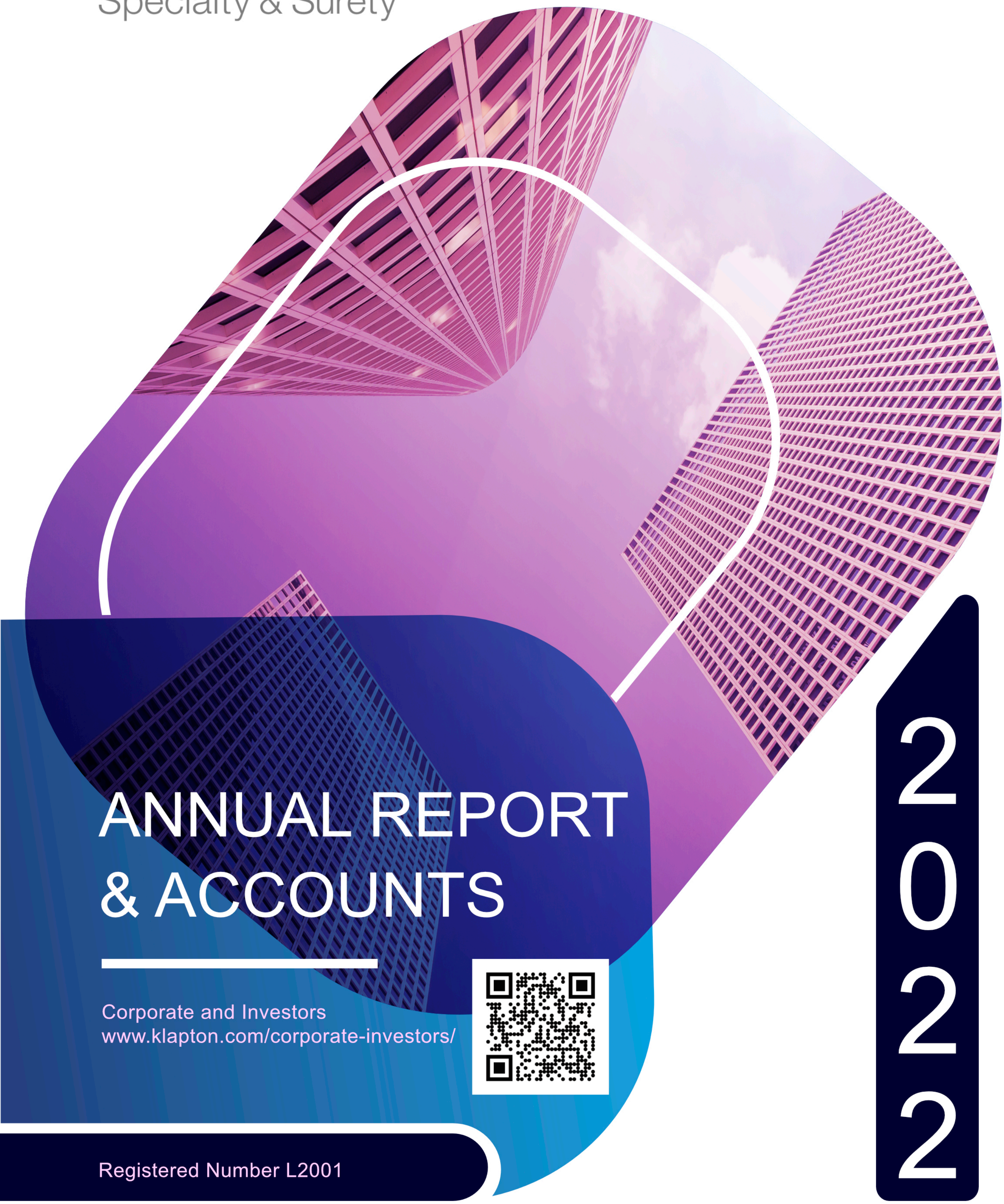
KIC

Klapton Insurance Company

Specialty & Surety



ANNUAL REPORT & ACCOUNTS

2022

Corporate and Investors
www.klapton.com/corporate-investors/

Registered Number L2001

KIC

Klapton Insurance Company

Specialty & Surety

Table of Contents **Pages**

KIC

Klapton Insurance Company

Specialty & Surety

Klapton Insurance Company Limited

Annual Report & Financial Statements

31 December 2022

KIC
Klapton Insurance Company
Specialty & Surety

Company Background :

Formed in 2005, Klapton Insurance Company Limited ("Klapton") is registered in the Autonomous Island of Anjouan, Union of Comoros, with our main activities in Africa, Middle East and Asia but we are growing our portfolio in Latin America and the CIS countries.

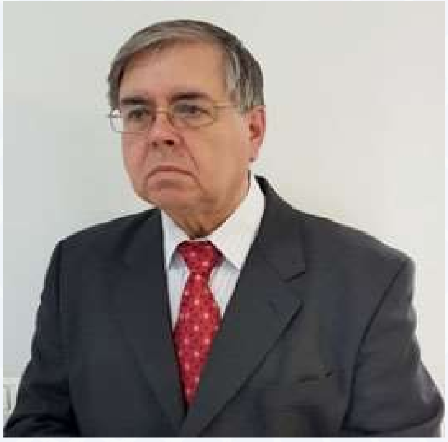
Klapton is a Class 2 insurer and reinsurer regulated by the Anjouan Offshore Finance Authority.

Klapton's business model is to focus on core activity lines, mainly specialty & sureties (bonds and guarantees, cat-bonds, PVT, RVI, POSI), combined commercial (SME, Contractors & Engineering) and inward facultative reinsurance covers.

Klapton has assets in excess of €105m as at 31 December 2022.

KIC

Board of Directors:



Mr Shay Reches
CEO and Director

Shay Reches brings 40 years of insurance and reinsurance industry experience. His main focus of activity during that time has been in the African market, both in the insurance and credit industries.

Mr Reches is the majority owner of Klapton.

Mr Rob Bygrave
CFO and Director

Rob Bygrave has held a number of senior finance positions in banks, insurance companies and corporate finance houses including Standard Chartered, Deutsche Bank, Altium Capital and Raiffeisen International Bank.

He is also currently Group Finance Director for an investment group.

KIC

Board of Directors:

Mr Justin Tuson
Chief Technology Officer and Director

With Information Technology experience exceeding 30 years, Mr. Tuson has worked in a wide variety of sectors - Oil and Gas Discovery, Travel Airline booking and Advertising Media. His experience spans Mainframe, Mini and Desktop computing.

Mrs Jennifer Estrougo
Head of Claims and Director

Jennifer is a certified attorney by the Israeli BAR association.

With over 13 years of both legal and insurance claims experience (gained at Howden and Kennedys). Jennifer brings a wide range of knowledge into managing high profile insurance claims, insurance disputes in and out of courts and complex coverage issues.

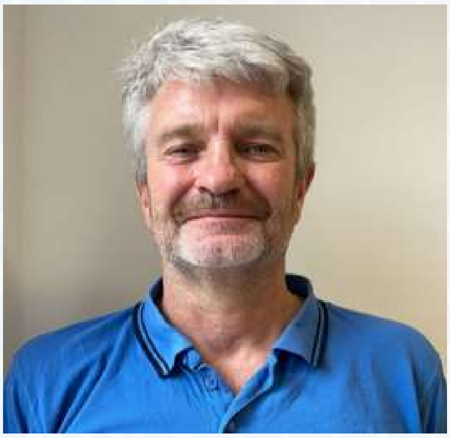
Mr Stefan Ritzen
Director

As well as being a Director, Stefan heads the Sureties division for Klapton.

Stefan is an experienced underwriter with a deep understanding of the sureties markets and brings a wealth of experience from senior positions held at international insurance and reinsurance companies such as Allianz, HSBC, Hitachi Capital and Hollenfels (owned by the Cowne Group).

KIC

Board Committee Chairperson:



Mr Martin Spedding

Chairman of Audit, Finance and Investments/Ethics Nominations and Remuneration Committee (AFI/ENR)

Martin has over 30 years experience within the UK Banking sector, previously working with Lloyds Banking Group. In his time there, he specialised within the internal compliance, internal audit and operational risk teams.

Mr Stefan Ritzen

Chairman of Reinsurance, Underwriting and Claims Committee (RUC)

Stefan is an experienced underwriter with a deep understanding of the sureties markets and brings a wealth of experience from senior positions held at international insurance and reinsurance companies such as Allianz, HSBC, Hitachi Capital and Hollenfels (owned by the Cowne Group).

KIC

Board Committee Chairperson:

Mr Simon Kemper
Chairman of IT, Media and PR Committee

Simon has 25 years experience in the website analysis, optimisation and web hosting industries.

He works with global organisations to ensure their websites are performing correctly and reaching their outreach goals.

More recently, he has been working with UK and US based corporate real estate and investment firms.

Mr Royi Sellek
Chairman of Risk & Corporate Governance Committee

Royi has over 20 years experience in the insurance industry, specialising in professional services for its businesses. He has a professional background which extends to other sectors including Agriculture (where he managed businesses in Africa) and Industry and Commerce Management.

Letter From the Board of Directors

It is our pleasure to present the 2022 Annual Report of the Board of Directors for Klapton Insurance Company Limited, and the financial statements for 2022. Which includes the statement of financial position at 31 December 2022 and the statement of income for the financial year.

Review of the year

Following the change in strategic direction in 2021 to transfer the majority of our existing portfolio of facultative reinsurance business to the new entity in Zambia, the Board fully expected a significant reduction in gross written premium in 2022. This is reflected in the results for 2022, where gross written premium fell from €37.7m in 2021 to €12.3m in 2022. However the Board was encouraged that the performance of the core focused lines, sureties and direct business remained consistent year-on-year.

Net claims incurred decreased in 2022 from €12.8m to €2.9m, however the Board expect this given the fall in premiums over the past year. The Company demonstrated it's commitment to efficient and equitable claims handling and processing by growing the claims team in 2022 and also making a significant investment in a new claims handling system.

Klapton managed a growth net underwriting profit, which rose from €7.1m in 2021 to €11.3m in 2022. This is partly due to the fall in gross written premiums as this in accelerates the release of unearned premium reserves but also demonstrates our strong underwriting criteria and our controls for risk acceptance which are constantly monitored.

Administrative expenses fell from €4.3m in 2021 to €4.2m in 2022. A significant part of our expense base is staff costs, where we continue to make pay rises and bonus awards to reward and retain existing staff, together with key strategic recruitments across the Company during 2022.

Klapton retained its credit rating from Global Credit Rating, part of Moody's as B- (Stable). We also continue to review other credit rating agencies to see where there is a strategic fit to enhance our market position and expect to obtain further ratings in 2023.

Outlook for 2023 for Klapton

Looking forward into 2023, we will face new challenges as we look to focus on our sureties, direct and inward facultative businesses as we believe there are significant opportunities to develop these lines of activity.

We continue our focus on maintaining our strong Corporate Governance culture to ensure that it meets the required standards in modern international and peer companies. We also regularly review the composition of the Committees and amend/strengthen them where possible. The Board places significant focus on the review of minutes and recommendations of the Committees.

We would like to extend a thank you to all of our clients, brokers and introducers for their continued support and the confidence they have placed with Klapton in 2022. We would also like to thank our employees, advisors and claim managers for their efforts this year and are proud of our achievements as a Company which could not have happened without their excellent attitude and focus in 2022.

Board of Directors

Corporate Governance Statement

The Company is fully committed to high standards of corporate governance. The Directors of Klapton are ultimately accountable to the shareholders for ensuring that the Company's business is conducted in accordance with those high standards.

The Board

The Board directs the Company's' risk assessment, resource management, strategic planning financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met. Certain functions are delegated to committees as detailed within this section.

The Board meets monthly, and additionally when necessary, to consider all matters relating to the overall control, business performance and strategy of the Company and in succession planning.

The Board consists of both executive and non-executive Directors. The Board of Directors maintains an appropriate balance of skills, experience, independence and knowledge of the Company. This has enabled the business to discharge their respective duties and responsibilities effectively as well as be diverse on nationality, age and race. The Board also maintains a transparent procedure for appointment and induction of new Board members.

All Directors receive regular and timely information about the Company prior to Board Meetings. They also have access to the CFO, who performs the Company Secretarial duties, for any further information they may require. If any of the non-executive directors has any concerns with the running of the Company, they would first discuss their concerns one of the executive directors or the CEO. If these concerns cannot be resolved, then their concerns are recorded in the Board minutes. No such concerns arose during the year or up to the date of this report.

Board Committees

The Board regularly reviews the functionality, requirement and effectiveness of the Committees. During 2022/2023 due to the reorganisation of the business and in line with strategic objectives, the following changes were made to the Committee structures:

The Sureties Committee was merged into the Reinsurance, Underwriting and Claims Committee.

Corporate Governance Statement (continued)

Audit, Finance and Investment/Ethics, Nominations and Remuneration Committee (AFI/ENR)

This committee reviews the company's financial policies and plans, ensures there are adequate systems to monitor and manage risk, ensures implementation of the requirements of International Financial Reporting Standards, review and monitor compliance with investment strategy, policy and statutory requirements.

Also it monitors and provides effective supervision of the management's financial reporting process to ensure accurate and timely financial reporting. The Committee received reports from reviewers such as regulators, auditors and rating agencies. The Committee also monitors implementation of these bodies recommendations, on behalf of the Board.

The committee also undertakes regular reviews of the Company's investment portfolio and ensures these are in line with the Company strategy, standards and investment criteria.

It is responsible for compliance with applicable laws, regulations and business ethics and conflicts of interest, including the Company's continuous disclosure requirements, It reviews and monitors related party transactions and transactions with cedants, intermediaries, retrocessionaires, employees and other stakeholders to ensure that they are conducted at arms length, with integrity and transparency.

It makes recommendations to the Board, on remuneration, recruitment and appointment, termination and removal, competencies, skills, knowledge, experience, incentive policies and procedures. The committee is also responsible for the development of a process of evaluation of the performance of the Board, its Committees and Directors and succession planning.

Risk and Corporate Governance Committee (RC)

The Risk Register is a document which details all risks which the company faces - operational, regulatory, product, political etc.

The Committee will review the existing Risk Register and update for changes in the rating of the risks (between high/medium/low), closing expired risks and also raising new risks as they are identified which affect the Company and any area of the business. The Risk Register is then escalated to the AFI/ENR and any relevant points are then discussed/reviewed at the Board meeting.

Corporate Governance Statement (continued)

IT, Systems and PR Committee (ISP)

This committee reviews the Company's IT infrastructure polices and process including the ongoing systems operation and back up, compliance with client data confidentiality requirements, and that the IT infrastructure and corporate data is protected against attack in line with company and industry practice. It also reviews and recommends to the Board future developments in IT systems and analytical and management tools which are proposed by the IT department.

The ISP committee also reviews the online presence of the company on search engines and social media in line with the Company’s strategy and expectations and will report to the Board in respect of this. It also monitors the impact of PR activity on the Company to ensure it is in line with policy.

Reinsurance and Underwriting Committee (RUC)

This committee undertakes reviews of the Company's core insurance written, the development of new business lines, underwriting policies, procedures and standards.

The RUC committee also reviews the Company's reinsurance treaties and the development of inward and outward facultative covers in line with policy. Additionally it will consider the criteria for participating reinsurers on the Company's treaties as well as on facultative covers and review the Company's protection treaties.

The Committee reviews the Company's claims - outstanding, paid, declined and approved to ensure these comply with both Company and industry best practice. It will also pass comment on claims handling policies, claim management standards and also consider underwriting policies.

In addition, the Committee considers/debates policy liability and interpretation for the benefit of underwriters where appropriate with a view to ensuring that all policy points are scrutinized and interpretations are consistent when Cedants submit claims payment requests.

It is the experience of the Committee that there are more than single occasions when Cedants/Reinsurance Brokers have not fully considered all areas of Policy liability, misrepresentation at inception and relevance of Warranties and Conditions.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation, integrity, true and fair presentation of its financial statements and other information contained within this Annual Report.

The financial statements have been audited by an independent audit firm which has been given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and the Committees of the Board. The Directors believe that all representations made to the independent auditors during the audit were valid and appropriate statements.

The Directors accept responsibility for preparing the financial statements in accordance with International Financial Reporting Statements and the applicable provisions of the Offshore Finance Authority. They also accept responsibility for such internal controls as the Directors deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 has no realistic alternative but to do so. The audit of the financial statements does not relieve the directors of this responsibilities.

Board of Directors

2022 Financial Highlights

Net underwriting profit
€11.3m

Gross written premiums
€12.3m

GCR credit rating
B- (Stable) International Scale

Shareholder's equity
€44.8m

Total assets
€105.5m

Total cash
€23.3m

SOCIETE D'EXPERTISE COMPTABLE ET DE CONSEILS
01 BP 8168 ABIDJAN 01
TEL (225) 27 22 52 57 10
FAX (225) 27 22 42 04 36

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Klapton Insurance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Klapton Insurance Company Limited (the Company), which comprise:

- the statement of financial position as at December 31, 2022, with a total assets of Euros 105.5 million.
- the statement of comprehensive income with a profit of Euros 6.6 million, a statement of changes in equity and statement of cash flows for the year then ended, and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in *Côte d'Ivoire,* 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.

SOCIETE D'EXPERTISE COMPTABLE ET DE CONSEILS
01 BP 8168 ABIDJAN 01
TEL (225) 27 22 52 57 10
FAX (225) 27 22 42 04 36

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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.

SOCIETE D'EXPERTISE COMPTABLE ET DE CONSEILS

SOCIETE D'EXPERTISE COMPTABLE & DE CONSEILS
(S.E.C.C.)
01 BP 8168 ABIDJAN 01
TEL: +225 27 22 52 57 10 / FAX: +225 27 22 42 04 36

MAURICE AKO
Managing Partner
14/08/2023

Statement of Financial Position
As at 31 December 2022

	Notes	2022 €	2021 €
Assets			
Intangible assets	*4*	60,933	65,416
Investments	*5*	18,784,372	15,841,171
Deferred policy acquisition costs	*6*	4,696,011	8,252,745
Insurance receivables		18,226,931	26,410,455
Other assets	*7*	40,479,760	31,159,495
Cash and cash equivalents	*8*	23,258,908	29,169,528
Total assets		**105,506,915**	**110,898,810**
Equity and Liabilities			
Equity			
Issued share capital	*9*	18,731,928	18,763,200
Capital redemption reserve		74,804	-
Retained earnings		25,960,381	19,436,403
Total equity		**44,767,113**	**38,199,603**
Liabilities			
Technical provisions	*10*	56,575,667	67,347,431
Other liabilities	*11*	4,164,135	5,351,776
Total liabilities		**60,739,802**	**72,699,207**
Total Equity and Liabilities		**105,506,915**	**110,898,810**

The financial statements were approved by the board of directors and authorised for issue on 14 August 2023 and they were signed on its behalf by:

S J Reches
Director
14 August 2023

The notes on pages 21 to 43 form part of these financial statements.

Statement of Changes in Equity
As at 31 December 2022

KIC

	Share capital	Capital redemption reserve €	Retained profit €	Total €
2022				
Opening balance	18,763,200	-	19,436,403	38,199,603
Total comprehensive income for the year				
Profit for the year	-	-	6,642,314	6,642,314
Total comprehensive income for the year	**18,763,200**	**-**	**26,078,717**	**44,841,917**
Transactions with owners of the Company				
Shares redeemed in the year	(31,272)	74,804	(118,336)	(74,804)
Total transactions with owners of the Company	**(31,272)**	**74,804**	**(118,336)**	**(74,804)**
Balance as at 31 December 2022	**18,731,928**	**74,804**	**25,960,381**	**44,767,113**
2021				
Opening balance	18,763,200	-	16,685,526	35,448,726
Total comprehensive income for the year				
Profit for the year	-	-	2,750,877	2,750,877
Total comprehensive income for the year	**18,763,200**	**-**	**19,436,403**	**38,199,603**
Transactions with owners of the Company				
Shares redeemed in the year	-	-	-	-
Total transactions with owners of the Company	**-**	**-**	**-**	**-**
Balance as at 31 December 2021	**18,763,200**	**-**	**19,436,403**	**38,199,603**

Statement of Income

For the year ended 31 December 2022

KIC

	Notes	2022 €	2021 €
Gross written premiums	*12*	12,311,892	37,723,890
Change in unearned premiums		10,531,287	(5,343,869)
Gross earned premiums		**22,843,179**	**32,380,021**
Less premiums ceded	*12*	(2,199,004)	(2,233,714)
Net earned premiums	*12*	**20,644,175**	**30,146,307**
Net claims incurred	*13*	(2,815,833)	(12,756,085)
Commissions earned	*14*	605,796	-
Acquisition expenses	*6*	(7,119,369)	(10,032,978)
Net underwriting result		**11,314,769**	**7,357,244**
Investment (expense)/income	*15*	528,088	447,155
Administrative expenses	*16*	(4,244,981)	(4,320,816)
Net foreign exchange profit/(loss)		(552,593)	(658,489)
Profit for the year before taxation		**7,045,283**	**2,825,094**
Tax		(402,969)	(74,217)
Profit for the year after taxation		**6,642,314**	**2,750,877**

There are no additional recognised gains of losses other than those stated above.

Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 €	2021 €
Net cash inflow/(outflow) from operating activities	17	**(3,316,446)**	**6,107,018**
Cash outflow from investing activities			
Purchase of intangible fixed assets		(10,287)	(8,851)
Proceeds from sale/maturity of financial assets at amortised cost		180,926	74,991
Proceeds from sale/maturity of financial assets at fair value through OCI		-	-
Purchase of financial assets at amortised cost		(3,124,127)	(4,177,465)
Purchase of financial assets at fair value through OCI		-	-
Interest income		434,118	278,745
Net cash inflow/(outflow) from investing activities		**(2,519,370)**	**(3,832,580)**
Cash outflow from financing activities			
Redemption of share capital		(74,804)	-
Receipt of loan financing		-	-
Repayment of loan financing		-	-
Interest expense		-	-
Net cash outflow from financing activities		**(74,804)**	**-**
Net increase/(decrease) in cash and cash equivalents		**(5,910,620)**	**2,274,438**
Cash and cash equivalents at the beginning of the year		29,169,528	26,895,090
Cash and cash equivalents at the end of the year		**23,258,908**	**29,169,528**

The notes on pages 21 to 43 form part of these financial statements.

1 ACTIVITIES

Klapton Insurance Company Limited ("the Company") was incorporated in the Autonomous Island of Anjouan, Union of Comoros in 2005. It is a Class 2 insurer and reinsurer, regulated by the Anjouan Offshore Finance Authority. The Company's registered office is POB 69, ACS, Mutsamudu, Anjouan, Union of Comoros.

The Company operates primarily in the Middle East, Africa and Asia.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") together with the applicable requirements of the Anjouan Offshore Finance Authority.

The financial statements have been presented in Euro "€" being the Company's functional currency.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets at fair value through the profit and loss and financial assets through other comprehensive income.

3 ACCOUNTING POLICIES

Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended standards and interpretations effective as of 1 January 2022.

The following new and revised IFRSs were effective in the current year but had no material impact:

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
Amendment to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract
Amendments to IFRS 16 - Covid-19 Related Rent Amendment
Amendments to IFRS 3 - Business Combinations
Annual Improvements Cycle 2018-2020

3 ACCOUNTING POLICIES (continued)

Early adoption of standards

The Company did not early-adopt any new or amended standards in 2022. The Company will adopt these standards, if applicable, when they become effective:

IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard applies to all types of insurance contracts (life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them. It also applies to certain guarantees and financial instruments with discretionary participation features.

The objective of the standard is to ensure that an entity provides relevant information that faithfully represents their insurance contracts. This information gives a basis for users of financial information to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

IFRS17 permits two models to be applied to contracts: the general model and the premium allocation approach. The general model requires entities to measure an insurance contract at the total of fulfillment cash flows and the contractual service margin. The fulfillment cash flows must be remeasured at the end of each reporting period, the contractual service margin (unearned profit) is recognised over the coverage period. The premium allocation approach is a more simplified method, applicable to contracts of one year of less.

IFRS 17 effective date is 1 January 2023 and requires retrospective application.

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 Financial Investments - Recognition and Measurement. Although IFRS 9 was effective from 1 January 2018, the Company applied the temporary exemption from application in order to align this implementation with that of IFRS 17 - Insurance Contracts on 1 January 2023.

The Company has engaged with a third party consulting firm to assist with the adoption of both standards. They will assist with determining the most applicable IFRS 17 model which should be applied and in reconfiguring the Company’s IT system to meet the data requirement of both IFRS 9 and IFRS 17. In addition, their modelling software will be used to re-compute the 2022 results which have to be restated under IFRS 17, unless this proves impractical to do so, in which case the Company may elect to choose between the modified retrospective or fair value approach.

With respect to IFRS 9 , the Company can elect to utilise the exemption to restate comparative information.

3 ACCOUNTING POLICIES (continued)

Other amendments effective 2022/2023

The following amendments to existing standards have been published by the IASB, which will become mandatory in 2023 but have little or no material effect on the company:

Amendments to IAS 1 Presentation of Financial Statements - on Classification of Liabilities as Current or Non-Current
Narrow Scope Amendments to IAS 1 Presentation of Financial Statements - Practice Statement 2
Narrow Scope Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to IAS 12 Income Taxes - Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction

Use of estimates in preparation of financial statements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. A significant degree of judgement has been used in the determination of the adequacy of provision for outstanding claims and claims incurred but not reported at the reporting date. In addition, the income statement includes estimates for premiums, claims and charges data that were not received from ceding companies at the date of the financial statements.

These estimates are based upon historical information, the directors' best knowledge of current events and actions, industry expert reports and other analytical techniques. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to take account of new and available information. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

Definition of insurance contracts

Contracts under which the Company accepts significant insurance risk from another party (the ceding company or cedant) by agreeing to compensate the cedant or other beneficiary if a specific uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

3 ACCOUNTING POLICIES (continued)

Gross written premiums

Gross written premium comprises the total premiums receivable for the whole period of cover for contracts entered into during the year, regardless of whether they relate in whole or in part due to a later accounting period. Premiums includes adjustments arising in the accounting period to premiums written in prior accounting periods and also includes an estimate for pipeline premiums. Pipeline premiums are those which are due on business written but not yet notified. The Company generally estimates pipeline premium based upon management's expertise and prior experience.

Premiums relating to the expired risk period are taken as earned and recognised as revenue for the period, while the premium relating to the unexpired risk period is treated as a provision for unearned premium. For proportional treaty business, the unearned premium provision is calculated on a treaty by treaty basis at the reporting date. For non-proportional and facultative business, the unearned premium provision is calculated on a pro-rata basis. For any cases where the underlying business and risk do not justify the above methods, the unearned premium provision is calculated on bases relevant to the risk profile of the insurance contract.

Outward reinsurance premiums

Outward reinsurance premiums relating to earned premiums are recognised as expense in accordance with the insurance services provided. Unearned reinsurance premiums are those proportion of premiums written in a year that relate to periods of risk after the reporting date and are deferred over the term of the reinsurance contract.

Commission income

Insurance policyholders are charged for policy administration services, surrenders and other contract fees. Other fees include reinsurance commissions earned and fronting fees. All fees are recognised as revenue over the period in which the related services are provided. Any fees which relate to services provided in future periods are deferred and recognised in those future periods.

Claims

Claims is comprised of amounts payable to policyholders, and related loss adjustment expenses, net of salvage and other recoveries and is charged to the statement of income as incurred. In addition, claims reflect the movements in the provision for outstanding claims, claims incurred but not reported (IBNR), claims incurred but not enough reserved (IBNER) and other claims reserves.

Outstanding claims comprises the provision for the Company's estimated ultimate cost of settling all claims incurred (and related claims handling costs) but unpaid at the reporting date, whether or not these had been reported. These are provided for at their face value.

Provision are also made for claims incurred but not reported at the reporting date based upon the management's judgement and the Company's prior experience.

3 ACCOUNTING POLICIES (continued)

Policy acquisition costs
Policy acquisition costs represent commissions paid to intermediaries and other direct costs incurred in relation to the acquisition and renewal of insurance contracts which are deferred and expensed over the terms of the insurance contracts as to which they relate as premiums are earned.

Interest income
Interest income is included within investment income and is recognised as the interest accrues using the effective interest method. Under this method, the rate used discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income
Dividend income is included within investment income and is recognised when the right to receive the payment is established.

Intangible assets - computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life of the software.

External costs that are directly associated with the production of identifiable software products which are owned by the Company, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Computer software development costs recognised as assets amortised using the straight-line method over their useful lives.

Financial assets
Financial assets and liabilities are recognised when the Company becomes a party to the contractual provision of the instrument.

Financial assets are classified at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).

This classification is based on the business model for managing the assets and the asset's contractual terms

a) Bond and debt instruments at amortized cost
Bonds and debt instruments are held at amortised cost only if the instruments are held with the objective of holding the instrument to collect the contractual cash flows and the terms of the debt instrument give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

b) Bond and debt instruments measured at fair value through other comprehensive income (FVOCI)
Bonds and debt instruments are held at FVOCI only if the instruments are held with the objective of holding the instrument to collect the contractual cash flows and selling financial assets and the SPPI conditions are met.

3 ACCOUNTING POLICIES (continued)

Financial assets (continued)

c) Financial assets measured at fair value through profit or loss (FVTPL)
Financial assets at FVTPL include and financial assets designated upon initial recognition at fair value through profit or loss. This also include financial assets with contractual cash flows not representing solely payments of principal and interest.

Financial assets at FVTPL are subsequently remeasured at fair value and changes in fair value are recognized in the statement of income. Interest income is recognized using the effective interest method.

d) Financial assets measured at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income include equities investments, which were not classified as financial assets measured at FVTPL.

The company has elected to classify irrevocably its unquoted equity investments as fair value through other comprehensive income as they meet the definition of equity under IAS 32 and are not held for trading.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) on debt instruments held at amortised cost, based upon the contractual cash flows and changes in credit risk.

In respect of insurance receivables, the company establishes an ECL based upon historical credit loss experience and as assessment of the credit risk of the outstanding amounts, including overdue receivables.

For debt instruments measured at FVOCI, as these are quoted bonds, the company applies the low credit risk simplification method and evaluates the credit risk, considering factors such as collection of contractual payments by due dates.

3 ACCOUNTING POLICIES (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the asset, the Company retains its retained interest in the asset and an associated liability for amounts it may have to pay.

Insurance receivables

All amounts receivable are initially recognised at fair value. These amounts are assessed for impairment losses at the reporting date. Such assets are deemed as impaired if there is objective evidence, as a result that occurred after the initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from its debtors. The carrying amounts of the assets are reduced by the impairment losses and the impairment losses recognised in the profit or loss for the year.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents, comprise 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.

Fair values

For financial instruments which are actively traded in organised financial markets, the fair value is determined by the quoted bid price for assets and the offer price for liabilities, at close of business on the financial statements reporting date. If quoted prices are not available then a broker or dealer price quotation can be used.

For financial instruments where there is not an active market, fair value can be determined by using valuation techniques. Such techniques include using recent arm's length transactions, current market value of a another financial instrument which is substantially the same or discounted cash flow analysis. For the discounted cash flow technique, estimated cash flows are based upon management's best estimates and the discount rate used is a market related rate for a similar instrument.

If fair value cannot be measured reliably, the financial instrument should be measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All direct transaction costs directly attributable to the acquisition are also included in the cost of the investment.

3 ACCOUNTING POLICIES (continued)

Financial liabilities
Financial liabilities are classified as other financial liabilities either at fair value through profit or loss "FVTPL" or as other financial liabilities.

Financial liabilities at FVTPL
The Company does not have any financial liabilities classified at FVTPL.

Other financial liabilities
Other financial liabilities includes creditors arising out of reinsurance arrangements, borrowings and other amounts payable. These are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities
The Company derecognises financial liabilities only when the Company's obligations are discharged, cancelled or expire. The condition is met when the liability is settled by paying the creditors, or when the Company is released from the primary responsibility for the financial liability either by process of law or by the creditor.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation.

Functional and presentational foreign currencies
The Company’s financial statements are presented in Euros, which is also the functional currency of the Company. Although the Company conducts its operations in several currencies, in line with IAS 21 revised, the Company has selected the Euro as the common currency.

Translation of foreign currencies
Transactions in foreign currencies are initially translated into the functional currency at the respective exchange rate prevailing at the date of the transaction. Foreign exchange gains or losses on the settlement of those transactions and from the translation at the year end exchange rate of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated to the functional currency at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

3 ACCOUNTING POLICIES (continued)

Taxation

The Company is not subject to taxation in its country of tax domicile and receives an annual tax exemption certificate in respect of this. It does however suffer withholding tax on funds remitted from foreign jurisdictions and as there are no double tax treaties in place it must bear this tax as a cost.

Dividends

Dividends payable are recognised as a liability in the period in which they are approved by the shareholders.

Comparatives

Where necessary comparatives have been adjusted to conform with changes in presentation in the current year.

Going concern

The Company's forecasts and projections provide the directors with reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast doubt on the Company's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

4 INTANGIBLE ASSETS

	Computer software/licences	
	2022	2021
	€	€
Cost		
As at 1 January	1,176,976	1,168,125
Additions	10,287	8,851
Disposals	-	-
As at 31 December	**1,187,263**	**1,176,976**
Amortisation		
As at 1 January	1,111,560	1,094,067
Charge for year	14,770	17,493
Eliminated on disposals	-	-
As at 31 December	**1,126,330**	**1,111,560**
Net Book Value	**60,933**	**65,416**

5 INVESTMENTS

	2022	2021
	€	€
Amortised cost		
Unquoted bonds and debt instruments	18,613,107	15,669,906
Fair value through other comprehensive income		
Quoted bonds and debt instruments	171,265	171,265
	171,265	**171,265**
	18,784,372	**15,841,171**

6 DEFERRED POLICY ACQUISITION COSTS

	2022	2021
	€	€
As at 1 January	8,252,745	6,058,802
Released during the year	(7,119,369)	(10,032,978)
Deferred during the year	3,562,635	12,226,921
As at 31 December	**4,696,011**	**8,252,745**

7 OTHER ASSETS

	2022	2021
	€	€
Prepayments and accrued income	684,770	603,300
Other assets	39,794,990	30,556,195
	40,479,760	**31,159,495**

8 CASH AND CASH EQUIVALENTS

	2022	2021
	€	€
Cash and bank balances	7,258,908	12,483,507
Bank deposits	16,000,000	16,686,021
	23,258,908	**29,169,528**

The bank deposits, which are primarily denominated in Euro's are made for varying periods between one month to six months (2021: between one month to six months) depending upon the immediate cash requirements of the Company.

9 ISSUED SHARE CAPITAL

	Authorised, issued and fully paid	
	2022	2021
	€	€
23,960 shares of USD 1,000 each (Euro 782 each) (2021: 24,000 shares)	**18,731,928**	**18,763,200**

During the year 40 shares of USD 1,000 were repurchased by the Company at a cost of USD 2,075 per share.

10 TECHNICAL PROVISIONS

	2022	2021
	€	€
Provision for reported claims*	42,234,210	41,222,515
Provision for claims incurred but not reported	161,329	1,428,318
Provisions for claims incurred but not enough reserved	325,452	310,636
	42,720,991	42,961,469
Unearned premiums**	13,854,676	24,385,962
	56,575,667	**67,347,431**

*Movement in provision for reported claims:

	2022	2021
	€	€
As at 1 January	41,222,515	9,961,836
Claims paid during the year	(9,632,051)	(2,848,925)
Provision for newly reported claims/adjustments to prior year claims	6,710,767	36,430,821
Foreign exchange movements	3,932,979	(2,321,217)
As at 31 December	**42,234,210**	**41,222,515**

**Movement in unearned premiums:

	2022	2021
	€	€
As at 1 January	24,385,962	19,042,093
Premiums written	12,311,892	37,723,890
Premiums earned	(22,843,178)	(32,380,021)
As at 31 December	**13,854,676**	**24,385,962**

11 OTHER LIABILITIES

	2022	2021
	€	€
Trade creditors	4,133,736	5,298,128
Accrued expenses	30,399	53,648
	4,164,135	**5,351,776**

12 PREMIUMS

a) Written and earned premiums

	% change	2022	2021
	%	€	€
Gross written premium	-67%	12,311,892	37,723,890
Gross earned premium	-29%	22,843,179	32,380,021

b) Written premiums - business analysis

2022	Gross	Reinsurance	Net
	€	€	€
Inward treaty reinsurance	4,055,164	(1,235,718)	2,819,446
Inward facultative reinsurance	2,174,323	(617,858)	1,556,465
Sureties	5,883,905	(345,428)	5,538,477
SME	198,500	-	198,500
	12,311,892	**(2,199,004)**	**10,112,888**

2021	Gross	Reinsurance	Net
	€	€	€
Inward treaty reinsurance	3,672,554	(357,536)	3,315,018
Inward facultative reinsurance	27,110,535	(1,405,829)	25,704,706
Sureties	6,750,940	(470,349)	6,280,591
SME	189,861	-	189,861
	37,723,890	**(2,233,714)**	**35,490,176**

12 PREMIUMS (continued)

c) Written premiums - geographical analysis

2022	Gross	Reinsurance	Net
	€	€	€
Sub Saharan Africa	8,615,161	(1,043,075)	7,572,086
Middle East, North Africa and Asia	4,291,888	(987,984)	3,303,904
Other	(595,157)	(167,945)	(763,102)
	12,311,892	**(2,199,004)**	**10,112,888**

2021	Gross	Reinsurance	Net
	€	€	€
Sub Saharan Africa	12,011,929	(1,029,513)	10,982,416
Middle East, North Africa and Asia	23,233,042	(1,076,606)	22,156,436
Other	2,478,919	(127,595)	2,351,324
	37,723,890	**(2,233,714)**	**35,490,176**

13 NET CLAIMS INCURRED

The net claims incurred by the Company is analysed into the main classes of business as shown below:

2022	Gross	Reinsurance	Net
	€	€	€
Inward treaty reinsurance	400,788	1,152,471	1,553,259
Inward facultative reinsurance	4,729,826	(4,529,454)	200,372
Sureties	2,099,378	(1,335,220)	764,158
SME	298,044	-	298,044
	7,528,036	**(4,712,203)**	**2,815,833**

2021	Gross	Reinsurance	Net
	€	€	€
Inward treaty reinsurance	48,884	259,394	308,278
Inward facultative reinsurance	10,902,791	(1,234,108)	9,668,683
Sureties	25,626,208	(22,928,453)	2,697,755
SME	81,369	-	81,369
	36,659,252	**(23,903,167)**	**12,756,085**

14 COMMISSION EARNED

	2022	2021
	€	€
Commission	**605,796**	**-**

Commission earned represents fees charged on the portfolio transfer to Klapton Reinsurance Limited.

15 INVESTMENT INCOME/(EXPENSE)

	2022	2021
	€	€
Interest	528,088	447,155
	528,088	**447,155**

16 ADMINISTRATIVE EXPENSES

	2022	2021
	€	€
Staff costs	2,708,924	1,811,868
Legal and professional fees	1,071,025	2,135,921
Amortisation of intangible assets	14,770	17,493
Computer, telephone and other office expenses	76,726	132,193
Bank charges and other fees	219,063	166,947
Other expenses	154,473	56,394
	4,244,981	**4,320,816**

17 NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit for the year to net cash inflow/(outflow) from operations:

	2022	2021
	€	€
Profit for the year	6,642,314	2,750,877
Adjustments for:		
Depreciation	14,770	17,493
Interest income	(528,088)	(447,155)
Loss on sale of financial investments at fair value through OCI	-	-
Working capital changes:		
Insurance receivables	8,183,524	(7,554,879)
Deferred policy acquisition costs	3,556,734	(2,193,943)
Other assets	(9,226,295)	(24,924,094)
Technical provisions	(10,771,764)	37,301,163
Other liabilities	(1,187,641)	1,157,556
Net cash inflow/(outflow) from operations	**(3,316,446)**	**6,107,018**

18 RISK MANAGEMENT

The risks faced by the Company and the way these are mitigated by management are summarised below:

Insurance risk

Insurance risk includes the risk of inappropriate underwriting, ineffective management of underwriting, inadequate controls over exposure management in relation to catastrophic events and insufficient reserves for claims incurred but not reported.

The Company has developed a detailed underwriting manual covering risk acceptance criteria, pricing, authority levels, and reinsurance protection amongst others. It guides the underwriters in their acceptances, on the principals of prudence and professionalism within the overall objective of diversifying the types of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The priority is to ensure adherence to the criteria for risk selection by maintaining high levels of experience and expertise among the underwriting staff.

Loss reserve estimates are inherently uncertain. Reserves for unpaid losses are the largest single component of the liabilities of the Company. Actual losses that differ from the provisions, or revisions in the estimates, can have a material impact on future earnings and the statement of financial position. The Company ensures that the provision is constantly reviewed and monitored in conjunction with the underwriting and claims teams to ensure it is adjusted to reflect changes in exposure and loss experience.

In order to diversify risks and mitigate the risk of catastrophic loss, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. This allows the Company to control exposure to potential losses from large risks, provides for greater diversification of business and provides additional capacity for growth. Prior to renewing any annual reinsurance business, the Company carries out a detailed review of the financial stability of the reinsurer. Therefore the Company ensures that reinsurance is placed only with a select group of financially secure and experienced companies in the industry.

18 RISK MANAGEMENT (continued)

Financial risk

In the normal course of business, the Company uses primary financial instruments such as cash and cash equivalents, bonds, equities and receivables.

The Company does not enter into derivative contracts.

As a result of the financial instruments held by the Company, it is subject to various market risks including interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. The Company maintains detailed guidelines within the accounting and administrative procedures manuals. These guidelines provide the framework for the investing activities and set specific limits and benchmarks for the acceptable levels of counterparty exposure, concentration, credit risk, currency risk, liquidity risk and interest rate risk, among others.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk primarily from unpaid insurance receivables and fixed income investments.

Credit risk relating to unpaid insurance receivables is mitigated by the large number of cedants and their wide geographical dispersal. The Company has in place credit appraisal policies and procedures in respect of these receivables and monitors them on a regular basis to restrict the Company's exposure to bad debts. Credit terms are also strictly monitored to keep balances as current as possible.

The Company's portfolio of fixed income investments is managed in accordance with prescribed credit rating and counterparty exposure guidelines.

Reinsurance and fixed income investments are monitored for the occurrence of a downgrade or other changes that might cause them to fall below the Company's security standards. If this occurs, management takes appropriate action to mitigate any loss to the Company.

The Company's bank balances are maintained with a range of international and local banks in accordance with the limits set by the board of directors.

18 RISK MANAGEMENT (continued)

Financial risk (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with insurance contracts and other financial liabilities as and when they fall due.

The Company’s investment guidelines prescribe minimum levels of financial assets to be held in cash and cash instruments. These are continually monitored to ensure that the Company can meet its liquidity requirements.

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments:

	Less than 1 year	More than 1 year	Total
	€	€	€
2022			
Gross outstanding claims	13,984,168	28,736,823	42,720,991
Gross unearned premiums	7,411,833	6,442,843	13,854,676
Other liabilities	4,164,135	-	4,164,135
TOTAL LIABILITIES	**25,560,136**	**35,179,666**	**60,739,802**

	Less than 1 year	More than 1 year	Total
	€	€	€
2021			
Gross outstanding claims	13,239,095	29,722,374	42,961,469
Gross unearned premiums	15,715,223	8,670,739	24,385,962
Other liabilities	5,351,776	-	5,351,776
TOTAL LIABILITIES	**34,306,094**	**38,393,113**	**72,699,207**

18 RISK MANAGEMENT (continued)

Financial risk (continued)

b) Liquidity risk (continued)

Maturity analysis of assets and liabilities

The table below shows analysis of assets and liabilities according to when they are expected to be recovered or settled:

	Less than 1 year	More than 1 year	No term	Total
	€	€	€	€
2022				
ASSETS				
Intangible assets	13,295	47,638	-	60,933
Investments	3,030,111	15,754,261	-	18,784,372
Deferred policy acquisition costs	2,263,331	2,432,680	-	4,696,011
Insurance receivables	18,226,931	-	-	18,226,931
Other assets	40,479,760	-	-	40,479,760
Cash and cash equivalents	23,258,908	-	-	23,258,908
TOTAL ASSETS	**87,272,336**	**18,234,579**	**-**	**105,506,915**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	-	-	18,731,928	18,731,928
Capital redemption reserve	-	-	74,804	74,804
Retained earnings	-	-	25,960,381	25,960,381
TOTAL EQUITY	**-**	**-**	**44,767,113**	**44,767,113**
LIABILITIES				
Gross outstanding claims	13,984,168	28,736,823	-	42,720,991
Gross unearned premiums	7,411,833	6,442,843	-	13,854,676
Other liabilities	4,164,135	-	-	4,164,135
TOTAL LIABILITIES	**25,560,136**	**35,179,666**	**-**	**60,739,802**
TOTAL EQUITY AND LIABILITIES	**25,560,136**	**35,179,666**	**44,767,113**	**105,506,915**

18 RISK MANAGEMENT (continued)

Financial risk (continued)

b) Liquidity risk (continued)

Maturity analysis of assets and liabilities

The table below shows analysis of assets and liabilities according to when they are expected to be recovered or settled:

	Less than 1 year	More than 1 year	No term	Total
	€	€	€	€
2021				
Intangible assets	13,729	51,687	-	65,416
Investments	1,721,601	14,119,570	-	15,841,171
Deferred policy acquisition costs	4,821,892	3,430,853	-	8,252,745
Insurance receivables	26,410,455	-	-	26,410,455
Other assets	31,159,495	-	-	31,159,495
Cash and cash equivalents	29,169,528	-	-	29,169,528
TOTAL ASSETS	**93,296,700**	**17,602,110**	**-**	**110,898,810**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	-	-	18,763,200	18,763,200
Retained earnings	-	-	19,436,403	19,436,403
TOTAL EQUITY	**-**	**-**	**38,199,603**	**38,199,603**
LIABILITIES				
Gross outstanding claims	13,239,095	29,722,374	-	42,961,469
Gross unearned premiums	15,715,223	8,670,739	-	24,385,962
Other liabilities	5,351,776	-	-	5,351,776
TOTAL LIABILITIES	**34,306,094**	**38,393,113**	**-**	**72,699,207**
TOTAL EQUITY AND LIABILITIES	**34,306,094**	**38,393,113**	**38,199,603**	**110,898,810**

18 RISK MANAGEMENT (continued)

Financial risk (continued)

c) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company holds both assets and liabilities in different currencies and therefore is exposed to the risk of exchange rate movements associated with assets and liabilities matching. Although the Company does not apply hedging techniques to mitigate its currency risk, it does ensure that the net exposure to this risk is mitigated by constantly monitoring the net exposure to this risk is within acceptable levels.

The tables below show the various currencies in which the Company's assets and liabilities were denominated at 31 December 2022 and 2021:

	EUR	USD	Other	Total
	€	€	€	€
2022				
ASSETS				
Intangible assets	10,999	-	49,934	60,933
Investments	12,057,538	4,668,773	2,058,061	18,784,372
Deferred policy acquisition costs	1,174,003	1,174,003	2,348,005	4,696,011
Insurance receivables	3,645,386	10,936,159	3,645,386	18,226,931
Other assets	684,771	39,794,989	-	40,479,760
Cash and cash equivalents	20,773,097	671,498	1,814,313	23,258,908
TOTAL ASSETS	**38,345,794**	**57,245,422**	**9,915,699**	**105,506,915**
LIABILITIES				
Gross outstanding claims	486,781	41,223,523	1,010,687	42,720,991
Gross unearned premiums	3,463,669	6,927,338	3,463,669	13,854,676
Other liabilities	1,249,053	2,313,565	601,517	4,164,135
TOTAL LIABILITIES	**5,199,503**	**50,464,426**	**5,075,873**	**60,739,802**
NET POSITION	**33,146,291**	**6,780,996**	**4,839,826**	**44,767,113**

18 RISK MANAGEMENT (continued)

Financial risk (continued)

c) Foreign currency risk (continued)

The tables below show the various currencies in which the Company's assets and liabilities were denominated at 31 December 2022 and 2021:

	EUR	USD	Other	Total
	€	€	€	€
2021				
ASSETS				
Intangible assets	18,219	-	47,197	65,416
Investments	11,523,721	3,021,633	1,295,817	15,841,171
Deferred policy acquisition costs	2,063,186	2,063,186	4,126,373	8,252,745
Insurance receivables	5,282,091	15,846,273	5,282,091	26,410,455
Other assets	603,300	30,406,194	150,001	31,159,495
Cash and cash equivalents	21,274,677	3,249,999	4,644,852	29,169,528
TOTAL ASSETS	**40,765,194**	**54,587,285**	**15,546,331**	**110,898,810**
LIABILITIES				
Gross outstanding claims	1,738,954	40,431,150	791,365	42,961,469
Gross unearned premiums	6,096,491	12,192,981	6,096,490	24,385,962
Other liabilities	626,625	4,385,060	340,091	5,351,776
TOTAL LIABILITIES	**8,462,070**	**57,009,191**	**7,227,946**	**72,699,207**
NET POSITION	**32,303,124**	**(2,421,906)**	**8,318,385**	**38,199,603**

Key to currency abbreviations:
EUR - Euro; USD - United States Dollars; Other includes United Kingdom Pounds, Israeli Shekels and other currencies.

18 RISK MANAGEMENT (continued)

Financial risk (continued)

d) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future profitability or fair values of financial instruments.

The Company is exposed to this risk on its fixed income portfolio and cash and cash equivalents. The Company limits this risk by monitoring changes in interest rates in the currencies in which the fixed income portfolio and cash and cash equivalents are denominated. Additionally to mitigate the effect of price volatility is actively manages the duration of the portfolio.

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Company's profit for the year, based on the floating rate financial assets and liabilities held at 31 December:

	Increase/ decrease in basis points	Effect on profit for the year (€)
2022	+50	80,000
	-75	(120,000)
2021	+50	83,430
	-75	(125,145)

e) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company does not apply hedging techniques to minimise this risk but has in place investment guidelines on the limits of stocks, industry and sectors and actively monitors developments in the equity markets and the potential impact on the portfolio.

19 RELATED PARTY TRANSACTIONS

The Chairman and CEO, Mr Shay Reches, holds the majority of the share capital (approximately 65%) and therefore controlling interest in the Company. In addition to his contractually due remuneration for the services provided as a Director and expenses reimbursed in line with Company policy, Mr Reches received a loan from the Company which at 31 December 2022 was €2,331,669 (2021: €1,799,312).

During 2022 the Company paid management and administrative services to Klapton Management Limited, a shareholder in the Company of GBP £684,098 (2021: GBP £657,044). Klapton Management Limited also received a loan from the Company which at 31 December 2022 was €1,462,628 (2021: €347,844).

20 CONTINGENT LIABILITIES

There are no material contingent liabilities in respect of pending litigations involving the Company for which no provision have been made in these financial statements.

21 POST BALANCE SHEET EVENTS

There have been no material events between 31 December 2022 and the date of this report which are required to be disclosed.