ASR RE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

ASR RE LIMITED

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For the year ended 31 December 2023

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ASR RE LIMITED

CORPORATE DATA

		Date appointed:	Date resigned:
DIRECTORS:	Ms. GREAVES Sophia Marie	15 June 2021	-
	Mr. HOWETT Bryan James	15 June 2021	30 November 2022
	Mr. SHAH Mikir	15 June 2021	-
	Ms. MARTIN Katherine	22 December 2022	-
	Mr. O'DONNELL Ciaran	27 January 2023	-
	Mr. LORIMER TURNER Garth Patrick	22 November 2022	-

ADMINISTRATOR & SECRETARY:
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton
HM 11
Bermuda

REGISTERED OFFICE:
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton
HM 11
Bermuda

AUDITOR:
Baker Tilly
H.P. House
21 Laffan Street
Hamilton
HM 09
Bermuda

ACTUARY:
SWAN Actuarial Services Ltd
Swan Centre
Intendance Street
Port Louis
Republic of Mauritius

ASR RE LIMITED

CORPORATE DATA

BANKERS:	ABSA Bank (Mauritius) Limited ABSA House, Wall Street Cybercity Ebène 72201 Republic of Mauritius
	Standard Chartered Bank (Mauritius) Limited 6th Floor, Standard Chartered Tower Bank Street Cybercity Ebène 72201 Republic of Mauritius
	Bank Julius Baer & Co. Ltd No.1, The Plaza, Elizabeth Avenue Admiral Park, P.O. Box 87 St. Peter Port Guernsey GY1 4BS, Channel Islands
INVESTMENT MANAGER:	Saranac Partners 16 St. James's Street London SW1A 1ER United Kingdom

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Independent Auditors' Report

To the Shareholder of ASR Re Limited

Opinion

We have audited the financial statements of ASR Re Limited (**Company**), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the 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 the ethical requirements of the Chartered Professional Accountants of Bermuda that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, 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 Responsibility 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.

- 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 achieved 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.

Baker Tilly

Chartered Professional Accountants
Hamilton, Bermuda
May 29, 2024

ASR RE LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023**	2022
		USD	USD
Insurance Revenue	10	**41,911,939**	16,785,118
Insurance service expenses	10	**(37,952,051)**	(14,489,625)
Net expenses from reinsurance contracts held	10	**(5,372,868)**	(935,299)
Insurance service result		**(1,412,980)**	1,360,194
Net fair value gains on financial assets at fair value through profit and loss		**1,193,787**	-
Interest revenue calculated using the effective interest method		**229,763**	46,278
Investment income		**1,423,550**	46,278
Finance income from insurance contracts issued		**524,661**	967,009
Finance income/(expense) from reinsurance contracts issued		**71,667**	(119,211)
Net insurance finance income		**596,328**	847,798
Net insurance and investment result		**606,898**	2,254,270
Other income		**240,398**	-
Other operating expense	16	**(581,871)**	(392,788)
(Loss)/profit before taxation		**265,425**	1,861,482
Taxation	19	**-**	-
(Loss)/profit for the year		**265,425**	1,861,482
Other comprehensive income		**-**	-
Total comprehensive income for the year		**265,425**	1,861,482

The notes on pages 9 to 59 form an integral part of these financial statements.

ASR RE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 USD	2022 USD
Assets			
Investment in subsidiary	18	**-**	-
Intangible asset		**257,484**	-
Total non-current assets		**257,484**	-
Current assets			
Amount due by related companies	20	**27,148,314**	16,235,043
Other debtors		**238,229**	-
Financial assets at fair value through profit and loss	17	**23,597,368**	**-**
Cash and cash equivalents	7	**2,881,558**	38,046,422
Total current assets		**53,865,469**	54,281,465
Insurance contracts issued			
Insurance contract assets	10, 12 & 13	**-**	-
Reinsurance contracts held			
Reinsurance contract assets	14	**-**	1,343,888
Total assets		**54,122,953**	55,625,353
Equity and liabilities			
Equity	8	**120,000**	120,000
Capital contribution	8	**48,524,265**	48,524,265
(Accumulated losses)/retained earnings		**1,455,378**	1,189,953
Total Equity		**50,099,643**	49,834,218
Current liabilities			
Other payables	9	**640,034**	632,470
Amount due to holding company	20	**25,807**	25,807
Total current liabilities		**665,841**	658,277
Insurance contracts issued			
Insurance contract liabilities	12&13	**2,507,969**	5,132,858
Reinsurance contracts held			
Reinsurance contract liabilities	14	**849,500**	-
Total liabilities		**4,023,310**	5,791,135
Total equity and liabilities		**54,122,953**	55,625,353

Approved by the Board of Directors and authorised for issue on 29 May 2024 and signed on its behalf by:

Director
Name: Mikir SHAH

Director
Name: Ciaran O'DONNELL

The notes on pages 9 to 59 form an integral part of these financial statements.

ASR RE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

Group	**Stated Capital**	**Capital contribution**	**(Accumulated losses)/ retained earnings**	**Total**
	USD	**USD**	**USD**	**USD**
Balance at 31 December 2021	120,000	27,518,000	(671,529)	26,966,471
Amount invested through capital contribution	-	21,006,265	-	21,006,265
Profit for the year	-	-	1,861,482	1,861,482
Other comprehensive income	-	-	-	-
Balance at 31 December 2022	**120,000**	**48,524,265**	**1,189,953**	**49,834,218**
Amount invested through capital contribution	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**265,425**	**265,425**
Other comprehensive income	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**120,000**	**48,524,265**	**1,455,378**	**50,099,643**

The notes on pages 9 to 59 form an integral part of these financial statements.

ASR RE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	2023 USD	2022 USD
Operating activities		
Profit before taxation	**265,425**	1,861,482
Changes in insurance and reinsurance contract assets/ liabilities	**(431,501)**	3,939,815
Change in amount due by related parties	**(10,913,271)**	(16,235,043)
Change in amount due to holding company	**-**	18,041
Change in other debtors	**(238,229)**	-
Change in other payables	**7,564**	(146,011)
Net cashflow used in operating activities	**(11,310,012)**	(10,561,716)
Cashflows from investing activities		
Purchase of investments	**(23,597,368)**	-
Purchase of intangible asset	**(257,484)**	
Net cash used in investing activities	**(23,854,852)**	-
Cashflows from financing activities		
Capital contributions	**-**	21,006,265
Net cash generated from financing activities	**-**	21,006,265
Net movement in cash and cash equivalents	**(35,164,864)**	10,444,549
Cash and cash equivalents at beginning of the year	**38,046,422**	27,601,873
Cash and cash equivalents at 31 December	**2,881,558**	38,046,422

The notes on pages 9 to 59 form an integral part of these financial statements.

1. GENERAL INFORMATION

ASR Re Limited (the "Company" or the "Group") was incorporated as a private limited company in Bermuda on 15 June 2021. The address of the registered office is C/o Conyers Corporate Services (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton, Bermuda, HM 11. The principal activity of the Company is to operate as a reinsurer.

For the year ended the 31st December 2023, the Company's General Insurance business was made up of various Treaty quota share arrangements and binder agreements entered into with external global Insurance companies.

For the year ended the 31st December 2023, Africa Specialty Risks Reinsurer's ("the subsidiary") General Insurance business was wholly made up of an intra Group reinsurance quota share arrangement with the Company. The subsidiary is a company domiciled in Mauritius.

The Company is registered as a Class 3A insurer by the Bermuda Monetary Authority (BMA). The financial statements are presented in USD which is the Company's functional currency.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") and in accordance with the provisions of the Bermuda Companies Act 1981, as amended.

(b) Basis of measurement

The consolidated financial statements have been prepared under the going concern basis using the historical cost basis, except where otherwise stated.

(c) Functional and presentation currency

The consolidated financial statements are presented in United States Dollar (USD), which is the Group's functional and presentation currency.

(d) Basis of consolidation

<u>Subsidiary</u>

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity. The results and financial position of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date that control ceases.

The Group's consolidated financial statements include the financial statements of the Company and its subsidiary after all intercompany accounts and transactions have been eliminated. The accounting policies are consistent within the Group.

2. BASIS OF PREPARATION (CONTINUED)

(e) Use of estimates and judgement

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year is included in the relevant notes as follows:

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of loans; and

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Determination of functional currency

The determination of functional currency of the Group is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected.

Since the Group operates in an international environment and conducts most of its transactions in foreign currency, the Group has chosen to retain United States Dollar (USD) as its reporting currency since the majority of transactions entered into are denominated USD. The Group determines their functional currency based on the primary economic environment in which the Group operates.

Determination of deferred tax

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

2. BASIS OF PREPARATION (CONTINUED)

(e) Use of estimates and judgement (continued)

Expected credit loss

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making those assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

IFRS 17

Where applicable, the notes to the consolidated financial statements set out areas where Management has applied a higher degree of judgement that has a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

In application of accounting polices described in Note 4, the following judgements, estimates and assumptions that have had the most significant impact on the financial statements are:

(i) Valuation of general insurance contract ultimate best estimate loss which encompasses valuing the liability for remaining coverage (LRC) as well as the liability for incurred claims (LIC).

(ii) Estimates of future cash flows to fulfil insurance contracts:
As a result, the Company has engaged an independent and qualified actuary who applies estimation techniques to determine the appropriate provisions.

(iii) Discount rates – Given the low dealings in the Mauritian market in terms of corporate bonds and therefore the significant judgement required to estimate an illiquidity premium, the Company has opted to utilise the Bermuda Monetary Authority (BMA) published risk-free discount rates for (re)insurers to use for their Economic Balance Sheet requirements. The risk-free yield curve is derived using the Nelson and Sigel-Svensson (NSS) model with base input, sovereign bonds & swap rates that are adjusted downwards by 10 basis points to reflect credit risk. The yield curve already includes an adjustment for illiquidity premium. Given the principles under IFRS17 to only reflect financial risks in the determination of discount rate, for simplicity, 10 basis points are added to the referenced discount rates from the published rates at the corresponding duration for the Company.

Risk adjustment – The Company uses the direct additive of margins technique for Risk adjustment, given its relative merits and higher accuracy to reflect the non-financial risks of the Company. This also provides better alignment to current agreed market practice. The bootstrapping technique is applied to claims triangles to derive a distribution of losses at various percentiles. These are then used to inform the risk adjustment percentages. The percentage corresponding to the confidence level of 75% have been applied to the liability for remaining coverage and liability for incurred claims, for all inward and outward groups.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Up to the date of issue of these financial statements, the IASB has issued the following amendments which are effective for annual periods beginning on or after 01 January 2023:

- Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendments - Disclosure of Accounting Policies)
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments - Definition of Accounting Estimates)
- IAS 12 Income Taxes (Amendments - Deferred Tax related to Assets and Liabilities .arising from a Single Transaction)
- IAS 12 Income Taxes (International Tax Reform - Pillar Two Model Rules)

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 01 April 2023.

<u>Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)</u>

The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. An entity that elects to apply the amendment applies it when it first applies IFRS 17.

The main amendment in Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17) is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

There are no changes to the transition requirements in IFRS 9.

An entity that elects to apply the amendment applies it when it first applies IFRS 17.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendments - Disclosure of Accounting Policies)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments - Definition of Accounting Estimates)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whilst changes in accounting policies are generally applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IAS 12 Income Taxes (Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

IAS 12 Income Taxes (International Tax Reform - Pillar Two Model Rules)

The amendments align the standard's requirements with similar amendments to IAS 12 Income Taxes issued in May 2023. The application of the exception and disclosure of that fact is effective immediately, the other disclosure requirements are effective for annual reporting periods beginning on or after 1 January 2023.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two model rules). In March 2022, the OECD released commentary and illustrative examples that elaborate on the application and operation of the rules and clarify certain terms.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The stakeholders emphasised an urgent need for clarity given the imminent enactment of tax law to implement the rules in some jurisdictions. In response to stakeholder concerns, the IASB proposed amendments to IAS 12 Income Taxes. It issued Exposure Draft International Tax Reform—Pillar Two Model Rules (Proposed Amendments to IAS 12) on 9 January 2023. Given the urgent requirement for clarity, a shorter comment period of 60 days was provided. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules on 23 May 2023.

The Amendments introduce a temporary exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

STANDARDS AND INTERPRETATIONS ISSUED AND NOT YET EFFECTIVE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them. The directors have assessed that the below standards would not have an impact on the financial statements.

Amendments to:	**Effective for accounting period beginning on or after**
IFRS 7 Financial Instruments: Disclosures (Amendments regarding supplier finance arrangements)	01 January 2024
IFRS 16 Leases (Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions)	01 January 2024
IAS 1 Presentation of Financial Statements (Amendments - Classification of Liabilities as Current or Non-current)	01 January 2024
IAS 1 Presentation of Financial Statements (Amendments - Non-current Liabilities with Covenants)	01 January 2024
IAS 7 Statement of Cash Flows (Amendments regarding supplier finance arrangements)	01 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	01 January 2024
IFRS S2 Climate – related Disclosures	01 January 2024
IAS 21 The effects of changes in foreign exchange rates (Amendments – Lack of exchangeability)	01 January 2025

The directors are in the process of assessing the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. The amendments are not expected to have any major impact on the Company's financial statements.

4. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

(a) IFRS 17 Insurance Contracts

The Group has initially applied IFRS 17, whose effective date is 01 January 2023. The standard has been early-adopted by the Group.

Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin ("CSM").

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

Insurance finance income and expenses, disaggregated between profit or loss and OCI, are presented separately from insurance revenue and insurance service expenses.

The Group applies the General Measurement Model ("GMM) for all its contracts, regardless of whether the Premium Allocation Approach ("PAA") qualifies, as it provides a comprehensive and coherent framework for the measurement and release of the CSM, as the Group provides Insurance Services in the future. ("GMM").

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. However, the Group has not issued any policies that have these characteristics.

Reinsurance – Classification

Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Reinsurance contracts also expose the Group to financial risk.

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Reinsurance – Classification (continued)

Reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

The nature of the Group's operations means that all insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

Unit of account

The Group manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are
(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss.

Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:
(i) the beginning of the coverage period;
(ii) the date when the first payment from the policyholder is due or actually received, if there is no due date; and
(iii) when the Group determines that a group of contracts becomes onerous.

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Recognition and derecognition (continued)

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

(i) the beginning of the coverage period of the group; or
(ii) the initial recognition of any underlying insurance contract.

The Group does not recognise a group of quota share reinsurance contracts held until it has recognised at least one of the underlying insurance contracts. A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group. Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

(i) extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
(ii) the contract is modified and certain additional criteria are met that requires derecognition as per the requirements of IFRS17.

Fulfilment cash flows (FCF)

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.
The estimates of future cash flows:

(i) are based on a probability weighted mean of the full range of possible outcomes;
(ii) are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
(iii) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows.
In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Fulfilment cash flows (FCF) (continued)

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract Boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:
(i) costs directly attributable to individual contracts and groups of contracts; and
(ii) costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Risk adjustment for non- financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfil contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Initial measurement - Groups of contracts measured under the GMM
Contractual Service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

(i) the initial recognition of the FCF;
(ii) the derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

Subsequent measurement - Groups of contracts measured under the GMM

The carrying amount at the end of each reporting period of a group of insurance contracts issued at the is the sum of:

(i) the liability for remaining coverage (LRC), comprising:
   a. the FCF related to future service allocated to the group at that date; and
   b. the CSM of the group at that date; and
(ii) the liability for incurred claims (LIC), comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

(i) the remaining coverage, comprising:
   a. the FCF related to future service allocated to the group at that date; and
   b. the CSM of the group at that date; and
(ii) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

(i) changes that relate to current or past service are recognised in profit or loss; and

(ii) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts, the following adjustments relate to future service and thus adjust the CSM:

(i) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

(ii) changes in estimates of the present value of future cash flows in the LRC

(iii) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (i) –(iii). are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

Changes to the CSM

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

(i) The effect of any new contracts added to the group.

(ii) Interest accreted on the carrying amount of the CSM.

(iii) Changes in the FCF relating to future service

(iv) The effect of any currency exchange differences.

(v) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Interest accretion on the CSM

Interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises the locked in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. The Group determines coverage units based on premium given that it implicitly considers:
(i) Terms of policies
(ii) Earning patterns assumed
(iii) Premium which is representative of the exposure of contracts,

Amounts recognised in comprehensive income
Insurance service result from insurance contracts issued

Insurance revenue
As the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

Insurance revenue comprises the following:
(i) Amounts relating to the changes in the LRC:

(a) insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
- amounts related to the loss component;
- amounts of transaction-based taxes collected in a fiduciary capacity; and
- insurance acquisition expenses;
(b) changes in the risk adjustment for non-financial risk, excluding:
- changes included in insurance finance income (expenses);
- changes that relate to future coverage (which adjust the CSM); and
- amounts allocated to the loss component;
(c) amounts of the CSM recognised in profit or loss for the services provided in the period; and

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Insurance revenue (continued)

(d) experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes. Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

Insurance service expenses
Insurance service expenses include the following:
(i) incurred claims;
(ii) other incurred directly attributable insurance service expenses;
(iii) changes that relate to past service; and
(iv) changes that relate to future service

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

Net income (expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:
(i) reinsurance expenses;
(ii) incurred claims recovery;
(iii) other incurred directly attributable insurance service expenses;
(iv) effect of changes in risk of reinsurer non-performance;

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services:
(i) insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period;
(ii) changes in the risk adjustment for non-financial risk;
(iii) amounts of the CSM recognised in profit or loss for the services received in the period; and
(iv) ceded premium experience adjustments relating to past and current service.

Insurance finance income or finance cost

Insurance finance income or finance cost comprise the change in the carrying amount of the group of insurance contracts arising from:
a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

4. ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 17 Insurance Contracts (continued)

Insurance finance income or expenses (continued)

The Group disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group includes all insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option (the PL option) is applied).

(b) Revenue (excluding insurance revenue under IFRS 17)

Revenue is measured based on the consideration specified in a contract with a party. The Group recognises revenue when it transfers control over service to a party.

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:
- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

(c) Finance income and finance cost (excluding finance income and finance cost under IFRS 17)

The Group's finance income and finance cost include:

- interest income;
- interest expense; and
- exchange differences.

Interest income or expense is recognised using the effective interest method.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

4. ACCOUNTING POLICIES (CONTINUED)

(e) Taxation

Taxation comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(f) Financial instruments

<u>Recognition and initial measurement</u>

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through other profit and loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue.

<u>Classification and subsequent measurement</u>

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

4. ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include cash and cash equivalents.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group had no financial assets that are held for trading or whose performance is evaluated on a fair value basis.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

4. ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities (excluding the insurance liabilities under IFRS 17)

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Group includes in this category other payables.

Financial assets and financial liabilities

The Group classifies non-derivative financial assets into financial assets at fair value through profit or loss and loans and receivables.

The Group classifies non-derivative financial liabilities into other financial liabilities category.

Non-derivative financial assets and financial liabilities - Recognition and derecognition

The Group initially recognises loans and receivables on the trade date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

4. ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

Non-derivative financial assets and financial liabilities - Recognition and derecognition (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – Measurement

<u>Loans and receivables</u>

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise of bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Non-derivative financial liabilities – Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Non–derivative liabilities comprise of accounts payables. The Company has no financial liabilities measured at fair value through profit and loss.

4. ACCOUNTING POLICIES (CONTINUED)

(g) Impairment

Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses ('ECLs') on:

- financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realising security; or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

4. ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (continued)

(i) Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified.

Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Units ('CGUs'). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. ACCOUNTING POLICIES (CONTINUED)

(h) Stated capital

Ordinary shares
Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(i) Other operating expenses

Other operating expenses are recognised in profit or loss on an accrual basis.

(j) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

5. INSURANCE RISK

Risk Management Policy

The Risk Management Policy (“the Policy”) is intended to reflect the risk management procedures within the Group. They reflect the rules, guidelines and codes of the BMA with whom the Group is registered. The Insurance (Risk Management) Rules of 2016 (“the Rules”) is applicable to all insurers who are required to maintain, at all times, a Risk Management Framework to enable them to develop and implement strategies, policies, procedures and controls to manage material risks.

The Policy’s risk principles and strategy set out the guiding principles that have been adopted with regards to risk management within the Group. The Policy also includes the risk strategy, risk culture and principles underlying the risk appetite framework.

The Policy is concerned with the risk governance of the Group which includes the documentation of the Risk Management framework and sets out the different roles and responsibilities required within the Risk Management Framework (“RMF”). The RMF comprises all the strategies, systems, policies, processes, controls and resources for identifying, assessing, managing, monitoring and reporting on all material risks to which the Group is exposed.

5. INSURANCE RISK (CONTINUED)

(a) Regulatory framework

The RMF documentation includes the following:

- ASR Group Risk and Governance framework
- ASR Group Operational Risk Policy
- ASR Re Governance manual (including risk appetite and key risk indicators)
- Risk Register
- Investment policy statement

The Group's activities expose it to a variety of insurance risks. A description of the significant risk factors is given below together with the risk management policies applicable.

- Insurance risk
- Concentration risk
- Reinsurance risk
- Pricing and underwriting risks
- Claims risk
- Catastrophe risk

The operations of the Group are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

(b) Key risks arising from insurance contracts

Underwriting risk

The Group undertakes an extensive annual underwriting planning process in order to determine its targets for premium income and return on capital.

The Group manages underwriting risk by operating a number of controls:

(i) Maximum lines - Underwriters manage individual risks through adherence to set maximum line sizes. These maximums are set at the Binder and Underwriter level to ensure Underwriting risk is commensurate with an individual's experience and also the appetite of the capacity provider. There are also referral line sizes, whereby any risk exceeding a given threshold must present the risk for peer review with senior staff.

(ii) Monitoring performance against plan – A monthly reporting process ensures several layers of review for underwriting risks, with a particular focus on pricing, loss ratio forecasts, risk aggregation and reinsurance protection.

(iii) Peer and independent reviews – The Group operates a peer review process on a risk based sample of business by a fellow underwriter to ensure adherence to sound underwriting practices.

(iv) Underwriting risk review – Themed underwriting reviews are conducted by the Company's Risk Management Function to ensure that underwriting procedure and discipline are followed.

(v) Internal audit – Provides assurance over the performance of the underwriting controls.

5. INSURANCE RISK (CONTINUED)

(b) Key risks arising from insurance contracts (continued)

Claims Risk

The Group has various management controls in place to mitigate claims risk:

(i) Claims settlement and reserving authority limits – The Group employs strict claims handling authority limits.

(ii) Peer review- The Group's peer review process incorporates both qualitative and quantitative measures and findings are collated and reported to relevant committees.

(iii) Finance Control: Internal 5 step process to ensure correct amounts and correct parties are paid.

(iv) Regular Reserve Reviews. This are conducted quarterly and serve as an early identifier of negative claims trends.

Reserving Risk

The Group's reserving policy seeks to ensure appropriate allowance for reserving risk and consistency in reserving from year to year.

Reserves are set on an actuarial best estimate basis and prepared on an underwriting year basis and are intended to be true best estimates, i.e. estimates of expected value claims reserves. These are the basis for internal reporting and the derivation of expected loss ratios for business planning. The actuarial best estimate reserves are the responsibility of the Head of Actuarial. The Group's Actuarial Team calculate the reserves in conjunction with discussions with underwriting, claims and reinsurance functions. There are also extensive reviews of assumptions, methodology and figures with external consultants.

Once the best estimate reserves have been signed off internally by Management, the Group's final reserves is reported after the IFRS17 concepts of discounted FCF, risk adjustment and CSM are applied in line with the Group's Accounting Policy.

The Group has ensured that insurance liabilities in the statement of financial position at the reporting date for existing claims whether reported or not are adequate.

(c) Analysis of outstanding claims as at the reporting date

Should the average estimated unpaid claims and expense cost vary by 5%, the net impact on profit before tax is estimated to be USD 1,627,540 (2022: USD 132,116) as per the net result shown in the following tables.

5. INSURANCE RISK (CONTINUED)

(c) Analysis of outstanding claims as at the reporting date (continued)

	FCF	Risk Adjustment	CSM	Total	Impact on FCF	Impact on Risk adjustment	Impact on Gross CSM	Impact on profit before income tax
2023	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Insurance Contract Liabilities/ (Assets) as at 31 December	**(12,382,219)**	**6,327,301**	**8,562,887**	**2,507,969**	**-**	**-**	**-**	**-**
Unpaid claims and expenses - 5% increase	**-**	**-**	**-**	**-**	**3,037,455**	**256,111**	**(1,392,972)**	**(1,900,595)**
2022								
Insurance Contract Liabilities/ (Assets) as at 31 December	(1,624,162)	1,580,040	5,176,980	5,132,858	-	-	-	-
Unpaid claims and expenses - 5% increase	-	-	-	-	385,551	33,223	(269,929)	(148,845)

5. INSURANCE RISK (CONTINUED)

Analysis of outstanding claims as at the reporting date (continued)

	FCF	Risk Adjustment	CSM	Total	Impact on FCF	Impact on Risk adjustment	Impact on CSM	Impact on profit before income tax
2023	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Reinsurance Contracts Liabilities/ (Assets) as at 31 December	**1,976,446**	**(428,824)**	**(698,122)**	**849,500**	**-**	**-**	**-**	**-**
Unpaid recoveries - impacted by 5% increase in Gross	**-**	**-**	**-**	**-**	**(275,688)**	**(22,408)**	**25,041**	**273,055**
2022								
Reinsurance Contracts Liabilities/ (Assets) as at 31 December	80,160	(273,318)	(1,150,730)	(1,343,888)	-	-	-	-
Unpaid recoveries - impacted by 5% increase in Gross	-	-	-	-	(38,735)	(3,413)	25,418	16,730

5. INSURANCE RISK (CONTINUED)

(d) Claims development table

The tables below illustrate the gross and net claims incurred run-off triangle from policy inception as at 31 December 2023. Reinsurance recovery reserves on claims incurred amounted to USD 5,778,919 (2022: USD 2,618,884) (before the addition of a risk adjustment and the effects of discounting).

Gross claims development

Pure Underwriting Year	2021 USD	2022 USD	**2023** **USD**	**Total** **USD**
Estimate of incurred claim costs (undiscounted)				
At end of Pure Underwriting Year	1,032,899	10,004,858	7,465,488	-
1 year later	4,995,682	39,935,859	-	-
2 years later	6,139,649	-	-	-
Cumulative gross claims and other directly attributable expenses paid	(2,174,286)	(4,880,854)	(5,870,509)	**(12,925,649)**
Gross cumulative claims liabilities/(assets) as at 31 December	**3,965,363**	**35,055,006**	**1,594,979**	**40,615,347**
Premium Experience Adjustment				**(22,179,364)**
Effects of discounting				**(3,619,470)**
Effect of the risk adjustment margin for non financial risk				**3,177,194**
Gross LIC as at 31 December				**17,993,707**

5. INSURANCE RISK (CONTINUED)

(d) Claims development table (continued)

Net claims development

Pure Underwriting Year	2021 USD	2022 USD	**2023 USD**	**Total USD**
Estimate of Net incurred claim costs (undiscounted)				
At end of Pure Underwriting Year	937,942	8,647,959	2,357,731	-
1 year later	3,733,697	37,119,387	-	-
2 years later	5,897,412	-	-	-
Cumulative net claims and other directly attributable expenses paid	(2,174,286)	(4,493,306)	(3,870,509)	**(10,538,101)**
Net cumulative claims liabilities/(assets) as at 31 December	**3,723,125**	**32,626,081**	**(1,512,778)**	**34,836,428**
Premium Experience Adjustment				**(22,179,364)**
Effects of discounting				**(1,293,827)**
Effect of the risk adjustment margin for non financial risk				**2,845,884**
Net LIC as at 31 December				**14,209,121**

5. INSURANCE RISK (CONTINUED)

(i) Concentration risk

The Group is subject to product concentration risk

The Group has exposure to losses arising through the aggregation of risks in geographical sectors due to the concentrated geographical nature of the business. Events giving rise to such aggregations are typically man -made such as political risk/ violence events and major terrorism events. As part of the risk management process, the Group assesses exposures to Stressed Scenarios periodically to enable the Group to monitor potential accumulations of underwriting exposure against a pre- determined suite of big loss events and to confirm no breach of underwriting risk appetite.

(ii) Reinsurance risk

The Company cedes insurance risk to limit exposure to underwriting losses on both a non-proportional and proportional basis. Part of this reinsurance programme on the 2023 Underwriting Year is a proportional Intra Group 5% Net Quota Share Reinsurance Contract with the Company's subsidiary, Africa Speciality Risks Reinsurer, a Mauritian based reinsurance entity. These reinsurance agreements spread the risk and minimise the effect of losses. The Company however remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

When selecting the reinsurers, the Group considers their relative security which is assessed from public rating information with assistance from reinsurance brokers.

The table below sets out the concentration of the insurance contract liabilities before and after reinsurance. The disclosure is based on management's assessment on the main types of insurance risk cover they provide.

5. INSURANCE RISK (CONTINUED)

(ii) Reinsurance risk (continued)

ALL UWY	Gross Liabilities for incurred claims	Reinsurance share of liabilities for incurred claims	Premium Experience Adjustment	Net Risk Adjustment	Effect of discounting	Net liabilities/(assets) for incurred claims
	USD	USD	USD	USD	USD	USD
2023	**40,615,347**	**(5,778,919)**	**(22,179,364)**	**2,845,884**	**(1,293,827)**	**14,209,121**
2022	11,736,087	(2,618,884)	-	710,520	(881,729)	8,945,994

6. FINANCIAL RISK MANAGEMENT

Capital management

The Group's capital base is structured to exceed regulatory targets, maintain satisfactory credit ratings, align the profile of assets and liabilities taking account of risks inherent in the businesses, provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. Capital is managed under principles that consider all the risks associated with the businesses. The Group's capital base consists of Share capital, Contributed surplus, Retained Earning and Accumulated other comprehensive income as disclosed in the Consolidated Balance Sheets.

The Bermuda Insurance Act 1978 and Related Regulations (the Act) require the Group to meet minimum solvency margins. Statutory capital and surplus for the Group as at December 31, 2023 was USD 55.8.million (December 31, 2022: USD 51.5 million) and the enhanced capital requirement amount required to be maintained by the Group was USD 17.6 million (December 31, 2022: USD 8.5 million). The Group's statutory capital and surplus can be different from shareholder's equity due to certain items that are capitalised under IFRS but expensed or have a different valuation basis for statutory reporting, or are not admitted under the Act.

The Bermuda Monetary Authority (BMA) is the regulator of the Group. The laws and regulations of Bermuda require that the Group maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As of December 31, 2023, the amount of group statutory capital and surplus exceeds this regulatory requirement.

The Bermuda Solvency Capital Requirements (BSCR) is the prescribed form of capital and solvency reporting in Bermuda, which was revised under new legislation enacted in 2008. The BSCR includes a standardised 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 BMA requires all insurers to maintain their statutory capital and surplus at a target level which is 120 percent of the amount calculated in accordance with the BSCR. As of December 31, 2023, the statutory capital and surplus of the Group exceeded this regulatory requirement.

In addition, minimum liquidity ratios must be maintained by Bermuda entities writing general insurance business whereby relevant assets, as defined by the Act, must exceed 75 percent of relevant liabilities. The Act limits the maximum amount of annual dividends and distributions that may be paid by the Company. Before reducing statutory capital by 15 percent or more or statutory capital and surplus by 25 percent or more, as set out in the prior year's statutory financial statements, the Company shall request the approval of the BMA. The Act also limits the Company's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Company would be unable to pay its liabilities as they become due, or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and contributed surplus accounts. The Group meets all requirements of the Act and there are no additional restrictions on the distribution of Retained earnings.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include deposits, cash and cash equivalents and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item.

The Group's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Overview

The Group has exposure to the following risks from its use of financial instruments:
- market risk
- credit risk
- liquidity risk

(a) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Group's exposure to market risk are determined by a number of factors including interest rates, foreign exchange rates and market volatility. The Group conducts their investment operations in a manner that seek to exploit the potential gains in the market, while limiting its exposure to market declines.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The Group's exposure to interest rate risk is minimal and limited to its bank balance. The Group's income and operating cash flows are, however, independent of changes in market interest rates.

(c) Currency risk

For the year ended the 31 December 2023, the Group's General Insurance business was made up of various Treaty quota share arrangements or binder agreements entered into with external global Insurance companies. These contracts are settled in USD and all technical reserving is also calculated in USD, which is the functional currency of the Company. The reserving methodology takes into account the possibility of non- USD denominated currencies on a "look through underlying policy basis." Consequently, the Company is not exposed to material currency risk against the reported values of the Company's assets and liabilities.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

(c) Currency risk (continued)

Currency profile

	Financial assets	**Financial liabilities**	**Net Insurance contract assets**	**Net Insurance contract liabilities**
	2023	**2023**	**2023**	**2023**
	USD	**USD**	**USD**	**USD**
United States Dollar (USD)	**53,865,469**	**665,850**	**-**	**3,357,460**
	=======	=======	=======	=======
	2022	2022	2022	2022
	USD	USD	USD	USD
United States Dollar (USD)	54,281,465	658,277	1,343,888	5,132,858
	=======	=======	=======	=======

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The key areas where the Group is exposed to credit risk are:

- Premium and other receivables
- Reinsurance assets
- Cash and cash equivalents

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations. Credit risk arises from cash and cash equivalents. The Group also limits its exposure to credit risk by dealing only with counterparties that have a good credit rating and management does not expect the counterparties to fail to meet their obligations. The Group's bank balance is held with Absa Bank (Mauritius) Limited that has deposit rating of "Baa3" from Moody's and HSBC Bank Bermuda Limited maintains a stand-alone credit profile of 'BBB-' from S&P Global Ratings. At the reporting date, there was no significant concentration or increase in credit risk.

Premium and other receivables

Premium receivables are due from a variety of global insurance companies and via the Company's sister entity, Africa Specialty Risks Mauritius, a Manging General Agent domiciled in Manutius. The Group has appropriate policies in place to ensure that sale of services are made to clients with sound credit history. As such, the Group has defined policies and procedures in place in respect of overdue balances for monitoring and follow up on a timely basis.

At 31 December 2023, the directors have determined that all of the premium receivable balance is recoverable and have booked a provision for impairment of USD *Nil* (31 December 2022: USD *Nil*).

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk (continued)

Reinsurance assets

The Group is exposed to concentration of risks with respect to its reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group's directors regularly monitor the Group's exposure to reinsurance through appropriate monitoring for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Group will arise. The directors also monitor the financial strength of its reinsurers and there are policies in place to ensure that risks are ceded to credit worthy reinsurers only. To date of the reporting, the Group has not reported any defaults from its reinsurers.

Impairment

Impairment under IFRS 9 will apply to cash and cash equivalents being measured at amortised cost. These are short term (that is not longer than 12 months) and held with a reputable bank institution. Due to the low credit risk of the counterparty, the expected credit loss (ECL) was considered to be immaterial.

The Group allocates each exposure to a credit risk based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. From past experience, there is no evidence of an increase in credit risk since origination of the financial asset, including no history or current default cash held at the Group's banking partners. As such, no provision has been made for expected credit loss as it is immaterial.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	USD	USD
Cash and cash equivalents	**2,881,558**	38,046,422
Financial assets at fair value through profit and loss	**23,597,368**	-
Other debtors	**238,229**	-
Amount due by related companies	**27,148,314**	16,235,043
	53,865,469	54,281,465

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity are to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has strong liquidity position and seeks to maintain sufficient financial resources to meet its obligations as they fall due.

The maturity analysis for financial liabilities is based on undiscounted contractual maturities. For insurance liabilities, the maturity analysis is based on the estimated date when contractual cash flows will occur.

Group 2023	Due on demand USD	Due within 3 months USD	Due Between 3 and 12 months USD	Due Between 2 and 5 years USD	Total USD
Financial liabilities					
Other payables	**665,850**	**-**	**-**	**-**	**665,850**
Insurance contract liabilities	**-**	**-**	**-**	**-**	**-**
Insurance contract liabilities	**2,507,969**	**-**	**-**	**-**	**2,507,969**
Reinsurance contract liabilities	**849,491**	**-**	**-**	**-**	**849,491**
Total financial liabilities	**4,023,310**	**-**	**-**	**-**	**4,023,310**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Investment risk
+

The Group has appointed a professional Investment Manager (IM) to deliver its investment strategy. The IM operates within a defined set of investment guidelines and against an appropriate benchmark set by the Company's Investment Committee and approved by the board.

The approach taken is that investment activities are complementary to the primary underwriting activities of the business and should not divert or utilise financial resources otherwise available for insurance operations.

The preservation of capital and maintenance of sufficient liquidity to support the business and the enhancement of investment returns, within a set of defined risk constraints, are at the heart of the investment policy adopted by the Company.

Investment risks constraints are defined by "Investment Policy Statement" (IPS) which was approved by the Group's board. IPS gets reviewed on an annual basis. According to the existing IPS investment portfolios are managed conservatively, seeking to maximize underwriting capacity.

The portfolios have a constrained amount of corporate credit risk and a high liquidity thanks to the pre-ponderance of the US Treasury bond allocation. The portfolios' average interest rate duration is low (<2y) limiting the impact of interest rate and credit spread fluctuations on investment returns. The portfolios are invested in the reference currency of the company (the US dollar), removing any currency risk. Finally, considering the company's exposure to Emerging countries in Africa, the investment portfolios do not invest in Emerging Market securities.

The investment committee expects to see the evolution of the investment strategy to be a function of the maturity of the business and the view on the prevailing investment outlook.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Group 2022	Due on demand USD	Due within 3 months USD	Due Between 3 and 12 months USD	Due Between 2 and 5 years USD	Total USD
Financial liabilities					
Other payables	632,470	25,807	-	-	658,277
Insurance contract liabilities					
Insurance contract liabilities	5,132,858	-	-	-	5,132,858
Reinsurance contract liabilities	-	-	-	-	-
Total financial liabilities	5,765,328	25,807	-	-	5,791,135

Technical provisions comprising of the insurance and reinsurance contract liabilities generally have a maturity of settlement within a period in line with the type of insurance products of the Group.

The Group's cash balance is currently sufficient to meet its liabilities as and when they become due for settlement. Where required, the Group's shareholder provides financial support on a continued basis. Hence, the directors consider liquidity risk to be minimal at the reporting date.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair values

The carrying amounts of the financial instruments are approximate of fair value at the reporting date.

Categories of financial instruments

Other liabilities at amortised cost	**2023 USD**	2022 USD
Financial assets		
Amount due by related companies	**27,148,314**	16,235,043
Other debtors	**238,229**	-
Financial assets at fair value through profit and loss	**23,597,368**	-
Cash and cash equivalents	**2,881,558**	38,046,422
	53,865,469	54,281,465
Insurance contract liabilities		
Technical provisions:		
- Insurance contract liabilities	**2,507,969**	5,132,858
- Reinsurance contract liabilities	**849,491**	-
Financial liabilities		
Other payables	**640,043**	632,470
Amount due to holding company	**25,807**	25,807
	4,023,310	5,791,135

7. CASH AND CASH EQUIVALENT

	2023 USD	2022 USD
Cash and cash equivalents	**2,881,558**	38,046,422

8. STATED CAPITAL AND CAPITAL CONTRIBUTION

Stated Capital	**2023** **USD**	2022 USD
120,000 ordinary shares of USD 1 each	**120,000**	120,000

Capital contribution	**2023** **USD**	2022 USD
Amount invested	**48,524,265**	48,524,265

	2023 **USD**	2022 USD
Opening balance	**48,524,265**	27,518,000
Amount invested	**-**	21,006,265
Closing balance	**48,524,265**	48,524,265

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9. OTHER PAYABLES

	2023 **USD**	2022 USD
Accrued expenses	**640,043**	632,470

10. INSURANCE REVENUE AND INSURANCE SERVICE RESULT

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts for the reporting period is included in the following table.

	2023 **USD**	2022 USD
Contracts measured using the GMM		
Insurance Revenue		
Amounts related to changes in the remaining coverage		
CSM recognised for services provided.	**3,542,793**	4,034,691
Change in risk adjustment for non financial risk expired	**1,072,998**	807,340
Expected incurred claims and other insurance service expenses	**15,116,783**	11,943,087
Experience adjustments - arising from premiums received in the period other than those that relate to future service	**22,179,365**	-
Total insurance revenue	**41,911,939**	16,785,118
Insurance service expenses		
Incurred claims and other directly attributable expenses	**(29,694,938)**	(14,489,625)
Changes that relate to past service - changes in the FCF relating to the LIC	**(7,879,470)**	-
Losses on onerous contracts and reversal of those losses	**(466,794)**	-
Total insurance service expenses	**(37,952,051)**	(14,489,625)
Net income /(expenses) from reinsurance contracts held		
Amounts related to changes in the remaining coverage		
CSM recognised for services received	**(3,795,630)**	(1,968,214)
Change in risk adjustment for non financial risk expired	**(412,260)**	(126,257)
Expected incurred claims and other expenses recovery	**(4,717,474)**	(1,427,596)
Incurred claims and other expenses recovery	**3,552,496**	2,586,768
Total Net expenses from reinsurance contracts held	**(5,372,868)**	(935,299)
Total Insurance service result	**(1,412,980)**	1,360,194

11. EXPECTED RECOGNITION OF THE CONTRACTUAL SERVICE MARGIN

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit and loss is provided in the following table:

CSM expected to be recognised	**Insurance contracts issued 2023 USD**	**Reinsurance contracts held 2023 USD**	Insurance contracts issued 2022 USD	Reinsurance contracts held 2022 USD
in the next year	**4,049,250**	**(352,919)**	3,216,428	(977,100)
in 1- 2 years	**2,495,129**	**(177,013)**	974,455	(88,064)
in 2- 3 years	**1,855,472**	**(131,324)**	878,002	(81,082)
in 3- 4 years	**554,231**	**(35,954)**	554,282	(73,916)
after 4 years	**209,360**	**(30,953)**	121,710	(27,506)
Total	**9,163,442**	**(728,164)**	5,744,877	(1,247,668)

12. INSURANCE CONTRACTS ISSUED – RECONCILIATION OF THE ASSET FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS

Insurance contracts	**(Assets)/ Liabilities for remaining coverage 2023 USD**	**(Assets)/ Liabilities for incurred claims 2023 USD**	**Total (Assets)/ Liabilities 2023 USD**	(Assets)/ Liabilities for remaining coverage 2022 USD	(Assets)/ Liabilities for incurred claims 2022 USD	Total (Assets)/ Liabilities 2022 USD
Opening (assets)/ liability	**(6,380,214)**	**11,513,072**	**5,132,858**	(952,155)	1,031,033	78,878
Insurance revenue	**(41,911,939)**	**-**	**(41,911,939)**	(16,785,118)	-	(16,785,118)
Insurance services expenses						
Incurred claims and other insurance services expenses	**-**	**29,694,938**	**29,694,938**	-	13,597,883	13,597,883
Changes that relate to past service - changes in the FCF relating to the LIC	**-**	**7,879,470**	**7,879,470**	-	-	-
Losses on onerous contracts and reversals of those losses	**377,644**	**-**	**377,644**	-	-	-
Transfers between the LFRC and LIC	**22,179,364**	**(22,179,364)**	**-**	-	-	-
Amortisation of insurance acquisition cash flows	**-**	**-**	**-**	-	-	-
Adjustments to liabilities for incurred claims	**-**	**-**	**-**	-	891,742	891,742
Total insurance service expenses	**22,557,008**	**15,395,044**	**37,952,051**	-	14,489,625	14,489,625
Insurance service result	**(19,354,931)**	**15,395,044**	**(3,959,888)**	(16,785,118)	14,489,625	(2,295,493)
Net finance expenses from insurance contracts	**(1,271,449)**	**746,788**	**(524,661)**	(168,564)	(798,446)	(967,010)
Total changes in the statement of profit or loss	**(20,626,380)**	**16,141,831**	**(4,484,549)**	(16,953,682)	13,691,179	(3,262,503)
Cashflows						
Premiums received	**11,520,855**	**-**	**11,520,855**	11,525,623	-	11,525,623
Claims and other insurance services paid	**-**	**(9,661,195)**	**(9,661,195)**	-	(3,209,141)	(3,209,141)
Insurance acquisition cash flows	**-**	**-**	**-**	-	-	-
Total cash flows	**11,520,855**	**(9,661,196)**	**1,859,660**	11,525,623	(3,209,141)	8,316,483
Closing (assets)/ liabilities	**(15,485,739)**	**17,993,707**	**2,507,969**	(6,380,214)	11,513,072	5,132,858

13. INSURANCE CONTRACTS ISSUED – RECONCILIATION OF THE MEASUREMENT COMPONENTS

Group	Estimates of present value of future cashflows 2023 USD	Risk adjustment for financial risk 2023 USD	CSM 2023 USD	Total 2023 USD
Opening (assets)/ liability	**(1,624,162)**	**1,580,040**	**5,176,980**	**5,132,858**
Changes in the statement for profit or loss				
Changes that relate to current services				
CSM recognised for services provided	**-**	**-**	**(3,542,793)**	**(3,542,793)**
Change in risk adjustment for non financial risk for risk expired	**-**	**(1,072,998)**	**-**	**(1,072,998)**
Experience adjustments	**(9,221,504)**	**1,620,294**	**-**	**(7,601,210)**
Changes that relate to future services				
Contracts initially recognised in the year	**(9,700,455)**	**2,379,896**	**7,320,559**	**-**
Changes in estimates that adjust the CSM	**36,715**	**1,076,721**	**((735,793)**	**377,643**
Changes that relate to past services	**7,296,676**	**582,795**	**-**	**7,879,470**
Insurance service result	**(11,588,569)**	**4,586,708**	**3,041,973**	**(3,959,887)**
Net finance expenses from insurance contract	**(1,029,148)**	**160,552**	**343,935**	**(524,661)**
Total changes in the statement for profit or loss	**(12,617,717)**	**4,747,260**	**3,385,908**	**(4,484,548)**
Cash flows				
Premiums received	**11,520,855**	**-**	**-**	**11,520,855**
Claims and other insurance service expenses paid	**(9,661,196)**	**-**	**-**	**(9,661,196)**
Total cash flow	**1,859,659**	**-**	**-**	**1,859,659**
Closing (assets)/ liabilities	**(12,382,220)**	**6,327,300**	**8,562,888**	**2,507,969**

13. INSURANCE CONTRACTS ISSUED – RECONCILIATION OF THE MEASUREMENT COMPONENTS *(CONTINUED)*

	Estimates of present value of future cashflows	Risk adjustment for financial risk	CSM	Total
	2022	2022	2022	2022
	USD	USD	USD	USD
Opening (assets)/ liability	(1,696,221)	297,328	1,477,771	78,878
Changes in the statement for profit or loss				
Changes that relate to current services				
CSM recognised for services provided	-	-	(4,034,691)	(4,034,691)
Change in risk adjustment for non financial risk for risk expired	-	(807,340)	-	(807,340)
Experience adjustments	1,654,795	-	-	1,654,795
Changes that relate to future services				
Contracts initially recognised in the year	(8,945,189)	1,315,217	7,629,972	-
Changes in estimates that adjust the CSM	(24,997)	11,406	13,591	-
Changes that relate to past services	(6,964)	898,706	-	891,742
Insurance service result	(7,322,355)	1,417,989	3,608,872	(2,295,494)
Net finance (income)/ expenses from insurance contract	(922,069)	(135,277)	90,337	(967,009)
Total changes in the statement for profit or loss	(8,244,424)	1,282,712	3,699,209	(3,262,503)
Cash flows				
Premiums received	11,525,623	-	-	11,525,623
Claims and other insurance service expenses paid	(3,209,140)	-	-	(3,209,140)
Total cash flow	8,316,483	-	-	8,316,483
Closing (assets)/ liabilities	(1,624,162)	1,580,040	5,176,980	5,132,858

14. REINSURANCE CONTRACTS HELD – RECONCILIATION OF THE REMAINING COVERAGE AND FOR RECOVERIES OF INCURRED CLAIMS

Reinsurance contracts	(Assets)/ Liabilities for remaining coverage 2023 USD	(Assets)/ Liabilities for incurred claims 2023 USD	Total 2023 USD
Opening (assets)/ liability	**1,223,191**	**(2,567,079)**	**(1,343,888)**
Net Reinsurance contracts held expenses	**8,789,157**	**-**	**8,789,157**
Amounts recoverable from reinsurers			
Recoveries of incurred claims and other insurance service expenses	**-**	**(3,416,289)**	**(3,416,289)**
Adjustment to (assets)/ liabilities for incurred claims	**-**	**-**	**-**
Effect of changes in non-performance risk of reinsurers	**-**	**-**	**-**
Net expenses from reinsurance contracts	**8,789,157**	**(3,416,289)**	**5,372,868**
Net finance income from reinsurance contracts	**117,100**	**(188,767)**	**(71,667)**
Total changes in the statement of profit or loss	**8,906,257**	**(3,605,056)**	**5301,201**
Cash flows			
Premiums paid	**(5,495,361)**	**-**	**(5,495,361)**
Amounts received		**2,387,548**	**2,387,548**
Total cash flows	**(5,495,361)**	**2,387,548**	**(3,107,813)**
Closing (assets)/ liabilities	**4,634,087**	**(3,784,587)**	**849,500**

14. REINSURANCE CONTRACTS HELD – RECONCILIATION OF THE REMAINING COVERAGE AND RECOVERIES OF INCURRED CLAIMS *(continued)*

	2022 USD	2022 USD	2021 USD
Opening (assets)/ liability	(129,407)	(100,316)	(229,723)
Net Reinsurance contracts held expenses	3,522,067	-	3,522,067
Amounts recoverable from reinsurers			
Recoveries of incurred claims and other insurance service expenses	-	(2,380,784)	(2,380,784)
Adjustment to (assets)/ liabilities for incurred claims	-	(205,985)	(205,985)
Effect of changes in non-performance risk of reinsurers	-	-	-
Net expenses from reinsurance contracts	3,522,067	(2,586,769)	935,298
Net finance income from reinsurance contracts	(795)	120,006	119,211
Total changes in the statement of profit or loss	3,521,272	(2,466,763)	1,054,509
Cash flows			
Premiums paid	(2,168,674)	-	(2,168,674)
Amounts received	-	-	-
Total cash flows	(2,168,674)	-	(2,168,674)
Closing (assets)/ liabilities	1,223,191	(2,567,079)	(1,343,888)

15. IMPACT OF CONTRACTS RECOGNISED IN THE YEAR

The following table demonstrates that the 2023 underwriting year contract groupings was not considered onerous or having a significant possibility of becoming onerous at initial recognition, by the Group.

Group	**2023 USD**	2022 USD
Insurance contracts issued: Effect of contracts initially recognised in the year		
Estimates of present value of cash outflows	**31,126,765**	20,264,323
Estimates of present value of cash inflows	**(40,827,220)**	(29,209,512)
Risk adjustment for non financial risk	**2,379,896**	1,315,216
CSM for insurance contracts issued	**(7,320,559)**	(7,629,973)
Reinsurance contracts held: Effect of contracts initially recognised in the year		
Estimates of present value of cash outflows	**8,316,971**	4,733,471
Estimates of present value of cash inflows	**(4,906,814)**	(2,104,713)
Risk adjustment for non financial risk	**(427,805)**	(186,461)
CSM for reinsurance contracts held	**2,982,352**	2,442,297

16. OTHER OPERATING EXPENSES

	2023 USD	2022 USD
Legal and professional	**748,479**	305,335
Audit fees	**99,209**	73,226
Salary	**241,882**	18,749
Other expenses	**7,392**	-
Exchange (gain)/loss	**(515,091)**	(4,522)
	581,871	392,788

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

2023	**FVTPL**		**TOTAL**
	Designated	**Mandatory**	
	USD	**USD**	**USD**
Cash and cash equivalents	**84,366**	-	**84,366**
Government bonds	**14,523,763**	-	**14,523,763**
Other debt securities	**8,989,239**	-	**8,989,239**
Total investment assets and cash and cash equivalents	**23,597,368**	**-**	**23,597,368**

Investment assets at FVTPL		**2023**	
	Level 1	**Level 2**	**Total**
	USD	**USD**	**USD**
Cash and cash equivalents	**84,366**	**-**	**84,366**
Government bonds	**-**	**14,523,763**	**14,523,763**
Other debt securities	**-**	**8,989,239**	**8,989,239**
Total investment assets at fair value	**84,366**	**23,513,002**	**23,597,368**

The Group did not hold any investments as at 31 December 2022.

18. INVESTMENT IN SUBSIDIARY

	2023	2022
	USD	USD
Cost		
Opening balance	**2,000,000**	2,000,000
Additions	**-**	-
	2,000,000	2,000,000

Name of company	Number and type of shares	Percentage holding	Country of incorporation & operation
Africa Specialty Risks Reinsurer	100 ordinary shares of USD 1 each	100%	Mauritius

19. TAXATION

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

Mauritius:
The subsidiary, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%.

Until 30 June 2021, the subsidiary's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a Global Business Licence 1 (GBL1) company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the subsidiary is allowed to pool all its foreign sourced income. Under the new regime, the subsidiary will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the subsidiary can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

As at 31 December 2023, the subsidiary, ASR Reinsurer had a tax loss of USD 386,703 (2022: USD 376,113). The tax loss can be used to offset against future taxable profit in the next 5 years.

20. RELATED PARTY TRANSACTIONS

During the period under review, the Group entered into the following related party transactions.

Transactions during the year:			**2023** **USD**	2022 USD
Name of related parties:	*Relationship*	*Nature of transaction*		
Conyers Dill & Pearman Limited	Administrator	Administration fees	**15,000**	19,045
Rogers Capital Corporate Services Limited	Administrator	Administration fees	**26,860**	10,347
			41,860	29,392

Balances outstanding at 31 December:			**2023** **USD**	2022 USD
Name of related parties:	*Relationship*	*Nature of transaction*		
Africa Specialty Risks Holdings	Immediate Parent	Capital contribution	**48,524,265**	48,524,265
Africa Specialty Risks Holdings	Immediate Parent	Payables	**25,807**	25,807
Africa Specialty Risks Ltd	Sister Company	Loan receivables	**24,872,273**	15,356,265
Africa Specialty Risks Mauritius	Sister Company	Loan receivables	**2,000,000**	832,500
Africa Specialty Risks Ltd	Sister Company	Interest receivables	**259,354**	42,695
Africa Specialty Risks Mauritius	Sister Company	Interest receivables	**16,687**	358
Rogers Capital Corporate Services Limited	Administrator	Administration fees accrued	**-**	7,500

21. GUARANTEES

On 01st November 2021, the Board of ASR Re Limited, the Company agreed to guarantee the due and punctual payment and discharge of the obligations of Africa Specialty Risks Reinsurer if required.

22. EVENTS AFTER REPORTING THE DATE

The Company formed a 100% owned subsidiary, ASR Corporate Member Limited on 17 January 2024. ASR Corporate Member Limited participates in Lloyd's. The Company has provided Funds at Lloyd's to support ASR Corporate Member's participation in Lloyd's. The Company has also provided a facility to the Syndicate.