NEWPOINT REINSURANCE COMPANY LIMITED

Financial Statements for the Year Ended 31st December, 2023

NEWPOINT RE

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COMPANY INFORMATION

DIRECTORS

Mr Andrew Bye, Executive Director *

Dr Telbert Glasgow, Executive Director *

Mr Paul Warren, Executive Director *

Mr Keith Beekmeyer, Non-Executive Director

COMPANY SECRETARY

Charlotte Green

COMPANY NUMBER

C46027

REGISTERED OFFICE

A.L. Evelyn Building Ltd
Suite 1
Main Street, Charlestown, Nevis,
Islands of St Kitts & Nevis.

AUDITORS

SRN Sonico, Chartered Accountants & Registered Auditor

Golden Cross House
8 Duncannon Street
London WC2N 4JF
United Kingdom

*denotes member of the Executive Board of the Company

NEWPOINT RE

DIRECTORS' STATEMENT OF RESPONSIBILITES

Directors' Report

The Directors present their report and the audited Annual Report and Financial Statements for Newpoint Reinsurance Company Limited (NPRE) "The Company" for the year ended 31 December 2023.

Director Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Generally Accepted Accounting Practice (International Accounting Standards and applicable law). Under international standards the Directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Specify which generally accepted accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the International Accounting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company is the provision of International (Re) Insurance capacity.

Management discussion and strategic report

The worldwide (re)insurance business is highly competitive, as well as cyclical by product and market. As such, financial results tend to fluctuate with periods of constrained availability, higher rates and stronger profits followed by periods of abundant capacity, lower rates, and constrained profitability. At Newpoint Reinsurance Company Limited (NPRE), The Company has the skills to conduct a well-diversified underwriting strategy, investing in "risk managed" exposures across geographical areas and product types. This enables the Company to damp down the negative impact of cyclical changes in earnings.

The Company is a niche (re)insurer, working with selected partners and focussed on three core lines of business (see www.npre.kn). We continue to build a strong balance sheet, buoyed each year by fully retained surplus, which enhances our strength and commitment to the long term.

Review of the business

During the last year we have carefully reviewed our portfolios and have exited non-performing risk sectors, in particular the travel sector to which we were over exposed during the post-COVID period. Despite these portfolio corrections, underwriting revenue has increased substantially during the year, which enhances our conviction in the strategic approach.

We would like to thank all our team and stakeholders for their efforts over the course of 2023. We enter 2024 in a stronger position, with a solid foundation to build upon.

Dividends

The Board of Directors does not recommend the payment of a dividend. This remains

DIRECTORS STATEMENT OF RESPONSIBILITES

in line with previous years, to support reinvestment into the Company's Balance Sheet by way of retained surplus.

Key Developments during the year

In May, the Company received its first Rating of B+/BBB- issued from the London Office of an International Rating Agency.

Adopted and implemented IFRS 17.

Strengthened claims reserving and IBNR provisions based on actuarial assessments.

Created a much enhanced risk management process by establishing a working unity between underwriting and claims functions, with the actuarial function.

New business opportunities were subject to prior capital support and solvency review using the BCAR model of AM Best.

Invested in additional software infrastructure to maintain business stability and support growth.

Management & Ownership

The Senior Management Team of the Company thanks its Investors for the continued support and belief in the success and long-term stability of Newpoint Reinsurance Company Limited.

Strategy and Future Outlook

The Company will continue to execute its strategic growth plan with a disciplined approach to risk assessment and solvency strength, utilising capital-risk Models to navigate its development through 2024.

We aspire to operate on an "equivalence basis" to best financial service practice. This is facilitated by alignment with its regulated partners, which assists the delivery of the Company's prudent, sustainable risk management approach; ultimately ensuring our capacity is "Outcome Orientated".

Management have specialised experience in certain product areas and will continue to develop opportunities where it can bring its own experience to bear. The Company will continue to grow organically whilst applying its diversification strategy by product and geography.

Approved and authorised by the Board on 20th May 2024 and signed on its behalf by:

Mr Andrew Bye Executive Director	Dr Telbert Glasgow Executive Director	Mr Paul Warren Executive Director

NEWPOINT RE

SRN SONICO, CHARTERED ACCOUNTANTS & REGISTERED AUDITOR
Golden Cross House, 8 Duncannon Street, London WC2N 4JF United Kingdom

INDEPENDENT AUDITORS' REPORT

To: The Shareholders and Board of Directors of Newpoint Reinsurance Company

Opinion

We have audited the financial statements of Newpoint Reinsurance Company Ltd (NPRE) "the Company" for the year ended 31 December 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards, including International Financial Reporting Standards.

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- Have been properly prepared in accordance with International Accounting Practice; and
- Have been prepared in accordance with the requirements of the International Financial Reporting Standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the auditor 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, including the FRC's Ethical Standard, 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.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicit stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on Other Matters Prescribed by the ISA

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and Directors' Report for the

INDEPENDENT AUDITORS' REPORT CONT'D...

financial year for which the financial statements are prepared is consistent with the financial statements; and

- The Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are Required to Report by Exception

In the light or our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act or the laws of St Kitts & Nevis requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns: or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We assessed the risks or material misstatement in respect of fraud as follows:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes or meetings with those charged with governance;
- Reviewing financial statement disclosures and testing to support documentation to assess compliance with applicable laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale or significant transactions outside the normal course of business.

A further description of our responsibilities is available on the International Financial Reporting Standards.

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INDEPENDENT AUDITORS' REPORT CONT'D...

Use of our Report

This report is made solely to the Company's members, as a body, in accordance with Section 111 and 1212 of the Companies Act Cap 21.03 and the laws of St Kitts & Nevis. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jitender Thind (Senior Statutory Auditor)
For and on behalf of SRN Sonico, Statutory Auditor

Golden Cross House
8 Duncannon Street
London
WC2N 4JF
United Kingdom

20 May 2024

NEWPOINT RE

STATEMENT OF FINANCIAL POSITION

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

	Notes	31 December 2023	31 December 2022
Fixed Assets			Restated[1]
Investment Properties	12	642	642
Current Assets			
Cash and Cash Equivalents	9	44,153	8,572
Accounts Receivable, Net	11 (a)	98,895	56,765
Deferred Acquisition Costs	11 (b)	47,559	20,757
Other Current Assets	14	29,877	17,238
Total Current Assets		**220,484**	**103,332**
Non-Current Assets			
Other Cash Deposits	9	16,474	12,733
Financial Assets - Amortisation Cost	10	272,348	170,251
Financial Assets - Other	10	12,388	12,376
Total Non-Current Assets		**301,210**	**195,359**
Total Assets		**522,336**	**299,333**
Current Liabilities			
Other Liabilities	13	16,469	2,193
Due to Related Parties	14	9,490	3,203
Insurance Contract Liabilities	17	200,883	103,163
Total Liabilities		**226,842**	**108,560**
Stockholders Equity			
Ordinary Shares	15	151,000	1,000
Preference Shares	15	100,000	150,000
Retained Earnings	15	39,773	35,116
Profit and Loss Account		4,720	4,657
Total Equity		**295,493**	**190,773**
Total Liabilities and Equity		**522,336**	**299,333**

[1] Restated for the adoption of IFRS 17. Refer to note 4. Adoption of new and revised accounting standards.

The Notes on pages 14 to 37 form an integral part of these financial statements.

STATEMENT OF P&L AND OTHER COMPREHENSIVE INCOME

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

	Notes	31 December 2023	31 December 2022
Income			Restated[1]
Insurance Revenue	i	155,726	76,551
Insurance Service Expenses	ii,iii,iv	(149,933)	(69,601)
Insurance Service Result from Insurance Contracts		**5,793**	**6,950**
Operating Expenses		(1,157)	(1,459)
Net Profit for the Year		**4,636**	**5,491**
Other Comprehensive Income (OCI):			
Exchange Gains on Currency Translation		73	645
Fair Value Gains / (Losses) on FVTOCI Assets Net of Tax		12	(1,479)
Total Other Comprehensive Income		**85**	**(834)**
Total Comprehensive Income for the Year:		**4,720**	**4,657**

[1] Restated for the adoption of IFRS 17. Refer to note 4. Adoption of new and revised accounting standards.

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

	Ordinary Share Capital	Preference Share Capital	Retained Earnings	Total
Balance as at 1st January, 2022	1,000	149,000	35,116	185,116
Shares Issued	-	1,000	-	1,000
Profit for the Year	-	-	4,657	4,657
Balance as at 31st December 2022	1,000	150,000	39,773	190,773
Shares Issued	150,000	(50,000)	-	100,000
Profit for the Year	-	-	4,720	4,720
Balance as at 31st December 2023	**151,000**	**100,000**	**44,493**	**295,493**

[1] Restated for the adoption of IFRS 17. Refer to note 4. Adoption of new and revised accounting standards.

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STATEMENT OF CASH FLOWS

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

	31 December 2023	31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES		Restated[1]
Profit and Loss Account	4,720	4,657
Adjustments for:		
Depreciation / Revaluation	-	-
Changes in Operating Assets and Liabilities		
Changes in Accounts Receivable, Net	(76,123)	(73,014)
Changes in Other Current Assets	(5,449)	(2,752)
Changes to Accounts Payable	(208)	211
Changes to Accrued Liabilities and Other Liabilities	119,862	87,813
Changes to Accrued Income Taxes Liabilities	(1,372)	(87)
Net Cash Inflow from Operating Activities	**41,431**	**16,827**
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts / (Payments) for Non-Current Financial Assets at FVTPL	(102,110)	(12,397)
Net Cash Outflow from Investing Activities	**(102,110)**	**(12,397)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of Common Equity	150,000	-
Issue of Preferred Equity	(50,000)	1,000
Net Cash from Financing Activities	**100,000**	**1,000**
Net Increase in Cash and Cash Equivalents During the Year	**39,321**	**5,430**
Cash and Cash Equivalents - Beginning of the Year	21,305	15,875
Cash and Cash Equivalents - End of the Year	**60,627**	**21,305**

[1] Restated for the adoption of IFRS 17. Refer to note 4. Adoption of new and revised accounting standards.

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SCHEDULES OF INCOME AND EXPENSES

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

	31 December 2023	31 December 2022 Restated[1]
i. PREMIUMS AND REVENUE		
Total Written Premium (Net of Taxes)	249,469	118,427
Unearned Premium	(96,156)	(41,974)
Total Written Premium	**153,313**	**76,453**
Premiums Earned (Revenue Interest)	2,413	98
Premiums Earned (Revenue)	**155,726**	**76,551**
ii. ACQUISITION COSTS		
Brokerage and Distribution Costs	(21,923)	(17,320)
Fronting Fees	(1,677)	(8,790)
Commissions	(15,725)	(2,710)
Insurance Management Fees	(197)	(397)
Insurance Taxes	(566)	(752)
Total Selling Expenses	**(40,087)**	**(29,970)**
iii. ADMINISTRATIVE EXPENSES		
Third Party Administration	(247)	(146)
Professional Fees	(311)	(466)
Marketing, Promotions and Conferences	(76)	(3)
Travel Expenses	(19)	(15)
Office Operational Expenses	(55)	(859)
Bank Charges	(83)	(35)
Consultancy Cost	(530)	(915)
Total Administrative Expenses	**(1,320)**	**(2,440)**
Total Acquisition and Administrative Expenses	**114,319**	**44,142**
IV. CLAIMS EXPENSE		
Claim Expense	**(109,598)**	**(39,485)**
Net Income	**4,720**	**4,657**

[1] Restated for the adoption of IFRS 17. Refer to note 4. Adoption of new and revised accounting standards.

The Notes on pages 14 to 37 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

The notes to the financial statements reflect the disclosure requirements in accordance with local laws and regulations. Explanations on significant movements in the Statement of Financial Positions and Statement of P&L and Other Comprehensive Income items are provided in the notes to the financial statements.

All amounts are rounded to the nearest $'000 with the consequence that the rounded amounts may not add up to the rounded total in all cases.

1. CORPORATE INFORMATION

Newpoint Reinsurance Company Limited (NPRE) "the Company" formerly Western Eagle Reinsurance Company Limited was incorporated on 4th January, 2016 as Company C46027, under the provisions of the Nevis Business Corporation 1984 Ordinance, as amended.

With approval by the Nevis Financial Services Regulatory Commission the Company changed its name on 1st March 2019.

The principal activity of the Company is the provision of International (Re)Insurance, as authorised and regulated by The Nevis Financial Services Regulatory Commission.

The Company's registered office is located at A.L Evelyn Building Ltd, Suite 1, Main Street Charlestown, Nevis.

Approval of the financial statements

The financial statements for the year ended December 31, 2023 were approved and authorised for issue by the Board of Directors on 20th May 2024.

2. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

2.1 BASIS OF ACCOUNTING PREPARATION AND PRESENTATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and presented in US Dollars. They have also been prepared under the historical cost convention, except for investment securities, which are measured at fair value.

The Directors have considered the going concern basis of preparation of the Company financial statements as at 31 December 2023 including the factors likely to affect its future performance as well as the Company's principal risks and uncertainties. The Directors have considered those circumstances which may cause the business to cease to function effectively as a going concern e.g. a breach of its capital requirements and or liquidity position.

The Directors believe that the conclusion on the use of the going concern basis of preparation remains unchanged under these reasonably foreseeable, but unlikely scenarios. The Directors have concluded that there are no material uncertainties that may cast significant doubt about the Company's financial ability to continue as a going concern and they have a reasonable expectation that the Company and the Parent Company have adequate resources to continue in operational existence for the next 12 months and that therefore it is appropriate to adopt a going concern basis for the preparation of the financial statements.

2.2. FUNCTIONAL AND PRESENTATION CURRENCY

All amounts are expressed in United States Dollars which is the presentation currency, which is the presentation currency and the functional currency. During the year transactions have been converted at rates of exchange ruling at the dates of these transactions. Monetary assets and liabilities denominated in currencies other than United States Dollars are reported at the exchange rate prevailing at year end.

2.3. NEW AND AMENDED STANDARD AND INTERPRETATIONS

As from 1 January 2023, the Company adopted all changes to the following IFRS's and International Accounting Standards (IAS), which are relevant to its operations. The adoption of the following amendments to IAS did not have a material effect on the financial

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

statements.

- Amendments to IAS 1, 'Presentation of financial statements' (effective for accounting periods starting not earlier than 1 January 2023).
- Amendments to IAS 8, 'Accounting policies' (effective for accounting periods starting not earlier than 1 January 2023).
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023).

2.3.1 IFRS 17 INSURANCE CONTRACTS

From 1st January 2023, IFRS 17 replaces IFRS 4 - Insurance Contracts (IFRS 4). The Company has restated comparative information for 2022. The nature and effect of the changes in accounting policies can be summarised, as follows:

2.3.2 CHANGES TO CLASSIFICATION AND MEASUREMENT

The adoption of IFRS 17 did not change the classification of the insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance and reinsurance contracts. IFRS 17 introduces a new concept of the GMM (General Measurement Model) for the recognition and measurement of insurance contracts, which requires measuring insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. In addition, companies have the option to use a simplified measurement model (the PAA), for short-duration contracts; this model is applicable to all the Company's insurance and reinsurance contracts except for immaterial circumstances where the GMM is required.

The accounting under the PAA is similar to IFRS 4, but differs in the following key areas:

- IFRS 17 requires the identification of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. Under IFRS 17 the loss component of onerous contracts measured based Staging Debt securities Stage 1 (12 months) Credit risk of the financial instrument is low (investment grade) or credit risk has not increased significantly since initial recognition (performing) Stage 2 (Life time) Credit risk has increased significantly since inception (underperforming) but the financial instrument is not credit impaired Stage 3 (Life-time) Financial instrument is credit impaired.
- The liability for incurred claims includes an explicit risk adjustment which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Like the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned.
- The liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Under IFRS 4, only claims liabilities where there is a long period from incident to claims settlement were discounted, using a rate that reflects the estimated market yield of the underlying assets backing these claims liabilities at the reporting date.

2.3.3 CHANGES TO PRESENTATION AND DISCLOSURES

IFRS 17 provides specific guidance for the presentation and disclosures of insurance and reinsurance contracts. Statement of Financial Position changes in the balance sheet line items are introduced by IFRS 17. The previously reported line items Insurance Debtors, Insurance Contract Liabilities, and other related assets and liabilities are presented together by portfolio on a single line called Insurance Contract Liabilities or Assets. The previously reported line items reinsurers' share of insurance contract liabilities, reinsurance debtors, reinsurance liabilities, and other related assets and

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

liabilities are presented together by portfolio on a single line called Reinsurance contract assets or liabilities. Portfolios are composed of groups of contracts covering similar risks and managed together. Portfolios of insurance and reinsurance contracts issued and reinsurance contracts held are presented separately between:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts and reinsurance contracts issued that are liabilities; and
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17.

2.3.4 TRANSITION

On 1 January 2022, the transition date to IFRS 17, the Company identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied unless it was impracticable, derecognised any existing balances that would not exist had IFRS 17 always applied and recognised any resulting net difference in equity.

The Company has adopted IFRS 17 retrospectively, applying the full retrospective approach to all contracts issued. The Company concluded that reasonable and supportable information necessary for the application of the full retrospective approach was available.

In applying the full retrospective approach, the Company:

- Identified, recognised and measured each group of insurance contracts and any asset for insurance acquisition cashflows as if IFRS 17 had always applied;
- Derecognised previously reported balances that would have existed if IFRS 17 had always been applied i.e. Deferred Acquisition Costs for insurance contracts. Under IFRS 17, these are included in the measurement of the insurance contracts;
- Recognised any resulting net difference in equity.

As permitted under the transition requirements of IFRS 17, the Company did not perform any impairment assessment on the assets for insurance acquisition cash flows relating to periods prior to transition.

Comparative figures have been restated to reflect the new accounting standards and the accounting policies described.

The impact of transition to IFRS 17 on profit and loss for the year ended 31 December 2022 is as follows:

	2022
Profit before tax as previously reported	8,375
Impact of adopting IFRS 17	(3,717)
Adjusted Profit before tax	**4,657**

The impact of transition to IFRS 17 on the Statement of Financial Position for the Year ended 31 December 2022 is as follows:

As at 31 December 2022	IFRS 4	Impact of IFRS 17	IFRS 17
Total Assets	233,767	65,566	299,333
Total Liabilities	(39,277)	(69,283)	(108,560)
Total Equity	194,490	(3,717)	190,773

2.4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Insurance and Reinsurance Contracts

Classification

Insurance contracts are defined as those that transfer significant insurance risk. Insurance risk is considered significant if, and only if, an insured event could cause an insurer to pay significant additional benefits above the premiums received and interest earned thereon, excluding scenarios that lack commercial substance. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Contracts that do not transfer significant insurance risk are accounted for as financial transactions, however, such contracts are immaterial for the Company.

Separating components

The Company assesses its insurance contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's insurance contracts do not include any distinct components that require separation.

Level of Aggregation and Onerous Contracts

The Company applies the requirements of IFRS 17 at the level of groups of insurance contracts issued. These groups are determined at initial recognition as follows:

- Firstly, insurance contracts issued are divided into portfolios, which comprise sets of contracts with similar risks which are managed together;
- Secondly, each portfolio of contracts is divided based on expected profitability at inception into three categories:
    - Onerous contracts;
    - Contracts with no significant risk of becoming Onerous; and
    - Other contracts

In making this division, the Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. In assessing whether such facts and circumstances arise the Company primarily leverages existing actuarial analysis performed for reserving and planning purposes, adjusted where appropriate to reflect the measurement principles of IFRS 17. Other internal and external information, such as changes in the commercial or regulatory environment, is also considered.

Each set of contracts determined following the first two steps is further divided into annual cohorts based on the date of initial recognition.

The resulting sets of contracts are IFRS 17 groups of contracts which represent the level of aggregation at which insurance contracts are recognised and measured. The classification of such groups is not subsequently reconsidered once set for a particular annual cohort. For reinsurance contracts held the requirements of IFRS 17 are applied at the level of individual contracts.

Recognition

The Company recognises groups of insurance contracts issued from the earliest of:

- The beginning of the coverage period;
- The date when the first payment from a policyholder becomes due, or, if there is no due date, when the first payment is received; and
- When the group becomes onerous.

The Company adds new contracts to the groups when those contracts individually meet the recognition criteria, subject to the annual cohort restriction.

Insurance contracts acquired in a business combination, or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Summary of Measurement under the Premium Allocation Approach (PAA)

The following sections set out the Company's approach to measuring groups of insurance contracts issued under the PAA at initial recognition and subsequently. Groups of reinsurance contracts held are measured on the same basis, adapted as appropriate to reflect the different features of reinsurance contracts held.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

Measurement and Initial Recognition

In applying the PAA, the Company measures the liability for remaining coverage ('LRC') for groups of insurance contracts issued at initial recognition as:

- Any premiums received at initial recognition; less
- Any insurance acquisition cash flows paid on or before the date of initial recognition that are allocated to the group; plus
- A loss component (only for groups of contracts that are expected to be onerous at initial recognition).

On initial recognition of an onerous group of contracts the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group of contracts over the carrying amount of the liability for remaining coverage of the Company. The loss component is recognised immediately in profit or loss and added to the liability for remaining coverage in the statement of financial position.

Subsequent Measurement

Liability for remaining coverage

At the end of each reporting period the carrying amount of the liability for remaining coverage (excluding the loss component) is equal to:

- The opening carrying amount of the LRC; plus
- Premiums received in the period; less
- Insurance acquisition cash flows costs paid in the period; plus
- Amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the period; plus
- Any adjustment in relation to significant financing components; less
- The amount recognised as insurance revenue for coverage provided in the period; less
- Any investment component paid or transferred to the liability for incurred claims.

Liability for Incurred Claims

As coverage is provided, the Company establishes a liability for incurred claims. The liability is estimated based on the fulfilment cash flows relating to incurred claims, including both claims that have been notified (i.e. Outstanding claims) and claims incurred but not reported (IBNR). These fulfilment cash flows:

- Include an estimate of claims handling costs and the expected value of salvage and other recoveries;
- Incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows;
- Reflect current estimates from the Company's perspective which are discounted to reflect the time value of money and effect of financial risk. The Company has not taken the PAA option to not adjust for the time value of money where claims are expected to be paid within one year of the loss event; and
- Include an explicit adjustment for non-financial risk (the risk adjustment).

There is inherent uncertainty in measuring the liability for incurred claims and it is likely that the final outcome will prove to be different from the original estimate of the liability.

For groups of insurance contracts issued that were onerous at initial recognition:

- The loss component is reversed as coverage is provided, reducing the liability for remaining coverage. The corresponding credit to profit or loss means that the loss is not recognised a second time when a liability for incurred claims is established as coverage is provided.

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- The expected profitability of remaining coverage is reassessed, with any changes since initial recognition reflected in the valuation of the remaining loss component with a corresponding impact on profit or loss.

For other groups of insurance contracts issued, the Company considers whether facts and circumstances indicate that the remaining coverage of any group has become onerous. This consideration is similar to the consideration of facts and circumstances at initial recognition.

Measurement – Risk adjustment for Non-Financial Risk

The risk adjustment for non-financial risk (the 'risk adjustment') is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects the amount that the Company would hypothetically pay to remove the uncertainty that future cash flows will exceed the expected value amount.

Revenue Recognition

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

Insurance revenue is the amount of total expected premium receipts (excluding premium taxes) allocated to each period of coverage either:

- On the basis of the passage of time (i.e. a straight line basis) over the coverage period; or
- If the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses (i.e. incurred claims). This primarily applies to contracts providing property coverage with a seasonal catastrophe exposure.
- The total expected premium receipts that form the basis of this calculation includes estimates of future receipts based on underwriters' estimates or past experience.

Acquisition Costs

The Company identifies acquisition costs, being the costs of selling, underwriting and starting insurance contracts. The costs are primarily commissions paid to brokers and an allocation of other operating expenses.

The Company has not used the option in IFRS 17 to expense acquisition costs immediately where the coverage period is one year or less.

With the exception of ceding commissions payable to ceding insurers the Company capitalises acquisition costs within the liability for remaining coverage component of insurance contract assets or liabilities. These costs are then expensed over the coverage period of the related insurance contracts, following the pattern that is used to recognise revenue for those insurance contracts.

All acquisition costs incurred in the period are allocated to the specific insurance contracts to which they relate. The Company does not allocate any incurred acquisition costs to expected future renewals of those contracts, as similar acquisition efforts and costs are expected to be incurred in future to obtain those renewals.

Insurance Service Expenses

Insurance service expenses include the following:

- incurred claims and benefits, excluding investment components;
- other incurred directly attributable insurance service expenses;
- amortisation of insurance acquisition cash flows;
- changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the liability for incurred claims); and

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- changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts measured under the PAA, insurance acquisition cash flows are amortised over the coverage period of the related insurance contracts, following the pattern that is used to recognise revenue for those insurance contracts.

Other expenses not meeting the above categories are included in other operating and administrative expenses in the Statement of P&L and Other Comprehensive Income.

Modification and Derecognition

An insurance contract is derecognised when:

- It is extinguished (i.e. when the obligation expires or is discharged or cancelled); or
- There is a modification of the contract that is treated as a derecognition and recognition of a new contract. This is the case where the modified terms, if applied at inception, would have resulted in:
    - A component of the contract being accounted for under a different standard; or
    - A substantially different IFRS 17 contract boundary; or
    - The contract being included in a different group of contracts; or
    - The contract being accounted for under a different measurement model.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification as an adjustment to the liability for remaining coverage relating to the existing contract.

The criteria for derecognising reinsurance contracts held and the approach to accounting for modifications for those contracts are similar to those used for insurance contracts issued.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Financial assets at fair value through profit and loss; and
- Financial assets at amortised cost

Financial assets are initially recognised on the trade date measured at their fair value. Except for financial assets recorded at fair value through the Statement of P&L and Other Comprehensive Income, transaction costs are added to this amount.

Subsequent measurement

Subsequent measurement of financial assets depends on their classification, as follows:

Financial Assets at Amortised Cost

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Expected credit losses are recognised in the statement of Statement of P&L and Other Comprehensive Income when the investments are impaired.

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Financial Assets at FVTPL

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

This category includes debt instruments whose cash flow characteristics fail the 'solely payments of principal and interest' criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell. Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in the Statement of P&L and Other Comprehensive Income. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

Dividend income from equity instruments measured at FVTPL is recorded in the Statement of P&L and Other Comprehensive Income as other operating income when the right to the payment has been established.

Derecognition of Financial Assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of Financial Assets

The Company assesses at each reporting date 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 only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Company assesses the expected credit losses (ECL) associated with its financial assets carried at amortised cost on a forward-looking basis. The Group recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

Initial recognition and measurement

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The Company classifies its financial liabilities into one of the following categories:

- Financial liabilities at fair value through profit and loss, and within this category as:
    - – held-for-trading
    - – derivative hedging instruments; or
    - – designated as at FVTPL; and
- Financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities carried at amortised cost, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and any derivative financial instruments.

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification, as follows:

Financial Liabilities at Amortised Cost

Financial liabilities that meet these criteria are measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial Liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities are designated as at FVTPL at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Gains or losses on designated or held for trading liabilities are recognised in fair value gains and losses in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is the intention to settle them on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair value assessment

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- 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.

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- Level 3: unobservable inputs for the asset or liability.

Property and Equipment

Investment Properties

Investment properties are initially valued at cost, including transaction costs. The cost of acquisition of an investment property comprises its purchase price and any directly attributable expenditure. The entity records the investment property at cost less accumulated depreciation. Investment properties are derecognised when it has been disposed, or when the investment property has been removed from permanent use and no economic benefit is expected from its use. Any gains or losses in the investment property's disposal or removal are recognised in the statement of comprehensive income in the year of their disposal.

Cash and cash equivalents

Cash and cash equivalents include cash and due from banks with an original maturity of 90 days or less from the date of acquisition. Cash equivalents also include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity of three months or less.

Provisions

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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Equity

Common shares are recorded at the value of their issuance.

Dividend

Dividend distribution to the Company shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Income tax

Newpoint Reinsurance Company Limited is exempt from all direct income, profits, capital gains and dividends tax pursuant to Section 123 of the Business Corporations Ordinance (Revised 2009).

2.5. SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the Company's financial statements, management makes a series of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future reporting periods.

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant management judgments

The following are the judgments made by management in applying the Company's accounting policies that have the most significant effect on these financial statements. There are disclosures related to

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the Company's exposure to risks and uncertainties including: capital management, financial risk management, and policy disclosures and sensitivity analysis.

2.5.1 INSURANCE CONTRACTS

- Relating to the liability for remaining coverage
- PAA Eligibility

The Company applies the PAA to all insurance contracts issued and reinsurance contracts held (except for the specific transactions and scenarios described). These contracts are eligible to be accounted for under the PAA as follows:

- A significant proportion of the Company's contracts are eligible based on having a coverage period of one year or less.
- Contracts with a longer coverage period are eligible because the Company reasonably expects that the measurement of the liability for remaining coverage under the PAA does not differ materially from the measurement that would be produced applying the general measurement model.
- This expectation is based on the results of modelling future scenarios under reasonably expected economic and business scenarios linked to factors that drive differences between the PAA and GMM.

Insurance Revenue Recognition

Insurance revenue recognised in each period requires an estimate of the total premiums expected to be received under each insurance contract issued. A proportion of these contracts are written through arrangements with third parties, such as binding authorities and line slips, for which the Company may not receive full underwriting data until after the contracts have been issued. For these contracts estimation of the total premiums expected to be received uses expert judgement, the quality of the estimate being influenced by the nature and maturity of the portfolio, availability of timely data, relevant underwriting input to the estimating process and management review. The estimates are reviewed regularly using underwriter estimates and actuarial projections, with any adjustments to estimates from previous years included in insurance revenue in the current period.

The allocation of expected premium receipts to each period of insurance contract services is estimated by reference to the exposure length of the type of business written and the pattern of insurance services provided by the contract. Judgement is required in determining whether the pattern of insurance service provided by a contract requires recognition of insurance revenue on a basis other than time apportionment, for example to reflect seasonal adjustments for respective policies.

- Relating to the liability for incurred claims
- Expected future Cash flow for Incurred claims (within LIC)

Estimating the liability for incurred claims and associated reinsurance recoveries is a key judgement in preparing the Company's financial statements. Classes of business with a high proportion of incurred but not reported (IBNR) within the total expected future cash flows for incurred claims will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves, which in turn is due to less information about the claim event being available. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of variations between initial estimates and final outcomes.

Where possible the Company adopts multiple techniques, often based on historical claims data, to estimate the expected future cash flows. The estimates given by the various methodologies assist in setting the range of possible outcomes and the most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each underwriting year of account. For this purpose, a key characteristic of each business class is whether there tends to be a significant delay between the occurrence of the claim and the claim being reported:

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Short-tail business

Property, motor and accident and health business are generally "short tail", whereby there is not normally a significant delay between the occurrence of the claim and the claim being reported. The costs of claims notified at the Statement of Financial Position date are estimated on a case-by-case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims, including IBNR claims, is projected from this data by reference to historical claims development data, which show how estimates of claims incurred in previous periods have developed over time.

Longer-tail business

Casualty, general liability, professional Indemnity and Directors' and officers' liability insurance claims are generally longer tail and so a larger element of the claims provision relates to IBNR claims. Claims estimates for business in this category are derived from a combination of expected loss ratios and actual claims experience, using a predetermined formula whereby increasing weight is given to actual claims experience as time passes. The initial estimates of the claims provisions are based on the experience of previous years and available market data adjusted for factors such as premium rate changes and claims inflation. For liability claims, the assessment of claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. The liability classes of business are also subject to the emergence of new types of latent claims.

Allowance is made for changes or uncertainties which may create distortions in the claims data or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in the business environment or processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

In estimating the cost of notified but not paid claims (outstanding claims), the Company has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Risk Adjustment

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment is calculated at Company level and allocated down to each group of contracts in accordance with their risk profiles. The approach to calculating the risk adjustment involves estimating the amount of uncertainty within the liabilities through a variety of statistical techniques, including scenario and sensitivity analysis.

The corresponding confidence level is determined using a Company-wide loss distribution which reflects the diversification in contracts sold across all entities, products and geographies as this reflects the compensation that the entity requires.

The resulting amount of the calculated risk adjustment at 31 December 2023 corresponds to a confidence level of between 72.5% and 77.5% (2022: 72.5% and 77.5%)

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Discount Rate for the Liability for Incurred Claims

The liability for incurred claims and related amounts recoverable from reinsurers are discounted to reflect the time value of money and effect of financial risk. The discount rates used comprise:

- A risk-free rate: The Company uses risk-free discount rate curves by currency that the Syndicates are required to use for Solvency II purposes. These curves are primarily derived from interest rates implied in financial swap markets.
- An illiquidity premium: The illiquidity premium is derived by removing an amount representing both expected and unexpected credit losses from observable market yields on corporate bonds.

The discount rates used are summarized in the following table:

Insurance contract liabilities and reinsurance contract assets

	1 year	2 years	3 years	4 years	5 years
Insurance contract liabilities and reinsurance contract assets	5.23%	4.53%	4.19%	4.04%	3.97%

6.1. RISK GOVERNANCE

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives. Management recognise the critical importance of having an effective risk management framework in place. The Company's Risk Framework, owned by the Company Directors, details the risk management principles upon which Company's risk strategy, risk governance, risk culture, risk management processes and risk appetite are based.

The Company has established a risk management function with clear terms of reference from the board of Directors and the associated management. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of Directors to executive management committees and senior managers. Lastly, a Company policy framework which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

To manage risk effectively, there are clear organisational structures which show details of and delegation of decision-making authority. In addition, risk policies are in place to provide clear direction on decision making and control activities for risks the business is exposed to.

Risk governance is led by the Risk Committee, whose membership comprises of Directors, shareholders and an independent Non-executive Director. The Risk Committee approves any changes to the Risk Framework and the risk policies that support it.

A fundamental aspect of the Company's risk management process is the development and embedding into 'business as usual practice' of a strong risk management and control culture supported by an enterprise wide set of policies and practices.

The Company operates a "Three Lines of Defence" risk governance model. The first line of defence includes everyone involved in day-to-day risk taking, including all underwriting and operational areas. The first line has direct responsibility for the management and control of risk.

The second line of defence includes the Risk, Governance, Legal and Compliance functions that provide oversight and challenge to the first line of defence.

The Risk Function is responsible for developing and implementing policies, processes, methodologies, standards and tools to enable business areas to identify, assess, mitigate and report on the exposure status of significant risks and to provide assurance that the risk profile is aligned with the risk appetite.

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The Risk function routinely engages with individual business units and reports to the Board.

The third line of defence principally involves the Company's independent Actuarial provider which provides an oversight function who oversee the actions of the other respective oversight functions.

6.2. RISK APPETITE

Risk appetite is the articulation of the amount of risk from all sources that the Company is prepared to accept to meet its strategic objectives. It is determined with consideration of its philosophy towards risk taking and its financial and operational capacity, while at the same time recognising the need to generate returns on capital that are in line with shareholder requirements.

The Company has responsibility for ensuring the effective management and control of risk. Accordingly, the Board approves the Risk Management Framework and risk appetite in line with the business plan.

When apportioning the overall risk appetite to different categories of risk the Board considers the level of reward for the assumption of the risk, the ability to manage the quantum of the risk directly and the timeframe over which this can be achieved.

Risks taken are aligned with the Company's strategic objectives and are those which it has the organisational capability to monitor and control.

The Company's core business is the underwriting of (re)insurance and so the risk appetite is primarily focused on insurance risk. However, returns on investments also make a positive contribution to profit and so there is appetite for market risk and some credit risk. Other risks are not expected to contribute to profit but are inherent in the Company's operations.

6.3. RISK REPORTING

Risk monitoring and reporting is considered to be an essential component of the risk management process and supports the ability of management and Directors to effectively perform their risk management and oversight responsibilities.

Quarterly internal reporting is provided to management and the Directors including (but not limited to) risk appetite monitoring, key risk indicators, risk and control assessments, program performance monitoring and scenario analysis.

External reporting is provided as required by law and other relevant regulations. Regular reporting is provided to stakeholders including regulators and external ratings agencies.

6.4. SIGNIFICANT RISKS

6.4.1 INSURANCE RISK

Insurance risk is the risk that insurance premiums and/or reserves are ultimately insufficient to fully settle claims and associated expenses. Insurance risk spans many aspects of the insurance operations, including premium risk and risk associated with our reserving assumptions. Insurance risk relates to the inherent uncertainty as to the occurrence, amount and timing of insurance liabilities that have been assumed through the underwriting process. Exposure levels are monitored across all risk categories in line with the approved risk appetite thresholds.

Premium Risk is the risk that policy terms, premiums and reinsurance protection will not be sufficient to cover ultimate loss and expense costs and achieve target rates of return.

Reserving risk is the risk that a Company's reserves are not sufficient to cover its unpaid loss and loss adjustment expense costs. The estimation of reserves is subject to uncertainty because the ultimate cost of settling claims is dependent upon future events and loss development trends that can vary with the impact of economic, social, legal and regulatory matters.

To limit the Company's exposure of potential loss on an insurance policy, the Company cedes certain levels of risk to a reinsurer. The Company selects reinsurers which have a well-established capability

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to meet their contractual obligations and which generally have high credit ratings. To date, the Company has utilised reinsurance contracts held to a limited extent. Management continues to assess the need to purchase further reinsurance contracts as per the Risk Framework and risk exposure of the Company.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because of the frequency or severity of claims and if benefits payments are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate.

Claims risk management risk may arise in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or claims leakage. The Company's claims teams seek to ensure that claims handling activities are performed with a consistent approach and that a standardised resolution and adjustment process is adopted wherever possible.

Reserve risk occurs when estimates of future cash flows make insufficient allowance for claims, claims handling expenses and reinsurance bad debt provisions. The Company's actuarial team use a range of recognised actuarial techniques to project and monitor claims, development patterns, and to determine the Liability for Incurred Claims. The Company reviews quarterly, premium and claims experience by class of business and year of account and the earned and projected ultimate gross and net loss ratios.

The estimates of future cash flows established can be more or less than adequate to meet eventual claims arising. The level of uncertainty varies from class to class but can arise from inadequate case reserves for known large losses and catastrophes or from inadequate provision for IBNR.

Sensitivities for Insurance contract liabilities are sensitive to the key assumptions. In practice a correlation may exist between these key assumptions which may have a significant effect on the ultimate impacts.

	2023
Change in IBNR assumptions	Impact on profit and loss and equity
+10%	(2,016)
-10%	2,016

	2022
Change in IBNR assumptions	Impact on profit and loss and equity
+10%	(552)
-10%	552

6.4.2 CREDIT RISK

Credit risk arises where another party fails to perform its financial obligations or fails to perform them in a timely fashion. The primary sources of credit risk for the Company are:

- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Counterparty risk with respect to investments including cash and cash equivalents; and
- Counterparty risk with respect to loans and other receivables..

Credit Risk relating to Investments

Credit risk within investments is principally managed through the Investment Committee and investment managers through the company's banking relationships. The investment guidelines are designed to mitigate credit risk by ensuring diversification of the holdings. Debt investments are predominantly invested in government and high grade bonds.

The counterparty risk can arise from a liquidity or solvency problem, or weakness in operational Financial assets potentially exposed to credit risk relating to cash, time deposits and accounts receivable. Deposits are placed only in financial institutions with adequate creditworthiness. Accounts receivable are recognised and measured at amortised cost

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and do not bear interest. All the accounts receivable are exposed to credit risk.

Accounts receivable balances are debtors with an adequate credit history. These balances are fully collected between 30 and 90 days after each monthly closing date. As of 31 December, 2023, accounts receivable are current.

An analysis of the Company's major exposures to counterparty default credit risk is presented below:

				As at 31 December 2023
	AA/AA2	BB/BBB	Unrated	Total
Financial Assets - Amortisation Cost	250,000	-	22,348	**272,348**
Financial assets at FVTPL	12,388	-	-	**12,388**
Other receivables	-	-	176,331	**176,331**
Other cash deposit	16,474	-	-	**16,474**
Cash and Cash Equivalents	33,422	7,767	2,964	**44,153**
Total	**312,284**	**7,767**	**201,643**	**521,694**

				As at 31 December 2022
	AA/AA2	BB/BBB	Unrated	Total
Financial Assets - Amortisation Cost	150,000	-	20,251	**170,251**
Financial assets at FVTPL	12,376	-	-	**12,376**
Other receivables	-	-	94,760	**94,760**
Other cash deposit	12,733	-	-	**12,733**
Cash and Cash Equivalents	1,408	3,974	3,190	**8,572**
Total	**176,517**	**3,974**	**118,201**	**298,692**

6.4.3 CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Company is not materially exposed to interest rate risk.

6.4.4 LIQUIDITY RISK

Liquidity Risk is the risk that we are unable to realise investments and other assets in order to settle financial obligations when they fall due or that we would have to incur excessive cost to do so.

The company's policy is to manage its liquidity position so that it can reasonably meet a significant individual or market loss event. This means that the Company maintains sufficient liquid assets, or assets that can be quickly converted into liquid assets, without any significant capital loss, to meet estimated cash flow requirements. These liquid funds are regularly monitored by the Investment Committee.

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For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

6.4.5 OPERATIONAL RISK

Failure to manage operational risk can result in direct or indirect financial loss, reputational damage, regulatory censure or failure in the management of other risks. The Company's operational risk process flows directly from the risk framework and sets out the principles and practices used to manage operational risk. Operational risk is managed through the Group's infrastructure, controls, systems and people supported by compliance, risk and finance functions.

6.4.6 CURRENCY RISK

The Company operates internationally and has exposure to foreign exchange risk arising from various currency exposure, primarily with respect of GBP. The Company seeks to hold its net assets primarily in US dollars (USD). Where the risk of loss through mismatch of other currencies is deemed material, the Company will seek to mitigate the risk by maintaining Cash in respective currencies.

The analysis below shows the impact on profit or loss before tax due to reasonably possible changes in market exchange rates at the end of the reporting period. It assumes that all other variables that impact these financial metrics are held constant, but in practice a correlation may exist between exchange rates and these other variables which may have a significant effect on the ultimate impacts.

					As at 31 December 2023
	AUD	EUR	GBP	NOK	Other
10% rate increase					
Financial Assets	579	1,642	4,645	308	16
(Re)Insurance contract liabilities	-	(1,349)	(5,553)	-	-
Total impact on profit and loss before tax	**579**	**293**	**(908)**	**308**	**16**

					As at 31 December 2022
	AUD	EUR	GBP	NOK	Other
10% rate increase					
Financial Assets	1,497	4,490	5,987	-	-
(Re)Insurance contract liabilities	-		(2,476)	-	-
Total impact on profit and loss before tax	**1,497**	**4,490**	**3,511**	**-**	**-**

6.4.7 STRATEGIC RISK

The Company remains vigilant to potential adverse impacts of economic, geopolitical, social, technological, and regulatory developments on its strategy. Notably, impacts from adverse social media allegations on the Company's various related parties. Management will continue to defend its reputation against any unfounded allegations arising. However, our key focus is to ensure consistent delivery on our promises to our stakeholders. Despite the complex, uncertain, and changeable external environment, our robust strategy means that there remains tremendous opportunity for our company in each of the regions we operate and the classes of business we write. We continuously address key strategic opportunities and challenges, committing to ensuring that we recognise, understand, discuss, and develop a plan of action to address any significant strategic priorities in a timely fashion while ensuring operational effectiveness and upholding our reputation. We maintain coverage above regulatory capital requirements in line with risk appetite, ensuring sufficient capital to facilitate meeting our business plan growth ambitions and strategic objectives.

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

7. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND APPROACH

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for others stakeholders. To provide an adequate return to shareholders, the Company aims at pricing insurance commensurately with the level of risk. The capital structure of the Company is adequate to achieve its objectives.

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policy holders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To align the profile of assets and liabilities taking account of risks inherent in the business; and
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The operations of the Company are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseeable liabilities as they arise.

Capital Management

The Company's capital is routinely monitored for adequacy with regard to solvency requirements. In addition, the investment guidelines are designed to minimise investment risk and contribute towards the maintenance of the capital base.

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Pursuant to the requirements of the Nevis International Insurance Ordinance, the Company is required to meet a certain minimum capital and solvency requirement based on the Company's annual net retained Premium.

	31 December 2023	31 December 2022
Solvency Requirement		
On the first $5,000 - 20%	1,000	1,000
On amounts exceeding $5,000 - 10%	14,831	7,145
Margin of Solvency Requirement	**15,831**	**8,145**
Equity Balance	295,493	190,773
Amount by which the requirement is exceeded	**279,662**	**182,628**

Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitoring them closely to ensure that the Company satisfactorily handles matters for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains

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an adequate solvency position to face unforeseeable liabilities arising from economic shocks or natural disasters.

8. FAIR VALUES

Fair value estimates are made on the reporting date, based on relevant market date and on information related to the financial instruments. These estimates do not reflect any award or discount that could result from maintaining financial instruments as available-for-sale, given that none are held for this purpose. The nature of these estimates is subjective and involves uncertain aspects and management's judgment, therefore should there be changes in the assumptions on which these estimates are based they could differ from the final results.

The Company uses prices provided by third-party suppliers, investment managers and counterparty banks to determine the fair value of financial assets. Depending on the methods and assumptions used, for example in the fair valuation of Level 3 financial assets, the fair valuation is subject to a higher degree of estimation uncertainty.

The assumptions used by the Company's management to establish the fair market value of financial instruments are as follows: amounts of cash, accounts receivable, accounts payable, other accounts payable and short-term loans payable approach their fair market value due to their short-term nature. Financial assets at fair value through profit or loss available for sale are listed in active markets for similar financial instruments or use of a technique where all variables are observed

				As at 31 December 2023
Financial Assets	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and Cash Equivalents	44,153	-	44,153	-
Other Deposits	16,474	-	16,474	-
Other Investments	272,348	-	250,000	22,348
Treasury Gilts	12,388	12,388	-	-
Premium Receivable	176,331	-	-	176,331
Properties	642	-	-	642
	522,336	**12,388**	**310,627**	**199,321**

				As at 31 December 2022
Financial Assets	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and Cash Equivalents	8,572	-	8,572	-
Other Deposits	12,733	-	12,733	-
Other Investments	170,251	-	150,000	20,251
Treasury Gilts	12,376	12,376	-	-
Premium Receivable	94,760	-	-	94,760
Properties	642	-	-	642
	299,333	**12,376**	**171,305**	**115,652**

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information obtained from market for the asset or liability, either directly or indirectly.

The carrying amounts of bank balances, other deposits, accounts receivable and premium receivable are reasonable approximation of fair values due to the relatively short-term maturity of these financial instruments.

9. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash and Cash Equivalents	44,153	8,572
Other Cash Deposits - Greater than 1 Year	16,474	12,733
Total	60,627	21,305

Cash and Cash Equivalents consist of cash held on deposit at banks. Other cash deposits are amounts held in cash that are either held on deposit for more than one year or held for collateral requirements.

10. FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Treasury Gilts	12,376	13,855
Changes in Fair Value	12	(1,479)
Total Financial Assets at Fair Value Through Profit or Loss	12,388	12,376

The Treasury Gilts are Investments intended to be held for an indefinite period and which may be sold in response to liquidity needs or changes in market conditions. These investments are initially measured at Fair Value using transactional prices at the trade date. Subsequently measured at Fair Value at the end of the period, with changes in Fair Value recognised in OCI when unrealised or in profit and losses when realised or impaired.

Financial assets carried at amortised cost

	31 December 2023	31 December 2022
Collateralised debt instruments at amortised cost	250,000	150,000
Other debt instruments at amortised cost	22,348	20,251
Total Financial Assets carried at amortised cost	272,348	170,251

The Company purchased a European Mid-Term Note during the year 2023 for $100,000 with the consideration from the issuance of Ordinary shares to the Parent Company. This increased the total Investment in the European Mid-Term Notes to $150,000. The Company has $100,000 invested in a USD Collateralised Note. The Notes meet the criteria to be recognised at amortised cost under IFRS 9.

Other debt instruments at amortised cost comprises of structured loan agreements to third party entities of $14,900 (2022: $13,700) and $15,500 (2022: $4,700) as collateral for reinsurance programs.

11. (a) PREMIUMS RECEIVABLE

The amount represents premium balances due within the next twelve (12) months.

11. (b) DEFERRED ACQUISITION COSTS

The amount represents the deferral of the acquiring new insurance contracts for the contract duration.

12. INVESTMENT PROPERTY

Consists of five apartments situated in the United Kingdom which are leased to third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

	2023	2022
Balance as at 1st January	925	925
Additions	-	-
As at 31st December	**925**	**925**
Revaluation		
Balance as at 1st January	284	284
Change for the year	-	-
As at 31st December	**284**	**284**
Net book value at 31st December	**642**	**642**

13. OTHER LIABILITIES

	31 December 2023	31 December 2022
Accrued Expenses & Accounts Payable	448	387
Premium and other Taxes Payable	435	1,806
Credit Facility	1,586	-
Other Provisions	14,000	-
Total	**16,469**	**2,193**

During 2023, the company entered into a credit facility with a US banking institution and utilised $1,586 of available funds. The credit facility charges an effective interest rate of circa 5.5%. The Company has two credit facilities agreed with separate Banking institutions. The company has circa $20,000 (2022: $0) of undrawn facilities available. Other provisions relates to valuation allowances and other non-insurance related provisions incurred in 2023.

14. OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Other Debtors	2	2
Intercompany Receivable	29,875	17,236
	29,877	**17,238**

Summary of transactions of loans between related Parties

	Receivable 2023	Payable 2023
Newpoint Capital & Guarantee Ltd	19,736	1,792
Newpoint Financial (Europe) Ltd	4,325	37
NFG SA	3,879	7,646
Patrons Group Holdings	1,338	-
Other Related Parties	599	15
Total	**29,877**	**9,490**

Summary of transactions of loans between related Parties

	Receivable 2022	Payable 2022
Newpoint Capital & Guarantee Ltd	14,187	1,013
Newpoint Financial (Europe) Ltd	567	-
NFG SA	1,946	2,190
Other Related Parties	538	-
Total	**17,238**	**3,203**

Other Investments includes loans to related parties and intercompany receivable. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions. Such relationships also exist between or among entities under common control with the reporting enterprise and its key management personnel, Directors and shareholders.

NOTES TO THE FINANCIAL STATEMENTS

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15. SHAREHOLDERS EQUITY

	31 December 2023	31 December 2022
Issued:		
Ordinary Shares		
1,000,000 Ordinary Shares at US$1.00 per share	1,000	1,000
150,000,000 (2022: 0) Ordinary Shares at US$1.00 per share	150,000	-
Total Ordinary Share Capital	**151,000**	**1,000**
Issued:		
Preference Shares		
15,000 Preference Shares at US$10,000.00 per share	150,000	150,000
Redeemed 5,000 Redeemable Preference Shares at	(50,000)	-
US$ 10,000.00 per share		
Total Preference Share Capital	**100,000**	**150,000**

	31 December 2023	31 December 2022
Retained Earnings		
Beginning Balance	39,773	35,116
Profit for the Year	4,720	4,657
Ending Balance	**44,493**	**39,773**

16. CONTINGENT LIABILITY

There were no contingent liabilities as at 31 December, 2023, (2022 Nil)

NEWPOINT RE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending 31st December, 2023 (Expressed in $000s United States Dollars)

17. RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT

2023	Liability for remaining coverage	Liability for Incurred Claims		
		Contracts measured under the PAA		
	Excluding loss component	Estimate of present value of cash flow	Risk adjustment	Total 2023
Insurance contract as at 1st January, 2023	**(86,783)**	**(15,515)**	**(865)**	**(103,163)**
Insurance revenue	155,726			155,726
Amortisation of Insurance acquisition costs	(27,757)	(12,578)		(40,334)
Incurred Claims and Other Insurance service expense		(108,365)	(1,234)	(109,598)
Insurance service expense	**(27,757)**	**(120,943)**	**(1,234)**	**(149,933)**
Investment component	925	(925)		
Insurance service result	**128,894**	**(121,868)**	**(1,234)**	**5,793**
Cashflows				
Net Premium after acquisition cashflows received	(182,220)			(182,220)
Claims and Other Insurance service expense Paid		78,707		78,707
Total cashflows	(182,220)	78,707		(103,512)
Insurance contract liabilities as at 31st December, 2023	**(140,109)**	**(58,675)**	**(2,099)**	**(200,883)**

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2022	Liability for remaining coverage	Liability for Incurred Claims		
		Contracts measured under the PAA		
	Excluding loss component	Estimate of present value of cash flow	Risk adjustment	Total 2022
Insurance contract as at 1st January, 2022	**(26,861)**	**(6,756)**	**(263)**	**(33,880)**
Insurance revenue	76,551			76,551
Amortisation of Insurance acquisition costs	(5,757)	(24,359)		(30,116)
Incurred Claims and Other Insurance service expense		(38,883)	(602)	(39,485)
Insurance service expense	**(5,757)**	**(63,242)**	**(602)**	**(69,601)**
Investment component	423	(423)		
Insurance service result	**71,218**	**(63,665)**	**(602)**	**6,950**
Cashflows				
Net Premium after acquisition cashflows received	(131,139)			(131,139)
Claims and Other Insurance service expense Paid		54,906		54,906
Total cashflows	(131,139)	54,906		(76,234)
Insurance contract liabilities as at 31st December, 2022	**(86,783)**	**(15,515)**	**(865)**	**(103,163)**

18. SUBSEQUENT EVENTS

There are no material subsequent events impacting the Company's financial statements.

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