Ocean International Reinsurance Company Limited

Financial Statements
December 31, 2021
(expressed in United States dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Ocean International Reinsurance Company Limited

Opinion

We have audited the accompanying financial statements of Ocean International Reinsurance Company Limited (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in shareholders' 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, 2021 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Barbados, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS, 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.

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

This report is made solely to the Company's shareholders, as a body corporate, in accordance with Section 147 of the Company's Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state 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's shareholders for our audit work, for this report, or for the opinion we have formed.

Grant Thornton Ltd

Chartered Accountants
July 29, 2022
Barbados

Ocean International Reinsurance Company Limited

Statement of Financial Position

As at December 31, 2021

(expressed in United States dollars)

	2021 $	2020 $
Assets		
Cash (note 7)	**22,313,062**	19,616,874
Time deposits (note 8)	**25,867,052**	12,687,375
Reinsurance premium receivables (note 9)	**46,461,348**	39,340,238
Premium reserves held by cedants receivables (note 9)	**10,631,470**	7,664,567
Available-for-sale financial assets (note 10)	**74,960,412**	65,697,568
Receivable from related parties (note 21)	**5,650,991**	3,330,560
Other receivables	**1,101,392**	1,318,947
Properties, furniture, equipment and improvements (note 11)	**1,687,513**	1,754,766
Investments in subsidiaries at cost (note 21)	**185,000**	185,000
Other assets	**376,674**	521,006
Total assets	**189,234,914**	152,116,901
Liabilities and shareholder's equity		
Liabilities		
Premium reserves held by cedants payables (note 12)	**10,495,979**	5,622,426
Other payables (note 13)	**15,136,686**	624,334
Payables to related parties (note 21)	**563,877**	5,212,419
Current tax liabilities	**269,537**	171,779
Technical reserves (note 14)	**42,103,305**	29,736,864
Total liabilities	**68,569,384**	41,367,822
Shareholder's equity		
Common shares (note 15)	**101,450**	101,450
Additional paid-in capital	**77,912,414**	77,912,414
Other comprehensive income (note 16)	**3,722,176**	1,298,807
Retained earnings	**38,929,490**	31,436,408
Total shareholder's equity	**120,665,530**	110,749,079
Total liabilities and shareholder's equity	**189,234,914**	152,116,901

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors on July 29, 2022.

Director

Director

Ocean International Reinsurance Company Limited

Statement of Comprehensive Income

For the year ended December 31, 2021

(expressed in United States dollars)

	2021 $	2020 $
Revenue		
Gross reinsurance premiums (note 17)	**263,581,614**	230,932,802
Reinsurance premiums ceded to reinsurers (note 17)	**(173,465,770)**	(161,956,285)
Net premium	**90,115,844**	68,976,517
Technical reserve provision (note 14)	**(12,366,441)**	(11,029,990)
	77,749,403	57,946,527
Commission		
Commission income	**13,933,445**	11,431,734
Commission expenses	**(32,469,119)**	(22,507,982)
Net commissions loss	**(18,535,674)**	(11,076,248)
Claims to reserves		
Claims incurred	**(59,525,365)**	(56,928,968)
Claims recovered	**17,637,394**	22,251,762
Net claims	**(41,887,971)**	(34,677,206)
Revenue	**17,325,758**	12,193,073
Other income and losses	**(332,498)**	51,730
Interest income (note 18)	**2,290,287**	546,233
Operating and administrative expenses (note 19)	**(4,438,291)**	(4,193,190)
Profit before tax	**14,845,256**	8,597,846
Income tax expense (note 20)	**(269,338)**	(171,395)
Net profit	**14,575,918**	8,426,451
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent period		
Net gain on available-for-sale financial assets (note 16)	**2,432,605**	578,136
Net income, being total comprehensive income for the year	**17,008,523**	9,004,587

The accompanying notes are an integral part of these financial statements.

Ocean International Reinsurance Company Limited
Statement of Changes in Shareholder's Equity
For the year ended December 31, 2021

(expressed in United States dollars)

	Common shares $	Additional paid-in capital $	Other comprehensive income $	Retained earnings $	Total equity $
Balance as at December 31, 2019	**50,000**	**17,963,864**	**729,907**	**23,000,721**	**41,744,492**
Net profit	–	–	–	8,426,451	8,426,451
Other comprehensive income (note 16)	–	–	578,136	–	578,136
Total comprehensive income for the year	–	–	578,136	8,426,451	9,004,587
Common shares issued (note 15)	51,450	–	–	–	51,450
Additional paid-in capital	–	59,948,550	–	–	59,948,550
Transfer to retained earnings (note 11)	–	–	(9,236)	9,236	–
Balance as at December 31, 2020	**101,450**	**77,912,414**	**1,298,807**	**31,436,408**	**110,749,079**
Net profit	–	–	–	14,575,918	14,575,918
Other comprehensive income (note 16)	–	–	2,432,605	–	2,432,605
Total comprehensive income for the year	–	–	2,432,605	14,575,918	17,008,523
Dividends declared (note 15)	–	–	–	(7,092,072)	(7,092,072)
Transfer to retained earnings (note 11)	–	–	(9,236)	9,236	–
Balance as at December 31, 2021	**101,450**	**77,912,414**	**3,722,176**	**38,929,490**	**120,665,530**

The accompanying notes are an integral part of these financial statements.

Ocean International Reinsurance Company Limited

Statement of Cash Flow

For the year ended December 31, 2021

(expressed in United States dollars)

	2021 $	2020 $
Cash flows from operating activities		
Net profit	**14,575,918**	8,426,451
Adjustments for:		
Depreciation (note 11)	**92,711**	151,097
Gain for investment sales (note 18)	**(163,382)**	(76,618)
Income tax expenses (note 20)	**269,338**	171,395
Technical reserves (note 14)	**3,089,467**	11,029,990
Interest income (note 18)	**(2,126,905)**	(546,233)
Net changes in operating assets and liabilities:		
Premiums receivables	**(7,121,110)**	(17,796,449)
Premiums reserves held by cedants	**(2,966,903)**	(336,172)
Other receivables	**217,555**	605,533
Other assets	**471,096**	(636,308)
Other liabilities	**28,662,879**	(160,994)
Income tax paid	**(171,580)**	(171,395)
Net cash provided by operating activities	**34,829,084**	660,297
Cash flows from investing activities		
Acquisition of investment (note 10)	**(57,708,522)**	(2,897,521)
Sale of investments (note 10)	**50,878,283**	3,409,843
Acquisition of time deposits	**(13,179,677)**	–
Maturity of time deposits	**–**	3,876,175
Acquisition of non-financial assets (note 11)	**(25,458)**	(5,078)
Interest received	**510,613**	546,233
Net cash (used in)/provided by investing activities	**(19,524,761)**	4,929,652
Cash flows from financing activities:		
(Increase)/decrease in receivables from related parties	**(867,521)**	492,471
(Decrease)/increase in payables to related parties	**(4,648,542)**	1,076,465
Dividend paid (note 15)	**(7,092,072)**	–
Net cash (used in)/provided by financing activities	**(12,608,135)**	1,568,936
Net increase in cash	**2,696,188**	7,158,885
Cash at beginning of year	**19,616,874**	12,457,989
Cash at end of year (note 7)	**22,313,062**	19,616,874

The accompanying notes are an integral part of these financial statements.

(expressed in United States dollars)

1 General information

Ocean International Reinsurance Company Limited (the "Company") is registered under the Barbados Companies' Act and licensed under the Insurance Act. The Company's registered office is at St James House, 2nd Street, Holetown, St James, Barbados.

The Company is owned and controlled by QD Overseas Ventures S.A and Marcussi Limited Partnership, registered in Luxembourg and Canada respectively.

The Company operates as an insurance and reinsurance entity and underwrites facultative and treaty reinsurance policies generated from intermediaries such as reinsurance brokers, Managing General Agents (MGA's) and insurance entities throughout various geographical regions such as Latin America, North America, Caribbean, Asia, China, Europe, Oceania and Middle East and North Africa (MENA). The Company successfully expanded its geographical footprint to 127 countries as of 2021. The principal lines of business are Personal (group health, group life, credit life and motor) and Property and Casualty "P&C" (fire, engineering, legal liability, cargo, miscellaneous, surety and energy).

The Company's main achievement for 2021 was the growth in Gross Written Premiums of the entire portfolio, but mainly in the retention of risk premiums, with greater geographical dispersion and less concentration in specific countries, with greater development of products and lines of business, resulting in less dependence on any of them, in more international brokers and business providers, and in more customers.

The Company has in place a retrocession program where the risk exceeding the preferred retention levels, due to the size or the complexity of the risk covered, is retroceded to the international market through an agreed program. The retroceded program mirrors the same terms and conditions of reinsurance contracts underwritten by the Company.

Approval of the financial statements

The financial statements for the year ended December 31, 2021 were approved and authorized for issue by the Board of Directors on July 29, 2022.

2 Basis of presentation

Statement of compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Company operates on a going concern basis.

As permitted by IFRS 4 *Insurance Contracts*, the Company continues to apply the existing accounting policies that were applied prior to the adoption of IFRS, with certain modifications allowed by the standard subsequent to adoption for its reinsurance contracts.

(expressed in United States dollars)

2 Basis of presentation *...continued*

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for some properties and some financial assets that have been measured at fair value.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

Functional and presentation currency

The financial statements are expressed in the United States Dollars (USD), which is also the functional currency of the Company.

Basis for separate financial statements

Management considers applicable regulatory requirements to prepare separate financial statements and account for its investment in subsidiaries at cost according to IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS does not require the preparation of separate financial statements for the parent entity, but local regulations require preparation of separate financial statements.

3 Significant accounting policies

New standards adopted as at January 1, 2021

Standards and amendments that are effective for the first time in 2021 and could be applicable to the Company are:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Disclosure of Accounting Policies (Amendment to IAS7 and IFRS Practice Statements 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company *...continued*

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

During 2021, the Company performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after January 1, 2023, applying the temporary exemption from applying IFRS 9 as introduced by the amendments.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grand fathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company plans to adopt the new standard on the required effective date together with IFRS 9. The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

a) 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.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVTPL), loans and receivables, held to maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial assets are recognized initially at fair value plus, in the case of investments not at FVTPL, directly attributable transaction costs that are attributable to the acquisition of the financial asset. The classification depends on the purpose for which the investments were acquired or originated.

At the end of the reporting period, there are no financial assets measured as FVTPL or held to maturity (HTM) investments. The Company's financial assets include cash and short-term deposits and other receivables as a "loans and receivables" classification according to IAS 39 and some investments measured as AFS financial assets.

Subsequent measurement

Loans and receivables

After initial measurement, loans and receivables are measured at amortized cost, using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial asset are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

AFS financial assets include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVTPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses recognized in OCI in the AFS reserve (equity). Where the insurer holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding AFS investments is reported as interest income using the effective interest rate. Dividends earned whilst holding AFS investments are recognized in the statement of profit or loss as "investment income" when the right of the payment has been established. When the asset is derecognized or determined to be impaired, the cumulative gain or loss is reclassified from AFS reserve to the statement of profit or loss and removed from the AFS reserve to the statement of profit or loss.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

a) Financial instruments *…continued*

i) Financial assets …continued

Subsequent measurement *…continued*

Available-for-sale financial assets …continued

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables, and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to HTM is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

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 derecognized 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 recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes 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.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

a) Financial instruments *...continued*

i) Financial assets ...continued

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 reorganization, 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.

For financial assets recognized at amortized cost, the Company assesses first whether there is impairment individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that there is no objective evidence of impairment for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Those that are individually assessed for impairment assets and for which an impairment loss is recognized or continues to be recognized are not included in a collective impairment assessment.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss.

The amount of any identified impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the original effective interest rate of the financial asset.

The carrying amount of the asset is reduced through the use of a reserve account and the loss is recognized in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases due to an event that occurs after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the reserve account. If a cancellation is subsequently recovered, the recovery is credited to financial costs in profit or loss.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

a) Financial instruments *...continued*

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

At the end of the reporting period, there are no financial liabilities measured as FVTPL. All financial liabilities are recognized initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, all other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in the profit or loss.

iii) 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 recognized amounts and there is the intention to settle them on a net basis, to realize the assets and settle the liabilities simultaneously.

b) 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.

c) Reinsurance premiums receivables

Reinsurance premiums receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, reinsurance premiums receivables are measured at amortized cost.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

d) Properties, furniture, equipment and improvements

i) Properties

Properties owned are stated at their revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserve in equity. To the extent any revaluation decrease or impairment loss has previously been recognized in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Downward revaluations of properties are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

ii) Furniture, equipment and improvements

Furniture, equipment and improvements are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Furniture, equipment and improvements are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- Properties improvements: 10 years
- Furniture and fixtures: 5-10 years
- Computer equipment: 3–12 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss either within other income or other expenses.

e) Reinsurance premiums payable

Reinsurance premiums payables are recognized when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

f) Claims liabilities

The total Claim Reserves are the sum of case reserves, that represent known claims already occurred but not paid by the Company, up to the date of the financial statements, and the Incurred But Not Reported (IBNR) reserves, that represent the unknown claims already occurred but not yet reported to the Company. The claims liabilities include the direct expenses related to the claims and that are necessary for their final closure. The Company performs several back testing analysis to ensure the adequate level of its reserves.

g) Unearned premiums reserve

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged and brought to account as premium income over the term of the contract in accordance with the pattern of reinsurance service provided under the contract. No unearned premium reserve is recognized when there are expired contracts due there's no remaining coverage time at the date of valuation.

h) Provisions

Provisions for legal disputes, onerous contracts or other claims (if any) are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

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 recognized 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.

i) Common shares

Common shares are recorded at the value of their issuance.

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

(expressed in United States dollars)

3 Significant accounting policies *…continued*

j) Reinsurance premiums

i) Classification

Reinsurance contracts are those contracts that transfer significant reinsurance risk. The Company defines as significant reinsurance risk the possibility of having to pay benefits on the occurrence of a reinsured event.

ii) Recognition and measurement

Reinsurance contracts are classified as short-term reinsurance contracts. The short-term reinsurance contracts are contracted by renewable terms of a year, emitted by the Company covering risks in credit life and general insurance business, including property and casualty lines.

The reinsurance premiums are recognized proportionally on the period of cover of the policy. The provision for unearned premiums represents the portion of the net assumed premiums corresponding to the part of the cover of the reinsurance policy that has not expired to the date of the statement of financial position.

Claims and loss adjustment expenses are charged to statement of comprehensive income as incurred based on the estimated liability for compensation legally owed to contract holders or third parties. They include direct and indirect claims, and settlement costs from events that have occurred up to the statement of financial position date even if they have not yet been reported to the Company.

Claims paid in the statement of income include the claims incurred, net of recoveries, plus any changes in the loss reserves provisions, both for claims in process and Incurred But Not Reported (IBNR) claims.

k) Commissions

Commissions for assumed business are deducted by ceding companies from the premium remittances of the business underwritten. The Company deducts the commissions for its ceded business from the premium remittances to reinsurers. Commissions are generally recognized in an accrual basis when services have been provided.

All premiums on assumed reinsurance are normally subject to a commission cost, since the ceding Company must be compensated for the acquisition cost or commissions paid to direct insurance brokers or intermediaries that produce the business. Besides the acquisition cost, the ceding company requires compensation on their administrative costs.

When a reinsurer seeks capacity in the retrocession market, it must also get compensated for at least part of the reinsurance commissions it has paid to the ceding company, plus some compensation for administrative costs.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

l) Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

m) Income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Revenues, expenses and assets are recognized net of the amount of sales taxes and premium taxes except:

- Where the sales or premium tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the sales and premium tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority are included as part of receivables or payables in the statement of financial position.

4 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Company's financial statements, management makes a series of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

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

Impairment of reinsurance receivables

An estimate of the receivables from insurance and others is made when collection of the full amount is no longer probable. The determination of whether insurance and other receivables are impaired, involves the Company evaluating, the credit and liquidity position of the policyholders and the insurance entities, and historical recovery rates. The difference between the estimated collectible amount and the book amount is recognized as an expense in profit or loss. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss at the time of collection.

(expressed in United States dollars)

4 Significant management judgement in applying accounting policies and estimation uncertainty *…continued*

Significant management judgments *…continued*

Claims reserves

The Company estimates claims reserves based on technical analysis of historical data and actuarial revisions. Claims reserves are calculated using the expected loss method. Under this method, the ultimate value of the claims (Net Ultimate Loss) is estimated by multiplying the Net Earned Premium by the loss ratio for each line of business. The assumptions for loss ratios are based on market data and adjusted by the underwriting aspects of the specific contracts to reflect their particular risk considerations.

Expected loss ratios are set taking into account market behavior and past experience. The expected loss ratio is adjusted assuming a theoretical normal distribution and an adjustment factor to create confidence intervals validated with actuarial analysis. The reserves are adjusted by a percentage tail factor of the earned premium, to set a floor for the claim reserves. The adequacy of reserves is assessed with back testing, which consists of the analysis of the development of the reserves of the prior year into the current year.

5 Insurance and financial risk

a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

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 to meet their contractual obligations and which generally have high credit ratings.

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.

Reinsurance risk framework

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

(expressed in United States dollars)

5 Insurance and financial risk *…continued*

a) Insurance risk *…continued*

Reinsurance risk framework *…continued*

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses.

Amounts recoverable are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 10% of total reinsurance assets at the reporting date.

The table below sets out the concentration of insurance contract liabilities by type of contract:

	2021 **$**	**2020** **$**
Life	**7,621,170**	4,059,634
Liability	**1,575,293**	574,238
Health	**614,100**	100,947
Motor	**412,289**	740,682
Bond	**26,405**	117,147
Property	**246,722**	29,778
	10,495,979	5,622,426

The geographical concentration of the Company's insurance contract liabilities is noted below. The disclosure is based on the countries where the business is written. The analysis would not be materially different if based on the countries in which the counterparties are situated.

	2021 **$**	**2020** **$**
Colombia	**9,458,845**	5,486,935
Latin America	**396,003**	6,352
Others	**641,131**	129,139
	10,495,979	5,622,426

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

b) 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 other 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 maximize 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 minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseeable liabilities as they arise.

According to Section 9 of the revised Insurance Act, the Company is required to have a minimum paid-up capital or contributed reserve of US$1,500,000. The solvency criteria prescribed by Section 58 of the revised Insurance Act states that an insurance entity shall be deemed to be insolvent, if the excess of its total assets over its total liabilities is less than the higher of $250,000 or 25% of premium income in the last preceding financial year:

	2021 $	2020 $
Total assets	**189,234,914**	152,116,901
Total liabilities	**(68,569,384)**	(41,367,822)
Margin of solvency	**120,665,530**	110,749,079
Required minimum margin of solvency	**(14,486,632)**	(9,520,654)
Margin of solvency in excess of requirement	**106,178,898**	101,228,425

The margin of solvency has been met by the Company at the end of the reporting period.

(expressed in United States dollars)

5 Insurance and financial risk *…continued*

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

d) Risk management

The Board of Directors implemented an integral risk management strategy and general guidelines to identify, control and monitor the different risks to which the Company is exposed, and based on the risk appetite set by the Company.

e) Credit risk

The counterparty risk can arise from a liquidity or solvency problem, or weakness in operational capacity.

Financial assets potentially exposed to credit risk relate basically to cash, time deposits and accounts receivable. Deposits are placed only in financial institutions with adequate creditworthiness. Receivables are recognized and measured at amortized cost and do not bear interest. All the accounts receivable are exposed to credit risk.

Receivables balances are owned from debtors with an adequate credit history. These balances are fully collected between 30 and 90 days after each monthly closing date. At the end of the reporting period, accounts receivable are current.

f) Cash flow and fair value interest rate risk

The Company is not exposed to interest rate risk. In addition, the Company does not maintain borrowings nor similar items; consequently, a sensitivity analysis for interest rate risk is not required.

g) Liquidity risk

Due to the nature of its operations the Company is not subject to significant short-term commitments. The Company has cash and other assets that can become liquid if necessary, to meet cash flow requirements for short term obligations.

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

g) Liquidity risk *...continued*

The analysis of the maturities of the financial instruments determined based on the remaining period as of the date of the statement of financial position until the contractual maturity date, and their future capital flows without discounting, are detailed below:

	Carrying amount $	Total amount $	Less than a year $	From 1 to 5 years $
2021				
Financial and insurances related assets:				
Cash and cash equivalents	22,313,062	22,313,062	22,313,062	–
Time deposits	25,867,052	25,867,052	17,345,801	8,521,215
Reinsurance premiums receivables	46,461,348	46,461,348	46,461,348	–
Premiums reserves held by cedants receivables	10,631,470	10,631,470	10,631,470	–
Available-for-sale financial assets	74,960,412	74,960,412	74,960,412	–
Receivables from related parties	5,650,991	5,650,991	5,650,991	–
Other receivables	1,101,392	1,101,392	1,101,392	–
	186,985,727	**186,985,727**	**178,464,476**	**8,521,251**
Financial and insurances related liabilities:				
Premiums reserves held by cedants payables	10,495,479	10,495,479	10,495,479	–
Other payables	15,136,686	15,136,686	15,136,686	–
Payables to related parties	563,877	563,877	563,877	–
Technical reserves	42,103,305	42,103,305	42,103,305	–
	68,299,347	**68,299,347**	**68,299,347**	**–**

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

g) Liquidity risk *...continued*

	Carrying amount $	Total amount $	Less than a year $	From 1 to 5 years $
2020				
Financial and insurances related assets:				
Cash and cash equivalents	19,616,874	19,616,874	19,616,874	–
Time deposits	12,687,375	12,687,375	50,000	12,637,375
Reinsurance premiums receivables	39,340,238	39,340,238	39,340,238	–
Premiums reserves held by cedants receivables	7,664,567	7,664,567	7,664,567	–
Available-for-sale financial assets	65,697,568	65,697,568	65,697,568	–
Receivables from related parties	3,330,560	3,330,560	3,330,560	–
Other receivables	1,318,947	1,318,947	1,318,947	–
	149,656,129	**149,656,129**	**137,018,754**	**12,637,375**
Financial and insurances related liabilities:				
Premiums reserves held by cedants payables	5,622,426	5,622,426	5,622,426	–
Other payables	624,334	624,334	624,334	–
Payables to related parties	5,212,419	5,212,419	5,212,419	–
Technical reserves	29,736,864	29,736,864	29,736,864	–
	41,196,043	**41,196,043**	**41,196,043**	**–**

h) Operational risk

The risk of loss resulting from inadequate or failed internal processes, people and systems, or external events, is also managed by the Company through its risk management program.

For each of the risks identified, the Company has also identified the factors that would have the most impact on its enterprise value. The Board of Directors has established several operating committees to set the risk tolerance levels and the controls required to supervise policy compliance in the organization. In order to align the strategic objectives in each of the risk management areas indicated above, the Board formed the following committees:

- Finance Committee
- Risk and Compliance Committee
- Audit Committee

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

h) Operational risk *...continued*

Each of these committees has a mission to create a general risk management culture within the organization and to administer its effectiveness.

For each of the risk management areas, the committees must assess the risks identified, and after evaluating each risk, classify them in order of importance, measured by their economic impact on the organization. As a third step in the process, mitigation or prevention measures must be set for each of the identified risks. The whole process must be compiled in a risk matrix, which is then communicated within the organization.

6 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.
- Level 3: unobservable inputs for the asset or liability.

Fair value measurement hierarchy for assets measured as at December 31:

	Level 1 $	Level 2 $	Level 3 $	Total $
2021				
Assets for which fair value are disclosed:				
Time deposits	–	–	24,152,352	24,152,352
AFS financial assets:				
Debt securities	–	69,838,006	–	69,838,006
Equity shares	–	–	5,122,406	5,122,406
Properties (as fixed assets)	–	–	1,629,802	1,629,802
	–	–		
2020	–	–		
Assets for which fair value are disclosed:	–	–		
Time deposits	–	–	10,671,886	10,671,886
AFS financial assets:	–	–		
Debt securities	–	61,353,137	–	61,353,137
Equity shares	–	–	4,344,431	4,344,431
Properties (as fixed assets)	–	–	1,699,390	1,699,390

(expressed in United States dollars)

6 Fair value assessment *...continued*

There were no transfers between Level 1 and Level 2 during the year.

Equity shares (Level 3)

Equity shares includes as Level 3 is stated at cost due do not have a quoted market price in an active market and its fair value cannot be reliably measured.

Properties (Level 3)

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use. The properties was previously revaluated on November 2014. Properties was not revalued at the reporting date. Management determined that the effect of changes in fair values between the last valuation and reporting date is immaterial.

Time deposits are deemed to approximate their fair value due to their short term nature.

The significant unobservable input is the adjustment for factors specific to the properties in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

7 Cash

The cash are as follows:

	2021 **$**	**2020** **$**
Checking accounts	**20,513,005**	18,398,539
Savings accounts	**1,800,057**	1,218,335
	22,313,062	19,616,874

Short–term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company.

The carrying amount disclosed above reasonably approximate its fair value at the reporting date

(expressed in United States dollars)

8 Time deposits

Time deposits are as follows:

	2021 $	2020 $
Maturity year:		
No more than a year	**8,521,251**	50,000
From 1 to 5 years	**17,345,801**	12,637,375
	25,867,052	12,687,375

Fair value at the end of the reporting date are disclosed in Note 6.

Annual interest rate applicable for both years is in the range of 2.0% and 5.5%.

9 Reinsurance premiums and premium reserves held by cedants receivables

Premiums reserves held by assignors are released within 30 days after the expiration of each policy and are transferred to the "Due from reinsurance premiums" (regular account) that has its own maturity. Therefore, this item maintains as current and does not show default objective evidence.

No allowance for impairment has been recognized in due from reinsurance premiums and other receivables at the end of the reporting period due are related to policyholders for whom there is no recent history of default.

Aging on reinsurance premium receivables as at December 31 is detailed below:

	2021 $	2020 $
Current	**42,199,486**	28,708,468
31 to 60 days	**1,974,567**	–
61 to 90 days	**867,077**	120,520
More than 90 days	**1,420,218**	10,511,250
	46,461,348	39,340,238

The carrying amount disclosed reasonably approximates its fair value at the reporting date.

(expressed in United States dollars)

10 Available-for-sale financial assets

Available-for-sale financial assets are as follows:

	2021 $	2020 $
Debt securities	**69,838,006**	61,353,137
Equity shares	**5,122,406**	4,344,431
	74,960,412	65,697,568

The carrying amount of available-for-sale financial assets are presented as follows:

	2021 $	2020 $
Balance at beginning of the year	**65,697,568**	5,631,754
Purchases	**57,708,522**	2,897,521
Contribution the new shareholders	**–**	60,000,000
Disposals	**(50,878,283)**	(3,409,843)
Fair value changes recognized in OCI	**2,432,605**	578,136
Balance at end of the year	**74,960,412**	65,697,568

(expressed in United States dollars)

11 Properties, furniture, equipment and improvements

Details of the Company's properties, furniture, equipment and improvements and their carrying amounts are as follows:

	Property $	Property improvements $	Furniture and fixtures $	Computer equipment $	Total $
2021					
Gross carrying amount					
Balance at the beginning	2,043,264	322,798	8,628	80,708	2,455,398
Additions	–	–	–	25,458	25,458
Balance at the end	2,043,264	322,798	8,628	106,166	2,480,856
Depreciation and impairment					
Balance at the beginning	(347,970)	(318,702)	(2,562)	(31,398)	(700,632)
Depreciation	(59,181)	(1,170)	(1,726)	(21,398)	(83,475)
Transfers to retained earnings	(9,236)	–	–	–	(9,236)
Balance at the end	(416,387)	(319,872)	(4,288)	(52,796)	(793,343)
Balance as at December 31, 2021	**1,626,877**	**2,926**	**4,340**	**53,370**	**1,687,513**
2020					
Gross carrying amount					
Balance at the beginning	2,043,264	322,798	8,628	75,630	2,450,320
Additions	–	–	–	5,078	5,078
Balance at the end	2,043,264	322,798	8,628	80,708	2,455,398
Depreciation and impairment					
Balance at the beginning	(279,553)	(254,143)	(836)	(15,003)	(549,535)
Depreciation	(68,417)	(64,559)	(1,726)	(16,395)	(151,097)
Balance at the end	(347,970)	(318,702)	(2,562)	(31,398)	(700,632)
Balance as at December 31, 2020	**1,695,294**	**4,096**	**6,066**	**49,310**	**1,754,766**

If the cost model had been used, the carrying amounts of the revalued land, would be $908,427 (2020: $948,357). The revalued amounts include a revaluation surplus, which is not available for distribution to the shareholders of the Company.

(expressed in United States dollars)

12 Premium reserves held by cedants payables

Premium reserves held by cedants payable according to type of original contract product consists of the following:

	2021 $	2020 $
Life	**7,621,170**	4,059,634
Liability	**1,575,293**	574,238
Health	**614,100**	100,947
Motor	**412,289**	740,682
Bond	**26,405**	117,147
Property	**246,722**	29,778
	10,495,979	5,622,426

13 Other payables

Other payables consist of the following:

	2021 $	2020 $
Funds received pending processing and others	**14,595,848**	235,203
Bonus payable	**537,838**	386,131
Guarantee deposit received	**3,000**	3,000
	15,136,686	624,334

14 Technical reserves

Technical reserves consist of the following:

	2021 $	2020 $
Unearned premiums reserve	**13,365,725**	10,276,259
Reserve of unreported claims (IBNR)	**24,422,226**	8,656,390
Reserve for outstanding losses	**4,315,354**	10,804,215
	42,103,305	29,736,864

(expressed in United States dollars)

14 Technical reserves *…continued*

Unearned premiums reserve:

The movement of technical reserve is as follows:

	2021 $	2020 $
Balance at beginning of the year	**29,736,864**	18,706,874
Changes in:		
Constitution (actuarial premium reserve)	**2,234,428**	3,794,952
Releases	**10,132,013**	7,235,038
Technical reserve provision	**12,366,441**	11,029,990
Balance at end of the year	**42,103,305**	29,736,864

15 Common shares

Changes in common shares during the year are present below:

	2021 $	2020 $
Number of shares:		
At the beginning of the year	**101,450**	50,000
Issued during the year	**–**	51,450
At the end of the year	**101,450**	101,450
Common share of USD1 each	**101,450**	101,450

The Board of Directors of the Company declared and authorized the payment of dividends during 2021 in amount of USD7,092,072. No dividends have been declared during 2020.

16 Other comprehensive income

A summary of other comprehensive income is as follows:

	2021 $	2020 $
Net fair value changes on AFS assets	**3,510,522**	1,077,917
Net fair value changes on properties	**211,654**	220,890
	3,722,176	1,298,807

(expressed in United States dollars)

16 Other comprehensive income *...continued*

The change in other comprehensive income is as follows:

	AFS assets $	Properties $	Total $
2021			
Balance at the beginning	1,077,917	220,890	1,298,807
Changes during the year	2,432,605	–	2,432,605
Transfer to retained earnings	–	(9,236)	(9,236)
Balance at the end	**3,510,522**	**211,654**	**3,722,176**
2020			
Balance at the beginning	499,781	230,126	729,907
Changes during the year	578,136	–	578,136
Transfer to retained earnings	–	(9,236)	(9,236)
Balance at the end	**1,077,917**	**220,890**	**1,298,807**

17 Net premium

Analysis of gross reinsurance premiums is as follows:

	2021 $	2020 $
Property	**117,459,836**	101,834,716
Life	**86,174,773**	71,807,913
Health	**16,540,059**	18,741,376
Liability	**27,207,918**	21,566,126
Bond	**11,961,743**	6,554,269
Motor	**4,237,285**	10,428,402
	263,581,614	230,932,802

Analysis of reinsurance premiums ceded to reinsurers is as follows:

	2021 $	2020 $
Property	**89,199,351**	82,040,700
Life	**39,970,736**	35,910,164
Liability	**24,285,306**	19,398,125
Bond	**13,745,876**	15,405,550
Motor	**5,025,958**	8,059,468
Health	**1,238,543**	1,142,278
	173,465,770	161,956,285

(expressed in United States dollars)

18 Interest income

Analysis of interest income is as follows:

	2021 $	2020 $
Interest income from financial assets	**673,995**	**469,615**
Investments income	**163,382**	**76,618**
Dividend received	**1,452,910**	–
	2,290,287	546,233

19 Operating and administrative expenses

Operating and administrative expenses are as follows:

	2021 $	2020 $
Professional fees	**1,965,178**	1,562,339
Other personnel benefits	**1,000,000**	919,667
Bonuses	**567,858**	447,299
Administrative branches expenses	**237,163**	250,664
Legal fees	**66,800**	192,960
Depreciation	**92,710**	151,097
Banking services	**101,210**	68,100
Insurance	**173,683**	55,983
Licenses and software	**51,901**	53,250
Travel	**23,928**	43,262
Publicity and advertising relationships	**13,636**	12,612
Costumer services	**13,642**	10,048
Conference and training	**19,941**	2,927
Other	**110,641**	422,982
	4,438,291	4,193,190

(expressed in United States dollars)

20 Income tax expense

Income tax expense reconciliation is as follows:

	2021 $	2020 $
Profit before tax	**14,845,256**	8,597,846
Adjustments:		
Non-deductible expenses	**92,710**	151,097
Capital allowance	**(1,473,549)**	(179,195)
Effect of income not assessable for the purposes	**2,475**	–
Taxable income	**13,466,892**	8,569,748
Expected income tax at the rate of 2%	**269,338**	171,395

21 Related party disclosures

The Company enters into transactions with its other related parties and key management personnel in the normal course of business. The following tables provide the total amount of transactions that have been entered into with related parties for the financial year:

Balances with related parties:

Receivables from and payables to related parties are as follows:

	2021 $	2020 $
Receivables from related parties:		
Subsidiaries	**1,438,127**	170,000
Other related parties	**4,212,864**	3,160,560
	5,650,991	3,330,560
Payables to related parties:		
Other related parties	**160,281**	160,281
Parent	**403,596**	5,052,138
	563,877	5,212,419

The Company accounts for its investment in subsidiaries at cost at December 31, 2021 in the amount of USD185,000 (2020: USD185,000).

(expressed in United States dollars)

21 Related party disclosures *...continued*

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Transactions with related parties:

Details of significant transactions carried out during the year with related parties are as follows:

	2021 $	2020 $
Other income due office leases	**36,000**	36,000
Operating and administrative expenses:		
Key personnel compensation (professional fees)	**300,000**	300,000
Other personnel benefits	**1,000,000**	919,667
Bonuses	**537,339**	537,339
	1,837,339	1,757,006

Bonuses that are not being paid as at December 31, 2021 payable to key personnel in the amount of USD$537,837 (2020: USD$537,339) are included in other payables in statement of financial position.

22 Non-cash transactions

In the year 2021, an amount of USD1.4 million has been offset by a dividend received from its associates and receivables from related parties. During the year 2020, the Company received from shareholders a contribution through the increase of USD60 million through available-for-sale financial assets. Both non-cash transactions impacted investing and financing activities in statement of cash flows.

23 Comparative information

Several items in the financial statements have been reclassified to achieve a clearer or more appropriate presentation. The comparative figures have been similarly formatted and reclassified in order to achieve comparability with the current period. The items reclassified are as follows:

a) Time deposits balance previously classified as a part of other assets was reclassified as time deposits on the statement of financial position.

b) Receivables from related parties balance previously classified as a part of receivables was reclassified as other receivables and investments in subsidiaries on the statement of financial position.

c) Other payables balance previously classified as a part of payables was reclassified as payables to related parties and current tax liabilities on the statement of financial position.

(expressed in United States dollars)

23 Comparative information *...continued*

	As previously classified 2020 $	Reclassification 2020 $	As reclassified 2020 $
Effect on statement of financial position			
Assets			
Time deposits	11,862,375	825,000	12,687,375
Receivables from related parties	4,834,507	(1,503,947)	3,330,560
Other receivables	–	1,318,947	1,318,947
Investments in subsidiaries	–	185,000	185,000
Other assets	1,346,006	(825,000)	521,006
Liabilities			
Other payables	6,008,532	(5,384,198)	624,334
Payables to related parties	–	5,212,419	5,212,419
Current tax liabilities	–	171,779	171,779

24 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the December 31, 2021 reporting date and the date of authorization.