempt to mitigate foreign exchange rate fluctuations.

C.3 Credit risk

Credit risk is the risk that one party to a financial instrument or financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The assets that are exposed to credit risk are:

- Cash and cash equivalents
- Intercompany loan within Kerry Group plc subsidiaries
- Amounts due from fronting insurers

The Company utilises custodians deemed to be of high credit quality to hold its cash and cash equivalents and deposits with credit institutions and additionally has limits in place in relation to the amount of cash which can be held by any one financial institution.

There were no material changes to the measures used to assess the credit risk exposure or the material risks over the reporting period.

C.4 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring material costs or penalties. The Company is exposed to liquidity risk if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts. The Company has the potential to be exposed to calls on its available investment assets, principally from reinsurance claims.

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly liquid assets which it can access immediately or within a very short time frame without incurring material costs or penalties.

There were no material changes to the measures used to assess the liquidity risk exposure or the material risks over the reporting period.

C.5 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss.

Operational risk is managed by a strong governance structure being put in place, which includes the extensive oversight by the shareholder, the Board of Directors and the Heads of Functions.

The Company has a rigorous control framework and monitoring process in place to manage operational risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

In addition, Princemark is subject to Internal and External Audit review.

Princemark maintains a regulatory dialogue with the Central Bank of Ireland to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, Princemark has put in place service level agreements and regularly reviews the outsourced service providers.

The Company does not consider that it is exposed to material residual risk in this area due to the formality that has been created around the Company's processes and procedures including those for financial and regulatory reporting. There is no specific risk concentration associated with this category as internal controls include appropriate segregation of duties.

There were no material changes to the measures used to assess the operational risk exposure or the material risks over the reporting period.

C.6 Other material Risks

Strategic Risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes i.e. the risk associated with implementing the wrong strategy or failing to correctly implement the chosen strategy.

The control and monitoring actions/principles underlying the strategic risk management of the Company are:

- Review at least annually the appropriateness of the high-level overall objectives for the Company, the major risks facing the Company and the Risk Appetite for each of these major risks identified. The Board will ensure continuing appropriateness, at least annually and revisions shall be affected where necessary
- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

Sensitivity Risk

The Actuarial Function assesses the sensitivity of its estimate of the Company's unpaid claim liabilities to varying the key assumptions underlying its analysis. Given the nature of the Company's exposures, the key assumptions underlying the actuarial analysis are subject to a range of reasonable interpretations.

No other material risks have been identified.

C.7 Any other information

On 12 November 2024, Kerry Group plc ('the Parent') announced that it has entered into an agreement to sell Kerry Dairy Ireland to Kerry Cooperative Creameries Limited. Following the announcement, the Board of Directors undertook a review to assess the impact, if any, to Princemark's overall business portfolio and risk profile.

As a result of the review, there was no material change to the business and risk profile, other than the product liability premium for the Group post disposal was increased to reflect the fact that Group retained the vast majority of claims.

There is no other information to report.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Princemark financial statements are prepared in compliance with the Financial Reporting Standard ("FRS") 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance contracts, being applicable UK and Irish GAAP accounting standards, and in accordance with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

Princemark uses the historical cost convention.

Princemark has 6 classes of assets:

- Cash at bank and in hand
- Other Investments / Cash Accounts
- Intercompany loan
- Accrued interest
- Insurance debtors
- Other receivables

Cash at bank and in hand and other investments / cash accounts are interest bearing current accounts with daily liquidity. The Company utilises custodians deemed to be of high credit quality to hold its cash. Carrying amounts approximate fair value due to the high liquidity of the instruments.

The Intercompany loan is measured in accordance with IFRS 9 'Financial Instruments' and included in the balance sheet at carrying value with accrued interest disclosed separately in the financial statements.

Amounts due from fronting insurers and other receivables are held at the lower of cost or market value.

The only differences in the valuation of these assets between the Financial Statements and the Solvency II Quantitative Reporting Templates (QRT's) relate to the classification of accrued interest on the intercompany loan and cash at bank, which are shown separately in the Financial Statements.

A reconciliation of the valuation for Solvency II purposes is as follows:

Asset in kGBP	Financial Statements	Solvency II	Reclass.	Fair Value Adj.
Intercompany Loan	44,988	45,138	150	-
Insurance Debtors	102	102	-	-
Cash at bank	19,973	19,973	-	-
Other investments	25,423	25,734	311	-
Accrued interest	461	-	(461)	-
Other receivables	38	38	-	-
Total	90,985	90,985	-	-

D.2 Technical Provisions

Provision is made for notified losses on all underwriting years. The Company has regard to the gross and net loss positions as indicated by the claim circumstances reported to date and loss projections carried out under the direction of the Head of Actuarial Function using actuarial techniques.

Reserves for reinsurance contract liabilities are based upon management's best estimate of the ultimate liabilities and are determined with the assistance of, and based on, the results of the analysis performed by the Actuarial Function. The reserves include estimates for both case reserves and losses incurred but not reported ('IBNR').

Solvency II Technical Provisions

The Solvency II technical provisions are comprised of a Best Estimate of Liabilities ('BEL') and a Risk Margin ('RM').

The Solvency II BEL is comprised of a provision for claims outstanding ('PCO') and a premium provision ('PP'). The PCO represents the provision for the unpaid liabilities on claims that have been incurred as of the valuation date. The PP represents the expected profit underlying the unearned portion of policies that have already incepted and any policies that have been bound but not incepted ('BBNI'). The PCO is derived from an actuarial estimate of Princemark's unpaid claim liabilities. The adjustment of the estimate of unpaid claim liabilities, between the financial statements reserving basis and the Solvency II valuation basis, requires that unpaid claim liabilities per the financial statements are discounted to a present value basis. The evaluation of the best estimate outstanding claims reserves ('OSCR') is used as the starting point to evaluate the Solvency II technical provisions. The actuary utilises the basic risk-free rate curves with no volatility adjustment as of 31 December 2024, as published by EIOPA, to discount the cash flows underlying the PCO. These interest rates are utilised to discount all cash flows underlying the calculation of the Solvency II technical provisions. A provision for expenses related to the runoff of these liabilities is then added, as required by Solvency II, as the financial statements estimate of unpaid claim liabilities does not include a provision for the expenses that will be incurred in running off the liabilities.

The methodology adopted implicitly assumes that Princemark will continue to write business into the future and that a portion of the expenses in future years will be attributable to new business, consistent with the required derivation of the expense reserve as per the current Solvency II regulations. The BEL is calculated as the sum of the PCO and the PP. Actuarial methods used include Loss Ratio, Chain Ladder, Bornhuetter-Ferguson and Benktander-Hovinen. The actuarial reserves are "best estimates" in the sense that they represent the average of all possible outcomes. The actual amounts required to meet future claim payments may differ, even significantly, from estimates. This estimation error can arise for a number of reasons, such as model specification error, parameter error and random error.

Risk Margin

The Solvency II risk margin is intended to represent an amount that Princemark would be required to pay, in excess of the Best Estimate of the Liabilities, for a third party to assume the risk of running off the existing liabilities.

Princemark Holdings Designated Activity Company

The technical provisions on 31 December 2024 by line of business are as follows:

Line of Business (in kGBP)	SII BE OSCR + BE Premium (Discounted)	Risk Margin	SII Technical Provisions
General Liability	22,813	1,515	24,328
Fire & Other Damage to Property	2,401	297	2,698
Marine, Aviation & Transport	309	21	330
Miscellaneous Financial Loss	1,560	116	1,676
Total	27,083	1,949	29,032

The reconciliation between the value of technical provisions for solvency purposes and the financial statements on 31 December 2024 is shown below:

	Value (in kGBP)
Claims provisions per financial statement	35,095
Adjustment to best estimate	(4,456)
Undiscounted claims provisions	30,639
Premium inflow	(10,100)
Expected claims outflow from future events	8,971
Expected expenses from future claims	410
ENID/ULAE/ALAE and Inflation loading	342
Undiscounted technical provisions (incl. expenses)	30,262
Discounting on claims provision	(2,229)
Discounting on premium provision	(950)
Discounted technical provisions	27,083
Risk margin	1,949
Solvency II technical Provisions	29,032

Information on how the Company manages risk in the area of underwriting and reserving is set out in Section C1 above. Operational risks relating to the Company's technical provisions and claims data are managed using the Control Framework described in Section B4 above.

The Company is satisfied that it has access to sufficient historical claims data on an annual basis for the calculation of its technical provisions and that this data is accurate and appropriate for the Company's needs. Claims management processes by the Company are appropriate and adequate given the nature of the underlying risks. Significant reporting delays are not experienced.

In calculating its technical provisions on a Solvency II basis, Princemark has not applied any of the following items:

- matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC; and
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other liabilities

Aside from Technical Provisions, the valuation of which is detailed on the previous page, Princemark has three other principal classes of liabilities:

- Deferred taxation
- Other creditors
- Accruals

A reconciliation of the valuation for Solvency II purposes is as follows:

Other liability in kGBP	Financial Statements	Solvency II	Reclass.	Fair Value Adj.
Deferred Tax liability	-	758	-	758
Other creditors	1,967	1,967	-	-
Expense Accruals	161	161	-	-
Total	2,128	2,886	-	758

Deferred tax liability of £758k (31 December 2023: deferred tax asset £542k) arises due to the valuation difference on the technical provisions, debtors and creditors between the Financial Statement Balance Sheet and the Solvency II Balance Sheet, multiplied by the applicable tax rate (12.5%).

Other creditors of £1,967m (31 December 2023: £825k) in the Solvency II Balance Sheet is classified as payables (trade not insurance), consisting of Corporation Tax Payable of £1,731m for the current year and a balance payable of £236K. Accrued expenses are classified as any other liabilities, not elsewhere shown £161k (31 December 2023: 137k).

The balance differs from the financial statements due to the inclusion of future cash flows relating to reinsurance creditors as part of the calculation of technical provisions (Section D2 above).

D.4 Alternative methods for valuation

No alternative methods were used.

D.5 Any other information

There is no other information to report.

E. CAPITAL MANAGEMENT

E.1 Own funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure that, on an on-going basis, the Company has:

- own fund items available to meet its capital requirements; and
- developed processes to ensure the appropriateness of its own fund items.

On an annual basis the Company reviews the level, composition and classification of own fund items to ensure they continue to meet its own solvency needs, and its regulatory obligations in respect of Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). A three-year forward-looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's reinsurance business. Should additional funds be required outside of that, they will be advanced by the shareholder. There have been no material changes to this approach from the prior year.

The Company's own funds consist of the following items:

- Issued Share Capital; and
- Retained Earnings.

Any change to the share capital requires the approval of the Shareholder and the Board. Retained earnings are adjusted quarterly to take account of the profits/losses earned in the period together with any Solvency II valuation adjustments.

The payment of dividends is considered on an annual basis by the Board as part of its medium-term capital assessment. Potential dividends will be considered as part of the Company's ORSA process to ensure that the Company will continue to meet its solvency needs over the business planning period. No dividends were paid in 2024 (31 December 2023: nil).

Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

Own fund items at the end of reporting period and the prior year comparative period are as follows:

	2024	2023
	kGBP	kGBP
Ordinary paid-up share capital	500	500
Reconciliation reserve	58,568	44,939
Total basic own funds	59,068	45,439

The movement in basic own funds reflects the increase in the reconciliation reserve which represents the Company's retained profits as adjusted for Solvency II valuation principles. The adjustments which arise in the application of these principles are shown in the equity reconciliation below.

Princemark Holdings Designated Activity Company

At the end of the current reporting period eligible own funds available to meet the Company's SCR and MCR are £59,068m (31 December 2023: £45,439m), comprised solely of Tier 1 capital.

The equity position as shown in the Company's 2024 year-end financial statements can be reconciled to the basic own funds balance under Solvency II as follows:

	2024 kGBP
Equity per the Company's financial statements	53,762
Adjustments to technical provisions	6,064
Deferred tax liability	(758)
Own funds (excess of assets over liabilities for solvency purposes)	59,068

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. This results in the removal of reinsurance debtor and creditor balances as the future cash flows in relation to these items are dealt with as part of the calculation of technical provisions. Deferred tax is provided on these adjustments at the applicable tax rate. All adjustments are reflected in the Company's reconciliation reserve.

Princemark has no ancillary own funds and there are no transitional arrangements impacting its capital calculations.

E.2 Solvency capital requirement and minimum capital requirement

At the end of the current reporting year, Princemark's SCR and MCR have been calculated as £22,100m and £5,525m respectively (31 December 2023: £23,504m and £5,876m).

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2024. Based on the Company's eligible own funds of £59,068m (31 December 2023: £45.439m) the Company has a solvency ratio on 31 December 2024 of 267% (31 December 2023: 193%).

The SCR has been calculated using the standard formula and without the application of any undertaking specific parameters. In the non-life risk module, the risk margin on technical provisions has been calculated using the second simplification provided in EIOPA's technical specifications. This is considered appropriate given the nature of the Company's business as a captive reinsurer.

The split of SCR by risk modules is shown below, together with the prior year comparative:

In kGBP	31-Dec-24	31-Dec-23	Variation	
Market Risk	12,526	12,465	61	0%
Interest Rate	856	1,050	(195)	-19%
Spread	2,338	3,045	(707)	-23%
Currency	507	320	188	59%
Concentration	12,233	12,011	222	2%
Diversification benefit	(3,408)	(3,961)	553	-16%
Default Risk	1,351	2,299	(947)	-41%
Non-Life Risk	14,449	15,189	(739)	-5%
Premium/Reserve	9,804	9,749	55	1%
Lapse	668	497	171	34%
CAT	8,422	9,452	(1,030)	-11%
Diversification benefit	(4,444)	(4,509)	65	-1%
Diversification	(6,281)	(6,817)	536	-8%
BSCR	22,045	23,136	(1,091)	-5%
Adjustment for deferred taxes	(757)	(542)	(216)	40%
Operational Risk	812	910	(98)	11%
SCR	22,100	23,504	(1,404)	-6%
MCR	5,525	5,876	(351)	-6%
Eligible Own Funds	59,068	45,439	13,629	30%
Solvency Ratio	267%	193%	74pp	38%
MCR Ratio	1,069%	773%	296pp	38%

- Market Risk:** The capital charge for market risk remains relatively stable. The decrease in the spread risk is due to the maturity date of an intra-group loan which is offset by an increase in concentration risk due to the new interest-bearing current account with Skandinaviska Enskilda Banken AB ('SEB') that was opened during the period. An increase in the currency risk led by a mismatch of assets and liabilities in EUR was also a contributing factor.
- Default Risk:** The decrease in the default risk charge of 41% is mainly due to lower exposures due to a decrease in cash at bank following the transfer of funds to the SEB account during the period. The interest-bearing account with the SEB Bank is subject to Market risk.
- Non-Life Risk:** The decrease in the capital charge for Non-Life Risk of 5% is mainly due to the decrease in the capital charge for CAT risk. This is mainly due to the projected decrease in the gross premium for the 1 January 2025 renewal.
- Solvency Capital, Ratio and Eligible Own Funds** - The increase in the Solvency Ratio for the period to 267% from 193% in the prior year is due to an increase in the total available and eligible own funds and a decrease in the SCR. The increase in the available and eligible own funds is mainly due to the increase in the retained profits reported for the financial year 2024.

The SCR for the period is reported at £22,100m and reflects a decrease of 6% from the prior year's SCR of £23,504m. The decrease is mainly due to the decrease in the capital risk charge of the non-life risk and of the Default risk.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. In the case of Princemark, as a non-life captive reinsurer this absolute floor is the Sterling equivalent of a fixed amount of €1.300m (31 December 2023: €1,300m). Having carried out the calculations and applied the relevant limits, the resultant MCR for the Company is £5,525m (31 December 2023: £5,876m).

E.3 Use of duration-based equity risk sub module in calculation of the solvency capital requirement

There was no use of duration-based equity risk sub module in the calculation of the SCR.

E.4 Differences between the standard formula and any internal model used

Princemark used the Standard Model in determining the SCR and MCR and did not rely on any internal model.

E.5 Non-Compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

There are no instances of non-compliance with the MCR and SCR.

E.6 Any other information

When assessing the going concern of the Company, no events or conditions have been identified that may cast significant doubt on the Company's ability to continue as a going concern. In making this assessment the financial and solvency position and the surplus over its required solvency capital ratio and minimum capital ratio, the liquidity position, operational resilience, and legal and compliance risks have been considered.

<i>Note: Tables within this report contain minor rounding differences in certain instances due to amounts being displayed as whole numbers or in thousands while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.</i>
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ANNEX I – QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 – Balance sheet*

S.04.05.21 - Premiums, claims and expenses by country

S.05.01.02 – Premiums, claims and expenses

S.17.01.02 – Non-Life technical provisions*

S.19.01.21 – Claim development triangles*

S.23.01.01 – Own funds*

S.25.01.21 – SCR using standard formula*

S.28.01.01 – MCR*

*templates subject to external audit.

Amounts are in GBP'000 (kGBP).

S.02.01.02 - Balance Sheet (In thousands of GBP)

		C0010
		Solvency II value
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	25,734
R0080	Property (other than for own use)	
R0090	Holdings in related undertakings, including participations	
R0100	Equities	0
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	0
R0140	Government Bonds	
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	
R0190	Derivatives	
R0200	Deposits other than cash equivalents	25,734
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	45,138
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	45,138
R0270	Reinsurance recoverables from:	0
R0280	Non-life and health similar to non-life	0
R0290	Non-life excluding health	
R0300	Health similar to non-life	
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	
R0330	Life excluding health and index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	102
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	38
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	19,973
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	90,985

S.02.01.02 - Balance Sheet (In thousands of GBP)

		C0010 Solvency II value
Liabilities		
R0510	Technical provisions – non-life	29,032
R0520	Technical provisions – non-life (excluding health)	29,032
R0530	Technical provisions calculated as a whole	
R0540	Best Estimate	27,082
R0550	Risk margin	1,949
R0560	Technical provisions - health (similar to non-life)	0
R0570	Technical provisions calculated as a whole	
R0580	Best Estimate	
R0590	Risk margin	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	Technical provisions calculated as a whole	
R0630	Best Estimate	
R0640	Risk margin	
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	Technical provisions calculated as a whole	
R0670	Best Estimate	
R0680	Risk margin	
R0690	Technical provisions – index-linked and unit-linked	0
R0700	Technical provisions calculated as a whole	
R0710	Best Estimate	
R0720	Risk margin	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	758
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	1,967
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	160
R0900	Total liabilities	31,917
R1000	Excess of assets over liabilities	59,068

S.04.05.21 - Premiums, claims and expenses by country (In thousands of GBP)

Non-life insurance and reinsurance obligations							
	R0010	Home country	Top 5 countries: non-life				
			GB	MT			
		C0010	C0020	C0021	C0022	C0023	C0024
Premiums written (gross)							
Gross Written Premium (direct)	R0020						
Gross Written Premium (proportional reinsurance)	R0021		11,219	600			
Gross Written Premium (non-proportional reinsurance)	R0022						
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030						
Gross Earned Premium (proportional reinsurance)	R0031		11,219	600			
Gross Earned Premium (non-proportional reinsurance)	R0032						
Claims incurred (gross)							
Claims incurred (direct)	R0040						
Claims incurred (proportional reinsurance)	R0041		2,456	-610			
Claims incurred (non-proportional reinsurance)	R0042						
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050						
Gross Expenses Incurred (proportional reinsurance)	R0051		739	40			
Gross Expenses Incurred (non-proportional reinsurance)	R0052						

Life insurance and reinsurance obligations							
	R1010	Home country	Top 5 countries: life and health SLT				
		C0010	C0020	C0021	C0022	C0023	C0024
Gross Written Premium	R1020						
Gross Earned Premium	R1030						
Claims incurred	R1040						
Gross Expenses Incurred	R1050						

S.05.01.02 - Premiums, claims and expenses (In thousands of GBP)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				TOTAL
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written									
Gross - Direct Business	R0110								0
Gross - Prop reinsurance accepted	R0120			600					11,819
Gross - Non-Prop reinsurance accepted	R0130								0
Reinsurers' share	R0140								0
Net	R0200	0	0	600	0	0	0	0	11,819
Premiums earned									
Gross - Direct Business	R0210								0
Gross - Prop reinsurance accepted	R0220			600					11,819
Gross - Non-Prop reinsurance accepted	R0230								0
Reinsurers' share	R0240								0
Net	R0300	0	0	600	0	0	0	0	11,819
Claims incurred									
Gross - Direct Business	R0310								0
Gross - Prop reinsurance accepted	R0320			-610					1,846
Gross - Non-Prop reinsurance accepted	R0330								0
Reinsurers' share	R0340								0
Net	R0400	0	0	-610	0	0	0	0	1,846
Expenses incurred	R0550			40					779
Balance - other technical	R1210								
Total technical expenses	R1300								779

S.17.01.02 - Non Life technical provisions (In thousands of GBP)

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensatio n insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050												
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060							-489	-908				-247
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140												
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	0	-489	-908	0	0	0	-247
Claims provisions													
Gross	R0160				0		257	2,890	23,721				1,807
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240												
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	257	2,890	23,721	0	0	0	1,807
Total Best estimate - gross	R0260	0	0	0	0	0	257	2,401	22,813	0	0	0	1,560
Total Best estimate - net	R0270	0	0	0	0	0	257	2,401	22,813	0	0	0	1,560
Risk margin	R0280				0		12	297	1,515				116
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical provisions - total													
Technical provisions - total	R0320	0	0	0	0	0	270	2,698	24,328	0	0	0	1,675
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	270	2,698	24,328	0	0	0	1,675

S.17.01.02 - Non Life technical provisions (In thousands of GBP)

		Accepted non-proportional reinsurance				TOTAL
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	
Technical provisions calculated as a whole	R0010					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
<u>Premium provisions</u>						
Gross	R0060			-24		-1,669
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					0
Net Best Estimate of Premium Provisions	R0150	0	0	-24	0	-1,669
<u>Claims provisions</u>						
Gross	R0160			76		28,751
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					0
Net Best Estimate of Claims Provisions	R0250	0	0	76	0	28,751
Total Best estimate - gross	R0260	0	0	52	0	27,082
Total Best estimate - net	R0270	0	0	52	0	27,082
Risk margin	R0280			9		1,949
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					0
Best estimate	R0300					0
Risk margin	R0310					0
Technical provisions - total						
Technical provisions - total	R0320	0	0	61	0	29,032
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	61	0	29,032

S.19.01.21 - Claim development triangles (In thousands of GBP)

Gross Claims Paid (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10+	Current year	All years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		
Prior	R0100											1,008	1,008	1,008
N-9	R0160	500	1,861	1,367	1,209	362	463	230	324	224	287		287	6,827
N-8	R0170	46	663	2,096	887	293	266	1,065	175	412			412	5,903
N-7	R0180	437	2,680	1,439	1,464	335	715	202	589				589	7,860
N-6	R0190	46	9,416	1,241	386	31	63	312					312	11,495
N-5	R0200	69	2,979	439	412	491	755						755	5,146
N-4	R0210	55	2,887	267	133	357							357	3,699
N-3	R0220	2,213	1,721	523	708								708	5,165
N-2	R0230	75	10,547	-4,798									-4,798	5,824
N-1	R0240	1,010	3,914										3,914	4,924
N	R0250	18											18	18
Total													3,562	57,869

Gross undiscounted Best Estimate Claims Provisions - Development year (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10+	Year End (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	
Prior	R0100											3,348	
N-9	R0160		7,962	5,700	3,155	2,126	1,484	1,272	1,382	1,408	872		
N-8	R0170	8,596	7,078	2,831	2,674	2,466	2,108	1,131	1,418	950			
N-7	R0180	9,897	5,099	3,888	2,022	1,821	1,328	1,686	1,282				
N-6	R0190	19,604	6,652	1,617	2,324	671	1,154	1,059					
N-5	R0200	15,004	6,956	3,792	2,144	2,005	1,942						
N-4	R0210	12,545	8,314	1,111	1,497	1,581							
N-3	R0220	11,694	5,059	2,011	1,581								
N-2	R0230	19,210	2,557	3,369									
N-1	R0240	11,393	4,892										
N	R0250	10,104											
Total													

S.23.01.01 - Own funds (In thousands of GBP)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	500	500			
Share premium account related to ordinary share capital	R0030	0				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0				
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	58,568	58,568			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	59,068	59,068	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0

S.23.01.01 - Own funds (In thousands of GBP)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	59,068	59,068	0	0	0
Total available own funds to meet the MCR	R0510	59,068	59,068	0	0	
Total eligible own funds to meet the SCR	R0540	59,068	59,068	0	0	0
Total eligible own funds to meet the MCR	R0550	59,068	59,068	0	0	
SCR	R0580	22,100				
MCR	R0600	5,525				
Ratio of Eligible own funds to SCR	R0620	2.672751608				
Ratio of Eligible own funds to MCR	R0640	10.69100643				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	59,068
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	500
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	58,568
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	1,669
Total Expected profits included in future premiums (EPIFP)	R0790	1,669

S.25.01.21 - SCR using standard formula (In thousands of GBP)

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0100
Market risk	R0010	12,526		
Counterparty default risk	R0020	1,351		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	14,449		
Diversification	R0060	-6,281		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	22,045		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	812
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-758
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	22,100
Capital add-on already set	R0210	0
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	22,100
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	Yes

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	-758
LAC DT justified by reversion of deferred tax liabilities	R0650	-758
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-758

S.28.01.01 - MCR (In thousands of GBP)

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	4,264

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	0	
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	257	
Fire and other damage to property insurance and proportional reinsurance	R0080	2,401	3,289
General liability insurance and proportional reinsurance	R0090	22,813	7,815
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1,560	600
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160	52	115
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations		C0040
MCRL Result	R0200	0

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

Overall MCR calculation		C0070
Linear MCR	R0300	4,264
SCR	R0310	22,100
MCR cap	R0320	9,945
MCR floor	R0330	5,525
Combined MCR	R0340	5,525
Absolute floor of the MCR	R0350	1,079
Minimum Capital Requirement	R0400	5,525