Independent auditor’s report

To the Board of Directors of Cedar Insurance & Reinsurance Company Ltd.

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the condensed consolidated financial statements of Cedar Insurance & Reinsurance Company Ltd. (the Company) and its subsidiaries (together ‘the Group’) are prepared, in all material respects, in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the ‘Legislation’) and a modification approval obtained from the Bermuda Monetary Authority, as disclosed in Note 3.

What we have audited

The Group’s condensed consolidated financial statements comprise:

- the condensed consolidated balance sheet as at December 31, 2023;
- the condensed consolidated statement of income for the year then ended;
- the condensed consolidated statement of capital and surplus as at December 31, 2023; and
- the notes to the condensed consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

Exchange gains

As a result of the current economic crisis in Lebanon, the Company’s subsidiary has had recourse to the foreign exchange market in order to sell US Dollars to secure the Lebanese Pounds it needed to settle Lebanese Pounds insurance and tax liabilities. Sales of "unrestricted" US Dollars were made during the year at an exchange rate that is significantly in excess of the official rate. This has given rise to an exchange gain of US$ 8.51 million (2022 –US$ 3.36 million) in the consolidated statutory financial statements. However, we were unable to obtain from management sufficient appropriate audit evidence to support these transactions and the resulting exchange gain. We were, therefore, not able to satisfy ourselves regarding the accuracy or completeness of these exchange gains on account of such foreign exchange transactions.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the condensed consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the condensed consolidated financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Emphasis of matter – basis of accounting

Without modifying our opinion, we note that the condensed consolidated financial statements have been prepared in accordance with the financial reporting provisions of the Legislation. The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of International Financial Reporting Standards.

Responsibilities of management for the condensed consolidated financial statements

Management is responsible for the preparation of the condensed consolidated financial statements in accordance with the financial reporting provisions of the Legislation, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the condensed consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated 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 condensed consolidated 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 condensed consolidated 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 Group'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 Group'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 condensed consolidated 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 Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

September 30, 2024

CONDENSED CONSOLIDATED BALANCE SHEET

Enter Company Name
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	81,826	53,515
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	415	507
	ii. Other		
(b)	Total Bonds and Debentures	415	507
(c)	Equities		
	i. Common stocks	29,701	25,398
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	29,701	25,398
(e)	Other quoted investments		
(f)	Total quoted investments	30,116	25,905
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii . Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments	1,024	1,589
(f)	Total unquoted investments	1,024	1,589
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates		
(h)	Total investments in and advances to affiliates	-	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)	893	1,318
(c)	Total real estate	893	1,318
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED		
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	63,510	73,402
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	63,510	73,402
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS		

CONDENSED CONSOLIDATED BALANCE SHEET

Enter Company Name
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs	9,362	6,908
(g)	Net receivables for investments sold		
(h)	Property and equipment	5,296	6,630
(i)	Intangible assets	84	49
(j)	Right of use assets	1,231	1,251
(k)	Total sundry assets	15,973	14,838
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	193,342	170,567
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	53,658	38,304
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers	5,300	5,485
(c)	Total ceded unearned premium reserve	5,300	5,485
(d)	Net unearned premium reserve	48,358	32,819
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	67,334	82,100
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers	17,666	46,112
(c)	Total reinsurance recoverable balance	17,666	46,112
(d)	Net loss and loss expense provisions	49,668	35,988
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES	1,650	1,656
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	99,676	70,463
	LONG-TERM BUSINESS INSURANCE RESERVES		
20.	RESERVE FOR REPORTED CLAIMS	182	(713)
21.	RESERVE FOR UNREPORTED CLAIMS	114	(34)
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES	24,887	16,589
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	25,183	15,842
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-

CONDENSED CONSOLIDATED BALANCE SHEET

Enter Company Name
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
(d)	**Total Net Long-Term Business Insurance Reserves**	25,183	15,842
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	15,144	28,715
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	-	-
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	1,577	1,420
	(b) DEFERRED INCOME TAXES	624	26
32.	AMOUNTS DUE TO AFFILIATES	-	-
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	6,854	4,334
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Retirement benefit obligations	5,165	2,391
(f)	Lease liabilities	1,316	72
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	6,481	2,463
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-

CONDENSED CONSOLIDATED BALANCE SHEET

Enter Company Name
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
38.	TOTAL OTHER LIABILITIES	30,680	36,958
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	155,539	123,263
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	37,803	47,304
41.	TOTAL	193,342	170,567
		TRUE	FALSE
		-	(0)

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Enter Company Name
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
	GENERAL BUSINESS UNDERWRITING INCOME		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	109,037	75,517
	(b) Assumed gross premiums written	16,728	18,513
	(c) Total gross premiums written	125,765	94,030
2.	REINSURANCE PREMIUMS CEDED	17,891	19,331
3.	NET PREMIUMS WRITTEN	107,874	74,699
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(26,334)	(19,055)
5.	NET PREMIUMS EARNED	81,540	55,644
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	81,540	55,644
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	56,689	36,123
9.	COMMISSIONS AND BROKERAGE	22,417	16,066
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	79,106	52,189
11.	**NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS**	2,434	3,455
	LONG-TERM BUSINESS INCOME		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations	10,447	5,783
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	10,447	5,783
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	7,244	2,254
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	7,244	2,254
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	7,244	2,254
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS	4,776	454
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS		
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	4,776	454
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Enter Company Name
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
27.	TOTAL LONG-TERM BUSINESS EXPENSES	4,776	454
28.	**NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS**	2,468	1,800
29.	**COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS**	4,902	5,255
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	19,683	11,237
	(b) Personnel cost	-	-
	(c) Other	-	-
	(d) Total combined operating expenses	19,683	11,237
31.	COMBINED INVESTMENT INCOME - NET	3,879	1,568
32.	COMBINED OTHER INCOME (DEDUCTIONS)	18,491	(14,554)
33.	COMBINED INCOME BEFORE TAXES	7,589	(18,968)
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	1,230	1,945
	(b) Deferred		
	(c) Total	1,230	1,945
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	6,359	(20,913)
36.	COMBINED REALIZED GAINS (LOSSES)		
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	6,359	(20,913)

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

Enter Company Name
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.			2023	2022
1.	CAPITAL:			
(a)	Capital Stock			
	(i) Common Shares		16,000	16,000
	authorized	16,000,000 shares of par		
	value	$ 1.000 each issued and		
	fully paid	16,000,000 shares		
	(ii)			
	(A) Preferred shares:			
	authorized	shares of par		
	value	each issued and		
	fully paid	shares		
	aggregate liquidation value for —			
	2023			
	2022			
	(B) Preferred shares issued by a subsidiary:			
	authorized	shares of par		
	value	each issued and		
	fully paid	shares		
	aggregate liquidation value for —			
	2023			
	2022			
	(iii) Treasury Shares			
	repurchased	shares of par		
	value	each issued		
(b)	Contributed surplus			
(c)	Any other fixed capital			
	(i) Hybrid capital instruments			
	(ii) Guarantees and others			
	(iii) Total any other fixed capital		-	-
(d)	Total Capital		16,000	16,000
2.	SURPLUS:			
(a)	Surplus - Beginning of Year		27,247	44,942
(b)	Add: Income for the year		6,359	(20,913)
(c)	Less: Dividends paid and payable		(2,500)	(7,500)
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		(8,914)	14,914
(e)	Add (Deduct) change in any other surplus		(389)	(139)
(f)	Surplus - End of Year		21,803	31,304
3.	MINORITY INTEREST			
4.	TOTAL CAPITAL AND SURPLUS		37,803	47,304

Notes to the condensed consolidated financial statements for the year ended 31 December 2023

1 Shareholder details

Pursuant to section 4 of the Bermuda Insurance Act 1978 ("the Act"), the Bermuda Monetary Authority has duly registered the Company as a class 3A insurer (effective 1 January 2010).

The Company is a limited liability company, incorporated under the laws of Bermuda. The address of the registered office is Clarendon House, 2 Church Street, Hamilton, Bermuda.

The Group is controlled by Nasco Insurance Group Limited (Bermuda), which owns 100% of its shares. The ultimate parent is Nasco Ultimate Holding Limited (Bermuda) and the ultimate controlling party is Mr. Eugene Nader.

2 General natures of risks undertaken

Cedar Insurance & Reinsurance Company Ltd. ("the Company") and its subsidiaries (together "the Group"), underwrite life and non-life insurance and reinsurance risks such as those associated with death, disability, health, property and liability.

The reinsurance operations of the Group cover Europe, North Africa and the Middle East. As for the Group's insurance operations, they only cover Lebanon.

3 Basis of preparation

The condensed consolidated financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed Consolidated Financial Statements (the "Legislation") and a modification approval obtained from the Bermuda Monetary Authority permitting the Company to continue to utilize its historical accounting policies (i.e. pre-IFRS 17). The condensed consolidated financial statements are based upon accounting principles set out in note 4.

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements have been prepared under the historical cost convention adjusted for the effect of inflation of its subsidiaries which operate in hyperinflationary economies, and as modified by the revaluation of buildings, investment properties, financial assets at fair value through profit or loss, and the measurement of insurance contract liabilities.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies

4.1 Property and equipment

Buildings comprise mainly the Group's offices. Buildings are shown at fair value based on valuations by external independent valuation experts, less subsequent depreciation for buildings and impairment, if any. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized when replaced. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings, are credited to other comprehensive income and shown as revaluation reserve (net of deferred income tax) in shareholder's equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of income.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Buildings	50
Leasehold improvements	17
Office and computer equipment	5 - 13
Furniture	13
Motor vehicles	10

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the consolidated statement of income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.2 Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software less accumulated amortisation and identified impairment losses, if any. These costs are amortised on a straight-line basis over their estimated useful lives (three to five years). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.3 Investment properties

Property held for long-term rental yields that is not occupied by the Group is classified as investment property.

Investment properties comprise land and buildings and are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes.

If an item of property and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the consolidated statement of income.

4.4 Financial assets

4.4.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available for sale financial assets, held to maturity financial assets, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.4 Financial assets (continued)

4.4.1 Classification (continued)

(a) Financial assets at fair value through profit or loss (continued)

Financial assets designated at fair value through profit or loss at inception are those that are:

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in mutual funds and equity securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

(b) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(c) Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, these do not include:

(i) Those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
(ii) Those that the Group upon initial recognition designates as available for sale; or
(iii) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Interest on held to maturity investments is included in the consolidated statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated statement of income. Held to maturity investments are corporate bonds.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.4 Financial assets (continued)

4.4.1 Classification (continued)

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group intends to sell immediately or in the short term, which are classified as at fair value through profit or loss or available for sale. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of receivables.

The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

4.4.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of income as part of 'Investment income' when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the consolidated income statement as net gains on financial assets.

Interest on available for sale securities calculated using the effective interest method is recognised in the consolidated statement of income.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.5 Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available for sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held to maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively. The Group did not reclassify any of its financial assets.

4.6 Impairment of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at each consolidated balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The criteria that the Group uses to determine whether there is objective evidence of impairment loss include:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including: adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.6 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statement of income.

(b) Assets classified as available for sale

The Group assesses at each date of the consolidated balance sheet whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. If any such quantitative evidence exists for available for sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated statement of income. Impairment losses recognised in the consolidated statement of income on equity instruments are not reversed through the consolidated statement of income. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of income.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.7 Receivables and payables not related to insurance contracts

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Accounts payable are obligations to pay for services that have been acquired in the ordinary course of business. Receivables and payables are recognised when due. These include amounts due to and from brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets held at amortised cost.

4.8 Investment income

Investment income mainly comprises interest on bank deposits and rental income. Investment income is stated net of investment expenses and charges.

Interest income is recognised in the consolidated statement of income on an accrual basis. Dividend income is recognised in the consolidated statement of income when dividends are declared. Realised gains and losses on investments are calculated as the difference between net sales proceeds and the carrying value of investments.

4.9 Insurance and investment contracts

(i) Classification

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

(ii) Recognition and measurement

Insurance contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short-term insurance contracts

These contracts are general insurance contracts and short-duration life insurance contracts. General insurance or non-life insurance policies, including automobile and homeowners policies, provide payments depending on the loss from a particular financial event. General insurance typically comprises any insurance that is not determined to be life insurance. It is broadly divided into two areas: personal lines and commercial lines.

Commercial lines products are usually designed for relatively small legal entities. These would include worker's compensation (employer's liability), public liability, commercial fleet and others.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.9 Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

Short-term insurance contracts (continued)

Personal lines products are designed to be sold in large quantities. This would include autos (private car) and homeowners (household and others).

Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the consolidated balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commissions.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the consolidated balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims.

Taking into consideration the fact that significant time lags may exist between loss events and notification of the claims to the Group, incurred but not reported claims ("IBNR") are established on the basis of the Group's own estimates for claims that have already been incurred but not yet reported. These are guided by the principle of best estimate using actuarial methods (e.g. chain ladder, expected loss ratio methods, Bornhuetter-Ferguson). Such estimates are based upon both past experience and assessments of the future development. The adequacy of the provisions is regularly reviewed.

The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.9 Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

A margin for adverse deviations is included in the assumptions. These contracts insure events associated with human life (for example death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder.

(iii) Liability adequacy tests

Liability adequacy tests are performed at the consolidated balance sheet date to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests.

(iv) Deferred policy acquisition costs

Commissions that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs ("DAC"). All other costs are recognised as expenses when incurred. Deferred acquisition costs are subsequently amortised over the life of the contracts. The resulting change to the carrying value of the deferred acquisition costs is charged to the consolidated statement of income.

(v) Premium deficiency reserve

Where necessary, a provision is made when the expected value of claims and administrative expenses attributable to the unexpired periods of policies in force at the consolidated balance sheet date exceeds the unearned premiums provision in relation to such policies. The assessment of whether a provision is necessary is made separately considering each category of business accounted for on an annual basis of accounting, on the basis of information available as at the consolidated balance sheet date.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.9 Insurance and investment contracts (continued)

(vi) Reinsurance contracts

Contracts entered into by the Group with reinsurers and/or retrocessionaires under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Reinsurance contracts entered into by the Group under which the contract holder is another insurer (inward reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets (i.e. technical provisions related to the reinsurance contracts) for impairment on a yearly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss.

The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(vii) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers, reinsurers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of income.

The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets held at amortised cost.

4.10 Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are subsequently measured at amortised cost.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently measured at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.11 Cash

Cash includes cash equivalents, which are investments with original maturities of three months or less that are not part of the investment portfolio.

4.12 Income and deferred taxes

Deferred tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the consolidated balance sheet date and are expected to apply when the related deferred income tax is realised or the deferred income tax liability is settled. Under this method, the Group is required to provide for deferred income taxes on the unrealised fair value gains on investment properties. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current income tax
The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group's subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4.13 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars (US$), which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

4.14 Retirement benefit obligations

The Group's subsidiaries, which are registered in Lebanon, are subscribed to the compulsory defined benefit plan of the local National Social Security Fund. As for the Company which is registered in Bermuda, it does not have employees; accordingly, no provision is recorded.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service or compensation. The liability recognised in the consolidated balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date less contributions to the fund. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related pension liability.

4.15 Hyperinflation

The Lebanese economy has been classified as hyperinflationary during 2020. To determine the existence of a highly inflationary economy, there are a series of factors to consider, including a cumulative inflation rate over three years that is close to or exceeds 100%. It has been noted that the three-year accumulated inflation rate as of 31 December 2021 in Lebanon exceeded 170%. In addition, the macroeconomic events that have taken place in the country during the year would indicate that the qualitative factors for a hyper inflationary economy apply to Lebanon. Hence the requirement to restate the financial statements to take account of inflation in accordance hyperinflationary accounting.

The financial statements (including comparative amounts) of the Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period. Accordingly, the results, cash flows and financial position of the Group's subsidiaries (Bankers Assurance S.A.L., Bankers Life S.A.L. and Insurance Brokers Network S.A.R.L.) have been expressed in terms of the measuring unit current at the reporting date.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses are recognised directly in equity. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Notes to the condensed consolidated financial statements (continued)

4 Material accounting policies (continued)

4.15 Hyperinflation (continued)

All items recognised in the consolidated statement of income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position are recognised in profit or loss.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Group subsidiaries applying IAS 29 'Financial reporting in hyperinflationary economies' have used the national Consumer Price Index (CPI) as published by the Central Administration of Statistics (CAS) to restate balances and transactions.

5. Recognition of premium income:

Refer note 4.9.

Recognition of investment income:

Refer to note 4.8.

6. Foreign exchange control restrictions:

The Group held amounts due from banks in Lebanon which experienced a significant increase in credit risk since October 2019. Management considers the bank balances held by its subsidiaries in Lebanese commercial banks had an objective evidence of impairment. Management of the subsidiaries measured the amount of loss being the difference between the carrying amount of bank deposits and what management believed to be a best estimate for the present value of estimated cash flows.

Notes to the condensed consolidated financial statements (continued)

7. Contingencies and commitments:

	2023 **US$**	2022 US$
Letters of guarantee in favour of the Ministry of Economy and Trade in Lebanon	**160,758**	68,645
Letters of guarantee in favour of other parties	**350,185**	96,183
Corporate guarantee	**112,374**	26,599

8. Loans made to a director or officer of the insured:

The Group has not made any loans to a director or an officer of the insured.

9 Default made by insurer on any securities issued or credit arrangement entered into:

Not applicable.

10 Obligations in respect of retirement benefits relating to employees:

Refer to note 4.14.

Notes to the condensed consolidated financial statements (continued)

11 Fair value amounts of all quoted and unquoted investments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

- Level 1 The fair value of financial instruments traded in active markets (such as publicly traded equities, bonds derivatives) is based on quoted market prices at the end of the reporting period.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

At 31 December 2023, buildings at the carrying amount of US$ 4.21 million (2022 – US$ 5.85 million), investment properties at the carrying amount of US$ 0.89 million (2022 – US$ 1.32 million) and financial assets measured at fair value through profit or loss at the carrying amount of US$ 29.70 million (2022 – US$ 25.40 million) were classified as Level 2.

The Group issues life unit linked contracts that are designated at fair value through profit or loss and backed up by mutual funds measured at fair value through profit or loss and cash balances. The split of these financial liabilities by fair value hierarchy level match the split of their underlying assets.

There are no other financial assets and liabilities which should be measured at fair value according to the accounting policies applied by the Group.

Notes to the condensed consolidated financial statements (continued)

12 Contractual maturity profile of the fixed maturity and short term investments

The contractual maturities of the Company's fixed maturities and short-term investments are shown in the following table. Expected maturities, which are management's best estimates, will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

At 31 December 2023
in US$'000

		Expected cash flows (undiscounted)				
	Carrying amount	**0-1 year**	**1-2 years**	**2-3 years**	**3-5 years**	**>5 years**
Financial investments						
- available for sale	**1,024**	**1,024**	-	-	-	-
- at fair value through profit or loss	**29,701**	**29,701**	-	-	-	-
- held to maturity	**415**	**-**	**72**	**24**	**52**	**267**

At 31 December 2022
in US$'000

		Expected cash flows (undiscounted)				
	Carrying amount	**0-1 year**	**1-2 years**	**2-3 years**	**3-5 years**	**>5 years**
Financial investments						
- available for sale	**1,589**	**1,589**	-	-	-	-
- at fair value through profit or loss	**25,398**	**25,398**	-	-	-	-
- held to maturity	**507**	**7**	**88**	**29**	**64**	**319**

13 Related party transactions

Related parties comprise the Group's immediate and ultimate parent companies, their subsidiaries and associated companies and the Group's key management and companies under common control or significant influence. The Group maintains significant balances and transactions with these related parties which arise mainly from insurance and reinsurance transactions as follows:

	2023 US$	2022 US$
Transactions from reinsurance operations		
Reinsurance premium revenue	**130,528**	173,195
Reinsurance claims paid	**10,157**	387,488
Expenses for acquisition of reinsurance contracts	**(36,013)**	(229,233)

Notes to the condensed consolidated financial statements (continued)

13 Related party transactions (continued)

	2023	2022
	US$	US$
Transactions from insurance operations		
Insurance premium revenue	**600,459**	517,205
Commission expenses	**(2,3491,336)**	(1,372,071)
Claim administration fees	**(4,469,648)**	(3,052,562)
Other non-insurance related transactions		
Consulting fees	**(328,456)**	(370,582)
Interest income	**-**	12,359
Key management compensation	**(1,129,011)**	(551,062)
Management fees	**(237,806)**	(42,000)
Dividends declared	**(2,500,000)**	(8,134,013)

14 Details of subsequent events

There have not been any transactions made or other events occurring between the end of the relevant year and the date of approval of the financial statements by the Board of Directors that materially affect the financial statements, not being a transaction made or event occurring in the ordinary course of business.

15 Any other information which in the opinion of the directors is required to be disclosed if the financial statements are not to be misleading

None.

Notes to the condensed consolidated financial statements (continued)

Notes to the statement of Capital and Surplus

1(a) Capital Stock

At 31 December 2023 and 2022, the share capital of US$ 16 million is comprised of 16,000,000 shares authorised and fully paid shares with a par value of US$ 1 each. There is one class of ordinary shares. All shares issued carry equal voting rights.

2(c) Dividend paid and payable

On 29 September 2023, the general assembly convened and approved the distribution of dividends amounting to US$ 2.5 million in respect of 2022 (2022 – US$ 7.5 million in respect of 2021).

Notes to the condensed consolidated financial statements (continued)

Notes to the Balance Sheet

1 Cash and cash equivalents

At 31 December 2023, cash and cash equivalents included an amount of US$ 1.95 million (2022 – US$ 5.58 million) earmarked against unit linked liabilities. These balances are held outside Lebanon and are therefore not subject to local bank restrictions.

2 Quoted investments

At 31 December 2023, quoted investments amounting to US$ 21.72 million (2022 – US$ 12.35 million) were held against unit linked liabilities.

The method of valuation is described in Note 4.4 of the Notes to the Financial Statements.

3 Unquoted investments

In the absence of active markets or other means of reliably measuring their fair value, unlisted equity securities of US$ 1.02 million (2022 – US$ 1.59 million) were stated at cost restated for the impact of inflation, upon the application of IAS 29.

4. Advances and investments to affiliates

Not applicable.

5. Investment in mortgage loans on real estate

Not applicable.

6. Policy loans

Not applicable.

Notes to the condensed consolidated financial statements (continued)

Notes to the Balance Sheet (continued)

7 Real estate

Level 3 fair values of investment properties have been derived using the sales comparison approach as applied by independent experts. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter. These properties were last revalued during 2023.

8 Collateral loans

Not applicable.

9 Investment income due and accrued

Not applicable.

10 Accounts and premiums receivable

	2023 **US$**	2022 US$
Receivables arising from insurance and reinsurance contracts		
Amounts due from related parties	**44,510,270**	53,228,398
Amounts due from insurance companies	**377,760**	88,313
Amounts due from reinsurers and retrocessionaires	**156,064**	381,005
Amounts due from contract holders (direct insurance business)	**18,050,485**	16,524,977
Other loans and receivables		
Advances to hospitals and other providers	**578,892**	2,891,494
Amounts due from employees	**61,247**	7,526
Other receivables	**939,823**	733,036
	64,674,541	73,854,749
Less: Provision for impairment	**(1,164,569)**	(453,121)
Total insurance and other receivables	**63,509,972**	73,401,628

Notes to the condensed consolidated financial statements (continued)

Notes to the Balance Sheet (continued)

11. Reinsurance balances receivable

Not applicable.

12. Funds held by ceding reinsurers

Not applicable.

13. Sundry assets

a. Deferred acquisition costs - Commission costs are deferred and charged to earnings proportionate with premiums earned;
b. Property and equipment amounted to US$ 5,296,463 (2022 – US$ 6,630,436);
c. Intangible assets amounted to US$ 83,785 (2022 – US $ 49,403); and
d. Right of use assets amounted to US$ 1,231,490 (2022 – US$ 1,250,638).

14. Letters of credit, guarantees and other instruments

Not applicable.

16. Unearned premium revenue

The method of calculating unearned premium revenue is described in note 4(a) to the Financial Statements. Unearned premium revenue amounted to US$ 53,657,506 (2022 – US$ 38,304,165) and the reinsurance share of unearned premiums revenue amounted to US$ 5,299,529 (2022 – US$ 5,485,408).

17 Loss and loss expense provisions

The method of calculating loss and loss expense provisions is described in note 4(d) to the Financial Statements.

18 Other insurance reserves

The method of calculating loss and loss expense provisions is described in note 4.8 to the Financial Statements. This represents the unexpired risk reserve which amount to US$ 1,650,000 (2022 – US$ 1,656,000).

Notes to the condensed consolidated financial statements (continued)

Notes to the Balance Sheet (continued)

20 Reserves for reported claims – long term

The method of calculating reserves for reported claims is described in note 4.9 to the Financial Statements.

21 Reserves for unreported claims – long term

The method of calculating reserves for unreported claims is described in note 4.9 to the Financial Statements.

22 Policy reserves – Life

Not applicable.

23 Policy reserves – Accident and Health

Not applicable.

24 Policyholder's funds on deposit

Not applicable.

25 Liability for future policyholder dividends

Not applicable.

26 Other insurance reserves – long term

The method of calculating other long term insurance reserves is described in note 4.9 to the Financial Statements.

28 Insurance and reinsurance balances payable

The net amount payable by the Company for premiums and other balances under insurance or reinsurance contracts at 31 December 2023 and 2022 was $15,143,918 and $28,715,487, respectively.

Notes to the condensed consolidated financial statements (continued)

Notes to the Balance Sheet (continued)

29 Commissions, expenses, fees and taxes payable

Not applicable.

30. Loans and notes payable

Not applicable.

31 Income tax payable

The income tax expense relates to the key subsidiary's operations in Lebanon. The income tax payable amounted to US$ 1,576,788 (2022 – US$ 1,420,479). Deferred tax liabilities amounted to US$ 623,735 (2022 – US$ 25,845).

32. Amounts due to affiliates

Not applicable.

33 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of accrued operating expenses and amounted to US$ 6,854,000 (2022 - US$ 4,334,000).

34 Funds held under reinsurance contracts

Not applicable.

35 Dividends payable

Not applicable.

36. Sundry liabilities

a. Retirement benefit obligations amounted to US$ 5,164,651 (2022 – US$ 2,391,018).
b. Lease liabilities amounted to US$ 1,315,972 (2022 – US$ 72,161).

37. Letters of credit, guarantees and other instruments

Not applicable.

Notes to the condensed consolidated financial statements (continued)

Notes to the Statement of income

6 Other insurance income

Not applicable.

15 Other insurance income

Not applicable.

32 Combined other income (deductions)

	2023 US$	2022 US$
Release (increase) of credit impairment losses on financial assets	**2,151,319**	(213,412)
Net fair value gain on financial assets	**3,909,309**	3,526,349
Net foreign exchange gains	**29,677,996**	15,547,801
Net monetary losses resulting from the application of hyperinflation	**(17,247,239)**	(33,414,844)
	18,491,385	(14,554,106)

36 Combined realised gains (loss)

Not applicable.