Antares

a QIC Company

Annual Report & Financial Statements

QIC Europe Limited

For the financial year ending 31 December 2025

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The Directors present their annual report and the financial statements of QIC Europe Limited (the "Company") for the year ended 31 December 2025.

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.

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

Review of the business

The Company reported a net loss before tax of USD 0.5 million for the year 2025 versus a net loss before tax of USD 8.8 million in 2024.

Insurance revenue reported during the year was USD 44.7 million as opposed to USD 77.1 million in 2024 with the reduction in the year attributed to non- renewal of most of EU domiciled insurance contracts and expiry of remaining coverage brought forward from 2024. Insurance service result for the year was a profit of USD 1.4 million as opposed to a loss of USD 4.4 million in 2024. Although we saw deterioration across live & legacy business during the current year, it was offset by reduction to the provision of insurance receivables included within the liability for remaining coverage and an increase in overrider commission income.

The Company's investment income amounted to USD 1.2 million (2024: USD 0.9 million). The main source remains interest income derived from investment in fixed income instruments (bonds).

The share capital and the capital contribution remain USD 62.0 million (2024: USD 62.0 million). No new capital contribution was made by Antares Reinsurance Company Limited (the "immediate parent") during 2025 (2024: Nil).

At the year end, shareholder's equity stood at USD 54.4 million (2024: USD 56.2 million) with reduction driven mostly by post tax loss reported during the year.

Principal risks and uncertainties

The principal risks and uncertainties are disclosed in Note 17 Financial Instruments and Risk Management.

The use of estimates and judgements and key sources of estimation uncertainty are disclosed in Note 4.

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 and has accumulated losses, no dividend is being proposed by the Directors to ordinary shareholders for FY 2025 (FY 2024: Nil).

Future developments

The Company currently services EU domiciled business through head office in Malta under the freedom of services framework. The Company has not renewed its ongoing EU cover holder relationships beyond the 2025 underwriting year and continues to administer an orderly run off of existing UK domiciled business written prior to the conclusion of Temporary Permissions Regime.

The Company continues to explore a potential sale of the business to a prospective buyer with a credible business plan based on premium growth. A thorough due diligence exercise is underway with respect to this potential sale. Should the sale not materialize, the Board will formally initiate the entity to go into run-off. Given the long-tail nature of the business and its operation in a regulated environment, any alternative course will extend well beyond twelve months from the reporting date. The Directors are continuing to progress the sale of the Company while simultaneously planning for alternative actions.

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue in existence for the foreseeable future. The Directors have a reasonable expectation that the Company will meet its obligations as they fall due, underpinned by the written commitment from the Company's immediate parent to provide ongoing financial support. This support ensures that the Company can meet its liabilities as they become due and adequately satisfy the regulatory solvency capital requirements.

Events after the Reporting Period

Middle East Conflict:

Post year end, in early 2026, geopolitical tensions in the Middle East escalated significantly following military action involving Israel, the United States and Iran, which has led to subsequent regional escalation. The situation remains fluid, and the potential duration and wider economic implications are uncertain.

Management has considered the Group's potential exposure to this development, including:

- Insurance and reinsurance contracts that may be affected by claims relating to political violence, terrorism, marine and aviation disruption, energy sector risks, and other conflict related perils.
- Investment holdings that may be subject to increased market volatility or credit risk because of geopolitical instability.
- Operational dependencies, including outsourced services that could be indirectly impacted.

Whilst the Company has some financial and operational dependency on the wider Group, as at the date the financial statements were approved there was no impact on the Company status as a going concern and no conditions existed at 31 December 2025 that would require adjustment to the amounts recognised in these financial statements.

In accordance with IAS 10, this event is considered a non-adjusting event after the reporting date. The Group will continue to monitor developments and assess any emerging impact on its underwriting activities, capital position, and risk profile.

The Company's ultimate parent company, Qatar Insurance Company Q.S.P.C. is headquartered in Doha, Qatar. Based on current knowledge, the parent company does not expect any significant profit and loss impact from the regional operations. The main exposure relates to energy risks, where its net retention is very low due to the reinsurance protections in place.

Directors

The Directors who served during the period were:

George Andrew Prescott (Chairman)
Michael van der Straaten
Alok Sahi
James Anthony Bonello
James Michael Linsao
Cristina Sanchez-Estrada

In accordance with the Company's articles of association, the Directors 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 27 March 2026 by:

Michael van der Straaten
Director

Alok Sahi
Director

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 27 March 2026 by:

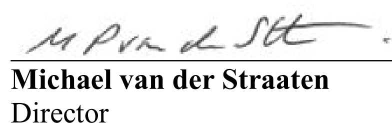
Michael van der Straaten
Director

Alok Sahi
Director

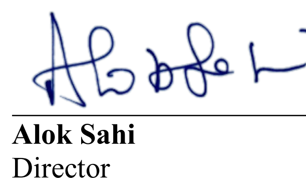
	Notes	2025	2024
		USD (‘000)	USD (‘000)
Assets			
Cash in bank	5	**9,140**	11,401
Financial investments	6	**27,656**	34,705
Other receivables	7	**16,466**	27,628
Due from related parties	15	**5,323**	-
Reinsurance contract assets	8	**288,952**	387,558
Deferred tax asset	11	**57**	275
Property, plant and equipment	9	**-**	31
Total Assets		**347,594**	461,598
Liabilities & Equity			
Liabilities			
Other payables	10	**1,143**	829
Deferred tax liability	11	**85**	148
Due to related parties	15	**-**	7,023
Insurance contract liabilities	8	**291,921**	397,357
Total Liabilities		**293,149**	405,357
Equity			
Share capital	16	**22,500**	22,500
Capital contribution	16	**39,458**	39,458
Fair value reserve	16	**(106)**	(510)
Insurance/Reinsurance finance reserve	16	**157**	275
Accumulated losses		**(7,564)**	(5,482)
Total Equity		**54,445**	56,241
Total Liabilities & Equity		**347,594**	461,598

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements are prepared in USD. The EUR/USD middle rate published by Central Bank of Malta for year-end was 1.1750. The financial statements on pages 5 to 50 were approved by the Board of Directors on 27 March 2026 and signed on its behalf by the following signatories:



Michael van der Straaten
Director



Alok Sahi
Director

	Notes	2025	2024
		USD ('000)	USD ('000)
Insurance revenue	8	**44,732**	77,082
Insurance service expense	8	**(25,188)**	(89,234)
Net expense from reinsurance contracts	8	**(18,145)**	7,759
Insurance service result		**1,399**	(4,393)
Net finance expense from insurance contracts	8	**(4,647)**	(4,811)
Net finance income from reinsurance contracts	8	**4,429**	4,367
Net insurance finance results		**1,181**	(4,837)
Investment income	13	**1,151**	828
Total income		**2,332**	(4,009)
Operating expenses	14	**(5,373)**	(4,661)
Foreign exchange		**2,564**	(169)
Finance costs	13	**(6)**	(6)
Loss before taxation		**(483)**	(8,845)
Income tax	11	**(1,599)**	1,103
Loss after tax		**(2,082)**	(7,742)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	2025	2024
	USD (‘000)	USD (‘000)
Net Loss after tax for the year	**(2,082)**	(7,742)
Other comprehensive income		
Finance expense from Insurance and Reinsurance contracts	**(180)**	(436)
DTA impact on net discounting	**62**	153
Changes in fair value during the period	**621**	788
DTA impact on net changes in fair value during the period	**(217)**	(276)
Total comprehensive income for the year	**(1,796)**	(7,513)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

QIC EUROPE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	Share Capital	Capital contribution	Fair value reserve	Insurance/ Reinsurance Finance Reserve	Retained earnings / (Accumulated Losses)	Total Equity
	USD (‘000)	USD (‘000)	USD (‘000)	USD (‘000)	USD (‘000)	USD (‘000)
Balance as at 1 January 2024	22,500	39,458	(1,022)	558	2,260	63,754
Loss for the year	-	-	-	-	(7,742)	(7,742)
Change in Insurance/Reinsurance Reserve from discounting	-	-	-	(436)	-	(436)
Deferred Tax Impact on Insurance/Reinsurance Finance Reserve	-	-	-	153	-	153
Changes in FVOCI	-	-	788	-	-	788
Deferred Tax Impact on FVOCI	-	-	(276)	-	-	(276)
Total comprehensive income for the year	-	-	512	(283)	(7,742)	(7,513)
Balance as at 31 December 2024	22,500	39,458	(510)	275	(5,482)	56,241
Loss for the year	**-**	**-**	**-**	**-**	**(2,082)**	**(2,082)**
Change in Insurance/Reinsurance Reserve from discounting	**-**	**-**	**-**	**(180)**	**-**	**(180)**
Deferred Tax Impact on Insurance/Reinsurance Finance Reserve	**-**	**-**	**-**	**62**	**-**	**62**
Changes in FVOCI	**-**	**-**	**621**	**-**	**-**	**621**
Deferred Tax Impact on FVOCI	**-**	**-**	**(217)**	**-**	**-**	**(217)**
Total comprehensive income for the year	**-**	**-**	**404**	**(118)**	**(2,082)**	**(1,796)**
Balance as at 31 December 2025	**22,500**	**39,458**	**(106)**	**157**	**(7,564)**	**54,445**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

QIC EUROPE LIMITED
STATEMENT OF CASHFLOWS
For the year ended 31 December 2025

	Notes	2025	2024
		USD ('000)	USD ('000)
Operating Activities			
Loss before tax for the year		**(483)**	(8,845)
Adjustments for:			
Depreciation	9	**1**	7
Adjustments relating to investments		**22**	(3)
Increase in provision for impairment		**(898)**	104
Movement in derivative investment		**685**	-
Investment income	13	**(1,145)**	(822)
Net cash used in operating activities		**(1,818)**	(9,559)
Changes in working capital			
Other receivables		**9,563**	7,145
Liquidity funds		**1,136**	(10,288)
Insurance and reinsurance contracts		**(6,113)**	1,508
Other payables		**54**	(1,487)
Due to related parties		**(12,315)**	3,104
Cash used in operations		**(7,675)**	(18)
Income tax paid		**-**	-
Net cash used in operating activities		**(9,493)**	(9,577)
Investing Activities			
Acquisition of investments	6	**(9,312)**	(3,992)
Proceeds from disposal of investments	6	**15,399**	5,000
Investment income received		**1,145**	822
Net cash from investing activities		**7,232**	1,830
Net decrease in cash in bank		**(2,261)**	(7,747)
Cash in bank at the beginning of the year		**11,401**	19,148
Cash in bank at the end of the year		**9,140**	11,401

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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.

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

Antares Reinsurance Company Limited (the "immediate parent") is a company registered in Bermuda, the registered office of which is 71 Pitts Bay Road, Pembroke, HM08, Bermuda.

The Company's ultimate parent is Qatar Insurance Company Q.S.P.C. which is registered at QIC Building, Tamim Street, West Bay, Doha, Qatar. The Consolidated Annual Report and Financial Statements is available in the respective company's website."

2. STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

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.

The statement of financial position is organised in decreasing order of liquidity, with additional disclosures provided within the notes to the financial statements.

2.1.3 Going concern

The Company continues to explore a potential sale of the business to a prospective buyer with a credible business plan based on premium growth. A thorough due diligence exercise is underway with respect to this potential sale. Should the sale not materialize, the Board will formally initiate the entity to go into run-off. Given the long-tail nature of the business and its operation in a regulated environment, any alternative course will extend well beyond twelve months from the reporting date. The Directors are continuing to progress the sale of the Company while simultaneously planning for alternative actions.

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue in existence for the foreseeable future. The Directors have a reasonable expectation that the Company will meet its obligations as they fall due, underpinned by the written commitment from the Company's immediate parent to provide ongoing financial support. This support ensures that the Company can meet its liabilities as they become due and adequately satisfy the regulatory solvency capital requirements.

2.2. New standards, amendments and interpretations

Standards, amendments and interpretations adopted by the EU, effective for annual periods beginning on or after 1 January 2025 and adopted by the Company

In 2025, the following amendment to an existing standard is mandatory for the Company's accounting period beginning on 1 January 2025

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability **-** Clarifies how and when a reporting currency that is not freely exchangeable should be treated and requires additional disclosures.

The adoption of these amendments to standards as per the requirements of IFRS as adopted by the EU did not result in material changes to the Company's accounting policies as the Company has no exposure to currencies which are not freely exchangeable.

Interpretations and standards that are not yet effective and have not been early adopted by the Company

New standards and amendments adopted by the EU, effective for periods beginning on or after 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).
- Annual Improvements to IFRS Accounting Standards - Volume 11 (amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7).
- Contracts Referencing Nature-Dependent Electricity - Amendments to IFRS 9 and IFRS 7.
- IFRS 18 Presentation and Disclosure in Financial Statements — a new standard replacing IAS 1 and changing presentation/disclosure requirements.

New standards and amendments not yet endorsed by the EU, effective for periods beginning on or after 1 January 2026:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures - a new standard offering reduced disclosures for eligible subsidiaries. The Company has no subsidiaries hence this standard is not relevant.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency.
- Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures.

However, the Company has not early adopted the new standards or amendments in preparing these financial statements and management are of the opinion that there are no requirements that are expected to have a material impact on the Company's financial statements in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

3.1 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 are categorised under Marine & Aviation and Property & Casualty portfolios of business. 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 9 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 reinsurer 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.

d) Contract boundary

The Company includes in the measurement of a group of insurance and reinsurance contracts of 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 contract 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.

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	Where the coverage period of all contracts within a Company is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. 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. Where the premium due date and the related period of services are more than 12 months the Company has assessed the amount as immaterial, as such no discounting is required.
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, the LFIC is adjusted for the time value of money.

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:

- 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.

iii) 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.

iv) 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.

v) 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.

vi) 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 changes in estimates of fulfilment of cash flows.

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.

(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) Insurance service expense

Insurance service expense consists of claims and other insurance service expenses that the Group incurs to fulfill its obligations toward the policyholders that arise within the contract boundary of the underlying (re-)insurance contracts. They also include amortisation of insurance acquisition cash flows, changes in the fulfillment cash flows relating to the liability for incurred claims (LIC), losses on groups of onerous contracts and reversals of such losses. Insurance service expenses exclude insurance finance income or expenses and investment components. They are presented separately in the statement of profit or loss.

(iii) 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.

(iv) 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.

(v) Insurance finance income and expense
Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance and reinsurance 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.

(vi) 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.

3.2 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.

3.3 Financial instruments

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

Description in the statement of financial position	IFRS 9 category
Assets	
Cash in bank	Financial assets measured at amortised cost
Other receivables	Financial assets measured at amortised cost
Financial investments:	
- Quoted bonds	Fair value through other comprehensive income
- Liquidity funds	Financial assets measured at amortised cost
- Derivative assets	Fair value through profit or loss
Due from related parties	Financial assets measured at amortised cost
Liabilities	
Other payables	Financial liabilities measured at amortised cost
Derivative liabilities	Fair value through profit or loss
Due to related party	Financial liabilities measured at amortised cost

Initial recognition and measurement
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.

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.

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.

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.

Derivative financial instruments measured at FVTPL
A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company enters into derivative transactions with various counterparties. The Company uses derivative financial instruments for economic hedging purposes such as forward currency contracts to hedge its foreign currency risks, respectively. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The changes in the fair value of derivatives are included in investment income unless hedge accounting is applied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

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 below. 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. There are no equity instruments measured at FVOCI as at reporting date.

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 significant increase in credit risk (SICR) change in credit quality since initial recognition.

Financial liabilities
A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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.

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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.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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

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

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

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

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 also include instruments, where the credit risk has improved, and the instrument 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. There are no equity instruments measured at FVOCI as at reporting date 31st December 2025.

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.

3.4 Cash in bank
Cash in bank comprise cash at bank in the statement of financial position.

3.5 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.

3.6 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. In this case, tax is also recognised in other comprehensive income or directly in equity respectively.

3.7 Deferred tax
Deferred 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.

3.8 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.

3.9 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. USE OF ESTIMATES AND JUDGMENTS

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.

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.

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.

Non-life contracts
The Group establishes claims reserves on a best estimate basis, defined as the mean of the probability-weighted distribution of future claims outcomes. Accordingly, the best estimate reflects an unbiased probability-weighted average of all possible favorable and adverse developments and does not include any implicit margin for prudence.

Claims reserves are determined using generally accepted actuarial techniques and methodologies, consistent with market best practice. Expert judgement is applied where necessary, particularly in respect of large, complex, or atypical claims. The reserves include all expected future cash flows relating to unpaid claims, including claims handling expenses, reinstatement premiums, and claims-related commissions, and are measured on both a gross basis and net of reinsurance recoveries.

Estimates are produced at a level of granularity that appropriately reflects homogeneous risk characteristics while maintaining sufficient statistical credibility. In accordance with IFRS, the fulfilment cash flows associated with claims reserves are projected and discounted using appropriate yield curves. An explicit Risk Adjustment for non-financial risk is added to the best estimate to reflect the uncertainty in the timing and amount of future cash flows, in line with the Group's IFRS accounting policies.

PAA eligibility assessment
For the Group's insurance contracts issued and reinsurance contracts held with a coverage period of one year or less, the eligibility criterion based on contract duration is met. For other contracts to which the Premium Allocation Approach is applied, management has assessed that the resulting measurement would not differ materially from the measurement determined under the general measurement model. Accordingly, the Group considers the application of the Premium Allocation Approach to be appropriate and consistent with the requirements of IFRS 17.

Discount rates
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.

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 IN BANK

	2025	2024
	USD (‘000)	USD (‘000)
Bank balances	**9,140**	11,401

6. FINANCIAL INVESTMENTS

	2025	2024
	USD (‘000)	USD (‘000)
Financial investments at FVOCI		
Bonds – quoted	**16,983**	22,471
Financial investments at amortised cost		
Liquidity funds	**10,673**	11,809
Financial investments at FVTPL		
Derivatives	**-**	425
Total financial investments	**27,656**	34,705

Movement of FVOCI investments is as follows:

	2025	2024
	USD (‘000)	USD (‘000)
As at 1 January	**22,471**	22,688
Additions	**9,312**	3,992
Disposals	**(15,399)**	(5,000)
Net movements attributable to accruals and foreign currency	**(22)**	3
Fair value movement	**621**	788
FVOCI investments as at 31 December	**16,983**	22,471

7. OTHER RECEIVABLES

	2025	2024
	USD (‘000)	USD (‘000)
Refundable Deposits	**16,403**	26,520
Investment Receivables	**28**	5
Prepaid Expenses	**6**	-
Corporate tax	**7**	-
Other receivable	**22**	1,103
	16,466	27,628

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

8. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

(a) Insurance contract liabilities

Analysis by remaining coverage and incurred claims:

All figures in USD ('000)	2025				
	Liability for remaining coverage		*Liability for incurred claims*		
	Excluding Loss component	*Loss component*	*Present value of future cash flows*	*Risk adj. for non-financial risk*	**Total**
Insurance contract liabilities 1 January	**35,180**	**4,234**	**346,334**	**11,609**	**397,357**
Insurance contract assets 1 January	**-**	**-**	**-**	**-**	**-**
Net insurance contract liabilities at 1 January	**35,180**	**4,234**	**346,334**	**11,609**	**397,357**
Total Insurance revenue*	**(44,732)**	**-**	**-**	**-**	**(44,732)**
Insurance service expenses					
Incurred claims and insurance service expenses	**-**	**(3,981)**	**24,683**	**657**	**21,359**
Amortisation of insurance acquisition cash flows	**13,353**	**-**	**-**	**-**	**13,353**
Adjustments to the liabilities for incurred claims	**-**	**-**	**(4,804)**	**(4,720)**	**(9,524)**
Total insurance service expense	**13,353**	**(3,981)**	**19,879**	**(4,063)**	**25,188**
Insurance service result	**(31,379)**	**(3,981)**	**19,879**	**(4,063)**	**(19,544)**
Insurance finance expense recognised through profit and loss	**-**	**-**	**4,647**	**-**	**4,647**
Insurance finance expense recognised through OCI	**-**	**-**	**8,190**	**-**	**8,190**
Effect of changes in exchange rates	**2,648**	**-**	**28,311**	**761**	**31,720**
Total amounts recognised in Profit or loss and other comprehensive income	**(28,731)**	**(3,981)**	**61,027**	**(3,302)**	**25,013**
Cash flows					
Premiums received	**54,100**	**-**	**-**	**-**	**54,100**
Incurred claims and other directly attributable expenses paid	**-**	**-**	**(140,073)**	**-**	**(140,073)**
Insurance acquisition cashflow	**(44,476)**	**-**	**-**	**-**	**(44,476)**
Total cash flows	**9,624**	**-**	**(140,073)**	**-**	**(130,449)**
Insurance contract liabilities 31 December	**16,073**	**253**	**267,288**	**8,307**	**291,921**
Insurance contract assets 31 December	**-**	**-**	**-**	**-**	**-**
Total insurance contract at 31 December	**16,073**	**253**	**267,288**	**8,307**	**291,921**

* Total Insurance Revenue have Nil Estimated Premium Income.

Total sum of Insurance Liability of remaining coverage is USD 16,326 thousand & Insurance Liability for Incurred claim is USD 275,595 thousand as of 31 December 2025.

All figures in USD ('000)

	2024				
	Liability for remaining coverage		*Liability for incurred claims*		
	Excluding Loss component	*Loss component*	*Present value of future cash flows*	*Risk adj. for non-financial risk*	Total
Insurance contract liabilities 1 January	(156,566)	-	542,689	33,465	419,588
Insurance contract assets 1 January	(32,054)	-	11,752	894	(19,408)
Net insurance contracts at 1 January	(188,620)	-	554,441	34,359	400,180
Total Insurance revenue*	(77,082)	-	-	-	(77,082)
Insurance service expenses					
Incurred claims and insurance service expenses	-	4,234	38,070	957	43,261
Adjustments to the liabilities for incurred claims	-	-	60,050	(23,687)	36,363
Amortisation of insurance acquisition cash flows	9,610	-	-	-	9,610
Total insurance service expense	9,610	4,234	98,120	(22,730)	89,234
Insurance service result	(67,472)	4,234	98,120	(22,730)	12,152
Insurance finance expense recognised through profit and loss	-	-	4,811	-	4,811
Insurance finance expense recognised through OCI	-	-	12,152	-	12,152
Effect of changes in exchange rates	(1,839)	-	(8,205)	(20)	(10,064)
Total amounts recognised in Profit or loss and other comprehensive income	(69,311)	4,234	106,878	(22,750)	19,051
Cash flows					
Premiums received	331,076	-	-	-	331,076
Incurred claims and other directly attributable expenses paid	-	-	(314,985)	-	(314,985)
Insurance acquisition cashflow	(37,965)	-	-	-	(37,965)
Total cash flows	293,111	-	(314,985)	-	(21,874)
Insurance contract liabilities 31 December	35,180	4,234	346,334	11,609	397,357
Insurance contract assets 31 December	-	-	-	-	-
Total insurance contracts at 31 December	35,180	4,234	346,334	11,609	397,357

* Total Insurance Revenue includes Estimated Premium Income of USD 1.1 million.

Total sum of Insurance Liability of remaining coverage is USD 39,414 thousand & Insurance Liability for Incurred claim is USD 357,943 thousand as of 31 December 2024.

(b) Reinsurance contract assets

Analysis by remaining coverage and incurred claims:

All figures in USD ('000)	**2025**				
	Asset for remaining coverage		***Asset for incurred claims***		**Total**
	Excluding Loss component	***Loss component***	***Present value of future cash flows***	***Risk adj. for non-financial risk***	
Reinsurance contract liabilities 1 January	**49,591**	**3,811**	**323,824**	**10,332**	**387,558**
Reinsurance contract assets 1 January	**-**	**-**	**-**	**-**	**-**
Net Reinsurance contracts at 1 January	**49,591**	**3,811**	**323,824**	**10,332**	**387,558**
Total reinsurance premium paid	**(22,986)**	**-**	**-**	**-**	**(22,986)**
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	**-**	**-**	**19,863**	**594**	**20,457**
Recoveries and reversals of recoveries of losses on onerous underlying contracts	**-**	**(3,583)**	**-**	**-**	**(3,583)**
Adjustments to the asset for incurred claims	**-**	**-**	**(8,009)**	**(4,024)**	**(12,033)**
Total reinsurance service income	**-**	**(3,583)**	**11,854**	**(3,430)**	**4,841**
Total reinsurance service result	**(22,986)**	**(3,583)**	**11,854**	**(3,430)**	**(18,145)**
Transfer of Investment Component	**4**	**-**	**(4)**	**-**	**-**
Reinsurance finance income recognised through profit and loss	**-**	**-**	**4,429**	**-**	**4,429**
Reinsurance finance income recognised through OCI	**-**	**-**	**8,010**	**-**	**8,010**
Effect of changes in exchange rates	**793**	**-**	**27,235**	**724**	**28,752**
Total amounts recognised in Profit or loss and other comprehensive income	**(22,189)**	**(3,583)**	**51,524**	**(2,706)**	**23,046**
Cash flows					
Premiums Paid	**8,240**	**-**		**-**	**8,240**
Reinsurance recoveries received	**-**	**-**	**(129,892)**	**-**	**(129,892)**
Total cash flows	**8,240**	**-**	**(129,892)**	**-**	**(121,652)**
Reinsurance contract liabilities 31 December	**-**	**-**	**-**	**-**	**-**
Reinsurance contract assets 31 December	**35,642**	**228**	**245,456**	**7,626**	**288,952**
Total Reinsurance contracts at 31 December	**35,642**	**228**	**245,456**	**7,626**	**288,952**

Total sum of Reinsurance Liability of remaining coverage is USD 35,870 thousand & Reinsurance Liability for Incurred claim is USD 253,802 thousand as of 31 December 2025.

(b) Reinsurance contract assets (continued)

Analysis by remaining coverage and incurred claims:

All figures in USD (‘000)	2024				
	Asset for remaining coverage		*Asset for incurred claims*		
	Excluding Loss component	*Loss component*	*Present value of future cash flows*	*Risk adj. for non-financial risk*	Total
Reinsurance contract liabilities 1 January	(41,502)	-	11,229	286	(29,987)
Reinsurance contract assets 1 January	(111,023)	-	504,087	29,351	422,415
Net Reinsurance contracts at 1 January	(152,525)	-	515,316	29,637	392,428
Total reinsurance premium paid	(55,868)	-	-	-	(55,868)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	40,334	852	41,186
Recoveries and reversal of recoveries of losses on onerous underlying contract	-	3,812	-	-	3,812
Adjustments to the asset for incurred claims	-	-	38,767	(20,137)	18,630
Total reinsurance service income	-	3,812	79,101	(19,285)	63,628
Total reinsurance service result	(55,868)	3,812	79,101	(19,285)	7,760
Transfer of Investment Component	(1,192)	-	1,192	-	-
Reinsurance finance income recognised through profit and loss	-	-	4,367	-	4,367
Reinsurance finance income recognised through OCI	-	-	11,716	-	11,716
Effect of changes in exchange rates	(2,233)	-	(7,781)	(20)	(10,034)
Total amounts recognised in Profit or loss and other comprehensive income	(59,293)	3,812	88,595	(19,305)	13,809
Cash flows					
Premiums Paid	261,409	-	-	-	261,409
Reinsurance recoveries received	-	-	(280,088)	-	(280,088)
Total cash flows	261,409	-	(280,088)	-	(18,679)
Reinsurance contract liabilities 31 December	-	-	-	-	-
Reinsurance contract assets 31 December	49,591	3,812	323,823	10,332	387,558
Total Reinsurance contracts at 31 December	49,591	3,812	323,823	10,332	387,558

Total sum of Reinsurance Liability of remaining coverage is USD 53,403 thousand & Reinsurance Liability for Incurred claim is USD 334,155 thousand as of 31 December 2024.

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 the ultimate cost of claims for each successive underwriting 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 ultimate undiscounted claims for each underwriting 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 by reporting year on a net basis (reporting year basis) – that is, with reference to the year in which the Company was notified of the claims.

Underwriting year ($'000)	2020	2021	2022	2023	2024	2025	Total
At end of underwriting year	**12,188**	**9,504**	**2,604**	**1,955**	**1,910**	**522**	
One year later	**34,850**	**31,083**	**6,484**	**3,476**	**5,336**		
Two years later	**38,915**	**31,192**	**9,577**	**3,241**			
Three years later	**40,156**	**34,268**	**9,993**				
Four years later	**39,700**	**35,217**					
Five years later	**40,071**						
Net estimates of undiscounted claims	**40,071**	**35,217**	**9,993**	**3,241**	**5,336**	**522**	**94,380**
Net cumulative payments to date	**(36,751)**	**(31,170)**	**(7,338)**	**(2,687)**	**(2,951)**	**(201)**	**(81,098)**
	3,320	**4,047**	**2,655**	**554**	**2,385**	**321**	**13,282**
Net undiscounted liability of incurred claims							
Reserves in respect of 2019 & prior							8,832
Effect of discounting							(897)
Effect of variable commission							611
Effect of the risk adjustment for non-financial risk							683
Total Net Liability of Incurred claims	**3,320**	**4,047**	**2,655**	**554**	**2,385**	**321**	**22,511**

9. PROPERTY AND EQUIPMENT

31 December 2025	**Furniture and fixtures**	**Right-of-use asset**	**Computers and office equipment**	**Total**
	USD ('000)	**USD ('000)**	**USD ('000)**	**USD ('000)**
Cost				
As at 31 December 2024	417	57	86	560
Disposal	(30)	-	-	(30)
As at 31 December 2025	**387**	**57**	**86**	**530**
Accumulated depreciation				
As at 31 December 2024	386	57	86	529
Charge during the year	1	-	-	1
As at 31 December 2025	**387**	**57**	**86**	**530**
Net book value				
As at 31 December 2024	31	-	-	31
As at 31 December 2025	**-**	**-**	**-**	**-**

31 December 2024	Furniture and fixtures	Right-of-use asset	Computers and office equipment	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Cost				
As at 31 December 2024	417	57	86	560
Accumulated depreciation				
As at 31 December 2023	379	57	86	522
Charge during the year	7	-	-	7
As at 31 December 2024	386	57	86	529
Net book value				
As at 31 December 2023	38	-	-	38
As at 31 December 2024	31	-	-	31

10. OTHER PAYABLES

	2025	2024
	USD ('000)	USD ('000)
Accrued Expenses	**441**	722
Other	**702**	107
	1,143	829

All payables are current in nature. Other payables include derivative liabilities amounting to USD 262 thousand relating to foreign exchange forward contracts of which is measured at FVTPL.

11. INCOME TAX

	2025	2024
	USD ('000)	USD ('000)
Current tax		
Expense/(credit) for the year	**1**	(1,103)
Adjustment in respect of prior years	**1,598**	-
Total current tax expense/(credit) - current year	**1,599**	(1,103)

The tax assessed for QEL for the year differs from the standard rates of corporation tax in 2025 of 35% (Malta) and 25% (UK) as follows:

	2025	2024
	USD ('000)	USD ('000)
Loss before tax for the year	**(483)**	(8,845)
Income tax at Malta's statutory income tax rate of 35%	**(170)**	(3,096)
Income tax effect of:		
Over provision of prior year tax adjustments	**(20)**	-
Unrecognised deferred tax assets	**2,441**	1,551
Overseas tax charged at a different rate	**(652)**	442
Income tax expense/(credit) for the year	**1,599**	(1,103)

Deferred tax asset/(liability) at the end of the year comprised the following:

	2025	2024
	USD ('000)	USD ('000)
Deferred tax asset at beginning of reporting year	**127**	250
Charged to other comprehensive income:		
Fair value movements on investments	**(217)**	(276)
Insurance finance reserves	**62**	153
Deferred tax at end of reporting year	**(28)**	127
Deferred Tax Asset	**57**	275
Deferred Tax Liability	**(85)**	(148)

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2024: 35%).

A deferred tax asset has not been recognized on total unused trading losses of USD 18.1 million (2024: USD 7.4 million) in line with Company's assessment on recoverability of this amount from future trading profits.

Movements in Current tax are as follows:

	2025	2024
	USD ('000)	USD ('000)
Income tax receivable at beginning of reporting year	**1,103**	228
Group tax relief	**494**	(228)
Income tax credit for the current year	**(1)**	1,103
Prior year movement	**(1,598)**	-
Other	**9**	-
Income Tax Receivable at end of reporting year (Note 7)	7	1,103

Pillar Two - Global minimum top up tax

QEL and QEL UK Branch are within scope of the OECD Pillar Two model rules. Malta has elected for the delayed application of up to 6 years of the IIR and UTPR in terms of Article 50 of the EU Minimum Tax Directive. Pillar Two legislation was enacted in England on 11 July 2023, introducing an Income Inclusion Rule (IIR) and domestic minimum top-up tax (DTT), which came into effect from 1 January 2024 and the Undertaxed Profits Rule (UPR) applying for accounting periods beginning on or after 31 December 2024.

Since the Pillar Two legislation was not effective in Malta at the reporting date, QEL has no related current tax exposure in this jurisdiction. The entity has assessed its potential exposure for the UK branch and based on available information, it has identified that in the UK the effective tax rate is either above 15% or that the transitional safe harbour relief is expected to apply. Accordingly, USD nil (2024: USD nil) Pillar Two top up tax has been recognised for the period.

As appropriate, the entity will apply the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 during 2024.

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 Marine & 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 2025 and 2024.

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

Segment statement of profit or loss for the year ended 31 December 2025 and 2024

	2025					*2024*				
	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	**(58)**	**44,790**	**44,732**	**-**	**44,732**	485	76,597	77,082	-	77,082
Insurance service expense	**(7,368)**	**(17,820)**	**(25,188)**	**-**	**(25,188)**	(742)	(88,492)	(89,234)	-	(89,234)
Net expenses from reinsurance contracts held	**7,189**	**(25,334)**	**(18,145)**	**-**	**(18,145)**	478	7,281	7,759	-	7,759
Insurance service result	**(237)**	**1,636**	**1,399**	**-**	**1,399**	221	(4,614)	(4,393)	-	(4,393)
Insurance finance expenses for insurance contracts issued	**(180)**	**(4,467)**	**(4,647)**	**-**	**(4,647)**	(167)	(4,644)	(4,811)	-	(4,811)
Reinsurance finance income for reinsurance contracts held	**180**	**4,249**	**4,429**	**-**	**4,429**	167	4,200	4,367	-	4,367
Net insurance finance result	**(237)**	**1,418**	**1,181**	**-**	**1,181**	221	(5,058)	(4,837)	-	(4,837)
Investment income & other income	**-**	**-**	**-**	**1,151**	**1,151**	-	-	-	828	828
Total income/(loss)	**(237)**	**1,418**	**1,181**	**1,151**	**2,332**	221	(5,058)	(4,837)	828	(4,009)
Operating expenses	**-**	**-**	**-**	**(5,373)**	**(5,373)**	-	-	-	(4,661)	(4,661)
Foreign exchange	**-**	**-**	**-**	**2,564**	**2,564**	-	-	-	(169)	(169)
Finance Cost	**-**	**-**	**-**	**(6)**	**(6)**	-	-	-	(6)	(6)
Loss before income tax	**(237)**	**1,418**	**1,181**	**(1,664)**	**(483)**	221	(5,058)	(4,837)	(4,008)	(8,845)
Income tax expense/(credit)	**-**	**-**	**-**	**(1,599)**	**(1,599)**	-	-	-	1,103	1,103
Loss for the year	**(237)**	**1,418**	**1,181**	**(3,263)**	**(2,082)**	221	(5,058)	(4,837)	(2,905)	(7,742)

13. NET INVESTMENT INCOME

	2025	2024
	USD (‘000)	USD (‘000)
Investment income	**1,252**	912
Advisory fee	**(101)**	(84)
Investment Income	**1,151**	828
Finance costs	**(6)**	(6)
Net Investment Income	**1,145**	822

Finance cost represents costs associated with investment activities.

14. OPERATING AND ADMINISTRATIVE EXPENSES

	2025 USD (‘000)	2024 USD (‘000)
Employee related costs	**2,173**	2,920
Professional overheads	**849**	240
Travel	**34**	77
Depreciation	**1**	7
Other charges	**2,316**	1,417
	5,373	4,661

The average number of employees employed by the Company locally during the year excluding Directors was Nil (2024: 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:

	2025	2024
	USD (‘000)	USD (‘000)
Expenses attributable to insurance related cash flows (Note 8)	**13,353**	36,363
Other Directly Attributable Expenses	**2,918**	6,320
Other Operating Expenses	**5,373**	4,661

The professional fees include fees, exclusive of VAT, charged by the Company’s auditor for services rendered during the financial years ended 31 December 2025 and 2024 related to:

	2025	2024
	USD (‘000)	USD (‘000)
Statutory audits of financial statements and solvency II	**222**	196
	222	196

15. RELATED PARTIES

This represents the balance due to the Company's ultimate parent, Qatar Insurance Company Q.S.P.C., and its subsidiaries. The Company is a wholly-owned subsidiary of Antares Reinsurance Company Limited (the "immediate parent"). The Company defines related parties as:
- Qatar Insurance Company Q.S.P.C. and its subsidiaries
- Key management personnel, being directors of the Company

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

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:

	2025	2024
	USD ('000)	USD ('000)
Antares Reinsurance Company Limited	**(13,399)**	(16,514)
Qatar Insurance Company Limited	**933**	6,194
Net expense from Reinsurance Contracts	**(12,466)**	(10,320)
Antares Reinsurance Company Limited	**197,346**	244,228
Qatar Insurance Company Limited	**40,387**	56,460
Reinsurance contract assets	**237,733**	300,688

The Company has in place with its immediate parent, Antares Reinsurance Company Limited, a guarantee covering the recoverability of insurance receivables contained within the liability for remaining coverage. At both the year end, and the prior year end, the Company had not executed its rights under this guarantee.

Compensation of key management personnel
The Board of Directors' remuneration amounted to USD 0.1 million (2024: USD 0.1 million).

Due from related parties
During the year company received recharges from Antares Global Management Limited amounting to USD 6.2 million (2024: USD 13.6 million).

At the end of the year, amounts of USD 5.3 million (2024: USD 7.0 million payable) were receivable in relation to services provided by other Antares Global companies.

16. SHARE CAPITAL AND RESERVES

Share Capital
The issued and fully paid in cash share capital consists of 22,500,000 (2024: 22,500,000) ordinary shares of USD1.0 each.

The authorized share capital comprised of 25,000,000 (2024: 25,000,000) ordinary shares of USD1.0 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
Capital contributions 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 2025.

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 (0.1) million at 2025 (2024: USD (0.5) million).

Insurance Finance Reserve
The insurance finance reserve comprises the cumulative insurance finance income and expenses recognized in OCI. This reserve stood at USD 0.2 million in 2025 (2024: USD 0.3 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.

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.

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 Marine & Aviation 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. All underwriting activity has taken place within the European Economic Area.

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 assumptions underlying the estimates for the Company's future claims development are those applicable to all of the Company's methods used including the chain ladder method of which the claims development patterns are used, the Ultimate loss ratio method which uses an assumed loss ratio multiplied by the earned premium for the period, the Bornhuetter-Ferguson

method of which a combination of chain ladder and Ultimate loss ratio method is used and those applicable to one off reserving used for COVID claims among others.

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. Judgement is used to assess the extent to which the relevant factors affected the estimated liability.

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 to net liabilities (net of reinsurance), profit before taxes and equity.

	Change in assumptions	**Impact on Equity**	**Impact on profit or loss**
		USD (‘000)	**USD (‘000)**
31 December 2025			
Incurred claim cost	**10%**	**2,251**	**(2,251)**
Incurred claim cost	**-10%**	**(2,251)**	**2,251**

	Change in assumptions	Impact on equity	Impact on profit or loss
		USD (‘000)	USD (‘000)
31 December 2024			
Incurred claim cost	10%	2,379	(2,379)
Incurred claim cost	-10%	(2,379)	2,379

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 2025	**AAA**	**AA**	**A/A-**	**BBB and Below**	**Unrated**	**Total**
	USD ('000)	**USD ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**	**USD ('000)**
Financial assets	**41,601**	**5,232**	**5,459**	**6,293**	**-**	**58,585**
Reinsurance contract assets	**-**	**-**	**288,952**	**-**	**-**	**288,952**

31 December 2024	AAA	AA	A/A-	BBB and Below	Unrated	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial assets	11,809	1,845	18,405	13,622	425	46,106
Reinsurance contract assets	-	-	387,558	-	-	387,558

Impaired financial assets
At 31 December 2025 and 31 December 2024, there are no impaired insurance contract assets. 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 in a separate impairment allowance account.

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 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 Contracts liabilities and reinsurance contract assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized liabilities.

31 December 2025	**Up to a year**	**1 to 5 years**	**Over 5 years**	**Total**
	USD (‘000)	**USD (‘000)**	**USD (‘000)**	**USD (‘000)**
Financial assets	**45,814**	**9,042**	**3,729**	**58,585**
Reinsurance contract assets	**177,008**	**107,321**	**4,623**	**288,952**
Financial liabilities	**1,143**	**-**	**-**	**1,143**
Insurance contract liabilities	**197,356**	**91,434**	**3,131**	**291,921**

31 December 2024	Up to a year	1 to 5 years	Over 5 years	Total
	USD (‘000)	USD (‘000)	USD (‘000)	USD (‘000)
Financial assets	30,642	7,383	8,081	46,106
Reinsurance contract assets	177,658	191,309	18,591	387,558
Financial liabilities	7,880	-	-	7,880
Insurance contract liabilities	178,129	201,184	18,044	397,357

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.

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 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.

	Changes in variables	Impact on profit or loss	
		2025	2024
Currency		**USD ('000)**	USD ('000)
EUR	+10%	**1,443**	(1,335)
GBP	+10%	**5,029**	1,260
		6,472	(75)
EUR	-10%	**(1,443)**	1,335
GBP	-10%	**(5,029)**	(1,260)
		(6,472)	75

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 contract assets.

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 2025	**EUR**	**GBP**	**Others***	**Total**
	USD ('000)	**USD('000)**	**USD ('000)**	**USD ('000)**
Financial assets	**1,245**	**7,693**	**49,647**	**58,585**
Reinsurance contract assets	**77,521**	**234,715**	**(23,284)**	**288,952**
Insurance contract liabilities	**78,317**	**237,128**	**(23,524)**	**291,921**
Financial Liabilities	**433**	**447**	**263**	**1,143**

31 December 2024	EUR	GBP	Others*	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Financial assets	3,983	15,431	26,692	46,106
Reinsurance contract assets	73,346	282,450	31,762	387,558
Insurance contract liabilities	98,212	296,161	2,984	397,357
Financial liabilities	661	7,133	57	7,851

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

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.

Currency	**Changes in variables**	**2025 Impact on equity**	2024 Impact on equity
		(USD '000)	(USD '000)
USD	+50 basis points	**(425)**	**(614)**
USD	-50 basis points	**425**	**614**

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

31 December 2025	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**	**Effective interest rate (%)**
	(USD '000)	**(USD '000)**	**(USD '000)**	**(USD '000)**	
Cash in bank	**9,140**	**-**	**-**	**9,140**	**0.00%**
Investments	**14,885**	**9,042**	**3,729**	**27,656**	**3.92%**
	24,025	**9,042**	**3,729**	**36,796**	

31 December 2024	Up to 1 year	1 to 5 years	Over 5 years	Total	Effective interest rate (%)
	(USD '000)	(USD '000)	(USD '000)	(USD '000)	
Cash in bank	11,401	-	-	11,401	0.00%
Investments	19,241	7,383	8,081	34,705	3.71%
	30,642	7,383	8,081	46,106	

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.

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.

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 2025, 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 2025 ORSA report.

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:

	2025 (unaudited)	2024 (audited)
Solvency capital ratio (SCR)	**287%**	243%

18. DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY

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

	2025		2024	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	USD ('000)	**USD ('000)**	USD ('000)	USD ('000)
Cash in bank	**9,140**	**9,140**	11,401	11,401
Other receivables	**16,466**	**16,466**	26,525	26,525
Due from related parties	**5,323**	**5,323**	-	-
Financial investments	**27,656**	**27,656**	34,705	34,705
Financial liabilities	**1,143**	**1,143**	7,880	7,880

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 2025	**Level 1**	**Level 2**	**Level 3**	**Total Fair value**
	USD ('000)	**USD ('000)**	**USD ('000)**	**USD ('000)**
Assets				
Bonds – quoted	**16,983**	**-**	**-**	**16,983**
Liquidity funds	**10,673**	**-**	**-**	**10,673**
Total	**27,656**	**-**	**-**	**27,656**
Liabilities				
Derivatives	**-**	**262**	**-**	**262**
Total	**-**	**262**	**-**	**262**

31 December 2024	Level 1	Level 2	Level 3	Total Fair value
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Assets				
Bonds – quoted	22,471	-	-	22,471
Liquidity funds	11,809	-	-	11,809
Derivatives	-	425	-	425
Total	34,280	425	-	34,705

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

Middle East Conflict:

Post year end, in early 2026, geopolitical tensions in the Middle East escalated significantly following military action involving Israel, the United States, and Iran, which has led to subsequent regional escalation. The situation remains fluid, and the potential duration and wider economic implications are uncertain.

Management has considered the Group's potential exposure to this development, including:

- Insurance and reinsurance contracts that may be affected by claims relating to political violence, terrorism, marine and aviation disruption, energy sector risks, and other conflict related perils.
- Investment holdings that may be subject to increased market volatility or credit risk because of geopolitical instability.
- Operational dependencies, including outsourced services that could be indirectly impacted.

Whilst the Company has some financial and operational dependency on the wider Group, as at the date the financial statements were approved there was no impact on the Company status as a going concern and no conditions existed at 31 December 2025 that would require adjustment to the amounts recognised in these financial statements.

In accordance with IAS 10, this event is considered a non-adjusting event after the reporting date. The Group will continue to monitor developments and assess any emerging impact on its underwriting activities, capital position, and risk profile.

The Company's ultimate parent company, Qatar Insurance Company Q.S.P.C. is headquartered in Doha, Qatar. Based on current knowledge, the parent company does not expect any significant profit and loss impact from the regional operations. The main exposure relates to energy risks, where its net retention is very low due to the reinsurance protections in place.

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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 2025, 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 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU; and

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), as applicable to audits of the financial statements of public interest entities, 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.

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The firm is registered as a partnership of Certified Public Accountants in terms of the Accountancy Profession Act.

A list of partners and directors of the firm is available at 92, Marina Street, Pietà, PTA9044, Malta.

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Independent Auditors' Report (continued)

To the Shareholders of QIC Europe Limited

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Estimates of the liability for incurred claims

Accounting policy note 3.1.e and notes 4 and 8 to the financial statements for further disclosures

Liability for incurred claims (USD 275,595 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 comprises estimates of the future cashflows, adjusted to reflect the time value of money and a risk adjustment for non-financial risks. We considered the estimate of future cash flows as a key audit matter in view of the significant assumptions that drive the estimate, being the subjectivity surrounding the determination of past claims development experience that is 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

Our procedures include:

- With respect to the estimation of the ultimate cost of current open claims and future claims, we engaged with our own actuarial specialist to develop an independent expectation using actuarial standard techniques, as well as industry knowledge and experience, and;

- In relation to data elements used in the estimate, we evaluated samples to assess its relevance and reliability based on the information available to the Company at the financial reporting date.

Key observation(s)

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

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Independent Auditors' Report (continued)

To the Shareholders of QIC Europe Limited

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 information 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.

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Independent Auditors' Report (continued)

To the Shareholders of QIC Europe Limited

Auditors' responsibilities for the audit of the financial statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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Independent Auditors' Report (continued)

To the Shareholders of QIC Europe Limited

Auditors' responsibilities for the audit of the financial statements (continued)

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

KPMG, a Maltese civil partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

The firm is registered as a partnership of Certified Public Accountants in terms of the Accountancy Profession Act.

A list of partners and directors of the firm is available at 92, Marina Street, Pietà, PTA9044, Malta.

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Malta
Telephone (+356) 2563 1000
Website www.kpmg.com.mt

Independent Auditors' Report (continued)

To the Shareholders of QIC Europe Limited

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.

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Independent Auditors' Report (continued)

To the Shareholders of QIC Europe Limited

Matters on which we are required to report by the Act, specific to public-interest entities

Pursuant to article 179B(1) of the Act, we report as under matters not already reported upon in our 'Report on the Audit of the Financial Statements':

- we were first appointed as auditors by the shareholders on 15 November 2022, and subsequently reappointed at the Company's general meetings for each financial period thereafter. The period of total uninterrupted engagement is four 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
Registered Auditors

27 March 2026

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