QIC Europe Limited

Director’s Report and Accounts
31 December 2022

QEL
A QIC Global company

QIC EUROPE LIMITED

DIRECTOR’S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Contents

Directors’ Report	4
Statement of Directors’ Responsibilities	6
Statement of Financial Position	7
Statement of Profit or Loss – Technical Account	8
Statement of Profit or Loss – Non-Technical Account	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Independent Auditor’s Report	55

Directors' Report

The Directors present their annual report and the audited financial statements of QIC Europe Limited (the "Company") for the year ended 31 December 2022.

Principal activities

The principal activity of the Company consists of the business of general insurance. The Company was authorised on 21 November 2014 by the Malta Financial Services Authority (the "MFSA") under the Insurance Business Act (Cap. 403 of the Laws of Malta) to conduct business of insurance and reinsurance under Classes 1 to Classes 18.

Review of the business

During the year under review, the Company reported a net loss after tax of USD12.27 million compared to a net profit of USD 1.68 million in 2021. Loss incurred during the year is majorly attributable to reduced premium income, adverse claims experience on Property class, increased administrative expenses mostly on account of forex and lower investment income compared to prior year ("PY").

Premiums written by the Company reached USD250.5 million (2021: USD582.4 million), thereby registering a 57% decrease. The decrease is primarily attributable to non-renewal of a major Motor and Property binders which is a result of re-underwriting exercise undertaken on existing book of business during 2022.

The technical result for general business in current year stands at USD2.3 million compared to USD11.9 million in 2021. The decrease in underwriting income is attributable to lower gross written premiums and adverse claims experience mostly in Property binders during the year.

The Company's investment income amounted to USD1.1 million (2021: USD2.3 million). The main source remains interest income derived from investment in fixed income instruments (bonds) which is lower compared to PY on account of sale of bonds which was done to fund claim payments. The fair value loss of USD 2 million (2021 loss: USD1 million) during the year was driven by fall in market value of bonds as of 31 December 2022.

The share capital and the capital contribution stands at USD 62.0 million (2021: USD 62.0 million). No new capital contribution was made by Antares Reinsurance Company Limited formerly Qatar Reinsurance Company Limited (the "immediate parent") during 2022 (2021: Nil). The shareholder's equity decreased to USD 58.4 million (2021: USD 72.7 million) largely due to the loss recorded during the year.

Principal risks and uncertainties

The principal risks and uncertainties are disclosed in Note 20 Financial Instruments and Risk Management.

The critical judgements and key sources of estimation uncertainty are disclosed in Note 4 Critical Judgements and Key Sources of Estimation Uncertainty.

Financial risk management

Note 20 to the financial statements provides details in connection with the Company's use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

Result and dividends

The result for the year ended 31 December 2022 is shown in the statement of comprehensive income on page 8. The total comprehensive income for the year is a loss of USD 14.29 million (2021: Profit of USD 0.69 million).

As the Company has reported a net loss Directors are not proposing dividend distribution for the year.

Future developments

The Company currently writes insurance and reinsurance business throughout the European Economic Area (the "EEA"), with a large portion of its book of business written in the United Kingdom (the "UK"). The UK exited the European Union (the "EU") on 31 January 2020. After 31 December 2020 the Company is no longer able to rely on EU passporting rights to operate in the UK and has applied to obtain a Part 4A permission from the Prudential Regulation Authority (the "PRA") and the Financial Conduct Authority (the "FCA") to continue operating in the UK.

As one would expect a large numbers of firms will be applying for this permission and to avoid any disruption to business, the UK regulator has implemented a Temporary Permissions Regime ("TPR"), which will come into effect on 1 January 2021 and will allow EEA firms currently operating in the UK (such as the Company) to temporarily continue operating and servicing UK contracts with minimal disruption while they apply for and/or wait for the regulators to evaluate and approve their applications for a third country branch. The TPR will be in place for a maximum of three years, i.e. up to end of 2023.

During 2021 the project group entrusted with exploring options available to the Company post Brexit concluded on setting up of a new UK Entity through which all UK domiciled business of the Company will be underwritten. In line with this proposal an application has been prepared and submitted to the PRA at end of December 2022 to establish a new UK domiciled Insurer. We expect to receive necessary regulatory approval of this Entity by Q2 of 2023 which is well within the deadline set by TPR. This will ensure that Company goes through the transition in a smooth manner and continues to operate as a going concern in near future.

After considering the impact of COVID-19, the impact of BREXIT, projected shareholders equity, Business plan and cash flow forecast of the Company for the next 12 months these financial statements have been prepared on a going concern basis, which assumes that the Company will continue in existence for the foreseeable future. Moreover, the Company's immediate parent has confirmed in writing its commitment to continue providing financial support to the Company for at least a period of 12 months from the date of approval of the Company's financial statements, so as to enable the Company to meet its liabilities as and when they fall due and to adequately meet the regulatory solvency capital requirement.

Directors

The Directors who served during the period were:

George Andrew Prescott (Chairman)
Alok Sahi
Faraz Khalid (Resigned on 08 March 2023)
James Bonello
James Michael Linsao
Pantelis Koulovasilopoulos
Marios Georgiou

In accordance with the Company's articles of association, the Directors, with exception of those who resigned during the year, are to remain in office.

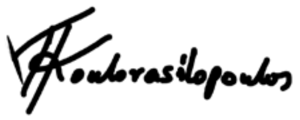
Subsequent events

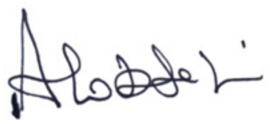
There were no significant events after the reporting date that would have otherwise required disclosure in or adjustments to these financial statements.

Auditors

KPMG
92, Marina Street Pieta
PTA 9044
Malta

Approved by the Board of Directors and signed on its behalf on 19 April 2023 by:





Pantelis Koulovasilopoulos
Director

Alok Sahi
Director

Statement of Directors' Responsibilities

The Directors are required by the Insurance Business Act and the Companies Act (Cap. 403 and Cap. 386 of the Laws of Malta, respectively) to prepare financial statements in accordance with generally accepted accounting principles and practices which give a true and fair view of the state of affairs of the Company at the end of each financial period and of the profit or loss of the Company for the period then ended. In preparing the financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Directors to ensure that the financial statements comply with the Insurance Business Act and the Companies Act (Cap. 403 and Cap. 386 of the Laws of Malta, respectively). This responsibility includes designing, implementing and maintaining such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed on its behalf on 19 April 2023 by:

Pantelis Koulovasilopoulos
Director

Alok Sahi
Director

Statement of Financial Position
At 31 December 2022

	Notes	31 December 2022 USD ('000)	31 December 2021 USD ('000)
ASSETS			
Cash and cash equivalents	5	12,345	23,569
Investments	8	41,139	74,001
Premiums and other receivables	6	276,695	383,065
Reinsurance contract assets	7	620,129	887,145
Deferred Tax Asset	13	887	-
Property and equipment	9	103	211
TOTAL ASSETS		**951,298**	**1,367,991**
LIABILITIES AND EQUITY			
LIABILITIES			
Provisions, reinsurance and other payables	10	208,771	318,973
Deferred tax liability	13	-	198
Income tax payable	10	947	3,515
Due to related parties	12	10,599	2,445
Insurance contract liabilities	7	672,538	970,133
TOTAL LIABILITIES		**892,855**	**1,295,264**
EQUITY			
Share capital	14	22,500	22,500
Capital contribution	15	39,458	39,458
Fair value reserve		(1,648)	367
(Accumulated Losses) / Retained earnings		(1,867)	10,402
TOTAL EQUITY		**58,443**	**72,727**
TOTAL LIABILITIES AND EQUITY		**951,298**	**1,367,991**

The accounting policies and explanatory notes on pages 13 to 54 form an integral part of the financial statements.

The financial statements on pages 1 to 10 are prepared in USD. The Eur/USD middle rate published by Central Bank of Malta for yearend was 1.0666. The financial statements were approved by Board of Directors on 19 April 2023 and signed on its behalf by the following signatories:

Pantelis Koulovasilopoulos
Director

Alok Sahi
Director

Statement of Profit or Loss – Technical Account
For the year ended 31 December 2022

	Notes	31 December 2022 USD ('000)	31 December 2021 USD ('000)
Earned premiums, net of reinsurance			
Gross written premiums	16	250,514	582,470
Outward reinsurance premiums	16	(247,517)	(521,267)
Net premiums written		2,997	61,203
Change in provision for unearned premiums, gross	7	214,610	(2,075)
Change in provision for unearned premiums, reinsurers' share	7	(192,030)	(1,175)
Change in net provision for unearned premiums	16	22,580	(3,250)
Earned premiums, net of reinsurance		25,577	57,953
Commission income	16	141,793	172,386
Allocated investment return transferred from non-technical account		33	531
Total technical income		167,403	230,870
Claims incurred, net of reinsurance			
Claims paid			
– Gross amount	16	(348,733)	(354,073)
– Reinsurers' share	16	308,514	320,009
		(40,219)	(34,064)
Change in the provision for claims			
– Gross amount	7	7,530	(8,293)
– Reinsurers' share	7	(5,810)	5,537
		1,720	(2,756)
Claims incurred, net of reinsurance		(38,499)	(36,820)
Commission expenses	16	(126,567)	(182,128)
Total technical expenses		(165,066)	(218,948)
Balance on the technical account for general business (page 7)		2,337	11,922

The accounting policies and explanatory notes on pages 13 to 54 form an integral part of the financial statements.

Statement of Profit or Loss – Non-Technical Account
For the year ended 31 December 2022

	Notes	31 December 2022 USD ('000)	31 December 2021 USD ('000)
Balance on the technical account for general business (page 6)		2,337	11,922
Net investment income	17	1,012	2,086
Allocated investment return transferred to the general business technical accounts		(33)	(531)
Net foreign exchange loss		(4,233)	(1,221)
Operating and administrative expenses	18	(11,323)	(9,652)
(Loss)/Profit before tax for the year		(12,240)	2,604
Income tax	11	(29)	(922)
Net (Loss)/Profit for the year		(12,269)	1,682

The accounting policies and explanatory notes on pages 13 to 54 form an integral part of the financial statements.

Statement of Comprehensive Income
For the year ended 31 December 2022

	31 December 2022	31 December 2021
	USD ('000)	USD ('000)
Net (Loss)/Profit after tax for the year	(12,269)	1,682
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss: Debt instrument at fair value through other comprehensive income (FVOCI)		
Net changes in fair value during the period	(3,100)	(1,521)
DTA impact on net changes in fair value during the period	1,085	532
Total comprehensive income for the year	(14,284)	693

The accounting policies and explanatory notes on pages 13 to 54 form an integral part of the financial statements.

Statement of Changes in Equity
For the year ended 31 December 2022

	Share capital	Capital contribution	Fair value reserve	Retained earnings	Total equity
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Balance as at 1 January 2021	22,500	39,458	1,356	8,720	72,034
Profit for the year	–	–	–	1,682	1,682
Net changes in fair value of financial investments at fair value through other comprehensive income (FVOCI)	–	–	(989)	–	(989)
Total comprehensive income for the year	–	–	(989)	1,682	693
Balance as at 31 December 2021	22,500	39,458	367	10,402	72,727
Loss for the year	–	–	–	(12,269)	(12,269)
Net changes in fair value of financial investments at fair value through other comprehensive income (FVOCI)	–	–	(2,015)	–	(2,015)
Total comprehensive income for the year	–	–	(2,015)	(12,269)	(14,284)
Balance as at 31 December 2022	22,500	39,458	(1,648)	(1,867)	58,443

The accounting policies and explanatory notes on pages 13 to 54 form an integral part of the financial statements.

Statement of Cash Flows
For the year ended 31 December 2022

	Notes	31 December 2022 USD ('000)	31 December 2021 USD ('000)
OPERATING ACTIVITIES			
(Loss)/Profit before tax for the year		(12,240)	2,604
Adjustments for:			
Depreciation	9	114	135
Expected credit loss	8	–	84
Investment income		(1,012)	(1,976)
Net Cash (Used in) / from operating activities		(13,138)	847
Movements in working capital			
Premiums and other receivables		105,483	44,739
Insurance contract liabilities, net		(30,579)	5,551
Provisions, insurance and other payables		(110,400)	(54,378)
Due to related parties		8,154	250
Cash used in operations		(40,480)	(2,991)
Income tax paid		(2,597)	(1,313)
Net cash used in operating activities		(43,077)	(4,304)
INVESTING ACTIVITIES			
Acquisition of investments	8	(53,308)	(85,968)
Proceeds from disposal of investments	8	84,155	105,010
Investment income received		1,012	1,976
Acquisition of property and equipment	9	(6)	(25)
Net cash generated from investing activities		31,853	20,993
Net (Decrease)/increase in cash and cash equivalents		(11,224)	16,689
Cash and cash equivalents at the beginning of the year	5	23,569	6,880
Cash and cash equivalents at the end of the year	5	12,345	23,569

The accounting policies and explanatory notes on pages 13 to 54 form an integral part of the financial statements.

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2022

1 Legal status and principal activities

QIC Europe Limited (the "Company") is a limited liability company registered and domiciled in Malta with registration no. C67694 on November 20, 2014. The Company was authorised on 21 November 2014 by the Malta Financial Services Authority (the "MFSA") under the Insurance Business Act (Cap. 403 of the Laws of Malta) to conduct business of insurance and reinsurance under Class 1 to Class 18.

The registered address of the Company is Pendergardens Business Centre, Level 1, Office 11/12, St. Andrew's Road, St. Julians, Malta.

During 2018, the shareholding of the Company was transferred to Antares Reinsurance Company Limited (the "immediate parent") registered at 71 Pitts Bay Road, Pembroke, HM08, Bermuda from Qatar Insurance Company Q.S.P.C. Doha, Qatar (the "ultimate parent") which is registered at QIC Building, Tamim Street, West Bay, Doha, Qatar and is also the ultimate shareholder of the Company.

The Company operates from its head office located in Malta and has a branch established in the United Kingdom (the "UK").

2.1. Statement of compliance and basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU").

Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income and assets held for sale that are measured at fair value and at fair value less costs to sell, respectively. These financial statements are presented in United States Dollars (USD) and rounded to the nearest thousand (USD '000), unless otherwise indicated. The USD is also the functional currency of the Company.

The financial statements have been prepared in accordance with the requirements of the Insurance Business Act, 1998 (Cap. 403) and the Companies Act, (Cap. 386)

The statement of financial position is organised in decreasing order of liquidity, with additional disclosures on the current or non-current nature of the Company's assets and liabilities provided within the notes to the financial statements.

Expected impact of the COVID-19 pandemic

COVID-19 pandemic had a significant impact on the global economy and ability of individuals, businesses and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic.

The Company may be impacted by any policies, practices, laws or regulations introduced by governments which require or compel insurers to defer insurance premiums, pay claims in relation

to COVID-19 losses which would not otherwise be payable under the relevant policy or in the normal course of business. The extent of the impact on our business and results of operations is largely dependent on the evolving future developments and the actions taken globally to address its impact. Any potential impact will be mostly mitigated by the high level of reinsurance purchased by the Company. The Company has incurred claims of USD 7 million (2021: USD 0.4 million), net of reinsurance, for the year ended 31 December 2022.

The Company's investment portfolio is exposed to the current market volatility. Current Investment portfolio has certain exposures in economies that are relatively dependent on the price of crude oil.

The Company's capital, liquidity and funding positions remain robust and the Company remains operationally strong in the face of unprecedented global uncertainty presented by the COVID-19 pandemic. The Company expects this uncertainty and consequent capital contraction to influence rates across direct insurance markets.

BREXIT

The Company currently writes insurance and reinsurance business throughout the European Economic Area (the "EEA"), with a large portion of its book of business written in the United Kingdom (the "UK"). The UK exited the European Union (the "EU") on 31 January 2020. After 31 December 2020 the Company is no longer able to rely on EU passporting rights to operate in the UK and is required to obtain a Part 4A permission from the Prudential Regulation Authority (the "PRA") and the Financial Conduct Authority (the "FCA") to continue operating in the UK.

As one would expect a large number of firms will be applying for this permission and to avoid any disruption to business, the UK regulator has implemented a Temporary Permissions Regime ("TPR"), which has come into effect on 1 January 2021 and will allow EEA firms currently operating in the UK (such as the Company) to temporarily continue operating and servicing UK contracts with minimal disruption while they apply for and/or wait for the regulators to evaluate and approve their applications for a third country branch. The TPR will be in place for a maximum period of three years, i.e. up to end of 2023.

During 2021 the project group entrusted with exploring options available to the Company post Brexit concluded on setting up of a new UK Entity through which all UK domiciled business of the Company will be underwritten. In line with this proposal an application has been prepared and submitted to the PRA at end of December 2022 to establish a new UK domiciled Insurer. We expect to receive necessary regulatory approval of this Entity by Q2 of 2023 which is well within the deadline set by TPR. This will ensure that Company goes through the transition in a smooth manner and continues to operate as a going concern in near future.

Going concern

After also considering the impact of COVID-19, the impact of BREXIT, projected shareholders equity, Business plan and cash flow forecast of the Company for the next 12 months these financial statements have been prepared on a going concern basis, which assumes that the Company will continue in existence for the foreseeable future. Moreover, the Company's immediate parent has confirmed in writing its commitment to continue providing financial support to the Company for at least a period of 12 months from the date of approval of the Company's financial statements, so as to enable the Company to meet its liabilities as and when they fall due and to adequately meet the regulatory solvency capital requirement.

2.2. Application of new and revised international financial reporting standards

Standards, interpretations and amendments to published standards as endorsed by the EU effective during the year ended 31 December 2022

- Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual improvements to IFRS standards 2018-2020 and
- Property Plant & Equipment: proceeds before intended use (amendment to IAS 16)
- Reference to conceptual framework: amendments to IFRS 3

In 2022, the Company adopted new standards, interpretations and amendments to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective and not early adopted.

Certain new standards, interpretations and amendments to existing standards have been published by the date of ecognized on for issue of these financial statements but are mandatory for the Company's accounting periods beginning on or after 1 January 2023. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (effective for financial years beginning on or after 1 January 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting estimates – Amendments to IAS 8
- Deferred tax relating to Assets and Liabilities arising from a single transaction – Amendments to IAS 12
- Classification of liabilities as current or non-current – Amendments to IAS 1
- Amendments to IFRs 16: lease liability in a sale and lease back transaction

The adoption of the above-mentioned standards, interpretations and amendments is not expected to have an impact on the financial statements or performance of the Company.

Standards, interpretations and amendments issued by the International Accounting Standards Board ("IASB") but not yet endorsed by the EU and not yet effective

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Assets as Current or Non-Current and Classification of Liabiliies as Current or Non-Current (effective for financial years beginning on or after 1 January 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for financial years beginning on or after 1 January 2023); and
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for financial years beginning on or after 1 January 2023).

The adoption of the above-mentioned standards, interpretations and amendments with the exception of the standards discussed below, are not expected to have an impact on the financial statements or performance of the Company.

2.3. New and amended standards and interpretations

In the financial statements of 2023, the Company will apply IFRS 17 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company has made reasonable progress in the implementation of IFRS 17 and is working on following areas to complete the transition to IFRS 17;

- The Company continues to work on configuring the remaining system integration and internal controls required for applying IFRS 17.
- The new accounting policies assumptions judgements and estimation techniques employed are subject to change until the Company finalizes its first financial statements that include the date of initial application.
- Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements.
- Continue engaging with the executive committee and business through various training initiatives.

2.3.1 IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company also needs to extend application of IFRS 9 “Financial Instruments” to insurance receivables along with IFRS 17 as it needs to assess the expected credit losses on insurance related receivables. The Company will restate comparative information for 2022 applying the transitional provisions. The Company expects to apply a fully retrospective approach to transition. It is also the Company’s expectation that contracts will be measured using the Premium Allocation Approach.

Level of Aggregation

IFRS 17 requires an entity to identify portfolios of insurance contracts for measurement and presentation purposes. Portfolios are defined as groups of insurance contracts that are subjected to similar risks and are managed together. The Company has set its IFRS 17 portfolios in line with the segmentation used for Group reporting and in most cases aligns with management reporting. This is considered appropriate for the following reasons:

a. The segmentation used in management reporting reflects the way the business is managed. Each segment is evaluated separately by senior management consistently in separate balance sheets and P&L statements.

b. Contracts within a given management reporting segment share the same pricing, product development, underwriting and claims management teams.

c. The segmentation is primarily based on subject matter / insured interest.

Contract Boundaries

The Company will apply principles in the standard to determine Contract boundaries for Groups of Insurance contracts as follows:

2. Recognition of contracts as the earlier of:

   - For profitable contracts – the beginning of the coverage period
   - For onerous contracts – the date the group becomes onerous

b. End of the contract boundary is assessed as the point where the Company’s substantive obligation to provide insurance contract service ends

The management is currently working together with third party experts and it is expected that the change in the accounting systems, accounting policies and the preparation of the financial statements in accordance with IFRS 17 and IFRS 9 would be completed before the statutory reporting timeline of 2023. Accordingly, the comparative information for the year 2022 will be restated due to the adoption of such changes. Currently, the management is in the process of ascertaining a reasonable estimate of the financial impact on the net profit for the year ended 31 December 2022 and the equity as at 1 January 2022 and 31 December 2022.

The nature of the changes in accounting policies can be summarised, as follows:

2.3.1.1 Changes to classification and measurement

The adoption of IFRS 17 will not change the classification of the Company’s insurance contracts.

The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The Company will apply the premium allocation approach (PAA) to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Company is in the process of performing PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on initial results it is likely that PAA measurement model may be applied to all contracts.

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in revenue for insurance services provided.
- The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Company will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. Where the premium due date and the related period of services are more than 12 months the Company has assessed the amount as immaterial, as such no discounting is required.

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision). Similar risk adjustment uplift factors at various percentiles are used for onerousness calculations and for the risk adjustment in relation to the Liability for Incurred Claims ("LIC"). The only difference is that Company used the uplifts targeting a fixed 70th percentile for the onerousness calculation whilst our risk adjustment policy for LIC states that our risk adjustment target percentile is selected between the 70th and the 75th percentiles, with the option to add an ad-hoc extra load for specific events or contracts. If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company will recognize a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

- Measurement of the liability for incurred claims (previously claims reported not settled and incurred but not reported (IBNR) claims) will be determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses. The Company will recognize the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows will be discounted (at current rates) whether or not they are expected to be paid in one year or less from the date the claims are incurred. The discounting of LIC will have a positive impact on equity of the Company.

- The Company will allocate the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group. Where such insurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of insurance contracts is recognized, an asset for insurance acquisition cash flows is recognized. When insurance contracts are recognized, the related portion of the asset for insurance acquisition cash flows is recognized and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts. The Company will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. Recognition of loss recovery component may have positive impact on equity of the Company.

2.3.1.2 Presentation and disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group's consolidated financial statements.

For presentation in the statement of financial position, the Company will aggregate insurance and reinsurance contracts issued and reinsurance contracts held, respectively and present separately:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows. The line-item descriptions in the statement of profit or loss and other comprehensive income will change significantly compared with last year. Currently, the Company reported the following line items:

- Gross written premiums
- Outwards reinsurance premiums
- Net premiums written
- Changes in net provision for unearned premiums
- Claims paid
- Reinsurer's share
- Changes in provision for claims
- Commission income
- Commission expenses
- Balance on technical general account for general business

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Income or expense from reinsurance contracts held
- Net finance expense from insurance contracts
- Net finance income from reinsurance contracts

IFRS 17 also requires certain disclosures, specifically around the explanation of insurance contract related amounts presented in financial statements, such as:

a. A reconciliations that show how the net carrying amounts of contracts within the scope of IFRS 17 changed during the period because of cash flows and income and expenses recognised in the statement(s) of financial performance

b. Explanation of amounts presented as Insurance Finance Income or Expenses

c. Transition amounts

d. Disclosures related to significant judgements in applying IFRS 17

e. The Nature and extent of risks that arise from contracts within the scope of IFRS 17.

3. Significant accounting policies

a) Foreign currency

Foreign currency transactions

Foreign currency transactions are recorded in the functional currency of the Company at the rates of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rate of exchange prevailing at the year end. The resultant exchange differences are included in the statement of profit or loss.

b) Financial instruments

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described below in the business model assessment and the 'solely payments of principal and interests' ("SPPI") test sections.

Financial instruments are initially recognised on the trade date measured at their fair value, except for financial assets and financial liabilities recorded at fair value through profit or loss ("FVTPL"), transaction costs are added to this amount.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

Measurement categories

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost, as explained below
- Fair value through other comprehensive income ("FVOCI"), as explained below

Debt instruments measured at amortised cost
Debt instruments are held at amortised cost if both the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows; and
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The details of these conditions are outlined below.

i) Business model assessment
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model is evaluated and reported to the Company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and 3

- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

ii) SPPI test
As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Debt instruments measured at FVOCI
The Company applies the category under IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under IAS 39. Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

Subsequent measurement

Debt instruments at amortised cost
After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (the "EIR") method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Expected credit losses ("ECLs") are recognised in the statement of profit or loss when the investments are impaired.

Debt instruments at FVOCI
FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in the statement of profit or loss in the same manner as for financial assets measured at amortised cost as explained above. The ECL calculation for debt instruments at FVOCI is explained in Note 3(c). Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Reclassification of financial assets and liabilities
The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

Derecognition

Derecognition other than for substantial modification
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

Derecognition due to substantial modification of terms and conditions
The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument;
- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

Impairment of financial assets

The Company applies a three-stage approach to measuring ECL on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

Overview
The ECL allowance is based on the credit losses expected to arise over the life of the asset (the "lifetime expected credit loss" or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (the "12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12-month ECLs. Stage 1 also include financial instruments where the credit risk has improved, and the instrument has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 also include instruments, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1: The 12-month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Debt instruments measured at FVOCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Equity instruments at FVOCI

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as investment income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Forward looking information

The Company, for forward looking information, relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product growth;
- Unemployment rates; and
- Central Bank base rates.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Equity instruments are not subject to impairment under IFRS 9.

c) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3(c).

ii) Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Provisions, reinsurance and other payables.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

d) Insurance operations

i) Premiums and other receivables
Premiums and other receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of the receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss. After initial measurement, premiums and other receivables are measured at amortised cost as deemed appropriate.

Premiums receivables are derecognised when the derecognition criteria for financial assets, as described in Note 3(b), have been met.

ii) Reinsurance contract assets
The Company cedes insurance risk in the normal course of business as part of its business model. Reinsurance assets represent balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss.

iii) Reinsurance and other payables
Reinsurance and other payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequently, reinsurance and other payables are measured at amortised cost, as deemed appropriate.

Gross written premiums
Gross written premiums are recognized when written and include an estimate for written premiums receivable at period end. Gross written premiums comprise the total premiums receivable for the whole period of cover provided by insurance contracts entered into during the accounting period. Gross written premiums also include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Premiums on insurance contracts are recognized as revenue (earned premiums) proportionally over the period of risk coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date are reported as the unearned premium reserve.

Premium estimates are dependent on the volume of policies that are expected to be insured over the coverage period, as communicated by the cover holders. In these cases, the Company estimates an initial premium volume and then adjusts throughout the life of the coverage period as and when new information becomes available.

The process of determining the estimated premium income ("EPI") is based on a number of factors, which can include:

- Cover holder business plan documents supplied prior to binding cover;
- historical trends of business written;
- current and expected market conditions for this line of business; and
- incepted to date bordereaux submissions versus expectation (throughout the life of the coverage period).

As the contract period matures, the premium estimates are moved to ultimate premium. At a cover holder level, ultimate premium is the total premium expected for all business.

iv) Premiums ceded to reinsurers
Reinsurance premiums comprise the total premiums payable for the insurance cover provided by reinsurance contracts entered into during the period and are recognized on the date on which the policy incepts. Reinsurance premiums also include any adjustments arising in the accounting period in respect of insurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

v) Insurance contract liabilities
Insurance contract liabilities include the provision for claims reported and not settled, the provision for claims incurred but not reported and the provision for unearned premiums. Insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

Provision for claims reported and not settled
Provision for claims reported and not settled is recognized at the date the claims are known and covers the liability for losses and loss adjustment expenses as communicated by the cover holders.

Provision for claims incurred but not reported ("IBNR")
Claims provision also includes liability for claims incurred but not reported as at the reporting date. The liability is calculated at the reporting date based on data provided by the Company's actuary. The current assumptions may include a margin for adverse deviations. The liability is not discounted for the time value of money.

Provision for unearned premiums
The provision for unearned premiums represents that portion of premiums received or receivable, which relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the nature and type of insurance contract written by the Company.

Insurance contract liabilities are derecognised when the contract expires, discharged or cancelled by any party to the insurance contract.

Unexpired risks reserve and Liability adequacy testing

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with IFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions.

If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for premium deficiency.

vi) Gross claims paid

Gross claims paid include all claims paid during the year and the related external claims handling costs that are directly related to the processing and settlement of claims.

vii) Commission earned and paid

Commissions earned and paid are recognized at the time the policies are underwritten or deferred and amortised over the same period over which the corresponding premiums are recognised in accordance with the earning pattern of the underlying reinsurance contract.

e) General

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less in the statement of financial position. The cash equivalents are readily convertible to cash.

ii) Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

Ongoing repairs and maintenance are charged to the statement of profit or loss during the financial period they are incurred.

The assets' residual values, useful lives and method of depreciation applied are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate. Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the statement of profit or loss as an expense.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit or loss in the year the asset is derecognised.

iii) Depreciation

Depreciation is provided on a straight-line basis on all furniture and fixtures, computers and office equipment, other than freehold land which is determined to have an indefinite life. The rates of depreciation are based upon the following estimated useful lives:

Furniture and fixtures	-	10 years
Right-of-use asset	-	1.25 years
Computers and office equipment	-	4 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate at each financial year end.

iv) Impairment of non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that an asset or group of assets is impaired. If such evidence exists, the estimated recoverable amount of that asset is determined, and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognised in the statement of profit or loss.

v) Provisions

The Company recognises provisions in the financial statements when the Company has a legal or constructive obligation (as a result of a past event) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is created by charging the statement of profit or loss for any obligations as per the calculated value of these obligations and the expectation of their realisation at the reporting date.

vi) Taxation

The tax expense for period comprises current and deferred tax. Tax is recognised in the profit or loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in other comprehensive income.

vii) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

viii) Share capital

The Company has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

ix) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

No separate disclosure is made of assets and liabilities by operating segments as internally this information is not produced and not made available to senior management.

x) Other assets – Assets held for sale

The Company classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets classified as held for sale are presented as part of Premium and other receivables in the statement of financial position.

Gross written premiums

The initial estimate of premium income is dependent on the volume of policies that are expected to be insured over the coverage period, as communicated by the cover holders and then adjusted for possible adverse deviation.

This estimate may be subsequently adjusted throughout the life of the coverage period as premium is reported and when new information becomes available. Due to the degree of estimation uncertainty underlying the key assumptions outlined above, the amounts recognised in the financial statements may result to be different from the actual amounts and those differences could be material.

4. Critical judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions in the application of the Company's accounting policies, which are described in Note 3, that could affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors and parameters that are considered to be relevant and available when the financial statements are prepared. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying value of assets or liabilities affected in future reporting periods.

Critical judgements in applying accounting policies

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of resulting in a material adjustment in the reported amount of assets and liabilities within the next financial year are discussed below:

Claims made under insurance contract

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed. Any difference between the actual claims and the provisions made are included in the statement of profit or loss in the year of settlement.

IBNR included in Gross Insurance Contract Liabilities

IBNR is determined as the difference between the estimated ultimate liability arising from claims and the amounts incurred up to the reporting date.

The measurement of the estimated ultimate liability involves the application of judgement and estimate-based calculations. That estimate is mainly based on statistical estimates to cater for IBNR. The Company is able to estimate this provision by due observance of historical claims patterns and applying different actuarial methodologies.

Due to the degree of estimation uncertainty underlying the assumption that past claims experience is appropriate to project future claims, the amounts recognised may be materially different from actual results.

5. Cash and cash equivalents

	2022	2021
	USD ('000)	USD ('000)
Bank balances	12,345	23,569

6. Premiums and other receivables

	2022	2021
	USD ('000)	USD ('000)
Technical receivables (i)		
Due from policyholders and cover holders (ii)	198,687	226,772
Due from Reinsurance Companies (iii)	15,559	-
	214,246	226,772
Other receivables (i)		
Deferred commissions	18,591	109,150
Claim related deposits	43,848	47,136
Prepayments and advances	10	7
	62,449	156,293
	276,695	383,065

(i) All premiums and other receivables are current in nature given that the immediate parent of the Company has provided a continuous guarantee for the due and punctual payment of all amounts payable by the cover holders which gather the monies from the policyholders on behalf of the Company. Any amounts that become due and payable but remain unpaid to the Company will become due and payable by the immediate parent of the Company in its capacity as the guarantor.

(ii) This includes an amount of USD 14 million (2021: USD 31 million) which is due from a related party company.

(iii) This balance includes an amount due from ultimate parent (QIC) of USD 2.1 million (2021: USD nil)

Movements in the deferred commission during the year are as follows:

	2022	2021
	USD ('000)	USD ('000)
Balance at 1 January	109,150	102,858
Expensed during the year	(97,981)	(92,433)
Commission deferred during the year	7,422	98,724
Balance at 31 December	18,591	109,150

7. Insurance contract liabilities and reinsurance contract assets

	2022	2021
	USD ('000)	USD ('000)
Gross insurance contract liabilities		
Claims reported and not settled	359,397	404,045
Claims incurred but not reported	238,809	277,145
Unearned premiums	74,332	288,943
	672,538	970,133
Reinsurer's share of insurance contract liabilities		
Claims reported and not settled	348,357	369,582
Claims incurred but not reported	204,393	258,154
Unearned premiums	67,379	259,409
	620,379	887,145
Net insurance contract liabilities		
Claims reported and not settled	11,040	34,463
Claims incurred but not reported	34,416	18,991
Unearned premiums	6,953	29,534
	52,409	82,988

Movements in provision for claims during the year are as follows:

	Year ended 2022			Year ended 2021		
	Insurance contract liabilities	Reinsurer's share	Net	Insurance contract liabilities	Reinsurer's share	Net
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
As at January 1,	681,191	(627,736)	53,455	691,135	(639,980)	51,155
Claims incurred	341,203	(302,704)	38,499	362,366	(325,546)	36,820
Claims paid/recovered	(348,733)	308,514	(40,219)	(354,073)	320,009	(34,064)
Other Adjustment (i)	-	-	-	(18,237)	17,781	(456)
Foreign Exchange	(75,455)	69,176	(6,279)	-	-	-
As at December 31,	598,206	(552,750)	45,456	681,191	(627,736)	53,455

(i) Last year, the Company acquired by way of salvage an Airbus A330-343 aircraft bearing manufacturer's serial number 1427. The aircraft was acquired pursuant to settlement of a valid claim on residual value insurance policy issued by the Company. On the statement of financial position, this asset was recorded under Premium and other receivables. The value at which the asset was recorded is the fair value that was determined on the basis of letters of intent received by the Company from interested buyers net of legal and other costs and was reported at USD0.5 million, net of reinsurer's share. During the year the asset had been sold.

Movements in provision for unearned premiums during the year are as follows:

	Year ended 2022			Year ended 2021		
	Insurance contract liabilities	Reinsurer's share	Net	Insurance contract liabilities	Reinsurer's share	Net
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
As at January 1,	288,942	(259,409)	29,533	286,867	(260,584)	26,283
Premiums written/ceded	250,514	(247,517)	2,997	582,470	(521,267)	61,203
Premiums earned	(465,124)	439,547	(25,577)	(580,395)	522,442	(57,953)
As at December 31	74,332	(67,379)	6,953	288,942	(259,409)	29,533

(i) On 27 January 2021, the Company purchased further internal reinsurance from a related party which agreed cut-off date was 31 December 2018.

8. Investments

	2022	2021
	USD ('000)	USD ('000)
Financial investments at FVOCI		
Bonds	36,247	60,447
Liquidity funds	4,892	13,554
	41,139	74,001

Movement of FVOCI investments is as follows:

	2022	2021
	USD ('000)	USD ('000)
As at 1 January	74,001	94,116
Additions	54,771	85,968
Disposals	(84,155)	(105,010)
ECL provision	-	(84)
Fair value movement	(3,100)	(1,521)
DTA impact of fair value movement	1,085	532
Net movements attributable to accruals and Foreign Exchange	(1,463)	-
FVOCI investments as at 31 December	41,139	74,001

Notes to the Annual Accounts
At 31 December 2022

9. Property and equipment

	Furniture and fixtures	Right-of-use asset	Computers and office equipment	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cost				
As at 31 December 2021	411	57	86	554
Additions	6	-	-	6
As at 31 December 2022	417	57	86	560
Accumulated depreciation				
As at 31 December 2021	200	57	86	343
Charge during the year	114	-	-	114
As at 31 December 2022	314	57	86	457
Net book value				
As at 31 December 2021	211	-	-	211
As at 31 December 2022	103	-	-	103

10. Provisions, reinsurance and other payables

	2022	2021
	USD ('000)	USD ('000)
Deferred commissions	17,292	97,262
Due to reinsurance companies (i) & (ii)	131,372	204,785
Due to policyholders and coverholders	57,042	-
Insurance premiums tax payable	1,627	15,628
Accrued expenses	1,438	1,298
	208,771	318,973
Current income tax payable	947	3,515

(i) All payables are current in nature.

(ii) This balance includes balances with the immediate parent of the Company amounting to USD 131 million (2021: USD161 million).

11. Income tax

	2022	2021
	USD ('000)	USD ('000)
Current tax		
Income tax expense – Current year	29	922

The income tax expense for the year differs from the theoretical taxation applicable in Malta of 35% on the Company's profit from ordinary activities before tax of 35%, as follows:

	2022	2021
	USD ('000)	USD ('000)
(Loss)/Profit before tax for the year	(12,240)	2,604
Income tax at Malta's statutory income tax rate of 35%	4,284	(911)
Income tax effect of:		
Unrecognised deferred tax assets	(4,284)	
Other	(29)	(11)
Income tax expense	(29)	(922)

12. Due to related parties

This represents the balance due to the Company's ultimate parent, Qatar Insurance Company Q.S.P.C., and its subsidiaries for transactions which occurred during the period. Pricing policies, terms and payment for these transactions are approved by the Company's management. The terms and conditions of the amounts due to related parties are disclosed in Note 19.

13. Deferred taxation

	2022	2021
	USD ('000)	USD ('000)
Deferred tax (asset)/liability at beginning of reporting year	462	(245)
Charged to other comprehensive income:		
Gains/(losses) on FVOCI investments	268	707
Deferred tax liability/(asset) at end of reporting year	730	462

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2021: 35%).

Deferred tax asset has not been recognized on trading losses of USD 12.24 million incurred during the year in line with Company's assessment on recoverability of this amount from future trading profits.

14. Share capital

The issued and fully paid in cash share capital consists of 22,500,000 (2021: 22,500,000) ordinary shares of USD1 each. The authorised share capital comprised of 25,000,000 (2021: 25,000,000) ordinary shares of USD1 each.

15. Capital contribution

During 2018, the ownership of the Company was transferred from Qatar Insurance Company Q.S.P.C. to Antares Reinsurance Company Limited.

During 2019, Antares Reinsurance Company Limited, in its capacity as the immediate parent of the Company, made an additional capital contribution of amounting to 2019 USD6.5 million, which is unfettered, does not give rise to a credit in favor of shareholder and is free from any servicing costs or charges.

No further contribution was made during 2022.

16. Segment information

For management reporting purposes, the Company is organised into business segments based on their products and structure. The reportable operating segments are comprised of Property, Casualty (including Motor) and Other Products. These segments are the basis on which the Company reports its operating segment information. Segment performance is evaluated based on profit or loss and is measured consistently with the statement of profit or loss in the financial statements. No inter-segment transactions occurred in 2022 and 2021.

No separate disclosure is made of assets and liabilities by operating segments as internally this information is not produced and not made available to senior management.

The Property segment includes business written under the lines of business that includes Property Catastrophe, International Property, Energy, Aviation, Marine, Agriculture and Engineering.

The Casualty segment includes all casualty lines and the motor lines of business.

The Other segment includes business recognised by the Company as Credit and Surety, Residual Value Insurance, Structured Finance and Lloyd's Capacity.

Segment statement of profit or loss for the years ended 31 December 2022 and 2021

2022	Property	Casualty	Other	Total insurance	Investments	Un-allocated (expenses)/ income	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Gross written premiums	118,083	102,210	30,221	250,514	-	-	250,514
Premiums ceded to reinsurers	(107,668)	(112,698)	(27,151)	(247,517)	-	-	(247,517)
Net premiums	10,415	(10,488)	3,070	2,997	-	-	2,997
Movement in net unearned premiums	7,721	14,765	94	22,580	-	-	22,580
Net earned premiums	18,136	4,277	3,164	25,577	-	-	25,577
Gross claims paid	(130,321)	(193,466)	(24,946)	(348,733)	-	-	(348,733)
Reinsurance recoveries	110,267	176,054	22,193	308,514	-	-	308,514
Movement in net outstanding claims	876	557	287	1,720	-	-	1,720
Commission income	68,111	64,286	9,396	141,793	-	-	141,793
Commission expense	(72,376)	(44,564)	(9,627)	(126,567)	-	-	(126,567)
Net underwriting results	(5,307)	7,144	467	2,304	-	-	2,304
Investment income	-	-	-	-	1,012	-	1,012
Net foreign exchange gain	-	-	-	-	-	(4,233)	(4,233)
Net investment income	-	-	-	-	1,012	(4,233)	(3,221)
Total income	(5,307)	7,144	467	2,304	1,012	(4,233)	(917)
Operating and administrative expenses	-	-	-	-	-	(11,209)	(11,209)
Depreciation	-	-	-	-	-	(114)	(114)
Income tax expense	-	-	-	-	-	(29)	(29)
Segment results	(5,307)	7,144	467	2,304	1,012	(15,585)	(12,269)

2021	Property	Casualty	Other	Total insurance	Investments	Un-allocated (expenses)/ income	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Gross written premiums	211,307	339,805	31,358	582,470	-	-	582,470
Premiums ceded to reinsurers	(191,688)	(301,602)	(27,977)	(521,267)	-	-	(521,267)
Net premiums	19,619	38,203	3,381	61,203	-	-	61,203
Movement in net unearned premiums	(1,276)	(1,703)	(271)	(3,250)	-	-	(3,250)
Net earned premiums	18,343	36,500	3,110	57,953	-	-	57,953
Gross claims paid	(135,588)	(214,321)	(4,164)	(354,073)	-	-	(354,073)
Reinsurance recoveries	121,114	196,916	1,979	320,009	-	-	320,009
Movement in net outstanding claims	(2,102)	(561)	(93)	(2,756)	-	-	(2,756)
Commission income	67,230	96,364	8,792	172,386	-	-	172,386
Commission expense	(69,711)	(103,395)	(9,022)	(182,128)	-	-	(182,128)
Net underwriting results	(714)	11,503	602	11,391	-	-	11,391
Investment income	-	-	-	-	2,086	-	2,086
Net foreign exchange gain	-	-	-	-	-	(1,221)	(1,221)
Net investment income	-	-	-	-	2,086	(1,221)	865
Total income/(loss)	(714)	11,503	602	11,391	2,086	(1,221)	12,256
Operating and administrative expenses	-	-	-	-	-	(9,519)	(9,519)
Depreciation	-	-	-	-	-	(133)	(133)
Income tax expense	-	-	-	-	-	(922)	(922)
Segment results	(714)	11,503	602	11,391	2,086	(11,795)	1,682

The profit or loss for each segment does not include the allocation of finance costs on Company borrowings or net investment income on Company investments. The results also exclude the allocation of any Company operating expense and depreciation on assets. Assets and liabilities of the Company are commonly used across the operating segments.

The geographical split of gross written premiums based on the location of the customer is as follows:

	2022	2021
	USD ('000)	USD ('000)
European Economic Area (EEA)	250,514	582,470

17. Net investment income

	2022	2021
	USD ('000)	USD ('000)
Investment income	1,179	2,326
Advisory fee	(167)	(240)
Net investment income	1,012	2,086

18. Operating and administrative expenses

	2022	2021
	USD ('000)	USD ('000)
Salaries and staff related expenses (i)	6,792	5,406
Professional fees (ii)	1,768	1,898
Travel expenses	119	31
Board of Directors' remuneration	92	70
Regulatory fees	86	–
Legal fees	–	7
Depreciation	114	133
Miscellaneous expenses	2,352	2,107
	11,323	9,652

(i) The average number of employees employed by the Company locally during the year excluding Directors was Nil (2021: Nil). Part of operating and administrative expenses relate to recharges from related parties (Antares Global Management Limited) in relation to services rendered to the Company. These amounted to USD 9.6 million (2021: USD 7.1 million).

(ii) The professional fees include fees, exclusive of VAT, charged by the Company's auditor for services rendered during the financial years ended 31 December 2022 and 2021 related to the following:

	2022	2021
	USD ('000)	USD ('000)
Statutory audit	131	100
Other assurance services	47	35
	178	135

	2022	2021
	USD ('000)	USD ('000)
Non-technical account	11,323	9,652
Net investment income	11,323	9,652

19. Related parties

a) Transactions with related parties

These represent transactions with related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and Directors of the Company and companies of which they are key management personnel. Pricing policies and terms of these transactions are approved by the Company's management.

Significant related party transactions were:

	2022	2021
	USD ('000)	USD ('000)
Gross written premium	22	(8,855)
Gross claims paid	35,941	54,045
Gross commission expense	(809)	(1,790)
Outward reinsurance premium	204,541	372,043
Reinsurance share of claims paid	270,373	281,544
Gross commission income	48,548	149,604

Outstanding related party balances as per Notes 6, 7, 10 and 12 as at reporting date are unsecured and interest free.

b) Compensation of key management personnel

The Board of Directors' remuneration amounted to USD 0.09 million (2021: USD0.07 million).

20. Financial instruments and risk management

The Company in the normal course of its business derives its revenue mainly from assuming and managing insurance and investments risks for profit. Through a robust governance structure, risk and return are evaluated to produce sustainable revenues to reduce earnings volatility and increase shareholders' return. The Company is mainly exposed to the following risks:

- Insurance risk,
- Credit risk,
- Liquidity risk,
- Market risk, and
- Operational risk

The Company has designed, established and maintains a robust risk management framework which supports the implementation of the strategic objectives and business plan. The framework provides a basis for understanding the risks the Company is exposed to and its ability to identify, assess, control and mitigate them.

a) Governance framework

The Company has established an effective corporate governance framework that is appropriate to its size, nature, complexity and risk profile. The governance framework allows for the prudent management of the Company's activities to ensure the protection of policyholders and compliance with regulatory requirements.

Risk appetite is set by the Board and takes into account responsibilities to policyholders, the shareholder and other stakeholders. Management are authorized to operate within defined appetite, subject to various authorities and controls.

b) Capital management framework

The Company's objective is to maintain a healthy capital ratio in order to support the delivery of its business plan and maximise shareholders value. The Solvency II Directive (2009/138/EC) came into force on 1 January 2016, with new regulatory requirements that dictate the capital required to service the risks the Company is currently undertaking. Solvency II also outlines how the own funds shall be derived by converting the statement of financial position from an IFRS perspective to one where assets and liabilities are measured in line with their underlying economic value.

The Company defines capital as Shareholder's Equity.

The Company's Minimum Capital Requirement Absolute Floor stands at €4, 000, 000 (converted to USD as applicable) as per paragraph 5.6.4 of Chapter 5 ('Valuation of assets and liabilities, technical provisions, own funds, Solvency Capital Requirement, Minimum Capital Requirement and investment rules') of Part B of the Insurance Rules.

The Company is required to hold regulatory capital for its general insurance business in compliance with Maltese insurance legislation and the rules issued by the Malta Financial Services Authority (MFSA).

Based on the unaudited SCR calculations as at 31 December 2022, the Company has complied with the capital and solvency requirements as stipulated in the rules issued by the MFSA.

The Directors have been actively involved in the implementation of the Solvency II rules, and these are highly embedded in the Company's operations with regular monitoring of the solvency capital requirement (the "SCR") being considered crucial. A capital management policy is in place to describe the principles governing the capital management of the Company. The policy stipulates the process to be followed prior to effecting any decisions impacting the capital position of the Company, and this therefore ensures that the Company secures sufficient levels of capital at all times to be able to service existing and foreseeable risks.

Based on the unaudited SCR calculations as at 31 December 2022, the Company has complied with the capital and solvency requirements as stipulated in the rules issued by the MFSA. Going forward, the Company is also expected to continue meeting the Solvency II requirements, based on the projected SCR calculations included in the 2022 ORSA report. In the case of any solvency gap, the Directors have put in place a capital plan aimed to ensure that the Company will have adequate 'own funds' to meet the required SCR.

c) Risk management framework

The risk management framework considers risks and controls in the context of the overall risk appetite. The frequency and severity of identified risks are assessed along with the mitigating controls and the residual risk exposures are determined.

For the main financial risk areas (insurance, market, credit) additional quantitative techniques are used to manage exposures against the specific risk appetite.

d) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual compensation paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages the insurance risk through the careful selection and implementation of its underwriting strategy and guidelines together with the adequate reinsurance arrangements.

The Company principally issues general insurance contracts which mainly constitute Motor, Property including Business Interruption, Liability, Agriculture (Pet and Equine) and Aviation (including satellite) lines of business.

The concentration of insurance risk exposure is mitigated by careful selection and implementation of the underwriting strategy of the Company. Underwriting limits are in place to enforce risk selection criteria and an exposure management framework limits exposure to peak peril zones within the context of defined risk appetite.

The Company, in the normal course of business, in order to minimize financial exposure arising from large claims, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under quota share arrangements, treaty, facultative and excess-of-loss reinsurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Company has in place strict claim review policies to assess all new and ongoing claims. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Sensitivities

The general insurance claims provisions are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The analysis below is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, net profit and equity.

	Change in assumptions	Impact on claim incurred, net of reinsurance	Impact on net profit	Impact on equity
		USD ('000)	USD ('000)	USD ('000)
31 December 2022				
Incurred claim cost	10%	3,850	(3,850)	(3,850)
Incurred claim cost	-10%	(3,850)	3,850	3,850

	Change in assumptions	Impact on claim incurred, net of reinsurance	Impact on net profit	Impact on equity
		USD ('000)	USD ('000)	USD ('000)
31 December 2021				
Incurred claim cost	10%	3,682	(3,682)	(3,682)
Incurred claim cost	-10%	(3,682)	3,682	3,682

e) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company has been established and policies and procedures are in place to mitigate the Company's exposure to credit risk:

- Compliance with the receivable management policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.
- For all classes of financial assets held by the Company, other than those relating to reinsurance contracts, the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the reporting date.
- The Company has credit risk exposure to affiliate reinsurers Antares Reinsurance Company Limited and Qatar Insurance Company Q.S.P.C., both 'A' rated by S&P Global and AM Best. Exposure to external reinsurers is limited. External reinsurers are subject to an approval process which considers their financial strength and other factors.

Age analysis of financial assets as at the yearend is as follows:

31 December 2022	< 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Above 120 days	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	
Cash and cash equivalents	12,345	-	-	-	-	12,345
Premiums and other receivables	260,496	(12,615)	1,533	1,783	25,498	276,695
	272,841	(12,615)	1,533	1,783	25,498	289,040

31 December 2021	< 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Above 120 days	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	
Cash and cash equivalents	23,569	-	-	-	-	23,569
Premiums and other receivables	381,601	1,440	(35)	(6)	65	383,065
	405,170	1,440	(35)	(6)	65	406,634

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying the invested assets according to the credit ratings of external rating agencies.

31 December 2022	AAA	AA	A	BBB and Below	Unrated	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	
Cash and cash equivalents	-	589	38	-	11,718	12,345
Liquidity funds	4,892	-	-	-	-	4,892
Bonds	-	1,746	7,180	27,321	-	36,247

31 December 2021	AAA	AA	A	BBB and Below	Unrated	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	
Cash and cash equivalents	-	3,712	32	-	19,825	23,569
Liquidity funds	13,554	-	-	-	-	13,554
Bonds	-	3,808	36,874	19,765	-	60,447

Impaired financial assets

At 31 December 2022 and 31 December 2021, there are no impaired insurance and other receivables. For assets to be classified as 'past-due and impaired' contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

The Company records all impairment allowances for loans and receivables in a separate impairment allowance account.

f) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

The Company ensures that sufficient liquidity is maintained to meet both immediate and foreseeable cash flow requirements.

The Company manages our average duration of assets to be no longer than our average duration of liabilities.

At an operational level liquidity requirements are monitored on a daily, weekly and monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance contract assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurer's share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

31 December 2022	Up to a year	1 to 5 years	Over 5 years	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial assets: Non derivatives				
Financial investments at FVOCI	8,955	19,221	12,963	41,139
Loans and receivables				
Premiums and other receivables	258,094	-	-	258,094
Reinsurance contract assets	78,135	384,570	90,045	552,750
Cash and cash equivalents	12,345	-	-	12,345
	357,529	403,791	103,008	864,328
Financial liabilities: Non derivatives				
Reinsurance and other payables	189,853	-	-	189,853
Due to related parties	10,599	-	-	10,599
Insurance contract liabilities	76,823	422,465	98,918	598,206
	277,275	422,465	98,918	798,658

31 December 2021	Up to a year	1 to 5 years	Over 5 years	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial assets: Non derivatives				
Financial investments at FVOCI	23,397	39,781	10,823	74,001
Loans and receivables				
Premiums and other receivables	273,908	-	-	273,908
Reinsurance contract assets	71,057	458,618	98,062	627,737
Cash and cash equivalents	23,569	-	-	23,569
	391,931	498,399	108,885	999,215
Financial liabilities: Non derivatives				
Reinsurance and other payables	303,542	-	-	303,542
Due to related parties	2,445	-	-	2,445
Insurance contract liabilities	77,108	497,671	106,412	681,191
	383,095	497,671	106,412	987,178

g) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at reporting date by categorizing assets and liabilities by major currencies.

31 December 2022	EUR	GBP	Others*	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cash and cash equivalents	1,351	10,615	378	12,345
Premiums and other receivables	21,524	228,483	27,575	277,582
Reinsurance contract assets	70,612	479,090	3,048	552,750
Investments		4,884	36,255	41,139
Total assets	93,487	723,072	67,257	883,816
Insurance contract liabilities	75,701	508,309	14,196	598,206
Provisions, reinsurance and other payables	29,512	185,371	(6,112)	208,771
Due to related party	-	-	10,599	10,599
Total liabilities	105,213	693,680	18,683	817,576

31 December 2021	EUR	GBP	Others*	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cash and cash equivalents	12,559	21,702	(10,692)	23,569
Premiums and other receivables	17,714	361,390	3,961	383,065
Reinsurance contract assets	65,451	538,736	23,549	627,736
Investments	-	13,546	60,455	74,001
Total Assets	95,724	935,374	77,273	1,108,371
Insurance contract liabilities	72,190	597,946	11,055	681,191
Provisions, reinsurance and other payables	5,994	161,374	(11,198)	156,170
Due to related party	-	-	2,445	2,445
Total Liabilities	78,184	759,320	2,302	839,806

* Others mainly represents exposure in reporting currency in United States Dollars.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		Impact on profit or loss	
Currency	Changes in variables	2022	2021
		USD ('000)	USD ('000)
EUR	+10%	(684)	1,754
GBP	+10%	2,933	17,605
		2,249	19,359
EUR	-10%	684	(1,754)
GBP	-10%	(2,933)	(17,605)
		(2,249)	(19,359)

The method used for deriving sensitivity information and significant variables did not change from the previous period. A 10% change of GBP or EUR exchange rates against USD would also have significant impact on the reinsurance recoverable.

ii. Interest rate risk

Interest rate risk is the risk that the value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest-bearing securities.

The Company's interest risk policy requires managing interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated and has no significant concentration of interest rate risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit or loss and equity.

		2022		2021	
Currency	Changes in variables	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
		USD ('000)	USD ('000)	USD ('000)	USD ('000)
USD	+50 basis points	-	(485)	-	(797)
USD	-50 basis points	-	485	-	797

The Company's interest rate risk based on contractual arrangements is as follows:

31 December 2022	Up to a year	1 to 5 years	Over 5 years	Total	Effective interest rate (%)
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	
Cash and cash equivalents	12,345	-	-	12,345	0.00%
Investments	8,955	19,221	12,963	41,139	3.30%
	21,300	19,221	12,963	53,484	

31 December 2021	Up to a year	1 to 5 years	Over 5 years	Total	Effective interest rate (%)
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	
Cash and cash equivalents	23,569	-	-	23,569	0.00%
Investments	23,397	39,781	10,823	74,001	2.40%
	46,966	39,781	10,823	97,570	

iii. Price risk

Price risk is the risk that the fair value of or income from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not hold any financial instrument which gives rise to price risk as defined above.

h) Operational risk

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

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has established internal control framework (including policies and procedures) which ensures segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. There are effective internal control functions in place and the internal auditors play a key role in the independent assessment of the overall control environment.

Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

i. Classifications and fair values

The following table shows the carrying amounts and fair values of assets and liabilities, where applicable, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value as the carrying amount is deemed to be a reasonable approximation of fair value in view of their short term nature. There are no liabilities measured at fair value.

The table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

31 December 2022	Level 1	Level 2	Level 3	Total fair value and carrying amount
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial investments at FVOCI				
Bonds – quoted	36,247	-	-	36,247
Liquidity funds	4,892	-	-	4,892
	41,139	-	-	41,139

31 December 2021	Level 1	Level 2	Level 3	Total fair value
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial investments at FVOCI				
Bonds – quoted	60,447	-	-	60,447
Liquidity funds	13,554	-	-	13,554
	74,001	-	-	74,001

21. Dividends

As Company has reported net loss for the year no dividend is being proposed by Directors to ordinary shareholders.

22. Events after reporting date

There were no significant events after the reporting date that would have otherwise required disclosure in or adjustments to these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QIC EUROPE LIMITED

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of QIC Europe Limited (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statements of: profit or loss – technical and non-technical accounts; comprehensive income; changes in equity and cash flows for the year then ended; and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

(a) give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU; and

(b) have been properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") and the Insurance Business Act, 1998 (Chapter 403, Laws of Malta) (the 'Insurance Business Act').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta) ("APA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period (selected from those communicated to the audit committee), and include a description of the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters, together with our response by way of the audit procedures we performed to address those matters in our audit, and key observations arising with respect to such risks of material misstatement.

Estimates for gross premium written

Accounting policy 3.d to the financial statements and note 4 for further disclosures

Gross Written Premium amounting to USD250,514,000 (2021: USD582,470,000)

The initial estimate of premium income is primarily dependent on the volume of policies that are expected to be insured over the coverage period, as communicated by the coverholders and then adjusted for possible adverse deviation. This estimate is subsequently adjusted throughout the life of the coverage period as premium is reported and when new information becomes available. Therefore, the process of determining the Gross Written Premium is based on factors which requires judgement.

Due to the degree of estimation uncertainty underlying the Gross Written Premium, the actual amounts may result to be different from the estimated amounts recognised in the financial statements and these differences could be material.

Our response

As part of our audit procedures, we evaluated the appropriateness of the Company's Gross Written Premiums by:

i. tracing a sample of gross written premium to direct confirmations or premium reported by coverholders;

ii. selecting a sample of coverholder policies and assessing the assumptions underlying the estimate for reasonableness by comparing the estimate to the actual premium reported or the historical experience of the premium by the coverholder; and

iii. assessing the adequacy of the financial statements disclosures in relation to the estimation uncertainty as described in note 4 to the financial statements.

Key observation

We have no key observations to report, specific to this matter.

Estimates for claims incurred but not reported ("IBNR")

Accounting policy 3.d to the financial statements and notes 4 and 7 for further disclosures

'IBNR' amounting to USD238,809,000 (2021: USD277,145,000) included in 'Gross Insurance Contract Liabilities'

The Company based its estimation of the IBNR provision by making use of different actuarial methodologies. The main assumption underlying the estimation of the IBNR provision, is that past claims development experience can be used to project future claims.

Due to the degree of such inherent estimation uncertainty underlying the calculation of the IBNR provision, the amount recognised in the statement of financial position may result to be materially different from those eventually settled.

Our response

As part of our audit procedures, we evaluated the appropriateness of the Company's IBNR provision by performing substantive procedures which included:

i. together with our own actuarial specialist, we applied our industry knowledge and experience to develop an independent range of estimates of the ultimate liability and resulting IBNR and determined whether the amount recorded by the Company fell within that range;

ii. tested the data elements underlying the range of estimates of the ultimate liability by reference to the Company's relevant incurred historical data; and

iii. assessed the notes in the financial statements to evaluate the adequacy of the disclosures of the relevant considerations surrounding the estimation uncertainty involved in estimating the IBNR provision as described in note 4 to the financial statements.

We have no key observations to report, specific to this matter.

Other Information

The directors are responsible for the other information. The other information comprises the 'Directors' Report' but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the directors' report, on which we report separately below in our 'Report on Other Legal and Regulatory Requirements'.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with IFRS as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Act and the Insurance Business Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but 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 economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Consider the extent of compliance with those laws and regulations that directly affect the financial statements, as part of our procedures on the related financial statement items. For the remaining laws and regulations, we make enquiries of directors and other management, and inspect correspondence with the regulatory authority, as well as legal correspondence. As with fraud, there remains a higher risk of non-detection of other irregularities (whether or not these relate to an area of law directly related to the financial statements), as these may likewise involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 Company's and 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.

Independent Auditors' Report
To the Shareholders of QIC Europe Limited

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee 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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

2. Report on Other Legal and Regulatory Requirements

Opinion on the directors' report
The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act.

We are required to consider whether the information given in the directors' report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and
- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the directors' report, giving an indication of the nature of any such misstatements.

In such regards:

- in our opinion, the directors' report has been prepared in accordance with the applicable legal requirements; and
- we have not identified material misstatements in the directors' report.

Matters on which we are required to report by the Act, specific to public-interest entities
Pursuant to article 179B(1) of the Act, we report as under matters not already reported upon in our 'Report on the Audit of the Financial Statements';

- we were first appointed as auditors by the shareholders on 15 November 2022;
- our opinion on our audit of the financial statements is consistent with the additional report to the audit committee required to be issued by the Audit Regulation (as referred to in the Act); and
- we have not provided any of the prohibited services as set out in the APA.

Matters on which we are required to report by exception by the Act
Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The Principal authorised to sign on behalf of KPMG on the audit resulting in this independent auditors' report is Hilary Galea-Lauri.

Registered Auditors

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