QIC Europe Limited

Annual Report and Financial Statements
31 December 2023

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A QIC Global company

QIC EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Contents

Directors' Report

The Directors present their annual report and the financial statements of QIC Europe Limited (the "Company") for the year ended 31 December 2023

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, Company adopted IFRS17 with full retrospective approach. The Company further reported a net loss before tax of USD 0.9 million for the year 2023 versus a net loss before tax of USD9.4 million in 2022 on an IFRS17 basis.

Insurance revenue reported during the year was USD 128.6 million as opposed to USD 431.1 million in 2022 and this was primarily attributable to the shrinking of business written at the Company due to Brexit and revised UW strategy. Insurance service result for the year was a profit of USD 1.1 million as opposed to a loss of USD 16.4 million in 2022.

The Company's investment income amounted to USD0.87 million (2022: USD1.03 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 gain of USD 1.0 million (2022 loss: USD3.1 million) during the year was driven by increase in market value of bonds as of 31 December 2023.

The share capital and the capital contribution remains USD 62.0 million (2022: USD 62.0 million). No new capital contribution was made by Antares Reinsurance Company Limited formerly (the "immediate parent") during 2023 (2022: Nil). At the year end, shareholder's equity stood at USD 63.8 million (2022: USD 66.8 million).

Principal risks and uncertainties

The principal risks and uncertainties are disclosed in Note 17 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 17 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

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

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. As a result, the Company applied for Part 4A permission from the Prudential Regulation Authority (the "PRA") and the Financial Conduct Authority (the "FCA") to continue operating in the UK.

The UK regulator has implemented a Temporary Permissions Regime ("TPR"), which took effect on 1 January 2021 and allowed 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, concluding by the 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 was prepared and submitted to the PRA at end of December 2022 to establish a new UK domiciled Insurer. We have received necessary approval on our application to PRA in November 2023 and the new UK entity will commence writing business from 1 January 2024.

The Company in the meantime will continue to underwrite and develop EU domiciled business through head office in Malta under the freedom of services framework. The Company has renewed it's ongoing EU coverholder relationships into the 2024 underwriting year and continues to investigate new business opportunities across the continent in its chosen classes of business.

The Company will also continue to administer an orderly run off of existing UK domiciled business written prior to the conclusion of TPR.

After considering the impact of COVID-19 for the next 12 months and the effect of Brexit on the Company, 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 so as to enable the Company to meet its liabilities as and when they fall due and to adequately meet the regulatory solvency capital requirements in future.

Directors

The Directors who served during the period were:

George Andrew Prescott (Chairman)
Alok Sahi
Faraz Khalid (Resigned 8 March 2023)
James Bonello
James Michael Linsao
Pantelis Koulovasilopoulos
Marios Georgiou (Resigned 13 March 2024)
Cristina Sanchez-Estrada (Appointed 31 May 2023)

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.

Auditors

KPMG
92, Marina Street Pieta
PTA 9044
Malta

Approved by the Board of Directors and signed on its behalf on 2 April 2024 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 12 April 2024 by:

Pantelis Koulovasilopoulos
Director

Alok Sahi
Director

Statement of Financial Position
At 31 December 2023

	Notes	31 December 2023 USD ('000)	31 December 2022 USD ('000)	1 January 2022 USD ('000)
			Restated	Restated
ASSETS				
Cash and cash equivalents	5	19,148	12,345	23,569
Other receivables	7	33,868	43,859	47,142
Income tax receivable	11	228	-	-
Deferred tax asset	11	550	887	-
Financial investments	6	24,209	41,139	74,001
Insurance contract assets	8	19,408	-	-
Reinsurance contract assets	8	422,415	424,695	610,275
Property, plant and equipment	9	38	103	211
Total Assets		**519,864**	**523,028**	**755,198**
LIABILITIES AND EQUITY				
LIABILITIES				
Other payables	10	2,315	3,065	17,514
Income tax payable	11	-	947	3,515
Deferred tax liability	11	300	-	198
Due to related parties	15	3,920	10,600	2,445
Insurance contract liabilities	8	419,588	441,633	657,717
Reinsurance contract liabilities	8	29,987	-	-
Total Liabilities		**456,110**	**456,245**	**681,389**
EQUITY				
Share capital	16	22,500	22,500	22,500
Capital contribution	16	39,458	39,458	39,458
Fair value reserve	16	(1,022)	(1,648)	367
Insurance finance reserve	16	558	2,766	(1,102)
Retained earnings		2,260	3,707	12,586
Total Equity		**63,754**	**66,783**	**73,809**
Total Liabilities & Equity		**519,864**	**523,028**	**755,198**

The accompanying accounting policies and explanatory notes on pages 13 to 57 form an integral part of the financial statements.

The financial statements on pages 7 to 57 are prepared in USD. The EUR/USD middle rate published by Central Bank of Malta for yearend was 1.0895. The financial statements were approved by Board of Directors on 2 April 2024 and signed on its behalf by the following signatories:

Pantelis Koulovasilopoulos
Director

Alok Sahi
Director

Statement of Profit or Loss
For the year ended 31 December 2023

	Notes	2023 USD ('000)	2022 USD ('000)
			(Restated)
Insurance revenue	8	128,623	431,122
Insurance service expense	8	(196,352)	(401,891)
Net expense from reinsurance contracts	8	68,855	(45,629)
Insurance service result		**1,126**	**(16,398)**
Net finance expense from insurance contracts	8	(6,241)	(6,875)
Net finance expense from reinsurance contracts	8	6,087	6,354
Net insurance finance results		**972**	**(16,919)**
Investment income	13	873	1,033
Total income		**1,845**	**(15,886)**
Operating expenses	14	(3,536)	(2,940)
Foreign exchange		804	9,412
Finance costs	13	(7)	(21)
		(894)	**(9,435)**
Income tax	11	207	556
Loss after tax		**(687)**	**(8,879)**

The accompanying accounting policies and explanatory notes on pages 13 to 57 form an integral part of the financial statements.

Statement of Comprehensive Income
For the year ended 31 December 2023

	2023	2022
	USD ('000)	USD ('000)
		(Restated)
Net Loss after tax for the year	(687)	(8,879)
Other comprehensive income		
Finance Income expense from Insurance and Reinsurance contracts	(2,668)	3,868
DTA impact on net discounting	(300)	-
Changes in fair value during the period	965	(3,100)
DTA impact on net changes in fair value during the period	(339)	1,085
Total comprehensive income for the year	(3,029)	(7,026)

The accompanying accounting policies and explanatory notes on pages 13 to 57 form an integral part of the financial statements.

Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital	Capital contribution	Fair value reserve	Insurance / Reinsurance Reserve	Retained earnings	Total equity
	USD ('000)	USD ('000)	USD ('000)		USD ('000)	USD ('000)
Balance as at 1 January 2022	22,500	39,458	367	-	10,402	72,727
Impact of Initial Transition to IFRS 17	-	-	-	(1,102)	2,184	1,082
Restated Balance at 1 January 2022	22,500	39,458	367	(1,102)	12,586	73,809
Loss for the year	-	-	-	-	(8,879)	(8,879)
Changes in Insurance/Reinsurance Reserve from discounting	-	-	-	3,868	-	3,868
Changes in FVOCI	-	-	(3,100)	-	-	(3,100)
Deferred Tax Impact on FVOCI	-	-	1,085	-	-	1,085
Total comprehensive income for the year (restated)	**-**	**-**	**(2,015)**	**3,868**	**(8,879)**	**(7,026)**
Restated Balance as at 31 December 2022	**22,500**	**39,458**	**(1,648)**	**2,766**	**3,707**	**66,783**
Profit for the year	-	-	-	-	(687)	(687)
Transfer between Retained Earnings and Insurance Reserve	-	-	-	760	(760)	-
Changes in Insurance/Reinsurance Reserve from discounting	-	-	-	(2,668)	-	(2,668)
Deferred Tax Impact on Insurance Finance Reserve			-	(300)	-	(300)
Changes in FVOCI	-	-	965	-	-	965
Deferred Tax Impact on FVOCI	-	-	(339)	-	-	(339)
Total comprehensive income for the year	**-**	**-**	**626**	**(2,208)**	**(1,447)**	**(3,029)**
Balance as at 31 December 2023	**22,500**	**39,458**	**(1,022)**	**558**	**2,260**	**63,754**

The accompanying accounting policies and explanatory notes on pages 13 to 57 form an integral part of the financial statements. .

Statement of Cash Flows
For the year ended 31 December 2023

	Notes	2023 USD ('000)	2022 USD ('000)
			Restated
Operating Activities			
Loss before tax for the year		(894)	(9,435)
Adjustments for:			
Depreciation	9	65	114
Investment income	13	(866)	(1,012)
Net Cash used in operating activities		**(1,695)**	**(10,333)**
Changes in working capital			
Other receivables		9,763	3,283
Insurance and reinsurance contracts		(11,855)	(26,636)
Liquidity Funds		3,262	9,240
Movements in Provisions		639	(887)
Other payables		(750)	(14,645)
Due to related parties		(6,680)	8,155
Cash used in operations		(5,621)	(21,490)
Income tax paid		(935)	(2,591)
Net cash used in operating activities		**(6,556)**	**(24,081)**
Investing Activities			
Acquisition of investments	6	(3,078)	(41,123)
Proceeds from disposal of investments	6	17,266	63,307
Investment income received		866	1,012
Acquisition of property and equipment	9	–	(6)
Net cash from investing activities		**15,054**	**23,190**
Net increase/(decrease) in cash and cash equivalents		6,803	(11,224)
Cash and cash equivalents at the beginning of the year	5	12,345	23,569
Cash and cash equivalents at the end of the year	**5**	**19,148**	**12,345**

The accompanying accounting policies and explanatory notes on pages 13 to 57 form an integral part of the financial statements

NOTES TO THE ANNUAL ACCOUNTS AT 31 DECEMBER 2023

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 Statement of compliance and basis of preparation

2.1 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").

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)

2.1.2 Basis of preparation

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 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. This is the first set of annual financial statements in which the company has applied IFRS 17 Insurance Contracts.

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.

2.1.3 Going concern

After considering the impact of Covid-19 for the next 12 months and the effect of Brexit on the Company, 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 so as to enable the Company to meet its liabilities as and when they fall due and to adequately meet the regulatory solvency capital requirements in future.

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 2023

- Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021
- Annual improvements to IFRS standards 2018-2020 and
- Reference to conceptual framework: amendments to IFRS 3
- 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)

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.

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

Certain new standards, interpretations and amendments to existing standards have been published by the date of authorisation 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.

- Amendments to IAS 1 Presentation of Financial Statements:
- Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
- Non-current Liabilities with Covenants (issued on 31 October 2022)

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 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) effective 01/01/2025
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023) effective 01/01/2024

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

The below lists show the recent changes to Accounting Standards that are required to be applied by the Company with an annual reporting period beginning on 1 January 2023:

Effective Date	New accounting standard or amendments
1 January 2023	• IFRS 17 Insurance Contracts. • Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2. • Definition of Accounting Estimates - Amendments to IAS 8. • Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.
23 May 2023	International Tax Reform-Pillar two Model Rules - Amendments to IAS 12).

The new and amendments to Accounting Standards listed in the table above did not have any effect on the financial statements of the Company except for followings:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 which the Company has adopted from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.
- Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.
- IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts, have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date.
- Derecognized any existing balances that would not exist had IFRS 17 always applied.
- Recognized any resulting net difference in equity and presented in statement of changes in equity.

Notes to the Annual Accounts
At 31 December 2023

The line-item descriptions in the statement of profit or loss have been changed significantly compared with last year. previously, the Company reported the following line items:

- Gross premiums
- Premium ceded to reinsurers
- Net premiums
- Movement in unexpired risk reserve
- Gross claims paid
- Reinsurance recoveries
- Movement in outstanding claims
- Net commission
- Net underwriting result

Instead, IFRS 17 requires separate presentation of:

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

The table below summarise the impact of initial application of IFRS 17:

	(As previously reported under IFRS 4) 31 December 2021	Impact	(As reported under IFRS 17) 1 January 2022
	USD ('000)	USD ('000)	USD ('000)
Assets			
Cash and Cash Equivalents	23,569	-	23,569
Insurance / Other receivables [A]	383,065	(335,923)	47,142
Reinsurance contract assets [A]	887,145	(276,870)	610,275
Financial Investments	74,001	-	74,001
Property and equipment	212	-	212
Liabilities			
Provision, reinsurance & Deferred Tax [A]	319,171	(301,458)	17,713
Insurance contract liabilities [A]	970,133	(312,416)	657,717
Income Taxes	3,515	-	3,515
Due to Related Parties	2,445	-	2,445
Equity			
Other components of equity	62,325	-	62,325
Insurance finance reserve [A]	-	(1,102)	(1,102)
Retained earnings	10,402	2,184	12,586

[A] denotes the impact on retained earnings due to adoption of IFRS 17 by the Company

3. Material accounting policies

a) Insurance and reinsurance contracts classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. The Company issues non-life insurance to individuals and businesses. Non-life insurance products include property, marine, and health. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage because of a policyholder's accident. The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

Insurance and reinsurance contracts accounting treatment

a) Separating Components from Insurance and Reinsurance Contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening.

The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contacts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

b) Level of Aggregation

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes.

Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of group of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a Company can comprise a single contract.

c) Recognition

The Company recognises portfolios of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the Company is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a portfolio of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered the related reinsurance contract held in the portfolio of reinsurance contracts held at or before that date. The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Notes to the Annual Accounts
At 31 December 2023

d) Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the Company. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

- Both of the following criteria are satisfied:
- The Company has the practical ability to reassess the risks of the group of insurance contracts that contain the cotract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Notes to the Annual Accounts
At 31 December 2023

e) Measurement – Premium Allocation Approach

The following table summarises the accounting policy choices adopted by the Company:

	IFRS 17 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for health insurance assumed is one year or less and so qualifies automatically for PAA. Both marine insurance and property insurance include contracts with coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA
Insurance acquisition cash flows for insurance contracts issued	For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related Company	For all business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For all businesses, there is no allowance as the premiums are received within one year of the coverage period.
liability for Incurred Claims, (LFIC) adjusted for time value of money.	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all businesses, there is no allowance as the premiums are received within one year of the coverage period.

(i) Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition which also includes any adjustments in respect of premiums written in prior accounting periods.
- Minus any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payment as an expense
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other assets or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all businesses, the liability for remaining coverage is not discounted to reflect the time value of money and the effect of financial risk. Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the Company being equal to the fulfilment cash flows.

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:

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- 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.

A loss component is established by the Company for the liability for remaining coverage for such onerous Company depicting the losses recognised.

(ii) Reinsurance contracts held – initial measurement
The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the Company are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

(i) Insurance contracts – subsequent measurement
The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payment as an expense
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the Company
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims if any

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected. Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the Company being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

(ii) Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss- recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

(iv) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

i. to that group; and

ii. to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related Company. The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

(v) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

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

f) Presentation

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.

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(i) Insurance revenue
The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component if any) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made based on the expected timing of incurred insurance service expenses and release of risk.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

(ii) Loss components
The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the Company as determined. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

(iii) Loss-recovery components
The Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a Company, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

(iv) Insurance finance income and expense
Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

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

The Company disaggregates insurance finance income or expenses on insurance contracts between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI.

(v) Net income or expense from reinsurance contracts held
The Company presents the amount expected to be recovered from reinsures, and allocation of reinsurance premium paid together as Net income / (expense) from reinsurance contracts separately on the face of the statement of profit or loss. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss.

g) 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.

h) 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 Company 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 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
- 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.

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i) 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 instruments 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.

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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 sinceorigination, 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).

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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.

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.

i) General

ii) 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.

iii) 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.

iv) 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.

v) 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.

vi) 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.

vii) 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.

viii) 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.

ix) 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.

x) 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.

4. Critical judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the opinion of the Directors, the accounting judgements made in the course of preparing these financing statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (Revised) "Presentation of Financial Statements".

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated Premium Income

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.

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.

In order to estimate the liabilities, expected loss ratios are calculated for all underlying insurance contracts. The amounts estimated as the difference between the current estimated losses and the reported losses are set aside as the incurred but not reported reserve for the losses that have been incurred but which are not yet known or have still to be reported.

Estimates of future cash flows

In estimating future cash flows, the Company will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. The assumptions will be based on internal historical claims experience as well as external data (benchmarks) to reflect the current claims and economic environment. These assumptions will also reflect expected future developments such as inflation trends or changes in legislation when these have a material chance of materializing.

Cash flows will also include direct attributable internal expenses in relation to servicing the contracts at the reporting date, whether these costs pertain to the policies such new endorsements and cancellations or whether these costs relate to settling and paying all remaining claims.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Discount rates
The IFRS17 requirement to measure liabilities for insurance contracts using current discount rates will be a significant change from the Company's current practice.

Insurance contract liabilities are calculated by discounting expected future cash flows using yield curves internally derived reflecting a fair value and market-consistent interest rates that two willing parties would accept in a liability transfer transaction.

The starting point for constructing these yield curves are risk-free rates for each major currency. These are subsequently adjusted with illiquidity premiums and credit risks for instance to derive fair value rates.

Risk adjustments for non-financial risk
The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects a margin that an insurer is willing to load its reserves with to reduce the uncertainty that future cash flows will exceed the expected value amount.

The Company's appetite is to set a risk adjustment no lesser than the 70th percentile and no greater than the 75th percentile, across the whole group and allowing for diversification benefit between all product lines written and territories. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to a point within the 70th to 75th percentiles confidence level less the mean of an estimated probability distribution of the future cash flows.

Although the risk adjustment is calculated separately for the Insurance Liabilities and the Reinsurance Assets, it is actually on a net of reinsurance basis that the Company reviews it.

Liability adequacy test
At each reporting, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of profit or loss.

Impairment of premiums and other receivables
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.

This determination of whether these insurance and other receivables are impaired entails the Company evaluating, the credit and liquidity position of the policyholders and the insurance companies, historical recovery rates including detailed investigations carried out as at reporting date and feedback received from their legal department. The difference between the estimated collectible amount and the book amount is recognized as an expense in the statement of profit or loss. Any difference between the amounts collected in the future periods and the amounts expected will be recognized in the statement of profit or loss at the time of collection.

5. Cash and cash equivalents

	2023 USD ('000)	2022 USD ('000)
		Restated
Bank balances	19,148	12,345

6. Financial investments

	2023 USD ('000)	2022 USD ('000)
		Restated
Financial investments at FVOCI		
Bonds – quoted	22,688	36,247
Financial investments at Amortised Cost		
Liquidity funds	1,521	4,892
Total Financial Investments	**24,209**	**41,139**

Movement of FVOCI investments is as follows:

	2023 USD ('000)	2022 USD ('000)
		Restated
As at 1 January	36,247	60,447
Additions	2,988	42,584
Disposals	(17,266)	(63,306)
Net movements attributable to accruals and foreign currency	93	(1,463)
Fair value movement	965	(3,100)
DTA impact of fair value movement	(339)	1,085
FVOCI investments as at 31 December	**22,688**	**36,247**

7. Other receivables

	2023 USD ('000)	2022 USD ('000)
		Restated
Refundable Deposits	33,858	43,848
Investment Receivables	1	-
Prepaid Expenses	9	11
	33,868	**43,859**

Refundable deposits relate to amounts paid to claims adjusters to administer claims payments.

8. Insurance contract liabilities and reinsurance contract assets

(a) Insurance contracts

Analysis by remaining coverage and incurred claims:

All figures in USD ('000)	2023				2022			
	Liability for remaining coverage	Liability for incurred claims		Total	Liability for remaining coverage	Liability for incurred claims		Total
	Loss component	Present value of future cash flows	Risk adj. for non-financial risk		Loss component	Present value of future cash flows	Risk adj. for non-financial risk	
Net insurance contract liabilities at 1 January	**(182,663)**	**588,022**	**36,274**	**441,633**	**(69,509)**	**682,666**	**44,560**	**657,717**
Change in the statement of profit or loss and OCI								
Total Insurance revenue*	**(128,623)**	**-**	**-**	**(128,623)**	**(431,122)**	**-**	**-**	**(431,122)**
Insurance service expenses								
Incurred claims and insurance service expenses	-	67,157	2,341	69,498	-	181,703	8,664	190,367
Adjustments to the liabilities for incurred claims	-	88,539	(5,928)	82,611	-	122,130	(15,762)	106,368
Amortisation of insurance acquisition cash flows	44,243	-	-	44,243	105,156	-	-	105,156
Total insurance service expense	**44,243**	**155,696**	**(3,587)**	**196,352**	**105,156**	**303,833**	**(7,098)**	**401,891**
Insurance service result	**(84,380)**	**155,696**	**(3,587)**	**67,729**	**(325,966)**	**303,833**	**(7,098)**	**(29,231)**
Interest accreted		6,241	-	6,241	-	6,875	-	6,875
Total amounts recognised in comprehensive income	**(91,986)**	**201,984**	**(1,915)**	**108,083**	**(315,785)**	**245,862**	**(8,286)**	**(78,209)**
Cash flows								
Premiums received	184,078	-	-	184,078	266,278	-	-	266,278
Incurred claims and other directly attributable expenses paid	-	(235,565)	-	(235,565)	-	(340,506)	-	(340,506)
Insurance acquisition cashflow	(98,049)	-	-	(98,049)	(63,647)	-	-	(63,647)
Total cash flows	**86,029**	**(235,565)**	**-**	**(149,536)**	**202,631**	**(340,506)**	**-**	**(137,875)**
Insurance contract liabilities 31 December	(156,566)	542,689	33,465	419,588	(182,663)	588,022	36,274	441,633
Insurance contract assets 31 December	(32,054)	11,752	894	(19,408)	-	-	-	-
Total insurance contract at 31 December	**(188,620)**	**588,800**		**400,180**	(182,663)	**624,296**		**441,633**

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(b) Reinsurance contracts

Analysis by remaining coverage and incurred claims:

All figures in USD ('000)	2023				2022			
	Asset for remaining coverage	Asset for incurred claims		Total	Asset for remaining coverage	Asset for incurred claims		Total
	Loss component	Present value of future cash flows	Risk adj. for non-financial risk		Loss component	Present value of future cash flows	Risk adj. for non-financial risk	
Net reinsurance contract liabilities at 1 January	**(150,372)**	**541,493**	**33,574**	**424,695**	**(56,867)**	**626,072**	**41,070**	**610,275**
Change in the statement of profit or loss and OCI								
Total reinsurance premiums paid	**(94,955)**	**-**	**-**	**(94,955)**	**(303,359)**	**-**	**-**	**(303,359)**
Amounts recoverable from reinsurers								
Recoveries of incurred claims and other insurance service expenses	-	55,757	1,305	57,062	-	135,561	8,248	143,809
Adjustments to the asset for incurred claims	-	113,513	(6,765)	106,748	-	128,567	(14,645)	113,922
Total reinsurance service income	**-**	**169,270**	**(5,460)**	**163,810**	**-**	**264,128**	**(6,397)**	**257,731**
Total reinsurance service result	**(94,955)**	**169,270**	**(5,460)**	**68,855**	**(303,359)**	**264,128**	**(6,397)**	**(45,628)**
Transfer of Investment Component	**(65)**	**65**	**-**	**-**	**(317)**	**317**	**-**	**-**
Interest accreted	-	6,087	-	6,087	-	6,354	-	6,354
Effect of changes in interest rates and other financial assumptions	-	10,484	-	10,484	-	(42,446)	-	(42,446)
Effect of changes in exchange rates	(4,104)	25,119	1,523	22,538	(15,935)	(17,043)	(1,099)	(34,077)
Total amounts recognised in comprehensive income	**(99,124)**	**211,025**	**(3,937)**	**107,965**	**(319,611)**	**211,310**	**(7,496)**	**(115,797)**
Cash flows								
Premiums paid	96,971	-	-	96,971	226,106	-	-	226,106
Reinsurance recoveries	-	(237,202)	-	(237,202)	-	(295,889)	-	(295,889)
Total cash flows	**96,971**	**(237,202)**	**-**	**(140,231)**	**226,106**	**(295,889)**	**-**	**(69,783)**
Reinsurance contract liabilities 31 December	(41,502)	11,229	286	(29,987)	-	-	-	-
Reinsurance contract assets 31 December	(111,023)	504,087	29,351	422,415	(150,372)	541,493	33,574	424,695
Total Reinsurance Contracts at 31 December	**(152,525)**	**544,953**		**392,428**	(150,372)	**575,067**		**424,695**

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Claims Development Table

The Company maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The following tables show the estimates of cumulative incurred claims, including both claims notified and Incurred but not reported (IBNR) for each successive accident year at each reporting date, together with cumulative payments to date.

The top half of each table below illustrates how the Company's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

With the exception of the proportional and non-proportional reinsurance business, an underwriting-year basis is considered to be most appropriate for the business written by the Company. Given the nature of reinsurance claims and the difficulties in identifying an accident year for each reported claim, these claims are reported separately and aggregated by reporting year (reporting year basis) – that is, with reference to the year in which the Company was notified of the claims.

Accident year	2019	2020	2021	2022	2023	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
At end of accident year	48,269	12,188	9,504	2,604	1,955	
One year later	117,330	34,850	31,083	6,484		
Two years later	128,338	38,915	31,192			
Three years later	135,448	40,156				
Four years later	130,732					
	130,732	40,156	31,192	6,484	1,955	210,519
Net estimates of undiscounted claims						
Cumulative payments	106,928	31,396	24,650	3,822	641	167,437
Net undiscounted liability of incurred claims	23,804	8,760	6,542	2,662	1,314	43,082
Effect of discounting	-	-	-	-	-	764
Total net liability of incurred claims	23,804	8,760	6,542	2,662	1,314	43,846

9. Property and equipment

31 December 2023	Furniture and fixtures USD ('000)	Right-of-use asset USD ('000)	Computers and office equipment USD ('000)	Total USD ('000)
Cost				
As at 31 December 2022	417	57	86	560
Additions	–	–	–	–
As at 31 December 2023	**417**	**57**	**86**	**560**
Accumulated depreciation				
As at 31 December 2022	314	57	86	457
Charge during the year	65	–	–	65
As at 31 December 2023	**379**	**57**	**86**	**522**
Net book value				
As at 31 December 2022	103	–	–	103
As at 31 December 2023	**38**	**–**	**–**	**38**

31 December 2022	Furniture and fixtures USD ('000)	Right-of-use asset USD ('000)	Computers and office equipment USD ('000)	Total 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. Other payables

	2023 USD ('000)	2022 USD ('000) Restated
Accrued expenses	1,318	1,247
Insurance Premium Tax	620	1,626
Other	377	192
	2,315	3,065

11. Income tax

	2023 USD ('000)	2022 USD ('000) Restated
Current tax		
Expense for the year	(259)	29
Adjustment in respect of prior years	50	-
Total current tax (benefit)/charge	(209)	29
Deferred Tax		
Adjustments in respect of prior years	2	(585)
Income tax credit – current year	(207)	(556)

The tax assessed for QEL for the year differs from the standard rates of corporation tax in 2023 of 35% as follows:

	2023 USD ('000)	2022 USD ('000) Restated
Loss before tax for the year	(894)	(9,435)
Income tax at Malta's statutory income tax rate of 35%	(313)	(3,302)
Income tax effect of:		
Unrecognised deferred tax assets	(71)	-
IFRS 17 transitional adjustments	-	2,130
Prior year tax adjustment	50	-
Other	127	616
Income tax credit for the period	(207)	(556)

Income tax receivable/payable at the end of the year comprised the following:

	2023 USD ('000)	2022 USD ('000) Restated
Deferred tax asset at beginning of reporting year	887	(198)
Charged to other comprehensive income:		
Fair value movements on investments	(339)	-
Insurance finance reserves	(300)	-
Adjustments in respect of prior years	2	1,085
Deferred tax at end of reporting year	250	887
Deferred Tax Asset	550	887
Deferred Tax Liability	(300)	-

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2022: 35%).

A deferred tax asset has not been recognized on trading losses of USD 3.4 million (2022: USD 12.2millon) in line with Company's assessment on recoverability of this amount from future trading profits.

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Movements in Current tax are as follows:

	2023 USD ('000)	2022 USD ('000) Restated
Income Tax Payable	(947)	(3,515)
Amounts Paid	955	2,608
- Adjustments in Respect of Current Year	259	(32)
- Adjustments in Respect of Prior Year	(52)	(8)
Other	13	-
Income Tax Receivable/(Payable)	**228**	**(947)**

QEL and QEL UK Branch are within the scope of the OECD Pillar Two model rules. QEL is not expected to fall within scope until 2025 at the earliest. Pillar Two legislation was enacted in England on 11 July 2023 and will come into effect from 1 January 2024.

Since the Pillar Two legislation was not effective at the reporting date, the entity has no related current tax exposure. As appropriate, the entity will apply the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued during 2023.

12. Segment information

For management reporting purposes, the Company is organized into business segments based on their products and structure. The reportable operating segments are comprised of Property & Casualty and Motor & Aviation. 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 2023 and 2022.

The geographical split of insurance revenue is all derived from European business.

Segment statement of profit or loss for the year ended 31 December 2023 and 2022

	2023					2022				
	Marine and aviation	Property and casualty	Total insurance	Unallocated	Total	Marine and aviation	Property and casualty	Total insurance	Unallocated	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Insurance revenue	(798)	129,421	128,623	-	128,623	259	430,863	431,122	-	431,122
Insurance service expense	272	(196,624)	(196,352)	-	(196,352)	(339)	(401,552)	(401,891)	-	(401,891)
Net expenses from reinsurance contracts held	(226)	69,081	68,855	-	68,855	(1,102)	(44,527)	(45,629)	-	(45,629)
Insurance service result	**(752)**	**1,878**	**1,126**	**-**	**1,126**	**(1,182)**	**(15,216)**	**(16,398)**	**-**	**(16,398)**
Insurance finance expenses for insurance contracts issued	(88)	(6,153)	(6,241)	-	(6,241)	(188)	(6,687)	(6,875)	-	(6,875)
Reinsurance finance income for reinsurance contracts held	90	5,997	6,087	-	6,087	191	6,163	6,354	-	6,354
Net insurance finance result	**(750)**	**1,722**	**972**	**-**	**972**	**(1,179)**	**(15,740)**	**(16,919)**	**-**	**(16,919)**
Investment income & other income	-	-	-	873	873	-	-	-	1,033	1,033
Total income	**(750)**	**1,722**	**972**	**873**	**1,845**	**(1,179)**	**(15,740)**	**(16,919)**	**1,033**	**(15,886)**
Operating expenses	-	-	-	(3,536)	(3,536)	-	-	-	(2,940)	(2,940)
Foreign exchange				804	804				9,412	9,412
Finance Costs				(7)	(7)				(21)	(21)
Profit before income tax	(750)	1,722	972	(1,866)	(894)	(1,179)	(15,740)	(16,919)	7,484	(9,435)
Income tax expense	-	-	-	207	207	-	-	-	556	556
Profit for the year	**(750)**	**1,722**	**972**	**(1,659)**	**(687)**	**(1,179)**	**(15,740)**	**(16,919)**	**8,040**	**(8,879)**

13. Net investment income

	2023 USD ('000)	2022 USD ('000)
Income Tax Payable	(947)	(3,515)
Amounts Paid	955	2,608
Income Tax Receivable/(Payable)	228	(947)
Other	13	-
Income Tax Receivable/(Payable)	228	(947)

Finance charges represent costs associated with investment activities.

14. Operating and administrative expenses

	2023 USD ('000)	2022 USD ('000) Restated
Employee related costs	1,740	1,563
Professional overheads	872	643
Travel	41	27
Depreciation	65	115
Other charges	818	592
	3,536	2,940

The average number of employees employed by the Company locally during the year excluding Directors was Nil (2022: Nil). Part of the salaries and staff-related expenses relate to recharges of employee benefits from related parties in relation to services rendered to the Company.

A breakdown of the expenses by nature can be seen in the table below:

	2023 USD ('000)	2022 USD ('000) Restated
Expenses Attributable to insurance related cash flows	44,242	105,156
Other Directly Attributable Expenses	4,305	4,181
Other Operating Expenses	3,536	2,940

The professional fees include fees, exclusive of VAT, charged by the Company's auditor for services rendered during the financial years ended 31 December 2023 and 2022 related to:

	2023 USD ('000)	2022 USD ('000) Restated
Statutory audit	397	131
Other assurance services	-	47
	397	178

15. Related parties

This represents the balance due to the Company's ultimate parent, Qatar Insurance Company Q.S.P.C., and its subsidiaries. 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 below.

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, Directors of the Company and companies of which they are key management personnel. The pricing policies and terms of these transactions are approved by the Company's management.

Significant related party transactions include:

	2023 USD ('000)	2022 USD ('000) Restated
Net reinsurance contracts	(27,042)	(30,001)
Reinsurance contract assets	349,826	381,368

b) Compensation of key management personnel

The Board of Directors' remuneration amounted to USD 0.1 million (2022: USD0.09 million).

c) Due to related parties

At the end of the year, amounts of USD 3.9 million (2022: USD 10.9 million) were outstanding in relation to services provided by other Group companies.

16. Share capital and reserves

Share Capital

The issued and fully paid in cash share capital consists of 22,500,000 (2022: 22,500,000) ordinary shares of USD1 each.

The authorized share capital comprised of 25,000,000 (2022: 25,000,000) ordinary shares of USD1 each.

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

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 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 2023.

Fair Value Reserve

The fair value reserve arose from the revaluation of financial instruments measured at fair value through other comprehensive income as per the accounting policy detailed in Note 4. This reserve stood at USD (0.41.0) million at 2023 (2022: USD (1.6) million).

Insurance Finance Reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognized in OCI. This reserve stood at USD 2.30.6 million at 2023 (2022: USD 32.7 million).

17. 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:

- Underwriting 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.

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.

a) 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.

b) Underwriting risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments, or the timing there of, 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 Property & Casualty and Aviation & Marine 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.

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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.

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimated. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The general insurance claims provisions are sensitive to the key assumptions shown below for possible movements 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 2023				
Incurred claim cost	10%	4,385	(4,385)	-
Incurred claim cost	-10%	(4,385)	4,385	-

	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 2023				
Incurred claim cost	10%	4,385	(4,385)	-
Incurred claim cost	-10%	(4,385)	4,385	-

Notes to the Annual Accounts
At 31 December 2023

d) 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:

Management of 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.

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 2023	AAA	AA	A	BBB and Below	Unrated	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)		
Financial Assets	1,521	1,789	24,574	15,473	-	43,457
Insurance contract assets	-	-	-	-	19,408	19,408
Reinsurance contract assets	-	-	422,415	-	-	422,415

31 December 2022	AAA	AA	A	BBB and Below	Unrated	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)		
Financial Assets	4,892	2,335	7,218	27,322	11,717	53,484
Reinsurance contract assets	-	-	424,695	-	-	424,695

Notes to the Annual Accounts
At 31 December 2023

Impaired financial assets
At 31 December 2023 and 31 December 2022, 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.

e) 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. For insurance contracts liabilities and reinsurance contract assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised liabilities.

31 December 2023	Up to a year	1 to 5 years	Over 5 years	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial Assets	24,077	10,150	9,130	43,357
Insurance contract assets	8,700	9,829	879	19,408
Reinsurance contract assets	193,634	208,516	20,265	422,415
Insurance contract liabilities	188,094	212,440	19,054	419,588
Reinsurance contract liabilities	13,745	14,802	1,439	29,986
Financial Liabilities	5,614	-	-	5,614

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	21,300	19,221	12,963	53,484
Reinsurance contract assets	194,679	209,642	20,374	424,695
Insurance contract liabilities	197,977	223,601	20,055	441,633
Financial Liabilities	12,039	-	-	12,039

Notes to the Annual Accounts
At 31 December 2023

f) 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.

g) 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 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	2023	2022
		USD ('000)	USD ('000)
EUR	+10%	2,191	264
GBP	+10%	2,099	4,158
		4,290	4,422
EUR	-10%	(2,191)	(264)
GBP	-10%	(2,099)	(4,158)
		(4,290)	(4,422)

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.

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

31 December 2023	EUR	GBP	Others*	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial Assets	12,888	5,214	25,255	43,357
Insurance Contract Assets	847	18,514	47	19,408
Reinsurance Contract Assets	38,243	362,100	22,072	422,415
Insurance Contract Liabilities	34,676	362,901	22,011	419,588
Reinsurance Contract Liabilities	1,903	28,036	47	29,986
Financial Liabilities	1,047	90	4,477	5,614

31 December 2022	EUR	GBP	Others*	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial Assets	1,351	15,500	36,633	53,484
Reinsurance Contract Assets	51,076	364,177	9,442	424,695
Investments	-	4,884	36,255	41,139
Insurance Contract Liabilities	55,300	372,606	13,728	441,634
Financial Liabilities	837	226	10,976	12,039

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

h) 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.

		2023		2022	
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	-	(352)	-	(485)
USD	-50 basis points	-	352	-	485

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

31 December 2023	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	19,148	-	-	19,148	0.00%
Investments	4,929	10,150	9,130	24,209	3.58%
	24,077	10,150	9,130	43,357	

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	

Notes to the Annual Accounts
At 31 December 2023

i) 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.

j) 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 the environment, technology and industry are monitored through the Company's strategic planning and budgeting process.

k) Capital management framework

The Company's objective is to maintain a healthy capital ratio 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 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. The Capital Management Action Plan identifies the various thresholds below which available capital may be depleted, and the actions that will be adopted to maintain capital adequacy in line with the risk appetite and tolerance statements. The capital position can be managed by either increasing the amount of available capital or by taking action which reduces the required capital. The approach taken depends on the specific circumstances of the event giving rise to the depletion of available capital.

Based on the unaudited SCR calculations as at 31 December 2023, 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 2023 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.

At the end of the year Company is expected to remain compliant with regulatory capital requirements set out by the regulator, Malta Financial Services Authority (MFSA). The Solvency Capital Requirement ("SCR") ratios for the Company were as follows:

	2023 (unaudited)	2022 (audited)
SCR	149.8%	163.9%

18. Determination of fair value and fair values hierarchy

The following table reflects carrying values of the assets and liabilities which approximate fair values:

Currency	2023 Carrying amount	2023 Fair value	2022 Carrying amount	2022 Fair value
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cash and cash equivalents	19,148	19,148	12,345	12,345
Other Receivables	33,868	33,868	43,859	43,859
Financial Investments	22,688	22,688	36,247	36,247
Financial Liabilities	5,614	5,614	12,039	12,039

The following 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)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2023	Level 1	Level 2	Level 3	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial investments at FVOCI				
Bonds – quoted	22,688	–	–	22,688
Liquidity funds	1,521	–	–	1,521

31 December 2021	Level 1	Level 2	Level 3	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial investments at FVOCI				
Bonds – quoted	36,247	–	–	36,247
Liquidity funds	4,892	–	–	4,892

19. Contingent liabilities and commitments

The Company operates in the insurance industry and is subject to litigation in the normal course of its business. It is not practicable to forecast or determine the final results of all pending or threatened legal proceedings. Management does not believe that such proceedings, including litigation, will have a material effect on its financial statements.

The Company is also subject to insurance solvency regulations and has complied with all the solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

20. 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 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("JFRS") 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 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 year (as 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 the 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 matter, together with our response by way of the audit procedures we performed to address this matter in our audit, and key observations arising with respect to such risks of material misstatements.

Estimates for gross premium written

Accounting policy note 3.e to the financial statements and notes 4 and B for further disclosures

Liability for incurred claims (USO 588,800 thousand) within 'Insurance Contracts'

The Liability for incurred claims is measured as the total of the expected fulfilment cash flows relating to insurance events that occurred by the financial reporting date, which comprise estimates of future cash flows, adjusted to reflect the time value of money and a risk adjustment for non-financial risks. We have considered the estimate of future cash flows as a key audit matter in view of the subjectivity surrounding the determination of the estimate, that is based on claims data and different actuarial methodology. The main assumption underlying the estimation of these future cash flows, is that past claims development experience can be used to project future claims.

Due to the degree of such inherent estimation uncertainty underlying the estimate of future cash flows, the amounts recognised in the statement of financial position may be different to those eventually settled. Those differences may be material.

Our response

As part of our procedures, together with our own actuarial specialist, we evaluated the appropriateness of the Company's main assumption applied in estimating the future cash flows for the major lines of business included under the liability for incurred claims. We considered industry norms, as well as our industry knowledge and experience, in performing our substantive procedures. In relation to data elements used in the estimate, we evaluated a sample to assess its relevance and reliability based on the information available to the Company at the financial reporting date.

Key observation

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' and the 'Statement of Directors' Responsibilities', but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other informatiion and, other than in the case of the directors' report on which we report separately below in our 'Report on Other Legal and Regulatory Requirements', we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 they 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.

Independent Auditors' Report
To the Shareholders of QIC Europe Limited

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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, actions taken to eliminate threats or safeguards applied.

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

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 appointed as auditors by the shareholders on 15 November 2022, and-subsequently reappointed at the Company's general meeting for the financial year thereafter. The period of total uninterrupted engagements is two years;
- 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 Claude Ellul.

KPMG
4 April 2024
Registered Auditors

QEL

Malta
QIC Europe Limited
Pendergardens Business Centre,
Level 1, St Julian's, STJ 1901, Malta

London
QIC Europe Limited
21 Lime Street
London EC3M 7HB
United Kingdom