Group Solvency & Financial Condition Report – SFCR

2024

Hastings

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Hastings

Introduction

The Hastings Group ("the Group") comprises Hastings Group Holdings limited ("HGH") and its directly and indirectly owned subsidiaries. The immediate parent company of the Group is Hastings Group Consolidated Limited ("HGCL") and the ultimate parent company of the Group is Sampo plc, which is categorised as an insurance holding company and is regulated by the Swedish FSA. Sampo acknowledges the prudential supervision of the Group's sole insurance undertaking, Advantage Insurance Company Limited ("Advantage"), and the Group, by the GFSC. Since the 1st January 2023 the GFSC supervision of Advantage and Hastings Group has been on a SII UK Perimeter Group basis. This has meant the Group is being supervised on an equivalent basis to those insurers based in the UK.

The GFSC has confirmed that the UK perimeter point for SII UK group supervision is HGH acknowledging that Hastings Group governance is exercised by the HGH Board and its committees. This approval noted that HGCL, whilst being the immediate UK parent of the Group served no role in the governance of Hastings Group.

As part of this SII UK group supervision, waivers were obtained from the GFSC in respect of Solvency information relating to both the Group and Advantage. As part of these waivers, it was agreed that a single SII reporting at Group level would take place, including specific reference, as appropriate, to the activities of Advantage. This Group SFCR focuses on prudential supervision matters pertinent to activities within the UK perimeter as well as within Advantage.

This Group SFCR has been prepared in accordance with relevant applicable Solvency II legislation and GFSC waivers enabling stakeholders to access concise information for all relevant Group entities in one report, recognising there is significant overlap in the disclosures for the Hastings Group and Advantage.

The Group's culture and values are based on its 4Cs' cultural framework: serving and investing in Colleagues, Customers, Community, for the benefit of the Hastings Group as a Company. The organisation uses the 4Cs' framework to ensure a clear, consistent, and balanced approach to measuring the Hastings Group's performance and success from the perspective of its key stakeholders. To foster a supportive and inclusive workplace culture, management promote a flexible approach to working and employee wellbeing initiatives.

During the year, the Hastings Group continued to focus on delivering good outcomes for customers through the products and services it provides, the price and value of its products, ensuring its customers understand the products and services delivered and that they receive appropriate support. The heightened emphasis on the customer by the Financial Conduct Authority ("FCA") that led to the implementation of Consumer Duty requirements resonate with the Group's existing commitment to ensure that its products and services meet the highest standards of transparency, fairness, and suitability for our customers. The Advantage and Hastings Insurance Services Limited ("HISL") Boards monitor fair value of products, to ensure continued and competitive value to policyholders, which form an integral component of the annual Value Measures reporting submission to the FCA.

Across the Group a robust Operational Resilience framework has operated throughout the year. Within Advantage, work has been undertaken to stress test the impact tolerances which support the Important Group Business Services. Advantage is enhancing its Operational Resilience framework in line with local regulatory requirements whilst HISL have completed its transitional phase of the FCA regulatory requirements. There are mature conduct risk governance systems in place and during the year conduct risk featured as a top risk across the Group. The Conduct Risk Framework across Hastings is kept under continual review to ensure the principles of Consumer Duty are met. The Group also operates Recovery and Resolution Plans to minimise customer service disruption to safeguard policyholders' interests.

Hastings

Executive Summary

Hastings Group

The Hastings Group is a growing, agile, digitally focused general insurance provider to the UK market offering car, van, bike, and household insurance products and services. Group governance is operated at the level of HGH. In 2024, the Group had two main insurance businesses: Hastings Insurance Services Limited ("HISL"), the UK-based insurance intermediary and service provider, trading as Hastings Direct, responsible for end customer pricing, fraud management, product design, distribution, and management of the underlying customer relationships; and Advantage, the Gibraltar-based insurance undertaking engaged in risk selection, underlying technical pricing, reserving and claims handling (outsourced to HISL). The Group's business model deliberately separates underlying product manufacturing from its distribution. In addition, Hastings Financial Services Limited ("HFSL") provides regulated consumer credit via personal loans and is regulated by the FCA.

The Group's combined operations feature:

- A differentiated, highly focused approach, with digital distribution built for the way in which customers buy insurance.
- An agile, data-driven model underpinned by the ability to react rapidly to the movements in the market, creating a sustainable competitive advantage.
- Underwriting built on a bedrock of sophisticated risk selection and pricing with leading integrated fraud management, competitive loss ratios, a track record of strong, profitable growth and cash generation.

This Solvency and Financial Condition Report ("SFCR") is organised into the following sections:

Section A – Business and performance

This section provides further information on the Group and provides details of its underwriting performance in the reporting period, relevant comparatives to the previous reporting period, and commentaries on any material performance differences. It covers underwriting and investment performance along with any other material elements of the Group's performance.

Significant events during reporting period

Both Hastings Group and Advantage each operate to Board approved solvency margins for Solvency Capital Requirement ("SCR") Cover. At 31st December 2024 the Group SCR Cover stood at 152% and the Solo SCR coverage level was 175%.

Section B – Systems of Governance

This section includes a description of the Group's corporate and governance structure, key function roles and responsibilities, remuneration policy and practices, and Fit and Proper requirements.

Section C – Risk profile

This section sets out the risk dimensions of the Group's operations in the context of Solvency II capital requirements.

The Group operates in the UK in the following personal lines of business:

- Motor (car, van & bike) Insurance;
- Household Insurance; and
- Consumer lending.

Gross Written Premiums ("GWP") increased by 23% year on year reflecting rate increases applied during 2023 and into 2024 to offset claims inflationary pressures and continued growth in customer numbers. Notwithstanding these claims inflation driven rating actions, total Live Customer Policies ("LCP") grew by 12% year on year. The growth in household insurance policies was even greater, to in excess of 720,000 Customers.

Throughout the Group there are robust process for all SII reporting and the Own Risk and Solvency Assessment ("ORSA") report is prepared on a SII UK group supervision basis. For 2024, this included a refined suite of stress and sensitivity tests, challenges which again validated the strength of the Group.

Section D – Valuation for solvency purposes

This section details the Solvency II metrics for valuing the Group's assets and liabilities. The Solvency II representation of the Group balance sheet differs from that published in statutory accounts: that difference is explained in this section.

Section E – Capital management

The Group's goal is to always maintain sufficient Own Funds to cover its SCR and Minimum Capital Requirement ("MCR") with a Board approved buffer. A straightforward capital structure reflects the Group's risk appetite and prudent investment strategy. The Group's Own Funds comprise share capital, prior years' retained underwriting profits and investment gains.

Hastings

Executive Summary continued

Group SCR and MCR

Solvency	YE 2024	YE 2023
Solvency II Own Funds (pre-dividend) (Tiers 1 and 3)	969.2	735.1
Foreseeable dividend	65.0	-
Solvency II Own Funds (post dividend) (Tiers 1 and 3)	904.2	735.1
SCR (All Tier 1)	594.6	513.2
SCR Cover %	152.1%	143.2%
MCR (All Tier 1)	175.5	142.2
MCR Cover %	496.8%	488.9%

All amounts in £m

Capital is reviewed and managed on an ongoing basis across the Group and on an entity specific basis. Therefore, Group and Advantage as the sole insurance undertaking within the Hastings Group operates to target capital profiles agreed with the GFSC which ensures that at all times Advantage can maintain a prudent level of solvency which reflects not only its strategic objectives but also provides a contingency in the event of adverse events occurring.

Advantage SCR and MCR

Solvency	YE 2024	YE 2023
Solvency II Own Funds (pre-dividend) (Tier 1)	844.7	649.3
Foreseeable dividend	40.0	-
Solvency II Own Funds (post dividend) (Tier 1)	804.7	649.3
SCR (All Tier 1)	460.7	410.4
SCR Cover %	174.7%	158.2%
MCR (All Tier 1)	178.3	142.3
MCR Cover %	451.4%	456.3%

All amounts in £m

Section F – Appendices & Glossary

This section comprises the Annual Quantitative Reporting Templates ("QRTs") for Group and Advantage and a glossary of all key abbreviations used in this report.

Jamie Hay
Chief Financial Officer
15 May 2025

A Business and Performance

A.1 Business

1. Name and legal form

Hastings Group Holdings Limited
Registered office:
Conquest House
Colington Avenue
Bexhill-on-Sea
United Kingdom
Registered in England Wales, Number: 09635183.

2. Name and contact details of supervisory authority

Gibraltar Financial Services Commission
PO Box 940
Suite 3, First Floor
Atlantic Suites, Europort Avenue
GX11 1AA, Gibraltar

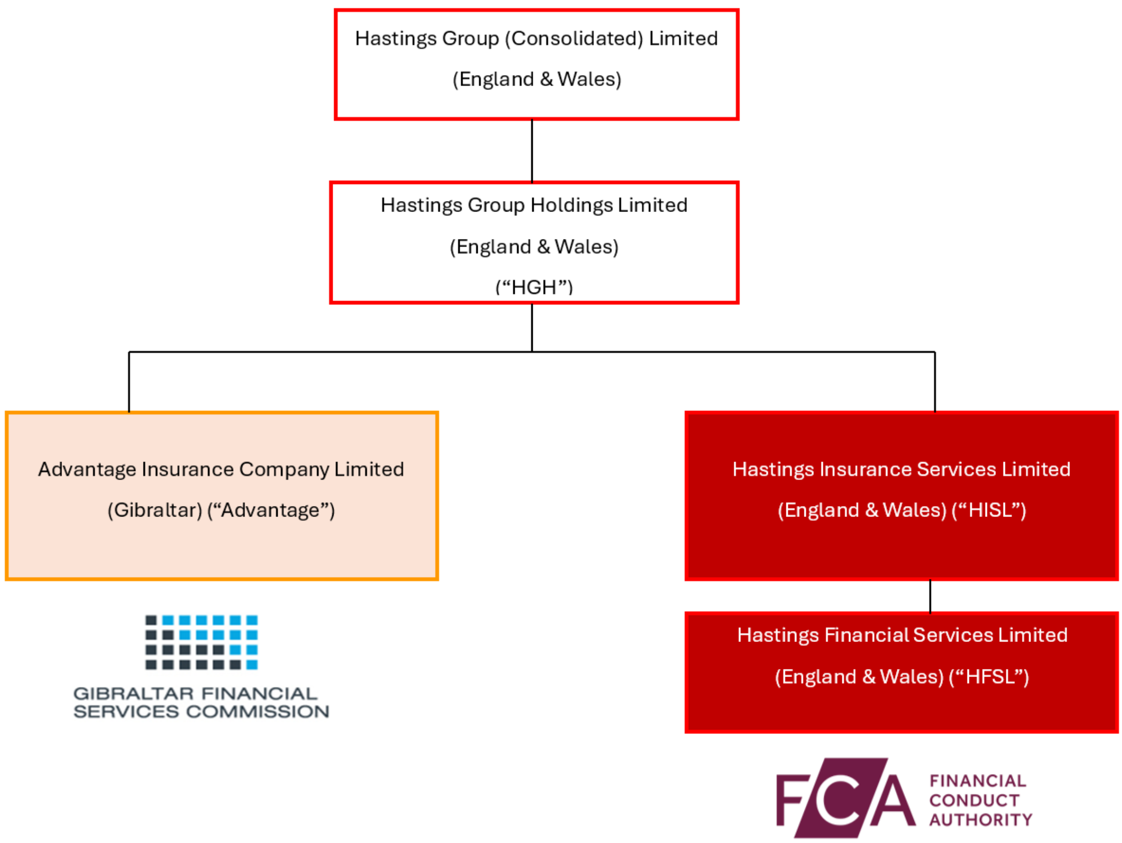
3. Name and contact details of external auditors

Deloitte LLP
1 New Street Square,
London
United Kingdom
EC4A 3HQ

4. Holders of qualifying holdings

The Group is a 100% controlled direct subsidiary of Sampo Group plc.

5. Simplified legal structure of the Group - Overview



Main trading entities illustrated only.

6. Trends and factors regarding development, performance and position over business planning period, the competitive position and any significant legal or regulatory issues

During the reporting period, the Group developed its 3-year plan ("3YP") for 2025-2027, including:

- How the Group considers the market will change and its responses to those changes;
- The Group's strategies and plans for delivering continued sustainable growth and competitive advantage, building on what has already been achieved; and
- The Group's financial targets and associated KPIs.

Market Profile:

Overall market size and structure

The change in the size of the market in 2024 reflects continued premium growth to price for inflation. The structure of both the motor and household markets has been impacted by Aviva's acquisition of Direct Line Group, and the proposed acquisition of esure by Ageas, which together with Admiral are the top 3 insurers. The ongoing intensive competition, particularly for motor business may lead to further consolidation across the market.

Consumer buying behaviour

The Group expects no material change in consumer behaviour over the plan period with Price Comparison Websites ("PCWs") remaining the preferred customer buying channel. With inflationary pressures stabilising to normal levels, this has led to the market softening. There are expectations for less New Business demand in 2025, due to reduced consumer switching, with retention increasing as a result.

The increased focus on the customer aligns to FCA's General Insurance Pricing Practices ("GIPP") reforms, Value Measures and Consumer Duty rules and outcomes. Together, these have driven greater transparency and continues to shine a light on the importance of good customer outcomes, which remains a key focus in all aspects of underwriting and claims processes and customer interactions.

Claims inflation

During the year Hastings has observed a moderate slow-down in overall claims inflation, from double digits seen during 2023, to the high single digit range in 2024, driven by a reduction in claims frequencies.

Regulatory developments

Hastings Group embedded SII UK group supervision with effect from 1st January 2023. This regulatory designation by the GFSC was part of post Brexit preparation for the Gibraltar Authorisation Regime agreed with the UK Treasury which is presently due to come into force from 1st January 2026 and be the new framework for direct UK market access for Gibraltar authorised Insurers.

As part of this SII UK group supervision waivers were obtained from the GFSC in relation to certain Solvency II permissions and reporting for both Hastings Group and Advantage, as the Group's sole insurance undertaking, for the purposes of this report.

During the reporting period, the GFSC reconfirmed use of the approved Solvency II Standard Formula with Undertaking Specific Parameters ("USPs") and Volatility Adjustment ("VA") by the Group and Advantage. USPs enable the Group to use its own historical underwriting data to quantify the capital required for premium and reserving risks.

Sampo plc is the ultimate parent company of the Sampo Group (comprising If P&C, and Topdanmark as well as Hastings Group). As Sampo plc is classified by the Swedish FSA as an insurance holding company under SII, Hastings Group and therefore Advantage form part of the Sampo group for SII purposes.

Entities within the Hastings Group are subject to review by tax authorities in the UK and Gibraltar. HMRC in the UK opened enquiries in December 2016 regarding aspects of the Hastings Group's business model and the allocation of certain elements of its profit between its main operating subsidiaries, the HISL in the UK and AICL in Gibraltar.

Technology will continue to advance

The Group continues to invest in a range of technologies to support its digital ambitions across the entire insurance value chain. This has allowed the Group to service more of its customers digitally, with higher levels of customer satisfaction, across the core customer journeys of new business, mid-term adjustments, renewals, claims and cancellations.

7. Description of the business objectives, including strategies and time frames.

Simple and straightforward insurance

The Group uses agile, real-time pricing, data-driven risk-selection and anti-fraud capabilities, as well as having a primary focus on distribution via PCWs. These capabilities are supported by a low-cost underwriting platform, a capital efficient reinsurance strategy and conservative claims reserving and investment management strategies.

The Group recognises that the main determinant for customers in selecting their motor and household insurance is price.

Compulsion

A Business and Performance continued

The legal requirement to have a motor insurance policy is a key purchase driver for customers, notwithstanding the protection it gives them, and similarly buildings insurance is a requirement of most mortgage products in the UK.

Expansion

The Group sees opportunities to increase live customer policy volumes and overall profitability in its footprint, in new segments by utilising data to price and underwrite these risks prudently and within its core market via multi-car and telematics offerings.

In addition, the Group continues its expansion into the household insurance market where its business model is well placed to benefit from increased demand via PCWs.

A.2 Underwriting performance

1. Qualitative and quantitative information on underwriting performance by line of business

Advantage is the sole insurance undertaking in the Hastings Group. This Gibraltar-based general insurance company provides motor and home insurance products to the UK market. For Solvency II reporting purposes the lines of business are:

- Motor vehicle liability insurance (Motor liability).
- Other motor insurance (Motor other).
- Fire and other damage to property.

Advantage's disciplined and robust technical pricing of products demonstrates strong risk selection practices. Claims cost inflation is monitored closely and loss ratio deterioration is mitigated by implementing early pricing changes.

Customer satisfaction continues to be a high priority for the Group as a whole. Renewal retention reduced in late 2024 driven by inflationary increases on renewal premiums leading to Policyholders re-entering the New Business marketplace seeking “cheaper” insurance. Live Customer Policies (“LCP”) reached 3.9m at year end. The business continues to maintain a healthy mix of customers across the UK Motor market.

During the year, the UK motor insurance market saw significant market price increases for the second year in a row in continued response to elevated claims inflation in 2023 with premium earnings extending into 2024. Market wide claims inflation stabilised in 2024 and is down to a high single digit range. Hastings increased prices ahead of the market in 2023 which earned through in 2024, whilst also benefiting from increased demand as consumers continue to use digital channels in order to find a more competitive price. As result, Hastings Group live policy count was up 12% whilst GWP was up 23% to £1,830m, Advantage GWP up 24% to £1,907m.

Net insurance service result, an IFRS measure of underwriting performance, for Group increased to £228m and Advantage increased to £118m, with strategic underwriting and pricing initiatives and reduced frequency experienced market wide driving the increase. The rate increases implemented by Hastings during 2023 has supported profitability, with benefits extending into 2024.

Hastings Group 2024	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	1,241.1	482.6	106.4	-	1,830.1	*GB*
Insurance revenue	1,311.0	509.8	70.6	-	1,891.4	*GB*
Insurance expenses	(1,007.1)	(391.7)	(63.0)	(5.6)	(1,467.4)	*GB*
Reinsurance share of claims incurred	(130.9)	(50.9)	(8.6)	(6.4)	(196.8)	*GB*
Net insurance result	172.9	67.3	(1.1)	(11.9)	227.2	*GB*
Investment income					61.3	*GB*
Net finance income/ (expense)					(26.5)	*GB*
Other operating items (net)					(59.0)	*GB*
Profit before tax					203.0	*GB*

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

Hastings

A Business and Performance continued

Hastings Group 2023	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	1,038.8	404.0	40.8	-	1,483.6	GB
Insurance revenue	1,052.7	409.4	33.0	-	1,495.1	GB
Insurance expenses	(814.6)	(320.4)	(65.6)	(9.3)	(1,209.9)	GB
Reinsurance share of claims incurred	(111.2)	(40.3)	(4.0)	7.4	(148.1)	GB
Net insurance result	126.9	48.7	(36.6)	(1.9)	137.1	GB
Investment income					68.6	GB
Net finance income/ (expense)					(38.5)	GB
Other operating items (net)					(17.9)	GB
Profit before tax					149.3	GB

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

Advantage 2024	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	1,295.9	504.0	107.6	-	1,907.5	GB
Insurance revenue	1,194.7	464.6	68.3	-	1,727.5	GB
Insurance expenses	(991.4)	(383.4)	(43.5)	5.6	(1,412.7)	GB
Reinsurance share	(129.1)	(52.7)	(8.6)	(6.4)	(196.8)	GB
Net insurance result	74.1	28.5	16.2	(0.8)	118.0	GB
Investment income					66.0	GB
Net finance costs					(25.0)	GB
Other operating items (net)					(1.0)	GB
Profit before tax					158.0	GB

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

Advantage 2023	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	1,075.2	418.1	41.8	-	1,535.1	GB
Insurance revenue	947.4	368.4	32.2	-	1,348.0	GB
Insurance expenses	(770.0)	(303.1)	(47.6)	(9.3)	(1,130.0)	GB
Reinsurance share	(111.1)	(40.3)	(4.0)	7.4	(148.1)	GB
Net insurance result	66.3	25.0	(19.4)	(2.0)	69.9	GB
Investment income					72.0	GB
Net finance costs					(30.0)	GB
Other operating items (net)					(1.0)	GB
Profit before tax					110.9	GB

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

Hastings

A Business and Performance continued

A.3 Investment performance

Investments are held and managed by Advantage, with the exception of certain money market funds as described below. Performance in 2024 was enhanced by higher bond yields. The portfolio was managed in accordance with the Advantage investment risk appetite, which is conservative.

1. Qualitative and quantitative information on investment performance

HISL and HFSL hold investments in money market funds and with major banks. The Group's core investment portfolio is held by Advantage. The core investment portfolio of debt securities is supplemented by a diversified portfolio of holdings in collective investment schemes.

The Advantage Board works with investment managers and investment consultants to maximise return whilst minimising risk and preserving capital.

2024						
Corporate bonds	Sovereign bonds	Investment funds	Derivatives	Cash	Property	Total
1,243.3	288.3	274.1	(0.7)	111.6	-	**1,916.6**

All amounts in £m

2023						
Corporate bonds	Sovereign bonds	Investment funds	Derivatives	Cash	Property	Total
873.9	151.6	348.2	(1.6)	98.8	-	**1, 470.9**

All amounts in £m

2024					
Corporate bonds	Government bonds	Investment funds	Net Derivatives	Cash & Deposits	Total
1,243.3	288.3	235.0	(0.3)	56.7	**1,823.1**

All amounts in £m

2023					
Corporate bonds	Government bonds	Investment funds	Net Derivatives	Cash & Deposits	Total
873.9	151.6	321.2	-	44.6	**1,391.3**

All amounts in £m

2. Information on income and expenses

Investment income is detailed in the table below:

2024	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Interest	36.8	7.3	14.3	1.4	-	**59.8**
Dividends	-	-	-	-	-	**-**
Total	36.8	7.3	14.3	1.4	-	**59.8**

All amounts in £m

A Business and Performance continued

2023	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Interest	21.3	4.0	7.0	0.7	-	33.0
Dividends	-	-	-	-	-	-
Total	21.3	4.0	7.0	0.7	-	33.0

All amounts in £m

2024	Corporate bonds	Government bonds	Investment funds	Cash & Deposits	Total
Interest	36.8	7.3	-	0.1	44.2
Dividends	-	-	9.3	-	9.3
Total	36.8	7.3	9.3	0.1	53.5

All amounts in £m

2023	Corporate bonds	Government bonds	Investment funds	Cash & Deposits	Total
Interest	21.3	4.0	-	0.1	25.3
Dividends	-	-	5.5	-	5.5
Total	21.3	4.0	5.5	0.1	30.8

All amounts in £m

3. Information on gains and losses

Net gains and losses for government and corporate bonds represent cash realised in selling investments above or below the purchase price of these bonds, after selling costs.

Net unrealised gains and losses for government and corporate bonds represent movements in the fair value of holdings over the reporting period.

Net gains and losses for investment funds and/or Collective Investment Undertakings represent cash realised in selling units in these Investment funds and/or Collective Investment Undertakings above or below the purchase price of these units, after selling costs.

Net unrealised gains and losses for Investment funds and/or Collective Investment Undertakings represent movements in the fair value of holdings in these Investment funds and/or Collective Investment Undertakings over the reporting period.

2024	Corporate bonds	Government bonds	Investment funds	Derivatives	Cash	Property	Total
Realised	-	-	4.3	(0.1)	-	-	4.2
Unrealised	8.0	(1.3)	2.7	(0.2)	-	-	9.1
Total	8.0	(1.3)	7.0	(0.3)	-	-	13.3

All amounts in £m

2023	Corporate bonds	Government bonds	Investment funds	Derivatives	Cash	Property	Total
Realised	-	-	1.2	-	-	-	1.2

A Business and Performance continued

2023	Corporate bonds	Government bonds	Investment funds	Derivatives	Cash	Property	Total
Unrealised	31.3	6.1	2.8	-	-	-	40.2
Total	31.3	6.1	4.0	-	-	-	41.4

All amounts in £m

2024	Corporate bonds	Government bonds	Investment funds	Derivatives	Property	Total
Realised	-	-	4.3	(0.1)	-	4.2
Unrealised	8.0	(1.3)	2.7	(0.2)	-	9.1
Total	8.0	(1.3)	7.0	(0.3)	-	13.3

All amounts in £m

2023	Corporate bonds	Government bonds	Investment funds	Derivatives	Property	Total
Realised	-	-	1.2	-	1.0	2.2
Unrealised	31.3	6.1	2.8	-	-	40.2
Total	31.3	6.1	4.0	-	1.0	42.4

All amounts in £m

4. Information on investment securitisation

During the reporting period, Advantage held no securitized investments.

A.4 Performance of other activities

1. Information on other material income and expenses

In respect of insurance liabilities, the Group had no other income or expenses other than those attributable to underwriting and investments.

The Group has recognised income of £144.2m in respect of other insurance related activities and other operating expenses of £188.8m.

A.5 Any other information

1. Any other material information

Nothing to report.

B System of governance

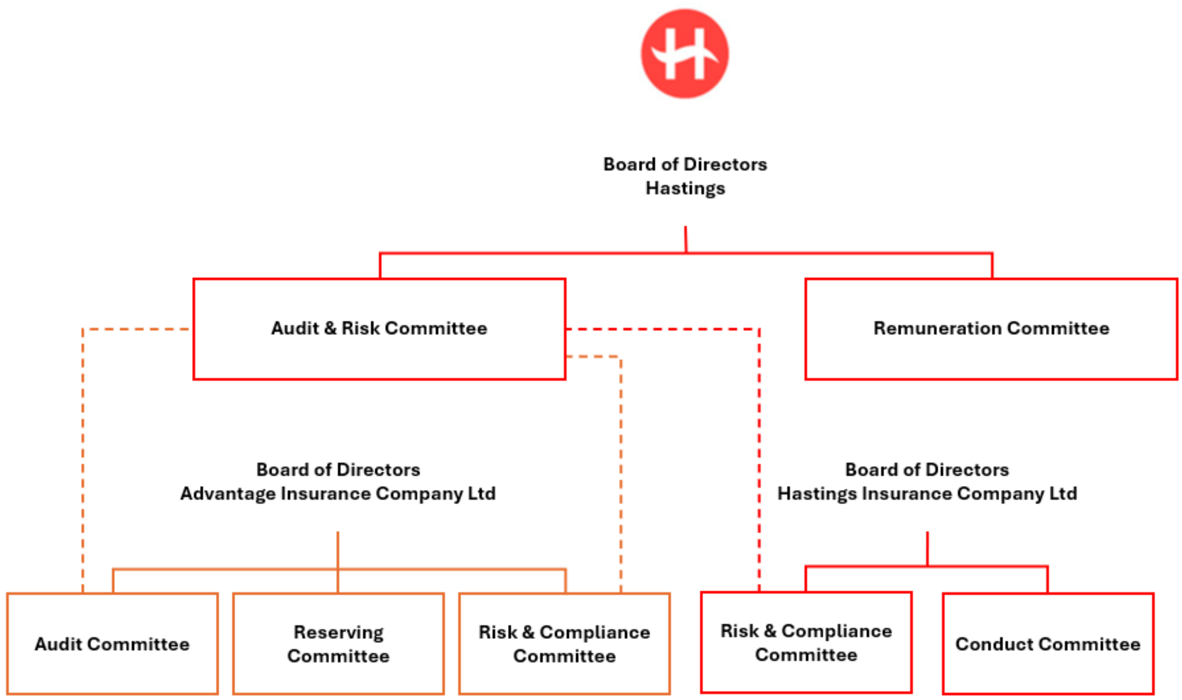
B.1 General Information

1. Board Structure and Roles

The primary governing body of each of the main trading subsidiaries (HISL, HFSL and Advantage) is its respective Board of Directors, The HGH Board acts as the co-ordinating and consolidation body for Group.

The Group has formally adopted the Wates Principles as its corporate governance code, although adopts certain elements of the UK Corporate Governance Code as best practice. Day to day management of the business is delegated to senior executives under the leadership of the CEO.

Hastings Group has established both risk management and governance frameworks to reflect SII UK group supervision, which extended the remit of the HGH Board and its Audit and Risk Committee. It also has a Group Supervision Committee with a remit to ensure Hastings Group's continued adherence to SII Requirements and to oversee the management of group related deliverables under SII. These committees form part of the governance process to review the ORSA and formally approve this SFCR report.



HISL, HFSL and Advantage have embedded risk management cultures. Their respective Boards set each company's risk appetite and reviews key risks, (both existing and emerging) on a regular basis in the context of reviewing the company's strategy and objectives. The GFSC's Regulated Individuals Regime has been fully embedded at Advantage since inception. In 2024, the GFSC conducted an annual meeting with the Group CEO, Group CFO and Group CRO as executive management at a Group level the GFSC having previously approved each individual holding each of the 3 Group senior roles within Hastings for SII UK Group Supervision purposes. Relevant individuals within HISL also hold roles further to the requirements of the FCA's Senior Managers and Certification Regime ("SMCR") to carry out crucial Regulated Functions. SMCR is fully embedded into HISL.

The Boards, together with their committees, exercise oversight of each company's affairs. Each Board sub-committee operates within Board-defined Scope and Purpose:

B System of governance continued

2. Board Committees

Hastings Group - Board

Responsibilities include:

- Determine key financial, strategic, and 3 year Plans of the Group;
- Ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- Review management performance;
- Set the Group's values and standards, including ensuring that the 4Cs principles are upheld across all Group operations;
- Approval of the Group long term objectives, commercial strategy and financial forecasts;
- Approval of the annual operating and capital expenditure budgets and any material changes to them;
- Review of performance in the light of the Group's strategy, objectives, Strategic Plan, Business Plan and the Financial Plan;
- Extension of the Group's activities into new business or geographic areas;
- Any decision to cease to operate all or any material part of the Group's business;
- Approving all material actions taken by the Group (and the Board shall determine "material" for these purposes);
- Approval of half year-yearly report or other periodic financial report;
- Approval of annual report and accounts and dividend policy;
- Ensuring that there is an effective system of internal control, risk management and compliance in place;
- Approval of the Group's corporate governance framework and monitoring compliance;
- Approval and monitoring of Group Policies; and
- Delegates authority to the HGH Risk and Compliance Committee to ensure that there is adequate and effective oversight of key aspects of risk undertakings within the Group.

Hastings Group – Audit Committee

Hastings Group Legal and Secretarial undertook a review of corporate structure leading to the merger of the HGH Audit Committee and HGH Risk and Compliance Committee from January 2025. As at 31st December 2024, the responsibilities of the Audit Committee were as follows:

- Monitor the integrity of the financial statements of the Company and the Group;
- Where requested by the Board, the Committee shall review the content of the annual report and accounts;
- Review regular assurance reports from management, internal audit, external audit, and other matters related to risk and control;
- Review the Group's procedures for detecting fraud and review Group's controls for prevention of bribery and money laundering;
- Provide oversight to ensure independence and effectiveness of the internal audit function;
- Review and monitor the annual internal audit plan and all internal audit reports;
- Oversee the selection process for new auditors and the relationship with the external auditor;
- Review and improve the annual external audit plan and review findings of the external audit with the external auditor; and
- Ensure the Group remains materially compliant with relevant Sampo policies.

Hastings Group – Risk & Compliance Committee

Hastings Group Legal and Secretarial undertook a review of corporate structure leading to the merger of the HGH Audit Committee and HGH Risk and Compliance Committee from January 2025. As at 31st December 2024, the responsibilities of the Risk and Compliance Committee were as follows:

- Advise the Board on the Group's overall risk appetite, tolerance and strategy;
- Oversee and advise the Board on the current risk exposures to the Group and future risk strategy;
- Regularly review and assess compliance with all matters required under SII UK group supervision;
- Regularly assess the Group's capital position under Solvency II requirements and review the Group's ORSA and SFCR; The committee is assisted in this regard by the Group Supervision Committee.
- Review and recommend to the Board for approval the Operational Resilience programme;
- Ensure the risk management and regulatory compliance frameworks are formally reviewed at least annually; and
- Consider the quarterly review reports of the respective risk committees of each of the Regulated Subsidiaries, and the risk profile of the Top Risks at Hastings Group.

B System of governance continued

Hastings Group – Remuneration Committee

Responsibilities include:

- Maintaining a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of Senior Employees in accordance with the Code and relevant Sampo Policies; and
- Ensuring that responsibility for managing and monitoring such matters in each of the regulated subsidiaries has been effectively delegated to the respective Board of Directors and or Board Committee.

Hastings Group – Group Supervision Committee

The Group Supervision Committee, although not a Board Committee, is an executive forum created to support the Group in matters relating SII UK group supervision.

Responsibilities include the:

- Consideration of all matters required under SII UK group supervision and the SII requirements;
- Preparation, review and recommendation of the ORSA to the Risk and Compliance Committee for onward Board approval;
- Preparation, review and recommendation of the SCR Cover to the Risk and Compliance Committee, at least quarterly;
- Preparation, review and recommendation of the SFCR to the Risk and Compliance Committee for onward Board approval;
- Review of the Group's risk management and SII requirements compliance frameworks at least annually;
- Review of policies at least on an annual basis.

Advantage – Board

Responsibilities include:

- Set Advantage's strategic aims (in context of those of the Group);
- Determine key financial objectives and 3 Year Plans;
- Ensure that the necessary financial and human resources are in place for Advantage to meet its objectives;
- Review management performance;
- Approve the annual operating and capital expenditure budgets and any material changes to them;
- Set Advantage's values and standards;
- Ensure that Advantage's obligations to all its stakeholders are understood and met;
- Consider material emerging issues;
- Review changes to Advantage's senior executive management and control structure;
- Ensure the maintenance of a sound system of internal control and risk management;
- Review changes to the structure, size and composition of the Board;
- Approve Company policies; and
- Responsible for scrutinising Board and senior management appointments as well as engagement in Executive remuneration.

Advantage - Reserving Committee

Ensure that adequate and reasonable reserves are in place for insurance exposures and that reserving activities are consistent with applicable insurance accounting policies and standards, actuarial standards of practice, Solvency II requirements and other related policies.

Responsibilities include:

- Establish, and ensuring the necessary review and update of, Advantage's Reserving Policy;
- Recommend to the Board the level of reserves to be booked in the Advantage's financial statements;
- Ensure that the Board is provided with sufficient information to make an informed decision when approving reserves;
- Review and scrutinise reserving reports from the Group Chief Actuary and the Advantage Actuarial Function Holder; and
- Scrutinise reports received from third parties in relation to reserving matters.

Advantage - Risk & Compliance Committee

Provide oversight and advice to the Board on current and potential future risk exposures and risk strategy of Advantage. It reviews performance against risk appetite and oversees the effectiveness of the Enterprise Risk Management Framework ("ERMF").

Responsibilities include:

- Oversee the risk management and compliance arrangements of Advantage;
- Recommend for approval by the Board, at least annually, the Advantage's Risk Strategy and Risk Appetite;
- Recommend for approval by the Board, at least annually, Advantage's ORSA and SFCR;

B System of governance continued

- Ensure that the material risks facing the Advantage have been identified, owned by the respective director or key function holder and that appropriate arrangements are in place to manage and mitigate those risks effectively;
- Ensure Advantage is kept abreast of external trends in the industry developments of relevance; and
- Advise the Board on risk management and compliance issues.

Advantage - Audit Committee

Assist the Board in discharging its responsibilities for the disclosure of the financial affairs of the Advantage. The committee oversees compliance with accounting policies, financial reporting and regulatory compliance practices, the adequacy of the system of internal controls and monitors Advantage's processes for internal and external audit.

Responsibilities include:

- Monitor and review the integrity of Advantage's financial statements;
- Review the effectiveness of the systems of internal control and financial and regulatory risk management systems;
- Consider and approve the remit of the internal audit function; and
- Monitor the effectiveness and objectivity of the internal and external auditors.

3. Roles and responsibilities of Key Functions

Risk Management Function

The Risk Management function for each operating subsidiary provides assurance to the Board, senior management and other internal and external stakeholders that the Group operates within the Board approved ERMF. This Framework provides a disciplined and structured process to reduce the potential of internal or external events that may adversely affect the business through the proactive identification, measurement, management, monitoring and reporting of risks. Through a set of continuous and developing processes, the function ensures that all material risks are effectively addressed and mitigated.

Compliance Function

The Compliance function for each operating subsidiary provides assurance to the relevant Boards, senior management, and other internal and external stakeholders that the main subsidiaries are acting in accordance with legislative, regulatory requirements and internally approved policies. Compliance frameworks and the compliance plans stipulate how the objectives above will be met through a combination of reviewing, testing, reporting and validating of procedures and information together with evidencing of continued compliance.

Actuarial Function

The Hastings Group Actuarial Function ("HGAF") provides assurance to the Board, senior management and other internal and external stakeholders that key pricing and reserving decisions as well as solvency assessments have been correctly undertaken and calculated. The key tasks performed by the Actuarial Function Holder ("AFH") are to coordinate the calculation of technical provisions, provide opinion on the underwriting policy and reinsurance arrangements, contribute to the effectiveness of the risk management system, and assume responsibility for the preparation of the annual Actuarial Function Holder Report.

Internal Audit Function

The Internal Audit function is managed and resourced via a third party relationship with Grant Thornton and brings an independent, systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management control and governance processes.

The independence of the Internal Audit function helps to ensure that accurate reports are provided to each governing body, without undue management influence on the function's activities.

Grant Thornton reports directly to each relevant governing body at Group and subsidiary level. This helps to ensure that accurate reports are provided to the Board, Audit, and Risk and Compliance Committees without undue management influence of the audit and its processes. The independence of the Internal Audit service provider firm is regularly reviewed.

4. Material changes to systems of governance

During the reporting period, the Chairperson of the Advantage Board was appointed following regulatory approval with an additional Non-Executive Director ("NED") taking on the role of the Consumer Duty Champion.

The HGH executive management had new appointments to the CFO, CRO, and Group General Counsel positions during 2024 following planned retirements. There were no further changes to the membership of the Board or executive management during 2024.

Hastings Group Legal and Secretarial undertook a review of corporate structure leading to the merger of the HGH Audit Committee and HGH Risk and Compliance Committee from January 2025. This review has resulted in a more efficient Group structure. This process is expected to continue in 2025 including changes scheduled for the Chairperson and executive members of the HGH Board from January 2025.

5. Remuneration policy and practices

The Group's remuneration policy identifies the following principles:

For the Group, remuneration arrangements should:

- Enable achievement of business goals and creation of value for shareholders;
- Encourage and reward good outcomes for customers;
- Allow the Group to pay what it needs to attract and retain people with the capabilities, mindsets and attitudes to help the business achieve its strategy (whilst not paying more than is necessary);
- Align individual interests to those of the Group on reflecting the results, behaviours and contribution made by individuals and aligning their remuneration to the performance of the Group, with appropriate returns for outperformance;
- Be aligned to the Group's risk management strategy and frameworks, and not generate conflicts of interest; and
- Be compliant with relevant legislation and regulation.

For colleagues, remuneration should:

- Reward fairly, with competitive pay against internal and external benchmarks and incentives reflecting the results achieved and the contribution made by individuals;
- Encourage colleagues to achieve and surpass their goals and demonstrate appropriate conduct and behaviours;
- Be transparent, simple to understand and clearly explained and communicated;
- Be consistent in approach throughout the organisation; and
- Encourage colleagues and leaders to take appropriate but not excessive risks, whilst operating within agreed risk appetites and avoiding conflicts of interest.

The Group exercises oversight of remuneration through the HGH Remuneration Committee, with the Boards of the main subsidiaries liaising on remuneration matters and being engaged in key appointments.

6. Fixed and variable remuneration and performance criteria

Competitive Salary

It is the Group's policy to set basic salaries, based on the value of roles in the market, taking into account individual skills, capabilities and experience. Salary levels aim to be competitive and fair, at levels necessary to attract and retain talent required for our business and strategy, but not excessive in the market. Basic salary should support financial stability by representing a sufficiently high share of total remuneration opportunity, so that colleagues do not rely on variable remuneration to meet normal costs of living.

Colleague Benefits

The Group provides a range of colleague benefits as an important part of the overall remuneration offering. The benefits available aim to be market competitive, flexible to meet individual needs, and support broader physical, mental and financial wellbeing, including an appropriate provision to support colleagues in saving/planning for their retirement.

Variable Remuneration

All colleagues are eligible (but not entitled) to receive a variable remuneration element as part of their overall remuneration package. Variable remuneration aims to align individual, team and organisation interests, and reward colleagues and teams for achieving and surpassing their goals (in an appropriate manner) and for their contribution to the success of the business.

Variable pay arrangements can take the form of short-term incentives (e.g., an annual bonus scheme) or, for more senior colleagues, long-term incentive arrangements.

7. Individual and collective performance criteria

Variable pay is performance related, taking into account Group, business area and individual performance as appropriate. Financial and non-financial KPIs are weighted and balanced appropriately based on the seniority of colleagues and what they are most able to influence. Risk and conduct considerations are also used to determine variable pay outcomes.

The proportion of total pay delivered through variable pay mechanisms (and which is therefore "at risk" and directly linked to business results) generally increases with the seniority of individuals in the organisation, reflecting the increased accountability of these individuals to directly impact the success of the business.

A suitable proportion of variable pay for senior colleagues (including but not limited to those designated as "Senior Managers" under the FCA's SMCR regime) should be deferred (typically via the use of long-term incentive arrangements). This will be released subject to the Company being satisfied that colleagues have operated within relevant risk management frameworks and authorisations and regulatory requirements as appropriate.

B System of governance continued

Variable pay is always discretionary and fully flexible (as opposed to a contractual entitlement) and there is a possibility of zero awards being made should the performance of the Group, relevant business areas or individuals require this. At senior levels, this includes the ability to cancel existing awards or "claw back" awards already made (in whole or in part), for example, if a participant has engaged in misconduct or actions detrimental to the reputation of the Group.

8. Supplementary pension and early retirement schemes

All colleagues are offered the opportunity of participating in a defined contribution pension scheme with matching company contributions up to a limit. There are no supplementary pension or early retirement schemes for Directors or key function holders.

9. Material transactions with shareholders and Board members

Nothing to report.

B.2 Fit & proper requirements

1. Skills, knowledge and expertise of Board members and Key Function holders

The Group ensures that the individuals running each of the operating subsidiaries or fulfilling key functions have the appropriate skills, knowledge, and experience. Advantage meets these requirements by ensuring that such individuals are both fit and proper, in accordance with the European Insurance and Occupational Pensions Authority ("EIOPA") Guidelines on Systems of Governance Guideline number 11 – Fit Requirements 1.42.

Members of the Advantage Board, and those carrying out other significant key functions have extensive knowledge and experience across a variety of areas. This ensures that there is an appropriate spread of skills for managing the business. Similar provisions apply to Group and HISL Board members and senior executives.

2. The Fit & Proper requirements and process

The Group ensures those individuals holding Board and designated regulatory responsibilities in both operating subsidiaries are fit and proper for their roles. The Fit and Proper Policy defines the principles and processes. An annual review, including verification checks is undertaken of all persons subject to this policy to confirm their ongoing fitness, probity and competence.

3. Hastings Executive Accountability Framework

Executive accountabilities are specified within the Group's overarching Executive Accountability Framework which encompasses RIR and SMCR obligations. Executives are required to regularly attest that they have taken reasonable steps to ensure that their accountabilities have been suitably and appropriately carried out. This provides assurance that the identification, measurement, monitoring, management and control of risks across the business has been adequately conducted.

B.3 Risk management system (including ORSA)

1. Risk management system

The Group has an internal control framework based on the three lines model approach:

First line – Business Operations

The first line has ownership, responsibility and accountability for day-to-day risk identification, assessment and mitigation. It directly owns and operates risk mitigating policies and controls, including remedial actions, seeking to ensure compliance with all regulatory obligations and internal policies. The first line provides management assurance by monitoring and reporting risk, control, and compliance matters for oversight by the Governing Bodies of the respective entities within the Group. This is achieved using an embedded risk management framework and the operation of effective corporate governance framework for outsourced services.

Second line – Control and Oversight Functions – Compliance and Risk Management

The second line is accountable to the Board for providing internal assurance that the risk management system is adequate and operating effectively. This is achieved through monitoring the risk profile of the relevant entity and undertaking compliance monitoring activities. The second line

B System of governance continued

establishes boundaries by proposing policies and frameworks, for Board approval, and standards to align Group-wide practices to defined strategy, facilitating guidance on effective risk, control and compliance management practices. The second line applies Group-wide best practice providing oversight, challenge, monitoring and assurance reporting directly to governance forums.

Third line – Independent Assurance

As the third line, external actuaries, internal auditors and statutory external auditors are accountable for providing wholly independent assurance on the adequacy and effectiveness of risk management and control exercised by both first and second line functions. They also confirm these are adequate for the Group to identify, quantify and manage its risks consistent with its regulatory requirements under SII.

2. ORSA, risk processes and reporting procedures

The Group's risk strategy is to ensure fully informed risk taking that supports delivery of the business strategy. The Group operates a dynamic ORSA process with quarterly risk reporting by management for review and challenge by the HGH and Advantage Risk and Compliance Committees, Advantage Reserving Committee and the HGH and Advantage Boards. This process involves a systematic approach to risk identification, measuring, monitoring, managing and reporting against risk appetite. This gives management and the Board visibility of key risk exposures (current and emerging) as well as informing strategic risk assessments and thematic risk reviews.

An annual Group ORSA report, prepared by the risk function, which consolidates these results is approved by the Advantage Board and the HGH Board and a copy submitted to the GFSC.

As part of the ORSA, regulatory permissions that apply within the Group are reviewed annually, including the key assumptions that relate to each of these. The most notable of these being an update of the USP calculation to include the latest years loss experience.

3. Risk and Capital management profile with risk management system

The Group's risk profile, based on the Standard Formula with USPs is:

	Percentage of total SCR 2024	Percentage of total SCR 2023
Non-life underwriting risk (Premium & Reserve risk)	70.4%	71.2%
Life underwriting risk	0.3%	0.4%
Operational risk	11.5%	12.0%
Market risk	10.6%	9.3%
Counterparty risk	5.1%	5.4%
Diversification and other benefits	(14.5%)	(10.8%)
HFSL capital requirement:	3.2%	1.9%
Group capital add-on	13.4%	10.6%

	Percentage of total SCR 2024	Percentage of total SCR 2023
Non-life underwriting risk (Premium & Reserve risk)	81.9%	78.0%
Life underwriting risk	0.1%	0.2%
Operational risk	14.8%	14.7%
Market risk	14.6%	12.0%
Counterparty risk	8.1%	9.7%
Diversification and other benefits	(19.6%)	(14.5%)

The Group aims to operate to an optimal SCR Cover range of 120-140% and GFSC agreed capital management principles. During 2024, the Group maintained a strong capital profile throughout the reporting period, enhanced by USP and VA approval, within or above that range. Both HGH and Advantage operate Capital Management Plans and the Advantage Dividend Policy informs dividend distributions by Advantage to HGH.

4. Assessment of adequacy of the system of governance

All decision making in the Group is subject to the system of governance process which adequately assesses the risk exposure of material decisions during the reporting period.

B System of governance continued

B.4 Internal control system

The Group maintains a system of internal controls both financial and regulatory, to ensure risks faced by the Group within its Standard Formula risk taxonomy are maintained within appetite. Each operating subsidiary defines its own audit scope, with additional Group-guided thematic audits.

The internal control system is also subject to review by Internal Audit and the results submitted to governance forums. The production of the IFRS financial statements are subject to controls, whilst the actuarial liabilities are calculated according to best practice, scrutinised by the Advantage Reserving Committee and subject to external actuarial review.

1. Description of internal control system

The Group control framework consists of key controls broken down by each risk type together with a comprehensive suite of management key performance indicators that link to these controls. These controls are attested to for ongoing appropriateness and effectiveness by both risk owners and control owners.

Internal Audit reviews the scope and effectiveness of key controls in key areas in line with agreed annual plans. This includes an assessment of both appropriateness and effectiveness, making recommendations for enhancement.

2. Description of how the Compliance function is implemented

The Compliance function operates as a trusted business partner, supporting innovation and delivery of the business strategy. The function provides guidance and challenge to ensure regulatory obligations are met. It helps to ensure the Group's behaviours and business activities put stakeholders' interests first and that the Group conducts itself with integrity in the marketplace. The tools used to operate the compliance function under each subsidiaries' Compliance Framework consist of:

- An annual Compliance Assurance Plan, approved by the relevant subsidiary operating committee against which there is quarterly reporting;
- Compliance policies, which capture the processes, internal controls and reporting requirements;
- Colleague training which provides guidance to colleagues in respect of regulatory requirements and the firm's overall systems of governance; and
- Reporting relevant information to subsidiary committees.

B.5 Internal Audit Function

1. Description of how the internal audit function is implemented

The Group outsources its Internal Audit function to Grant Thornton UK LLP. This brings a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management control and governance processes. Internal audit provides insight and recommendations based on the assessment of data and business processes.

2. Independence and objectivity

The independence of the internal audit function helps to ensure that accurate and wholly independent reports are provided to governance forums without undue management influence.

The internal audit function service provider is chosen through a tender process involving reputable audit firms. The independence and objectivity of that firm is regularly reviewed and the individuals within the internal audit team rotate periodically. Internal audit also reviews the effectiveness of the Group's risk and control functions.

B.6 Hastings Group Actuarial Function

1. Description of how the function operates

HGAF performs assurance and technical analysis and support on reserving adequacy, Solvency II matters, including technical provisions, Own Funds and capital requirements. The key tasks performed by the actuarial function are:

- Second line assurance on BEL;
- Calculation of technical provisions;
- Calculation of the SCR and MCR;
- Calculating the benefits of USPs;
- Providing opinion on the underwriting policy and reinsurance arrangements and producing an Actuarial Function Report to the Advantage Board; and
- Contributing to the effectiveness of the risk management system including the annual review of regulatory permissions.

2. Description of how the function contributes to the risk management system

The HGAF provides assurance to the HGH Board, Advantage Board, senior management and external stakeholders regarding reserving levels, solvency assessments and pricing adequacy.

Hastings

B System of governance continued

B.7 Outsourcing

1. Description of the outsourcing policy

The Group makes use of both external and intragroup outsourcing arrangements and has in place Group procurement procedures and a Group Supply Chain Policy, including an Outsourcing Policy at Advantage. These set out the processes for outsourcing from the assessment and decision to outsource, contract negotiations, the inception of the service to contract termination. These include:

- The selection process for an outsourced provider and how often that outsourced provider's performance and results are assessed;
- The details to be included in the contract with the outsourced provider including jurisdiction; and
- The criteria for determining if a function, activity or service is an outsourced key function and the contingency plans for outsourced key functions.

Managing the Hastings Group supply chain is underpinned by the following core principles:

- Establishing and maintaining robust processes for the identification, selection, and management of suppliers to optimise commercial benefit and mitigate risk;
- All supplier dealings are conducted in an open, transparent way and consistent with fair market competition;
- Ensure that all business partners and service providers conduct their business, and their dealings with us, in a way that does not compromise our own standards of conduct and behaviour and in accordance with all legal and regulatory obligations, in particular in relation to data protection and modern slavery;
- Ensuring all critical supply relationships have adequate and appropriate resilience and contingency plans to maintain continuity of service;
- Ensure that there are clearly defined roles and responsibilities in the management and monitoring of supplier dealings.

Advantage's insurance products are distributed exclusively in the UK by HISL under the terms of a Services Agreement. The Services Agreement governs the provision of intermediary services and outsourced services, such as underwriting support, claims handling and anti-fraud services.

Nature of services or activities outsourced by Advantage	Jurisdiction of arrangement
External Actuarial Review	UK
Asset management	UK
Internal audit	UK
Information technology	Gibraltar

B.8 Any other information

1. Any other material information

There are no further disclosures to add.

Hastings

C Risk profile

The Group operates in the UK in following lines of business:

- Motor (car, van & bike) Insurance; and
- Household Insurance.
- Consumer lending.

There was 8% growth in motor LCP due to new business competitiveness and supported by strong development in new products, such as telematics and multicar insurance, as well as selective growth in the core portfolio.

Household insurance growth was ahead of plan. The Group household account grew substantially by 34% year on year, passing 720,000 live customer policies in 2024.

There were no material changes in the product range, customer profile, operating model or investment profile which would result in a significant change to the Group's overall risk profile.

C.1 Underwriting risk

1. Information on the underwriting risk exposure

The non-life underwriting risk of the Group comprises premium and reserve risk, catastrophe risk and lapse risk.

The Group SCR position at the reporting date:

Non-life underwriting risk by SCR sub-module	2024	2023
Premium and reserve risk	396.2	344.2
Catastrophe risk	67.3	63.5
Lapse risk	23.1	5.5
Undiversified total	**486.6**	**413.2**
In-module diversification	(67.9)	(47.9)
Diversified total	**418.7**	**365.3**

All amounts in £m

Non-life underwriting risk by SCR sub-module	2024	2023
Premium and reserve risk	352.7	297.2
Catastrophe risk	67.3	63.5
Lapse risk	40.2	23.8
Undiversified total	**460.2**	**384.5**
In-module diversification	(82.9)	(64.6)
Diversified total	**377.3**	**319.9**

All amounts in £m

2. Measures to assess the risks

The Group assesses the underwriting risk through:

- The Standard Formula with USPs to assess the risks; and
- The Group ORSA report to assess the performance of key risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances; see C.1.5.

3. Description of material risks

The material underwriting risks are defined in the table below:

Risk Category	Definition
Premium Risk	The risk of not collecting enough premium to achieve target loss ratio.
Reserve Risk	The risk that the provisions for outstanding claims will be inadequate to cover the cost of the claims as they are settled.

4. Risk mitigation techniques

The Group adopts a range of risk mitigation techniques to manage risk.

A key component of the Group's risk mitigation within its footprint risk profile is reinsurance. Advantage's reinsurance programme includes both Non-Capitalised Excess of Loss ("XoL") and Quota Share ("QS") protection. Under the 2024 arrangements the motor exposure risk is capped at £2m per loss, net of XoL, and home exposure is capped at £17.5m per loss with a limit of £202m.

Other mitigations:

- A well-defined and segmented 'Underwriting footprint' for each class of business it accepts;
- Experience-led technical pricing reviews;
- Pricing governance to ensure the correct application of pricing factors and monitor key underwriting metrics;
- Reserving governance to ensure the adequacy of case reserves on a Best Estimate basis; and
- Continuous open dialogue between risk pricing, reserving and claims handling teams around emerging loss experience.

5. Risk sensitivity analysis

Under the ORSA process, the Group undertakes a range of sensitivity and scenario testing against its material risks. During the reporting period, commensurate with the underwriting risk being the largest risk in ranking terms, 12 individual tests were carried out. The outcomes were articulated using the impact to SCR Cover at both a Group level and at an Advantage level.

The most severe tests included many combined unlikely events together with a separate claims cost inflation scenario. At the request of the GFSC, the Group conducted three material stress tests, a HFSL distress scenario, a Group reserve stress test and Advantage run off. The Group is comfortable that these stress and scenario tests are comprehensive and adequately convey the solvency of the Group.

6. If used: Use of off-balance sheet positions and Special Purpose Vehicles ("SPVs")

HFSL, a subsidiary of the Hastings Group, has a securitisation arrangement with GSD Finance Limited ("GSD"), a special purpose entity which is owned by Wilmington Trust SP Services (London) Limited but assessed, under the definition of IFRS 10, to be controlled by HFSL, and is therefore consolidated is a subsidiary of, the Hastings Group. Under the arrangement HFSL transfers equitable interest of qualifying loans to GSDL for cash at par. GSD is financed by senior notes issued to Lloyds and a subordinated loan facility from the Company respectively, with interest and principal repayment flowing first to the senior note investor. The Securitisation arrangement had a commitment for £275m at 31 December 2024, which was subsequently extended to £325m in April 2025. The facility has a duration to November 2027 and a maximum capacity for £425m.

C.2 Market risk

1. Information on the market risk exposure

The SCR position at the reporting date was:

Market risk by SCR sub-module	2024	2023
Interest rate risk	31.4	22.1
Equity risk	11.1	5.0
Spread risk	44.6	38.0
Currency risk	1.6	0.0
Property risk	1.5	1.0
Concentration risk	0.0	0.0
Undiversified total	**90.2**	**66.0**
In-module diversification	(26.9)	(18.2)
Diversified total	**63.3**	**47.8**

All amounts in £m

Market risk by SCR sub-module	2024	2023
Interest rate risk	41.0	26.5
Equity risk	11.1	5.0
Spread risk	44.4	37.6
Currency risk	0.5	0.0
Property risk	0.1	0.0
Concentration risk	0.0	0.0
Undiversified total	**97.1**	**69.1**
In-module diversification	(29.7)	(19.9)
Diversified total	**67.4**	**49.2**

All amounts in £m

2. Measures to assess the risks

The Group assesses the market risk by:

- The standard formula; and
- The ORSA, to assess the performance of key risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances.

C Risk profile continued

3. Description of material risks

Risk Category	Definition
Market Risk	The risk that the value of invested assets is less than anticipated.

4. Use of prudent person principles

The criteria for the portfolio structure, classes of holdings and individual limits are designed for very cautious risk exposure. These investment rules are monitored on a quarterly basis both internally and using an external consultancy.

5. Risk mitigation techniques

Cash and cash equivalents balances are held in short duration current or deposit accounts, or in short term money market instruments, with low sensitivity to movements in interest rates compared to longer duration assets. The investment portfolio is split between core and surplus assets to segregate risk where liabilities are matched.

Other mitigations:

- An Investment risk appetite and tolerances together with asset allocation limits by investment type; and
- Investment governance to monitor performance supported using external investment advisors.
- The weighted average credit quality of the core portfolio should aim to be A- or higher, with a maximum of 80% in securities rated single A or less and a maximum of 5% in securities rated sub-investment grade.

6. Risk sensitivity analysis

Under the ORSA process, the Group undertakes a range of sensitivity and scenario testing against its material risks. During the year, the Group undertook a number of sensitivity tests of market risk, investment risk and reinsurance failure. Stress tests are also carried out combining multiple events. The outcomes are articulated using the resulting SCR Cover on a Group and Advantage basis.

7. If used: Use of off-balance sheet positions and SPVs

Not applicable.

C.3 Credit risk

1. Information on the credit risk exposure

Credit risk is the risk of loss or adverse change in the financial position, due to the fluctuations in the credit standing of issuers of securities, counterparties, or any other debtors. The Group's credit risk arises predominantly from investment activities, reinsurance activities and dealings with intermediaries.

The SCR position at the reporting date:

Credit risk by SCR sub-module	2024	2023
Type 1 Counterparty risk	29.9	27.3
Type 2 Counterparty risk	0.4	0.7
Undiversified total	30.4	28.0
In-module diversification	(0.1)	(0.2)
Diversified total	30.3	27.9

All amounts in £m

Credit risk by SCR sub-module	2024	2023
Type 1 Counterparty risk	27.5	24.9
Type 2 Counterparty risk	11.9	17.5
Undiversified total	39.4	42.4
In-module diversification	(2.1)	(2.7)
Diversified total	37.3	39.7

All amounts in £m

Hastings

C Risk profile continued

2. Measures to assess the risks

The Group assesses the credit risk by:

- The standard formula; and
- The ORSA to assess the performance of material risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances, see C.3.6.

3. Description of material risks

Risk Category	Definition
Credit Risk / Counterparty Risk	Credit risk is the risk of loss or adverse change in the financial position, due to fluctuations in the credit standing of issuers of securities, counterparties or any other debtors.

4. Risk mitigation techniques

The Group imposes rules regarding the criteria for both types of counterparty risks, using credit ratings, individual concentration limits and monthly monitoring of performance which are reviewed as part of the ongoing governance process in the Group.

Other mitigations:

- Risk appetite and credit risk tolerances together with counterparty limits by type;
- An established governance process and regular monitoring of external and intragroup counterparty exposures. This is supported by the use of external investment advisers.

5. Risk concentrations

The Group has credit risk concentrations with reinsurance counterparties and other debtors. These are all subject to well established governance processes including regular monitoring and reporting.

6. Risk sensitivity analysis

During the ORSA process the Group undertook one stress test of this risk. The test investigated the failure of a major reinsurer and associated knock-on impacts. This analysis disclosed a moderate fall in SCR cover but was still within risk appetite for the Reinsurer Failure test, and within risk appetite.

7. If used: Use of off-balance sheet positions and SPVs

Not applicable.

C.4 Liquidity risk

1. Information on the liquidity risk exposure

The Group has a robust liquidity risk management framework in place, commensurate with the nature and complexity of its operations. Liquidity is managed at both Group and on a subsidiary level.

2. Measures to assess the risks

The Group assesses the liquidity risk exposure by:

- The standard formula; and
- The ORSA to assess the performance of material risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances.

3. Description of material risks

Liquidity risk management is focused upon the ongoing ability to meet the payment obligations to policyholders and other creditors across a wide range of operating conditions without suffering any significant additional cost. This includes the ability to meet expected and unexpected requirements for cash given the unpredictable nature of when insurance exposures may materialise.

UK motor and home insurance generates significant premium income in-flows in advance of claims and expenses being paid. This reduces the risk of a liquidity strain.

4. Risk Mitigation techniques

Management of liquidity risk includes asset and liability management strategies. The assets held to back insurance liabilities consist predominantly of investments in approved government securities and other very high-quality corporate securities, which can generally be readily sold or exchanged for cash in accordance with the definition of cash equivalent assets as per IAS 7 and IFRS 9. The money market securities are restricted to investment grade securities with concentrations of investments managed by various criteria including issuer, industry, geography and credit rating.

Other mitigations:

- Reinsurance arrangements with acceptable counterparties and low concentration limits;
- Liquidity tolerances as part of investment risk appetite which are reflective of the Group's liquidity needs;
- Liquidity risk reporting as an integral part of risk governance; and

C Risk profile continued

- Active liquidity management and oversight, specifically focused on the liquidity requirements of HFSL as it grows.

5. Total amount of the expected future profit in future premiums

The expected future profit on future premiums at the valuation date is £88.0m (2023: £43.9m) for the Group and £84..9m (2023: £52.9m) for Advantage.

6. Risk sensitivity analysis

Various liquidity risk scenarios were modelled as part of the Group's budget and ORSA processes and no scenarios represented a significant risk to operational liquidity at any point throughout the planning cycle.

7. If used: Use of off-balance sheet positions and SPVs

Not applicable.

C.5 Operational risk

1. Information on the operational risk exposure

The nature of operational risks faced by the Group include, but are not limited to, the following:

- Failure and/or underperformance of delivery, processes or colleagues;
- A failure to adequately address legal or regulatory changes satisfactorily within the Group's business model;
- Data security and cyber-crime, IT platform failure; and
- Failure and/or under performance of an outsourced service provider.

The SCR operational risk position at the reporting date:

Operational risk by SCR sub-module	2024	2023
Operational risk	68.6	61.5

All amounts in £m

Operational risk by SCR sub-module	2024	2023
Operational risk	68.3	60.1

All amounts in £m

2. Measures to assess the risks

The Group assesses the operating risk by:

- The standard formula calculations; and
- The ORSA to assess the performance of material risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances.

3. Description of material risks

Risk Category	Definition
Operational Risk	The risk of loss arising from inadequate or failed internal processes, people and systems or from external events, and includes legal, regulatory and conduct risk.

4. Risk sensitivity analysis and scenario stress testing

During the ORSA process the Group undertook stress and scenario testing of major operational events. These analyses focused on the options open to the Group and Advantage in such events and the associated management actions that would be necessary. This included a test to demonstrate the impact of IT failure due to cyber-attack/system failure. The results demonstrated that the Group would remain within the SCR but would incur lost income and increased costs to remediate.

5. Risk mitigations

The mitigations for operating risks across each business area for technology/cyber are from the control framework and general systems of governance, all of which are constructed in line with the risk appetite statements for this risk.

Examples include: Supplier Relationship Management Framework; Supplier Risk Management Framework; Cyber and Information Security programme; Ongoing investment in the Operational Resilience Framework; Change Management Controls, Governance; and effective management and control of Colleague Related Risks.

Other mitigations:

- Regular risk & control assessments;
- A formal compliance monitoring programme.

6. If used: Use of off-balance sheet positions and SPVs

Not applicable.

C.6 Other material risks

1. Information on any other material risks

The Group recognises that some of the risks it faces are not explicitly covered in the Solvency II Standard Formula:

- Periodical Payment Orders ("PPOs"): Risk in the propensity and real interest rate risk that is not captured in the 'life underwriting' or 'market risk' sections of the Standard Formula respectively;
- Guaranteed Premium in Reinsurance Contracts: Risk of being required to pay a guaranteed premium on a reinsurance contract;
- Prepaid Claims Handling Provisions: Risk of HISL default causing Advantage to lose the money prepaid for claims handling; and
- Reinsurance Profit Commissions and HISL Performance Commission: Risk of loss ratio movement impacting the Profit Commission received from reinsurance contracts and the Performance Commission paid to HISL. Advantage links these risks because they are both driven by loss ratio movements. At Advantage, movements in Profit Commission received from reinsurers and those in Performance Commission payable to HISL broadly offset each other. At Group level, there is no such offset because Performance Commission is an intra-group transaction. Therefore, a £79.6m capital add-on to cover the loss of Profit Commission in adverse premium and reserve risk scenarios, to be held at Group level, has been agreed with the GFSC.

These risks are assessed as an integral part of the ORSA process on an ongoing basis. With the exception of the risk of loss of Profit Commission in adverse premium and reserve risk scenarios, for which a capital add-on has been agreed, our conclusion was that they are sufficiently immaterial that the Standard Formula with Undertaking Specific Parameters is still an appropriate capital model for both Advantage and Group.

C.7 Any other information

1. Any other material information

As at end of year 2024, the tax value of the pre-tax SCR loss for the Group is £72.4m (2023: £65.2m) and the sources of tax capacity sum to Group SCR is £27.7m (2023: £7.5m).

As at end of year 2024, the tax value of the pre-tax SCR loss for Advantage is £63.5m (2023: £55.5m) and the sources of tax capacity sum to Advantage SCR is £27.7m (2023: £7.5m).

Hastings

D Valuation for solvency purposes

D.1 Assets

1. For each class of assets: the value of the assets

At the valuation date the Group held the following assets on its Solvency II balance sheet.

2024 Asset class	Solvency II value	IFRS (statutory accounts) value	Difference
Goodwill	0.0	470.0	(659.4)
Deferred acquisition costs	0.0	1.6	
Non-Goodwill intangibles	0.08	189.4	
Deferred tax assets	51.7	47.4	4.3
Government & corporate bonds	1,531.6	1,491.0	182.8
Investment funds	251.8	109.6	
Derivatives	0.6	(0.1)	0.7
Deposits other than cash equivalents	0.2	295.6	(295.4)
Loans & Mortgages	447.7	0.0	447.7
Property	8.9	12.0	(3.1)
Cash	111.5	276.2	(164.7)
Reinsurance recoverables	1,501.1	0.0	1,501.1
Insurance & intermediary receivables	26.5	0.0	(1,609.7)
Reinsurance receivables	64.4	1,571.8	
Trade receivables	9.7	138.5	
Any other assets, not elsewhere shown	3.3	6.4	(3.3)
Total	**4,009.0**	**4,601.4**	**(592.4)**

All amounts in £m.

Hastings

D Valuation for solvency purposes continued

At the valuation date Advantage held the following assets on its Solvency II balance sheet.

2024 Asset class	Solvency II value	IFRS (statutory accounts) value	Difference
Goodwill	0.0	0.0	
Deferred acquisition costs	0.0	0.0	(0.0)
Non-Goodwill intangibles	0.0	0.0	
Deferred tax assets	0.0	0.0	0.0
Government & corporate bonds	1,531.6	1,491.0	166.5
Investment funds	235.0	109.1	
Derivatives	0.1	0.1	0.0
Loans & Mortgages	0.0	0.0	0.0
Property	0.6	0.6	0.0
Cash	56.5	204.5	(148.0)
Reinsurance recoverables	1,501.1	1571.8	(70.7)
Insurance & intermediary receivables	101.4	0.0	
Reinsurance receivables	64.4	0.0	162.9
Trade receivables	(2.9)	0.0	
Any other assets, not elsewhere shown	0.2	18.5	(18.3)
Total	3,488.1	3,395.6	92.4

All amounts in £m.

2. Qualitative and quantitative explanations of differences of bases, methods and assumptions used between the valuation for solvency purposes and the financial statements:

Goodwill, non-Goodwill intangibles, Deferred acquisition costs: all of these assets are inadmissible under Solvency II.

Bonds, investment funds, property and derivatives: valued at market value on both Solvency II and IFRS bases.

Loans & mortgages: Valued at face value less a provision for bad debt on both Solvency II and IFRS bases.

Cash: valued at the amount held on both Solvency II and IFRS bases.

Reinsurance recoverables: the same Solvency II adjustments apply on reinsurance as on a gross basis, with the addition of an allowance for losses due to reinsurer default.

Insurance and intermediaries' receivables: the difference between the values on Solvency II and IFRS bases is accounted for by premiums due net of commission less recoveries due to salvage and subrogation.

Reinsurance receivables: the difference between the values on the Solvency II and IFRS bases is due to the absence of the Quota Share DAC commission from the former. This in turn is because the deferral concept does not apply under Solvency II.

Deferred tax assets: Solvency II deferred tax assets and liabilities are derived from their IFRS equivalents by applying the appropriate tax charge or relief to each item in the bridge from IFRS net assets to SII Own Funds. Since the Group is subject to both UK and Gibraltar tax jurisdiction, for this purpose it is broken down into Advantage consolidation adjustments arising at Advantage level (both of which are Gibraltar taxable), and the remainder, which is UK taxable. The UK and Gibraltar corporate tax rates used in the calculation are 25% and 15% respectively.

Hastings

D Valuation for solvency purposes continued

D.2 Technical provisions

1. For each line of business: the value of technical provisions; the bases, methods and assumptions used

2024 Line of business	Gross SII best estimate liabilities	Gross SII Risk margin	Gross SII technical provisions	Gross IFRS technical provisions	Difference
Motor liability	2,163.8	33.1	2,196.9		
Other motor	25.9	0.0	25.9		
Damage to property	83.5	1.1	84.6		
Total non-life	2,273.2	34.2	2,307.4		
Life	93.5	0.3	93.8		
Total	**2,366.7**	**34.6**	**2,401.2**	3,453.6	(1,052.4)

All amounts in £m

2024 Line of business	Gross SII best estimate liabilities	Gross SII Risk margin	Gross SII technical provisions	Gross IFRS technical provisions	Difference
Motor liability	2,162.6	26.9	2,189.5		
Other motor	41.1	0.0	41.1		
Damage to property	58.4	1.8	60.2		
Total non-life	2,262.1	28.7	2,290.8		
Life	91.2	0.2	91.5		
Total	**2,353.3**	**28.9**	**2,382.3**	3,381.3	(999.1)

All amounts in £m

Notes to table:

On materiality grounds the Group does not subdivide its household business by Solvency II line of business, instead allocating the entirety to 'fire and other damage to property insurance'.

Risk margin is allocated to the three lines of business in proportion to the net BEL, subject to a minimum of zero (this is why the risk margin allocation to other motor insurance is zero).

IFRS technical provisions are available for comparison only at aggregate level.

In the technical provision calculations, BELs and risk margin are calculated separately.

The valuation of the BELs (claims and premium provisions, gross and reinsurers' share) is calculated on a discounted cash flow basis. The steps in the calculation process are:

- Projection of future claims payments based on the IFRS reserves and historic claims payment patterns;
- Addition of loadings for management overhead and investment expenses and, for premium provisions, the cost of future PPOs;
- For premium provisions, the removal of unpaid premiums and adjustments for expected future lapses and 'Bound But Not Incepted' ("BBNI") business;

D Valuation for solvency purposes continued

- For claims and premium provisions, further adjustments for 'Events Not In Data' ("ENID") and, for the reinsurers' share, expected losses due to reinsurer default; and
- Finally, the cash flows are discounted back to the valuation date using the EIOPA prescribed risk-free yield curve at as that date.

The risk margin is estimated by projecting forward the individual components of the SCR and then discounting back to the valuation date using the risk-free yield curve. The cost-of-capital rate in the calculation is 4%.

There are many sources of uncertainty associated with the technical provisions, the most material being:

- Ultimate cost of settling claims incurred at the valuation date – past incurred claims reflect those reported at the valuation date and those yet to be reported at that date; and
- Claims costs arising from incidents that have yet to occur at the valuation date – there is relatively more uncertainty about future claims costs than about the ultimate cost of past claims because, by definition, little is known with certainty about future claims.

Ultimate claims costs are based broadly on analysis of past claims experience, but several factors act to reduce the reliability of prior experience as a guide to the future. Such factors include claims cost inflation, market-wide changes such as changes to the personal injury ('Ogden') discount rate, changes to internal claims management procedures and changes in claimant and solicitor behaviour.

2. Qualitative and quantitative explanations of differences of bases, methods and assumptions used between the valuation for solvency purposes and the financial statements:

	2024	Comment
Gross IFRS technical provisions	3,453.6	Per previous section
Removal of IFRS risk adjustment	(257.0)	Sum of this plus above item equates to IFRS best estimate
Removal of salvage & subrogation recoveries	(238.1)	IFRS treats this item as an asset
Removal of unpaid premiums from premium provision	(448.0)	IFRS treats this item as an asset
Expense loadings	68.2	Claims handling, management & investment expense loadings in best estimate claims provisions
Loading for events not in data (ENID)	32.4	Adjustment intended to capture the effect of all possible future events
Removal of IFRS discounting	497.6	Following the IFRS 17 implementation, IFRS reserves are subject to discounting
SII discounting	(477.9)	IFRS discounting replaced by discounting using prescribed risk-free yield curve
Other IFRS adjustments	(116.0)	SII recognises unearned broker income (premium finance, fees) as profit
Solvency II technical provision adjustments	(113.4)	SII risk margin Profit recognition, etc.
Gross SII technical provisions	**2,401.2**	

All amounts in £m

	2024	Comment
Gross IFRS technical provisions	3,381.3	Per previous section
Removal of IFRS risk adjustment	(257.0)	Sum of this plus above item equates to IFRS best estimate
Removal of salvage & subrogation recoveries	(238.1)	IFRS treats this item as an asset

D Valuation for solvency purposes continued

Removal of unpaid premiums from premium provision	(451.5)	IFRS treats this item as an asset
Expense loadings	8.4	Claims handling, management & investment expense loadings in best estimate claims provisions
Loading for events not in data (ENID)	32.4	Adjustment intended to capture the effect of all possible future events
Removal of IFRS discounting	494.5	Following the IFRS 17 implementation, IFRS reserves are subject to discounting
SII discounting	(470.3)	IFRS discounting replaced by discounting using prescribed risk-free yield curve
Other IFRS adjustments	0.0	SII recognises unearned broker income (premium finance, fees) as profit
Solvency II technical provision adjustments	(117.4)	SII margin adjustments SII discounting, etc.
Gross SII technical provisions	**2,382.2**	

All amounts in £m

3. If used: information on the Matching Adjustment, Volatility Adjustment, Transitional Risk-Free Interest Rate-Term Structure and Transitional Deduction

During the reporting period the Group continued to apply, with regulatory permission the Sterling volatility adjustment ("VA") to value its gross BELs and reinsurance recoverables. The impact of the VA on its capital position at year-end 2024 is summarised in the table below:

	With VA	Without VA	Impact
Gross Technical Provisions	2,401.2	2,418.9	(17.7)
SCR	594.6	596.0	(1.4)
Basic Own Funds	904.2	899.6	4.6
Own Funds Eligible to meet SCR	904.2	899.6	4.6

All amounts in £m

	With VA	Without VA	Impact
Gross Technical Provisions	2,382.3	2,399.7	(17.4)
SCR	460.7	462.0	(1.3)
Basic Own Funds	804.7	801.0	3.7
Own Funds Eligible to meet SCR	804.7	801.0	3.7

All amounts in £m

D.3 Other liabilities

1. For each class of other liabilities: the value of other liabilities; the bases, methods and assumptions used

At the valuation date the liabilities other than technical provisions on the Group's Solvency II balance sheet were as follows:

2024 Non-TP liability class	Solvency II value	IFRS (statutory accounts) value	Difference
Deferred tax liabilities	22.0	18.5	3.5
Derivatives	1.3	1.3	0.0
Debts to credit institutions	292.5	292.5	0.0

<table>
<tr><th>2024 Non-TP liability class</th><th>Solvency II value</th><th>IFRS (statutory accounts) value</th><th>Difference</th></tr>
<tr><td>Financial Liabilities</td><td>3.3</td><td>3.7</td><td>(0.5)</td></tr>
<tr><td>Insurance & intermediaries payables</td><td>84.4</td><td rowspan="3">456.3</td><td rowspan="3">(136.9)</td></tr>
<tr><td>Reinsurance payables</td><td>142.3</td></tr>
<tr><td>Trade payables</td><td>92.7</td></tr>
<tr><td>Total</td><td>638.5</td><td>772.4</td><td>(133.9)</td></tr>
</table>

All amounts in £m

2024 Non-TP liability class	Solvency II value	IFRS (statutory accounts) value	Difference
Deferred tax liabilities	15.0	0.0	15.0
Derivatives	0.3	0.3	0.0
Debts to credit institutions	0.0	0.0	0.0
Financial Liabilities	0.1	0.6	(0.5)
Insurance & intermediaries payables	93.1	165.6	(72.5)
Reinsurance payables	144.0	180.3	(36.3)
Trade payables	8.5	8.5	0.0
Total	261.0	246.6	14.4

All amounts in £m

2. Qualitative and quantitative explanations of differences of bases, methods and assumptions used between the valuation for solvency purposes and the financial statements

See comments on deferred tax assets in Section D.12.

Payable: the most material differences between Solvency II and IFRS values are the accrued MIB levy, the reinsurers' share of salvage and subrogation recoveries and the IFRS provision for claims handling. The accrued MIB levy cashflow is included in the Solvency II premium provisions and the IFRS claims handling provision is replaced by an SII equivalent in the claims provisions.

D.4 Alternative methods for valuation

1. If used, information on alternative methods of valuation

Alternative valuation techniques are used in relation to the following assets held by the Group:

Investment in Freehold Property (Conquest House) – This freehold property is held at cost less provision for impairment. No depreciation is provided as the recoverable value of the land is considered a significant proportion of the acquired cost. Management assess the need for impairment at each reporting period. No provision has been required at 31st December 2024.

Investment in Fixtures, Fittings and Office Equipment – These assets are held at cost less accumulated depreciation, which the Company's management consider a reasonable proxy for fair value. Fixtures, Fittings and Office Equipment are immaterial in value and therefore further valuation work is considered unnecessary.

D.5 Any other information

1. Any other material information

There are no further disclosures to add.

Hastings

E Capital Management

E.1 Own Funds

1. Information on objectives, policies and processes for managing own funds

The Group's objectives when managing capital are:

- To ensure it can fully meet all its policyholder obligations in a timely fashion;
- To safeguard Group's ability to continue as a going concern;
- To provide an adequate return to the shareholder by pricing insurance contracts commensurately with the level of risk;
- To comply with the EIOPA Solvency II capital requirements; and
- The Group affirms that matters required in Article 260 have been fulfilled during the reporting period.

Own funds item	2024	2023	Tier
Share capital	19.2	18.9	1
Share premium	613.3	613.3	1
Reconciliation reserve	242.0	66.9	1
Net deferred tax assets	29.6	35.9	3
Own Funds total	904.2	735.1	

All amounts in £m

2. Information on the time horizon used for business planning

During the reporting period the Group remodelled its 3-year business plan for the period 2025 to 2027, based on the existing business model. The annual ORSA process is an integral part of this process allowing robust validation of the plan and appropriate sensitivity and scenario testing for identified or potential changes to the Group's risk profile.

E.2 SCR and MCR

1. For each tier the Own Funds to cover the SCR

The Group's SCR of £594.6m is fully covered by Tier 1 Own Funds. The Advantage SCR of £460.7m is fully covered by Tier 1 Own Funds.

2. For each tier the basic Own Funds to cover the MCR

The Group's MCR of £174.7m is fully covered by Tier 1 Own Funds. The Advantage MCR of £178.3m is fully covered by Tier 1 Own Funds.

3. Qualitative and quantitative explanations of differences between excess of assets over liabilities for solvency purposes and the equity in the financial statements:

Reconciliation of IFRS net assets to Solvency II own funds (Group)	2024	2023
IFRS net assets	1,382.8	1,212.2
Deduct goodwill and intangibles	(671.1)	(650.8)
Add unearned broker revenue	116.3	106.7
Add back IFRS risk adjustment	66.8	39.3
Other IFRS adjustments	25.5	6.8
Deduct SII Risk Margin	(34.6)	(30.8)
Recognise profit on UPRS	95.4	45.7
Unwind IFRS discounting, apply SII discounting	18.1	23.9
Other SII adjustments	(30.9)	(30.0)
Adjust for deferred tax	0.8	12.2
Foreseen dividend	(65.0)	-
Solvency II Own Funds	904.2	735.1

All amounts in £m

E Capital management continued

Reconciliation of IFRS net assets to Solvency II own funds (Solo)	2024	2023
IFRS net assets	759.9	626.1
Deduct goodwill and intangibles	(54.2)	(51.7)
Add unearned broker revenue	0.0	-
Add back IFRS risk adjustment	66.8	39.3
Other IFRS adjustments	23.3	17.5
Deduct SII Risk Margin	(28.9)	(26.1)
Recognise profit on UPR	93.4	48.7
Unwind IFRS discounting, apply SII discounting	21.1	19.1
Other SII adjustments	(21.6)	(19.5)
Adjust for deferred tax	(15.0)	(4.1)
Foreseen dividend	(40.0)	-
Solvency II Own Funds	804.7	649.3

All amounts in £m

Both HGH and Advantage adopted the IFRS 17 accounting standard during 2023, this extended to 2024.

4. Information on Transitional Arrangements, Ancillary Own Funds

Not applicable.

5. Information on items deducted from Own Funds

None.

6. Information on significant restrictions affecting the transferability and availability of Own Funds

None.

7. SCR split by risk modules:

2024 SCR risk module	2024 £m	2024 %	2023 £m	2023 %
Non-life underwriting risk	418.7	70.4	365.3	71.2
Market risk	63.3	10.6	47.8	9.3
Counterparty risk	30.3	5.1	27.9	5.4
Life underwriting risk	1.7	0.3	1.9	0.4
Diversification benefits	(58.8)	(9.9)	(47.7)	(9.3)
Basic SCR	455.2	76.6	395.2	77.0
Operational risk	68.6	11.5	61.5	12.0
LACDT	(27.7)	(4.7)	(7.5)	(1.5)
HFSL capital requirement	18.8	3.2	9.7	1.9
Group capital Add-on	79.6	13.4	54.3	10.6
SCR	594.6	100.0	513.2	100.0

All amounts in £m

2024 SCR risk module	2024 £m	2024 %	2023 £m	2023 %
Non-life underwriting risk	377.4	81.9	319.9	78.0
Market risk	67.4	14.6	49.2	12.0
Counterparty risk	37.3	8.1	39.7	9.7
Life underwriting risk	0.6	0.1	0.8	0.2
Diversification benefits	(62.7)	(13.6)	(52.0)	(12.7)
Basic SCR	420.0	91.2	357.7	87.2
Operational risk	68.3	14.8	60.1	14.7
LACDT	(27.7)	(0.6)	(7.5)	(1.8)
SCR	460.7	100.0	410.4	100.0

All amounts in £m

E Capital management continued

8. Information on whether and for which risk modules and sub-modules of the standard formula that undertaking is using simplified calculations.

The only simplification that the Group is using in its SCR calculation is the risk mitigation simplification in the type 1 counterparty risk sub-module.

9. If used: Details of USPs

USP values used	2024	2023
Premium risk USP – motor vehicle liability	10.00%	10.34%
Premium risk USP – other motor	10.00%	10.44%
Reserve risk USP – motor vehicle liability	5.71%	6.04%
Reserve risk USP – other motor	N/A	N/A

USP values used	2024	2023
Premium risk USP – motor vehicle liability	8.07%	8.11%
Premium risk USP – other motor	8.07%	8.12%
Reserve risk USP – motor vehicle liability	5.71%	6.04%
Reserve risk USP – other motor	N/A	N/A

10. If used: Details of Capital Add-Ons

During the reporting period the Group capital add-on was £79.6m.

E.3 Duration-based equity risk sub-module

Not applicable.

E.4 Differences between SF and internal model

Not applicable.

E.5 Non-compliance with SCR and MCR

The Group was fully compliant with both SCR and MCR throughout the reporting period.

E.6 Any other information

There are no further disclosures to add.

F Appendices

F.1 Templates – Hastings Group (2024)

IR.02.01.02
Balance sheet - Group

					C0010
Assets	Goodwill			R0010	-
	Deferred acquisition costs			R0020	-
	Intangible assets			R0030	-
	Deferred tax assets			R0040	51,683
	Pension benefit surplus			R0050	-
	Property, plant & equipment held for own use			R0060	8,911
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	1,784,198
		Property (other than for own use)		R0080	-
		Holdings in related undertakings, including participations		R0090	-
		Equities		R0100	-
			Equities – listed	R0110	-
			Equities - unlisted	R0120	-
		Bonds		R0130	1,531,643
			Government Bonds	R0140	288,308
			Corporate Bonds	R0150	1,243,335
			Structured notes	R0160	-
			Collateralised securities	R0170	-
		Collective investments undertakings		R0180	251,781
		Derivatives		R0190	598
		Deposits other than cash equivalents		R0200	176
		Other investments		R0210	-
	Assets held for index-linked and unit-linked contracts			R0220	-
	Loans and mortgages			R0230	447,713
		Loans on policies		R0240	145,993
		Loans and mortgages on individuals		R0250	301,721
		Other loans and mortgages		R0260	-
	Reinsurance recoverables from:			R0270	1,501,137
		Non-life and health similar to non-life		R0280	1,416,167
		Life and health similar to life, excluding index-linked and unit-linked		R0315	84,970
		Life and index-linked and unit-linked		R0340	-
	Deposits to cedants			R0350	-
	Insurance and intermediaries receivables			R0360	26,546
	Reinsurance receivables			R0370	64,372
	Receivables (trade, not insurance)			R0380	9,694
	Own shares (held directly)			R0390	-
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	-
	Cash and cash equivalents			R0410	111,454
	Any other assets, not elsewhere shown			R0420	3,251
	Total Assets			R0500	4,008,959

All amounts in £'000

IR.02.01.02 Balance Sheet - Group				
				C0010
Liabilities	Technical Provisions - Total		R0505	2,401,239
		Technical provisions – non-life	R0510	2,307,434
		Technical Provisions - life	R0515	93,805
	Best estimate – total		R0542	2,366,679
		Best estimate – non-life	R0544	2,273,213
		Best estimate - life	R0546	93,466
	Risk margin – total		R0552	34,560
		Risk margin – non-life	R0554	34,221
		Risk margin - life	R0556	339
	Transitional (TMTP) – life		R0565	-
	Other technical provisions		R0730	-
	Contingent liabilities		R0740	-
	Provision other than technical provisions		R0750	-
	Pension benefit obligations		R0760	-
	Deposit from reinsurers		R0770	-
	Deferred tax liabilities		R0780	22,038
	Derivatives		R0790	1,293
	Debts owed to credit institutions		R0800	292,526
	Financial liabilities other than debts owed to credit institutions		R0810	3,262
	Insurance & intermediaries payables		R0820	84,446
	Reinsurance payables		R0830	142,273
	Payables (trade, not insurance)		R0840	92,659
	Subordinated liabilities		R0850	-
		Subordinated liabilities not in Basic Own Funds	R0860	-
		Subordinated liabilities in Basic Own Funds	R0870	-
	Any other liabilities, not elsewhere shown		R0880	-
	Total Liabilities		R0900	3,039,736
Excess of assets over liabilities			R1000	969,223

All amounts in £'000

IR.05.02.01.02 & IR.05.02.03
Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country
		C0010	C0070
	R0010		
		C0080	C0140
Premiums written			
Gross - Direct Business	R0110	1,830,077	1,830,077
Gross - Proportional reinsurance accepted	R0120	0	0
Gross - Non-proportional reinsurance accepted	R0130	0	0
Reinsurers' share	R0140	393,689	393,689
Net	R0200	1,436,388	1,168,933
Premiums earned			
Gross - Direct Business	R0210	1,665,961	1,665,961
Gross - Proportional reinsurance accepted	R0220	0	0
Gross - Non-proportional reinsurance accepted	R0230	0	0
Reinsurers' share	R0240	355,417	355,417
Net	R0300	1,310,544	1,310,544
Claims incurred			
Gross - Direct Business	R0310	1,204,950	1,204,950
Gross - Proportional reinsurance accepted	R0320	0	0
Gross - Non-proportional reinsurance accepted	R0330	0	0
Reinsurers' share	R0340	165,010	165,010
Net	R0400	1,039,940	1,039,940
Changes in other technical provisions			
Gross - Direct Business	R0410	0	0
Gross - Proportional reinsurance accepted	R0420	0	0
Gross - Non-proportional reinsurance accepted	R0430	0	0
Reinsurers' share	R0440	0	0
Net	R0500	0	0
Expenses incurred	R0550	340,569	340,569
Other expenses	R1200		
Total expenses	R1300		340,569

All amounts in £'000

IR.05.04.02.01
Non-life income and expenditure: reporting period

					All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (i.e excluding annuities stemming from accepted insurance and reinsurance contracts)			
							Motor Vehicle liability insurance – personally	Motor vehicle other motor insurance	Fire and other damage to property
					C0010	C0015	C0140	C0150	C0170
Income	Premiums written	Gross written premiums		R0110		1,830,077	1.241,069	482,638	106,370
			Gross written premiums – insurance (direct)	R0011		1,830,077	1,241,069	482,638	106,370
			Gross written premiums – accepted reinsurance	R0113		-	-	-	
		Net written premiums		R0160		1,436,388	965,992	375,664	94,733
	Premiums earned and provision for unearned	Gross earned premiums		R0210		1,665,961	1,151,101	447,651	67,209
		Net earned premiums		R0220		1,310,544	901,862	350,724	57,957
Expenditure	Claims Incurred	Gross (undiscounted) claims incurred		R0610		-	-	-	-
			Gross (undiscounted) direct business	R0611		1,351,122	948,245	368,950	33,927
			Gros (undiscounted) reinsurance accepted	R0612		-	-	-	-
		Net (undiscounted) claims incurred		R0690		1,079,647	753,238	293,371	33,039
		Net (discounted) claims incurred		R0730	1,039,940	1,039,940			
	Analysis of expenses incurred	Technical expenses incurred net of reinsurance ceded		R0910	340,569				
		Acquisition costs, commissions, claims management costs		R0985	177,832	177,832	113,837	44,270	19,725
	Other expenditure	Other expenses		R1140	280,419				
	Total expenditure			R1310	1,597,830				

All amounts in £'000

Hastings

F Appendices Continued

IR.22.01
Impacts of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Without transitional on technical provisions	Impact of transitional on technical provisions	Without transitional on interest rate	Impact of transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of matching adjustment set to zero	Impact of all LTG measures and transitionals
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions	R0010	2,401,239	2,401,239		2,401,239		2,418,893	17,654	2,418,893		17,654
Basic own funds	R0020	904,223	904,223		904,223		899,608	(4,615)	899,608		(4,615)
Excess of assets over liabilities	R0030	904,233	904,233		904,233		899,608	(4,615)	899,608		(4,615)
Restricted own funds due to ring-fencing and matching portfolio	R0040						0		0		
Eligible own funds to meet Solvency Capital Requirement	R0050	904,233	904,233		904,233		899,608	(4,615)	899,608		(4,615)
Tier I	R0060	874,578	874,578		874,578		869,963	(4,615)	869,963		(4,615)
Tier II	R0070						0		0		
Tier III	R0080	29,645	29,645		29,645		29,645	0	29,645		0
Solvency Capital Requirement	R0090	594,644	594,644		594,644		596,024	1,379	596,024		1,379

All amounts in £'000

F Appendices Continued

IR.23.01.04 Own Funds Group			Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic Own Funds	Ordinary share capital (gross of own shares)	R0010	19,239	19,239		-	
	Non-available called but not paid in ordinary share capital at group level	R0020					
	Share premium account related to ordinary share capital	R0030	613,345	613,345		-	
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
	Subordinated mutual member accounts	R0050	-	-	-	-	-
	Non-available subordinated mutual member accounts at group level	R0060					
	Surplus funds	R0070	-	-			
	Non-available surplus funds at group level	R0080					
	Preference shares	R0090	-	-	-	-	-
	Non-available surplus funds at group level	R0100					
	Share premium account related to preference shares	R0110	-	-			
	Non-available share premium account related to preference shares at group level	R0120					
	Reconciliation reserve	R0130	241,994	241,994			
	Subordinated liabilities	R0140					
	Non-available subordinated liabilities at group level	R0150					
	An amount equal to the value of net deferred tax assets	R0160	29,645	-	-	-	29,645
	The amount equal to the value of net deferred tax assets not available at the group level	R0170					
	Other items approved by the supervisory authority as basic own funds not specified above	R0180					
	Non available own funds related to other own funds items approved by the supervisory authority	R0190					
	Minority interests (if not reported as part of a specific own fund item)	R0200					
	Non-available minority interests at group level	R0210					
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 where there is non-availability of information	R0250					
	Deduction for participations included by using D&A when a combination of methods is used	R0260					
	Total of non-available own fund items	R0270	2,768	2,768			
Total deductions		R0280	2,768	2,768			
Total Basic Own Funds after deductions		R0290	901,455	871,810			29,645
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-	-
	Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-

	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
	Letters of credit and guarantees	R0340	-	-	-	-	-
	Letters of credit and guarantees other	R0350	-	-	-	-	-
	Supplementary members calls	R0360	-	-	-	-	-
	Supplementary members calls - other	R0370	-	-	-	-	-
	Non available ancillary own funds at group level	R0380					
	Other ancillary own funds	R0390	-	-	-	-	-
Total ancillary own funds		R0400	-		-	-	-
Own funds of other financial sectors	Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management	R0410					
	Institutions for occupational retirement provision	R0420					
	Non regulated entities carrying out financial activities	R0430	2,768	2,768			
	Total own funds of other financial sectors	R0440	2,768	2,768			
Own funds when using the D&A, exclusively or in combination of method 1	Own funds aggregated when using the D&A and combination of method	R0450					
	Own funds aggregated when using the D&A and combination of method net of IGT	R0460					
	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	901,455	871,810			29,645
	Total available own funds to meet the minimum consolidated group SCR	R0530	871,810	871,810			
	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	901,455	871,810			29,645
	Total eligible own funds to meet the minimum consolidated group SCR	R0570	871,810	871,810	-	-	-
Consolidated Group SCR		R0590	594,644				
Minimum consolidated Group SCR		R0610	175,491	-		-	-
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)		R0630	156.55%	-		-	-
Ratio of Eligible own funds to Minimum Consolidated Group SCR		R0650	496.8%	-		-	-
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)		R0660	904,223	874,578			29,645
SCR for entities included with D&A method		R0670					
Group SCR		R0680	594,644				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A		R0690	152.06%				

All amounts in £'000

IR.23.01.04.02			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	969,223
	Own shares (held directly and indirectly)	R0710	-
	Foreseeable dividends, distributions and charges	R0720	65,000
	Deductions for participations in financial and credit institutions	R0725	-
	Other basic own fund items	R0730	662,229
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
	Other non available own funds	R0750	-
Reconciliation reserve		R0760	241,994

All amounts in £'000

IR.25.04
Solvency capital requirement – for Groups on standard formula

				Solvency capital requirement
				C0010
Net of loss-absorbing capacity for technical provisions	Market risk		R0140	52,202
		Interest rate risk	R0070	31,391
		Equity risk	R0080	-
		Property risk	R0090	1,491
		Spread risk	R0100	44,612
		Concentration risk	R0110	-
		Currency risk	R0120	1,579
		Other market risk	R0125	-
		Diversification within market risk	R0130	(26,871)
	Counterparty default risk		R0180	30,251
		Type 1 exposures	R0150	29,913
		Type 2 exposures	R0160	449
		Other counterparty risk	R0165	-
		Diversification within counterparty default risk	R0170	(111)
	Life underwriting risk		R0270	1,730
		Mortality risk	R0190	-
		Longevity risk	R0200	699
		Disability-Morbidity risk	R0210	-
		Life-expense risk	R0220	1,260
		Revision risk	R0230	255
		Lapse risk	R0240	-
		Life catastrophe risk	R0250	-
		Other life underwriting risk	R0255	-
		Diversification within life underwriting risk	R0260	(484)
	Health underwriting risk		R0320	-
		Health SLT risk	R0280	-
		Health non SLT risk	R0290	-
		Health catastrophe risk	R0300	-
		Other health underwriting risk	R0305	-
		Diversification within health underwriting risk	R0310	-
	Non-life underwriting risk		R0370	418,730
		Non-life premium and reserve risk (ex-catastrophe risk)	R0330	396,154
		Non-life catastrophe risk	R0340	67,307
		Lapse risk	R0350	23,133
		Other non-life underwriting risk	R0355	-
		Diversification within non-life underwriting risk	R0360	(67,864)

All amounts in £'000

IR.25.04

Solvency capital requirement – for Groups on standard formula cont.

				Solvency capital requirement
				C0010
Intangible asset risk			R0400	-
Operational and other risk			R0430	68,617
	Operational risk		R0422	68,617
	Other risks		R0424	-
Total before all diversification			R0432	666,859
Total before diversification between risk modules			R0434	571,530
Diversification between risk modules			R0436	(58,808)
Total after diversification			R0438	523,835
Loss-absorbing capacity of technical provisions			R0440	-
Loss-absorbing capacity of deferred taxes			R0450	(27,652)
Other adjustments			R0455	-
Solvency Capital requirement including undisclosed capital add-on			R0460	-
Disclosed capital add-on – excluding residual model limitations			R0472	-
Disclosed capital add-on – residual model limitation			R0474	79,649
Solvency Capital Requirement including capital-add on			R0480	575,832
Biting interest rate scenario			R0490	Increase
Biting life lapse scenario			R0495	
Information on other entities	Capital requirement for other financial sectors (non-insurance capital requirements)		R0500	18,812
		Capital requirement for other financial sectors (non-insurance capital requirements) – credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	-
		Capital requirements for other financial sectors (non-insurance capital requirements) – institutions for occupational retirement provisions	R0520	-
		Capital requirements for other financial sectors (non-insurance capital requirements) – Capital requirements for non-regulated entities carrying out financial activities	R0530	18,812
	Capital requirement for non-controlled participation requirements		R0540	-
	Capital requirement for residual undertakings		R0550	-
Overall SCR	Solvency capital requirement (consolidation method)		R0555	594,644
	SCR for undertakings included via D and A		R0560	-
	SCR for sub-groups included via D and A		R0565	-
Solvency Capital requirement			R0570	594,644

All amounts in £'000

F Appendices Continued

S.32.01.22 Undertakings in the scope of the group			Criteria of influence						Inclusion in the scope of Group Supervision	Group solvency calculation
Country	Identification code of the undertaking	Legal Name of the Undertaking	% Capital Share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0260
GB	SC/HGH	Hastings Group (Consolidated) Limited	0%	0%	0%	-	1 - Dominant	0%	1- Included in the scope	Full consolidation
GB	LEI/213800NEVE8DLWEL2Y16	Hastings Group Holdings Limited	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
JE	LEI/6354002VILB9PBA8GH72	Hastings Group (Finance) Plc	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
JE	SC/HGL	Hastings Group Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
BVI	SC/AGHL	Advantage Global Holdings Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GI	LEI/213800GYJZ78JAHMRY85	Advantage Insurance Company Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	SC/HHL	Hastings (Holdings) Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	SC/HUK	Hastings (UK) Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	LEI/213800YG73VR9AZ83B72	Hastings Insurance Services Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	SC/HUS	Hastings (US) Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	SC/HRSL	Hastings Repair Services Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	LEI/2138003E3PYWTEY8KF14	Hastings Financial Services Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation

All amounts in £'000

F Appendices Continued

F.2 Templates – Advantage (2024)

IR.02.01.02 Balance sheet

					C0010
Assets	Goodwill			R0010	-
	Deferred acquisition costs			R0020	-
	Intangible assets			R0030	-
	Deferred tax assets			R0040	-
	Pension benefit surplus			R0050	-
	Property, plant & equipment held for own use			R0060	607
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	1,766,901
		Property (other than for own use)		R0080	-
		Holdings in related undertakings, including participations		R0090	-
		Equities		R0100	-
			Equities – listed	R0110	-
			Equities - unlisted	R0120	-
		Bonds		R0130	1,531,643
			Government Bonds	R0140	288,308
			Corporate Bonds	R0150	1,243,335
			Structured notes	R0160	-
			Collateralised securities	R0170	-
		Collective investments undertakings		R0180	235,031
		Derivatives		R0190	51
		Deposits other than cash equivalents		R0200	176
		Other investments		R0210	-
	Assets held for index-linked and unit-linked contracts			R0220	-
	Loans and mortgages			R0230	-
		Loans on policies		R0240	-
		Loans and mortgages on individuals		R0250	-
		Other loans and mortgages		R0260	-
	Reinsurance recoverables from:			R0270	1,501,137
		Non-life and health similar to non-life		R0280	1,416,167
		Life and health similar to life, excluding index-linked and unit-linked		R0315	84,970
		Life and index-linked and unit-linked		R0340	-
	Deposits to cedants			R0350	-
	Insurance and intermediaries receivables			R0360	101,440
	Reinsurance receivables			R0370	64,372
	Receivables (trade, not insurance)			R0380	(2,879)
	Own shares (held directly)			R0390	-
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	-
	Cash and cash equivalents			R0410	56,524
	Any other assets, not elsewhere shown			R0420	-
	Total Assets			R0500	3,488,103

All amounts in £'000

Hastings

F Appendices Continued

IR.02.01.02 Balance sheet

				C0010
Liabilities	Technical Provisions - Total		R0505	2,382,238
		Technical provisions – non-life	R0510	2,290,780
		Technical Provisions - life	R0515	91,458
	Best estimate – total		R0542	2,353,364
		Best estimate – non-life	R0544	2,262,117
		Best estimate - life	R0546	91,246
	Risk margin – total		R0552	28,874
		Risk margin – non-life	R0554	28,662
		Risk margin - life	R0556	212
	Transitional (TMTP) – life		R0565	-
	Other technical provisions		R0730	-
	Contingent liabilities		R0740	-
	Provision other than technical provisions		R0750	-
	Pension benefit obligations		R0760	-
	Deposit from reinsurers		R0770	-
	Deferred tax liabilities		R0780	14,972
	Derivatives		R0790	327
	Debts owed to credit institutions		R0800	-
	Financial liabilities other than debts owed to credit institutions		R0810	144
	Insurance & intermediaries payables		R0820	93,117
	Reinsurance payables		R0830	144,043
	Payables (trade, not insurance)		R0840	8,519
	Subordinated liabilities		R0850	-
		Subordinated liabilities not in Basic Own Funds	R0860	-
		Subordinated liabilities in Basic Own Funds	R0870	-
	Any other liabilities, not elsewhere shown		R0880	-
	Total Liabilities		R0900	2,643,361
Excess of assets over liabilities			R1000	844,742

All amounts in £'000

Hastings

F Appendices Continued

IR.05.02.01 Premiums, claims, and expenses by country				
		Home Country	Country (by amount of gross premiums written) non-life obligations	Top 5 and home country
			GB	
		C0080	C0090	C0140
Premiums written				
Gross – Direct Business	R0110	-	1,907,486	1,907,486
Gross – Proportional reinsurance accepted	R0120	-	-	-
Gross – Non-proportional reinsurance accepted	R0130	-	-	-
Reinsurer's share	R0140		393,689	393,689
Net	R0200	-	1,513,797	1,513,797
Premiums earned				
Gross – Direct Business	R0210	-	1,727,506	1,727,506
Gross – Proportional reinsurance accepted	R0220	-	-	-
Gross – Non-proportional reinsurance accepted	R0230	-	-	-
Reinsurer's share	R0240	-	355,417	355,417
Net	R0300	-	1,372,088	1,372,088
Claims incurred				
Gross – Direct Business	R0310		1,141,170	1,141,170
Gross – Proportional reinsurance accepted	R0320		-	-
Gross – Non-proportional reinsurance accepted	R0330		-	-
Reinsurer's share	R0340		165,130	165,130
Net	R0400		976,040	976,040
Net Expenses incurred	R0550		279,693	279,693

All amounts in £'000

F Appendices Continued

IR.05.02.01
Premiums, claims, and expenses by country

		Home Country	Country (by amount of gross premiums written) life obligations	Top 5 and home country
			GB	
		C0220	C0230	C0280
Premiums written				
Gross		-	-	-
Reinsurer's share		-	-	-
Net		-	-	-
Premiums earned				
Gross	R1510	-	-	-
Reinsurer's share	R1520	-	-	-
Net	R1600	-	-	-
Claims incurred				
Gross	R1610		(5,572)	(5,572)
Reinsurer's share	R1620		(6,372)	(6,372)
Net	R1700		801	801
Net Expenses incurred	R1900		801	801

All amounts in £'000

F Appendices Continued

<table>
<tr><th colspan="5">IR.05.04.02 All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts</th><th colspan="5">Line of Business for: non-life insurance and accepted proportional reinsurance obligations</th><th>Annuities stemming from non-life insurance contracts</th></tr>
<tr><th colspan="5"></th><th></th><th></th><th>Impact of transitional on technical provisions</th><th>Without transitional on interest rate</th><th>Impact of transitional on interest rate</th><th></th></tr>
<tr><th colspan="5"></th><th>C0010</th><th>C0015</th><th>C0140</th><th>C0150</th><th>C0170</th><th>C0525</th></tr>
<tr><td rowspan="7">Income</td><td rowspan="4">Premiums written</td><td rowspan="3">Gross written premiums</td><td></td><td>R0110</td><td></td><td>1,907,486</td><td>1,295,901</td><td>503,961</td><td>107,624</td><td></td></tr>
<tr><td>Gross written premiums – insurance (direct)</td><td>R0011</td><td></td><td>1,907,486</td><td>1,295,901</td><td>503,961</td><td>107,624</td><td></td></tr>
<tr><td>Gross written premiums – accepted reinsurance</td><td>R0113</td><td></td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></tr>
<tr><td colspan="2">Net written premiums</td><td>R0160</td><td></td><td>1,513,797</td><td>1,020,824</td><td>396,987</td><td>95,987</td><td></td></tr>
<tr><td rowspan="2">Premiums earned and provision for unearned</td><td colspan="2">Gross earned premiums</td><td>R0210</td><td></td><td>1,727,506</td><td>1,194,663</td><td>464,591</td><td>68,252</td><td></td></tr>
<tr><td colspan="2">Net earned premiums</td><td>R0220</td><td></td><td>1,372,088</td><td>945,423</td><td>367,665</td><td>59,001</td><td></td></tr>
<tr><td colspan="10"></td></tr>
<tr><td rowspan="7">Expenditure</td><td rowspan="4">Claims Incurred</td><td rowspan="3">Gross (undiscounted) claims incurred</td><td></td><td>R0610</td><td></td><td>1,293,148</td><td>906,504</td><td>352,717</td><td>33,927</td><td></td></tr>
<tr><td>Gross (undiscounted) direct business</td><td>R0611</td><td></td><td>1,293,148</td><td>906,504</td><td>352,717</td><td>33,927</td><td></td></tr>
<tr><td>Gros (undiscounted) reinsurance accepted</td><td>R0612</td><td></td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></tr>
<tr><td colspan="2">Net (discounted) claims incurred</td><td>R0730</td><td>976,841</td><td>976,040</td><td></td><td></td><td></td><td>801</td></tr>
<tr><td>Analysis of expenses incurred</td><td colspan="2">Technical expenses incurred net of reinsurance ceded</td><td>R0910</td><td>284,753</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Other expenditure</td><td colspan="2">Other expenses</td><td>R1140</td><td>25,064</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="3">Total expenditure</td><td>R1310</td><td>1,305,116</td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

All amounts in £’000

F Appendices Continued

IR.12.01.02
Life technical provisions

				Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health Insurance	Total life and health
				C0010	C0020	C0030	C0040	C0050	C0060	C0070
Best Estimate	Gross Best Estimate		R0030	-	-	-	91,246	-	-	91,246
		Gross best Estimate (Direct business)	R0025	-	-	-	91,246	-	-	91,246
		Gross Best estimate (reinsurance Accepted	R0026	-	-	-	-	-	-	-
	Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		R0080		-	-	84,970	-	-	84,970
	Best estimate minus recoverables from reinsurance/SPV and Finite Re		R0090		-	-	6,276	-	-	6,276
Risk Margin			R0100			-	212	-	-	212
Amount of the transitional on Technical Provisions	Transitional Measure on Technical Provisions		R0180	-	-	-	-	-	-	-
		TMTP – risk margin	R0140	-	-	-	-	-	-	-
		TMTP – best estimate dynamic component	R0150	-	-	-	-	-	-	-
		TMTP best estimate non-dynamic component	R0160	-	-	-	-	-	-	-
		TMTP – amortisation adjustment	R0170	-	-	-	-	-	-	-
Technical Provisions - Total			R0200			-	91,458	-	-	91,458

All amounts in £'000

F Appendices Continued

IR.17.01.02
Non-life technical provisions

				Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property Insurance	Total life and health
				C0050	C0060	C0080	C0180
Best Estimate	Premium Provisions	Gross Total	R0060	236,573	83,304	29,416	349,293
		Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	224,499	51,837	3,569	279,905
		Net Best Estimate of Premium Provisions	R0150	12,073	31,466	25,847	69,387
	Claims Provisions	Gross – Total	R0160	1,926,070	(42,208)	28,963	1,912,825
		Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1,141,393	(8,085)	2,954	1,136,261
		Net Best Estimate of Claims Provisions	R0250	784,677	(34,123)	26,010	776,563
	Total Best estimate – gross		R0260	2,162,642	41,095	58,379	2,262,117
	Total Best estimate - net		R0270	796,750	(2,657)	51,857	845,950
Risk Margin			R0280	26,911	-	1,752	28,662
Technical provisions – total (best estimate plus risk margin)	Technical provisions – total		R0320	2,189,553	41,095	60,131	2,290,780
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – Total		R0330	1,365,892	43,752	6,522	1,416,167
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - Total		R0340	823,661	(2,657)	53,608	874,613

All amounts in £'000

F Appendices Continued

IR.19.01.21
Non-Life claim development

	Gross claims paid (non-cumulative) (absolute amount)														
	Z0010 Accident Year														
		Development year													
	Year	-	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110+		C0170	C0180
Prior	R0100											1,238,988		1,163	1,238,988
N-9	R0160	187,162	131.598	46,186	33,257	22,129	24,621	28,552	637	2,989	419			419	477,550
N-8	R0170	236.580	151,132	61,423	39,980	39,112	16,695	25,888	8,391	4,250				4,250	583,450
N-7	R0180	273,709	169,933	58,599	49,127	50,199	27,444	15,357	1,872					1,872	642,240
N-6	R0190	335,304	174,368	56,016	41,514	47,209	31,479	9,155						9,155	695,044
N-5	R0200	368,136	161,259	54,267	45,994	36,851	29,909							29,909	696,416
N-4	R0210	279,444	120,766	44813	39,294	42,873								42,873	527,190
N-3	R0220	344,707	148,607	55,585	76,657									76,657	625,556
N-2	R0230	472,757	214,552	56,514										56,514	743823
N-1	R0240	615,441	170,768											170,768	786,210
N	R0250	591,212												591,212	591,212
												Total	R0260	984,791	7,611,680

All amounts in £'000

F Appendices Continued

S.19.01.21 (continued)														
	Gross undiscounted best estimate claims provisions (absolute amount)													
	Z0010	Accident Year												
		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											860,691		18,853
N-9	R0160	-	175,537	132,046	86,268	66,824	44,528	16,030	13,563	2,852	8,936			6,465
N-8	R0170	386,467	226,299	187,761	172,250	93,609	75,716	43,796	39,021	55,748				48,418
N-7	R0180	429,751	251,437	205,041	145,614	86,110	52,841	30,649	56,631					16,003
N-6	R0190	439,385	265,677	212,624	149,724	78,846	34,882	57,609						24,654
N-5	R0200	506,652	320,389	257,893	167,590	114,646	110,739							69,347
N-4	R0210	447,853	311,128	260,732	177,043	212,651								89,256
N-3	R0220	564,280	408,630	307,609	386,455									190,305
N-2	R0230	618,014	400,037	666,972										318,068
N-1	R0240	683,259	1,001,738											517,920
N	R0250	661,862												606,896
												Total	R0260	1,906,184

All amounts in £'000

Hastings

F Appendices Continued

IR.19.01 Gross Premium			
		Gross earned premium at reporting reference date	Estimate of future gross earned premium at the reporting reference date
		C0570	C0580
Prior	R0100	561,072	-
N-9	R0160	716,660	-
N-8	R0170	894,878	-
N-7	R0180	999,992	-
N-6	R0190	1,014,435	-
N-5	R0200	1,018,137	-
N-4	R0210	1,010,672	-
N-3	R0220	1,081,647	-
N-2	R0230	1,347,973	-
N-1	R0240	1,727,506	-
N	R0250	561,072	-

All amounts in £'000

F Appendices Continued

IR.22.01.21 Impact of long term guarantees measures and transitionals						
		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	2,382,238	-	-	17,459	-
Basic own funds	R0020	804,742	-	-	(3,757)	-
Eligible own funds to meet Solvency Capital Requirement	R0050	804,742	-	-	(3,757)	-
Solvency Capital Requirement	R0090	804,742	-	-	(3,757)	-
Eligible own funds to meet Minimum Capital Requirement	R0100	460,660	-	-	1,349	-
Minimal Capital Requirement	R0110	804,742	-	-	(3,757)	-

All amounts in £'000

F Appendices Continued

IR.23.01 Own Funds			Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic Own Funds	Ordinary share capital (gross of own shares)	R0010	43,362	43,362		-	
	Share premium account related to ordinary share capital	R0030	250,116	250,116		-	
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
	Subordinated mutual member accounts	R0050	-	-	-	-	-
	Surplus funds	R0070	-	-			
	Preference shares	R0090	-	-	-	-	-
	Share premium account related to preference shares	R0110	-	-			
	Reconciliation reserve	R0130	511,264	511,264	-	-	-
	Subordinated liabilities	R0140	-	-	-	-	-
	An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds		R0220	-				
Total Basic Own Funds		R0290	804,742	804,742	-	-	
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-	-
	Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
	Letters of credit and guarantees	R0340	-	-	-	-	-
	Letters of credit and guarantees other	R0350	-	-	-	-	-
	Supplementary members calls	R0360	-	-	-	-	-
	Supplementary members calls - other	R0370	-	-	-	-	-
	Other ancillary own funds	R0390	-	-	-	-	-
Total ancillary own funds		R0400	-		-	-	-
Available and eligible own funds	Total available own funds to meet the SCR	R0500	804,742	804,742	-	-	-
	Total available own funds to meet the MCR	R0510	804,742	804,742	-	-	-
	Total eligible own funds to meet the SCR	R0540	804,742	804,742	-	-	-
	Total eligible own funds to meet the MCR	R0550	804,742	804,742	-	-	-
SCR		R0580	460,660	-		-	-
MCR		R0600	178,273	-		-	-
Ratio of Eligible own funds to SCR		R0620	174.69%	-		-	-
Ratio of Eligible own funds to MCR		R0640	451.41%	-		-	-

All amounts in £'000

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	844,742
	Own shares (held directly and indirectly)	R0710	-
	Foreseeable dividends, distributions and charges	R0720	40,000
	Deductions for participations in financial and credit institutions	R0725	-
	Other basic own fund items	R0730	293,478
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve		R0760	511,264

All amounts in £'000

F Appendices Continued

IR.25.04.21 Solvency Capital Requirement				C
				C0010
Net of loss-absorbing capacity of technical provisions	Market Risk		R0140	67,409
		Interest rate risk	R0070	40,958
		Equity risk	R0080	11,113
		Property risk	R0090	148
		Spread risk	R0100	44,360
		Concentration risk	R0110	-
		Currency risk	R0120	546
		Other market risk	R0125	-
		Diversification within market risk	R0130	(29,715)
	Counterparty Risk		R0180	37,325
		Type 1 exposures	R0150	27,526
		Type 2 exposures	R0160	11,939
		Other counterparty risk	R0165	-
		Diversification within counterparty default risk	R0170	(2,140)
	Life Underwriting Risk		R0270	608
		Mortality risk	R0190	-
		Longevity risk	R0200	461
		Disability-Morbidity risk	R0210	-
		Life-expense risk	R0220	140
		Revision risk	R0230	188
		Lapse risk	R0240	-
		Life catastrophe risk	R0250	-
		Other life underwriting risk	R0255	-
		Diversification within life underwriting risk	R0260	(181)
	Total health underwriting risk		R0320	-
		Health SLT risk	R0280	-
		Health non SLT risk	R0290	-
		Health catastrophe risk	R0300	-
		Other health underwriting risk	R0305	-
		Diversification within health underwriting risk	R0310	-
	Non-life underwriting risk		R0370	377,360
		Non-life premium and reserve risk (ex-catastrophe risk)	R0330	352,680
		Non-life catastrophe risk	R0340	67,307
		Lapse risk	R0350	40,225
		Other non-life underwriting risk	R0355	-
		Diversification within non-life underwriting risk	R0360	(82,853)
Intangible asset risk			R0400	-
Operational and other risk			R0430	68,274
		Operational Risk	R0422	68,274
		Other Risk	R0424	-
Total before all diversification			R0432	665,865
Total before diversification between risk modules			R0434	550,976
Diversification between risk modules			R0436	(62,664)
Total after diversification			R0438	448,312
Loss-absorbing capacity of technical provisions			R0440	-
Loss-absorbing capacity of deferred taxes			R0450	(27,652)
Other adjustments			R0455	-
Solvency capital requirement including undisclosed capital add-on			R0460	460,660
Disclosed capital add-on - excluding residual model limitation			R0472	-
Disclosed capital add-on - residual model limitation			R0474	-
Solvency capital requirement including capital add-on			R0480	460,660
Biting interest rate scenario			R0490	Increase
Biting life lapse scenario			R0495	-

All amounts in £'000

F Appendices Continued

S.28.01.01
Minimum capital requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations		
		C0010
MCRNL Result	R0010	178,141

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Motor vehicle liability insurance and proportional reinsurance	R0050	796,750	801,763
Other motor insurance and proportional reinsurance	R0060	0	311,797
Fire and other damage to property insurance and proportional reinsurance	R0080	51,857	90,560

Linear formula component for life insurance and reinsurance obligations		
		C0040
MCRL Result	R0200	132

		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	6,276	
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation		
		C0070
Linear MCR	R0300	178,273
SCR	R0310	460,660
MCR cap	R0320	207,297
MCR floor	R0330	115,165
Combined MCR	R0340	178,273
Absolute floor of the MCR	R0350	2,400
Minimum capital requirement	R0400	178,273

All amounts in £'000

F Appendices Continued

F.3 Audit Opinion

Report of the external independent auditor to the Directors of Advantage Insurance Company Limited ('the Company') pursuant to regulation 56H(1) of the Financial Services (Insurance Companies) Regulations 2020 (the 'Insurance Companies Regulations')

Report on the Audit of the relevant Annual Quantitative Reporting Template ('the relevant AQRT') of the Solvency and Financial Condition Report ('SFCR') of Hastings Group Holdings Limited and its subsidiaries (together "the Group")

Opinion

Except as stated below, we have audited the following documents prepared by the Group as at 31 December 2024:

- Group template IR.23.01.04 ('the relevant AQRT')

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on all other elements of the AQRTs, the SFCR and the Other Information which comprises:

- the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR of the Group as at 31 December 2024, ('the Narrative Disclosures');
- Group templates IR.02.01.02 IR.22.01.22, IR.25.04.22, IR.32.01.22, IR.05.02.01, IR.05.03.02;
- Solo Templates IR.02.01.02, IR.12.01.02, IR.17.01.02, IR.22.01.21, IR.23.01.01, IR.25.04.21, IR.28.01.01, IR.05.02.01, IR.05.03.02, IR.19.01.21 in respect of Solo entity Advantage Insurance Company Limited;
- The Other Information which comprises: the 'Executive Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group SFCR;
- the written acknowledgement by management of their responsibilities, including for the preparation of the Group SFCR ('the Responsibility Statement'); and
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with applicable rules other than those implementing the Solvency II Directive or in accordance with Gibraltar law other than the Solvency II regulations ('the sectoral information')

To the extent the information subject to audit in the relevant elements of the Group SFCR includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the relevant AQRT of the Group as at 31 December 2024 is prepared, in all material respects, in accordance with the financial reporting provisions of the Financial Services (Insurance Companies) Regulations 2020 and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), including ISA 800 and ISA 805, and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant AQRT section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Group and Company in Gibraltar in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' of the Group SFCR, which describe the basis of accounting. The relevant AQRT is prepared in compliance with the financial reporting provisions of the Financial Services (Insurance Companies) Regulations 2020 and Solvency II Requirements, and therefore in accordance with a special purpose financial reporting framework. The relevant AQRT, as part of the SFCR is required to be published, and intended users include but are not limited to the Gibraltar Financial Services

F Appendices Continued

Commission ('GFSC'). As a result, the Group SFCR and relevant AQRT may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant AQRT does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

We have nothing to report in this regard.

Responsibilities of Directors for the relevant AQRT

The Directors are responsible for the preparation of the relevant AQRT in accordance with the financial reporting provisions of the Financial Services (Insurance Companies) Regulations 2020 and Solvency II Requirements which have been modified by the undertaking specific parameters, and supplemented by the approvals and determinations made by the Gibraltar Financial Services Commission.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a relevant AQRT that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant AQRT

It is our responsibility to form an independent opinion as to whether the relevant AQRT is prepared, in all material respects, with the financial reporting provisions of the Financial Services (Insurance Companies) Regulations 2020 and Solvency II Requirements on which they are based which have been modified by the undertaking specific parameters, and supplemented by the approvals and determinations made by the Gibraltar Financial Services Commission.

Our objectives are to obtain reasonable assurance about whether the relevant AQRT is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the relevant AQRT.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Group's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the audit committee about their own identification and assessment of the risks of irregularities. We refer you to the Directors report in the Advantage Insurance Company Limited Financial Statements for the year ended 31 December 2024.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the AQRT. These included Solvency II as implemented in Gibraltar and Income Tax Act 2010; and
- do not have a direct effect on the relevant AQRT but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included Companies Act 2014 and related Company Law and the Financial Services (Insurance Companies) (Accounts) Regulations 2021.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT and actuarial specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address it are described below:

- Actuarial best estimate used as the basis of the bridge to form the Solvency II Technical Provisions, specifically that it does not equate to a best estimate liability under Solvency II and that the cash flows used in the calculations of the Solvency II technical provisions are incomplete or inaccurate:
  - Reviewed process surrounding the determination of the Best Estimate Liability ("BEL") and the calculation of the Solvency II Technical Provisions. Evaluated the design and implementation of key mitigating controls identified within this process.
  - Reviewed the process relating to the identification of cash flows used in determining the Solvency II Technical Provisions and the preparation of the Solvency II Balance Sheet. Evaluated the design and implementation of key mitigating controls identified within this process
  - Evaluated management's identification and assessment of key assumptions and judgements used in calculating the Technical Provisions, including the selection and use of ULRs and determination of the BELs
  - Engaged Deloitte actuarial specialists to assess management's use of the financial statement Ultimate Loss Ratios ("ULRs") as a basis for calculating the BEL, specifically whether the actuarial best estimate lies within an appropriate range of estimates to be considered a BEL, including whether additional prudence lies within the actuarial best estimate. Additionally, our actuarial specialist reviewed the cash flow patterns applied in determining the Technical Provisions and used these to recalculate the Technical Provisions using the IFRS audited balances.

In common with all audits under ISAs, we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

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- reading minutes of meetings of those charged with governance reviewing internal audit reports and reviewing correspondence with Gibraltar Financial Services Commission.

Use of our Report

This report is made solely to the Directors of Advantage Insurance Company Limited. We acknowledge that our report will be provided to the GFSC for the use of the GFSC solely. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant AQRT and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the GFSC, for our audit work, for this report or for the opinions we have formed.

Deloitte Limited

Deloitte Limited
Old Police Station
Floor 3, 120 Irish Town
Gibraltar
15 May 2025

F.4 Glossary

	Definition	Explanation
3YP	Three Year Plan	The forward looking plan and budget of financial performance over the three year period 2024-2026.
AFH	Actuarial Function Holder	A position required under SII to be responsible for the preparation and calibration of all the necessary models used in the calculation of all figures required for the technical provisions and SCR Cover under the SII Requirements.
Advantage	Advantage Insurance Company Limited	The sole insurance undertaking in Hastings Group, domiciled and regulated in Gibraltar; underwriter of private motor, motorcycle, van, and home insurance.
Advantage Board	Advantage Board of Directors	Governing body of Advantage.
BEL	Best Estimate Liability	The most accurate prediction or calculation of future claims liabilities based on available data and actuarial analysis.
EIOPA	European Insurance and Occupational Pensions Authority	European Union financial regulatory institution.
ERMF	Enterprise Risk Management Framework	A company's comprehensive risk management framework.
FCA	Financial Conduct Authority	UK financial services regulatory body.
GFSC	Gibraltar Financial Services Commission	Gibraltar financial services regulatory body.
GIPP	General Insurance Pricing Practices	FCA market study on the price of home and motor insurance leading to stricter rules on the pricing of policy renewals.
GSD	GSD Finance Limited	Provider of securitisation arrangement with HFSL.
GWP	Gross Written Premiums	Total premium written by an insurer before deductions for reinsurance and ceding commissions.
Hastings Group or the Group	Collective term for all Hastings Group entities	The Hastings Group is the collective name for direct and indirect subsidiaries of Hastings Group Holdings Limited.
HGAF	Hastings Group Actuarial Function	The Group's central Actuarial function.
HGC	Hastings Group (Consolidated) Limited	Ultimate UK parent entity in the Hastings Group.
HGH	Hastings Group Holdings Limited	Wholly owned subsidiary of HGC and entity level at which Hastings Group governance is conducted.
HGH Board	HGH Board of Directors, also referred to as the "Group Board"	Governing body of HGH and the Group.
HGH RCC	HGH Risk and Compliance Committee	A Committee of the HGH Board.
HISL	Hastings Insurance Services Limited, trading as "Hastings Direct"	the Group's UK-based insurance intermediary and service provider, authorised and regulated by the FCA.
HFSL	Hastings Financial Services Limited, trading as "Hastings Direct Loans"	HISL subsidiary entity, authorised and regulated by the FCA, providing unsecured personal loans to UK customers.

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LACDT	Loss Absorbing Capacity of Deferred Tax	The Loss Absorbing Capacity of Deferred Taxes adjustment is meant to reflect the fact that new deferred tax assets would have to be booked in the event the insurance undertaking incurred unexpected losses, hence resulting in the increase in Own Funds on the Solvency II balance sheet.
LCP	Live Customer Policies	Current number of active insured policy lines.
MCR	Minimum Capital Requirement	The minimum regulatory capital level that insurance/reinsurance companies and/or groups are required to hold under the SII Requirements.
MIB	Motor Insurers' Bureau	UK guarantee fund that compensates victims of negligent uninsured or untraced drivers.
ORSA	Own Risk and Solvency Assessment	Mandatory internal annual report under SII Requirements covering internal processes aiding decision making and strategic analysis of risks and capturing best risk management practices which summarises activities through the year.
PCW	Price Comparison Website	An internet based service comparing prices from a selection of insurance provider for UK retail customers.
PRA	Prudential Regulation Authority	UK financial services regulatory body.
QS	Quota Share	Proportional reinsurance.
Regulated Subsidiaries	Advantage, HISL and HFSL	Entities regulated by FCA and GFSC.
RIR	Regulated Individuals Regime	The GFSC's regime for the approval and oversight of regulated individuals under the Gibraltar Finance Services Act 2019
Sampo	Sampo plc	Ultimate parent of Hastings Group, registered and regulated in Finland as an insurance holding company.
SCR	Solvency Capital Requirement	The total eligible regulatory capital that insurance/reinsurance companies and/or groups are required to hold under the SII Requirements.
SCR Cover	Solvency Capital Requirement Cover Ratio	The ratio of Own Funds, calculated in accordance with SII requirements, expressed as a percentage of SCR.
SF	Standard Formula	A means for calculating Solvency Capital Requirement.
SFCR	Solvency and Financial Condition Report	The annual report required to be published under the SII Requirements.
SII	Solvency II	The regulatory framework for the European insurance industry, as set out in EU Directive 2009/138/EC and adopted by local legislation in each territory under directly applicable European Commission Delegated Regulations (EU) 2015/35
SII Requirements	GFSC Solvency II Requirements	The requirements under the Gibraltar Financial Services Act 2019 (Act No 2019–26), and specifically the Financial Services

Hastings

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		(Insurance Companies) Regulations 2020 made pursuant to the aforementioned Act, as amended and replaced from time to time, pertaining to the implementation of Solvency II in Gibraltar.
SMCR	Senior Managers and Certification Regime	UK regulatory regime for the approval and oversight of regulated individuals under the UK Financial Services and Markets Act 2000 (as amended).
UK Perimeter	UK drawn Perimeter for SII group supervision purposes.	The level at which group supervision under the SII Requirements is exercised by the GFSC for Hastings Group. This ensures that Gibraltar-based insurers with UK holding companies, writing business in the UK, are supervised on an equivalent basis as if those insurers were based in the UK and regulated directly by the PRA.
USPs	Undertaking Specific Parameters	Regulatory permission under Solvency II for calculating solvency granted by the GFSC and kept under annual review.
VA	Volatility Adjustment	Regulatory permission under Solvency II for calculating solvency granted by the GFSC and kept under annual review.
Value Measures	FCA rules to address perceived poor product value as an area of customer harm in general insurance	Applied following the results of a market study conducted in relation to add-on products and originally published in 2014.
XoL	Excess of Loss	Non-proportional reinsurance.