MEREO INSURANCE LIMITED
2025 FINANCIAL CONDITION REPORT

March 2026

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Disclaimer and Cautionary Statement

This Financial Condition Report ("FCR") for Mereo Insurance Limited (the "Company), forms part of the annual submission to the BMA in accordance with Insurance (Public Disclosures) Rules 2015 under the Bermuda Insurance Act 1978 and related regulations, as amended (the "Insurance Act").

Only to the extent required by the Regulation or other applicable law, neither the Company nor Mereo Holdings Limited (collectively the "Group") nor any of their respective officers, employees, consultants, advisors, representatives or agents:

- Makes any representation or warranty as to the accuracy, completeness, timeliness, fairness, or reliability of the information in this report or the opinions contained herein; or
- Accepts any liability (including without limitation, any liability arising from fault or negligence on the part of any of them) for any use of this report or otherwise arising in connection with it.

Executive Summary

The FCR contains qualitative and quantitative information about the Company's business and performance, governance structure, risk profile, solvency valuation, and capital management. Financial information is presented using a combination of the audited Statutory Financial Statements ("SFS"), Capital and Solvency Return ("CSR") and audited GAAP Financial Statements ("FS") prepared based on accounting principles generally accepted in the United States ("GAAP") of the Company as at December 31, 2025.

The Company was incorporated in Bermuda on April 19, 2023, and is a wholly owned subsidiary of Mereo Holdings Limited ("MHL"), a company incorporated in Bermuda on November 16, 2023. On February 3, 2025, the Company commenced operations as a Class 3B insurer and provides insurance and reinsurance coverage across a broad range of property, specialty and casualty lines of business.

AM Best affirmed the Financial Strength Rating of "A-" (Excellent) and the Long-Term Issuer Credit Rating of "A-" (Excellent) of the Company in March 2026. The outlook of these Credit Ratings is stable.

SECTION 1. BUSINESS & PERFORMANCE

1.1 Name of Insurer

Name of Insurer	Mereo Insurance Limited
Registered Address	Cannons Court, 22 Victoria Street, HM 11, Bermuda
Office Address	5 Reid Street, HM 11, Bermuda

1.2 Supervisor

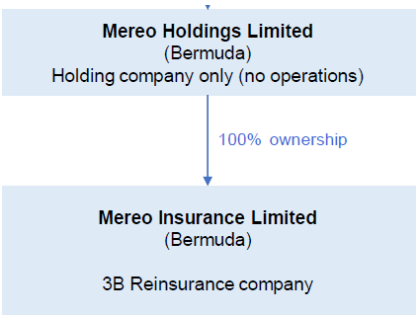
Supervisor	Bermuda Monetary Authority, BMA House, 43 Victoria Street, HM11, Bermuda
Group Supervisor	N/A

1.3 Approved Auditor

Auditor	Ernst & Young Ltd, 3 Bermudiana Road, Hamilton, HM 08, Bermuda

1.4 Ownership Details and Group Structure

The Company is a Class 3B insurer based in Bermuda and is the only, wholly owned, subsidiary of MHL, a Bermuda based holding Company. Other than MHL and the Company, there are no other companies within this Group. The Group exists for the sole purpose of capitalising and running the Company as a class 3B insurer. There are no other regulated activities conducted by this Group.



1.5 Insurance Business Written

The Company underwrites diversified reinsurance products across the global property, casualty, and specialty markets, with both proportional and non-proportional risk placements, and casualty direct insurance, leveraging a balance sheet approach to deploy capacity at competitive terms. Core lines of business include;

- Property reinsurance (with emphasis on catastrophe excess-of-loss across wind, earthquake, wildfire, severe convective storm, flood, and parametric products);
- Specialty lines (this includes: marine, energy, aviation, space, political risk, accident & health, crop, and contingency); and,
- Casualty covers (this includes, general and excess liability, professional indemnity, E&O, D&O, and cyber) as well as direct Excess Casualty insurance, designed to meet the needs of a broad set of global carriers, syndicates, and MGAs.

The Company's geographic underwriting footprint extends internationally, targeting exposures in the United States, Europe, Canada, the Caribbean, Japan, Australia, and New Zealand, while having its operational hub and regulatory domicile in Hamilton, Bermuda.

Gross written premiums for the year ended December 31, 2025:

(in thousands, except percentages)	Gross Premiums Written	Percentage of Gross Premiums Written
Casualty	$ 89,096	31 %
Specialty	104,419	37 %
Property	90,917	32 %
Total gross premiums written	$ 284,432	100 %

1.6 Performance of Investments & Material Income & Expenses for the Reporting Period

The net investment income for the year ended December 31, 2025 consists of the following items:

(in thousands)	2025
Cash and cash equivalents	$ 11,141
Short-term investments	646
Fixed maturity securities	7,852
Equities	6,016
Gross investment income	25,655
Investment expenses	(1,753)
Net investment income	$ 23,902

The Company's investment strategy is conservative and designed to maximise diversification and mitigate risk whilst keeping in mind the liquidity needs of the insurance company. The company's overall investment return for the year ended December 31, 2025, was 4.9% based on average invested assets for the year.

1.7 Material Income & Expenses

The Company's main source of income is insurance and reinsurance underwriting and investment activities. The main expenses arise from net claims and claims expenses incurred on the policies of reinsurance and insurance, acquisition costs, and other operating expenses.

(in thousands, except percentages)	2025
Gross premiums written	$ 284,432
Net premiums written	263,236
Net premiums earned	94,877
Net underwriting technical result	33,012
Net investment income	23,902
General & administrative expenses	(21,429)
Net income	$ 35,697
Net acquisition expense ratio	17%
G&A expense ratio	23%
Net claims and claims expense ratio	48%
Combined ratio	88%

1.8 Any Other Material Information

No other material information to report as of December 31, 2025.

SECTION 2. GOVERNANCE STRUCTURE

The Board of Directors (the "Board") is responsible for maintaining the organisational structure to achieve the Company's business objectives, including an appropriate business strategy, effective governance, adequate financial resources, and strong internal controls. The key components of the Company's corporate governance framework are set forth in the Company Bye-laws, and Committee Charters.

2.1.1 Board and Senior Executive

The Company's Board of Directors and senior executives as of December 31, 2025 are summarised below:

Board of Directors:

Brian Duperreault – Chairman of the Board, Executive Chairman
David Croom-Johnson – Director, Chief Executive Officer
Neil Strong – Director, President
Lawrence Minicone – Director, Chief Investment Officer
Dean Carlson – Investor Director
Charles DiGrande – Investor Director
Dan Knipe – Investor Director
April Galda Joyce – Independent Non-Executive Director
John Swanick – Independent Non-Executive Director

Officers and Senior Executives:

Richard Holden – Chief Underwriting Officer
Christopher Lee – Chief Operating Officer

Gregory Tyers – Chief Financial Officer *
Federico Waisman – Chief Risk Officer, Chief Information Security Officer (“CISO”)
Derek Walsh – General Counsel, Money Laundering Reporting Officer (“MLRO”)

*Replaced interim Chief Financial Officer Jonathan Reiss on August 13, 2025

The Company’s Board is primarily responsible for the oversight of the Company’s strategic plan and the risk management process. To support these responsibilities, the Board has established three committees: the Audit Committee (“AC”), the Underwriting and Risk Committee (“URC”), and the Governance Committee (“GC”). The committees operate under formal terms of references set by the Board. The primary responsibility of these committees are summarised below and more fully described in their charters.

Audit Committee

The AC assists the Board in fulfilling its oversight of: the integrity of the accounting and financial reporting processes and the quality and integrity of the financial information of the Company; the effectiveness of the Company’s system of internal controls and risk management, including the processes for compliance with laws, regulations and ethical codes of practice; the effectiveness of the internal audit function, including the internal auditor; and the qualifications, independence, and performance of the registered public accountants engaged as the independent external auditor and the overall effectiveness of the external audit process.

Underwriting and Risk Committee

The URC assists the Board in ensuring the Company’s current and future risks are identified, understood, and managed within the approved risk appetite, risk profile, and policies and procedures, and to periodically assess the effectiveness of the risk management framework. The URC is responsible for maintaining and monitoring the Risk Management Framework and related policies, reporting relevant risk matters to the Board, and ensuring alignment with the Company’s risk appetite. The Company maintains a Risk Register to assist in identifying, assessing, and managing key risks and controls.

The URC’s responsibilities include oversight of compliance and risk governance (including recommending the System of Governance), advising the Board on current and emerging risk exposures and the strategic approach to managing risk (including risk appetite and tolerances), and overseeing investment, banking, and financing activities (including supervision of appointed investment managers), capital and financing arrangements, and whistleblowing and financial crime arrangements. The URC also advises the Board on solvency needs and compliance matters and reports actions and recommendations to the Board after each meeting.

Governance Committee

The GC assists the Board with its general oversight responsibility with respect to the operations and related operational risks of the Company’s businesses, including but not limited to, matters relating to financial performance, key strategies and initiatives, and related risks and to oversee the Company implementation of compliance programs and compliance policies and procedures required to meet legal, compliance and regulatory requirements.

2.1.2 Remuneration Policy

The Company through its services agreements oversees and delegates the remuneration policies and procedures to a service company, whilst maintaining oversight and accountability by the Board, the Company ensures that the remuneration program at the service company is in alignment with the Company’s strategic objectives. This includes sound and effective risk management through the existence of a stringent governance structure around the role and function of key officers provided. The service company recognises the need to attract, develop, retain and motivate high-performing employees, provide financial incentives for those accepting promotional opportunities, and improve the company’s position

within the current market. Remuneration packages consists of fixed and variable components, as well as a range of benefits. Fixed pay is primarily determined according to the nature of the role the individual performs. In addition, rates are determined for comparable roles in the market. Variable reward comprises discretionary bonus payments. The variable remuneration depends on the achievement of the combination of the assessment of the performance of the individual and of the overall result of the service company.

2.2 Fitness and Propriety Requirements

Fit and Proper Process in assessing the Board, Officers and Senior Executives

In assessing whether a person is fit and proper to hold a particular position, consideration is given to their probity, competence, soundness of judgment and diligence. The assessment also evaluates whether the interests of clients or potential clients are, or are likely to be, adversely affected by the individual's appointment to that position.

The Company ensures the Board, Officers and Senior Executive are fit and proper to hold their positions through the following process:

- Board and senior executive positions are staffed with experienced professionals with appropriate skills, knowledge, character, and experience. Candidates are vetted prior to appointment.
- Each member of the Board signs a Conflict of Interest Statement.
- The Company maintains a good reputation within the business community to help attract well-qualified applicants.
- Appropriate segregation of duties across functions is maintained and all committees are overseen by the Board.
- Biographies of the Board members and Executive Officers can be found below.

Board Members:

Brian Duperreault (Chairman)

Brian Duperreault is Chairman of the Company. He retired as executive chairman of AIG in December 2021, after his tenure as CEO began in 2017. Prior to AIG, Brian served as CEO of Hamilton Insurance Group, where he grew the company via acquisitions, including insurance and reinsurance, operations in the U.S., and a syndicate at Lloyd's of London. Before Hamilton, Brian was President & CEO of Marsh & McLennan, successfully turning around the company and restoring profitability and growth. Prior to that, Brian spent 10 years as Chairman and CEO of ACE Limited (now Chubb).

David Croom Johnson (CEO)

David Croom Johnson is CEO of the Company. Prior to Mereo, David was the CEO of AEGIS London, one of the most successful Lloyd's managing agencies of the past 15 years. Under David's leadership, AEGIS London doubled in size and profitability. Prior to becoming CEO, David served as AEGIS London's CUO from 2006 – 2015. Before his role as CUO, David was the Head of Casualty at AEGIS.

Neil Strong (President)

Neil Strong is the President of the Company. Prior to Mereo, Neil was the CEO of IQUW ILS Ltd. Prior to that appointment, he was Senior Partner and Global Head of Origination for Life and Non-Life at Securis Investment Partners, where he also established and managed the Bermuda Office. Prior to that, Neil was the founding partner of the insurance products platform at Execution Noble, leading equity research, equity capital markets, sales, corporate access, and a reinsurance broker. He began his (re)insurance career at AON and Willis Towers Watson. Neil currently advises and sits on the Investment Committee of the Natural Disaster Fund, an entity backed by the UK and German governments, providing parametric insurance and reinsurance solutions to developing nations, communities, and economies.

Lawrence Mincone (Chief Investment Officer)

Lawrence Minicone is CIO at the Company. Prior to Mereo, Lawrence served as the Head of Research at Tekmerion Capital Partners, a systematic global macro hedge fund. Before that, Lawrence served as Director of Cross Commodities at Castleton Commodities International ("CCI") (formerly Louis Dreyfus Highbridge). Prior to CCI, Lawrence was an investment professional at Bridgewater Associates, responsible for a suite of real-time estimates that served as the primary inputs into Bridgewater's systematic strategies. He was the head Australia analyst and built algorithms across developed and emerging market equities and fixed income and commodities.

Charles J DiGrande (Investor)

Charles DiGrande has been at The Andover Companies for 33 years with positions ranging from Underwriter to President of The Andover Companies, and finally CEO. In addition to his enterprise leadership role at The Andover Companies, Charles chairs the boards of directors of the Massachusetts FAIR Plan and the Mutual Fire Insurance Association of New England. He was the former chair of the Governing Committee of the Rhode Island Joint Underwriting Association and serves on the board of the Francis Ouimet Scholarship Fund. Charles graduated from Colby College with a Bachelor of Arts (B.A) History in 1993.

Dean Carlson (Investor)

Dean Carlson is an Investor at Susquehanna International Group ("SIG"), bringing expertise in financial services and investment management. SIG's focus encompasses digital assets and private company equity. Within SIG's financial environment, Dean has contributed to convertible bonds and served as an Equity Options Trader. His work history includes involvement in options trading strategies, market analysis, fixed income analysis and risk management. Dean graduated from the University of Chicago with a Bachelor's degree.

Dan Knipe (Investor)

Dan Knipe is a qualified actuary with over 25 years of experience in the insurance and financial services sector. He leads Kilter Finance, a specialist investor which provides capital to insurance and reinsurance companies across the globe. Dan serves on a number of boards in connection with his position at Kilter Finance. Prior to founding Kilter Finance, Dan held positions at Leadenhall Capital, Swiss Re and Tillinghast.

John Swanick (Independent Director)

John Swanick has over 35 years of experience in the public accounting, auditing and advisory profession serving all types of insurance and reinsurance clients. John is a Senior Advisor at Centri Business Consulting ("Centri") within the firm's Insurance Practice. Prior to his time with Centri, John's experience included accounting and financial reporting on both a statutory accounting and GAAP basis, merger and acquisitions, due diligence, risk management, governance, internal controls, and internal audit department process/best practices and benchmarking to identify control efficiency and effectiveness and improvement opportunities. John has extensive experience serving Board and Audit/Risk Committees to provide greater awareness of the risks and opportunities confronting businesses and the insurance industry. John received an M.B.A. in Finance from the University of Saint Joseph's in 1986 and a B.S. in Accounting from the University of Saint Joseph's in 1982. In addition to being an actively licensed Certified Public Accountant ("CPA"), John is also a licensed Fellow, Life Management Institute ("FLMI").

April Galda Joyce (Independent Director)

From 2021 to 2023, April served as the Chief Executive Officer and Director of Beat Capital Partners

Americas, a subsidiary of Beat Capital Partners Limited, establishing Beat's U.S. platform, capacity, and initial managing general agent relationships. Prior to that, between 2004 and 2021, she held senior roles with Global Atlantic Financial Group, a global financial services company, formerly the Goldman Sachs Reinsurance Group, including most recently as a Managing Director and Chief Culture Officer. She also served as Global Atlantic's co-head of operations and co-CEO of Global Atlantic Re in Bermuda. April began her career as an analyst at Goldman Sachs in New York in 1999. She also serves as a member of the board of directors of Symetra Financial Corporation, Essent Group and Cedar Trace Advisers Limited. April holds a BS in Management from Case Western Reserve University.

2.3 Risk Management and Solvency Self-Assessment Systems Implementation

The Company's compliance and risk management function consists of the Board, the URC, and the GC. In accordance with the proportionality principles underpinning the requirements of the BMA Insurance Code of Conduct ("Insurance Code") applicable to the Company, the Company assesses the nature, scale and complexity of its operations to determine the level of dedicated compliance and risk management resources required.

The Company has established a framework by which risks are identified, measured, mitigated, and managed. This framework incorporates a structured three-lines-of-defence model, supported by a suite of policies and an evolving internal control framework that, together, establish clear roles and responsibilities for risk identification, management, monitoring, and escalation. As the Company grows, it will continue to enhance its framework of internal controls to mitigate risks and limit the probability of losses or other adverse outcomes. The framework provides a basis for understanding the capital risks the Company is exposed to and its ability to identify, assess, control, and mitigate these risks.

Risk Appetite:

The Board approves the Company's risk appetite and related underwriting and investment guidelines. The Board meets regularly to review and approve any commercial, regulatory, or organisational requirements of such guidelines. These guidelines define the Company's identification of risks, establish a framework to ensure appropriate quality and diversification of assets, align underwriting and reinsurance strategy with overall business objectives, and specify reporting requirements. The risk exposures are identified in the Risk Register and Risk Appetite Statement.

Responsibility for Risk Management:

The Board has overall responsibility for ensuring the adequacy of the systems and controls underlying the Risk Management Framework (which encompasses the Insurance Code and Cyber Code of Conduct) and is designed to ensure that risk management, capital planning, and strategic decision-making are appropriately aligned. The Board has delegated day-to-day oversight to the URC, which is responsible for assessing all risks facing the Company and establishing appropriate controls to manage and/or mitigate those risks. The URC assesses the level of each risk classification and identifies where additional controls or changes to systems, processes, or controls may be required. Both qualitative and quantitative risk assessments are performed before and after consideration of existing controls. The URC also seeks to identify, measure, monitor, manage, and report on the risks to which it is or could be exposed. This function includes the requisite strategies, controls, and reporting processes. Responsibility for monitoring each identified risk is assigned to designated Risk Owners. The URC periodically (at least annually) prepares a report for the Board covering the Company's risk management activities. The Risk Register is presented to the Board on an annual basis for approval. Any material changes to the risk management strategy, policies, processes, or financial models require Board approval.

Risk Management and Solvency Self-Assessment Systems Implementation:

The Company prepared a 5-year forecast at inception and performs annual stress testing using the latest financials and 12-month forecasts. These forecasts are input into the Bermuda Solvency Capital

Requirement model for analysis. The Board considers the capital implications of business decisions as part of its oversight process, and the Company maintains a strong understanding of the key drivers of its regulatory capital requirements. Compliance with the BMA's requirements is monitored on an ongoing basis.

These forecasts and models are used as a risk management tool and form part of the risk management system. The following reports are periodically reviewed by the Company and may constitute part of the Company's Solvency Self-Assessment;

- Detailed actuarial reviews;
- Assessments of ceded reinsurance arrangements, including recoverability of balances; and,
- Review of the risks recorded in the Risk Register.

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

The Company considers its solvency needs through proforma running of the BSCR model on a quarterly basis, and the calculation of the required and target risk capital is reviewed by the URC. The capital needs of the Company are considered during various decision-making processes at the Board level, including:

- Review and approval of underwriting guidelines;
- Asset allocation to support reinsurance liabilities and corporate operations; and,
- Planning for future growth in reinsurance writings and business operations.

The Risk Management and Solvency Self-Assessment systems are also used to project future solvency needs and to perform stress testing under a range of scenarios.

Solvency Self-Assessment Approval Process:

The Company has put in place a Solvency Self-Assessment ("CISSA") to provide a comprehensive, integrated and forward-looking assessment of the Company's material reasonably foreseeable risks arising from its business model, strategy, and interaction with the wider operating environment. The CISSA supports the Company's ability to assess the ongoing appropriateness and sustainability of its own risk profile and solvency requirements, business strategy and to ensure that it maintains adequate financial and operational resilience over its planning horizon.

The CISSA forms an integral component of the Company's risk management framework which is outlined in the CISSA Policy. It is designed to link the company's risk tolerance and business strategy to its capital, liquidity, and resourcing needs. Through this process, the Company analyses its solvency and liquidity requirements, assesses its ability to remain compliant with applicable regulatory and internal thresholds under both base and stressed conditions, and it evaluates the adequacy of its governance, risk management, and control environment.

The adoption of the CISSA within decision-making processes is in the early stages of formalisation. However, the underlying business-as-usual governance, capital management, underwriting, portfolio management and risk management processes are established and provide the foundation through which the CISSA will be embedded on a forward-looking basis. The Company confirms that the CISSA is not intended solely as a regulatory reporting exercise. Rather, it is designed to support strategic decision-making and to provide a structured framework for assessing capital adequacy, liquidity resilience, and sustainability of the business model.

As this is the Company's inaugural CISSA, the Company is establishing and documenting the process. This will be subject to ongoing review and challenge by the Board of Directors and senior management to ensure it remains aligned with changes in strategic direction, risk profile, and market conditions. The risk framework includes an explicit oversight mechanism to promptly identify and escalate any material deficiencies, vulnerabilities, or weaknesses and to support timely consideration and execution of corrective actions where necessary.

The CISSA is performed at least annually and submitted to the BMA as part of the Company's year-end regulatory filing requirements, supporting transparent and informed supervisory engagement.

2.4 Internal Controls

Internal Control System:

In accordance with the proportionality principle under the Insurance Code, the Company maintains an internal control system that is appropriate to the scale, nature, and complexity of its business. The internal control framework includes administrative and accounting procedures, reporting arrangements, and oversight mechanisms designed to ensure the integrity and reliability of financial and operational processes.

Compliance Function:

The Compliance function is responsible for ensuring that the Company's operations adhere to all corporate legal requirements, BMA regulatory requirements, and applicable laws.

This includes:

- Developing and maintaining effective compliance policies and procedures;
- Monitoring adherence to internal policies, processes, and reporting requirements;
- Assessing the potential impact of changes in the legal or regulatory environment on the Company's operations; and,
- Identifying and monitoring legal and regulatory risks recorded in the Risk Register.

The GC is responsible for overseeing compliance activities and monitoring changes in legislation and regulation. Any material impacts on operations are reported to the Board, and the Company establishes action plans to ensure ongoing compliance.

The Company has a dedicated Compliance Officer that commenced employment in March 2026. The Compliance Officer reports to the General Counsel for the Company. The Company has developed a detailed compliance monitoring plan and the internal responsibilities for compliances, as set out in the BMA Insurance Code checklists, owners have been allocated to complete and utilises traffic light tracking of achievement.

2.5 Internal Audit

The Company has appointed Grant Thornton ("GT") as the internal auditor which acts as the Third Line of Defense. During 2025, GT performed their independent survey of the different functions of the Company including the risk function and submitted an internal audit plan for 2026 and potential scope in 2027 which was approved by the AC and the Board in February 2026.

The Company has established an Internal Audit Charter. The purpose of the Company internal audit function is to provide independent and objective assurance and advisory services designed to add value and improve the operations of the Company. Internal Audit assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes. The Internal Audit function also provides specialty investigation services. GT reports periodically to the Board and Senior Management regarding the Internal Audit function and delivery of assurance and advisory services.

2.6 Actuarial Function

The actuarial function plays a central role in pricing risk, ensuring adequate reserves, supporting capital

management, and meeting regulatory requirements. Operating under the oversight of the BMA and within frameworks such as the Bermuda Solvency Capital Requirement, the function is both technical and strategic, influencing financial stability and business decision-making.

Core Responsibilities of the Actuarial Function
The Actuarial function for the Company is responsible for:

- Performing reserve estimates, including assessing the quality and completeness of underlying data, and ensuring that technical provisions (including IBNR) are appropriate and sufficient to meet future obligations;
- Assisting with underwriting processes, including pricing analysis, structuring and evaluation of underwriting contracts, and assessing risk transfer mechanisms such as ceding reinsurance and other financial instruments; and,
- Providing supporting financial information to a range of internal and external stakeholders, including senior management, the Board, regulatory authorities, and rating agencies such as AM Best.

In addition, the actuarial function supports broader activities including catastrophe modeling, capital modeling, enterprise risk management, and strategic planning.

Reserving Governance and Oversight
The Company's claims and reserving oversight framework is designed to ensure independence, rigor, and transparency:

- Oversight is carried out by the Board and the URC;
- Through a URC subcommittee, the Reserving Committee ("RC") provides focused governance over reserve adequacy and methodology; and,
- An independent review and the Loss Reserve Specialist Opinion ("LRSO") is performed by Willis Towers Watson ("WTW"), acting as the Loss Reserve Specialist ("LRS") for the Company. The LRS is responsible for providing an objective assessment of the reserving analysis and underlying assumptions.

Reporting and Review Cycle

- A comprehensive year-end actuarial reserve report is prepared and presented to the Board annually, summarising reserve adequacy, methodologies, and key uncertainties; and,
- Quarterly reserve reviews are performed throughout the year to set reserves and monitor emerging experience against expectations, allowing for timely adjustments where necessary.

2.7 Outsourcing

The Insurance Code permits the Company to outsource functions either externally to third parties or internally to affiliated entities, provided that:

- The Board has assessed the impact of the outsourcing arrangement;
- The Board ensures there is oversight and accountability for outsourced functions as if they were performed internally; and,
- The outsourcing arrangement does not adversely affect the Company's ability to operate in a prudent manner.

The Company maintains an Outsourcing Policy that outlines the governance and oversight mechanisms in place to manage outsourced functions. Each agreement includes terms requiring the service provider to comply with Bermuda laws and regulations, cooperate with the BMA, and provide access to data and records as required.

The Board retains ultimate responsibility for oversight of outsourced functions, which include:

Actuarial Function: The actuarial EBS technical provision reserve review and calculation of technical reserves and the financial market stress scenarios are performed by WTW supplemented with

arrangements for pricing with a third party vendor.

The Loss Reserve Specialist: WTW is the LRS.

Internal Audit: GT provides internal audit services.

Selection:
Outsourcing to an external service provider may be driven by factors such as cost efficiency, access to professional expertise, or operational effectiveness. The GC is responsible for ensuring that all outsourced service providers are properly vetted and demonstrate the qualifications and resources necessary to meet the Company's requirements.

Approval:
All proposed outsourced service providers are subject to an approval process that typically includes:

- Analysis of the proposed services, including the impact on the Company's business strategy, risk profile, and regulatory considerations;
- Cost analysis, including the effect on the Company's budget;
- Due diligence of the service provider's financial stability, expertise, and capacity;
- A plan for monitoring and controlling operational risk exposure and alignment with strategic objectives;
- A plan to transition existing operations to the outsourcing arrangement; and,
- Procedures to monitor and evaluate the outsourced service provider on an ongoing basis.

The Company maintains a schedule of service providers with all material outsource arrangements.

Monitoring:
For each outsourced services arrangement, the Company maintains processes to ensure service levels are consistently achieved. This includes the identification and monitoring of qualitative and quantitative performance metrics and targets. Any material issues of inadequate performance are reported to the Board, which takes appropriate remedial action.

Material Outsourcing:
The Mereo Group (the Company and MHL) and Cedar Trace Advisers Holdings ("CTAHL") group are separate and distinct legal groups that share certain directors and officers and have a strategic alliance between the two groups.

Effective January 31, 2025, the Company and MHL entered into a Service Agreement with Cedar Trace Advisers Limited ("CTAL"), a subsidiary of CTAHL, whereby CTAL provides a broad range of management services including handling of insurance underwriting, claims and operational functions (compliance, legal, finance and employment related administration) to the Company and MHL in exchange for management fees and performance fees received from the Company. CTAL is the employer of record for all employees of the Company. CTAL will provide the employees to the Company pursuant to the Services Agreement.

Effective January 31, 2025, the Company and MHL entered into an Investment Administration Agreement with Cedar Trace Capital Limited ("CTCM"), a subsidiary of CTAHL, whereby CTCM provides investment administration services to the Company and in return receives administration fees.

2.8. Other Material Information

No other material information to report.

SECTION 3 - RISK PROFILE

3.1 Material Risks to which the Insurer is Exposed During the Reporting Period

The key risks facing the Company are:

- Underwriting Risk – the risk of loss, or adverse change in the value of insurance liabilities due to inadequate pricing or provisioning assumptions;
- Liquidity Risk – the risk that the Company is unable to settle its financial obligations when they fall due;
- Market Risk – the risk that changes in financial market prices and rates will reduce the value of the Company's asset portfolio or increase the carrying value of its liabilities;
- Credit Risk – the risk of loss, or adverse change in financial condition, resulting from fluctuations in the credit standing of insureds, reinsurers, and other debtors. This includes counterparty default risk, concentration risk, and changes in the credit quality of counterparties; and,
- Operational Risk – the risk of loss arising from inadequate or failed internal processes, personnel, systems, or external events. This includes failure to comply with laws, ethical standards, or contractual obligations, and exposure to litigation.

The Company utilises modelling tools and other techniques to measure and monitor quantifiable risks. Identified risks and related controls are documented in the Risk Register and are assessed on both an inherent (before controls) and residual (after controls) basis. Risks and controls are reviewed regularly by the URC and by management responsible for identifying new, emerging, or changing risks.

3.2 Risk Mitigation in the Organisation

All risk management activities are carried out in accordance with the Company's risk framework. This framework is documented in policies such as the Capital Management Policy and the Risk Register, which identifies all major risks along with the corresponding controls. The framework is adopted by the GC and the URC and approved by the Board. The Company maintains a risk management function to identify, measure, monitor, manage, and report on the risks to which it is or could be exposed. This function is comprised of strategies, controls, and reporting processes. Responsibility for each risk is assigned to designated Risk Owners.

The Chief Risk Officer prepares reports for the Board covering risk management activities. The Risk Register is presented to the Board for annual approval. Any material changes to the risk management strategy, policies, processes, procedures, or financial models require Board approval.

3.3 Material Risk Concentrations

The Company has policies governing risk concentrations, including underwriting and investment guidelines. The risk management framework defines the Company's risk appetite for each major risk and establishes controls to ensure concentration limits are observed.

In the investment portfolio, concentration risk is mitigated through diversification by asset type, asset class, and issuer, with restrictions on exposures to individual counterparties. The Company maintains a liquidity profile that reliably supports claims-paying ability and the Company's capital and solvency objectives, including under stressed conditions.

Reserve risk is a subcomponent of assumed risk. The Company defines reserve risk as the risks related to the reserve for net claims and claims expenses. The Company's reserve for net claims and claim expenses is subject to significant uncertainty and has the potential to develop in future periods. While reserve risk may increase in both absolute terms and relative to its overall consideration, the Company employs robust

resources, procedures and technology to identify, understand, quantify and manage this risk. Particular attention is given to lines with potentially longer development patterns, including casualty and specialty exposures, where uncertainty may emerge beyond the initial reporting period. As the portfolio matures, the Company will continue to enhance reserving methodologies, data granularity, and governance oversight to ensure that reserve risks remain appropriately measured and managed.

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

The Company's investment portfolio is managed by the Chief Investment Officer in accordance with the Investment Guidelines, which are reviewed at least annually. The Company's investment objectives typically include preserving capital, maintaining adequate liquidity to meet policyholder obligations, and generating an appropriate level of return to supplement underwriting results.

The Company maintains a diversified investment portfolio in accordance with the Prudent Person Principle and the restrictions set out in its Investment Guidelines.

The Company has outsourced most of the management of the investments, which are managed in line with the strategy and risk parameters approved by the Board. Effective January 31, 2025, the Company and MHL entered into an Investment Administration Agreement with CTCM, whereby CTCM provides investment administration services to the Company and in return receives administration fees.

Permitted asset classes, such as equities and alternative investments, are subject to the limitations prescribed within the Company's investment policy.

3.5 Stress Testing and Sensitivity Analysis to Assess Material Risks

Stress testing is a key element of the Company's Risk Framework. The Company conducts stress testing and sensitivity analysis at least annually as part of its CISSA and internal capital assessment processes. The results of these assessments are used to support business decision-making, including confirmation that the business plan is aligned with the Company's stated risk appetite.

Stress testing plays a critical role in evaluating the Company's capital position under a range of adverse but plausible scenarios. The primary objective is to ensure the Company maintains a comprehensive understanding of its risk profile and is well positioned to take proactive risk management actions. It also supports the calibration of effective risk management strategies. The Company also performs stress testing as prescribed by the BMA to assess impact on the BSCR ratio after specified events.

Based on the most recent stress test results, the Company remains well capitalised and resilient, with sufficient capital to withstand severe but plausible stresses. These outcomes reinforce the Company's ability to cover policyholders, even under adverse conditions.

SECTION 4. SOLVENCY VALUATION

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

The Company applies the valuation principles set out in the BMA Guidance Notes for Statutory Reporting Regime when preparing its statutory filings. The Economic Balance Sheet ("EBS") framework as prescribed by the BMA is used to derive the EBS. The BMA's framework uses the US GAAP balance sheet as a starting point, with valuation adjustments made where required to ensure assets and liabilities are measured at fair value.

The fair value principles used to derive the value of each asset class are as follows:

- Fixed maturity investments AFS, short term investments, cash and cash equivalents, and equity investments: Valued at fair value for EBS purposes, which is consistent with the valuation approach under US GAAP;
- Premiums Receivable and Funds Held by Ceding Reinsurers: Amounts that are not contractually due are included in the technical provisions. Amounts that are not contractually due are carried as an asset on the EBS and valued in accordance with US GAAP;
- Prepaid Expenses: Valued at $Nil on the EBS;
- Deferred Acquisition Costs: Deferred acquisition costs are included in the premium provision valuation within the Company's technical provision for EBS; and,
- Other assets: Valued in accordance with US GAAP.

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

EBS technical provisions are based on the best estimate of future cash flows required to settle the insurance and reinsurance obligations associated with existing business as at December 31, 2025.

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

The best estimate for the EBS technical provision is calculated by starting with the US GAAP undiscounted and unpaid gross and net of reinsurance loss and loss adjustment expenses for losses incurred on or prior to December 31, 2025. Technical provisions also reflect future claim estimates on unexpired risks incepting on or prior to December 31, 2025.

Technical provisions use the US GAAP reserves, adjusted for the following:

- Incorporation of expected reinsurance counterparty defaults;
- Incorporation of Events not in Data ("ENIDs");
- Other adjustments related to consideration for investment expenses; and,
- Discounting of cash flows.

The best estimate of the premium provision is calculated using the unearned premium reserve ("UEPR") on a US GAAP basis and applying expected future loss ratios, expense ratios and appropriate claims payout patterns to derive future expected cash flows. The provisions are then discounted to take into account the time value of money, using the relevant risk-free interest rate term structures as of December 31, 2025, as published by the BMA.

As at December 31, 2025, the total technical provisions amounted to $36,942 comprising the following:

(in thousands)		2025
Best estimate premium provisions	$	(22,680)
Best estimate loss and loss adjustment expense provisions		46,257
Risk margin		13,365
Total technical provisions	$	36,942

4.3 Description of Recoverable from Reinsurance Contracts

As at December 31, 2025, the Company's reinsurance recoverable balance was $928 with a component fully collateralised and the remainder with rated reinsurers.

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

Similar to the valuation principles for assets, the Company's liabilities follow the valuation principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" which values liabilities using a fair value basis for EBS.

The Company's other liabilities are valued on a US GAAP basis as there are no obligations expected to be settled in more than one year.

4.5 Any Other Material Information

No additional material information to report as of December 31, 2025.

SECTION 5 - CAPITAL MANAGEMENT

5.1 Eligible Capital

Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes during the Reporting Period:

The Company's capital management strategy is designed to maintain a strong capital base to support the business based on its own view of the capital required and the principles applicable to operating in Bermuda, while also meeting prescribed regulatory capital requirements.

Capital management is also closely aligned to the Company's financial strength objectives and stakeholder expectations. The Company has a very low appetite for taking risks that could compromise its AM Best A-rating, recognising that the foundation of its rating is its solvency position as reflected in the BCAR. Accordingly, the Company plans to target an appropriate BCAR score and aims to operate such that BCAR does not fall below a conservative level. These capital targets and buffers inform decisions on underwriting, outward reinsurance/retrocession, investment strategy, and distribution of capital.

Eligible Capital Categorised by Tiers in Accordance with the Eligible Capital Rules:
At the end of December 31, 2025, the Company's Eligible Capital was categorised as follows:

(in thousands)		2025
Tier 1	$	547,873
Tier 2		-
Tier 3		-
Total	$	547,873

All capital is provided in the form of Common Stock, Contributed Surplus and Statutory Surplus and is considered Tier 1 eligible capital.

Eligible Capital Categorised by Tiers in Accordance to the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act:

The amounts identified above are fully available to meet the ECR requirements. All Tier 1 amounts are fully available to meet the Minimum Margin of Solvency ("MSM").

Confirmation that Eligible Capital is Subject to Transitional Arrangements:
Not applicable

Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR:
Not applicable

Identification of Ancillary Capital Instruments Approved by the Authority:
Not applicable

Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Statutory Economic Capital and Surplus:
The primary difference between Statutory versus Economic Capital Equity relate to the accounting approach and adjustments for insurance reserves to net economic basis technical provisions.

5.2 Regulatory Capital Requirements

ECR and MSM Requirements at the end of the Reporting Period:

At the end of the reporting period, the Company is compliant with all ECR and MSM capital requirements.

(in thousands, except percentages)		2025
Available Capital and Surplus	$	547,873
Enhanced Capital Requirement		238,549
Enhanced Capital Requirement Ratio		230%
Minimum Solvency Margin	$	59,637

Identification of Any Non-Compliance with the MSM and the ECR:
The Company was compliant with the MSM and ECR requirements throughout the reporting period.

Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness:
Not applicable.

Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance:
Not applicable.

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Approved Internal Capital Model:

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

SECTION 6. SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions and related events in the Middle East have continued to evolve. These developments have created increased uncertainty in global economic and financial markets and may impact reserving, customer activity, and overall market conditions. Management is actively monitoring the situation and assessing any potential financial, operational, or liquidity impacts on the Company.

DECLARATION

Based on information available at this time, to the best of our knowledge and belief, this financial condition report fairly represents the financial condition of the Company in all material respects.

DP Croom-Johnson
_____
David Croom-Johnson
Director, CEO

March 25, 2026

Federico Waisman
_____
Federico Waisman
CRO

March 25, 2026