FINANCIAL STATEMENTS 2023

GARD REINSURANCE CO LTD

for the period 1 January 2023 to 31 December 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Gard Reinsurance Co Ltd

Opinion

We have audited the financial statements of Gard Reinsurance Co Ltd ("the Company"), which comprise the balance sheet as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company as at and for the period ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 16 March 2023.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance, 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.

KPMG

Auditor’s responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
15 March 2024

GARD REINSURANCE CO LTD

Statement of comprehensive income

Amounts in USD 000's	Notes	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Technical account			
Gross written premium	4, 5	324,167	261,053
Gross earned premium		319,243	254,980
Earned premium for own account	3, 5	**319,243**	**254,980**
Gross incurred claims		236,309	159,177
Claims incurred for own account	3, 5	**236,309**	**159,177**
Agents' commission		87,079	62,351
Insurance related expenses for own account	3, 6	**87,079**	**62,351**
Other insurance related expenses	6	**2,638**	**1,919**
Technical result		**(6,783)**	**31,533**
Non-technical account			
Interest and similar income	7	2,655	2,278
Change in unrealised gain/(loss) on investments	9	44,051	(66,739)
Gain on realisation of investments		210	6,221
Other expenses		(114)	(84)
Non-Technical result		**46,803**	**(58,324)**
Profit/(loss) before tax		**40,019**	**(26,791)**
Corporate income tax	8	(4,285)	0
Total comprehensive income/(loss)		**44,304**	**(26,791)**

GARD REINSURANCE CO LTD

Balance sheet

Amounts in USD 000's	Notes	As at 31.12.23	As at 31.12.22
Assets			
Investments			
Financial investments at fair value through profit or loss			
Equities and investment funds	9	333,125	326,658
Interest-bearing securities and funds	9, 10	567,019	495,642
Other financial investments	9, 10	3,191	0
Total investments		**903,335**	**822,300**
Receivables			
Receivables from reinsurance operations			
Receivables from group companies	14	83,102	77,898
Other receivables			
Other receivables from group companies	14	0	19
Total receivables	10, 14	**83,102**	**77,917**
Other assets			
Cash and cash equivalents	10, 11	54	756
Deferred tax asset	8	4,285	0
Total other assets		**4,338**	**756**
Prepayments and accrued income			
Accrued income and other prepayments		29,221	27,657
Total prepayments and accrued income		**29,221**	**27,657**
Total assets		**1,019,996**	**928,630**

GARD REINSURANCE CO LTD
Balance sheet

Amounts in USD 000's	Notes	As at 31.12.23	As at 31.12.22
Equity and liabilities			
Equity			
Statutory reserve	12	150,000	150,000
Share premium reserve		109,823	109,823
Other equity		189,653	145,350
Total equity		**449,476**	**405,173**
Technical provisions			
Gross premium reserve	5	108,553	103,629
Gross claims reserve	5, 10	458,912	419,143
Total technical provisions		**567,465**	**522,772**
Payables			
Payables arising out of reinsurance operations - group companies	15	3,005	662
Payables to group companies	15	25	0
Total payables	15	**3,030**	**662**
Accruals and deferred income			
Accruals and deferred income	10	25	23
Total accruals and deferred income		**25**	**23**
Total liabilities		**570,519**	**523,457**
Total equity and liabilities		**1,019,996**	**928,630**

GARD REINSURANCE CO LTD
Statement of changes in equity

Amounts in USD 000's	Statutory reserve	Share premium reserve	Other equity	Total
Equity as at 21.02.22	**150,000**	**109,823**	**172,141**	**431,964**
Total comprehensive loss	0	0	(26,791)	(26,791)
Equity as at 31.12.22	**150,000**	**109,823**	**145,350**	**405,173**
Equity as at 01.01.23	**150,000**	**109,823**	**145,350**	**405,173**
Total comprehensive income	0	0	44,304	44,304
Equity as at 31.12.23	**150,000**	**109,823**	**189,653**	**449,476**

GARD REINSURANCE CO LTD

Statement of cash flow

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Cash flow from operating activities		
Total comprehensive income/(loss)	40,019	(26,791)
Change in unrealised gain/(loss) on investments	(44,051)	66,739
Change in receivables and payables	(2,817)	(25,600)
Change in technical provisions and other accruals	43,132	14,562
Financial investments	(36,984)	(28,240)
Net cash flow from operating activities	**(701)**	**670**
Net change in cash and cash equivalents	(701)	670
Cash and cash equivalents at the beginning of the year/period	756	86
Cash and cash equivalents at the end of the year/period	**54**	**756**

GARD REINSURANCE CO LTD

Notes to the accounts

Note 1 - Corporate information

Gard Reinsurance Co Ltd ("the Company" or "Gard Re") is a limited liabillity company which is domiciled in Bermuda. It is a wholly owned subsidiary of Gard P. & I. (Bermuda) Ltd. ("Gard P&I") and is registered by the Bermuda Monetary Authority as a Class 3A insurer. Its principal activity is the reinsurance of the risks retained by Gard P&I, Gard Marine & Energy Limited ("Gard M&E") and Assuranceforeningen Gard - gjensidig ("Gard Norway").

In 2021, The Board of Directors of the Company resolved to change the Company's financial year, which will now end on 31 December. The current financial period is covering a full financial year, from 1 January to 31 December. The comparative figures have not been adjusted in relation to the change and shows the activity for a shorter period from 1 January 2023 to 31 December 2023.

Note 2 - Accounting policies

2.1 Basis of preparation of the accounts
Gard Re is incorporated under Bermuda Law. The operations and insurance activities of the Company are carried out by its insurance manager, Lingard Limited ("Lingard"). The accounts include the activity from 1 January 2023 to 31 December 2023.

The financial statements have been prepared in accordance with regulations for annual accounts for general insurance companies approved by the Norwegian Ministry of Finance.

2.2 Changes in accounting policies
Starting 1 January 2023, the Company has implemented IFRS 9.
Classification of financial assets and financial liabilities
IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 9.

The change in accounting policy from IAS 39 to IFRS 9 have not had a significant effect on the Company's financial position, financial asset balances or financial liability balances.

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (see Note 9).

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The comparative period has been restated. The change in accounting policy from IAS 39 to IFRS 9 have not had any material effect on the restated comparative period. Details of the changes and implications resulting from the adoption of IFRS 9 are presented in table below ("Effect of initial application").

The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023.

- The determination of the business model within which a financial asset is held.

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

- If a financial asset had low credit risk at 1 January 2023, then the Group determined that the credit risk on the asset had not increased significantly since initial recognition.

Effect of initial application
The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's and Group's financial assets and financial liabilities as at 1 January 2023.

The table includes the mandatory disclosure information in accordance with the Norwegian regulations on annual accounts for non-life insurance companies, § 5-28.

Amounts in USD 000's	Notes	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Equities and investment funds	9	FVTPL	FVTPL	326,658	326,658
Interest-bearing securities and funds	9,10	FVTPL	FVTPL	495,642	495,642
Cash and cash equivalents		Other assets	Amortised cost	756	756

Note 2 - Accounting policies continued

2.3 Use of accounting estimates when preparing the accounts
The preparation of the accounts requires management to make estimates and assumptions that affect the valuation of assets, liabilities, revenues, expenses, and contingent liabilities. Due to unforeseen circumstances, these estimates may change in the future. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

2.4 Foreign currency
Functional currency and presentation currency
The accounts are prepared in USD, which is both the functional currency and presentation currency of the Company.

Transactions in foreign currency
Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims in foreign currency are translated into USD based on the same method as for monetary items. Translation differences are recognised in the statement of comprehensive income as they occur during the accounting period. Foreign exchange gains and losses that relate to borrowings, cash, and cash equivalents are presented as part of the non-technical result as ‘Interest and similar income’. Foreign exchange gains and losses that relate to financial investments are presented as part of the non-technical result as ‘Change in unrealised gain/loss on investments’.

All foreign exchange gains and losses relating to technical operations are presented in the statement of comprehensive income as part of the technical result. The assets and liabilities of group companies that have a functional currency different from USD are converted into USD at the rate of exchange at the closing date. Income and expenses are translated at an average rate of exchange. All resulting exchange differences are recognised in ’Other comprehensive income.’

2.5 Provisions, contingent liabilities and assets
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is not remote or probable (i.e., not ‘more likely than not’), a contingent liability is disclosed. Contingent assets are not recognised in the financial statements but are disclosed if it is likely that resources embodying economic benefits will flow to the Company.

2.6 Events after the reporting period
New and material information on the Company’s financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the financial statements. Events after the reporting period that do not affect the Company’s financial position at the end of the reporting period, but which will affect the financial position in the future, are disclosed if significant.

2.7 Other significant accounting policies
Other significant accounting policies are presented and described in other notes to the financial statements, together with the more expanded disclosures for that particular area. This is done to make the disclosures more relevant to the users and make it easier to get an overview of the related note. The following table includes other significant accounting policies that are described in separate notes to the financial statements, including the number of the note:

Accounting policy	Note
Technical result	5
Technical provisions	5
Insurance related expenses	6
Interest and similar income	7
Tax	8
Financial investments	9
Cash and cash equivalents	11

GARD REINSURANCE CO LTD

Notes to the accounts

Note 3 - Intra-group transactions

Reinsurance agreements
Gard Re has entered into reinsurance agreements with Gard P&I and Gard M&E whereby the two direct insurers are ceding 50 per cent of all reinsurance underwritten that is not reinsured elsewhere to Gard Re.

In addition Gard Re and Gard Norway have entered into a stop loss reinsurance agreement protecting Gard Norway. Intra-group transactions are summarised in the table below.

Amounts in USD 000's	**Gard P&I**	**Gard M&E**	**Gard Norway**	01.01.23 to 31.12.23 **Total**
Earned premium for own account	148,691	168,552	2,000	319,243
Gross settled claims	110,453	86,087	0	196,540
Change in gross claims reserve	936	38,808	25	39,769
Agents' commission	49,443	37,636	0	87,079

Amounts in USD 000's	**Gard P&I**	**Gard M&E**	**Gard Norway**	21.02.22 to 31.12.22 **Total**
Earned premium for own account	103,591	149,669	1,720	254,980
Gross settled claims	76,806	70,642	0	147,448
Change in gross claims reserve	10,832	(635)	1,532	11,729
Agents' commission	31,234	31,117	0	62,351

Insurance management agreement
Gard Re has appointed Lingard as its Insurance Manager and principal representative in Bermuda. These services are governed by a management agreement entered into between Gard Re and Lingard.

Note 4 - Gross written premium by geographical areas

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Norway	2,000	1,720
Bermuda	322,167	259,333
Total gross written premium	**324,167**	**261,053**

The geographical split is made based on the location of the individual reinsured Gard entity.

GARD REINSURANCE CO LTD

Notes to the accounts

Note 5 - Technical result and technical provisions

Accounting policy

Premiums and received reinsurance premiums

Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period. Supplementary calls for P&I business may be charged to Members for previous policy years.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro-rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

Claims expenses

Expenses regarding incurred claims and other administrative expenses are recognised in the period they are incurred. Paid claims include an allocated portion of both direct and indirect claims handling cost.

In the following tables Liability insurance is presented as P&I, while Marine insurance is presented as M&E.

			01.01.23 to 31.12.23
Amounts in USD 000's	P&I	M&E	Total
Technical result			
Gross written premium	151,917	172,250	324,167
Gross earned premium	150,691	168,552	319,243
Earned premium for own account	**150,691**	**168,552**	**319,243**
Claims incurred, gross			
Incurred this period	114,108	122,623	236,731
Incurred previous periods	(2,694)	2,273	(422)
Total claims incurred, gross	**111,414**	**124,895**	**236,309**
Reinsurers' share of gross incurred claims	0	0	0
Claims incurred for own account	**111,414**	**124,895**	**236,309**

			21.02.22 to 31.12.22
Amounts in USD 000's	P&I	M&E	Total
Technical result			
Gross written premium	122,792	138,261	261,053
Gross earned premium	105,311	149,669	254,980
Earned premium for own account	**105,311**	**149,669**	**254,980**
Claims incurred, gross			
Incurred this period	104,110	78,784	182,894
Incurred previous periods	(14,940)	(8,777)	(23,717)
Total claims incurred, gross	**89,170**	**70,007**	**159,177**
Reinsurers' share of gross incurred claims	0	0	0
Claims incurred for own account	**89,170**	**70,007**	**159,177**

Accounting policy

Technical provisions are calculated in accordance with the regulations for annual accounts for insurance companies.

Gross premium reserve

The gross premium reserve is amortised over the risk period and is calculated and accounted for in the balance sheet as a provision for the part of premium written that exceeds the end of the financial period. Changes in the provision are charged to the statement of comprehensive income.

Gross claims reserve

The gross claims reserve comprises estimates of the expected remaining exposure from claims that have been reported to the Company (RBNS), and from claims that have been incurred, but which have not yet been reported (IBNR).

Provisions for reported claims are made by assessing the liability of each claim. Actuarial methods are used in estimating the total cost of outstanding claims. The claim provisions have not been discounted.

GARD REINSURANCE CO LTD

Notes to the accounts

Note 5 - Technical result and technical provisions continued

In accordance with the Norwegian regulations for insurance companies, provisions for internal claims handling expenses (unallocated loss adjustment expenses, or ULAE) and binary events are included in the 'Gross claims reserve'.

Insurance contract liabilities
Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates. Estimates have to be made both for the expected total cost of claims reported and for the expected total cost of claims incurred, but not reported, at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial methods use historical data as one of the elements in the model to estimate future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty..

			As at 31.12.23
Amounts in USD 000's	P&I	M&E	Total
Technical provisions gross			
Provisions, at the beginning of the period	292,690	126,454	419,143
Claims paid	(110,453)	(86,087)	(196,540)
Claims incurred - gross this period	114,108	122,623	236,731
Claims incurred - gross previous periods	(2,694)	2,273	(422)
Provisions, at the end of the period	**293,651**	**165,262**	**458,912**
Reinsurers' share of claims provision	0	0	0
Provisions net, at the end of the period	**293,651**	**165,262**	**458,912**
Provision for unearned premiums, gross	22,008	86,544	108,553
Reinsurers' share of premium provision	0	0	0
Provision for unearned premiums, net	**22,008**	**86,544**	**108,553**
Provision for outstanding claims			
Technical provision gross	293,651	165,262	458,912
Technical provision net	293,651	165,262	458,912

The actuarial data driven estimates for IBNR are calculated using Chain ladder method, Bornhuetter Ferguson method and the Benktander method. The default method choice is: An adjusted Bornhuetter Ferguson method for the four most recent accident quarters where the claims experience is relatively immature. This method use reduced a priori from Financial Plan as input. The Chain ladder method is used for the remaining accident quarters. Both methods use DFM curves that describes the historical development of incurred claims. The reasonableness of the default method choice is assessed, and other choices might be selected based on actuarial judgement if appropriate.

Sensitivity analyses have been performed in order to evaluate how sensitive the data driven IBNR estimate is to changes in the input parameters (DFM-factors and a priori). The parameters are adjusted one by one, increasing and decreasing the values by 10%. The results are then compared with the booked results The Company Based on these methodologies the gross claim reserve ranges between USD 451.8 million and USD 466.0 million as at 31 December 2023.

			As at 31.12.22
Amounts in USD 000's	P&I	M&E	Total
Technical provisions gross			
Provisions, at the beginning of the period	280,326	127,088	407,414
Claims paid	(76,806)	(70,642)	(147,448)
Claims incurred - gross this period	104,110	78,784	182,894
Claims incurred - gross previous periods	(14,940)	(8,777)	(23,717)
Provisions, at the end of the period	**292,690**	**126,453**	**419,143**
Reinsurers' share of claims provision	0	0	0
Provisions net, at the end of the period	**292,690**	**126,453**	**419,143**
Provision for unearned premiums, gross	20,782	82,847	103,629
Reinsurers' share of premium provision	0	0	0
Provision for unearned premiums, net	**20,782**	**82,847**	**103,629**
Provision for outstanding claims			
Technical provision gross	292,690	126,453	419,143
Technical provision net	292,690	126,453	419,143

GARD REINSURANCE CO LTD

Notes to the accounts

Note 6 - Insurance related expenses and number of staff

Accounting policy
Insurance related expenses for own account consist of agent commissions, sales and administrative expenses. Sales expenses are recognised in the period in which they are incurred. The administrative expenses and commission received are expensed over the underlying policy period.

Other insurance related expenses are accounted for in the period they are incurred.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Acquisition costs and commissions		
Agents' commission	87,079	62,351
Insurance related expenses for own account	**87,079**	**62,351**

Gard Re has no employees. No salaries or other benefits have been paid to the Board of Directors.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Remuneration auditor		
Auditing fee	62	37
Total auditors' fee	**62**	**37**

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Net operating expenses		
Service cost (Lingard)	2,576	1,881
Other operating expenses	62	38
Other insurance related expenses	**2,638**	**1,919**

Note 7 - Interest and similar income

Accounting policy
Total interest and similar income are accounted for in the period they are incurred.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Interest and similar income		
Income from financial investments	2,655	2,278
Total interest and similar income	**2,655**	**2,278**

GARD REINSURANCE CO LTD

Notes to the accounts

Note 8 - Tax

Accounting policy
The company is not subject to income tax, however certain withholding taxes may from time to time be deducted from investment income and these are expensed as income tax.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Income tax expenses		
Change in deferred tax/tax asset	4,285	0
Tax expenses ordinary result	**4,285**	**0**

Following the OECD's proposed Global Minimum Tax framework, the Bermuda Government enacted the Corporate Income Tax Act (the "Act") on 27 December 2023. Although the Company had previously received an undertaking from the Bermuda Government in the form of a Tax Assurance Certificate, exempting it from any future tax computed on profits or income or computed on any capital asset, gain or appreciation until 31 March 2035, the Act specifies that the corporate income tax shall apply notwithstanding any such prior assurances.

Given the new legislation, a 15 percent corporate income tax will be applicable to Bermuda tax-resident entities and permanent establishments that are part of multinational enterprise (MNE) groups with annual revenue of at least €750M. The Corporate Income Tax Act will be effective from 1 January 2025 and will be applicable to the Company. The Act includes a provision referred to as the economic transition adjustment, which is intended to provide a fair and equitable transition into the tax regime, and results in a deferred tax benefit for the Company. Pursuant to this new legislation, the Company recorded a net deferred tax asset of USD 4.3 million as at 31 December 2023. The Company expects to incur and pay increased taxes in Bermuda beginning in 2025.

The Bermuda Monetary Authority (the "Authority") has directed that the impact of the Act shall not be reflected in the Capital and Solvency Return until the Authority has completed its assessment and under the terms to be directed by the Authority. As a result, the Company has not recognised net deferred tax asset of USD 4.3 million as at 31 December 2023 in the Bermuda Statutory financial statements.

GARD REINSURANCE CO LTD

Notes to the accounts

Note 9 - Financial investments at fair value through profit or loss

Accounting policy

Recognition and initial measurement
Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Debt securities valued at amortised cost are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method

Classification
The Company classifies its financial assets in the following categories: at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or measured at amortized cost. The classification depends on the characteristics of the financial asset and the business model under which the financial asset is held. Management determines the classification of the financial assets at initial recognition.

Financial assets are not reclassified after their initial recognition unless the Company 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.

Financial assets at fair value through profit or loss
Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and its contractual terms give rise it. Derivative financial investments are also valued at FVTPL.

Financial assets at fair value through other comprehensive income
Financial asset are measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

Amortised Cost
Financial assets where management has the positive intention and ability to hold to maturity other than those that the Company upon initial recognition designates as at FVTPL.

The financial asset must meet the following two criteria to be accounted for using amortised cost:
- Business model test: Financial assets are held with the purpose of collecting contractual cash flows.
- Cash flow characteristics test: The contractual cash flows are either principal or interest on principal, only.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Business model assessment
For a majority of debt investments, the objective of the Company's business model is to fund insurance contract liabilities. The Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Company determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective. Certain debt securities are held in separate portfolios for long-term yield, although these can be sold to settle insurance contract liabilities. The Company considers that these securities are held within a business model whose objective is to sell assets.

The Company assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that 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, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Subsequent measurement and gains and losses
Unrealised 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 statement of comprehensive income within 'Change in unrealised gain/loss on investments' in the period in which they arise. Realised gains or losses are presented within 'Gains on realisation of investments'. Dividends and interest income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of 'Interest and similar income' when the right to receive payments is established. Dividends from investments are recognised when the Company has an unconditional right to receive the dividend. Dividend paid is recognised as a liability at the time when the General Meeting approves the payment of the dividend.

For financial assets measured through other comprehensive income, interest income calculated using the effective interest method, dividends, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Interest on investments held at amortised cost is included in the consolidated statement of comprehensive income and reported as 'Interest and similar 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 comprehensive income.

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is a reasonable and supportable expectation of credit losses over the instrument's expected life (ECL). The expectation is based on changes to credit ratings of financial assets, historical credit loss experience, and reasonable and supportable forecasts that affect the estimated future cash flows of the financial asset or group

Note 9 - Financial investments at fair value through profit or loss continued

of financial assets. The Company uses provision matrices for some financial assets measured at amortised costs to assess the estimated credit losses. Provision matrices are based on historical credit losses.

Loss allowances for ECL are presented as follows:
- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI

Offsetting financial investments
Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents
Cash and cash equivalents include cash balances and call deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Determination of fair value
The following describes the methodologies and assumptions used to determine fair values.

Financial investments at fair value through profit or loss
The fair value of financial assets classified as financial investments at fair value through profit or loss and the fair value of interest-bearing securities included is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices.

Assets for which fair value approximates carrying value
For financial assets and liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique.

Financial investments in Level 1
The fair value of financial investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last trade price (these investments are included in Level 1). US government bonds and other financial investments have been classified on Level 1 in the pricing hierarchy.

Financial investments in Level 2
The fair value of financial investments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an investment are observable, the investment is included in Level 2.

Investments listed in the following have been classified on Level 2 in the pricing hierarchy:
• Equity funds and interest-bearing securities and funds where fair values are determined by using quoted market prices of the assets where the funds are invested.
• Equity futures, interest futures, currency futures, currency forwards and interest rate swaps where fair values are determined on the basis of the price development on an underlying asset or instrument. All derivatives are priced by standard and well recognised methods.

If one or more of the significant inputs is not based on observable market data, the investment is included in Level 3.

Specific valuation techniques used to value financial investments include:
• Quoted market prices or dealer quotes for similar investments;
• The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
• The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
• Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial investments.

Note that all of the resulting fair value estimates are included in Level 2 except for financial investments explained below.

Financial investments in Level 3
When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets is estimated based on valuation techniques using non-observable market data.

Level 3 includes investments in less liquid fund structures in real estate and private debt instruments, and are values based on net asset value as reported by the fund administrators.

Note 9 - Financial investments at fair value through profit or loss continued

Amounts in USD 000's	Quoted market prices Level 1	Observable market data Level 2	Non observable market data Level 3	As at 31.12.23 Total	Quoted market prices Level 1	Observable market data Level 2	Non observable market data Level 3	As at 31.12.22 Total
Financial investments								
Equities and investment funds	39,517	241,795	51,812	333,125	34,935	233,000	58,723	326,658
Interest-bearing securities and funds	40,011	465,831	61,177	567,019	38,619	410,926	46,097	495,643
Other financial investments	3,191	0	0	3,191	0	0	0	0
Total financial investments	**82,712**	**707,627**	**112,989**	**903,335**	**73,554**	**643,926**	**104,820**	**822,300**

The majority of investments held are subfunds of the Gard Unit Trust Fund, a legal fund structure established in Ireland.

Equities and investment funds
Each subfund holds well diversified portfolios with different investment objectives, and the underlying holdings are common stocks traded on regional stock exchanges. The Company possesses only minority interests in quoted companies.

Interest-bearing securities and funds
Funds classified as Interest-bearing securities and funds are predominantly invested in fixed income securities and money markets.

Amounts in USD 000's	Investment profile	Currency	As at 31.12.23
Equity funds			
Gard Global Multifactor Equity Fund	Global Equity	USD	17,954
Gard Global Impact Equity Fund	Global Equity	USD	29,738
Gard Global Equity Fund II	Global Equity	USD	33,857
Gard Emerging Markets Fund	Emerging Market Equity	USD	37,657
Invesco Commodity ETF	Commodities	USD	3,019
Bridgewater Pure Alpha Fund	Global tactical asset allocation	USD	58,664
Phoenix Global Real Estate Fund II	Global real estate	USD	14,573
CBRE Global Real Estate Fund	Global real estate	USD	37,240
iShares Commodity ETF	Commodities	USD	7,006
iShares REIT ETF	Global real estate	USD	10,011
Caxton Global Investments Ltd	Global tactical asset allocation	USD	63,925
iShares Japan ETF	Global equity	USD	6,440
ANTERO RESOURCES	Common stocks North America	USD	1,068
ARC RESOURCES	Common stocks North America	USD	715
CHESAPEAKE ENERGY	Common stocks North America	USD	1,431
CNX RESOURCES	Common stocks North America	USD	1,157
COMSTOCK RESOURCES	Common stocks North America	USD	816
COTERRA ENERGY	Common stocks North America	USD	1,030
EQT	Common stocks North America	USD	1,446
GULFPORT ENERGY	Common stocks North America	USD	889
OVINTIV	Common stocks North America	USD	690
RANGE RESOURCES	Common stocks North America	USD	1,357
SOUTHWESTERN ENERGY CO	Common stocks North America	USD	1,440
TOURMALINE OIL	Common stocks North America	USD	1,003
Total Equity funds			**333,125**
Total Equities and investment funds			**333,125**
The part of Equity fund invested in quoted shares			139,242

GARD REINSURANCE CO LTD
Notes to the accounts

Note 9 - Financial investments at fair value through profit or loss continued

Amounts in USD 000's	Investment profile	Currency	As at 31.12.23
Interest-bearing funds			
Gard Emerging Market Debt Fund	Emerging market debt	USD	63,419
Gard Global Bond Fund I	Global aggregate bonds	USD	171,189
Gard International Credit Bond Fund I	Global corporate bonds	USD	38,907
CQS Credit Fund	Global multi asset credit	USD	101,376
Gard Private Debt Fund	Global private debt	USD	56,677
Gard Global Treasury Fund	Government debt	USD	126
Gard Strategic Global Bond Fund	Global aggregate bonds	USD	72,391
Golub Private Debt Fund	Other	USD	4,500
Gard US Credit Bond Fund I	US corporate bonds	USD	18,423
iShares Tips	Government debt	USD	18,818
Luxor TIPS ETF	Debt funds	USD	7,800
Northern Trust Cash Fund	Money market US Dollar	USD	13,393
Total Interest-bearing funds			**567,019**
Total Interest-bearing securities and funds			**567,019**

Financial assets at amortised cost

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Financial assets at amortised cost		
Cash and cash equivalents	54	756
Receivables		
Receivables from reinsurance operations	83,102	77,898
Other receivables	0	19
Total financial assets at amortised cost	**83,156**	**78,673**

GARD REINSURANCE CO LTD

Notes to the accounts

Note 10 - Financial risk

Risk management framework

The purpose of the risk management system is to ensure that material risks are managed in accordance with the Company's corporate objectives and risk-bearing capacity. The risk management system consists of the following components:

Risk appetite and limits: Overall Risk Appetite and Comfort Zone (target range for capitalisation) are defined in accordance with risk-bearing capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

Risk policies: There are group policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

Risk management cycle: Material risks are identified, assessed regularly, managed proactively, monitored regularly and reported to the relevant responsible body. Assessments are made on a quarterly basis as a minimum.

Main financial risks

Market risk
Market risk arises from the investment activities and the sensitivity of liabilities to changes in market price. The sensitivity analysis of investments assets aims to illustrate the risk of economic losses resulting from deviations in the value of assets caused by changes in observable market prices differing from expected values. The six main market risks selected for testing of sensitivity due to price changes are;

Equity risk
The risk of economic losses resulting from deviations of market values of equities from expected values. The equity portfolio is well diversified, although with skewedness towards emerging markets and smaller companies compared to a global market capitalised benchmark. This is expected to generate a slightly higher return combined with higher volatility over time. The equity portfolio is being managed by a selection of specialist fund managers.

Interest rate risk
The risk of economic losses resulting from deviations in actual interest rates from expected interest rates. The term structure of interest- bearing assets is broadly matched to the expected duration of the liabilities. The sensitivity analysis for interest-bearing securities instruments is testing the portfolio's interest rate sensitivity with a weighted average duration approach. Interest sensitive liabilities are not part of the analysis.

Alternatives risk
The risk that the actual return or performance relative to benchmark of investments due to active management decisions will be lower than expected. The sensitivity analysis for alternative risk is assigned to global alternative funds which aim to generate excess return by tactically adjusting asset allocation across a variety of asset classes.

Real estate risk
The risk of economic losses resulting from deviations of actual values and/or income from real estate from those expected. The sensitivity analysis for real estate risk is performed on funds which represent the part that is strategically allocated to real estate.

Currency risk
The risk of economic losses resulting from actual foreign exchange rates differing from expected foreign exchange rates. Foreign currency exposures are assumed to be reasonably matched across the balance sheet and managed with an emphasise on major currency exposures. The sensitivity analysis for foreign currencies only applies to investments assets and illustrates the impact on values given changes in exchange rates against USD.

Inflation risk
The risk of a loss in the value of nominal assets or nominal cash flows due to a persistence of high inflation. This risk is most visible in fixed income assets and liabilities due to the tendency of inflation to be followed by higher interest rates. This risk is mitigated by monitoring the duration profile of the portfolio and by maintaining a diversified portfolio of assets whose values are impacted differently by inflation, including inflation protected securities and real assets. Although presented as a stand-alone market risk, the risk is also aligned with interest rate risk.

Note 10 - Financial risk continued

The table below splits the balance sheet into the major currencies. Note that investments held as shares/units in various fund structures are reported in base currency. The split deviates from underlying currency exposure that is used as input in the enterprise risk models.

Currency split balance sheet

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Assets		
USD	1,019,996	928,630
Total assets	**1,019,996**	**928,630**
Equity and liabilities		
USD	1,019,996	928,630
Total equity and liabilities	**1,019,996**	**928,630**
Net asset exposure		
USD	0	0

Financial investment - sensitivity analysis
The analysis below is performed for reasonably possible movements in key market variables with all other variables held constant.

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Impact on fixed income portfolio investments given an increase of 50 basis points	(7,624)	(8,819)
Impact on equity portfolio given a 10 per cent drop in quoted market prices	(13,832)	(12,087)
Impact on total investment portfolio given a change of 10 per cent in foreign exchange rates against USD	(18,976)	(17,114)
Impact on real estate portfolio given a 10 per cent drop in NAV	(6,182)	(6,812)
Impact on alternatives portfolio given a 10 per cent drop in NAV	(12,259)	(12,818)
Impact on fixed income portfolio investments given an increase of 100 basis points of inflation	(6,605)	(6,461)

The analysis below is based on the same movements as the previous table, for Financial investments level 3 only (see note 14 for definition).

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Impact on fixed income portfolio investments given an increase of 50 basis points in interest rate	(612)	(461)
Impact on real estate portfolio given a 10 per cent drop in quoted market prices*	(5,181)	(5,872)
Impact on fixed income portfolio investments given an increase of 100 basis points of inflation	(465)	(350)

The sensitivity analysis assumes no correlation between equity price, property market and foreign currency rate risk. It also assumes that all other receivables and payables remain unchanged and that no management action is taken. The sensitivity analysis for inflation risk assumes that the inflation rate is intrinsically linked to interest rates. In general, interest rates are expected to increase when inflation is rising and vice versa. The assumption for assessing the impact on fixed income investments from a change of 100 basis point of inflation is based on the historical relationship between changes in rates and inflation. The Company has no significant risk concentrations which are not in line with the overall investment guidelines set by the Gard's Board of Directors. Any impact from risk tested in the table above is not, due to tax regulations, assumed to have any taxable impact.

Credit risk
The risk of economic losses resulting from the default of third parties, split into:

Credit default risk
The risk that actual credit losses will be higher than expected due to the failure of counterparties to meet their contractual debt obligation.

Credit migration risk.
The risk that a portfolio's credit quality will materially deteriorate over time, without allowing a re-pricing of the constituent loans to compensate the creditor for the higher default risk being undertaken.

The credit migration risk is foremost related to our Interest-bearing securities and Interest-bearing funds. Any changes to credit quality will ultimately be reflected in the fair value assessment of the financial assets, where the majority of the Company's investment in Interest-bearing securities and Interest-bearing funds are related to the fair value hierarchy Level 1 and Level 2. Management continuously follows up on the Interest-bearing securities and Interest-bearing funds to ensure an appropriate risk level in accordance with the Company's established Investment strategy.

Note 10 - Financial risk continued

Counterparty default risk
The main sources of counterparty default risk are reinsurers technical provisions, cash deposits at banks and receivables towards reinsurers, policyholders, brokers and other receivables.

The credit exposure on the reinsurance program is in line with the guidelines of only accepting reinsurers with an A- or higher rating. 31 December 2023. The Company is, however, faced with BBB rating exposure through the IG Pooling agreement. Among the twelve clubs, five have ratings lower than A-. The IG Pooling agreement has several mechanisms to mitigate counterpart default risk, disregard whether the event of default originates from IG Pooling partners or from external reinsurers. Estimated credit loss assessments are made when there are indicators of a loss event, not mitigated by the mechanisms in the IG Pooling agreement.

Banks and custodians are in line with the guidelines with a credit rating of at least A/stable, except from minor amounts that have ratings of BB, in addition to not rated petty cash. Changes in credit rating for Banks and custodians is considered as an impairment indicator. Hence, credit ratings are followed up on a minimum annual basis and an estimated credit loss adjustments are made when necessary.

The credit risk in respect of receivables is handled by policies and by close follow up. Gard continuously monitors the counterparty default risk in respect of receivables and makes necessary provisions for estimated credit losses in accordance with an established provision matrix. Outstanding receivables can be netted off against outstanding claims payments to reduce the risk of doubtful debts.

The Company acknowledges that there is an increased counterparty risk towards Russian entities due to the different sanction regimes imposed. Although, due to the Company's limited exposure towards these counterparties, this does not impose any material financial risk as at 31 December 2023.

The tables below show the credit risk exposure as at 31 December 2023. Assets are classified according to the median rating amongst the three market leading providers, Standard & Poor's, Moody's and Fitch. Top rated assets are denoted with AAA rating and US long-term sovereign credit rating is equivalent to a AAA rating due to an applied median approach.

Credit risk exposure in balance sheet

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Interest-bearing securities and funds		
AAA	13,393	19,985
Not rated	553,626	475,657
Total interest-bearing securities and funds	**567,019**	**495,642**
Receivables		
A	83,102	77,917
Total receivables	**83,102**	**77,917**
Cash and cash equivalents		
BBB	54	756
Total cash and cash equivalents	**54**	**756**

Liquidity risk
The risk that cash and other liquid assets are insufficient to meet financial obligations when they fall due. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. Liquidity risk arises primarily due to the unpredictability of the timing of payment of insurance liabilities or when market depth is insufficient to absorb the required volumes of assets to be sold, resulting in asset sale at a discount.

Maturity profile
The following tables set out the maturity profile of liabilities combining amounts expected to be recovered within one year, between one and five years and more than five years.

The Company maintains highly marketable financial investments and diverse assets that can be liquidated in the event of an unforeseen interruption of cash flow. This gives a presentation of the maturity profile on the payables.

Note 10 - Financial risk continued

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.23 Total
Gross claims reserve	160,020	267,004	31,888	0	458,912
Payables and accruals	3,055	0	0	0	3,055

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.22 Total
Gross claims reserve	145,315	244,721	29,107	0	419,143
Payables and accruals	685	0	0	0	685

Note 11 - Cash and cash equivalents

Accounting policy
Cash and cash equivalents include cash in hand and deposits held at call with banks, brokers and fund managers. In the balance sheet, cash and cash equivalents that relate to investment management is presented as other financial investments. All other cash is presented as cash and cash equivalents. In the cash flow statement, cash and cash equivalents do not include cash and cash equivalents presented as other financial investments.

Note 12 - Statutory reserve

Gard Re is registered under and regulated by the Insurance Act 1978 and the regulations. Under these regulations Gard Re is required to maintain a share reserve/share capital of USD 150,000,000. Gard Re is under the supervision of the Bermuda Monetary Authority (BMA) and has to be in compliance with a set of regulatory requirements. All regulatory requirements are complied with as at 31 December 2023.

Par value is USD 1,000 per share.

All shares have the same rights in the Company.

All shares are owned by Gard P. & I. (Bermuda) Ltd.

The Company is consolidated into the accounts of Gard P. & I. (Bermuda) Ltd. as at 31 December 2023 and the consolidated accounts are available at the office of Gard P. & I. (Bermuda) Ltd`s management company Lingard Limited in Bermuda.

Note 13 - Statutory and regulatory requirement

Gard Re has operations which are subject to laws and regulations in Bermuda.
The statutory capital and surplus in Bermuda as at 31 December 2022 and 31 December 2023 was as follows:

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Required statutory capital and surplus	68,837	234,172
Actual capital and surplus	445,192	408,743

Gard Re is required to maintain a minimum statutory capital and surplus equal to the greater of a minimum solvency margin ("MSM") and the Enchanced Capital Requirement ("ECR"). The ECR is equal to the higher of MSM or the Bermuda Solvency Capital Requirement ("BSCR") model. The BSCR for Gard Re for the period ended 31 December 2023 will not be filed with the BMA until the end of April 2024. As a result, the required statutory capital and surplus as at 31 December 2023 is based on the MSM, whereas the required statutory capital and surplus as at 31 December 2023 is based on the MSM and ECR. The MSM is calculated based on the period from 1 January 2023 to 31 December 2023.

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Note 14 - Receivables from group companies

Amounts in USD 000's	Gard P&I	Gard M&E	Lingard	As at 31.12.23 Total
Accounts receivable	0	3,700	0	3,700
Accounts receivable - premium provision	14,563	64,839	0	79,402
Receivables from group companies	**14,563**	**68,539**	**0**	**83,102**

Amounts in USD 000's	Gard P&I	Gard M&E	Lingard	As at 31.12.22 Total
Accounts receivable	0	1,896	0	1,896
Accounts receivable - premium provision	14,079	61,923	0	76,002
Receivables from group companies	0	0	19	19
Receivables from group companies	**14,079**	**63,819**	**19**	**77,917**

Note 15 - Payables to group companies

Amounts in USD 000's	Gard P&I	Gard M&E	Lingard	As at 31.12.23 Total
Payables arising out of reinsurance operations - group companies	3,005	0	0	3,005
Payables to group companies	0	0	25	25
Payables to group companies	**3,005**	**0**	**25**	**3,030**

Amounts in USD 000's	Gard P&I	Gard M&E	Lingard	As at 31.12.22 Total
Payables arising out of reinsurance operations - group companies	662	0	0	662
Payables to group companies	**662**	**0**	**0**	**662**

Note 16 - Subsequent events

Geopolitical tensions in the Red Sea have increased since the commencement of the Israel-Gaza conflict and this is particularly relevant for assets with links to Israel, the US, and UK transiting the region. As a part of Gard’s loss prevention work, Gard has published a member circular to member and clients with vessels deployed in the region. The circular and the threat assessment is produced by Ambrey. The threat assessment describes threats/risks, suggestions for preparations if entering the Red Sea and recommendations for what to do.
For the P&I fixed cover Gard’s own retention is USD 5 million per event and the Defense cover is limited to USD 15 million per event. For the P&I mutual cover, war is excluded, but the International Group of P&I Clubs has provided an excess War P&I cover up to USD 500 million per event above the proper value of the ship. There are only three Defense cases registered with small reserves in the period up to 31.12.2023.