International General Insurance Co. Ltd.

Consolidated Financial Statements

31 December 2023

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY
United Kingdom

Report of Independent Auditors

To the Shareholders and the Board of Directors of International General Insurance Co Ltd.

Opinion on the Financial Statements

We have audited the consolidated financial statements of International General Insurance Co Ltd and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Ernst & Young LLP

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Ernst & Young LLP

London, United Kingdom

26 April 2024

CONSOLIDATED BALANCE SHEETS

As At December 31, 2023 and 2022

(Expressed in thousands of U.S dollars "USD", except share and per share data)	***December 31, 2023 USD '000***	December 31, 2022 USD '000
ASSETS		
Investments		
Fixed maturity securities available-for-sale, at fair value (amortized cost: USD 789,619 – 2023, USD 538,311 – 2022, net of allowance for expected credit losses: USD 353 – December 31, 2023, USD 195 – December 31, 2022)	**765,590**	489,081
Equity securities, at fair value (cost: USD 23,020 – December 31, 2023, USD 30,870 – December 31, 2022)	**26,208**	31,036
Other investments, at fair value (cost: USD 11,203 – December 31, 2023, USD 12,996 – December 31, 2022)	**11,060**	12,237
Short-term investments	**42,157**	265,691
Term Deposits	**105,137**	31,335
Equity-method investments measured at fair value	**3,522**	4,907
Fixed maturity securities held to maturity	**1,994**	1,994
Total investments	**955,668**	836,281
Cash and cash equivalents	**176,693**	121,821
Accrued investment income	**11,472**	6,301
Premiums receivable, net of allowance for expected credit losses (USD 11,302 – 2023, USD 9,085 – 2022)	**245,217**	210,402
Reinsurance recoverable, net of allowance for expected credit losses (USD 4,034 – 2023, USD 3,954 – 2022)	**223,083**	194,412
Ceded unearned premiums	**98,013**	94,409
Deferred policy acquisition costs, net of ceding commission	**87,241**	77,751
Deferred tax assets, net	**4,157**	5,788
Due from related parties	**37,837**	36,043
Other assets	**57,186**	51,736
TOTAL ASSETS	**1,896,567**	1,634,944
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Reserve for unpaid loss and loss adjustment expenses	**712,098**	636,245
Unearned premiums	**443,525**	389,860
Insurance and reinsurance payables	**89,704**	90,353
Other liabilities	**34,396**	27,691
Due to related parties	**62,147**	65,808
TOTAL LIABILITIES	**1,341,870**	1,209,957
COMMITMENT AND CONTINGENCIES (NOTE 10)		
SHAREHOLDERS' EQUITY		
Common shares	**120**	120
Additional paid-in capital	**145,601**	145,601
Accumulated other comprehensive loss, net of taxes	**(19,979)**	(43,358)
Retained earnings	**428,955**	322,624
TOTAL SHAREHOLDERS' EQUITY	**554,697**	424,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,896,567**	1,634,944

The consolidated financial statements for the year 2023 were approved by the Board of Directors on 25 March 2024.

See accompanying notes to the consolidated financial statements

International General Insurance Co. Ltd.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2023 and 2022

	Year Ended December 31,	
	2023	*2022*
	USD ‘000	*USD ‘000*
REVENUES:		
Gross written premiums	**688,678**	581,983
Ceded written premiums	**(191,465)**	(189,158)
Net written premiums	**497,213**	392,825
Net change in unearned premiums	**(50,061)**	(16,434)
Net premiums earned	**447,152**	376,391
Investment income	**40,460**	20,936
Net realized gain (loss) on investments	**6,723**	(687)
Net unrealized gain (loss) on investments	**3,058**	(5,454)
Change in allowance for expected credit losses on investments	**368**	(350)
Other revenues	**1,945**	2,524
Total revenues	**499,706**	393,360
EXPENSES:		
Net loss and loss adjustment expenses	**(189,087)**	(157,562)
Net policy acquisition expenses	**(110,924)**	(102,473)
General and administrative expenses	**(46,881)**	(39,017)
Change in allowance for expected credit losses on receivables	**(2,452)**	(3,238)
Other expenses	**(3,576)**	(3,298)
Net foreign exchange gain (loss)	**5,148**	(3,502)
Total expenses	**(347,772)**	(309,090)
Income before income taxes	**151,934**	84,270
Income tax expense	**(7,873)**	(2,954)
Net income	**144,061**	81,316

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

	Year Ended December 31,	
	2023	*2022*
	USD ‘000	*USD ‘000*
Net income	**144,061**	81,316
Other comprehensive income (loss), net of taxes:		
Change in unrealized gains or losses in investments	**23,379**	(49,073)
Total comprehensive income	**167,440**	32,243

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2023 and 2022

	Common shares at par value	*Additional paid-in capital*	*Accumulated other comprehensive income (loss)*	*Retained earnings*	*Total Shareholders' Equity*
	USD '000	*USD '000*	*USD '000*	*USD '000*	*USD '000*
As at January 1, 2022	120	145,601	5,715	252,122	403,558
Net Income	-	-	-	81,316	81,316
Other comprehensive income	-	-	(49,073)	-	(49,073)
Dividends paid	-	-	-	(10,814)	(10,814)
Balance as at December 31, 2022	120	145,601	(43,358)	322,624	424,987
Net Income	**-**	**-**	**-**	**144,061**	**144,061**
Other comprehensive income	**-**	**-**	**23,379**	**-**	**23,379**
Dividends paid	**-**	**-**	**-**	**(37,730)**	**(37,730)**
Balance as at December 31, 2023	**120**	**145,601**	**(19,979)**	**428,955**	**554,697**

International General Insurance Co. Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

	Year Ended December 31,	
	2023	*2022*
	USD '000	*USD '000*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**144,061**	81,316
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	**2,546**	3,083
Deferred tax expense (benefit)	**1,441**	(307)
Loss on disposal of property and equipment	**(89)**	112
Net realized (gain) loss on investments	**(6,723)**	687
Net unrealized (gain) on investments	**(3,058)**	5,454
Change in allowance for expected credit losses on investments	**(368)**	350
Leases expenses	**771**	963
Amortization of net premium on investments	**2,083**	2,191
Tax adjustment due to US GAAP conversion	**(1,949)**	665
Change in:		
Premiums receivable	**(34,814)**	(8,625)
Reinsurance recoverables	**(28,671)**	(3,859)
Ceded unearned premiums	**(3,604)**	(9,046)
Deferred policy acquisition costs, net of ceding commission	**(9,490)**	(2,445)
Accrued investment income	**(4,909)**	(831)
Other assets	**(1,265)**	(1,859)
Reserve for unpaid loss and loss adjustment expenses	**75,853**	58,598
Unearned premiums	**53,665**	25,480
Insurance and reinsurance payables	**(649)**	(2,516)
Operating lease liabilities payments	**(913)**	(1,035)
Other liabilities	**6,705**	(922)
Related Parties, net	**(5,455)**	5,721
Net cash provided by operating activities	**185,168**	153,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equity securities and other investments	**(17,368)**	(1,607)
Purchase of fixed maturity securities available-for-sale	**(313,002)**	(189,832)
Proceeds from maturity of fixed maturity securities held to maturity	**526**	312
Proceeds from sale/maturity of available for sale debt securities	**59,031**	60,972
Proceeds from sale of equity securities and other investments	**34,976**	1,413
Purchases of property and equipment and Intangible assets	**(3,248)**	(1,276)
Proceeds from sale of property and equipment	**89**	543
Change in term deposits	**(73,802)**	12,353
Change in short-term investments	**223,534**	(129,413)
Acquisition of a subsidiary	**(1,101)**	-
Net cash used in investing activities	**(90,365)**	(246,535)
FINANCING ACTIVITIES		
Dividends paid	**(37,730)**	(10,814)
Net cash flows used in financing activities	**(37,730)**	(10,814)
NET CHANGE IN CASH, AND CASH EQUIVALENTS AND RESTRICTED CASH	**57,073**	(104,174)
Cash, cash equivalents and restricted cash at the beginning of the year	**137,621**	241,795
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF THE YEAR	**194,694**	137,621
Supplemental Cash Flow Information:		
Income tax paid	**(6,635)**	(2,760)

See accompanying notes to the consolidated financial statements

1. ORGANIZATION

International General Insurance Co. Ltd (the "Company") is a limited liability company registered and incorporated in Bermuda under the Companies Act of 1981 on 2 May 2007 and is engaged in the business of insurance and reinsurance. The Company is a subsidiary of International General Insurance Holdings Limited (the "Parent"), which is incorporated as a company limited by shares under, DIFC Law No. 2 of 2009 on 7 May 2006. The ultimate parent company (the "Ultimate Parent") is International General Insurance Holdings Ltd. – Bermuda an exempted limited liability company registered and incorporated in Bermuda under the Companies Act of 1981 on 28 October 2019. The Company's registered office is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

The Company and its subsidiaries (together "the Group") operate in the United Arab Emirates, United Kingdom, Jordan, Malta, Morocco, Malaysia, and the Cayman Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Effective January 1, 2023, the Company transitioned from International Financial Reporting Standards ("IFRS") accepted by the International Accounting Standards Board to U.S. GAAP. The accompanying consolidated financial statements and notes thereto, including all prior periods presented, have been presented under U.S. GAAP.

Any references in these notes to applicable accounting guidance are meant to refer to the authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The consolidated financial statements comprise the financial statements of International General Insurance Holdings Ltd. and its subsidiaries and have been presented in United States Dollars ("USD") which is also the Group's functional currency. All intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated in full.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. The Company's principal estimates include:

- Reserve for unpaid loss and loss adjustment expenses;
- Premiums representing amounts due on business written but not yet reported;
- Allowance for expected credit losses on premiums receivable, reinsurance recoverables and certain investments including available-for-sale fixed maturity securities;
- Fair value measurements of certain financial assets and financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Investments

Investments in fixed maturity investments include corporate and government bonds. Equity securities include common stock. Other investments consist of mutual funds..

The Group currently classifies substantially all of its fixed maturity investments as "available-for-sale" and, accordingly, they are carried at fair value with the changes in fair value recorded as an unrealized gain or loss component of accumulated other comprehensive income in shareholders' equity. The fair value of fixed maturity securities is generally determined from quotations received from nationally recognized pricing services, or when such prices are not available, by valuation performed by independent third-party valuation service providers. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is reclassified to the consolidated statement of income. Realised gains and losses on disposition of investments are based on specific identification of the investments sold on the trade date.

Investments in fixed maturity investments held to maturity are carried at amortized cost when the Group has the ability and positive intent to hold these securities until maturity. When the Group do not have the ability or positive intent to hold bonds until maturity, these securities are classified as available-for-sale.

Interest income is recognized using the effective interest method and reflects amortization of premium and accretion of discount. Premiums and discounts arising from the purchase of bonds classified as available-for-sale are treated as adjustments to effective interest rate over their estimated holding periods, until maturity, or call date, if applicable.

The Group periodically reviews its investments to identify and evaluate credit based impairments related to the Company's available-for-sale investments. The estimated credit losses are calculated by comparing expected future cash flows to be collected to the amortized cost of the security. Estimates of expected future cash flows consider among other things, macroeconomic conditions as well as the financial condition, near-term and long-term prospects for the issuer, and the likelihood of the recoverability of principal and interest.

The Group recognises expected credit losses on available-for-sale securities through an allowance account. For available-for-sale securities that the Group does not intend to sell or for which it is more likely than not it will not be required to sell prior to the anticipated recovery in value, the credit component of the impairment is separated from the component related to all other market factors and reported in Change in allowance for expected credit losses on investments in the consolidated statements of income. The impairment related to all other market factors is reported as a fair value movement in a separate component of shareholder's equity in other comprehensive income (loss). The expected credit loss allowance account is adjusted for any additional credit losses or subsequent recoveries and the cost basis of the fixed maturity security is not adjusted.

For impaired available-for-sale securities that the Group intends to sell or for which it is more likely than not that it will be required to sell before an anticipated recovery in value, the full amount of the impairment is recognised in Change in allowance for expected credit losses on investments in the consolidated statement of income and the cost basis of the fixed maturity security is adjusted to reflect the recognised realised loss. The new cost basis is not adjusted for any recoveries in fair value.

The Group reports accrued investment income separately from fixed maturity securities and has elected to not measure an allowance for expected credit losses for accrued investment income. The write-off of investment income accrued for fixed maturities that have defaulted on interest payments is recognized as a loss in net realized investment gains (losses), in the period of the default, in the consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in equity securities may be accounted for using (i) the fair value option if elected, (ii) fair value through earnings if fair value is readily determinable or (iii) for equity investments without readily determinable fair values, the measurement alternative to measure at cost adjusted for any impairment and observable price changes, as applicable. The election to use the measurement alternative is made for each eligible investment.

The Group's investment portfolio includes equity securities and other investments that are accounted for at fair value. Such holdings primarily include publicly traded common stocks and funds. Dividend income on equities and other investments is reflected in investment income. Changes in fair value on equity securities and other investments are included in "Net unrealized gain (loss) on investments" in the consolidated statements of income.

Under the fair value option, we may elect to measure at fair value equity method investments that are not otherwise required to be carried at fair value. Subsequent changes in fair value for designated items are reported in earnings. The Company has elected the fair value option to account for certain equity method investments in which the Company has significant influence. The Company believes the fair value option best reflects the underlying economics of the investment.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, and highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in fair value.

(c) Term deposits

The term deposits are interest bearing bank deposits held with foreign banks and have original maturities over 12 months and are carried at amortized cost, which approximates fair value.

(d) Short-term Investments

Short-term investments include term deposits that have original maturities greater than three months but less than one year at the date of purchase. These are carried at amortised cost, which approximates fair value.

(e) Restricted Cash

Restricted cash represents amounts held for the benefit of third parties or is legally or contractually restricted as to withdrawal or usage by the Company. Such amounts are included in "Other assets" on the Company's consolidated balance sheets.

(f) ***Receivables***

Insurance receivables are recognized when due and are measured on initial recognition at the face value of the consideration to be received net of any allowance for expected credit losses. The Group monitors credit risk associated with premiums receivable through its ongoing review of amounts outstanding, aging of the receivable, historical loss data, and counterparty financial strength measures. Any allowance for expected credit losses is charged to "Change in allowance for expected credit losses on receivables" in the period. The receivable is recorded and revised in subsequent periods to reflect changes in the Company's estimate of expected credit losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reinsurance recoverables represent amounts of paid loss and loss adjustment expenses, case reserves and incurred but not reported ("IBNR") amounts ceded to reinsurers under reinsurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the associated claim liability. The Company reports its reinsurance recoverables net of an allowance for estimated uncollectible reinsurance, including expected credit losses. The allowance is based upon our ongoing review of amounts outstanding, length of collection periods, changes in reinsurer credit standing, disputes, applicable coverage defenses and other relevant factors. The Company uses a rating-based method to estimate the uncollectible reinsurance reserves due to credit losses. Under this method, reinsurance credit risk is estimated by considering the reinsurers probability of default. Additionally, reinsurance recoverables balances are evaluated to identify any dispute risk and when required, an additional reserve is recorded. Amounts deemed to be uncollectible, including amounts due from known insolvent reinsurers, are written off against the allowance. Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of "Change in allowance for expected credit losses on receivables".

(g) Other assets

Other assets consist of prepaid expenses, refundable deposits, restricted cash, funds held in trust accounts, property and equipment, intangible assets and operating lease assets.

Property and equipment are capitalised and carried at cost less accumulated depreciation and are reported in "other assets" in the consolidated balance sheets. Depreciation is calculated using a straight-line method over the estimated useful lives of the assets, generally three to fifty years. Land is not depreciated. The accumulated depreciation for property and equipment was USD 20,499 thousand and USD 20,527 thousand at December 31, 2023 and December 31, 2022, respectively. The net book value of our property and equipment at December 31, 2023 and December 31, 2022 was USD 24,022 thousand and USD 24,547 thousand, respectively.

Intangible assets include computer software and software licenses. Costs incurred to develop software programs to be used solely to meet the Company's internal needs have been capitalized as computer software within other intangible assets. These intangible assets are amortized on a straight-line basis over their estimated economic useful lives of 5 years. The straight-line method of amortization reflects an appropriate allocation of the costs of the intangible assets to earnings in proportion to the amount of economic benefits obtained by the Company in each reporting period. For intangible assets considered to have an indefinite life, the Company performs a qualitative assessment annually to determine whether it is more likely or not that the intangible asset is impaired. Goodwill is assessed annually for impairment or more frequently if circumstances indicate an impairment may have occurred.

The Group recognises operating lease liabilities at the commencement date based on the present value of future minimum lease payments over the lease term and corresponding ROU assets based on the corresponding lease liabilities adjusted for, prepaid or accrued lease payments. As the Group's leases do not disclose the implicit interest rate, the Group uses incremental borrowing rates to calculate the present value of future lease payments. Operating lease costs are recognized on a straight-line basis over the lease term. Renewal options are evaluated prior to the expiration date and recorded upon exercise.

(h) Premiums

Premiums are recorded as written on the inception date of the policy and are earned primarily on a pro rata basis over the term of the coverage provided. Unearned premiums include the portion of premiums written relating to the unexpired terms of the coverage.

Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognized as an expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group also assumes reinsurance risk in the normal course of business and reinsurance premiums are typically earned over the same period as the underlying policies or risks covered by the contract. Reinsurance premiums for assumed business are estimated based on information received from reinsurers and ceding companies. Any subsequent differences that arise on these estimates are recorded in periods in which they are determined.

Premiums also include estimates for pipeline premiums, representing amounts due on business written but not yet notified. The Group generally estimates the pipeline premium based on management's judgment and prior experience of market conditions and historical data using premium development patterns evident from active underwriting years to predict ultimate premiums trends at the close of the fiscal period.

(i) Reserve for unpaid loss and loss adjustment expenses

A reserve is held for losses, comprising amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries, and this is charged to income as incurred. The reserve for unpaid loss and loss adjustment expenses comprises the estimated amounts payable, in respect of losses reported to the Group and those not reported at the consolidated balance sheets date.

The Group generally estimates its losses based on inputs from appointed loss adjusters or leading underwriters' recommendations. In addition, a provision based on management's judgement and the Group's prior experience is maintained for the cost of settling losses incurred but not reported at the consolidated balance sheets date. The Group does not discount its reserves for unpaid loss and loss adjustment expenses, as the Group measures its insurance contract liabilities on an undiscounted basis.

(j) Deferred policy acquisition costs

Acquisition costs that are directly related and incremental to the successful acquisition or renewal of business are deferred and expensed over the same period over which the corresponding premiums are recognised, in accordance with the earning pattern of the underlying contract. The Company's insurance and reinsurance operations capitalize incremental direct external costs that result from acquiring a contract but do not capitalize salaries, benefits and other internal underwriting costs. Policy acquisition costs are net of ceding commissions received on business ceded under certain reinsurance contracts.

(k) ***Premium deficiency test***

A premium deficiency occurs if the sum of expected loss and loss adjustment expenses, unamortized acquisition costs exceed related unearned premiums and anticipated investment income on in-force business. A premium deficiency is recognized by charging unamortized acquisition costs to expense to the extent required in order to eliminate the deficiency. A liability is accrued for the excess deficiency if the premium deficiency exceeds the unamortized acquisition costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses to increase capacity and to limit its exposure to large losses and event. The Group uses pro rata and facultative reinsurance contracts. Reinsurance premiums ceded under prospective reinsurance contracts comprise the total premiums payable for the reinsurance cover provided by retrocession contracts entered into during the year and are recognized on the date on which the policy incepts. Reinsurance ceded premiums are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contracts. Reinsurance ceding commissions are recognized as a reduction to acquisition costs.

The Group has non–proportional excess–of–loss ("XOL") reinsurance contracts designed to mitigate the Group's net exposure of losses that exceed a specified limit including catastrophe losses.

The XOL costs are determined at the inception of the reinsurance contract and are payable upfront in the form of 'Minimum and Deposit Premium' ("MDP") subject to premium adjustment at the end of the contract period. Deferred premiums are calculated on a pro rata basis based on the type of the XOL reinsurance contract and included in ceded unearned premiums.

Excess of loss reinsurance also includes reinstatement premium and related cash flows within the boundary of the initial reinsurance contract arising from usage of primary reinsurance coverage limit. Reinstatement occurs at predetermined rates without giving the reinsurer any right to exit or reprice the contract. This implies expected cash flows related to the reinstatement premium shall be within the boundary of the initial reinsurance contract and are not related to future contracts.

Reinstatement premiums are recognized and expensed at the time a loss event occurs. The accrual of reinstatement premiums is based on an estimate of losses and loss adjustment expenses, which reflects management's judgment.

Reinsurance recoverables represent balances due from reinsurance companies. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Reinsurance recoverables are the amounts recoverable from reinsurers for paid and unpaid loss and loss adjustment expenses, including amounts receivable for unsettled losses and those incurred but not reported.

Reinsurance recoverables are estimated in a manner consistent with the outstanding loss provision or settled losses associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated balance sheets only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation.

(n) Foreign currencies

Assets and liabilities of foreign operations whose functional currency is not the U.S. Dollar are translated at the prevailing exchange rates at each balance sheet date. Revenues and expenses of such foreign operations are translated at average exchange rates during the year. The net effect of the translation adjustments for foreign operations is included in accumulated other comprehensive income, net of applicable deferred income tax. Monetary assets and liabilities, such as premiums receivable and the reserve for unpaid loss and loss adjustment expenses, denominated in foreign currencies are revalued at the exchange rate in effect at the balance sheet date with the resulting foreign exchange gains and losses included in net income. Accounts that are classified as nonmonetary, such as deferred acquisition costs and the unearned premium reserves, are not revalued. In the case of foreign currency denominated fixed maturity securities which are classified as “available-for-sale,” the change in exchange rates between the local currency in which the investments are denominated and the Company’s functional currency at each balance sheet date is included in unrealized appreciation or decline in value of securities, a component of accumulated other comprehensive income, net of applicable deferred income tax.

(o) Taxation

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax assets and liabilities result from temporary differences between the amounts recorded in the consolidated financial statements and the tax basis of the Company’s assets and liabilities.

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

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is more likely than not that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and a valuation allowance is recognized against the deferred tax assets to the extent that it is more likely than not that the deferred tax assets will not be recoverable.

Tax benefits relating to uncertain tax positions are only recognized when the uncertain tax position meets a more likely than not recognition threshold to be recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. INVESTMENTS

Fixed maturity securities available-for-sale, at fair value

The following table summarizes the Company's fixed maturity available-for-sale securities at December 31, 2023 and 2022:

	December 31, 2023				
	Amortised cost basis USD '000	***Gross unrealized gains USD '000***	***Gross unrealized losses USD '000***	***Allowance for expected credit losses USD '000***	***Fair value USD '000***
Foreign governments	**13,067**	**70**	**(738)**	**-**	**12,399**
Corporate bonds	**776,552**	**7,950**	**(30,958)**	**(353)**	**753,191**
Total	**789,619**	**8,020**	**(31,696)**	**(353)**	**765,590**

	December 31, 2022				
	Amortised cost basis USD '000	*Gross unrealized gains USD '000*	*Gross Unrealized losses USD '000*	*Allowance for expected credit losses USD '000*	*Fair value USD '000*
Foreign governments	8,625	4	(607)	-	8,022
Corporate bonds	529,686	22	(48,454)	(195)	481,059
Total	538,311	26	(49,061)	(195)	489,081

3. INVESTMENTS (Continued)

The following table summarizes gross unrealized losses and estimated fair value for available-for-sale securities by length of time that the securities have continuously been in an unrealized loss position:

	December 31, 2023					
	Less than 12 months		***12 months or more***		***Total***	
	Fair value USD '000	***Gross unrealised loss USD '000***	***Fair value USD '000***	***Gross unrealised loss USD '000***	***Fair value USD '000***	***Gross unrealised loss USD '000***
Foreign governments	**-**	**-**	**8,152**	**(738)**	**8,152**	**(738)**
Corporate bonds	**38,929**	**(517)**	**401,900**	**(30,441)**	**440,829**	**(30,958)**
Total	**38,929**	**(517)**	**410,052**	**(31,179)**	**448,981**	**(31,696)**

	December 31, 2022					
	Less than 12 months		*12 months or more*		*Total*	
	Fair value USD '000	*Gross unrealised loss USD '000*	*Fair value USD '000*	*Gross unrealised loss USD '000*	*Fair value USD '000*	*Gross unrealised loss USD '000*
Foreign governments	3,154	(178)	4,666	(429)	7,820	(607)
Corporate bonds	298,607	(23,860)	173,002	(24,594)	471,609	(48,454)
Total	301,761	(24,038)	177,668	(25,023)	479,429	(49,061)

At December 31, 2023, the Company held 272 (2022: 300) fixed-maturity securities in an unrealized loss position with a total estimated fair value of USD 448,981 thousand (2022: USD 479,429 thousand) and gross unrealized losses of USD 31,696 thousand (2022: USD 49,061 thousand). Of these securities, 241 (2022: 95) were in a continuous unrealized loss position for greater than 12 months. The Company regularly reviews all fixed-maturity securities within its investment portfolio to determine whether a credit loss has occurred. At December 31, 2023,76% of the Company's fixed-maturity securities were rated "A-" or better, and 0.1% were below investment grade or not rated. All of the Company's fixed maturity securities made expected coupon payments under the contractual terms of the securities. Based on the Company's review as of December 31, 2023, unrealized losses were caused by interest rate changes or other market factors and were not credit-specific issues.

The contractual maturities of the Company's fixed maturity available-for-sale securities are shown in the following table:

	December 31, 2023		*December 31, 2022*	
	Fair value ***USD '000***	**Amortized cost** ***USD '000***	Fair value *USD '000*	Amortized cost *USD '000*
Due in one year or less	**78,459**	**79,334**	34,658	35,742
Due after one you through to five years	**515,337**	**530,182**	362,368	388,764
Due after five you through to ten years	**100,801**	**103,933**	64,409	75,576
Due after ten years	**70,993**	**76,170**	27,646	38,229
	765,590	**789,619**	489,081	538,311

3. INVESTMENTS (Continued)

Allowance for expected credit losses

The following tables provide the movement of the allowance for expected credit losses of the Company's fixed maturity available-for-sale debt securities:

	December 31, 2023	*December 31, 2022*
	Corporate Bonds	
	USD '000	*USD '000*
Balance at beginning of year	**195**	-
Additions for current year allowance for expected credit losses	**158**	195
Balance at end of year	**353**	195

Investment Income

	Year ended December 31,	
	2023	*2022*
	USD '000	*USD '000*
Interest income	**39,750**	20,381
Dividends from other investments	**236**	139
Dividends from equities	**752**	576
Investment's custodian fees and other investments expenses	**(278)**	(160)
	40,460	20,936

Net realized gain (loss) on investments

	Year Ended December 31,	
	2023	*2022*
	USD '000	*USD '000*
Realized loss on sale of fixed maturity securities available-for-sale	**(477)**	(619)
Realized gain (loss) on sale of equity securities	**7,200**	(68)
	6,723	(687)

3. INVESTMENTS (Continued)

Net unrealized gain (loss) on investments

	Year Ended December 31,	
	2023	2022
	USD '000	USD '000
Unrealized gain (loss) on equity securities	**3,454**	(3,503)
Unrealized gain (loss) on other investments	**989**	(2,225)
Unrealized (loss) gain on equity-method investments at fair value	**(1,385)**	274
	3,058	(5,454)

Change in allowance for expected credit losses on investments

	Year Ended December 31,	
	2023	2022
	USD '000	USD '000
Change in allowance for expected credit losses for fixed maturity securities available-for-sale	**(158)**	(185)
Change in allowance for expected credit losses on fixed maturity securities held to maturity	**526**	(165)
	368	(350)

4. RECEIVABLES

Premiums receivable

The following table provides the balance of premiums receivable, net of allowance for expected credit losses, at December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
	USD '000	USD '000
Premiums receivable	**256,519**	219,487
Less: Allowance for expected credit losses	**(11,302)**	(9,085)
	245,217	210,402

As at December 31, 2023, USD 11,748 thousand of the total premiums receivable balance has been due for settlement for more than one year. The Company assesses the recoverability of premium receivables through a review of policies and the concentration of receivables by region.

4. RECEIVABLES (Continued)

The movement in the allowance for expected credit losses for the years ended December 31, 2023 and 2022 is as follows:

	December31, 2023 USD '000	*December 31, 2022 USD '000*
Opening balance	**9,085**	5,804
Change in allowance for expected credit losses	**2,372**	3,275
Write-offs	**(155)**	6
Ending balance	**11,302**	9,085

<u>Reinsurance recoverables</u>

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. 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 Group 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. Credit risk exists with reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements. Allowances are established for amounts deemed uncollectible. The Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from its exposure to individual reinsurers.

The following table provides the balance of reinsurance recoverables, net of allowance for expected credit losses, at December 31, 2023 and 2022:

	December 31, 2023 USD '000	*December 31, 2022 USD '000*
Reinsurance recoverables on unpaid losses	**212,610**	189,125
Less: Allowance for expected credit losses	**(361)**	(325)
	212,249	188,800
Reinsurance recoverables on paid losses	**14,507**	9,241
Less: Allowance for expected credit losses	**(3,673)**	(3,629)
	10,834	5,612
	223,083	194,412
% due from carriers rated "A-" or higher by major rating agencies	76%	85%
% due from all other rated carriers	24%	15%
% due from all other carriers with no rating by major rating agencies	**0%**	0%
Largest balance due from any one carrier as a % of total shareholders' equity	**8%**	7%

4. RECEIVABLES (Continued)

The movement in the allowance for expected credit losses for the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023 USD '000	*December 31, 2022 USD '000*
Opening balance	**3,954**	3,990
Change in allowance for expected credit losses	**80**	(36)
Ending balance	**4,034**	3,954

5. RESTRICTED CASH

Other assets include restricted cash in the amount of USD 13,001 thousand placed in a trust account in favor of the National Association of Insurance Commissioners (NAIC) to secure policyholders' obligations in relation to US surplus and excess lines business (December 31, 2022: USD 10,800 thousand). In addition, this item includes a restricted call deposit in the amount of USD 5,000 thousand (December 31, 2022: USD 5,000 thousand) placed in favor of the Group as collateral against reinsurance arrangements. The interest earned on this deposit is recognized as a liability and transferred to the reinsurance company on a semi-annual basis.

The following table details reconciliation of cash and restricted cash within the consolidated balance sheets:

	December 31, 2023 USD '000	*December 31, 2022 USD '000*
Cash and cash equivalents	**176,693**	121,821
Restricted cash (included within other assets)	**18,001**	15,800
Total cash, cash equivalents and restricted cash	**194,694**	137,621

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES

To recognize liabilities for unpaid losses, both known or unknown, the company establishes reserves, which is a balance sheet account entry representing estimates of future amounts needed to pay claims and related expenses. The reserves are comprised of case reserves, incurred but not reported claims ("IBNR") and the estimated expenses of settling claims, including claims specific costs (such as legal, loss adjuster fees).

Case Reserves: When a claim is reported, a member of the claims team will establish a “case reserve”. The case reserve will represent an estimate of the expected settlement amount and will be based on information about the specific claim at that time. The estimate represents an informed judgment based on general industry practices, the experience and knowledge of the claims handler and practices of the claims team.

IBNR: The IBNR is established as an estimate for losses incurred but not reported to the insurer at the reporting date. IBNR is often associated with the lag between an event occurring and the reporting to the Insurance company. The estimated IBNR also includes an allowance for the potential development in the adequacy of case reserves, namely “Incurred But Not Enough Reported” or “IBNER”, and all related claims expenses.

Management estimates the ultimate losses and loss adjustment expenses using a range of widely accepted actuarial methodologies and additional approaches as appropriate. The main methodologies used to project claims to ultimate include but are not limited to:

Chain Ladder Method: Using a development triangle of cumulative claims amounts, a set of incremental development factors are calculated. The development factor is equal to the ratio of the cumulative claims at each development period to that at the previous development period. These development factors are then applied to the most recent data point in the triangle to project the current claims to ultimate resolution. The development patterns are derived from the company's experience and where the credibility of the experience is considered insufficient to enable the selection of development factors thought to be representative of future claims development, a relevant market benchmark pattern may be considered, where available.

Initial Expected Loss Ratio (“IELR”) Method: This method estimates ultimate claims for each line of business and origin period to be equal to an IELR multiplied by the expected ultimate premium. The unpaid (IBNR) claims is the difference between these estimates and the current paid (or case reported) claims.

The IELRs are derived for each line of business as part of the business planning process. Where relevant and credible data is available, a “bridging” process is used to inform the selection of the IELRs and itself divides each IELR into the following components: Small losses, large risk losses, modelled catastrophe losses (losses arising from perils in countries modelled by our natural catastrophe modelling software, currently Verisk) and non-modelled Losses (losses could include but not limited to man-made “catastrophes” or natural catastrophes in countries not modelled by Verisk).

The modelling process first considers the IELRs gross of outward reinsurance and then derives the anticipated outward reinsurance recoveries resulting from the gross assumptions. The reinsurance program is modelled within a capital modelling package (currently Aon’s Tyche integrated modelling ecosystem). The aim of the bridging process is to restate trended and developed experience for each past year as if it was the experience in the underwriting year. Then the accident year loss ratios are derived by unwinding the underwriting year results by half a year. This restatement involves:

Bornhuetter-Ferguson (“BF”) method: This method is a blend of the Chain Ladder and IELR methods. Estimates can be made based on both paid claims and case reported claims.

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

For paid claims: The BF paid estimate is equal to the paid claims plus the IELR Method ultimate claims multiplied by the expected percentage estimated to be unpaid (derived from the paid claims Chain Ladder Method).

For case reported claims: The BF case reported estimate is equal to the case reported claims plus the IELR Method ultimate claims multiplied by the expected percentage estimated to be unreported (derived from the case reported claims Chain Ladder Method).

Ceded Reinsurance and Net IBNR: The outward reinsurance department determines outward reinsurance recoveries arising on case reported claims each month end by the application of the outwards program.

Reserves for outward reinsurance recoveries on estimated IBNR claims are determined by the application of reinsurance recovery ratios to the estimated gross IBNRs. This process is undertaken by line of business and by year. The derivation of the reinsurance recovery ratio considers each type of reinsurance (Facultative, Proportional Treaty and Excess of Loss Treaty) separately, with the estimates of the reinsurance recovery ratio developing over time depending on actual claims experience.

The key assumptions in calculating the most recent reserves are reviewed each quarter and adjusted where necessary. There were no significant changes in the gross or ceded methodology and assumptions during the most recent reporting period.

The following table represents an analysis of loss and loss adjustment expenses and a reconciliation of the beginning and ending reserve for unpaid loss and loss adjustment expenses:

	Year Ended December 31	
	2023 ***USD '000***	*2022* *USD '000*
Reserve for unpaid loss and loss adjustment expenses	**636,245**	577,650
Reinsurance recoverable on unpaid loss and loss adjustment expenses, net of allowance for expected credit losses	**(188,800)**	(182,124)
Net reserve for unpaid loss and loss adjustment expenses at beginning of year	**447,445**	395,526
Loss and loss adjustment expenses incurred, net of reinsurance:		
Current accident year	**228,381**	199,577
Prior accident years	**(39,294)**	(42,015)
Total loss and loss adjustment expenses incurred, net of reinsurance	**189,087**	157,562
Loss and loss adjustment expenses paid, net of reinsurance:		
Current accident year	**(25,875)**	(14,886)
Prior accident years	**(110,844)**	(90,721)
Total loss and loss adjustment expenses paid, net of reinsurance	**(136,719)**	(105,607)
Change in allowance for expected credit losses on reinsurance recoverables on unpaid loss and loss adjustment expenses	**36**	(36)
Net reserve for unpaid loss and loss adjustment expenses at end of year	**499,849**	447,445
Reinsurance recoverable on unpaid loss and loss adjustment expenses, net of allowance for expected credit losses	**212,249**	188,800
Reserve for unpaid loss and loss adjustment expenses at end of year	**712,098**	636,245

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

Development on Prior Loss Reserves:

For the year ended December 31, 2023, the net ultimate loss increased by USD 228,381 thousand for accident year 2023 and decreased of USD 39,294 thousand for accident years 2022 and prior. The decrease in prior years' ultimate losses is comparable to USD 42,015 thousand in 2022 and is split between USD 19,193 for the long-tail business, USD 16,915 thousand for the short-tail business and USD 3,186 thousand for the reinsurance business. Assumptions for future inflation have been updated to reflect the increase in the costs of goods and some services and an anticipated knock-on change in wage-related costs. The decrease in ultimate losses is however driven by consistent favorable claims experience.

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

Claims development

The following tables provide information about incurred and paid claims development, net of reinsurance, as well as cumulative claims frequency. The tables include IBNR reserves plus expected development on reported claims, and the cumulative number of reported claims as at December 31, 2023. Cumulative number of reported claims is reported on a per claim basis.

Information about incurred and paid claims development for the years ended December 31, 2014 to December 31, 2022 is presented as unaudited supplementary information.

	Incurred Losses and Loss Adjustment Expenses, Net of Reinsurance – Specialty Long-tail										As of December 31, 2023	
	For the years ended December 31 Unaudited Prior Years											
Accident year	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***	***2021***	***2022***	***2023***	***IBNR liabilities and expected development on reported claims***	***Cumulative number of reported claims***
	USD ‘000	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***		
2014	3,291	8,443	9,215	10,013	12,513	11,825	11,549	11,396	11,256	11,455	4	508
2015	-	3,633	8,137	8,073	11,031	9,885	9,467	8,895	9,257	9,237	11	738
2016	-	-	2,758	7,868	17,376	15,373	17,299	17,096	16,830	16,099	810	922
2017	-	-	-	4,542	25,186	27,658	28,840	26,826	25,431	23,894	1,291	1,523
2018	-	-	-	-	42,580	44,766	45,182	41,041	35,191	43,288	8,568	2,303
2019	-	-	-	-	-	61,152	62,689	50,375	54,433	53,582	7,792	3,743
2020	-	-	-	-	-	-	85,084	90,179	82,863	84,893	12,915	3,267
2021	-	-	-	-	-	-	-	100,084	78,749	61,989	22,989	2,394
2022	-	-	-	-	-	-	-	-	83,392	73,707	45,179	2,167
2023	-	-	-	-	-	-	-	-	-	88,444	74,112	2,138
Total										466,588		

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance – Specialty Long-tail

	For the years ended December 31									
	Unaudited Prior Years									
Accident year	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***	***2021***	***2022***	***2023***
	USD '000	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***
2014	1,444	5,681	7,392	7,694	9,092	10,583	10,867	11,074	11,132	11,253
2015	-	941	2,128	4,535	5,675	6,240	6,841	7,007	6,919	8,422
2016	-	-	792	2,639	5,119	7,071	7,981	12,074	13,405	14,111
2017	-	-	-	509	4,877	11,092	15,967	18,242	19,297	20,324
2018	-	-	-	-	2,807	10,915	17,326	20,715	24,993	29,334
2019	-	-	-	-	-	4,463	17,503	22,951	31,363	36,508
2020	-	-	-	-	-	-	4,573	22,884	39,541	52,719
2021	-	-	-	-	-	-	-	4,519	14,775	24,693
2022	-	-	-	-	-	-	-	-	3,293	15,322
2023	-	-	-	-	-	-	-	-	-	4,985
Total										217,671
All outstanding liabilities prior to 2014, net of reinsurance										2,892
Reserve for unpaid loss and loss adjustment expenses, net of reinsurance										251,809

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

Incurred Losses and Loss Adjustment Expenses, Net of Reinsurance – Specialty Short-tail											As of December 31, 2023	
	For the years ended December 31											
	Unaudited Prior Years											
Accident year	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***	***2021***	***2022***	***2023***	***IBNR liabilities and expected development on reported claims***	***Cumulative number of reported claims***
	USD '000	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***		
2014	48,946	55,148	55,047	53,272	51,712	50,646	49,956	49,931	50,102	50,087	3	2,047
2015	-	44,305	58,417	58,008	57,282	57,524	57,475	57,206	57,101	57,209	14	1,832
2016	-	-	55,683	67,098	64,789	63,532	65,074	65,498	65,806	65,778	-	2,191
2017	-	-	-	52,715	75,847	74,425	71,505	71,543	71,516	71,012	114	2,536
2018	-	-	-	-	43,103	49,054	52,999	59,265	59,144	58,488	155	2,356
2019	-	-	-	-	-	50,247	43,406	41,649	41,433	40,646	223	2,156
2020	-	-	-	-	-	-	57,745	50,876	51,517	55,102	1,453	1,892
2021	-	-	-	-	-	-	-	74,394	64,493	60,008	3,200	2,080
2022	-	-	-	-	-	-	-	-	100,030	85,522	8,159	2,481
2023	-	-	-	-	-	-	-	-	-	109,997	64,895	1,851
Total										653,849		

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance – Specialty Short-tail

	For the years ended December 31									
	Unaudited Prior Years									
Accident year	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***	***2021***	***2022***	***2023***
	USD '000	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***	***USD '000***
2014	10,356	36,942	42,468	48,346	49,373	49,496	49,359	49,414	49,657	49,688
2015	-	16,300	36,771	50,581	52,759	55,976	56,154	56,181	56,724	56,808
2016	-	-	15,751	44,609	59,442	62,054	62,665	64,112	64,914	65,172
2017	-	-	-	16,317	39,217	50,218	58,223	63,029	67,460	67,334
2018	-	-	-	-	17,087	34,338	47,573	51,100	51,232	54,285
2019	-	-	-	-	-	8,654	21,029	30,993	33,847	35,043
2020	-	-	-	-	-	-	6,737	17,591	26,771	29,869
2021	-	-	-	-	-	-	-	10,396	29,782	43,704
2022	-	-	-	-	-	-	-	-	10,428	40,185
2023	-	-	-	-	-	-	-	-	-	15,517
Total										457,605
	All outstanding liabilities prior to 2014, net of reinsurance									2,063
	Reserve for unpaid loss and loss adjustment expenses, net of reinsurance									198,307

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

	Incurred Losses and Loss Adjustment Expenses, Net of Reinsurance – Reinsurance										As of December 31, 2023	
	For the years ended December 31											
	Unaudited Prior Years											
Accident year	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*	*IBNR liabilities and expected development on reported claims*	*Cumulative number of reported claims*
	USD '000	*USD '000*	*USD '000*	*USD '000*	*USD '000*	*USD '000*	*USD '000*	*USD '000*	*USD '000*	*USD '000*	*USD '000*	
2014	6,444	6,613	6,157	5,661	5,133	5,139	4,998	5,007	5,005	5,019	1	250
2015	-	2,100	4,385	5,888	6,419	6,187	6,050	6,149	6,012	5,946	4	230
2016	-	-	3,299	5,891	7,303	7,403	7,594	7,476	7,183	7,209	22	305
2017	-	-	-	9,563	15,243	14,758	15,150	15,783	14,989	14,704	124	423
2018	-	-	-	-	10,092	11,168	9,225	9,073	8,718	8,901	67	437
2019	-	-	-	-	-	14,333	11,363	10,936	11,062	11,039	168	490
2020	-	-	-	-	-	-	11,437	10,900	11,526	10,785	348	455
2021	-	-	-	-	-	-	-	17,788	19,628	20,346	1,274	431
2022	-	-	-	-	-	-	-	-	16,184	12,971	1,244	397
2023	-	-	-	-	-	-	-	-	-	29,940	16,349	248
Total										126,860		

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

Cumulative Paid Claims and Claim Adjustment Expenses, Net of Reinsurance – Reinsurance

	For the years ended December 31									
	Unaudited Prior Years									
Accident year	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***	***2021***	***2022***	***2023***
	USD ‘000	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***	***USD ‘000***
2014	745	5,106	5,024	4,709	4,704	4,821	4,832	4,958	4,961	5,006
2015	-	(178)	2,881	4,649	5,395	5,659	5,738	5,734	5,745	5,842
2016	-	-	359	3,106	5,223	6,102	6,612	6,804	6,872	6,952
2017	-	-	-	2,593	7,436	9,375	12,633	12,815	13,156	13,257
2018	-	-	-	-	131	5,675	6,999	7,365	7,610	7,882
2019	-	-	-	-	-	2,527	7,207	8,532	9,256	9,680
2020	-	-	-	-	-	-	97	3,123	4,304	5,240
2021	-	-	-	-	-	-	-	1,179	8,154	13,437
2022	-	-	-	-	-	-	-	-	951	5,316
2023	-	-	-	-	-	-	-	-	-	5,373
Total										77,985
All outstanding liabilities prior to 2014, net of reinsurance										497
Reserve for unpaid loss and loss adjustment expenses, net of reinsurance										49,372

6. RESERVES FOR UNPAID LOSS AND LOSS ADJUSTMENT EXPENSES (Continued)

The following table presents unaudited supplementary information about the average annual percentage payout of incurred claims, net of reinsurance for the year ended December 31, 2023:

	Average Annual Percentage Payout of Insurance Claims by Age, Net of Reinsurance								
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**
Specialty Long-tail	32%	23%	17%	11%	7%	5%	3%	1%	1%
Specialty Short-tail	53%	25%	11%	6%	3%	1%	1%	-	-
Reinsurance	46%	23%	13%	7%	4%	3%	2%	1%	1%

The following table provides a reconciliation of the net incurred and paid loss development tables to the reserve for unpaid loss and loss adjustment expenses as at December 31, 2023:

	As of December 31, 2023
	USD '000
Net outstanding liabilities	
Specialty Long-tail	**251,809**
Specialty Short-tail	**198,307**
Reinsurance	**49,372**
Reserve for unpaid loss and loss adjustment expenses	**499,488**
Allowance for expected credit losses on reinsurance recoverables	**361**
Reserve for unpaid loss and loss adjustment expenses, net of allowance	**499,849**
Reinsurance recoverable on unpaid loss and loss adjustment expenses	
Specialty Long-tail	**105,186**
Specialty Short-tail	**107,424**
Reinsurance	**-**
Total reinsurance recoverable on unpaid loss and loss adjustment expenses	**212,610**
Allowance for expected credit losses on reinsurance recoverables	**(361)**
Total reinsurance recoverable on unpaid loss and loss adjustment expenses, net of allowance for expected credit losses	**212,249**
Total gross reserves for unpaid loss and loss adjustment expenses	**712,098**

7. PREMIUMS AND REINSURANCE INFORMATION

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses and large claims. Retention limits for the excess–of–loss reinsurance vary by class of business. Also, a significant portion of the reinsurance is affected under the facultative reinsurance contracts to cover a single risk exposure.

The following table sets forth the effect of reinsurance activity on written and earned premiums and on net loss and loss adjustment expenses:

	Year Ended December 31,	
	2023	2022
	USD '000	*USD '000*
Written premiums:		
Direct	**348,418**	301,291
Assumed	**340,260**	280,692
Ceded	**(191,465)**	(189,158)
Net	**497,213**	392,825
Earned premiums:		
Direct	**321,556**	284,436
Assumed	**313,458**	272,067
Ceded	**(187,862)**	(180,112)
Net	**447,152**	376,391
Loss and loss adjustment expense:		
Direct	**141,092**	112,078
Assumed	**122,688**	123,128
Ceded	**(74,693)**	(77,644)
Net	**189,087**	157,562

8. DEFERRED POLICY ACQUISITION COSTS, NET OF CEDING COMMISSIONS

	2023	*2022*
	USD '000	*USD '000*
Balance at beginning of year	**77,751**	75,306
Acquisition costs deferred	**120,414**	104,918
Amortization of deferred acquisition costs	**(110,924)**	(102,473)
Balance at end of year	**87,241**	77,751

9. LEASES

The Group leases space for offices in Bermuda, UK, UAE, Malaysia, Malta and Morocco. All of these leases are classified as operating leases. These leases have a remaining lease term ranging between 2 to 9 years, some of which include options to renew the lease term. Additional information of the Group's leases are as follows:

	December 31,	
	2023	*2022*
	USD '000	*USD '000*
Cash payments included in the measurement of lease liabilities in operating cash flows	**913**	1,035
Cash payments included in the measurement of lease liabilities in financing cash flows	**35**	7
Right-of-use assets	**2,083**	2,614
Operating lease liability	**2,133**	2,663
Operating lease charge	**771**	963
Weighted average discount rate (%)	**4.3%**	4.0%
Weighted average remaining lease term (years)	**3.5**	3.2

Right-of-use assets are included in 'other assets' while the operating lease liability is included in 'other liabilities'.

The following table presents the contractual maturities of the Company's operating lease liabilities at December 31, 2023:

Years Ending December 31,	***USD '000***
2024	**966**
2025	**774**
2026	**348**
2027	**83**
2028 and after	**306**
Total undiscounted lease liability	**2,477**
Less: present value adjustment	**(344)**
Operating lease liability	**2,133**

10. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

Concentrations of credit risk

The areas where significant concentrations of credit risk may exist include investments, cash and cash equivalents, premiums receivables and reinsurance recoverables. The Company limits the amount of credit exposure to anyone financial institution and there were no investments in any single issuer exceeding 5% of the aggregate investment portfolio as at December 31, 2023. The Company holds cash and cash equivalents in several banks and ensures that there are no significant concentrations of credit risk in anyone bank. Refer to "Note 3. Investments" for information with respect to investments and to "Note 4. Receivables" with respect to premiums receivable and reinsurance recoverables.

Letters of Credit and other commitments

As of the date of the consolidated financial statements, the Group is contingently liable for the following:

- Letters of credit amounting to USD 1,826 thousand to the order of reinsurance companies for collateralizing insurance contract liabilities in accordance with the reinsurance arrangements (December 31, 2022: USD 2,917 thousand).

10. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS (Continued)

The Company's current arrangements with our bankers for the issue of letters of credit require us to provide collateral in the form of investments whereby the issued letters of credit do not exceed 70% of the collateralized investment. As at December 31, 2023 and 2022, these investments amounted to USD 2,608 thousand and USD 4,167 thousand, respectively. We do not consider that this unduly restricts our liquidity at this time.

- Letter of guarantee amounting to USD 307 thousand to the order of Friends Provident Life Assurance Limited for collateralizing a rent payment obligation in one of the Group entity's office premises (December 31, 2022: USD 292 thousand).
- In 2021, the Group signed a legally non-binding agreement with the University of California, San Francisco Foundation to contribute an amount of USD 1,250 thousand in five instalments over five years to support cancer research projects. As at December 31, 2023, the Group has paid USD 750 thousand and the remaining two instalments amounted to USD 500 thousand shall be made equally over the years from 2024 to 2025.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

A summary of changes in accumulated other comprehensive income (loss), net of taxes (where applicable) by component for the years ended December 31, 2023 and 2022 is presented below:

	December 31,	
	2023	*2022*
	USD '000	*USD '000*
Unrealized gains (losses) on fixed maturity securities arising during the year, net of taxes	**23,856**	(48,454)
Reclassification of net realized losses included in net income	**(477)**	(619)
Other comprehensive income (loss)	**23,379**	(49,073)

The amounts reclassified from accumulated other comprehensive (loss) income shown in the above table have been included in the following captions in our Consolidated Statements of Income (Loss):

	2023	*2022*
	USD '000	*USD '000*
Realized gains and losses on securities:		
Net realized investment losses	**(538)**	(627)
Income tax benefit	**61**	8
Net of taxes	**(477)**	(619)

12. TAXATION

The following is a summary of the Company's income (loss) before taxes allocated between domestic and foreign operations:

	2023 **USD '000**	2022 USD '000
Domestic:		
Bermuda	**119,176**	69,015
Foreign:		
U.K.	**28,494**	17,029
Other*	**4,267**	(1,774)
Income before taxes	**151,937**	84,270

- International General Insurance Co. Ltd is a tax-exempt company according to the tax law in Bermuda.
- IGI UK is subject to corporate taxation in accordance with the UK Tax Law. An increase from the current 19% UK corporation tax rate to 25%, effective from 1 April 2023, was announced in the Budget on 3 March 2021 and enacted on 10 June 2021.

* Income (loss) before taxes in "Other" mostly relates to subsidiaries and branches operating in Labuan, Morocco, Norway, and U.A.E. with the following tax rules applicable:

- International General Insurance Company (Europe) SE (IGI Europe) is subject to the normal standard rate in Malta of 35%.
- According to the Labuan Business Activity Tax Law, Labuan registered entities are subject to 3% tax on the audited net income.
- IGI Casablanca – Representative Office has no income sources. According to Casablanca Finance City Tax Code, regional offices are taxed at a rate of 10%. The taxable base is 5% of the operating cost.
- IGI Nordic is subject to the normal standard rate in Norway of 25%.
- International General Insurance Company (Dubai) Ltd. are not subject to income tax according to the tax law in UAE.

Income tax expense (benefit) is comprised as follows:

	2023 **USD '000**	2022 USD '000
Current income tax expense (benefit):		
Current income tax charge	**6,421**	3,278
Amounts in respect of prior years	**11**	(17)
Deferred tax expense:		
Origination and reversal of temporary differences	**1,165**	(310)
Amounts in respect of prior years	**276**	3
Income tax expense for the year	**7,873**	2,954

12. TAXATION (Continued)

As noted above, the tax rate in Bermuda, the Company's country of domicile, is currently zero. Application of the statutory income tax rate for operations in other jurisdictions produces a differential to the expected income tax expense as shown below. The reconciliation between the income tax expense and the amount that would result from applying the statutory rate for the Company for the years ended December 31, 2023 and 2022 is provided below.

Reconciliation of tax expense and the accounting income multiplied by the applicable tax rate is as follows:

	2023	*2022*
	USD '000	*USD '000*
Income tax at expected tax rate of zero percent	**-**	-
Foreign statutory tax rates differential	**7,825**	3,027
Non-deductible expenses	**60**	73
Other	**(12)**	(146)
Income tax expense (benefit) for the year	**7,873**	2,954

The significant components of the deferred income tax assets and liabilities were as follows:

	December 31, 2023	*December 31, 2022*
	USD '000	*USD '000*
Deferred tax assets:		
Operating loss carryforwards	**76**	398
Foreign exchange valuations	**-**	334
Allowance for expected credit losses	**363**	175
Unrealized losses on investments	**3,961**	4,877
Other deferred tax assets	**171**	4
Total deferred tax assets	**4,571**	5,788
Deferred tax liabilities:		
Foreign exchange valuations	**(220)**	-
Other deferred tax valuation	**(194)**	-
Total deferred tax liabilities	**(414)**	-
Net deferred tax asset	**4,157**	5,788

At December 31, 2023 and 2022 the Company had operating losses of USD 217 thousand and USD 1,138 thousand in Malta. The operating losses are available to offset future taxable income and do not expire.

12. TAXATION (Continued)

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023, which will apply a 15% corporate income tax to certain Bermuda businesses that are part of Multinational Enterprise Groups ("MNE Group"). The corporate income tax will take effect from January 1, 2025. An in scope MNE Group is an MNE Group if, with respect to any fiscal year beginning on or after January 1, 2025, the MNE Group has annual revenue of EUR 750 million or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding such fiscal year. Based on these provisions, the Company is not yet considered an in scope MNE Group.

An increase from the current 19% UK corporation tax rate to 25%, effective from April 1, 2023, was announced in the Budget on March 3, 2021 and enacted on June 10, 2021. As a result, UK deferred tax balances have been revalued to take this rate change into account, where relevant.

In January 2022, the Ministry of Finance in the UAE announced that it will introduce federal Corporate tax (CT) on the net profits of businesses. The tax will become applicable on 1 January 2024.

At December 31, 2023, the Group's current income tax payable (included in "Other liabilities") was USD 3,380 thousand. The tax returns that remain subject to examination by major tax jurisdictions are as follows:

At December 31, 2023	***Open Tax Years***
Major tax Jurisdiction	
UK	2023
Malta	2021 - 2023

13. FAIR VALUE

The Group uses the fair value hierarchy discussed in note 2 for determining and disclosing the fair value of financial instruments by valuation techniques.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Group considers factors specific to the asset or liability.

In order to determine if a market is active or inactive for a security, the Group considers a number of factors, including, but not limited to, the spread between what a seller is asking for a security and what a buyer is bidding for the same security, the volume of trading activity for the security in question, the price of the security compared to its par value (for fixed maturity investments), and other factors that may be indicative of market activity.

13. FAIR VALUE (Continued)

During 2023, corporate bonds available-for-sale amounting to USD 58,764 thousand were transferred from level 1 to level 2 as at December 31, 2023. In addition, corporate bonds available-for-sale amounting to USD 52,494 thousand were transferred from level 2 to level 1 as at December 31, 2023. These transfers between levels 1 and 2 occur depending on the input that is significant to the fair value measurement of the financial assets.

There was a transfer of an equity security investment amounting to USD 6,990 thousand out of Level 3 into Level 1 during the year ended December 31, 2023 as a result of the investment now having a quoted price in an active market.

Below is a summary of the assets and liabilities that are measured at fair value on a recurring basis and also represents the carrying amount on the Group's consolidated balance sheets:

	December 31, 2023			
	Level 1	***Level 2***	***Level 3***	***Total Fair Value***
	USD '000	***USD '000***	***USD '000***	***USD '000***
Assets measured at fair value:				
Fixed maturity available-for-sale securities:				
Foreign governments	**2,915**	**9,484**	**-**	**12,399**
Corporate bonds	**240,715**	**512,476**	**-**	**753,191**
Total	**243,630**	**521,960**	**-**	**765,590**
Equity securities	**26,208**	**-**	**-**	**26,208**
Other Investments	**-**	**11,060**	**-**	**11,060**
Fair value option:				
Equity-method investments measured at fair value	**-**	**-**	**3,522**	**3,522**
	269,838	**533,020**	**3,522**	**806,380**

13. FAIR VALUE (Continued)

	December 31, 2022			
	Level 1	*Level 2*	*Level 3*	*Total Fair Value*
	USD '000	*USD '000*	*USD '000*	*USD '000*
Assets measured at fair value:				
Fixed maturity available-for-sale securities:				
Foreign governments	1,235	6,787	-	8,022
Corporate bonds	99,731	381,328	-	481,059
Total	100,966	388,115	-	489,081
Equity securities	24,046	-	6,990	31,036
Other Investments	-	12,237	-	12,237
Fair Value option:				
Equity-method investments measured at fair value	-	-	4,907	4,907
	125,012	400,352	11,897	537,261

Fixed Maturity available-for-sale securities

Fixed maturity available-for-sale securities included in Level 1 and Level 2 consist of the majority of the Group's investments in corporate and non-US government securities. The Group's fixed maturity available-for-sale securities are primarily priced using pricing services from pricing vendors. Generally, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine a reasonable fair value. Observable inputs include, but are not limited to, investment yields, credit risks and spreads, reported trades, bids, offers, and reference data and industry and economic events. As the significant inputs used in the pricing process are observable market inputs, the fair value of these securities is classified within Level 1 and Level 2.

Equity Securities and Other investments

The Group's exchange traded equity securities are included in Level 1 as their fair values are based on quoted market prices in active markets. Other investments consist primarily of mutual funds that generally trade daily and as the fair values are based on observable market inputs. The fair values are included in Level 2 of the fair value hierarchy. The Group has a small number of securities included in Level 3 due to a lack of an available independent pricing source and as the significant inputs used to price these securities are unobservable, the fair values are classified as Level 3.

Equity-method investees measured at fair value

The Group accounts for its equity method investments using the fair value option.

The fair value of the Group's investment was determined using the adjusted net asset value ("NAV") approach. As significant inputs used in the valuation process are unobservable market inputs, the fair value of the investment is classified as Level 3. The unobservable inputs may cause significant increases or decreases in the fair value.

13. FAIR VALUE (Continued)

Level 3 Assets and Liabilities Measured at Fair Value

Below is a summary of quantitative information regarding the significant unobservable inputs (Level 3) used in determining the fair value of assets and liabilities measured at fair value on a recurring basis:

As at December 31, 2023	***Fair Value (Level 3) USD'000***	***Valuation Technique***	***Unobservable Inputs***	***Low***	***High***	***Weighted Average or Actual***
Equity-method investments measured at fair value	3,522	Adjusted net asset value ("NAV") approach	Sale price (per square meter) of the underlying properties owned by the investees	N/A	N/A	N/A

As at December 31, 2022	***Fair Value (Level 3) USD'000***	***Valuation Technique***	***Unobservable Inputs***	***Low***	***High***	***Weighted Average or Actual***
Equities	6,990	Multiples based valuation approach	Enterprise value to earnings before interest, tax, depreciation and amortization	7.9	8.7	8.3
			Price to earnings	10.3	11.4	10.9
			Price to book value of shares	1.1	1.2	1.1
Equity-method investments measured at fair value	4,907	"Adjusted net asset value ("NAV") approach"	Sale price (per square meter) of the underlying properties owned by the investees	N/A	N/A	N/A

The following table presents a reconciliation of the beginning and ending balances for all financial assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for 2023 and 2022:

	Equity Securities	***Equity-method investees***
	USD '000	***USD '000***
Year Ended December 31, 2023		
Balance at beginning of year	**6,990**	**4,907**
Change in fair value included in earnings	**-**	**(1,385)**
Transfer in and/or out of Level 3	**(6,990)**	**-**
Balance at end of year	**-**	**3,522**
Year Ended December 31, 2022		
Balance at beginning of year	6,672	4,633
Change in fair value included in earnings	318	274
Balance at end of year	6,990	4,907

There are no active markets for the equity-method investments measured at fair value.

13. FAIR VALUE (Continued)

Financial Instruments Disclosed, But Not Carried, At Fair Value:

The Company uses various financial instruments in the normal course of its business. The carrying values of cash and cash equivalents, term deposits, short-term investments, accrued investment income, certain other assets and other liabilities not included herein approximated their fair values.

14. RELATED PARTIES

- In 2023, the Group rented a boat for business promotion from a company owned by a major shareholder. The total expense charged to the general and administrative expenses was USD 206 thousand.

- The Group entities entered into a service level agreement whereby I.G.I Underwriting Jordan (IGIU) provides underwriting, claims and financial services to International General Insurance Co. Ltd. – Bermuda, International General Insurance Co. Ltd. – Labuan and International General Insurance Company United Kingdom. Based on the service level agreement, an agency fee expense is charged by IGIU and attributable cost against these services is charged back as general and administrative expenses to IGIU from these Group entities.

Transactions with related parties included in the consolidated statement of income represented by agency fee, aircraft management fees, rentals and commission paid as follows:

	2023 ***USD '000***	*2022* *USD '000*
Agency fees due to I.G.I Underwriting – Jordan (Subsidiary of the Parent Company)	**35,947**	33,541
Costs recharged back to I.G.I Underwriting – Jordan (Subsidiary of the Parent Company)	**32,137**	28,025
Costs recharged from International General Insurance Holdings Ltd. – Bermuda (ultimate parent)	**(6,440)**	(3,860)
Commission paid to North Star Underwriting Limited (Subsidiary of the Parent Company)	**1**	4
Aircraft management fees paid to Arab Wings Co. *(Company owned by a shareholder of the ultimate parent)*	**220**	274

Balances with related parties included in the consolidated statement of financial position are as follows:

	Amounts owed by related parties *USD '000*	Amounts owed to related parties *USD '000*
2023		
International General Insurance Holdings Limited *(Parent)*	**37,837**	-
International General Insurance Holdings Ltd. *(Ultimate Parent)*	-	**33,113**
North Star Underwriting Limited *(Subsidiary of the Parent Company)*	-	**413**
I.G.I Underwriting – Jordan *(Subsidiary of the Parent Company)*	-	**28,621**
	37,837	**62,147**
2022		
International General Insurance Holdings Limited *(Parent)*	36,043	-
International General Insurance Holdings Ltd. *(Ultimate Parent)*	-	42,099
North Star Underwriting Limited *(Subsidiary of the Parent Company)*	-	1,046
I.G.I Underwriting – Jordan *(Subsidiary of the Parent Company)*	-	22,663
	36,043	65,808

15. LEGAL PROCEEDINGS

The Group, in common with the insurance industry in general, is subject to litigation and arbitration in the normal course of its business. As of December 31, 2023, the Group was not a party to any litigation or arbitration which is expected by management to have a material adverse effect on the Group's results of operations and financial condition and liquidity.

16. SUBSEQUENT EVENTS

On 11 March 2024, the Company's Board of Directors declared a dividend for the period ending 31 December 2023 of USD 23,738 thousand.