Golden Tree Reinsurance Limited
(Incorporated in Bermuda)

Financial Statements
December 31, 2023
(expressed in U.S. dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Golden Tree Reinsurance Limited

Opinion

We have audited the financial statements of Golden Tree Reinsurance Limited (the "Company"), which comprise the statement of financial position as at December 31, 2023, the statements of profit or loss and other comprehensive income, changes in shareholder's 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 present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 "*Auditor's responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 judgment 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 auditor's 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 auditor's 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.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 30, 2024

Golden Tree Reinsurance Limited

Statement of Financial Position

As at December 31, 2023

(expressed in U.S. dollars)

	Note		At December 31 of: 2023	2022	At January 1 2022
				Restated	*Restated*
Assets					
Cash and cash equivalents	3	$	1,737,479	3,231,812	7,856,529
Financial assets at fair value through profit and loss	6		21,005,066	19,255,469	13,452,540
Debt instruments at amortized cost	7		12,506,844	16,555,889	8,572,324
Prepaid Expense			1,330	1,391	48,676
Right of use of assets	8		352,389	459,772	586,713
Total assets			**35,603,108**	**39,504,333**	**30,516,782**
Liabilities					
Insurance contract liabilities	9		2,277,060	4,078,724	3,078,932
Accrued liabilities			50,000	52,000	54,086
Lease Liability	8		280,975	367,528	475,053
Total liabilities			**2,608,035**	**4,498,252**	**3,608,071**
Equity					
Issued capital			120,000	120,000	120,000
Contributed surplus			7,525,688	7,525,688	7,525,688
Retained earnings			25,349,385	27,360,393	19,263,023
Total equity			**32,995,073**	**35,006,081**	**26,908,711**
Total liabilities and equity		$	**35,603,108**	**39,504,333**	**30,516,782**

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors

Director

Director

Date

Date

Golden Tree Reinsurance Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023

(expressed in U.S. dollars)

			For the years ended on December 31 of	
			2023	**2022**
	Note			***Restated***
Insurance revenue	4, 9	$	14,743,075	10,594,982
Insurance service expense	4, 9		(5,785,827)	(2,702,776)
Insurance service result			**8,957,248**	**7,892,206**
Interest revenue calculated using the effective interest method	5		507,157	404,992
Other interest and similar income	5		113,396	-
Net fair value gains on financial assets at fair value	5		787,930	466,609
Total investment income			**1,408,483**	**871,601**
Net reinsurance financial result	5		188,154	(220,008)
General and administration expenses			(564,893)	(446,429)
Net profit and other comprehensive income for the year		**$**	**9,988,992**	**8,097,370**

The accompanying notes are an integral part of these financial statements.

Golden Tree Reinsurance Limited

Statement of Changes in Shareholder’s Equity

For the year ended December 31, 2023

(expressed in U.S. dollars)

		Share capital	Contributed surplus	Retained earnings	Total shareholder's equity
December 31, 2021, as previously reported	**$**	**120,000**	**7,525,688**	**19,334,291**	**26,979,979**
Impact of initial application of IFRS 17				(71,268)	(71,268)
Restated balance as of 1 January 2022		**120,000**	**7,525,688**	**19,263,023**	**26,908,711**
Net profit and other comprehensive income for the year		-	-	8,097,370	**8,097,370**
December 31, 2022	**$**	**120,000**	**7,525,688**	**27,360,393**	**35,006,081**
Net profit and other comprehensive income for the year				9,988,992	**9,988,992**
Declared Dividends				(12,000,000)	**(12,000,000)**
December 31, 2023	**$**	**120,000**	**7,525,688**	**25,349,385**	**32,995,073**

The accompanying notes are an integral part of these financial statements.

Golden Tree Reinsurance Limited

Statement of Cash flows

For the year ended December 31, 2023

(expressed in U.S. dollars)

	Note		For the years ended on December 31 of 2023	2022
				Restated
Cash flows from operating activities				
Net profit and other comprehensive income for the year		$	9,988,992	8,097,370
Adjustment for:				
Net unrealized gain on investments	6		(787,930)	(466,609)
Depreciation			141,468	126,941
Interest accrued			(620,553)	(116,137)
Changes in assets and liabilities:				
Prepaid Expense			61	47,285
Right of use			(34,085)	-
Liability For Remaining Coverage			(3,516,211)	1,002,943
Liability For Incurred Claims			1,827,943	(3,151)
Accrued liabilities			(2,000)	(2,086)
Lease Liability			(86,553)	(107,525)
Net cash flows provided by operating activities			**6,911,132**	**8,579,031**
Cash flows from investing activities				
Purchase of debt instruments (*)			(4,028,798)	(6,000,000)
Debt instrument's repayments			635,000	763,222
Proceeds from investment disposals			-	1,000,000
Purchase of investment at FVTPL	6		(961,667)	(8,966,970)
Net cash flows (used in) investing activities			**(4,355,465)**	**(13,203,748)**
Cash flows from financing activities				
Dividend payment (*)			(4,050,000)	-
Net cash flows (used in) financing activities			**(4,050,000)**	**-**
Net decrease in cash and cash equivalents			(1,494,333)	(4,624,717)
Cash and cash equivalents – Beginning of year			3,231,812	7,856,529
Cash and cash equivalents – End of year		$	**1,737,479**	**3,231,812**

(*) During the year, dividends amounting to $7,950,000 were settled through the offset of debt instruments. These debt instruments represented loans that had been extended by the Company to the parent company. Upon the declaration of dividends, the Company offset the payable amounts against these outstanding loans.

The accompanying notes are an integral part of these financial statements.

1. The Company

Golden Tree Reinsurance Limited ("Golden Tree" or the "Company") was incorporated under the laws of Bermuda on October 22, 2018, and registered effective January 1, 2019, as a Class 3A insurer under the Insurance Act, 1978, amendments thereto and related regulations ("The Act") to write general insurance of property and casualty business. The Company is a wholly owned subsidiary of Iris Financial Services Limited ("Parent Company"), a company incorporated under the laws of Bermuda. The Company's registered office is Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda.

2. Summary of material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented.

2.1. Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2. Basis of presentation

The Company's financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss, which are stated at fair value.

2.3. Functional and presentation currency

Items included in these financial statements are measured in the currency of the primary economic environment in which the Company operates (the "Functional Currency"). The financial statements are presented in United States Dollars ("US$" or "USD"), which is the Company's functional and presentation currency.

2.4. Translation of foreign currencies

Monetary assets and liabilities originating in other currencies are translated into USD at the rates of exchange in effect at the balance sheet date. Non-monetary items originating in other currencies are translated into USD at the rates of exchange in effect at the dates when the transactions occurred. Revenue and expense items are translated into USD at the rate of exchange prevailing at the time of the transaction. The resulting exchange gains or losses are recognized in the statement of profit or loss and other comprehensive income.

2.5. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Key sources of estimation uncertainty are described in these significant accounting policies.

2.6. New and amended standards and interpretations

In these financial statements, Golden Tree has applied IFRS 17 and IFRS 9 for the first time. No other standard, interpretation, or amendment that has been issued but is not yet effective has been early adopted.

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 for annual periods beginning on or after January 1, 2023. Golden Tree has restated comparative information for 2022 using the transitional provisions in IFRS 17 Appendix C.

2. *Summary of material accounting policies (cont.)*

2.6. New and amended standards and interpretations (cont.)

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of Golden Tree's reinsurance contracts. Under IFRS 17, the Company's reinsurance contracts issued are eligible to be measured by applying the Premium Allocation Approach (PAA), simplifying the measurement process compared to the general model.

Key changes in measurement principles under the PAA include:

- Liability for remaining coverage reflects premiums received less deferred reinsurance acquisition cash flows and amounts recognized in revenue for reinsurance services provided.
- Liability measurement includes adjustments for the time value of money and financial risk if the premium due date and the related service period exceed 12 months.
- Explicit risk adjustment for non-financial risk when a group of contracts is onerous to calculate a loss component.
- Liability for incurred claims is determined on a discounted probability-weighted expected value basis, including an explicit risk adjustment for non-financial risk.

Changes to presentation and disclosure

The Company no longer reports line items such as gross written premiums and net written premiums. Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses

Transition

On the transition date, January 1, 2022, Golden Tree:

- Identified, recognized, and measured each group of reinsurance contracts as if IFRS 17 had always applied.
- Recognized assets for reinsurance acquisition cash flows as if IFRS 17 had always applied, performing a recoverability assessment at the transition date.
- Derecognized any existing balances that would not exist if IFRS 17 had always applied. These included deferred acquisition costs for reinsurance contracts and reinsurance receivables and payables. Under IFRS 17, they are included in the measurement of the reinsurance contracts
- Recognized any resulting net difference in equity.

Golden Tree applied the full retrospective approach for transition to IFRS 17.

<u>IFRS 9 Financial Instruments</u>

IFRS 9 replaced IAS 39 for annual periods beginning on or after January 1, 2018. Golden Tree elected to apply the temporary exemption from IFRS 9, deferring its initial application to align with IFRS 17. The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity

Golden Tree applied IFRS 9 retrospectively, restating comparative information for 2022. No differences from the adoption of IFRS 9 were recognized in retained earnings as of January 1, 2022.

2. *Summary of material accounting policies (cont.)*

2.6. New and amended standards and interpretations (cont.)

Changes to classification and measurement

IFRS 9 requires all financial assets to be classified and measured based on the Company's business model for managing the assets and their contractual cash flow characteristics. Categories for financial assets include:

- Debt instruments at amortized cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income

The classification of Golden Tree's financial assets is detailed in Note 2.9.

Changes to impairment calculation

IFRS 9 replaces the incurred loss approach with a forward-looking expected credit loss (ECL) approach for impairment of debt instruments at amortized cost. Golden Tree measures such instruments on a 12-month ECL basis, with allowances based on significant increases in credit risk.

Changes to Presentation and Disclosure

The Company has made the following presentation changes compared to the prior year's financial statements:

Statement of Financial Position

The line item "Investment at fair value" is now presented as "Financial assets at fair value through profit or loss."

The line items "Investments at amortized cost" and "Loan to affiliates" are now presented as "Debt instruments at amortized cost."

Statement of Profit or Loss and Other Comprehensive Income

The line item "Net investment income" is now divided into:

- Interest revenue calculated using the effective interest method
- Other interest and similar income
- Net fair value gains on financial assets at fair value through profit or loss

2.7. Cash and cash equivalents

Cash and cash equivalents include amounts held in banks and other deposits having original maturity of less than ninety days. The carrying value approximates fair market value because of the short-term liquidity.

2.8. Insurance and reinsurance contracts classification

Golden Tree issues reinsurance contracts to compensate other entities for claims arising from their insurance contracts. The Company determines whether a contract contains significant insurance risk by comparing the benefits payable after an insured event to those payable if the event did not occur.

2.8.1. Separating components from reinsurance contracts

Golden Tree assesses its reinsurance products to determine if they contain distinct components that must be accounted for under another IFRS standard. Currently, no such components require separation.

2. *Summary of material accounting policies (cont.)*

2.8. Insurance and reinsurance contracts classification (cont.)

2.8.2. Level of aggregation

Golden Tree determines the level of aggregation by dividing its business into portfolios of contracts with similar risks, managed together. These portfolios are further divided into groups based on expected profitability: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. Contracts are grouped by year of issue for recognition and measurement purposes. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

2.8.3. Recognition

Golden Tree recognizes groups of reinsurance contracts from the earliest of the following:

- The beginning of the coverage period
- The date when the first payment from a policyholder is due or received
- The date when an onerous contract is identified

2.8.4. Contract boundary

Golden Tree includes all future cash flows within the boundary of each contract in the group. Cash flows are included if they arise from substantive rights and obligations during the reporting period in which Golden Tree can compel the policyholder to pay premiums or has an obligation to provide reinsurance contract services.

2.8.5. Measurement - premium allocation approach

The Company applies the PAA to simplify the measurement of reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. When measuring liabilities for incurred claims, the Company does not discount cash flows as they are expected to occur less than one year after the date on which the claims are incurred, and it includes an explicit risk adjustment for non-financial risk.

The Company applies the PAA to all the reinsurance contracts that it issues, as:

- The coverage period of each contract in the group is one year or less

  Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Liability for remaining coverage – LRC

The Company enters into various reinsurance contracts that transfer significant insurance risk. The Company defines significant insurance risk as the possibility of having to pay, on the occurrence of an insured event, an amount that is significant in relation to the premiums earned by the Company on such contracts. The contracts are on a claim incurred basis and are classified as short-term.

2. *Summary of material accounting policies (cont.)*

2.8. Insurance and reinsurance contracts classification (cont.)

Subsequent measurement

The Group 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 insurance acquisition cash flows, except for lines for which the Group chooses to expense insurance acquisition cash flows as they occur
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period

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 does not adjust 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 to be paid within one year of being incurred.

Insurance acquisition cash flows – IACF

Insurance acquisition cash flows are allocated to related groups of reinsurance contracts recognized in the statement of financial position. An asset for reinsurance acquisition cash flows is recognized for acquisition cash flows incurred before the related group of reinsurance contracts has been recognized.

Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.

The Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

Liability for incurred claims – LIC

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Incurred Loss Development Method and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that a Company’s past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

2. *Summary of material accounting policies (cont.)*

2.8. Insurance and reinsurance contracts classification (cont.)

Risk adjustment for non-financial risk – RA

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 reinsurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The risk adjustment for non-financial risk is determined using the Cost of Capital method (“CoC”. The corresponding confidence level for this technique is approximately 80%. The CoC rate that is used is 6%.

2.8.6. Insurance revenue

Insurance revenue is allocated based on the passage of time or the timing of incurred reinsurance service expenses, if this differs significantly from the passage of time.

2.8.7. Loss components

A loss component is established for groups of contracts deemed onerous, representing the excess of fulfillment cash flows over the carrying amount of the liability for remaining coverage.

2.8.8. Insurance finance income and expense

Insurance finance income or expenses are the changes in the carrying amount of reinsurance contracts due to the time value of money and financial risk.

2.9. Financial assets

2.9.1. Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date at fair value. Except for financial assets recorded at FVPL, transaction costs are added to this amount.

2.9.2. Measurement categories

The Company classifies all financial assets based on the business model for managing the assets and the asset’s contractual terms into the following categories:

- Amortised cost
- FVPL

Debt instruments at amortised cost

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

- They are held within a business model with the objective of holding to collect contractual cash flows.

  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 settle claims. The business model is assessed at a higher level of aggregated portfolios, based on observable factors such as:

  - How performance is evaluated and reported to key management personnel.
  - The risks affecting performance and how they are managed.
  - The expected frequency, value, and timing of asset sales.

2. Summary of material accounting policies (cont.)

2.9. Financial assets (cont.)

2.9.2. Measurement categories (cont.)

- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  The Company assesses the contractual terms to identify whether they meet the SPPI test. 'Principal' is defined as the fair value of the financial asset at initial recognition. The most significant elements of interest are typically the time value of money and credit risk.

Financial assets at fair value through profit or loss

Financial assets in this category are either managed in a fair value business model, designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9.

2.9.3. Subsequent measurement

Debt instruments at amortised cost

After initial measurement, debt instruments are measured at amortised cost using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost includes any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in profit or loss when investments are impaired.

Financial assets at fair value through profit or loss

Financial assets at FVPL are recorded at fair value with changes recorded in profit or loss. Dividend income from financial assets at FVPL is recorded in profit or loss when the right to payment is established.

The fair value of investments is disclosed based on a fair value hierarchy that reflect the quality of inputs used to measure fair value. The valuation hierarchy is based upon whether the inputs to the valuation of an asset or liability are observable or unobservable in the market at the measurement date, with quoted market prices being the highest level (Level 1) and unobservable inputs being the lowest level (Level 3). A fair value measurement will fall within the level of the hierarchy based on the input that is significant to determining such measurement. The three levels are defined as follows:

- Level 1 – inputs are based upon quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for similar or identical instruments in inactive markets and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets and liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar valuation techniques.

2.9.4. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets after initial recognition, except in exceptional circumstances involving the acquisition, disposal, or termination of a business line.

2. *Summary of material accounting policies (cont.)*

2.9. Financial assets (cont.)

2.9.5. Derecognition

Derecognition other than for substantial modification

A financial asset (or part of it) is derecognised when:

- The rights to receive cash flows from the asset have expired, or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full to a third party under a pass-through arrangement and has transferred substantially all the risks and rewards of the asset or transferred control of the asset.

Derecognition due to substantial modification

The Company derecognises a financial asset when its terms and conditions are renegotiated to the extent that it becomes a new instrument, with the difference recognised as a derecognition gain or loss. For debt instruments at amortised cost, newly recognised loans are classified as Stage 1 for ECL measurement purposes. Factors considered include changes in currency, introduction of an equity feature, change in counterparty, or modifications affecting the SPPI criterion.

2.9.6. Impairment of financial assets

The Company recognises an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between contractual cash flows and expected cash flows, discounted at the effective interest rate.

ECLs are recognised in two stages:

- 12-month ECL for credit exposures without a significant increase in credit risk since initial recognition.
- Lifetime ECL for credit exposures with a significant increase in credit risk since initial recognition.

ECLs are measured on a Lifetime basis, and bonds with deteriorated credit risk are sold and replaced.

A financial asset is in default when contractual payments are 90 days past due, or internal/external information indicates the Company is unlikely to receive outstanding amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Calculation of ECLs

ECLs are calculated based on scenarios to measure expected cash shortfalls, discounted at an appropriate EIR. Key elements include:

PD: Probability of Default, the likelihood of default over a given time horizon.
EAD: Exposure at Default, the estimated exposure at a future default date.
LGD: Loss Given Default, the estimated loss arising in case of default.

Forward looking information

In its ECL models, the Company uses a broad range of forward-looking information such as GDP growth and central bank base rates.

2. *Summary of material accounting policies (cont.)*

2.9. Financial assets (cont.)

2.9.7. Write-offs

Financial assets are written off when the Company stops pursuing recovery. If the write-off amount exceeds the accumulated loss allowance, the difference is added to the allowance before applying it against the gross carrying amount. Subsequent recoveries are credited to credit loss expense. There were no write-offs reported.

2.10. Recognition of interest income

The effective interest rate method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. The EIR discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount. Transaction costs and any discount or premium on acquisition are included in the EIR calculation.

If cash flow expectations are revised for reasons other than credit risk, the changes are discounted at the original EIR with adjustments to the carrying amount.

Interest and Similar Income

Interest income includes amounts calculated using the effective interest method. Interest income is calculated on financial instruments at amortised cost using the EIR. Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate. The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount.

2.11. Leases

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

2. Summary of material accounting policies (cont.)

2.11. Leases (cont.)

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(expressed in U.S. dollars)

3. *Cash and cash equivalents*

Cash and cash and equivalents comprise cash at banks held with the following institutions:

		2023	2022
The Bank of N.T. Butterfield & Son Limited	$	1,721,611	2,553,158
Clarien Bank Limited		547	-
JP Morgan Chase (JPMorgan Chase & Co)		15,321	678,654
Total	$	**1,737,479**	**3,231,812**

4. *Insurance service result*

The breakdown of reinsurance service result is presented below:

		2023	2022
Insurance revenue	$	**14,743,075**	**10,594,982**
Insurance service expense			
Incurred claims and other incurred reinsurance service expenses		(2,137,910)	(1,747,721)
Changes that relate to past service - adjustment to LIC		(1,960,268)	99,578
Amortisation of reinsurance acquisition cashflows		(1,545,200)	(927,425)
Insurance acquisition expenses		(142,449)	(127,208)
Total reinsurance service expense		**(5,785,827)**	**(2,702,776)**
Insurance service result	$	**8,957,248**	**7,892,206**

5. *Total investment income and net reinsurance financial result*

The table below presents an analysis of total investment income and reinsurance finance result recognised in profit or loss in the period:

		2023	2022
Investment income			
Interest revenue calculated using the effective interest method	$	507,157	404,992
Other interest and similar income		113,396	-
Net fair value gains on financial assets at fair value through profit or loss		787,930	466,609
Total amounts recognised in the profit or loss		**1,408,483**	**871,601**
Insurance finance income/(expenses) from reinsurance contracts issued			
Net foreign exchange income/(expenses)		188,154	(220,008)
Total reinsurance finance income/(expenses) from reinsurance contracts issued	$	**188,154**	**(220,008)**

(expressed in U.S. dollars)

6. *Financial assets at fair value through profit and loss*

Fair value hierarchy

The following table summarizes the fair value hierarchy of Golden Tree's financial assets at FVPL as of December 31 of:

		2023			
		Fair value	**Level 1**	**Level 2**	**Level 3**
Investment funds	$	18,582,231	-	-	18,582,231
Managed portfolios (*)		2,184,699	2,184,699	-	**-**
Private equity investments		238,136	**-**	**-**	238,136
Total		**21,005,066**	**2,184,699**	**-**	**18,904,212**
		2022			
		Fair value	**Level 1**	**Level 2**	**Level 3**
Investment funds		17,923,442	-	-	17,923,442
Managed portfolios (*)		1,332,027	1,332,027	-	**-**
Total	$	**19,255,469**	**1,332,027**	**-**	**17,923,442**

(*) The managed portfolios invest in highly liquid investments, including government bonds, money market investments, and exchange-traded funds (ETFs).

Valuation Techniques

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using observable market data for similar instruments or valuation techniques that use observable inputs.

Level 3: The fair value of financial instruments that are not based on observable market data is determined using valuation techniques that rely on significant unobservable inputs, such as discounted cash flow models or other pricing models.

Changes in Fair Value

The following table presents the changes in fair value of financial assets at FVPL for the year ended December 31 of:

		2023	2022
Opening Balance	**$**	**19,255,469**	**13,452,540**
Purchases		961,667	6,336,320
Sales		-	(1,000,000)
Net gain on fair value adjustments		787,930	466,609
Closing Balance	**$**	**21,005,066**	**19,255,469**

(expressed in U.S. dollars)

7. Debt instruments measured at amortized cost

The breakdown of debt instruments measured at amortized cost is presented below as of December 31:

		2023	2022
Issuer			
Iris Financial Services Limited	**$**	9,138,477	13,925,239
BPA Funding I LLC		3,368,367	2,630,650
Total debt instruments at amortized cost	**$**	**12,506,844**	**16,555,889**

Iris Financial Services Limited

On January 5, 2020, the Company entered into an agreement with Iris Financial Services Limited, under which Golden Tree Reinsurance Limited has agreed to provide Iris with a loan facility up to USD 10,000,000, carrying a fixed interest rate of 1%, with a maturity term of 3 years.

The terms of the loan facility were amended on May 2, 2022, raising the borrowing limit to USD 16,000,000 and extending the maturity term indefinitely. It was agreed by both parties that the loan may be terminated with 7 days prior notice. As of December 31, 2023, Iris had utilized USD 8,915,000 of the revised credit facility and has an accrued interest balance of $223,477 (2022: $125,239)

BPA Funding I LLC

Elevva Holdings Limited ("Borrower") initially entered into a Loan Agreement on February 22, 2022, with BPA Funding I, LLC ("Lender"). This agreement was amended on March 17, 2023, to update the amortization schedule, defining new loan repayment terms. As part of the restructuring, warrants were issued under the Debt Restructuring Warrant Agreement dated August 15, 2023, entitling BPA Funding I LLC to purchase a certain percentage of shares from Elevva Holdings Limited.

Golden Tree Reinsurance Limited has a 23.33% participation interest in the Loan Agreement between BPA Funding I LLC and Elevva Holdings Limited. For the period November 1, 2022, to November 30, 2023, BPA Funding I LLC will receive interest payments in the form of shares. These shares will then be allocated to the members of BPA Funding, including Golden Tree, based on their respective participation interests. Additionally, Golden Tree will receive 50% of the warrant’s participation from the other three participants of the Loan Agreement.

8. Leases

The Company leases an office facility. The lease runs from April 1, 2021 to March 31, 2026. Lease payments are fixed. Information about leases for which the Company is a lessee is presented below.

		Office
Right of use of asset:		
Balance at 1 January	$	**459,772**
Depreciation charge for the year		(141,468)
Current year adjustments		34,085
Balance at 31 December		**352,389**
Lease liabilities:		
Balance at 1 January		**367,528**
Lease payment		(126,418)
Current year adjustments		39,865
Balance at 31 December	$	**280,975**

(expressed in U.S. dollars)

9. *Insurance contract liabilities*

Disclosure of reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims

2023

	LRC	LIC		
	Excluding loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening reinsurance contract liabilities	1,820,055	2,192,502	66,167	**4,078,724**
Net opening balance	**1,820,055**	**2,192,502**	**66,167**	4,078,724
Insurance revenue	(14,743,075)	-	-	**(14,743,075)**
Insurance service expenses				
Incurred claims and other reinsurance service expenses	-	2,137,910	-	**2,137,910**
Adjustments to liabilities for incurred claims	-	1,875,533	84,735	**1,960,268**
Amortisation of reinsurance acquisition cashflows	1,545,200	-	-	**1,545,200**
Insurance acquisition expenses	142,449			**142,449**
Total reinsurance service	**1,687,649**	**4,013,443**	**84,735**	5,785,827
Insurance finance income or expenses from reinsurance contracts				
Foreign exchange income/expense	(660,524)	472,370	-	**(188,154)**
Cash flows				
Premiums received	10,615,505	-	-	**10,615,505**
Claims and other reinsurance service expenses paid	-	(2,742,605)	-	**(2,742,605)**
Acquisition cost paid	(529,162)	-	-	**(529,162)**
Total cash flows	**10,086,343**	**(2,742,605)**	**-**	7,343,738
Closing reinsurance contract liabilities	(1,809,552)	3,935,710	150,902	**2,277,060**
Net closing balance	**(1,809,552)**	**3,935,710**	**150,902**	2,277,060

(expressed in U.S. dollars)

9. *Insurance contract liabilities (cont.)*

Disclosure of reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims

2022

	LRC	LIC		
	Excluding loss component	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Opening reinsurance contract liabilities	817,112	2,190,553	71,267	**3,078,932**
Net opening balance	**817,112**	**2,190,553**	**71,267**	3,078,932
Insurance revenue	(10,594,982)	-	-	**(10,594,982)**
Insurance service expenses				
Incurred claims and other reinsurance service expenses	-	1,747,721	-	**1,747,721**
Adjustments to liabilities for incurred claims	-	(94,478)	(5,100)	**(99,578)**
Amortisation of reinsurance acquisition cashflows	927,425	-	-	**927,425**
Insurance acquisition expenses	127,208			**127,208**
Total reinsurance service	**1,054,633**	**1,653,243**	**(5,100)**	2,702,776
Insurance finance income or expenses from reinsurance contracts				
Foreign exchange income/expense	386,386	(166,378)	-	**220,008**
Cash flows				
Premiums received	11,776,697	-	-	**11,776,697**
Claims and other reinsurance service expenses paid	-	(1,484,916)	-	**(1,484,916)**
Acquisition cost paid	(1,619,791)	-	-	**(1,619,791)**
Total cash flows	**10,156,906**	**(1,484,916)**		8,671,990
Closing reinsurance contract liabilities	1,820,055	2,192,502	66,167	**4,078,724**
Net closing balance	**1,820,055**	**2,192,502**	**66,167**	4,078,724

10. *Insurance and financial risk*

Insurance Risk

Golden Tree Reinsurance Limited has assumed significant insurance risks through various coverage programs, primarily in commercial credit, credit life, pet insurance, surety, and commercial auto & trucking insurance. The Company retains substantial portions of these risks, exposing it to potential losses.

Commercial Credit and Credit Life Coverage

Golden Tree reinsures commercial credit and credit life coverage provided to ExcelCredit S.A.S. ("Excel") and Iris CF - Compañía de Financiamiento S.A. ("Iris CF"), protecting them against loan defaults and borrower death. These coverages are fronted by a commercial reinsurer with an A.M. Best rating of A- or higher. The commercial credit policy of Excel covers 50% of loan defaults per vintage without deductible, while the credit life policy covers the initial loan amount up to $91,100. Effective April 1, 2023, Golden Tree extended its coverage to Iris CF to cover 100% of the default on payroll portfolio loans. Golden Tree retains 100% of the risk in these policies.

Pet Insurance Program

Effective May 1, 2022, Golden Tree entered into an agreement with Kanguro Insurance (“Kanguro”) and Cimarron Insurance Company (“Cimarron”) to provide pet reinsurance coverage. Kanguro handles underwriting and administration, while Cimarron fronts the program. Golden Tree assumes and retains 100% of the risk.

Surety policy

In 2023, Golden Tree issued a surety policy to cover defaults in Excel's loan agreements with three banks: BTG Pactual, GNB, and Santander. The coverage is up to 100% of each loan with a total aggregated exposure of COP 86,000 million.

Commercial Auto & Trucking Insurance:

Golden Tree participates in usage-based insurance (UBI) programs for commercial auto and trucking, targeting underserved mobility segments. These policies offer coverage based on vehicle usage, with defined coverage limits and deductibles. Advanced tracking technology ensures accurate mileage-based pricing.

These programs expose Golden Tree to significant insurance and operational risks. To mitigate these risks, the Company regularly reviews its risk models and employs robust monitoring and reporting systems to track portfolio performance and claims experience, thereby ensuring financial stability.

The following tables show the estimates of cumulative incurred claims, including both reported and not reported for each successive accident year at each reporting date, together with cumulative payments to date.

(in thousands USD)

Yr	2016	2017	2018	2019	2020	2021	2022	2023	Total
1	8	223	346	550	757	2,305	1,855	4,863	4,863
2	59	286	448	1,088	1,564	2,154	1,649		1,649
3	51	286	468	1,131	1,350	2,103			2,103
4	49	286	468	1,116	1,361				1,361
5	49	286	466	1,129					1,129
6	48	286	466						466
7	61	286							286
8	49								49

Total incurred losses	11,906
Losses paid	7,819
Estimates of present value of future cash flows	4,087

(expressed in U.S. dollars)

10. Insurance and financial risk (cont.)

The following tables show the concentration of liabilities for incurred losses by type of contract and geographical concentration as of December 31 of:

Type of contract	Country	2023	2022
Commercial Credit and Credit Life Coverage	Colombia	3,649,834	2,175,313
Pet Insurance Program	United States	285,876	17,189
Total		**3,935,710**	**2,192,502**

The are no incurred loses for the Surety and Commercial Auto & Trucking Insurance's programs as of December 31, 2023 and 2022.

Financial Risk

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

Management defines and assesses liquidity risk for the Company. Compliance is monitored, and any exposures or breaches are reported to the board. The policy is regularly reviewed to ensure its relevance and to account for changes in the risk environment.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

The following table summarises the maturity of the liabilities for incurred losses based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

2023

Type of contract	Less than 3 months	3 month to 1 year	1 to 5 years	Total
Commercial Credit and Credit Life Coverage	1,043,766	1,587,186	1,018,882	**3,649,834**
Pet Insurance Program	106,966	178,910	-	**285,876**

2022

Type of contract	Less than 3 months	3 month to 1 year	1 to 5 years	Total
Commercial Credit and Credit Life Coverage	622,088	945,968	607,257	**2,175,313**
Pet Insurance Program	6,736	10,453	-	**17,189**

10. Insurance and financial risk (cont.)

The following table summarises the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable.

2023

	Less than 3 months	3 month to 1 year	1 to 5 years	Total
Cash and cash equivalents	1,737,479	-	-	**1,737,479**
Financial assets at fair value through profit and loss	2,184,699	-	18,904,211	**21,088,910**
Debt instruments measured at amortized cost	-	6,000,000	6,506,844	**12,506,844**

2022

	Less than 3 months	3 month to 1 year	1 to 5 years	Total
Cash and cash equivalents	3,231,812	-	-	**3,231,812**
Financial assets at fair value through profit and loss	-	-	19,255,469	**19,255,469**
Debt instruments measured at amortized cost	-	6,000,000	10,555,889	**16,555,889**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or reinsurance contract issued will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk); market interest rates (interest rate risk); and market prices (price risk).

Management defines and assesses market risk for the Company. Compliance with the policy is monitored, and any exposures or breaches are reported to the board.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains needed to meet the Company's contractual requirements.

The nature of the Company's exposure to market risks and its objectives, policies, and processes used to manage and measure the risks have not changed from the previous period.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, reinsurance contract assets, and/or liabilities will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in USD and its exposure to foreign exchange risk arises primarily with respect to the Colombian Peso ("COPS). The Company's financial assets are primarily denominated in the same currencies as its reinsurance contract liabilities.

The table below summarises the Company's net exposure in COPS translated to USD.

	COPS *(in thousands)*		**USD**	
	2023	**2022**	**2023**	**2022**
Net asset position	17,735,183	18,564,551	4,254,396	4,286,812

(expressed in U.S. dollars)

10. *Insurance and financial risk (cont.)*

Sensitivity Analysis

Variable	Change in Risk Variable	Impact on Profit or Loss	Explanation of Relationship
COPs/USD	+10%	67,214	If the COPs to USD closing exchange rate appreciates by 10% (from 3,822.05 to 3,439.85), this would result in an income of 67,214.
COPs/USD	-10%	54,993	If the COPs to USD closing exchange rate depreciates by 10% (from 3,822.05 to 4,205.23), this would result in a loss of 54,993.

Price Risk

Price risk is the risk that the fair value or future cash flows of financial instruments or reinsurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The Company's price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no reinsurance contracts which are exposed to price risk.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, and limits on individual and total equity instruments.

The Company has no significant concentration of price risk.

At the reporting date, the Company's exposure to price risk is through financial assets held at fair value USD 21,005,066 (2022: USD 19,255,469).

Sensitivity Analysis

Variable	Change in Risk Variable	Impact on Profit or Loss	Explanation of Relationship
Fair value prices of level 3 securities	+10% / -10%	1,882,037	If the fair value prices of Level 3 securities increase or decrease by 10%, this would result in a 1,882,037 increase or decrease in net income.

Operational Risks

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. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training, and assessment of processes. Business risks such as changes in environment, technology, and the industry are monitored through the Company's strategic planning and budgeting process.

10. Insurance and financial risk (cont.)

Credit Risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for 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 defines and assesses what constitutes credit risk for the Company. Compliance is monitored, and any exposures or breaches are reported to the board. The policy is regularly reviewed for relevance and adjusted to reflect changes in the risk environment.

Credit risk relating to financial instruments is monitored by the Company's investment team. It is their responsibility to review and manage credit risk. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The credit risk in respect of customer balances incurred on non–payment of premiums will only persist during the grace period specified in the policy document. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The nature of the Company's exposure to credit risk and its objectives, policies, and processes used to manage and measure the risks have not changed from the previous period.

Credit Exposure

Impairment Assessment

The Company's ECL assessment and measurement method is set out below.

Significant Increase in Credit Risk and Default

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or Lifetime Expected Credit Loss (LTECL), the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Credit rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application / protection.
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

There has been no significant increase in credit risk or default for financial assets during the year.

(expressed in U.S. dollars)

10. *Insurance and financial risk (cont.)*

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

11. *Related party transactions*

Parties are considered to be related when one party has the ability to control the other party or exercises significant influence over the other party in making financial or operational decisions or by virtue of material contracts in existence during the year. Management has determined that all dealings with related parties are in accordance with underlying agreements in place or approval of the Board of Directors.

The reinsurance transactions mentioned in Note 10 include reinsurance agreements where Golden Tree reinsures the risks for related parties Excel Credit S.A. and IRIS CF - Compañía de Financiamiento S.A., the original insureds, as well as for policies managed by Kanguro Insurance LLC as MGA. The original insureds obtain their insurance from unrelated insurance companies, which subsequently cede these policies to Golden Tree through a fronting company.

Payments to key management personnel for 2023 and 2022 are detailed as follows:

		2023	2022
Directors fees	$	30,500	27,375

Golden Tree maintains a parent-subsidiary relationship with Iris Financial Services Limited. As part of this relationship, there are intercompany loans between Golden Tree and Iris Financial Services Limited. The loans are issued under mutually agreed terms. The relevant information regarding these loans is disclosed in note 7.

Financial assets at fair value through profit and loss - Investment funds totaling $18,582,231 (2022: $17,923,442) (note 6) comprise investments in the Aqua MultiStrategy Fund Limited. The fund is considered a related party due to shared management with the parent company of Golden Tree.

12. *Capital risk management and statutory financial reporting*

Share capital consists of 120,000 common shares with a par value of $1, which were authorized, issued and fully paid as at December 31, 2023 and 2022.

The Company is required by its license to maintain a solvency margin and an enhanced capital requirement in accordance with the provisions of the Insurance Act. Each year the Company is required to file with the Bermuda Monetary Authority (the “Authority”) a capital and solvency return within four months of its relevant financial year end (unless specifically extended).

The prescribed form of capital and solvency return, which was revised under new legislation enacted in 2011, comprises the insurer’s Bermuda Solvency Capital Requirement (“BSCR”) model, a schedule of fixed income investments by rating category, a schedule of net loss and loss expense provision by line of business, a schedule of premiums written by line of business, a schedule of risk management and a schedule of fixed income securities. The BSCR includes a standardized model used to measure the risk associated with an insurer’s assets, liabilities and premiums, and a formula to take account of catastrophe risk exposure. The Authority requires all Class 3A insurers to maintain their capital at a target level which is 120% of the minimum amount calculated in accordance with the BSCR (the Enhanced Capital Requirement or “ECR”).

(expressed in U.S. dollars)

12. Capital risk management and statutory financial reporting (cont.)

These provisions have been met. Actual statutory capital and surplus, as determined using statutory principles, as follows:

		2023	2022 *Restated*
Total shareholder's equity	$	32,995,073	35,006,081
Less: Non-admitted assets:			
Prepaid expenses		(1,330)	(1,391)
Statutory capital and surplus	**$**	32,993,743	35,004,690

13. Taxation

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2035.

The Bermuda Corporate Income Tax Act (Bermuda CIT Act) was enacted on December 27, 2023 and is effective in 2025 for Bermuda businesses that are part of multinational groups with annual revenue exceeding Euro 750 million. The Company has determined that it does not fall within the scope of the Bermuda CIT Act

14. Provisions and contingent liabilities

During the year ended December 31, 2023, the Company declared and paid a dividend of $12,000,000 to its parent company without obtaining the required prior approval from the Authority, as stipulated in its insurance license conditions. This oversight has been acknowledged and reported to the Authority.

The Authority's initial response indicated that no immediate further actions were required from the Company and stated that they will follow up with correspondence regarding the breach in due course.

The Company remains solvent and compliant with the required capital, solvency, and liquidity ratios, ensuring its ability to continue operations without immediate financial distress. As the outcome and any potential penalty from the Authority are uncertain, no provision has been recognized. The Company does not anticipate a material impact on the financial statements relating to this breach given the Authority's initial response and the Company's ongoing compliance with all other regulatory requirements.

15. Subsequent events

No subsequent events were noted by management as of the date of issuance of the financial statements on July 30, 2024.