Humboldt Re Limited
Annual report and audited consolidated financial statements
For the year ended 31 December 2022

The financial information set out below is a redacted version of the Company's statutory accounts for the year ended 31 December 2022. Statutory accounts for 2022 have been delivered to the GFSC and the auditor has reported on these accounts. The auditor's report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement on any of the matters in relation to the Companies (Guernsey) Law, 2008 on which the auditor is required to report by exception.

Contents

Company information	3
Directors' report	4
Consolidated statement of financial position	7
Consolidated statement of comprehensive income	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11

Company information

Directors
Christopher Anderson
Mark Elliott
Hans-Joachim Guenther
Simon Minshall
Zsolt Szalkai

General representative
Mark Elliott
Bordeaux Court
Les Echelons
St Peter Port
Guernsey
GY1 1AR

Company secretary
Aon Insurance Managers (Guernsey) Limited (resigned 21st September 2022)
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 4AT

SRS Management Guernsey Limited (appointed 22nd September 2022)
Hadsley House
Lefebvre Street
St Peter Port
Guernsey
GY1 2JP

Independent auditor
Mazars LLP
30 Old Bailey
London
EC4M 7AU

Registered office
Bordeaux Court
Les Echelons
St Peter Port
Guernsey
GY1 1AR

Registered number
60597

Directors' report

For the year ended 31 December 2022

The directors present their annual report and the audited consolidated financial statements of Humboldt Re Limited (the "Company") and its subsidiary (together, the "Group") for the year ended 31 December 2022. Throughout this report and financial statements, the terms "Company" and "Group" are used interchangeably to refer to Humboldt Re Limited.

Incorporation
The Company was incorporated in Guernsey on 2 July 2015. The Company operates in accordance with the provisions of the Companies (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended.

Principal activity
The Company's principal activity is the provision of property and natural catastrophe reinsurance business. The Company's principal focus is short-tail, geographically diversified property and specialty lines. The Company writes a combination of proportional and non-proportional reinsurance contracts.

Redacted.

The Company was licenced under Section 7 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended to carry on general insurance business, excluding domestic business, on 15 October 2015.

On 8 December 2020, the former ultimate shareholder and the Board of Directors of the Company decided to cease underwriting new business as of 1 January 2021.

Corporate governance framework
The Board discharges its responsibilities through meetings held regularly commensurate with the size of the Company's operations. The Board also oversees the activities of management and the claims and reserving committee.

The Claims and Reserving Committee operates within defined terms of reference which outline its role and responsibilities. The committee is chaired by a director and meets at least three times per year.

The invasion of Ukraine by Russia on 24 February 2022 has led to significant sanctions against Russia and an economic crisis in the region. The Group continues to assess the impacts of the crisis on its business and investments, including indirect impact in the increase in inflation and other commodity prices. The conflict is not expected to have any material impact on the Group or Company at this time.

Results
The results for the year are set out in the consolidated statement of comprehensive income on page 8.

Dividends
Redacted.

Directors
The directors of the Company who served during the year and to the date of this report are set out on page 3.

Company secretary
Aon Insurance Managers (Guernsey) Limited resigned as company secretary on 21 September 2022 and was replaced by SRS Management Guernsey Limited on 22 September 2022 and to the date of this report.

Going concern
In the current year, the financial statements have been prepared on a going concern basis. The Directors believe that this is an appropriate basis on which prepare the financial statements as once the run-off of the existing portfolio of business has been completed, the Directors intend to undertake further reinsurance transactions involving portfolios in run-off.

The Company has net assets significantly in excess of its regulatory solvency requirement and is not dependent on any external finance. After making enquiries, the Directors have a reasonable expectation that the Company has adequate financial resources to meet its obligations and continue in operational existence for a period of at least twelve months from the date of this report.

Statement of directors' responsibilities
The directors are responsible for preparing the directors' report and the consolidated financial statements in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008 requires the directors to prepare financial statements for each financial year which give a true and fair view, are in accordance with generally accepted accounting principles and which comply with any relevant enactment for the time being in force. Under that law, the directors have elected to prepare the consolidated financial statements in accordance with Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), and Financial Reporting Standard FRS 103 Insurance Contracts ("FRS 103").

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 Accounting Policies, Estimates and Errors, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards including FRS 102 and FRS 103 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations or have no realistic alternative but to do so.

The directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The directors are responsible for keeping proper accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements are prepared properly and in accordance with the Companies (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor
In accordance with Section 249 of the Companies (Guernsey) Law, 2008, the directors who held office at the date of approval of this directors' report confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor
The independent auditor previously appointed by the Company, KPMG Channel Islands Limited, have been replaced by Mazars LLP.

Approved by the Board and signed on its behalf on 28 April 2023 by

Registered office:
Bordeaux Court
Les Echelons
St. Peter Port
Guernsey
GY1 1AR

Mark Elliott
Director

Consolidated statement of financial position

As at 31 December 2022

Assets	**Note**	**2022 USD**	**2021 USD**
Investment assets			
Financial investments	9	•	•
Fair value through profit or loss investment securities		•	•
Investment in Associate		•	•
		•	•
Reinsurers' Share of technical provision			
Accrued outwards reinsurance premium	12	•	•
Claims recoverable from reinsurers	15	•	•
		•	•
Debtors			
Debtors arising out of reinsurance operations	10	•	•
Other Debtors	11	•	•
		•	•
Other Assets			
Cash at bank and in hand	9	•	•
Collateral	13	•	•
		•	•
Deferred acquisition costs	12	•	•
		520,826,692	**668,614,854**
Liabilities			
Capital and reserves			
Share capital	14	•	•
Retained earnings		•	•
Total capital and reserves		•	•
Non-current liabilities			
Technical provisions			
Claims outstanding	15	•	•
Provision for unearned premiums	17	•	•
		•	•
Current liabilities			
Creditors			
Insurance payables	16	•	•
Reinsurance payables	16	•	•
Other payables and accruals		•	•
		•	•
Total capital, reserves, and liabilities		**520,826,692**	**668,614,854**

Approved by the Board and signed on its behalf on 28 April 2023 by

Mark Elliott

Director

The accompanying notes on pages 11 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 USD	2021 USD
Technical account for general business			
Insurance premium revenue			
Gross written premium		•	•
Outwards reinsurance premium		•	•
Net Written premium		•	•
Movement in unearned premium		•	•
Movement in unearned outwards reinsurance premium		•	•
Net earned premium		•	•
Net operating expenses			
Acquisition costs		•	•
Other insurance expenses		•	•
Net insurance premium revenue		•	•
Claims incurred net of reinsurance			
Claims paid – gross amount		•	•
Claims paid – reinsurers' share		•	•
Change in the provision for claims – gross amount		•	•
Change in the provision for claims – reinsurers' share		•	•
Claims incurred net of reinsurance		•	•
Balance on the technical account for general business		•	•
Non-technical account			
Investment income			
Net realised (losses)/gains from financial assets at fair value through profit or loss		•	•
Net unrealised losses from financial assets at fair value through profit or loss		•	•
Interest income/(expense) on investment assets		•	•
Other investment income and expenses	18	•	•
Net investment income		•	•
Other operating expenses			
Administration expenses	19	•	•
Foreign exchange (losses)/gains		•	•
Net other operating expenses		•	•
Loss before tax		•	•
Tax		•	•
Loss for the year, representing total comprehensive loss		•	•

The accompanying notes on pages 11 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share Capital USD	Retained earnings USD	Total equity USD
Balance at 31 December 2020	•	•	**386,725,747**
Total comprehensive income for the year	•	•	•
Dividends paid	•	•	•
Balance at 31 December 2021	•	•	**257,610,999**
Total comprehensive income for the year	•	•	•
Dividends paid	•	•	•
Balance at 31 December 2022	•	•	**191,240,749**

The accompanying notes on pages 11 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2022

	2022 USD	2021 USD
Cash flows from operating activities		
Loss for the year	•	•
Adjustments:		
Net losses from financial instruments at fair value through profit or loss	•	•
Bond interest income received	•	•
Effects of changes in FX rates	•	•
Movement in operating assets and liabilities		
Decrease in insurance receivables	•	•
Decrease in claims recoverable from reinsurers	•	•
(Increase)/decrease in other receivables and prepayments	•	•
Decrease in deferred insurance and reinsurance assets	•	•
Decrease in non-financial collateral assets	•	•
Decrease in claims liabilities	•	•
Decrease in insurance and reinsurance payables	•	•
Increase in other payables and accruals	•	•
Decrease in deferred insurance and reinsurance liabilities	•	•
Net cash inflows/(outflows) from operating activities	•	•
Purchase of financial assets at fair value through profit or loss	•	•
Disposal of financial assets at fair value through profit or loss	•	•
Bond interest income received	•	•
Net cash (outflows)/inflow from investing activities	•	•
Dividend paid	•	•
Net cash outflows from financing activities	•	•
Net (decrease)/increase in cash and cash equivalents	•	•
Effects of changes in FX rates on cash and cash equivalents	•	•
Cash and cash equivalents at beginning of year	•	•
Cash and cash equivalents at the end of year	•	•

The accompanying notes on pages 11 to 34 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Corporate information
Humboldt Re Limited (the "Company") is a limited company incorporated and domiciled in Guernsey. The registered office of the Company is Bordeaux Court, Les Echelons, St. Peter Port, Guernsey, GY1 1AR.

The Company's principal activity is the provision of property and natural catastrophe reinsurance business. The Company is licensed under Section 7 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, to carry on general insurance business.

The immediate parent company is Marco Capital Holdings Limited, a company incorporated in Malta on 27 May 2020. The registered office address is 171, Old Bakery Street, Valletta, Malta.

The directors do not consider the Company to have an ultimate controlling party on the basis that its share capital is shared by various shareholders and none of these individually have direct or indirect control over the Company.

2. Group information
Redacted.

3. Basis of preparation
These consolidated financial statements give a true and fair view and have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts", being applicable UK GAAP accounting standards. The consolidated financial statements have been prepared on going concern basis and are in compliance with the Companies (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended.

The consolidated financial statements have been prepared under the historical cost convention except financial instruments at fair value through profit or loss, which are measured at their fair value.

For all periods up to and including the year end 31 December 2021, the Company prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

During the year, the Board resolved to prepare the financial statements under UK GAAP. Therefore, these financial statements have been prepared in accordance with UK GAAP. The effective date of transition to FRS 102 was 1 January 2021 and in preparing its opening UK GAAP statement of financial position, no adjustments to amounts reported previously in financial statements prepared in accordance with IFRS (as adopted for use in the EU) were required.

The transition to the new financial reporting framework has had no impact on recognition and measurement but has required amendments to presentation and disclosure within the financial statements. The additional or amended disclosures in relation to the prior year have been presented consistently with those for the current period. No material changes have been made to the Company's accounting policies as a result of transitioning to UK GAAP.

The Company has retained IAS 39 under UKGAAP.

In the current year, the financial statements have been prepared on a going concern basis. The Directors believe that this is an appropriate basis on which prepare the financial statements as once the run-off of the existing portfolio of business has been completed, the Directors intend to undertake further reinsurance transactions involving portfolios in run-off.

The Company has net assets significantly in excess of its regulatory solvency requirement and is not dependent on any external finance. After making enquiries, the Directors have a reasonable expectation that the Company has adequate financial resources to meet its obligations and continue in operational existence for a period of at least twelve months from the date of this report.

The preparation of financial statements in conformity with UK GAAP requires the use of certain critical accounting estimates and requires the directors to exercise their judgement in the application of the Company's accounting policies. Although estimates are based on management's best knowledge of current events and actions, actual results could ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements are described in note 5.

The consolidated financial statements were authorised for issue by the directors on 28 April 2023.

4. Significant accounting policies

4.1 Consolidation

The consolidated financial statements consolidate the results of the Company and its subsidiary, the segregated account cell controlled by the Company. The subsidiary is an entity over which the Group has control. The Group is deemed to control an entity if it has exposure to variable returns from its involvement with the entity and has the ability to use its power to affect those returns from its involvement with the entity. The financial statements of the Company's subsidiary are prepared for the same reporting year as the Company. The subsidiary is consolidated from the date that Group obtains control and ceases to be consolidated from the date Group loses control. All inter-company balances, profits and transactions are eliminated.

4.2 Functional and presentation currency

The Company transacts business and recognises assets and liabilities in a number of different currencies. The functional currency of the Company is USD.

4.3 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the rate of exchange prevailing at the date of the transactions.

Monetary assets and liabilities (which include all assets and liabilities arising out of reinsurance contracts) denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the date at which the asset or liability first arose.

Any resulting exchange differences are recognised within foreign exchange gains or losses in the consolidated statement of comprehensive income.

4.4 Insurance contracts – classification

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause the Company to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Risk transfer contracts that do not meet the definition of insurance contracts are classified as financial instruments.

4.5 Gross written and earned premium
Written premiums are first recognised in the period in which the contract incepts or the period in which the contract is bound, if later.

The Company writes both proportional and non-proportional reinsurance contracts. For non-proportional contracts, gross written premium is recorded based on the deposit or flat premium (net of taxes) as defined in the contract. Subsequent adjustments to the premium are recognised in the period in which they are determined.

For proportional contracts, written premium is recognised based on reported actual premiums as provided by the reinsured, adjusted by the Company where considered appropriate.

The proportion of gross written premium attributable to periods after the reporting date is deferred as unearned premium. The change in this reserve is recognised in income in corresponding periods in order that premium is recognised over the period of risk coverage.

Premium is earned proportionally over the policy contract period, except where the period of risk differs significantly from the contract period. In these circumstances, premium is earned over the period of risk in proportion to the amount of reinsurance protection provided.

Where contract terms require the reinstatement of coverage after a reinsured’s loss, the estimated reinstatement premiums are recorded as written premiums.

4.6 Outwards reinsurance premium
Outwards reinsurance premiums are recognised in the period in which the contract incepts or the period in which the contract is bound, if later.

The Company purchases both proportional and non-proportional reinsurance contracts. For non-proportional contracts, outwards reinsurance premium is recorded based on the deposit or flat premium as defined in the contract or, where greater, the Company’s estimate of the adjusted premium under the contract. Subsequent adjustments to the premium are recognised in the period in which they are determined.

For proportional contracts, outwards reinsurance premium is recognised based on the proportion of the underlying contract being ceded. Subsequent adjustments, based on changes to the premium of the underlying reinsurance contract(s) written, are recognised in the period in which they are determined.

The proportion of outwards reinsurance premium attributable to periods after the reporting date is deferred as unearned outwards reinsurance premium. The change in this asset is recognised as an expense in future periods in order that premium is recognised over the period of risk protection.

Outwards reinsurance premium is earned proportionally over the policy contract period, except where the period of risk differs significantly from the contract period. In these circumstances, premium is amortised over the period of risk in proportion to the amount of reinsurance protection received.

Where contract terms require the reinstatement of coverage after a loss, the estimated outwards reinstatement premiums are recorded as outwards reinsurance premiums.

4.7 Acquisition costs and deferred acquisition costs
Acquisition costs represent commissions, brokerage and other variable costs that relate directly to the successful sale of new contracts and the renewal of existing contracts. Acquisition costs are deferred and amortised in the period(s) over which the related premiums are earned. Deferred acquisition costs are reviewed at the reporting date and impaired where they are no longer considered to be recoverable out of future margins from the related revenues.

4.8 Outwards reinsurance expenses and deferred outwards reinsurance expenses
Outwards reinsurance expenses represent commissions, brokerage and other variable costs that relate directly to the purchase of outwards reinsurance contracts. Outwards reinsurance expenses are deferred and amortised in the period(s) over which the related premiums are expensed.

4.9 Other insurance income and expenses

Commissions receivable on proportional outwards reinsurance contracts are deferred and earned using the same principles as for acquisition costs on inwards business.

Contingent profit commissions on outwards reinsurance contracts are accrued when it is highly probable that the income will be realised.

4.10 Insurance claims expenses and claims liabilities

Insurance claims expenses comprise claims and loss adjustment expenses incurred in the period based on the estimated compensation owed to reinsureds on the reinsurance contracts written by the Company, whether or not reported to the Company by the reporting date.

Claims paid are defined as those claims transactions settled up to the reporting date.

Claims liabilities represent the total estimated claims and loss adjustment expenses incurred on the reinsurance contracts written by the Company that have not been settled as at the reporting date and comprise the following:

- Claims payable represent liabilities to pay claims where claims on the underlying insurance contract(s) written by the reinsured have been settled by the relevant cedents in excess of the reinsurance contract's attachment point.
- Specific loss reserves are made for known or anticipated liabilities under reinsurance contracts written that have been notified to the Company.
- Incurred but not reported (IBNR) reserves are established to provide for claims expenses on insured events that have occurred but for which loss notifications have not been received by the Company prior and up to the reporting date. These liabilities are determined by the Company based on recognised actuarial methods and assumptions. These methods and assumptions are regularly reviewed through the use of catastrophe models, own loss experience, historical industry loss experience, underwriting and originator experience, estimates of pricing adequacy trends and the directors' and management's professional judgement.

Certain contracts written by the Company require the Company to fund cedants' estimates of their claims recoverable from the Company in full, regardless of whether the cedant has settled their own underlying claims liabilities, by way of cash call advances. The Company may also choose to provide such cash call advances on an ex-gratia basis. Where cash call advances made are in excess of claims paid or claims payable, they are recorded as cash call advances made to cedants as an offsetting item against claims liabilities in the statement of financial position.

Where the amount of cash call advances paid exceeds the Company's own estimated claims liabilities, the excess amounts paid are classified within insurance receivables as claims deposits made to cedants.

Changes in estimates of insurance claims liabilities are recognised in the consolidated statement of comprehensive income in the period in which the estimate changes.

4.11 Insurance claims expenses recoverable from reinsurers and claims recoverable from reinsurers

Insurance claims expenses recoverable from reinsurers comprise recoverable claims and loss adjustment expenses recoverable in the period based on the estimated compensation due from

reinsurers on the outwards reinsurance contracts purchased by the Company, whether or not reported by the Company to the reinsurer by the reporting date.

Claims recoverable from reinsurers represent the total estimated recoverable claims and loss adjustment expenses recoverable on the outwards reinsurance contracts purchased by the Company that have not been settled as at the reporting date, and comprise the following:

- Reinsurance receivables represent amounts due to the Company where claims on the underlying reinsurance contract written by the Company have been settled or settlement has been requested, and payment has been or may be requested from the outwards reinsurer.
- Reinsurers' share of specific loss reserves represents known or anticipated recoveries under outwards reinsurance contracts purchased that correspond to specific loss reserves on inwards reinsurance contracts.
- Reinsurers' share of incurred but not reported reserves represents the estimate of claims recoverable from reinsurers corresponding to the IBNR reserves on inwards reinsurance contracts.

Where outwards reinsurance contracts permit, cash may be called from reinsurers in settlement of claims and claims expenses recoverable in advance of the settlement of claims and claims expense liabilities on the underlying inwards contracts. Where such cash call advances received from reinsurers are in excess of reinsurance receivables settled or due they are recorded as cash call advances received from reinsurers as an offsetting item against claims recoverable from reinsurers in the statement of financial position, in anticipation of future receivable amounts coming due.

Where the current estimated value of claims and claims expenses recoverable from reinsurers on a contract is less than the value of cash call advances received, any such excess is classified within insurance and reinsurance payables as cash call returns due to reinsurers until settled with the reinsurer.

Changes in estimates of claims recoverable from reinsurers are recognised in the consolidated statement of comprehensive income in the period in which the estimate changes.

4.12 Insurance receivables
Insurance receivables comprise amounts due from agents, brokers and insurance contract holders in respect of the premiums written by the Company and are recognised commensurate with the recognition of premiums written.

4.13 Insurance and reinsurance payables
Insurance and reinsurance payables comprise amounts due to agents, brokers and reinsurance providers in respect of the outwards reinsurance purchased by the Company as well as reinsurance commissions due to agents, brokers and insurance contract holders. Such amounts are recognised commensurate with the recognition of premiums written and ceded.

4.14 Financial assets
(a) Classification
Management determines the appropriate classification of financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

The Company classifies its investments in bonds and money market funds as held for trading as they are acquired principally for the purpose of sale or repurchase in the near term and on initial recognition are part of a portfolio of identifiable financial instruments that are managed together for the purpose of short-term profit taking.

The Company provides capital as security, known as Funds at Lloyd's, to support the Lloyd's underwriting business of the Arcus 1856 syndicate. These assets are classified as financial assets designated at fair value through profit or loss at inception because they are both managed and their performance evaluated on a fair value basis. The Company presents Funds at Lloyd's within collateral assets in the statement of financial position and the related cashflows as operating cashflows in the statement of cash flows to most accurately reflect the nature of the assets recognised.

ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as 'trading' assets and have not been designated at fair value through profit or loss or as available-for-sale. The Company classifies cash and cash equivalents, other receivables and collateral assets (except Funds at Lloyd's) as loans and

receivables. Cash and cash equivalents comprise cash at bank and in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

(b) Recognition, derecognition and measurement

i. Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on the settlement date, which is the date that the agreement to purchase or sell the asset is settled by delivery of the assets or liabilities that are the subject of the agreement.

Financial assets are derecognised when the right to receive cash flows from the assets have expired or the Company has transferred substantially all the risks and rewards of ownership. Gains or losses arising on derecognition of financial assets are recognised as a component of investment income in profit or loss.

ii. Initial measurement
Financial assets are initially recognised at fair value. Transaction costs on financial assets at fair value through profit or loss are expensed as incurred in the statement of comprehensive income. The initial carrying amounts of instruments classified as loans and receivables are adjusted for transaction costs and included in the calculation of the effective interest method.

iii. Subsequent measurement
Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value thought profit or loss are presented as net gains or losses from financial assets at fair value through profit or loss in the statement of comprehensive income.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from changes in amortised cost are presented as a component of interest income in the statement of comprehensive income. Loans and receivables are subject to annual reviews for impairment. If there is any objective evidence that the asset is impaired, the Company reduces the carrying amount accordingly and recognises the impairment loss in profit or loss.

(c) Impairment of financial assets measured at amortised cost

The Company assesses at the end of each reporting period as to whether there is any 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 determined, if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

4.15 Financial liabilities
(a) Classification
Management determines the appropriate classification of financial liabilities at initial recognition.

i. Financial liabilities at fair value through profit or loss
The Company does not classify any financial liabilities as fair value through profit or loss.

ii. Other financial liabilities
Other payables and accruals are classified as other financial liabilities as they are neither held for trading nor designated at fair value through profit or loss.

(b) Recognition, derecognition and measurement
i. Recognition and derecognition
Other payables and accruals are recognised when the Company becomes a party to the contract. Financial liabilities are derecognised when the Company's contractual obligation is discharged, cancelled, or expires. Gains or losses arising on derecognition of financial assets are recognised as a component of investment income in profit or loss.

ii. Initial measurement
Financial liabilities are initially recognised at fair value. Transaction costs on financial liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income. The initial carrying amounts of instruments classified as other financial liabilities are adjusted for transaction costs and included in the calculation of the effective interest method.

iii. Subsequent measurement
Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial liabilities at fair value thought profit or loss are presented as net gains or losses from financial liabilities at fair value through profit or loss in the statement of comprehensive income.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from changes in amortised cost are presented as a component of interest expense in the statement of comprehensive income.

4.16 Fair value estimation
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. Investments in bonds are generally quoted or dealt on a recognised stock exchange or other trading facility or in an active market. Fair valuations are made by the Company based on valuations received from the Company's investment manager. If such information is not provided, or is insufficiently timely, management uses appropriate valuation techniques to estimate the value of investments. In determining the fair value of such investments, management takes into consideration relevant factors which may include the impact of suspension, redemptions, liquidation proceedings and other significant factors. The estimates may differ from actual realisable values.

The Company's policy is to recognise transfers between levels of the fair value hierarchy at the end of the reporting period.

4.17 Taxation
The Company is taxable in Guernsey at the standard company rate of zero percent (2021: zero percent) as per the Income Tax (Zero 10) (Guernsey) Law, 2007.

4.18 Share capital
Issued ordinary shares are classified as equity instruments.

4.19 Net other investment income and expenses
Net other investment income and expenses comprise investment management fees and other income and expenses associated with the management of the Company's investment portfolio and other investment-related assets.

4.20 Administration expenses
Administration expenses including employee benefits are recognised on an accruals basis.

5. Significant accounting judgements and estimates
The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1 Valuation of claims incurred but not reported
Liabilities for claims incurred but not reported require a significant amount of judgement as, by their nature, they are based on information that has not been reported to the Company. As such, these reserves are based on the best information available at a given time that may consequently change as a result of changes in assumptions or information. Such changes may result in either increases or decreases to the reserves recognised at the reporting date, as disclosed in note 15(b). Further disclosures in respect of the sensitivity to insurance risk are provided in note 6.5(b).

6. Risk management

6.1 Risk management framework

The Company discharges its risk management responsibilities through the Board and its committee. The Board of Directors maintains the Company's Enterprise Risk Management policy and framework and is responsible for oversight of each of the Company's committees, maintaining the Company's risk register and monitoring emerging risks.

The Company's risk monitoring practices encompass both quantitative and qualitative views of risk across all major risk categories. This includes regular reporting on the Company's exposures to credit risk, liquidity risk, market risk and insurance risk, among others. A more detailed description of the major risk categories to which the Company is exposed is provided below.

6.2 Credit risk

Credit risk is the risk that one party to a financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is primarily exposed to credit risk through the financial instruments it holds and assets related to its insurance activities, including insurance receivables and claims recoverable from reinsurers. The Company seeks to proactively mitigate this risk by undertaking transactions with reputable counterparties with credit ratings in accordance with the Company's guidelines. Thereafter, the Company actively monitors the financial strength ratings of its counterparties (including financial investments counterparties and cedants) and assessing the recoverability of insurance receivables and claims recoverable from reinsurers.

The Company considers that the carrying amount of financial assets best represents the maximum exposure to credit risk.

(a) Financial assets

The investment objective is to optimise investment returns while preserving capital and providing appropriate liquidity. The benchmark for reporting and monitoring is the Bank of America Merrill Lynch Sterling Broad Market, AAA-AA Rated, 1-3 Years index. Equities and derivatives are not permitted investments. The average portfolio duration cannot exceed 3 years, and the average credit rating must be A/A2 or above. Individual holdings have concentration limits, and the manager cannot engage in stock lending arrangements or hold securities issued by insurance or reinsurance companies. All breaches of guidelines will be notified to the client and must be rectified within 30 days.

An analysis of financial assets by credit rating is provided below:

Financial assets credit rating analysis **As at 31 December 2022**	**Fair value through profit or loss USD**	**Loans and receivables USD**	**Total USD**
AAA range	•	•	•
AA range	•	•	•
A range	•	•	•
BBB range	•	•	•
BB range	•	•	•
Unrated	•	•	•
Total financial assets	•	•	•

Financial assets credit rating analysis **As at 31 December 2021**	**Fair value through profit or loss USD**	**Loans and receivables USD**	**Total USD**
AAA range	•	•	•
AA range	•	•	•
A range	•	•	•
BBB range	•	•	•
BB range	•	•	•
Unrated	•	•	•
Total financial assets	•	•	•

(b) Insurance receivables and claims recoverable from reinsurers

The credit quality of insurance receivables and claims recoverable from reinsurers is assessed through at least quarterly reviews of cedant and reinsurer credit ratings. These cedant and reinsurer credit ratings range from A++ to Not Rated (A.M. Best) and from AA- to Not Rated (Standard & Poor's). Where the credit rating of outwards reinsurers does not meet the minimum criteria prescribed by the Company's underwriting guidelines, the protection is collateralised by a combination of cash advances, letters of credit and reinsurance trusts which, in turn, have minimum credit rating requirements.

An analysis of insurance receivables that are past due but not impaired is provided below. None of these receivables have a recent history of default and the Company considers the amounts recoverable in full. No other financial assets are past due but not impaired. There are also no receivables that are past due and impaired.

Aged insurance receivables analysis **As at 31 December**	**2022** **USD**	**2021** **USD**
0 to 30 days	•	•
31 to 60 days	•	•
61 to 90 days	•	•
More than 90 days	•	•
Total aged insurance receivables	•	•

6.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due. The most significant liquidity risk of the Company is the availability of cash resources in respect of actual or potential claims arising from a major insured event, including the risk associated with a reinsurer failing to meet its obligations to settle claims or cash call advances on the Company's outwards reinsurance contracts.

In respect of claims liabilities, the Company manages its liquidity risk by ensuring that there is sufficient cash in the operating and expense accounts that are readily available to fulfil claims payments as they fall due. For potential future claims liabilities, the Company manages its liquidity risk by holding a minimum amount of sufficiently liquid financial instruments to cover potential losses arising from a defined major catastrophe scenario.

A maturity analysis of financial and insurance liabilities that shows the remaining contractual maturities is provided below. Claims liabilities other than claims payable have not been included in the analysis as they have no stated contractual maturity. This table is on an undiscounted basis.

Maturity analysis of financial and ins liabilities	**One to three months**	**Three to Twelve months**	**Total**
As at 31 December 2022	**USD**	**USD**	**USD**
Claims payable	•	•	•
Other payables and accruals	•	•	•
Insurance and reinsurance payables	•	•	•
Total financial and insurance liabilities	•	•	•

Maturity analysis of financial and ins liabilities	**One to three months**	**Three to Twelve months**	**Total**
As at 31 December 2021	**USD**	**USD**	**USD**
Claims payable	•	•	•
Other payables and accruals	•	•	•
Insurance and reinsurance payables	•	•	•
Total financial and insurance liabilities	•	•	•

6.4 Market risk

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in foreign exchange rates.

The Company manages currency risk by generally only maintaining sufficient balances in each currency account to settle outwards payments due in foreign currencies. In situations where claims liabilities denominated in a currency other than the Company's functional currency are significant, the Company may mitigate the associated currency risk by holding additional assets in that foreign currency for the purpose of asset and liability matching.

An analysis of the gains or losses that would result in profit or loss from the impact on financial instruments and insurance contract balances of an improvement or deterioration of 10% in each currency to which the Company has significant exposure is provided below. The directors believe that 10% improvement or deterioration in foreign exchange rates represents a reasonable possible change and provides year-on-year comparability.

Currency sensitivity analysis	**10% improvement**	**10% deterioration**
As at 31 December 2022	**USD**	**USD**
AUD	•	•
CHF	•	•
EUR	•	•
GBP	•	•
JPY	•	•

Currency sensitivity analysis	**10% improvement**	**10% deterioration**
As at 31 December 2021	**USD**	**USD**
AUD	•	•
CHF	•	•
EUR	•	•
GBP	•	•
JPY	•	•

An analysis of financial instruments and insurance contract balances as at 31 December 2022 by each currency to which the Company has significant exposure is provided below.

Currency Statement of financial position							2022
Assets	**AUD**	**CHF**	**EUR**	**GBP**	**JPY**	**Other inc. USD**	**Total**
Investment assets							
Financial investments	•	•	•	•	•	•	•
Fair value through profit or loss investment securities	•	•	•	•	•	•	•
Investment in Associate	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Reinsurers' Share of technical provision							
Accrued outwards reinsurance premium	•	•	•	•	•	•	•
Claims recoverable from reinsurers	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Debtors							
Debtors arising out of reinsurance operations	•	•	•	•	•	•	•
Other Debtors	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Other Assets							
Cash at bank and in hand	•	•	•	•	•	•	•
Collateral	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Deferred acquisition costs	•	•	•	•	•	•	•
Total Assets	•	•	•	•	•	•	•
Liabilities							
Non-current liabilities							
Technical provisions	•	•	•	•	•	•	•
Claims outstanding	•	•	•	•	•	•	•
Provision for unearned premiums	•	•	•	•	•	•	•
Current liabilities							
Creditors	•	•	•	•	•	•	•
Insurance payables	•	•	•	•	•	•	•
Reinsurance payables					•	•	•
Other payables and accruals	•	•	•	•	•	•	•
Total Liabilities	•	•	•	•	•	•	•
Net Currency Exposure	•	•	•	•	•	•	•

Currency Statement of financial position							**2021**
Assets	**AUD**	**CHF**	**EUR**	**GBP**	**JPY**	**Other inc. USD**	**Total**
Investment assets							
Financial investments	•	•	•	•	•	•	•
Fair value through profit or loss investment securities	•	•	•	•	•	•	•
Investment in Associate	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Reinsurers' Share of technical provision							
Accrued outwards reinsurance premium	•	•	•	•	•	•	•
Claims recoverable from reinsurers	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Debtors							
Debtors arising out of reinsurance operations	•	•	•	•	•	•	•
Other Debtors	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Other Assets							
Cash at bank and in hand	•	•	•	•	•	•	•
Collateral	•	•	•	•	•	•	•
	•	•	•	•	•	•	•
Deferred acquisition costs	•	•	•	•	•	•	•
Total Assets	•	•	•	•	•	•	•
Liabilities							
Non-current liabilities							
Technical provisions	•	•	•	•	•	•	•
Claims outstanding	•	•	•	•	•	•	•
Provision for unearned premiums	•	•	•	•	•	•	•
Current liabilities							
Creditors	•	•	•	•	•	•	•
Insurance payables	•	•	•	•	•	•	•
Reinsurance payables					•	•	•
Other payables and accruals	•	•	•	•	•	•	•
Total Liabilities	•	•	•	•	•	•	•
Net Currency Exposure	•	•	•	•	•	•	•

(b) Interest rate risk
Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its cash and cash equivalents. Investment performance is regularly monitored against benchmarks based on market returns and interest rates.

Redacted.

The impact of interest rates on fixed rate bonds is described in 6.5(d).

(c) Price risk
The Company is exposed to price risk because of investments classified as financial assets at fair value through profit or loss. Such investments are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market such as prevailing interest rates.

The Company's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification planning and setting limits on investments in each sector and market.

Redacted.

6.5 Insurance risk
(a) Insurance risk management
The risk under any one insurance contract is the possibility that the insured event occurs, with further risks resulting from the uncertainty of the amount and timing of the resulting claim.

The Company benefits from an underwriting and reserving process that uses a combination of experience, knowledge, exposure information and past claims data (from both internal and external sources) to evaluate the likely cost of claims and therefore the premium that should be sufficient (across the portfolio of contracts) to produce an acceptable profit. However, due to the nature of insurance risk there is no guarantee that the premium charged will be sufficient, and a loss may arise from insufficient premium being calculated or may result from an unexpected or unprecedented high level of claims.

The Company is also exposed to catastrophe losses which may impact many risks in single or multiple events. Outwards reinsurance has been purchased to limit the impact of loss frequency and severity from such events in accordance with the Company’s risk appetite.

Where insured events have occurred, the Company faces a risk that the ultimate claims payments exceed the carrying amount of the insurance liabilities at the reporting date. This could occur because the frequency or severity of claims is greater than estimated.

The Company operates a formal actuarial reserving policy that defines in detail the approach taken in determining the reserves held by the Company at each reporting date. The Company records specific loss reserves on each contract at least equal to the estimates reported by cedants and may establish additional specific loss reserves if the cedants’ reported estimates are believed by the Company to be inadequate.

The Company records actuarially-determined reserves for claims incurred but not reported based on best estimates of the Company’s ultimate loss and loss adjustment expenses at each reporting date. An actuarial valuation was performed by qualified actuaries to estimate the claims liabilities of the Company as at 31 December 2022 in accordance with the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended.

(b) Sensitivity to insurance risk
As disclosed in note 15(b), the most significant assumption in the determination of claims liabilities is the losses assumed for each contract. Changes to estimated loss ratios arising from actuarially-

determined information or cedant loss reporting over the lifetime of each contract will result in gains or losses recognised in profit or loss.

Material uncertainty exists in respect of the amount and timing of settlement of claims. Such uncertainty arises due to the timing differences between the occurrence of an insured event, its notification to the primary insurer and subsequently to the Company, and the final settlement of the claim. The amount of a claim is also uncertain until the final settlement is agreed and paid. However, the risks arising from uncertainty has diminished significantly following the decision to write new business as well as the well-developed nature of the existing book.

Redacted.

(c) Concentrations of insurance risk

An analysis of the Company's exposures to insured events by territory and line of business is included below.

	2022		2021	
	Gross USD	**Net USD**	Gross USD	Net USD
Territory				
North America and Caribbean	•	•	•	•
Europe	•	•	•	•
Japan	•	•	•	•
Oceania	•	•	•	•
World-wide	•	•	•	•
	•	•	•	•

	2022		2021	
	Gross USD	**Net USD**	Gross USD	Net USD
Line of business				
Marine, aviation and transportation	•	•	•	•
Fire and other damage to property	•	•	•	•
General liability	•	•	•	•
Credit and suretyship	•	•	•	•
	•	•	•	•

(d) Claims development

An analysis of current estimates of claims compared to previous estimates is provided below. The analysis is presented on an underwriting year basis and excludes changes in claims liabilities and claims recoverable from reinsurers arising from fluctuations in foreign exchange rates. As such, the disclosures do not reconcile to the Company's consolidated statement of financial position.

The Company chooses to present claims development based on estimates of incurred losses on each contract, which do not include losses not yet incurred. There is therefore a reasonable expectation that the estimate of incurred claims at the end of each underwriting year may subsequently increase one year later where the risk coverage of policies written continues into the next financial year and claims continue to be incurred.

Claims development by underwriting year - gross basis	**2015 USD**	**2016 USD**	**2017 USD**	**2018 USD**	**2019 USD**	**2020 USD**
Est incurred claims at the end of U/w year	•	•	•	•	•	•
One year later	•	•	•	•	•	•
Two years later	•	•	•	•	•	•

Three years later	•	•	•	•	•	•
Four years later	•	•	•	•	•	•
Five years later	•	•	•	•	•	•
Six years later	•	•	•	•	•	•
Seven years later	•	•	•	•	•	•
Cumulative payments	•	•	•	•	•	•
Estimated balance	•	•	•	•	•	•

Claims development by underwriting year - net basis	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Est incurred claims at the end of U/w year	•	•	•	•	•	•
One year later	•	•	•	•	•	•
Two years later	•	•	•	•	•	•
Three years later	•	•	•	•	•	•
Four years later	•	•	•	•	•	•
Five years later	•	•	•	•	•	•
Six years later	•	•	•	•	•	•
Seven years later	•	•	•	•	•	•
Cumulative payments	•	•	•	•	•	•
Estimated balance	•	•	•	•	•	•

As the Company was placed into run-off in December 2020, no inwards contracts have been written since.

6.6 Operational risk

Operational risk is the potential for loss arising from inadequate or failed processes, systems, human error, or external events. Operational risk management frameworks and procedures exist to identify, assess, and mitigate risks. These frameworks include internal controls, risk assessment processes, incident reporting systems, and ongoing monitoring and testing of operational processes. By proactively and effectively managing operational risks, the Company aims to minimise their impact on its activities. Regular reviews and updates to operational risk management processes take place to ensure that the Company adapts to new and emerging risks and complies with applicable laws and regulations.

7. Fair value of financial instruments

7.1 Fair value measurements

The fair value of financial instruments at fair value through profit or loss is based on the market value provided by the investment manager.

7.2 Fair value hierarchy

(a) Classification

The Company measures the fair value of financial instruments using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety. In making the assessment, the Company considers factors specific to the asset or liability.

(b) Fair value hierarchy table

An analysis of the Company's financial instruments at fair value through profit or loss by fair value hierarchy level is provided below.

Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 December 2022	**USD**	**USD**	**USD**	**USD**
Bonds	•	•	•	•
Funds at Lloyd's	•	•	•	•
Total financial assets at Fair value through profit or loss	•	•	•	•

Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 December 2021	**USD**	**USD**	**USD**	**USD**
Bonds	•	•	•	•
Funds at Lloyd's	•	•	•	•
Total financial assets at Fair value through profit or loss	•	•	•	•

Redacted.

(c) Financial instruments not measured at fair value

The Company's loan and receivables and other financial liabilities that are described in notes 11, 13 and 16 are carried at amounts that approximate to their fair value and are categorised as Level 2 in the fair value hierarchy.

Redacted.

8. Capital management

The Company's objective when managing capital is to support its business in addition to adhering to regulatory requirements. The Company complies with the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended. The capital management policies adopted by the Company are operated to ensure the Company's ability to continue as a going concern and in order to target returns for the shareholder and benefits for stakeholders. The Board meets quarterly to agree the Company's immediate and long-term capital requirements, including review of the Company's forecasts, cash projections and insurance risk exposures.

The directors also review the Company's capital structure on a regular basis to ensure adequate funds are available to meet its obligations and comply with the solvency margin requirements required by the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended. In accordance with the Insurance Business (Solvency) Rules 2021, the Company is required at all times to maintain regulatory capital resources greater than or equal to its Minimum Capital Requirement and its Prescribed Capital Requirement.

The Company complied with the externally imposed capital requirements to which it was subject during the years ended 31 December 2022 and 31 December 2021.

The total amount of capital of the Company at 31 December 2022 was USD 191,240,749 (2021: USD 257,610,999), being net assets attributable to the holder of ordinary shares.

9. Financial instruments

(a) Composition of financial assets

Financial assets	**Held for trading**	**Designated at fair value**	**Loans and receivables**	**Total**
As at 31 December 2022	**USD**	**USD**	**USD**	**USD**
Cash and cash equivalents	•	•	•	•
Bonds	•	•	•	•
Funds at Lloyd's	•	•	•	•
Other receivables	•	•	•	•

Other collateral assets	•	•	•	•
Total financial assets	•	•	•	•

Financial assets **As at 31 December 2021**	**Held for trading** **USD**	**Designated at fair value** **USD**	**Loans and receivables** **USD**	**Total** **USD**
Cash and cash equivalents	•	•	•	•
Bonds	•	•	•	•
Funds at Lloyd's	•	•	•	•
Other receivables	•	•	•	•
Other collateral assets	•	•	•	•
Total financial assets	•	•	•	•

Redacted.

(b) Composition of financial liabilities

Financial assets **As at 31 December 2022**	**Designated at fair value** **USD**	**Other financial liabilities** **USD**	**Total** **USD**
Other payables	•	•	•
Total financial liabilities	•	•	•

Financial assets **As at 31 December 2021**	**Designated at fair value** **USD**	**Other financial liabilities** **USD**	**Total** **USD**
Other payables	•	•	•
Total financial liabilities	•	•	•

Redacted.

(c) Reconciliation of opening and closing financial instruments

Reconciliation of opening and closing financial assets **As at 31 December**	**2022** **USD**	**2021** **USD**
Opening balance at 1 January	•	•
Investment portfolio purchases	•	•
Investment portfolio sales	•	•
Losses on financial assets	•	•
Net (decrease)/increase in cash and cash equivalents	•	•
Net decrease in other receivables	•	•
Net decrease in collateral assets	•	•
Effects of changes in FX rates on financial assets	•	•
Closing balance at 31 December	•	•

Reconciliation of opening and closing financial liabilities **As at 31 December**	**2022** **USD**	**2021** **USD**
Opening balance at 1 January	•	•
Settlements	•	•
Liabilities incurred	•	•
	•	•

10. Debtors arising out of reinsurance operations

Redacted.

11. Other receivables and prepayments

Other receivables and prepayments **As at 31 December**	**2022** **USD**	**2021** **USD**
Interest income receivable	•	•
Related party	•	•

Sundry receivables	•	•
Total receivables	•	•
Prepayments	•	•
Total other receivables and prepayments	•	•

Redacted.

12. Deferred insurance and reinsurance assets

(a) Composition of deferred insurance and reinsurance assets

Deferred insurance and reinsurance assets	**2022**	**2021**
As at 31 December	**USD**	**USD**
Deferred acquisition costs	•	•
Deferred other underwriting expenses	•	•
Unexpensed outwards reinsurance premium	•	•
Total other receivables and prepayments	•	•

Redacted.

(b) Reconciliation of changes in deferred insurance and reinsurance assets

Reconciliation of changes in deferred insurance and reinsurance assets	**Deferred acquisition costs**	**Deferred other underwriting expenses**	**Unexpensed outwards reinsurance premium**
As at 31 December 2022	**USD**	**USD**	**USD**
Opening balance at 1 January 2022	•	•	•
Deferred during the period	•	•	•
Amortised during the period	•	•	•
Closing balance at 31 December 2022	•	•	•

Reconciliation of changes in deferred insurance and reinsurance assets	**Deferred acquisition costs**	**Deferred other underwriting expenses**	**Unexpensed outwards reinsurance premium**
As at 31 December 2021	**USD**	**USD**	**USD**
Opening balance at 1 January 2021	•	•	•
Deferred during the period	•	•	•
Amortised during the period	•	•	•
Closing balance at 31 December 2021	•	•	•

13. Collateral assets

Collateral assets	**2022**	**2021**
As at 31 December	**USD**	**USD**
Funds at Lloyd's	•	•
Term deposits	•	•
Cash deposits	•	•
Reinsurance trusts	•	•
Other	•	•
Total collateral assets	•	•

Funds at Lloyd's are deposited to support the underwriting activities of the Company's participation in the Arcus 1856 syndicate.

Cash deposits are pledged to cedants to support future loss payments.

Reinsurance trusts comprise premiums receivable by the Company for which access is restricted in trust until the passage of time and claims experience, as defined by the contract, allows release of the funds to the Company.

Other collateral assets comprise payments made to support outwards reinsurance contracts entered into by the Company.

Redacted.

14. Share capital

Share capital **As at 31 December**	**2022** **USD**	**2021** **USD**
Authorised, issued, and fully paid shares	5,131	5,131
Share premium	•	•
Total share capital	•	•

The issued and fully paid shares are held by Marco Capital Holdings Limited. Marco Capital Holdings Limited also acquired the entirety of the share premium on acquisition of the Company.

15. Claims liabilities and claims recoverable from reinsurers
(a) Composition of claims liabilities and claims recoverable from reinsurers

Claims liabilities and claims recoverable from reinsurers	**2022**	**2021**
As at 31 December	**USD**	**USD**
Claims liabilities		
Claims payable	•	•
Specific loss reserves	•	•
Incurred but not reported reserves	•	•
Unallocated loss adjustment expenses	•	•
Cash call advances paid to cedants	•	•
Total claims outstanding	•	•
Claims recoverable from reinsurers		
Reinsurance receivables	•	•
Reinsurers share of specific loss reserves	•	•
Reinsurers share of incurred but not reported reserves	•	•
Cash call advances received from reinsurers	•	•
Total claims recoverable from reinsurers	•	•
Net Claims liabilities		
Net claims payable	•	•
Net specific loss reserves	•	•
Net incurred but not reported reserves	•	•
Net unallocated loss adjustment expenses	•	•
Net cash call advances paid and received	•	•
Total claims liabilities	•	•

Redacted.

(b) Process for determining assumptions used in measurement of claims liabilities
The most significant component of the total claims liabilities disclosed above is incurred but not reported (IBNR) reserves. As described in note 6.5(a) above, the Company operates a formal actuarial reserving policy that defines in detail the approach taken in determining the reserves held by the Company at each reporting date.

Updates to reserves are made on a quarterly basis based on the most recent loss information available. The quarterly analysis performed uses various generally accepted actuarial methods including loss development methods, expected emergence methods and expected loss ratio methods. Where applicable, for example where a cedant's loss history is limited or volatile, the Company utilises industry loss development patterns, trends and other key assumptions to supplement the historical loss information provided by the cedant.

When a catastrophic loss occurs, the Company identifies potentially impacted contracts based on each contract's terms, discussions with the underwriter responsible for the contract, and any submission data provided by the cedant prior to policy inception. The Company then develops an estimate of initial ultimate loss for each potentially impacted contract using information that may include: outputs from catastrophe models; market share data; publicly available information; and subjective assessment of a contract's loss potential. Such initial ultimate loss estimates are held as IBNR reserves until loss reporting is received from the cedant.

(c) Effect of changes in assumptions
Changes in the estimated losses on the contracts written by the Company result in gains or losses recognised in profit or loss. The estimated claims liabilities in respect of claims incurred in previous reporting periods may change in the current period as the estimated ultimate costs of settling those claims becomes more certain over time. The effect of movements on claims incurred in previous periods in the current year is disclosed in note 15(d) below. Claims development tables comparing the estimates of ultimate claims at the end of each underwriting year to current estimates are provided in note 6.5(d).

Redacted.

(d) Reconciliation of changes in net claims liabilities

Reconciliation of changes in net claims liabilities	**Claims liabilities**	**Claims recoverable from reinsurers**	**Net claims liabilities**
As at 31 December 2022	**USD**	**USD**	**USD**
Opening balance at 1 January 2022	•	•	•
Claims incurred and recoverable during the period			
- Current underwriting year	•	•	•
- Previous underwriting years (including movement on claims incurred and recoverable in previous periods)	•	•	•
Cash call advances paid and received	•	•	•
Claims paid and recovered	•	•	•
Foreign exchange differences	•	•	•
Closing balance at 31 December 2022	•	•	•

Reconciliation of changes in net claims liabilities	Claims liabilities	Claims recoverable from reinsurers	Net claims liabilities
As at 31 December 2021	**USD**	**USD**	**USD**
Opening balance at 1 January 2021	•	•	•
Claims incurred and recoverable during the period			
- Current underwriting year	•	•	•
- Previous underwriting years (including movement on claims incurred and recoverable in previous periods)	•	•	•
Cash call advances paid and received	•	•	•
Claims paid and recovered	•	•	•
Foreign exchange differences	•	•	•
Closing balance at 31 December 2021	•	•	•

16. Insurance and reinsurance payables

Insurance and reinsurance payables	2022	2021
As at 31 December	**USD**	**USD**
Reinsurance premiums payable	•	•
Other underwriting expenses payable	•	•
Total insurance and reinsurance payables	•	•

Redacted.

17. Deferred insurance and reinsurance liabilities
(a) Composition of deferred insurance and reinsurance liabilities

Deferred insurance and reinsurance liabilities	2022	2021
As at 31 December	**USD**	**USD**
Unearned premium reserve	•	•
Total deferred insurance and reinsurance liabilities	•	•

Redacted.

(b) Reconciliation of changes in deferred insurance and reinsurance liabilities

Reconciliation of changes in deferred insurance and reinsurance liabilities	Unearned premium reserve	Unearned commission income
As at December 2022	**USD**	**USD**
Opening balance at 1 January 2022	•	•
Deferred during the period	•	•
Amortised during the period	•	•
Closing balance at 31 December 2022	•	•

Reconciliation of changes in deferred insurance and reinsurance liabilities	Unearned premium reserve	Unearned commission income
As at December 2021	**USD**	**USD**
Opening balance at 1 January 2022	•	•
Deferred during the period	•	•
Amortised during the period	•	•
Closing balance at 31 December 2021	•	•

18. Other investment income and expenses

Other investment income and expenses **As at 31 December**	**2022** **USD**	**2021** **USD**
Other interest income	•	•
Investment management fees	•	•
Other investment expenses	•	•
Total net other investment income and expenses	•	•

19. Administration expenses

Administration expenses **As at 31 December**	**2022** **USD**	**2021** **USD**
Management fees	•	•
Directors' and personnel costs	•	•
Regulatory and licensing fees	•	•
Legal and professional fees	•	•
Audit fees	•	•
Travel and subsistence	•	•
Bank charges	•	•
Group recharges	•	•
Other administration expenses	•	•
Total administration expenses	•	•

20. Related party transactions

(a) Key management personnel
Redacted.

(b) Director expenses
Expenses incurred by directors in the course of discharging their duties to the Company, for example travel expenses, are recharged to the Company.

(c) Parent company
The Company’s immediate parent is Marco Capital Holdings Limited (“MCHL”). The accounts of Marco Capital Holdings Limited are available for public use.

Redacted.

(d) Legal services
Mr Anderson acts as a partner of Carey Olsen (Guernsey) LLP which provides legal services to the Company. Redacted.

21. Consolidated statement of cash flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with less than three months to maturity from the date of acquisition.

	2022 **USD**	**2021** **USD**
Cash and balances at central banks	•	•
Fair value through profit or loss investment securities	•	•
As at 31 December	•	•

Fair value through profit or loss investment securities are amounts invested in money market funds, which are realisable on demand.

22. Events after the reporting period

Subsequent to the year end, there have been banking failures in the US and Europe and there continue to be significant swings in banking valuations and nervousness in the markets around the financial soundness of the banking sector. There is no exposure to any bank which has recently been identified by regulators as having solvency issues or where actions have been taken by regulators or national governments to prevent contagion. The Board remains comfortable with the current strategic asset allocation outlined in the investment guidelines and the level of financial institution exposure within the investment portfolio. The Group continues to monitor ongoing developments.

There were no further events after the reporting period up to the date the financial statements were authorised for issue that would require adjustment or disclosure in this set of consolidated financial statements.