DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Umigame Re Pte. Ltd.
Registration Number: 202119223E

Annual Report
Year ended 31 December 2023

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Directors' statement

We are pleased to submit this annual report to the member of Umigame Re Pte. Ltd. (the "Company") together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion:

(a) the financial statements set out on pages FS1 to FS33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Lee Guan Leong
Ong Chee Soon
Phoon Han Meng Linus

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the Act), no director who held office at the end of the financial year has interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the year, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

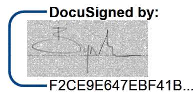
(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

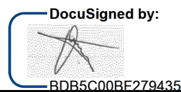
Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

DocuSigned by:

F2CE9E647EBF41B...

Lee Guan Leong
Director

DocuSigned by:

BDB5C00BF279435...

Ong Chee Soon
Director

31 May 2024

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Umigame Re Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Umigame Re Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages FS1 to F33.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 controls.

- Obtain an understanding of internal controls 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 controls.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 May 2024

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Statement of financial position
As at 31 December 2023

	Note	2023 USD	2022 USD *Restated*	2021 USD *Restated*
Assets				
Financial assets at fair value through profit or loss ("FVTPL")	9	202,630,875	201,393,172	200,000,000
Other receivables	12	900,603	639,789	1,528,755
Cash and cash equivalents		1,653,789	1,615,144	1,628,435
Total assets		205,185,267	203,648,105	203,157,190
Liabilities				
Insurance contract liabilities	10	–	–	–
Reinsurance contract liabilities	11	205,065,305	203,550,351	201,555,576
Other payables	13	105,068	82,860	1,586,720
Total liabilities		205,170,373	203,633,211	203,142,296
Equity				
Share capital	14	14,894	14,894	14,894
Retained earnings		–	–	–
Total equity		14,894	14,894	14,894
Total liabilities and equity		205,185,267	203,648,105	203,157,190

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

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Statement of comprehensive income
Year ended 31 December 2023

	Note	2023 USD	2022 USD *Restated*
Insurance revenue		6,188,325	6,218,504
Insurance service expenses		(90,000)	(90,000)
Net expenses from reinsurance contracts held		(5,956,597)	(5,956,597)
Insurance service result	15	141,728	171,907
Interest income		9,767,659	2,823,066
Total investment income		9,767,659	2,823,066
Finance expenses from reinsurance contract held	16	(9,767,659)	(2,823,066)
Net insurance finance expenses		(9,767,659)	(2,823,066)
Net financial result		141,728	171,907
Administrative expenses		(144,884)	(174,724)
Foreign exchange gain - net		3,156	2,817
		(141,728)	(171,907)
Profit before tax		–	–
Tax expense	17	–	–
Profit for the year, representing total comprehensive income for the year.		–	–

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

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Statement of changes in equity
Year ended 31 December 2023

	Share capital USD	Retained earnings USD	Total USD
At 1 January 2022	14,894	–	14,894
Effect of adoption of FRS 117	–	–	–
At 1 January 2022 (restated)	14,894	–	14,894
Total comprehensive profit for the year			
Profit for the year	–	–	–
Total comprehensive profit for the year	–	–	–
At 31 December 2022	14,894	–	14,894
At 1 January 2023 (restated)	14,894	–	14,894
Total comprehensive profit for the year			
Profit for the year	–	–	–
Total comprehensive profit for the year			
At 31 December 2023	14,894	–	14,894

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

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Statement of cash flows
Year ended 31 December 2023

	Note	2023 USD	2022 USD *Restated*
Cash flows from operating activities			
Profit before tax		–	–
Adjustment for:			
- Interest income		(9,767,659)	(2,823,066)
		(9,767,659)	(2,823,066)
Changes in working capital			
- Other receivables	12	117	1,527,193
- Other payables	13	22,208	(1,503,860)
- Changes in insurance contact liabilities and reinsurance contract liabilities	10,11	1,514,954	1,994,775
Cash used in from operations		(8,230,380)	(804,958)
Tax paid		–	–
Net cash used in operating activities		(8,230,380)	(804,958)
Cash flows from investing activities			
Interest received		9,506,728	2,184,839
Purchases of investments		(1,237,703)	(1,393,172)
Net cash from investing activities		8,269,025	791,667
Net increase/(decrease) in cash and cash equivalents		38,645	(13,291)
Cash and cash equivalents at the beginning of financial year		1,615,144	1,628,435
Cash and cash equivalents at end of financial year		1,653,789	1,615,144

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

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 May 2024.

1 Domicile and activities

Umigame Re Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 2 Shenton Way #26-01, SGX Centre 1, Singapore 068804.

The principal activities of the Company are those of a general reinsurance business licensed under Section 11 of the Insurance Act 1966 (the Insurance Act) as a Special Purpose Reinsurance Vehicle ("SPRV").

The immediate and ultimate holding company of the Company is Umigame Shares Trust registered in Singapore and managed by Intertrust (Singapore) Ltd as the shares trustee.

2 Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). The changes to material accounting policies are described in note 3.

The assets and liabilities of the Company which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act. Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except where otherwise described in the accounting policies in Note 4.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars ("USD") which is the Company's functional currency. As written premiums and claims are denominated in USD and receipts from operations are usually retained in USD, the directors are of the opinion that the USD reflects the economic substance of the underlying events and circumstances relevant to the Company.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

2 Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements relate mainly to insurance contract provisions as described in Note 4.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Company's Board of Directors.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

3 Changes in material accounting policies

The Company adopted Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies and FRS 117 Insurance Contracts for the first time in financial year 2023.

3.1 FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entitles to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

3.2 FRS 117 Insurance contracts

FRS 117 replaces FRS 104 for annual periods beginning on or after 1 January 2023. FRS 117 introduces an accounting model that measures groups of insurance contracts based on fulfilment cash flows. It changes the recognition and measurement of insurance contracts and the corresponding presentation and disclosures of the Company's financial statements.

The Company restated 2022 comparative information using full retrospective approach.

The measurement principles of the Premium Allocation Approach (“PAA”) differ from the ‘earned premium approach’ used by the Company under FRS 104 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- Measurement of the liability for incurred claims (previously claims outstanding and incurred but not reported (“IBNR”) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company’s obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

- Under FRS 104, the Catastrophe bonds is accounted for separately for the bond component and the insurance component whereas under FRS 117, the Catastrophe bonds is accounted as a whole, i.e. no separation of the components.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

3 Changes in material accounting policies (continued)

3.2 FRS 117 Insurance contracts (continued)

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance contract issued and presents separately:

- Insurance and reinsurance contracts issued that are assets
- Insurance and reinsurance contracts issued that are liabilities

The contracts referred to above are those established at initial recognition in accordance with the FRS 117 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared to those disclosed under FRS 104. Under FRS 104 the Company previously reported the following line items in their financial statements:

- Gross written premiums
- Noteholders' share of annual risk premiums
- Net written premiums
- Change in net provision for unearned premiums
- Net earned premiums

Upon the adoption of FRS 117, the standard requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Net expenses from reinsurance contract held
- Insurance finance income or expenses

The Company provides disaggregated qualitative information about significant judgements, and changes in those judgements, when applying the standard.

Transition

Changes in accounting policies resulting from the adoption of FRS 117 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022, the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if FRS 117 had always been applied;

- identified, recognised and measured any assets for insurance acquisition cash flows as if FRS 117 had always been applied;

- derecognised previously reported balances that would not have existed if FRS 117 had always been applied.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

3 Changes in material accounting policies (continued)

3.2 FRS 117 Insurance contracts (continued)

Transition (continued)

The Company has applied the transition provisions in FRS 117 and has not disclosed the impact of the adoption of FRS 117 on each financial statement line item. The effects of adopting FRS 117 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

4 Material accounting policies

The accounting policies set out below have been applied consistently to the first period presented in these financial statements, and have been applied consistently by the Company.

4.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are measured at fair value and are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss.

4.2 Classification of contracts

All the Company's existing products are insurance contracts as defined in FRS 117 *Insurance Contracts*. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

4.3 Recognition and measurement of insurance contracts

i. Definition and Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued or initiated by the Company, unless otherwise stated.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.3 Recognition and measurement of insurance contracts (continued)

i. Definition and Classification (continued)

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under FRS 109. The Company does not have any contracts that fall under this category.

The Company's insurance contract issued and reinsurance contract held are all measured under the PAA model. The PAA is an optional simplified measurement model in FRS 117 that is available for insurance and reinsurance contracts that meet the eligibility criteria. This approach is used for the Company's insurance contract, because the contract has a coverage period of one year or less, or the PAA provides a measurement which is not materially different from that under the general measurement models.

ii. Premium Allocation Approach model

The insurance contract issued and held by the Company are eligible for application of the PAA model as the insurance contract has characteristics such as annual reset clause in which the Calculation Agent will use applicable Industry Exposure Database, payout factors and Escrow Models to reset the Attachment and Exhaustion Levels, as well as the option to allow for computation of the updated modelled annual expected loss and Risk Interest Spread calculation which determines the premiums.

iii. Level of aggregation

FRS 117 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Company represents that each insurance contract represents a different group of insurable risk. In the case of the Company being an ILS , there is only a single insurance contract written. As such group of contracts would be held at the individual contract level.

iv. Onerous group of contracts

The Company has assessed the historical performance of each contract in order to conclude whether it should be classified as loss making. In addition, the expected combined operating ratio for each policy will be used to inform the group of contracts as onerous. Specific analysis and justification will be made at each reporting period.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.3 Recognition and measurement of insurance contracts (continued)

v. Recognition

A group of insurance contracts issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the contract boundary;
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the group of contracts is onerous.

The Company recognises a group of reinsurance contracts held from the earliest of the following:

- the beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and

- the date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract in the group of reinsurance contracts held at or before that date.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Composition of the groups is not reassessed in subsequent periods.

vi. Contract Boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

The analysis on the contract written was based on the following criteria:

- The Company has the practical ability to reassess the risks of the insurance contract that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and

- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.3 Recognition and measurement of insurance contracts (continued)

vii. Risk Adjustment

Risk adjustments for non-financial risk is the compensation that the Company requires for bearing uncertainty about the amount and timing of the cash flows of groups of insurance contracts.

For contracts that are eligible for the PAA model, the risk adjustment valuation may therefore only be required for liability for incurred claims as the Company would expect the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, for the risk adjustment calculation permitted under FRS 117, a percentage loading will be applied to the best estimate claims position.

For policies where events leading to a claim have not been identified as at the valuation date, a risk adjustment loading will not be required as events that could lead to losses have not been identified to have occurred during the expired policy period. For all other policies the above approach will be taken to select an appropriate risk adjustment.

viii. Measurement

For insurance contract issued, on initial recognition, the Company measures the liability for remaining coverage (“LfRC”) at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

The Company estimates the liability for incurred claims (“LfIC”) as the fulfilment cash flows (“FCF”) related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid net of commission.

The subsequent remeasurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance contracts held. A loss recovery component is established in correspondence to the underlying group of contracts that are onerous (if any).

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.3 Recognition and measurement of insurance contracts (continued)

viii. Measurement (continued)

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LfRC and the LfIC. The LfRC comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods. The LfIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the asset for remaining coverage and the asset for incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LfRC is:

(a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LfIC;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
(e) increased for net insurance finance expenses recognised during the period.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) increased for ceding premiums, net of commission, paid in the period;
(b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period; and
(c) increased for net reinsurance finance income recognised during the period.

ix. Derecognition and Contract Modification

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.3 Recognition and measurement of insurance contracts (continued)

ix. Derecognition and Contract Modification (continued)

(a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  (i) is not within the scope of FRS 117;
  (ii) results in different separable components; or
  (iii) results in a different contract boundary

(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

When a new contract is required to be recognised as a result of modification and it is within the scope of FRS 117, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification and contract aggregation requirements.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LfRC of the original contract and any other cash flows arising from extinguishment;

(a) if the contract is transferred to a third party, any net difference between the derecognised part of the LfRC of the original contract and the premium charged by the third party; or

(b) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LfRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

x. Catastrophe bond

Catastrophe bonds are instruments in which the principal, interest payments or both are reduced significantly if a specified triggering event occurs and the triggering event includes a condition that the issuer of the bond suffered a loss. The bonds issued are redeemable at the lower of the principal amount or the sum of the proceeds of the liquidation of the investments held in the Collateral Trust Fund plus early redemption premium payable upon the occurrence of certain event of default that failed to be cured by the ceding insurer, if applicable. The contractual interest is calculated as an amount equal to the sum of the investments yield from investments held in the Collateral Trust Fund and the annual risk premium.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.3 Recognition and measurement of insurance contracts (continued)

x. Catastrophe bond (continued)

The Catastrophe bond is accounted for as a reinsurance contract whereby the significant risk transfer criteria occurred between the Company (the issuer) as the insurer who underwrites the primary risk and the noteholders as reinsurers. The arrangement of the Catastrophe bond is closely link to the contract of insurance.

4.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company’s continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.4 Financial instruments (continued)

(iii) Derecognition (continued)

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with FRS 12.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.5 Impairment

(i) Non-derivative financial assets and contract assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

General approach

The Company applies the general approach to provide for ECLs on all financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.5 Impairment (continued)

(ii) Non-derivative financial assets and contract assets

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The carrying amounts of the Company's non-financial assets, other than investment property, inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

4 Material accounting policies (continued)

4.6 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.7 Insurance service result

Insurance revenue

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

For an insurance contract measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:
- Incurred claims and benefits, excluding investment components reduced by
- loss component allocations;
- Other incurred directly attributable expenses;
- Insurance acquisition cash flows amortisation;
- Adjustments to the liabilities for incurred claims that do not arise from the
- effects of the time value of money, financial risk and changes therein;
- Losses on onerous contracts and reversals of such losses; and
- Insurance acquisition cash flows assets impairment.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses based on the passage of time.

Net expenses from reinsurance contract held

The Company presents financial performance of its reinsurance contract held on a net basis in net expenses from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. for an reinsurance contract measured under the PAA, broker fees are included within reinsurance expenses;
c. incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
d. other incurred directly attributable expenses; and
   amounts relating to accounting for onerous underlying insurance contracts issued.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

4 Material accounting policies (continued)

4.8 Insurance finance expenses

Insurance finance expenses comprise the change in the carrying amount of the reinsurance contract arising from the interest expenses from the bond component due to the noteholders.

For the contracts measured under the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss.

4.9 Interest income

Interest income is recognised in profit of loss on the date on which the Company's right to receive payment is established.

4.10 Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset amount of tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

5 Critical accounting estimates and judgements in applying accounting policies

The Company's estimates for reported and unreported losses and establishing resulting provisions are continually reviewed and updated, and adjustments resulting from this review are reflected in the statement of comprehensive income. The process relies upon the use of an actuary assuming that past experience is an appropriate basis for predicting future events.

Due to the nature of risk covered (Typhon and Flood) with the high attachment point of JPY400b (2022: JPY400b) under the reinsurance agreement, the Company would be notified immediately as soon as the covered event occurs. The Company hence does not expect to provide any liability for incurred claim unless a claim event is notified by cedent.

6 Insurance risk management

6.1 Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risk may relate to property, liability or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Company manages its insurance risk though underwriting, pricing comparisons, centralised management of reinsurance and monitoring of emerging issues.

6.2 Underwriting strategy

The Company, due to its licensing arrangements and conditions, is unable to insure a diversified portfolio of similar risks. The Company only underwrites permitted insurance securitisation and reinsurance contracts as approved by the Monetary Authority of Singapore ("MAS"). Such a focus on one 'insured' group does result in concentration risks and creates a wider variability of outcome than a balanced portfolio. However, the nature of the business is such that the Company is fully collaterised, with the assets held on trust or otherwise under contract on behalf of the Company for the benefit of the ceding insurer, not less than the potential liabilities of the reinsurance contracts entered into.

6.3 Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below.

The following gives an assessment of the Company's main product and the ways in which it manages the associated risks.

Product features

The Company underwrites Catastrophe Aggregate Excess of Loss, indemnifying the reinsured for the part of its Ultimate Net Loss which exceeds the applicable attachment on account of each and every Covered Event. This insurance covers losses and expenses arising from catastrophe events such as typhoon and flood events in Japan.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

6 Insurance risk management (continued)

6.3 Terms and conditions of insurance contracts (continued)

Management of risks

The key risks associated with this product are underwriting risk and claims experience.

Underwriting risk is the risk that the Company does not charge premiums appropriately for the coverage it insures. The risk on any policy will vary according to many factors such as location, safety measures in place, nature of the businesses insured and age of property. Therefore, determining a premium commensurate with the risk for these policies will be subjective, and hence risky.

Insurance risk is managed primarily through sensible pricing and appropriate investment strategy. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates.

6.4 Concentration of insurance risk

Within the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and related to circumstances where significant liabilities could arise.

The Company manages the risk by capping its exposure with an aggregate limit.

6.5 Reinsurance strategy

In considering the mitigation of insurance risk, the Company's philosophy is to reduce risk.

To achieve this objective, the Company transfer its risks to the capital markets by issuing securities to raise funds from the investors to cover the transferred risks. The Company has issued Class A Principal-at-Risk Variable Rate Notes. Details of these notes can be found in Note 11.

set forth in a Net of Loss Payment exceeding the Event Attachment Level or the Event Rest Attachment Level.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

7 Financial risk management

Transactions in financial instruments may result in the Company assuming financial risks. These include event risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. Each of these risks is described below, together with a summary of the ways in which the Company manages these risks.

Event risk

The Company has issued Variable Rate Notes in order to obtain fund to support its obligations under the reinsurance agreements to make certain payments to Tokio Marine & Nichido Fire Insurance Pte. Ltd. ("TMNF") in the event of a loss arising from the primary insurance contract. As a result of the reinsurance agreements in place, the Company and holders of the Notes issued by the Company are at risk in the event that the typhoon or flood risks occurs during the risk period, which exceeds the event attachment points or the even reset attachment points. The Company will be required to make payments to TMNF in the event of a typhoon or flood loss as set forth in a Net of Loss Payment exceeding the Event Attachment Level or the Event Rest Attachment Level.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Financial assets at FVTPL
- Cash and cash equivalents

There are policies in place to identify whether the debtors have adequate financial standing and have appropriate credit history.

The financial assets at FVTPL are investments placed in a money market fund and has a high credit rating of "AAAm" by Standard & Poor's.

At end of the reporting period, no expected credit losses are recognised as the risk of default is not significant.

Cash and cash equivalents were held with two financial institutions, thereby exposing the Company to significant concentrations of credit risk. However, management consider that the high credit rating of "A-1" by Standard & Poor's of the financial institutions has reduced the risk to an acceptable level.

Liquidity risk

The Company is exposed to calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Company's main liabilities are the outstanding claims (if any) as stated in the statement of financial position and repayment of interest and principal on its variable rate notes.

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

7 Financial risk management (continued)

Liquidity risk (continued)

The directors do not foresee any issues in meeting the Company's claim obligations (if any) as its maximum exposure is limited to the liquidation proceeds of the permitted investments held in the collateral trust account. The risk is managed by maintaining the investment.

The contractual maturities of financial liabilities as at the reporting date is current. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements (if any).

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to its investment in money market funds and variable rate notes. The Company has cash balances and investment placed in Money Market Fund with a credit rating of "AAAm" by Standard & Poor's.

At the reporting date, the Company's net exposure to interest rate risk is not significant because as noted above the Company matches the properties of its catastrophe bond liabilities to its assets.

Foreign exchange risk

The Company is not exposed to significant foreign currency risk as the majority of the Company's transactions, assets and liabilities are denominated in its functional currency.

Accounting classifications and fair value

The carrying amounts of financial assets classified as loans and receivables and financial liabilities classified as other financial liabilities are as follows:

	Note	Mandatorily at FVTPL USD	At amortised cost USD	Other financial liabilities USD	Total carrying amount USD
2023					
Financial assets					
Financial assets at FVTPL	9	202,630,875	–	–	202,630,875
Other receivable	12	–	900,603	–	900,603
Cash and cash equivalents		–	1,653,789	–	1,653,789
		202,630,875	2,554,392	–	205,185,267
Other payables	13	–	–	105,068	105,068

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

7 Financial risk management (continued)

Accounting classifications and fair value (continued)

	Note	Mandatorily at FVTPL USD	At amortised cost USD	Other financial liabilities USD	Total carrying amount USD
2022					
Financial assets					
Financial assets at FVTPL	9	201,393,172	–	–	201,393,172
Other receivable	12	–	639,789	–	639,789
Cash and cash equivalents		–	1,615,144	–	1,615,144
		201,393,172	2,254,933	–	203,648,105
Financial liabilities					
Other payables	13	–	–	82,860	82,860

Estimation of fair values

The carrying amounts of financial assets and liabilities, including cash and cash equivalents and other payables and accruals are assumed to approximate their fair values because of their short period to maturity.

8 Claims development

A claims development table discloses estimated claims by accident or underwriting year into a context, allowing comparison of the development of current estimate of cumulative provisions, less of claims paid, with those in prior accident/underwriting year-ends.

A claims development table is not disclosed in the financial statements as the Company does not have any claims hence, there are no liabilities for unpaid claims (including those for incurred but not reported) at the balance sheet date.

9 Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss comprises:

	2023 USD	2022 USD
Current investments		
Money market fund	202,630,875	201,393,172

9 Financial assets at fair value through profit or loss (continued)

The Company has used the proceeds from the sale of the Variable Rate Notes to purchase its investment in money market fund, which are deposited in the applicable Collateral Trust Fund and held as collateral for claims payments as part of the terms of the Reinsurance Agreement. Following the purchase of the investments and until the agreed applicable redemption date, each Collateral Trust Fund is expected to contain only the applicable investment in money market fund unless such investments are redeemed early.

When the investment in money market fund is redeemed, the cash proceeds of such redemption will be deposited in the applicable Collateral Trust Fund. The financial assets are collateral for the Variable Rate Notes issued by the Company and any funds made available through their disposal will be used to repay the principal and accrued interest of the Variable Rate Notes.

The investment in money market fund is a Level 1 financial instrument under FRS109. The investment is denominated in United States dollars.

10 Insurance contract liabilities

	2023 USD	2022 USD *Restated*
Insurance contract liabilities - LfRC	–	–

Reconciliation of the liability for remaining coverage

	LfRC 2023 USD	LfRC 2022 USD *Restated*
Balance at 1 January (restated)	–	–
Insurance revenue	6,188,325	6,218,504
Total changes in statement of comprehensive income	6,188,325	6,218,504
Premiums received	(6,188,325)	(6,218,504)
Total cash flows	(6,188,325)	(6,218,504)
Balance at 31 December	–	–

	2023 USD	2022 USD *Restated*
Insurance contract liabilities - LfIC	–	–

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

10 Insurance contract liabilities (continued)

Reconciliation of the liability for incurred claims

	LfIC 2023 USD	LfIC 2022 USD *Restated*
Balance at 1 January (restated)	–	–
Insurance service expenses	(90,000)	(90,000)
Total changes in statement of comprehensive income	(90,000)	(90,000)
Insurance service expenses paid	90,000	90,000
Total cash flows	90,000	90,000
Balance at 31 December	–	–

11 Reinsurance contract liabilities

	2023 USD	2022 USD *Restated*
Reinsurance contract liabilities - LfRC	205,065,305	203,550,351

Reconciliation of the liability for remaining coverage

	LfRC 2023 USD	LfRC 2022 USD *Restated*
Balance at 1 January (restated)	203,550,351	201,555,576
Allocation of reinsurance premium	5,956,597	5,956,597
Reinsurance finance expenses through profit and loss	9,767,659	2,823,066
Total changes in statement of comprehensive income	15,724,256	8,779,663
Reinsurance premiums paid to reinsurer	(5,940,277)	(5,989,236)
Reinsurance finance expenses paid to reinsurer	(8,269,025)	(795,652)
Total cash flows	(14,209,302)	(6,784,888)
Balance at 31 December	205,065,305	203,550,351

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

11 Reinsurance contract liabilities (continued)

On 23 June 2021, the Company issued USD100,000,000 Series 2021-1 Class A-1 Principal At-Risk Variable Rate Notes that are due on 7 April 2025, USD50,000,000 Series 2021-1 Class A-2 Principal At-Risk Variable Rate Notes that are due on 7 April 2025 and USD50,000,000 Series 2021-1 Class B Principal At-Risk Variable Rate Notes that are due on 7 April 2025. The deposits bear interest an average interest rate of 4.884% per annum (2022: 1.412%). The Notes issued by the Company are with limited recourse to certain assets of the Company. Noteholders will only have recourse to the Collateral Account and Collateral Payment Account relating to the Notes. In addition to the covered perils associated with the Reinsurance Agreement, the Noteholders are exposed to the credit risk of TMNF (as Reinsured) and The Bank of New York Mellon (as Indenture Trustee).

Due to the limited recourse of the Variable Rate Notes, the repayment of the principal and accrued interest of the Notes are dependent upon funds being available to meet such liabilities as they fall due. If the Company has insufficient funds available for redeeming the principal outstanding on any class of notes in full or the interest thereon, such amounts shall not be payable to the Noteholders.

The carrying amount of the reinsurance contract liabilities is represented by the fair value of the Notes which represents the amount that will be repaid to the investors as they fall due. The fair value of the Notes is calculated by adding the nominal value of the Variable Rate Notes and the unrealised adjustment on financial assets (Note 9).

12 Other receivables

	2023 USD	2022 USD
Interest receivable from Money Market Fund (Note 9)	900,402	639,471
GST recoverable	201	318
	900,603	639,789

Other receivables fall due within the next financial year.

13 Other payables

	2023 USD	2022 USD
Advance received from TMNF	105,068	82,860

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

14 Share capital

	2023 No. of shares	2022 No. of shares
Fully paid ordinary shares		
At 1 January 2023/ at 1 January 2022 and at 31 December	20,000	20,000

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by the Singapore insurance regulator;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company is required, at all times it carries on insurance businesses, to meet and maintain the relevant fund solvency and capital adequacy requirements as prescribed under the Act and relevant regulations. There is no change in the Company's approach to capital management during the period.

15 Insurance service result

	2023 USD	2022 USD *Restated*
Insurance revenue		
Insurance revenue from contracts measured under PAA	6,188,325	6,218,504
Insurance service expenses		
Other directly attributable expenses	(90,000)	(90,000)
Expenses from reinsurance contracts held		
Reinsurance expenses from contracts measured under PAA	(5,956,597)	(5,956,597)
Net insurance service result	141,728	171,907

DocuSign Envelope ID: 80C57765-298F-4B8E-AAA6-BD7B7B2E146A

16 Finance expenses from reinsurance contract issued

	2023 USD	2022 USD *Restated*
Finance expenses from reinsurance contract issued		
Interest accreted	9,767,659	2,823,066

The interest is charged at an average interest rate of 4.884% per annum (2022: 1.412%).

17 Tax expense

The Company was approved by the Monetary Authority of Singapore for the Tax Incentive Scheme for SPRV engaged in Asset Securitisation Transaction with effect from 10 June 2021. The tax exemption status will be for the lifetime of the Company, provided that the Company continues to meet all terms and conditions set out in the MAS Letter dated 17 June 2021, and the relevant Income Tax legislations.

18 Related parties

Transactions with key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors are considered as key management personnel of the Company.

The key management personnel of the Company comprised directors and their fees Directors' fees received in this capacity amounted to USD18,543 (2022: USD17,157).

At the reporting date, the Company had no employees as the operational management, accounting and administrative functions are provided by the insurance manager.

Other related party transactions

	2023 USD	2022 USD
Management fee paid to a company of which a director is a member	45,000	45,000