

# 2023 ANNUAL REPORT AND FINANCIAL STATEMENTS



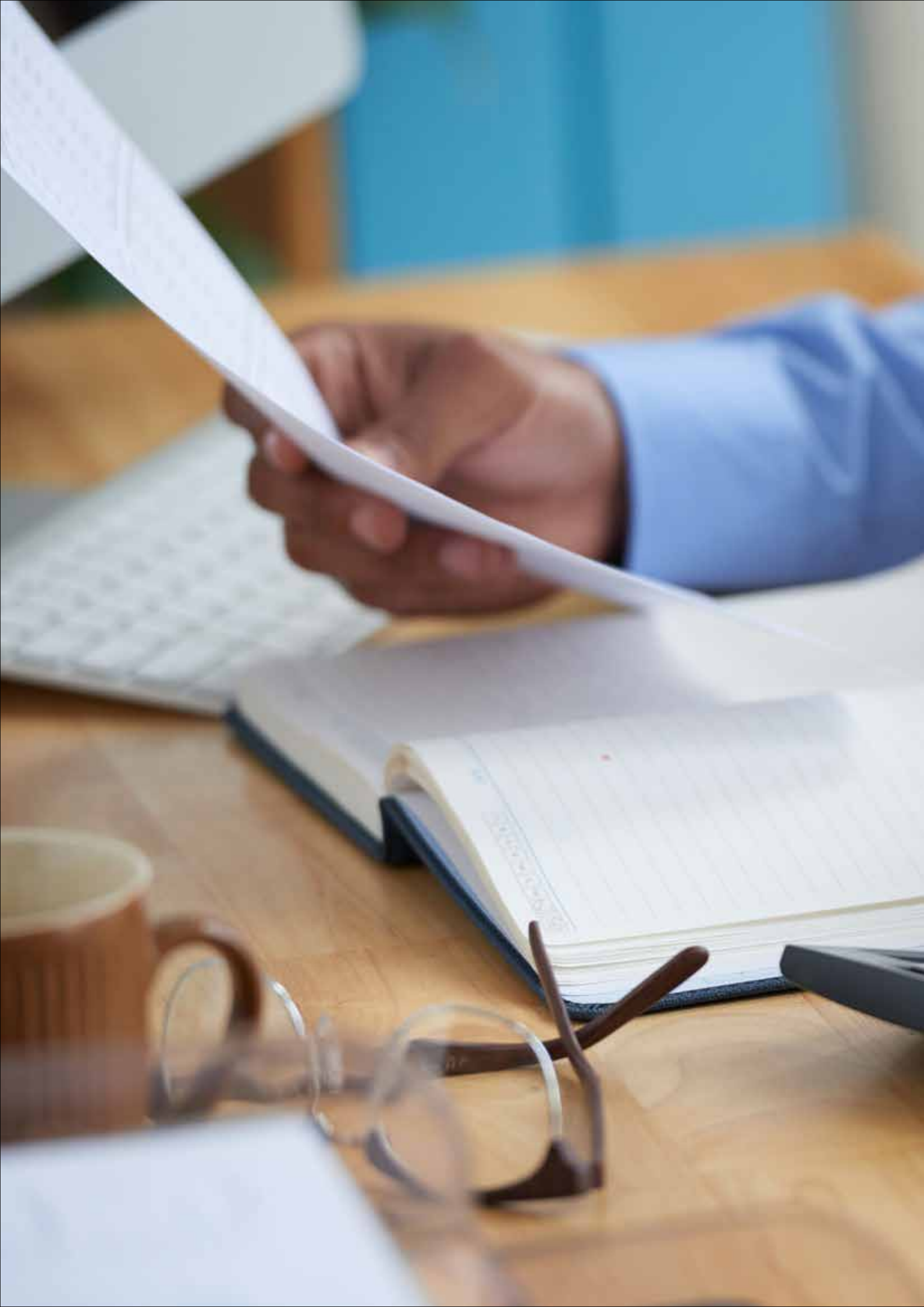
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- ★ Sierra Leone
  - ★ Cote d'Ivoire
  - ★ Ghana
  - ★ Nigeria
  - ★ Tunisia
  - ★ Zimbabwe
  - ★ Kenya
  - ★ United Kingdom
  - ★ United Arab Emirates
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CORPORATION PLC AND ITS SUBSIDIARIES

ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2023



# Contents

**I - XL** | General information

**1 - 15** | Report of the Directors

**16 - 20** | Report of the Independent Auditor's

**21 - 22** | Statement of financial position

**23 - 28** | Statement of profit or loss and other  
comprehensive income

**29 - 30** | Statement of changes in equity

**29 - 30** | Statement of cash flows

**31 - 139** | Notes to the financial statement





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NOTICE US.**





### Chairman's Statement

Distinguished shareholders, ladies, and gentlemen, I bring you heartfelt greetings from the Board of Directors. You are welcome to the 11th Annual General Meeting of your company, WAICA Reinsurance Corporation Plc.

Africa continues to face complex challenges against the backdrop of successive shocks. These shocks manifested in a subdued post-pandemic recovery and elevated debt distress, which have amplified income divergences and undermined the achievement of sustainable and inclusive growth. All this and more dominated 2023, making it one of our industry's most turbulent years on record. Despite these challenges, WAICA Reinsurance Corporation Plc concluded the year in a stronger position than in 2022.

Thank you for your support and hard work. We couldn't have achieved this without the dedication of our staff, cedants, brokers, and the sound leadership of the Board.

We are committed to delivering sustainable value, upholding the highest standards of corporate governance and social responsibility, and making positive contributions to our community.

## Global Economic Environment

Recent years have been marred by a multitude of simultaneous major crises, which have taken a toll on the insurance industry. The global economy remains remarkably resilient. Growth is holding steady as inflation eased considerably, but it remains far above the target rate associated with price stability. The journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronized monetary policy tightening.

The year 2023 witnessed a rise in geopolitical tensions, and the situation in the Middle East is a prime example.

Global GDP growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. The pace of expansion is low by historical standards, due to near-term factors like high borrowing costs and withdrawal of fiscal support, as well as longer-term effects from the COVID-19 pandemic, Russia's invasion of Ukraine, weak productivity growth, and increasing geo-economic fragmentation. However, GDP per capita is projected to grow only slightly in Africa, Latin America and the Caribbean, reinforcing a long-term trend of weak economic performance.

Inflation remains stubbornly high in many countries, while upward price pressures are expected to slowly ease, inflation in many countries will remain well above the comfort zone of central banks. Amid local supply disruptions, high import costs and market imperfections, food inflation is still high in most developing countries, disproportionately affecting women, children and the poor, exacerbating food insecurity. Global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies.

Labour markets in many developed economies have continued to show resilience, with low unemployment rates and recurrent worker shortages. Employment rates are at record high levels in many developed economies and gender gaps have recently narrowed, in part due to increased use of telework and flexible work arrangements.

Global monetary tightening has exacerbated fiscal and debt vulnerabilities in developing countries. Rising borrowing costs and a strong dollar have increased debt-servicing burdens and debt default risks. Financing constraints will limit the ability of governments to invest in education, health, sustainable infrastructure, and energy transition to accelerate progress towards sustainable development.

Debt-to-GDP ratios, which increased sharply during the pandemic, remain elevated, and large budget deficits continue to raise the debt burden in many economies. Interest payments on debt have also increased as a share of government revenues, crowding out necessary growth-enhancing budgetary investments. In low-income countries, interest payments are projected to average 14.3% of general government revenues in 2024, about double the level 15 years ago. To rebuild budgetary room for maneuver and curb the rising path of debt, the fiscal policy stance is expected to tighten in 2024 and beyond, with higher taxes and lower government spending in several advanced, emerging markets and developing economies.

## Global Business environment

The global economy is slowing down, and world markets are adapting to a new reality. The COVID 19 pandemic's initial blow to economic activity was followed by an equally dramatic upswing in demand. The ensuing imbalance between supply and demand resulted in the onset of inflation in the world of a magnitude that has not been seen for decades.

Central banks are taking action to control inflation with a series of interest rate hikes, a path pursued by the US Federal Reserve and the European Central Bank, among others. This action has resulted in high borrowing cost for businesses reducing their ability to expand into new markets and develop new products for existing markets.

Inflation has certainly cooled, but a permanent increase in price levels and rising interest rates have diminished households' purchasing power substantially.

In 2023, new solutions for augmented working, hybrid and remote working, business decision-making, and the automation of manual, routine, and creative workloads have combined technologies in ways that enhance each other. This brings us closer than ever to the point where we are able to create "intelligent enterprises" where systems and processes support each other to complete menial and mundane tasks in the most efficient way possible.

The world is increasingly waking up to the fact that the climate disaster will pose a much bigger challenge than anything we have experienced in recent decades and will dwarf the challenges faced by the COVID 19 pandemic. In 2023, most businesses have prioritised their environmental, social, and governance (ESG) processes and are integrating them into the core of their overall strategy.

Over the past year, we have seen huge movements of talented people, as workers reassessed the impact of work and what they want to get out of their lives. This has put pressure on employers to ensure they are providing attractive careers, flexibility of hybrid work, an enticing work environment and company culture.

### **African Economies**

Africa is not exempt from the faltering global economic recovery. Africa's socioeconomic development is being impeded by several crises, such as growing healthcare costs, declining economic growth, the growing effects of climate change, pandemics, and geopolitical tensions. According to estimates from AFDB, the average real gross domestic product (GDP) in Africa grew at a slower rate of 3.2% in 2023, compared to 4.1% in 2022 indicating a slowdown in the continent's economic recovery. Multiple shocks and increased inflationary pressures are to blame for this decline, which is especially hurting Africa's largest economies.

The shocks that have hit African economies since 2020 have caused significant damage and could have long-term implications. The geo-economic fragmentation that has become evident in the global response to the COVID-19 pandemic has been further exacerbated by Russia's invasion of Ukraine and could be worsened by the recent Middle East conflict. Additionally, political instability across the continent, weak export demand due to tepid global growth, the slowdown of China's economy, and monetary policy tightening by major economies have all contributed to the problem.

However, 15 African countries, including Ethiopia, Côte d'Ivoire, Democratic Republic of Congo, Mauritius, and Rwanda, witnessed growth rates of more than 5%. These countries experienced strong economic expansion due to a rebound in investment spending, sustained recovery in tourism, robust performance in the mining sector, and the benefits of economic diversification.

Despite the growth slowdown in 2023, Africa's economies are showing resilience, with a growth in 2024 projected to rise to 3.8%. This growth rate is expected to be strong in 41 countries, with 13 countries experiencing more than 1% higher growth than in 2023. It's impressive that Africa remains the second-fastest-growing region, after Asia, and is projected to account for 11 of the world's 20 fastest-growing economies in 2024, despite the subdued performance in 2023.



West Africa is projected to experience growth in the coming years. It is estimated to rise from 3.2% in 2023 to 4% in 2024 and 4.4% in 2025. Most countries in the region are expected to see growth of at least 4% in 2024. This growth is expected to offset the slowdowns in Nigeria, the largest economy in the region, and in Ghana, which is heavily in debt. Nigeria's growth is projected to be 2.9%, while Ghana's growth is projected to be 2.8%. However, both countries are expected to recover strongly in 2025, with projected growth of 3% arising from the rationalization of fuel subsidies and addressing exchange rate misalignment in Nigeria, and fiscal consolidation to tackle Ghana's growing public debt.

East Africa is projected to experience growth in the coming years. According to estimates from AFDB, the region's growth is expected to increase from 3.5% in 2023 to 5.1% in 2024 and 5.7% in 2025. This growth would be supported by deeper regional integration and strategic public spending to improve infrastructure investment.

Central Africa's growth is projected to weaken marginally from 3.8% in 2023 to 3.5% in 2024 before improving to 4.1% in 2025. Unfortunately, the Economic recession in Equatorial Guinea still persists, with the economy projected to contract by 5.0% in 2024 due to declining oil production and low investment in new projects to replace lost oil output from existing production units.

Southern Africa's real GDP growth is projected to increase from an estimated 1.6% in 2023 to 2.2% in 2024 and further to 2.6% in 2025, but these rates still remain too weak to tackle the region's macroeconomic and social challenges. The reason behind this sluggish performance is the continued economic stagnation in the region's largest economy, South Africa. Growth is projected at 1.1% in 2024, and the country is currently facing adverse effects due to ailing physical and social infrastructure, along with a protracted electricity crisis. This is constraining productivity in key sectors of the economy, lowering firms' productive capacity, and dampening domestic demand, which used to be the country's engine of growth. South Africa is set to hold national elections in 2024. While elections typically provide opportunities for policy shifts, the country's three decades of democratic rule have been marred by chronic electricity outages and mounting socioeconomic challenges.

North Africa growth is projected to remain steady at 3.9% in 2024 before improving slightly to 4.1% in 2025. Several countries have been impacted by successive weather challenges, such as droughts in Morocco and Tunisia and flooding in Libya, along with macroeconomic challenges due to the COVID-19 pandemic. Unfortunately, the region has been struggling to sustain gains. Additionally, the lack of inclusive growth and high youth unemployment have posed social challenges for more than a decade.

### **Economic Developments in WAICA Re Operating Countries.**

#### **Nigeria**

Nigeria, the region's largest economy, is estimated to have seen GDP growth decline marginally to 2.9% in 2023 from 3.0% in 2022. This growth rate falls slightly short of population growth dynamics. Improved oil production and an expected better harvest in the second half of the year are positive indicators for 2024, with GDP growth projected to reach 3.4%. The recovery will be underpinned by macroeconomic policy reforms initiated in 2023, including the rationalization of fuel subsidies and addressing exchange rate misalignment. However, Nigeria is likely to face additional inflationary pressures due to the removal of fuel subsidies and other emergency measures.

Oil production is expected to increase due to enhanced security. The capping of fuel pump prices and electricity tariffs below cost recovery could have a fiscal cost implication in 2024.

**Ghana**

Ghana achieved a real GDP growth rate of 2.9%, compared with the revised target of 2.3%. This growth was driven by the services and agriculture sectors and reflects ongoing fiscal consolidation. The African Development Bank (AFDB) has projected Ghana's GDP growth for 2024 to be 3.6%.

The central bank continued to tighten monetary policy, ensuring relative exchange rate stability and effective liquidity sterilisation efforts. Headline inflation sharply decelerated to 23.2% in December 2023, from 54.1% at the end of December 2022, due to easing food and non-food prices. According to the AFDB, Ghana's headline inflation is projected to end 2024 at 17.1%.

The Ghanaian cedi remained relatively stable throughout 2023. This stability was supported by improved inflows from the IMF's Extended Credit Facility (ECF) first tranche, the domestic gold purchase program, remittances, and foreign exchange (FX) purchases from mining and oil companies, amid monetary policy tightening.

In January 2024, Ghana reached an agreement with its official creditors under the G20 Common Framework, on a comprehensive Debt Treatment Beyond the Debt Service Suspension Initiative.

**Liberia**

Liberia's economy expanded by 4.7% in 2023, driven mainly by mining, specifically gold production.

Headline inflation increased in 2023, driven by increases in transport and food prices. Annual average inflation rose to 10.1% in 2023 from 7.6% in 2022. Food inflation reached 12.3% in 2023, from a disinflation of 1.6% in 2022, while non-food inflation averaged 10.3%, down slightly from 10.6% during the same period. The government's fiscal deficit remained high in 2023, estimated at 5.5% of GDP. Despite increased gold exports, Liberia's current account deficit remained high, increasing to 24.4% of GDP from 17.7% in 2022.

The monetary policy stance has remained appropriately tight in 2023, responsive to overall conditions. In 2023, the Central Bank of Liberia (CBL) raised the policy rate twice in May and July to rein in inflation.

Liberia's medium-term growth prospects are positive. The economy is expected to expand by 5.3% in 2024, with an average growth of 5.9% from 2024 to 2026. The fiscal deficit is projected to moderate to an average of 3.3% of GDP in the medium term as the government strengthens domestic resource mobilization and expenditure controls.

**The Gambia**

The Gambia GDP growth accelerated to 5.3% in 2023, mainly driven by agriculture and industry. Agriculture benefited from favourable rainfall and increased fertilizer subsidies. Inflation averaged 16.9% in 2023, the highest level in decades, caused by imported food inflation, utility tariffs increases, and currency depreciation, which dragged down private consumption. GDP growth is projected to average 5.6% from 2024 to 2026, driven by increased activity in all sectors.

The Gambia's fiscal deficit stood at 2.6% of GDP in 2023, driven by increased tax revenues and grants. Public expenditure remained high owing to increased investment spending in road infrastructure. Nevertheless, The Gambia remains at high risk of debt distress, as highlighted by the joint WB/IMF Debt Sustainability Analysis (DSA) completed in December 2023.

The current account deficit (CAD) is estimated at 4.5% of GDP in 2023, almost comparable to the 4.2% in 2022, driven by a recovery in tourism and increased imports related to ongoing infrastructure projects.

### Sierra Leone

Sierra Leone's economic growth is estimated to have decelerated for the second consecutive year, with a rate of 3.1% in 2023. This slowdown was primarily attributed to subdued aggregate demand and socio-political stability concerns.

Inflationary pressures remained high throughout the year, although showing some tentative signs of easing. Headline inflation averaged 47.6% for the year, making it the second highest in Africa after Sudan. Factors contributing to this included elevated food and fuel inflation, currency depreciation, and ongoing fiscal dominance. The Central Bank raised its policy rate to tighten the monetary stance.

The fiscal position saw marginal improvement in 2023 but fell short of annual targets. The fiscal deficit narrowed to nearly 8.4% of GDP, slightly better than 2022. Expenditure decreased compared to 2022, while domestic revenue saw a slight increase. Public debt is estimated to have declined to 87% of GDP from 93% in 2022.

Sierra Leone's GDP growth is projected to recover slowly to 3.5% in 2024 against a backdrop of high inflation and continued fiscal consolidation, before converging to its long-term average of 4-4.5% in the medium-term. Inflation is expected to moderate to 15% by 2026, influenced by global commodity prices and monetary tightening.

### Côte d'Ivoire

Côte d'Ivoire has been experiencing one of the fastest sustained economic growth rates in Sub-Saharan Africa for over a decade. In 2023, Ivorian economic activity remained robust, although growth momentum slowed due to persistent global and regional political tensions and tighter financial conditions. Despite higher import prices, rising global and domestic interest rates, and falling external demand, economic growth remained solid at 6.4% in 2023.

Overall, inflation eased somewhat from its decade-high level of 5.2% to 4.4%, despite higher transport and energy prices. Nevertheless, the short- and medium-term economic outlook remains positive, albeit slightly below pre-pandemic COVID-19 levels. This optimism is underpinned by a strong commitment to macroeconomic stability and ongoing structural reforms in line with the National Development Plan (NDP) 2021-2025.

Real GDP growth is projected to average 6.5% in 2024-2026. Continued investment in network infrastructure, particularly in the digital and transport sectors, and the exploitation of recent oil discoveries, combined with prudent macroeconomic policies, should boost business confidence and productivity.

### Tunisia

Tunisia's economic outlook remains highly uncertain. Tunisia's already timid post-Covid economic recovery came almost to a halt in 2023 amid a severe drought and difficult financing conditions. GDP growth decelerated sharply to 0.4% in 2023, down from 2.6% in 2022. Following this significant slowdown, the economy is expected to experience a moderate rebound. Assuming the drought eases and financing conditions improve slightly, growth is forecast to reach 2.4% in 2024 and 2.3% in 2025-26. With this growth rate, real GDP in 2024 would finally reach its pre-COVID 19 level, a full four years after the pandemic. This modest structural growth is due to challenging conditions linked to water scarcity, the uncertainty around debt financing, and the weak momentum on structural reforms.

Tunisia's public finance and external accounts remain precarious without sufficient external financing. The budget deficit is expected to decline slightly to 6.1% of GDP in 2024, compared to 6.7% in 2023. This improvement is driven mainly by a reduction in subsidies and wage bills in real terms and a moderate increase in tax revenues. Gross financing needs are expected to rise further at 16.1% of GDP in 2024 (from 13.8% in 2023) due to significant external debt service.

### Kenya

The Kenyan economy remains resilient against a challenging global backdrop even as it recovers from the legacy of the COVID-19 pandemic and the worst multi-season drought over the past two years. Kenya's GDP grew by 5.5% in 2023, up from 4.8% in 2022. This growth was driven by a strong recovery in agriculture, which also helped lower both overall and food inflation. GDP is projected to grow by 5.0% in 2024 and improve to 5.3% over the medium term. Growth in 2024 is projected to be supported by a recovery in public investment and further expansion in private investment. The medium-term outlook is supported by waning shocks, prudent policies, and dividends from reforms.

The near-term outlook is one of continued resilience, with growth projected at around 5% in 2024 amid ongoing adjustments in the fiscal policy and external accounts. Inflation is expected to rise slightly in the first half of 2024, driven primarily by global oil price volatility and exchange rate pass-through. However, it is expected to remain stable due to recent monetary policy tightening and efforts to deliver stronger fiscal consolidation, aiming to stabilize the overall public debt-to-GDP ratio in 2024.

### Zimbabwe

Economic activity in Zimbabwe continues to show resilience in the face of currency instability and high inflation. GDP growth is estimated at 5.3% in 2023, driven by expansions in agriculture and mining. This growth is supported by related foreign currency inflows and remittances in the highly dollarized domestic trade and services. However, GDP growth is expected to decelerate to about 3.25% in 2024, partly due to the impact of drought on agricultural production and lower commodity prices.

Tight monetary and fiscal policies are expected to enhance macroeconomic stability in 2024. Inflation is projected to ease to 132.2% in 2024 and further to 36.1% in 2025, supported by economic stability and evolving global dynamics. The fiscal deficit is projected to narrow to 0.2% of GDP in 2023 due to higher revenue mobilization and stringent budget execution.

Real GDP growth is projected to slow further to 3.3% in 2024, reflecting the impact of structural bottlenecks and macroeconomic instability.

Inflationary pressures will intensify in 2024, given drought conditions and domestic tax increases. The fiscal deficit will increase in 2024, driven by high-interest payments on external debt, drought mitigation-related spending, wage pressures, and the reversal of several budget revenue measures. The fiscal deficit is projected to reach 2.5% of GDP in 2024 before slowing to under 2% in the medium term. The current account surplus is expected to shrink further, reflecting increased imports in the face of drought conditions and lower commodity prices.

### United Arab Emirates

The United Arab Emirates (UAE) experienced a deceleration in GDP growth to 2.8% in 2023, down from 7.9% in 2022, due to oil production cuts. However, real GDP growth is projected to reach 4.2% in 2024, driven by robust construction activity, tourism bolstered by the National Tourism Strategy 2031, and significant government investments in infrastructure and green energy to reduce emissions.

Inflation cooled to an estimated 2.9% in 2023 from 4.8% in 2022, as food prices declined, the dirham (AED) strengthened, and interest rates were increased. Inflation in the UAE is projected to moderate to 2.5% in 2024, supported by high interest rates and a strong dirham, which will help contain imported inflation.

### Financial Performance

In 2023, the Group adopted the new International Financial Reporting Standard (IFRS) 9 and 17. This adoption necessitated the restatement of 2022 audited figures. Below is a snapshot of our financial performance for the year ended 31 December (in thousands of US dollars, except the ratio data):

#### Selected income statement data

	2023	2022 Restated	Growth
Reinsurance Services Revenue	255,700	203,535	26%
Net Reinsurance Services Revenue	214,910	175,351	23%
Claims incurred	83,319	66,556	25%
Commission expenses	74,332	59,758	24%
Technical profit	57,259	49,037	17%
Underwriting profit	37,307	29,768	25%
Management Expenses	19,952	19,269	4%
Investment & other income	10,867	8,567	27%
Profit before tax	39,329	25,586	54%

#### Selected statement of financial position data

	2023	2022	Growth
Cash & Investments	226,046	169,360	33%
Reinsurance contract assets	22,736	10,179	123%
Reinsurance contract retroceded (assets)	6,440	6,462	0%
Total Assets	268,088	193,970	38%
Reinsurance contracts liabilities	82,204	56,292	46%
Reinsurance contract retroceded Liabilities	21,286	11,445	86%
Total Liabilities	108,918	85,217	28%
Shareholders' funds	159,170	108,753	46%



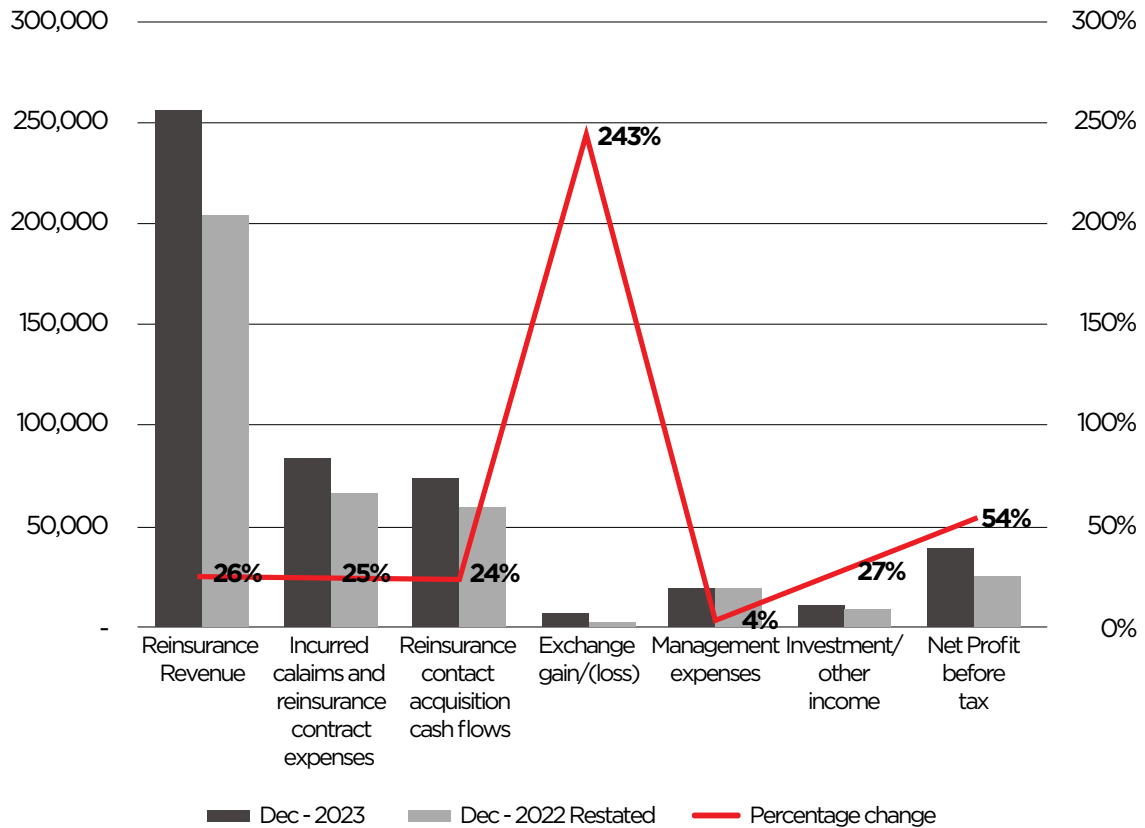
# 2023

WAICA Reinsurance Corporation PLC  
and Its Subsidiaries

TOGETHER TOWARDS TOMORROW

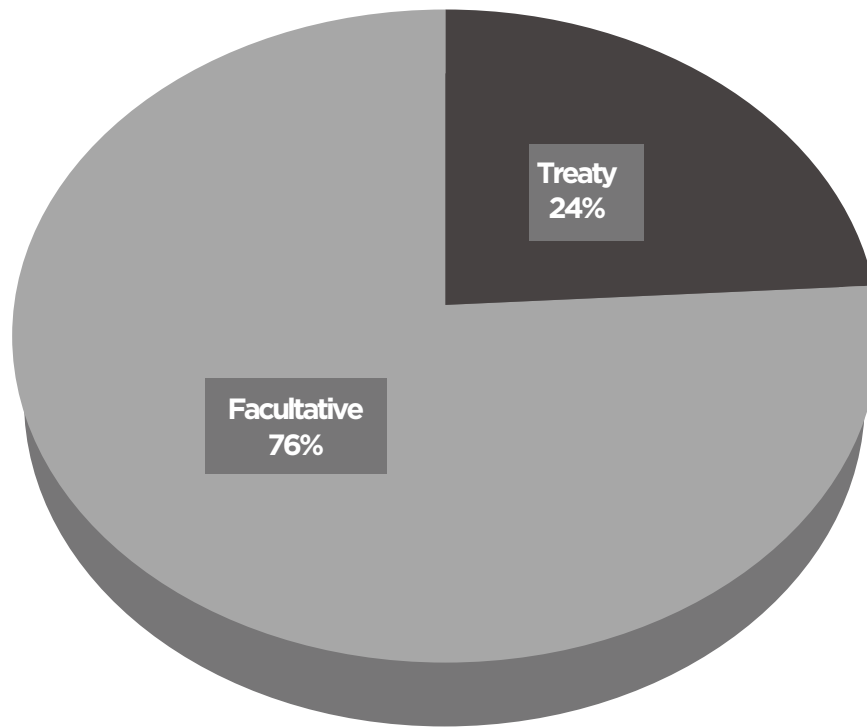


## Income Statement Analysis



## Reinsurance Revenue Growth

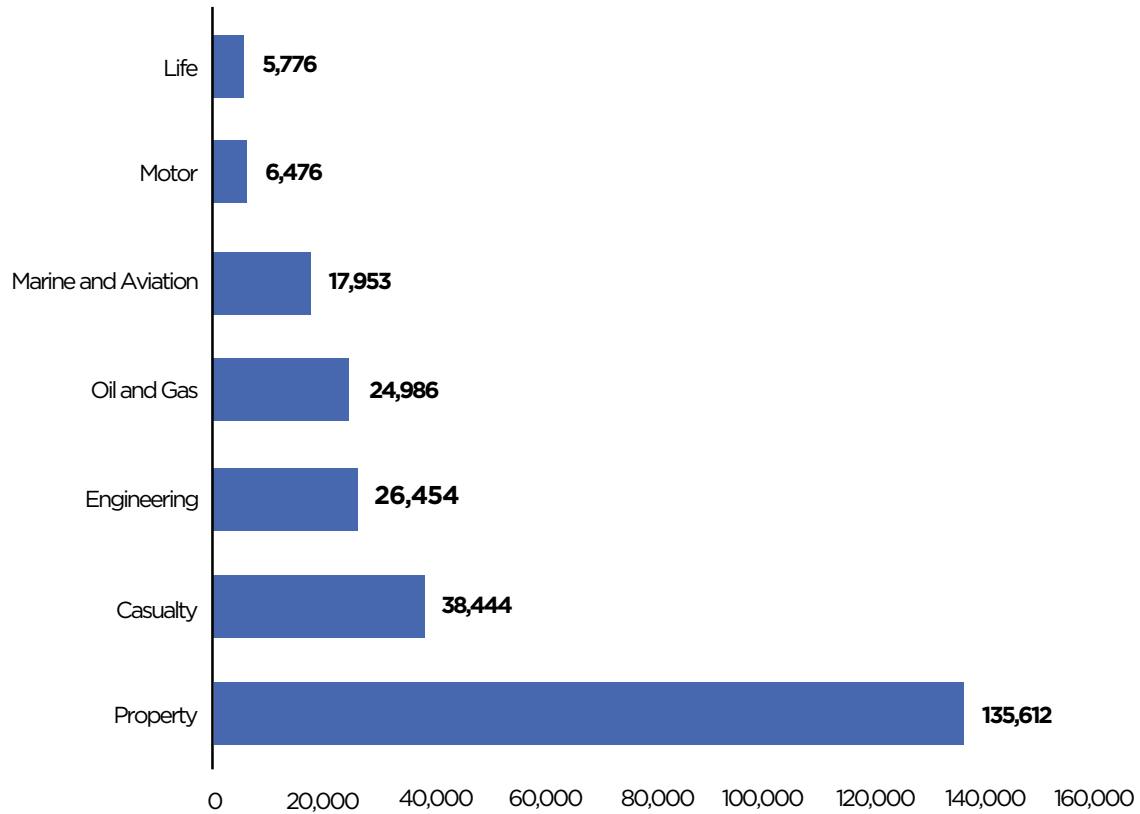
The Group had a productive year, with a solid growth trajectory. Reinsurance revenue (Earned Premium) increased from restated \$203 million in 2022 to \$256 million in 2023, representing a 26% growth over the prior year. Facultative business amounted to \$194.4 million, representing 76% of earned premium while Treaty business contributed \$61.3 million, accounting for 24% of Earned Premium.



#### Reinsurance Revenue by Class

Property generated 53% of the 2023 reinsurance services revenues, followed by Casualty with 15% and Engineering 10%. Oil & Gas brought in 10%, Marine & Aviation 7%, Motor 3%, and Life 2%.

Class	2023	2022	Growth	% of premium
Casualty	38,443	35,390	9%	15%
Engineering	26,454	21,259	24%	10%
Marine and Aviation	17,953	15,141	19%	7%
Motor	6,476	7,012	-8%	3%
Property	135,612	98,032	38%	53%
Oil and Gas	24,986	19,931	25%	10%
Life	5,776	6,770	-15%	2%
Total	255,700	203,535	26%	100%



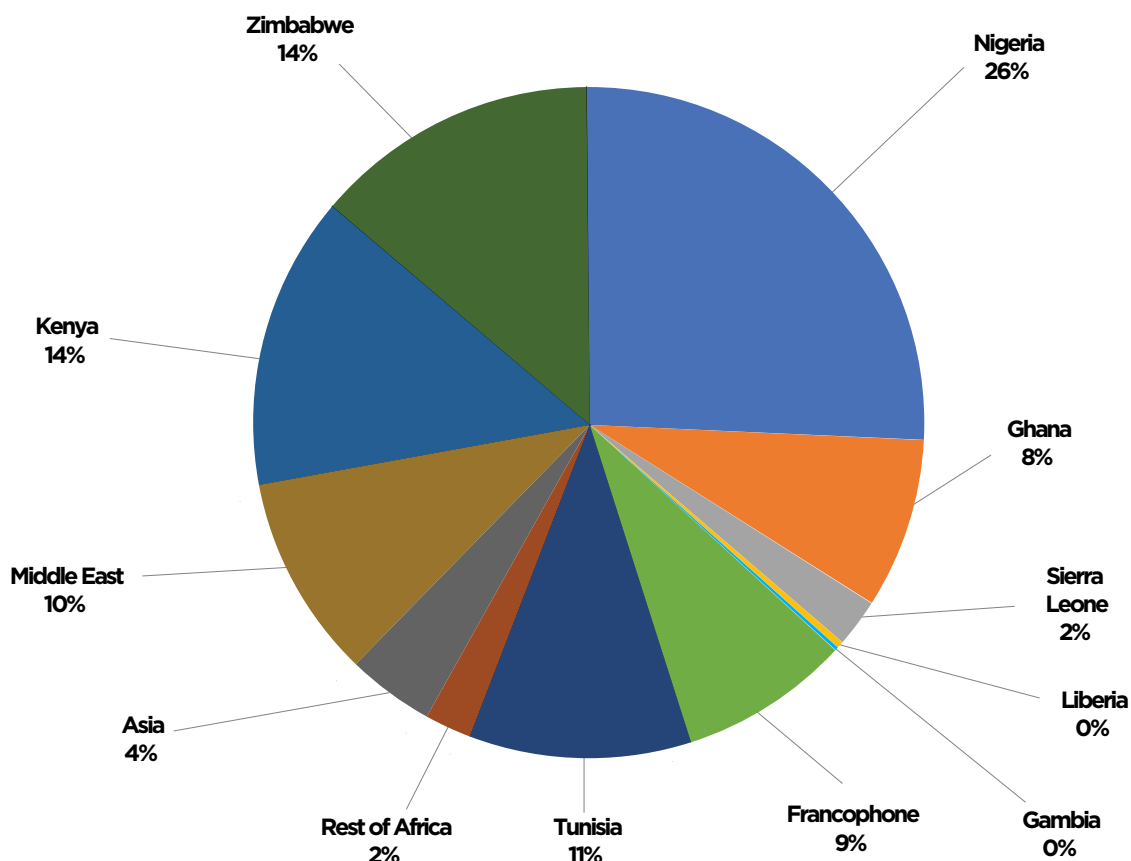
The chart above indicates strong growth in all classes of business from 2022 to 2023 except Motor and Life. Property grew by 38%, Oil & Gas by 25%, Engineering by 24%, Marine & Aviation by 19%, Casualty 9% but revenue from Life and Motor businesses declined by 15% and 8% respectively.

#### Reinsurance Revenue by Country

Sierra Leone had the highest growth in reinsurance revenue, with a growth rate of 189% compared to other countries, followed by Middle East 65, Zimbabwe 55%, Francophone 33%, Kenya 25%, Nigeria and Ghana 23% each, Asia 14%, and Tunisia 9%. Growth decelerated for The Gambia by 2%, Liberia 43% and the rest of Africa by 50% as per the table below.

Country	2023 \$'000	2022 Restated \$'000	Growth %
Nigeria	66,167	53,932	23%
Ghana	20,797	16,846	23%
Sierra Leone	5,901	2,043	189%
Liberia	724	1,268	-43%
Gambia	354	363	-2%
Francophone	21,266	15,991	33%
Tunisia	27,474	25,262	9%
Rest of Africa	5,863	11,726	-50%
Asia	10,649	9,313	14%
Middle East	25,031	15,132	65%
Kenya	36,163	28,878	25%
Zimbabwe	35,311	22,781	55%
Total	255,700	203,535	26%

The chart below shows that, our dominant market Nigeria contributed 26% of total reinsurance revenue whilst Ghana brought in 8%. Altogether, Anglophone West Africa, which is our home market, continues to be our backbone by contributing 36% of our total GWP, with Francophone West Africa contributing 9%, Tunisia 11%, whilst Middle East, the rest of Africa and Asia brought in 10%, 2% and 4% respectively. Our subsidiaries in Zimbabwe and Kenya contributed 14% each.



#### Improved Underwriting Result

The net expense from reinsurance contracts retroceded increased by 45%, from \$28.2 million in 2022 to \$40.8 million in 2023, driven mainly by increased business growth and the need to protect the net account. As a result, overall reinsurance revenue retention ratio decreased from 84% in 2022 to 82% in 2023. The reinsurance services result increased by 17%, from \$49 million in 2022 to \$57.3 million in 2023.

The claims incurred increased by 25%, from \$66.6 million in 2022 to \$83.3 million in 2023, mainly due to increase in business volume and strengthen of actuarial claims reserves. Facultative claims contributed 68% of total claims paid whilst treaty claims was 32%. Consequently, the net incurred loss ratio increased marginal to 39% in 2023 compared to 38% in 2022.

Commission expense rose to \$74.3 million in 2023 from \$59.8 million in 2022, representing 24% growth largely as a direct function of growth in earnings. The net commission ratio increased marginally to 35% in 2023 from 34% in 2022.

Operating expenses decreased year-on-year by 16% from \$30.6 million in 2022 to \$25.8 million in 2023. Considering core reinsurance related expenses only, but exclusive of net finance cost, impairment and exchange loss of financial assets, management expense ratio declined to 9% in 2023 from 11% in 2022. Overall, combined ratio has been maintained at 83% in 2023.

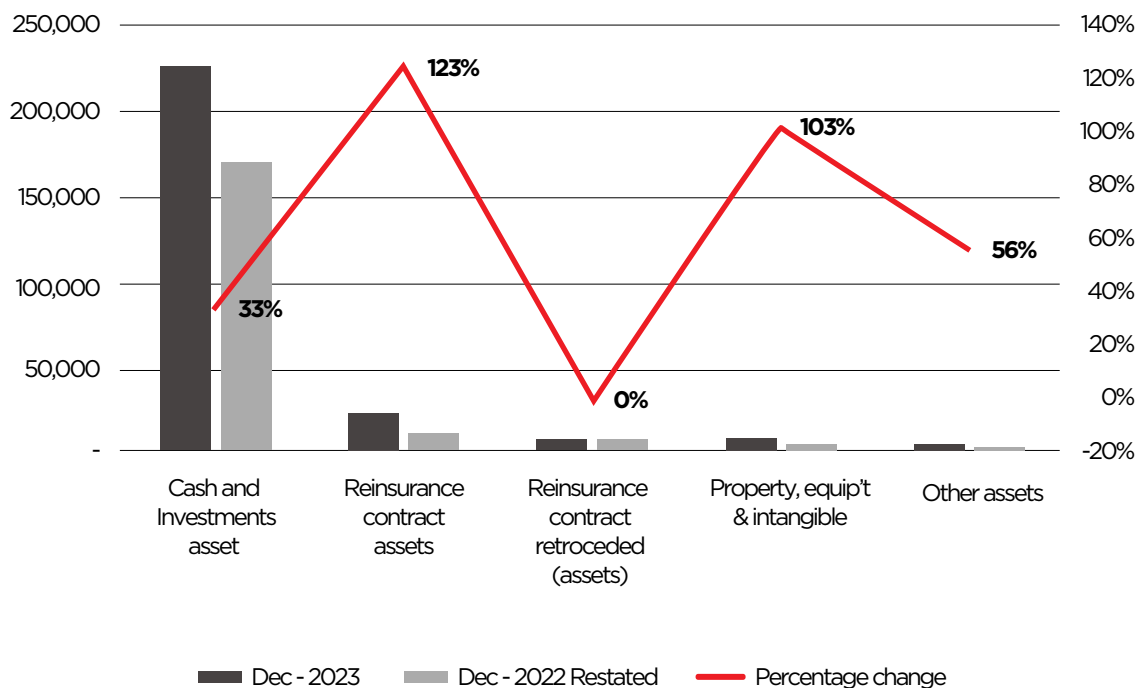


We have continued to display a strong underwriting profitability as a result of sound underwriting and risk selection. As such, technical profit grew from \$50.6 million in 2022 to \$54.3 million in 2023 representing a 7% growth, while underwriting profit grew by 10%, from \$31.4 million in 2022 to \$34.3 million in 2023. Whilst Technical margin declined from 28% in 2022 to 25% in 2023, underwriting margin also declined marginally from 18% in 2022 to 16% in 2023.

#### Investment Return and Net Profit

Investment and other income witnessed an increase of 27%, from \$8.6 million in 2022 to \$10.9 million in 2023. However, average return on investment declined from 4.2% in 2022 to 3.74% in 2023. Management continues to review the investment portfolio to improve the return on investment. The Profit and Loss analysis shows that the major drivers of profit in 2023 were growth in reinsurance revenue, improved underwriting performance and growth in investment income. These factors helped boost net profit before tax by 54%, from \$25.6 million in 2022 to \$39.3 million in 2023, and profit after tax by 56%, from \$23.1 million to \$36.0 million in 2023. This performance means that return on equity also improved marginally from 21% in 2022 to 23% in 2023

#### Assets



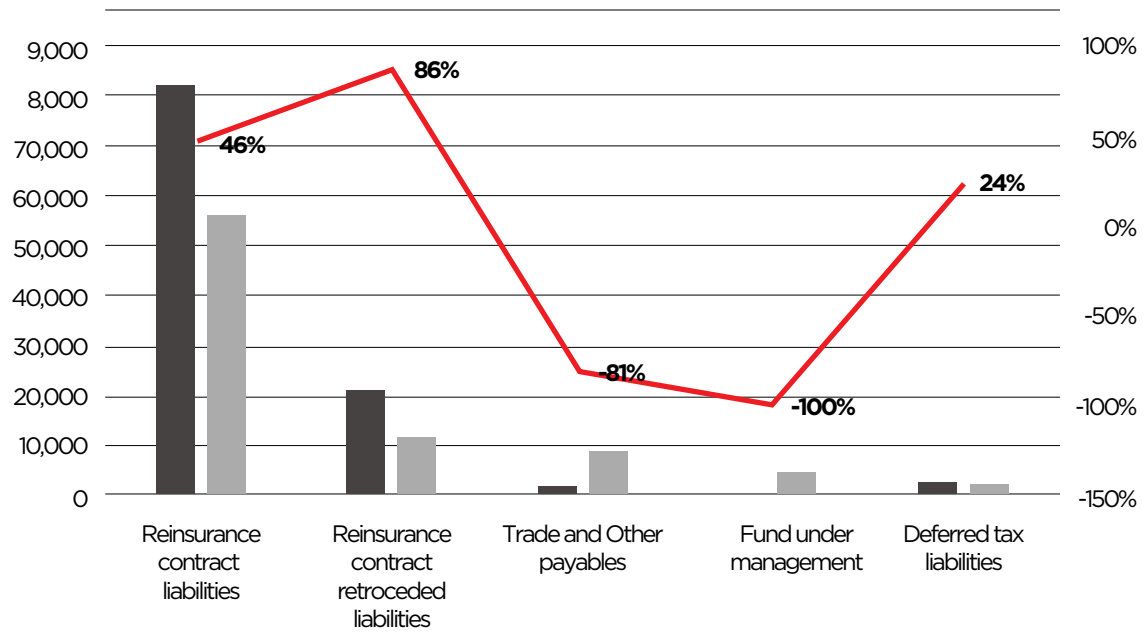
Ladies and gentlemen, the improved premium collection and injection of additional capital by shareholders enabled the group to increase cash and investment assets by 33%, from \$169.4 million in 2022 to \$226.1 million in 2023. The Group's cash and investment assets account for 84% of total balance sheet size. Gross Liquid assets increased to \$218.7 million in 2023 from \$175.1 million in 2022, providing the Group with strong liquidity metrics relative to claims and technical liabilities

Table of cash and investment assets

	2023 \$'000	2022 \$'000
<b>Investments</b>		
Cash and bank balances	23,083	21,184
Short-term investments	38,291	27,262
Treasury bills	3,416	3,789
Government bonds	77,073	58,108
Term deposits	76,828	64,732
<b>Gross Liquid Investments</b>	<b>218,691</b>	175,075
Expected credit loss	(14,861)	(16,337)
<b>Net Liquid Investments</b>	<b>203,830</b>	158,738
Unquoted equity	4,740	1,068
Investment property	17,476	9,554
<b>Non-Cash Investments</b>	<b>22,216</b>	10,622
<b>Total Cash and Investments</b>	<b>226,046</b>	169,360

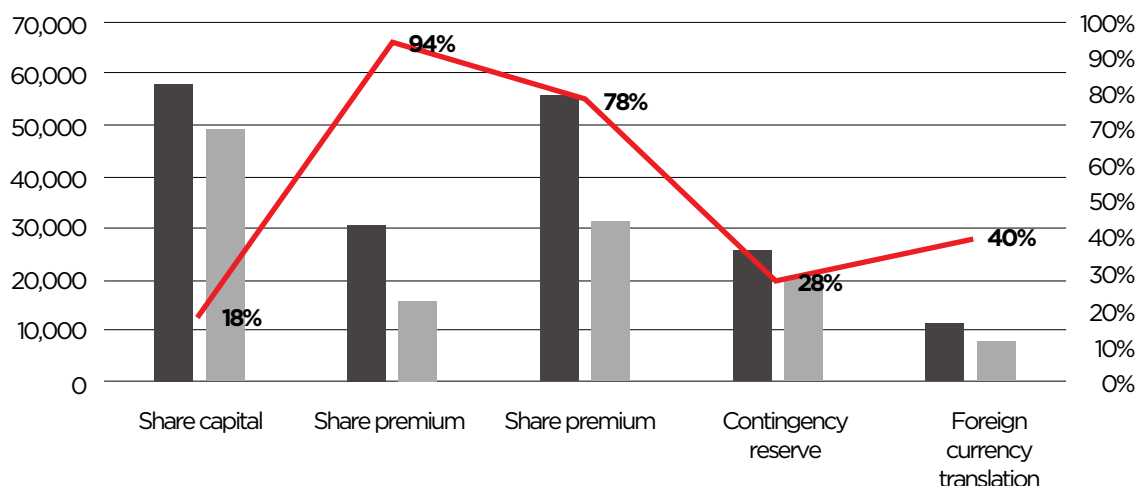
The reinsurance contract assets increased by 123%, from \$10.2 million in December 2022 to \$21.7 million in December 2023, driven by the 26% growth in Reinsurance Revenue and unactualized pipeline premium estimates. Management continues to implement various strategies to reduce receivables. Reinsurance contract retroceded (assets) did not experience growth in 2023. Additionally, the 102% increase in Property, Plant, and Equipment (PPE) and Intangible Assets was primarily due to the construction of the headquarters office complex in Freetown, the purchase of assets, and software upgrades during the year. Overall, total assets grew by 38%, from \$194 million in December 2022 to \$268.1 million in December 2023.

## Total Liabilities



Total liabilities grew by 28%, from \$85.2 million in December 2022 to \$108.9 million in December 2023, primarily due to the following factors:

- A 46% increase in reinsurance contract liabilities, driven by business growth, improved collection from cedants, and strengthened reserves.
- An 86% increase in reinsurance contract retroceded (liabilities), resulting from unactualized pipeline premium estimates that have been retroceded.
- An 81% decline in trade and other payables due to improved debt payments to creditors.
- A 100% reduction in Funds Under Management, in compliance with a directive from the SEC in Ghana, which mandates excluding third-party funds from fund managers' balance sheets.



The increase in share capital and share premium by 18% and 94%, respectively, was a result of a capital injection through a rights issue of \$23.5 million during the year.

Despite a dividend payout of \$6 million, retained earnings increased by 78%, from \$31.1 million in December 2022 (restated) to \$55.4 million in December 2023. The adoption of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments effective January 1, 2023, had an adverse impact on retained earnings, reducing them by \$21.4 million as of January 1, 2022. Subsequent measurement of financial assets carried at amortized cost led to additional impairment expense of \$12.2 million mainly from Ghana Government Eurobond holding. This resulted in the restated retained earnings reducing from \$55.2 million to \$31.1 million in 2022.

In compliance with regulatory requirements, we increased contingency reserve by 28%, from \$20.2 million in 2022 to \$25.8 million in 2023. Translation of the operations of our subsidiaries into our functional currency resulted in a 40% increase in foreign currency translation reserve, albeit negative. The Insurance Act of Sierra Leone requires specific percentages of gross written premiums and outstanding claims to be reserved. In the current year, actuarial reserve computation exceeded regulatory reserve requirement; therefore regulatory reserve was nil.

### Dividend

Dear Shareholders, in line with our dividend policy and in view of the profit performance in 2023, the Board of Directors recommends for your approval a dividend of \$0.1384 per share, amounting to \$8,000,261 (2022: \$6,000,000). This dividend will be paid to existing shareholders whose names appear in the register of the Corporation as at the date of the Annual General Meeting (AGM).

### Capital Management

WAICA Reinsurance Corporation Plc monitors its capital levels using an internal risk-based model that borrows heavily from the Solvency II standard model used by European insurance and reinsurance companies. The model is calibrated to suit the business profile of WAICA Re.

The risks covered by the model are underwriting, market, credit, and operational risk. These risks are modelled separately, and a diversification benefit is then considered.

As of 31 December 2023, the total shareholder funds were USD 159 million and the economic capital requirement was USD 135 million. The capital adequacy ratio was at 118% (compared to 101% in 2022 restated) which is above the absolute minimum ratio of 100% as per our risk appetite but below our target ratio of at least 130%.

The capital position has been impacted by impairment provisions for Ghana government bonds. This has been fully absorbed through the equity and no further impairments are projected. To mitigate this impact a further capital injection of USD 23m was undertaken in 2023. Further capital injection is planned for the year 2024. This may be through equity or debt.

### Capitalisation

In line with the AGM's resolution to raise our issued shares to 100 million in six tranches, the Board recommended the issuing of additional capital of 10 million shares in 2020 by a rights issue at a price to be determined by our financial advisors. There was also the intention to invite strategic investors to take up shares in the Corporation. These decisions were suspended due to the COVID-19 pandemic and the uncertainties that surrounded it. The share rights issue was successfully carried out in 2023, raising additional capital of \$23.5 million. This strategic move aims to position the Corporation to underwrite larger businesses, especially in the oil and gas sector, expand our ICT infrastructure, undertake equity investments, and ensure a strong balance sheet that will enhance our competitiveness in the reinsurance market. The additional capital augmented our working capital, enabled us to strengthen our subsidiaries and boost investment income. As a proactive measure, we also plan to formally register our operations in Ivory Coast in the medium term, transforming the centre into a fully-fledged subsidiary of WAICA Re with all the privileges of a domestic reinsurance operator.

### Governance and Board Changes

The board continues to oversee the Corporation's governance structure to ensure sustained growth. During the 2023 AGM, Mr. Benjamin Mutuku Kamanga and Mr. Everett J. Clark retired. In September 2023, Mr. Davis Iyasere was appointed as non-executive director to the Board.

To ensure effective governance and align with the Corporation's strategic direction, the Board reconstituted its committee membership as follows:

**Finance and Investment Committee:** The Committee is made up of four Non-Executive Directors and exercises oversight responsibility over the Group's financial performance and its investment decisions. The Committee is chaired by Mrs. Senor Thomas-Sowe.

**Strategy and Operations Committee:** The Strategy and Operations Committee is chaired by Mr. William B. Coker and is composed of three other Non-Executive Directors in addition to the Chairman. The duties of the Committee are to exercise oversight responsibility over the overall strategy of the Corporation, information and communication systems, risk metrics and operational systems.



**Human Resource, Remuneration, Ethics and Corporate Governance Committee:** The duties of this Committee include exercising oversight responsibility over the Group's human resource functions, such as policies and practices, as well as the Group's corporate governance structures and employee remuneration. The committee is composed of four Non-executive Directors and is chaired by Mrs. Olatoyosi Alabi.

**Risk Management, Audit and Internal Compliance Committee:** This Committee is chaired by Mr. Donald Charles Kaye and exercises oversight responsibility with regard to financial reporting, the system of internal controls and the process for monitoring compliance with laws and regulations. It is also responsible for establishing overall Group risk management framework, risk metrics and controls capable of identifying and managing risk.

I would like to thank my fellow Board members for their excellent work during the year.

#### Marketing Activities

The Group has increased its physical market visitation during the year, which has improved our market visibility. Management, however, continued to use electronic means of engaging clients in the course of the year. The combination of physical, virtual, and other communication methods ensured that we were able to deliver quality and timely services to our partners.

#### Subsidiaries and Regional Offices

The Kenya and Zimbabwe subsidiaries continued to show strong growth in their markets, growing by 25% and 55% respectively in 2023. The subsidiaries are increasing market share and recording good profits, a sign of strong performance in the future. All regional offices recorded growth in reinsurance revenue, with Nigeria maintaining its position as the biggest market.

#### Credit Rating Renewal

Distinguished shareholders, we have maintained our Financial Strength Rating by AM Best of B (Fair), with an improved outlook to stable from a negative outlook. The Group is exposed to heightened levels of political, economic and financial system risk in Ghana given its substantial holdings of external government debt, which is currently in default, and cash and deposits held with Ghanaian banks. Ghana is one of our Seven (7) major operating countries where we hold both financial and premium assets. We wish to state categorically that, in absolute terms, our financials as of reporting date remains very strong as presented in the audited accounts. We have run various financial and quantitative scenarios to ascertain the Government of Ghana's economic actions on our operations and financial assets domiciled in Ghana. We expect a moderate impact on our financial assets and a minimal impact on our operations. We hold \$19.9 million in Ghana Government Bond Securities, which is 9% of our total liquid investment of \$196 million as of the reporting date.

#### Risk Management Statement

Enterprise Risk Management and Compliance Framework and Oversight

In 2023, our Group maintained proactive risk management approaches guided by the Enterprise Risk Management Framework. The Group Board and its Group Board Risk and Compliance Committee (GBRC) oversaw risk management and compliance across the organization, meeting quarterly to review significant risks, including strategic, operational, reinsurance, hazard, financial, and compliance risks.

**Policies, Procedures, and Training**

We have robust risk management policies and procedures in place to identify, analyze, and evaluate risks, set appropriate limits and controls, and monitor adherence to risk appetite. These policies and procedures are regularly reviewed to stay relevant, with training programs ensuring a disciplined control environment where all employees understand their roles and obligations. The GBRC approved the Group's Risk Appetite Statement for the strategic year.

**Management Implementation and Monitoring**

The Group Management Risk Committee (GMRC) is responsible for implementing the approved risk management framework and Risk Appetite Statement. Employing both qualitative and quantitative techniques, the GMRC manages risk exposure at both entity and strategic levels. The committee continuously identifies emerging risks and opportunities, developing appropriate management actions to exploit opportunities or mitigate risks.

**ESG Journey and Climonomics**

In line with our Environmental, Social, and Governance (ESG) journey, we deployed the Climonomics application to assess the financial impact of climate-related risks rigorously. This platform maps assets' exposure to factors such as extreme temperatures, flooding, water stress, and wildfires, aiding informed underwriting and investment decisions. Additionally, ESG initiatives were rolled out to make positive impacts in the communities we operate in. The Board also approved two global brand consultants to assist her in developing its ESG Strategy, Climate Risk Strategy, and Integrated Reporting.

**Governance, Risk, and Compliance (GRC) Application**

During the year, we deployed Ansarada, a Governance, Risk, and Compliance (GRC) Application, to manage risk and compliance processes effectively. The application will improve risk and compliance strategy, with integration into key processes proving effective in changing how risk and compliance are managed across the Group.

**Compliance Management and Reporting**

We have compliance management programs in place to ensure adherence to relevant laws and regulations, deploying sanctions screening platforms to manage sanctions risk and improve Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT) programs. Compliance issues, including AML/CFT, are reported to the GBRC and regulators as required.

**Continued Infusion of Risk Management**

Moving forward, the Group Board, Committees, GMRC, and stakeholders will ensure that risk management remains integral to our strategy and decision-making processes, safeguarding shareholders' investments and stakeholders' interests.

**Human Capital and Capacity Building****Our People – Our Competitive Advantage**

We value our people and appreciate their contribution to our business. We have created human capital processes and programs that assist, develop, and care for our people from the moment they join our team throughout the course of their careers. As a result, we continue to invest in transforming how we deliver services to our customers, and a big part of that is transforming our people's skills and capabilities in a digitally transformative global space. Beyond building future capabilities, we also have several initiatives focused on staff welfare, employee wellness as well as diversity as we position ourselves for the future.

We take cognisance of continuous employee experience to enable the improvement of our client experience. We appreciate the tireless and dedicated efforts of each and every one of our people in pursuit of exceptional service delivery. We know that for such inspired levels of commitment to be maintained, for the benefit of all our stakeholders, our people must remain motivated and empowered, primed to perform at their best in the high-performance culture that we seek to inculcate in the business. We therefore leave no stone unturned in our efforts to support our people and create the enabling environment they require to flourish.

Despite the economic challenges posed by the operating environment, as an agile team the business swiftly responded through implementation of numerous initiatives to support our people at Group level and at country level depending on the economic challenges being faced in each country. We kept our focus on enhancing our Employee Experience, building and implementing our Talent Management proposition, focusing on development initiatives to uplift our capability in delivering our ambitions. As an organization driven by results, we focused on building a robust high-performance culture and optimising our costs to ensure that we remain efficient and competitive in delivering quality service to our clients.

### Diversity Equity and Inclusion (DEI)

#### Gender balance

WAICA Re is committed to ensuring gender equality and sensitivity in the workplace. A key part of this commitment is improving female representation at all levels, as outlined in the 2023 corporate strategy and beyond. Strategies employed by Management in this regard include encouraging female candidates to apply for all roles. While interventions are gaining momentum, the impact is beginning to yield results based on the nominal wins posted in the past year, as shown in the table below

DEI	2022	2023
Female Managers	15%	24%
Female staff	32%	30%
Female Recruitments	45%	33%
Employees with disability	1	1

The business promoted diversity, equity, and inclusion by achieving and recording a 32% female-to-male ratio, an improvement of 2% from 2022. The female attrition rate for 2023 was 45%, greatly improving from the 33% recorded in 2022. The business is an equal opportunity employer, and to this end, we have one disabled staff member who has continued to perform his usual roles without any form of discrimination. In celebration of the International Women's month, the Group profiled all the female team members and held a virtual leadership session for all women on 'Let the successful woman share her story.'

#### Our Approach to Talent Acquisition and Retention

Our stock of human capital is key to our ability to deliver against our strategic objectives. It includes the individual skills, competencies and experience of our people, their health and well-being and their motivation to improve our productivity, processes, products and services. In 2023, we restructured our organogram to respond to the strategic changes. We introduced and filled the positions of Investments Manager and Head Financial Reporting. WAICA Re's employment creation rate increased by 8% when compared to prior year. The significant investments towards our expansion drive during the year largely resulted employment creation in the different countries. We further contributed to employment

creation in United Arab Emirates following the registration of our subsidiary. Our investment in improved employee experience paid out as our retention improved by 8% in comparison to 2022.

The table below provides a summary of our employment creation efforts in Africa and beyond. The quality of our new team members is undisputable, as they are exceeding expectations.

Region	Head count		Change
	2022	2023	
Africa	92	98	6%
United Arab Emirates	-	3	100%
Total employees	92	101	8%
Staff retention	85%	93%	8%

#### Culture Transformation

We continued with our journey toward culture transformation, as this is the backbone of a successful organisation. After conducting an audit, we selected six facets that define our culture: performance, client experience, empowerment, trust, innovation, and leadership. We developed a Culture Blueprint to guide all our people on our values, norms, and behaviors. We are committed to establishing a culture that resonates with every one of our employees, regardless of their location.

#### Performance Management Digitalisation

The Performance Culture was greatly enhanced in the year under review, with the Strategic Performance Management tool, the Balanced Scorecard (BSC) being improved for a better user experience. The Group invested in the digitalization of the performance management cycle as part of our digitalization drive and improvement of our processes and systems. The year saw the implementation of the project for utilisation in 2024. The system includes a tool to track the strategy implementation. The Group continued with performance reinforcement tools like Innovator@WAICA Re, a process that promotes innovation through recognizing and rewarding all our non-managerial people for profitable and value-adding innovative ideas.

#### Talent Management and Development

##### Talent Retention -Remuneration Initiatives

The business's operating environment continued to be characterised by challenging economic conditions, as the impact of exchange rate losses hit hard on our staff earnings. Nonetheless, as a company that values its people, WAICA Re adjusted salaries to mitigate the impact and maintain talent retention and motivation. The adjustment met both internal equity and external equity requirements to ensure retention. To balance the various needs of our stakeholders, we continue to maintain agreed-upon people cost management benchmarks. All initiatives were implemented in line with the reward principles of stakeholder alignment, tax efficiency, flexibility, sustainability, and retention considerations.

#### Other Benefits Review

In addition, the Group reviewed the Human Capital policies and made changes to improve conditions for staff. The policies reviewed included motor vehicle loans, study leave requirements, and training and development implementation. These changes represent our commitment to ensuring our staff always have the best support for their efforts.

### Career Path Development Plans

We continue to recognize diversity and address the needs of different generational groups. We reviewed our Career Path Development Plans to strengthen our long-lasting relationship with Millennials and fulfill their career aspirations through development. Our philosophy is that the company's growth should reflect employees' career growth, enabling us to fill most of our vacancies internally.

### Training and Development

The Group strongly believes in organisational learning as a process of creating, retaining, and transferring knowledge within an organisation. We always strive to ensure that employees are equipped with up-to-date skills and knowledge. For this reason, various courses are offered to employees every year, ranging from technical trainings, commercial skills training, soft skills training and leadership trainings. The Group invested significantly in leadership development, sending the Executive team on a two-week in-person executive leadership training, while senior management attended an online Harvard Business School leadership development training. Each employee achieved at least 60 hours of learning during the year.

The Group also continued to sponsor staff to attain professional qualifications in their areas of expertise as part of promoting continuous development.

### Wellness Drive

#### Health Matters Talk show.

Keeping our people safe, healthy and fully knowledgeable is our key priority. Hence, we continued the Health Matters Talk Show, which involved periodic expert talks on a variety of health topics. This is driven by the philosophy that prevention is always better than cure. We managed to host 3 shows in the year, covering topics like drug abuse, stroke and diabetes management and stress and mental health awareness.

### Wellness Checks

The health of our people is an assurance of a sustainable future and maintenance of our competitive advantage. WAICA Re continues to fully fund employees' annual medical checks. The check-up covered basic full body exams, as well as non-communicable diseases like diabetes, hypertension and various types of cancers. Health education and promotion were also provided. The program continues to offer a one-stop shop for all medical ailments and present an opportunity for employees to get expert medical advice.

### Looking Forward

In 2024, we will continue to emphasize underwriting discipline. Our focus on costs, prompt payment of claims, and timely response to our clients also remains paramount.

We will also closely monitor the macroeconomic and political conditions in our key markets. We anticipate an attractive reinsurance market environment to continue in 2024. With an improved balance in risk-sharing, WAICA Re can leverage its strengths by partnering with our clients to provide sufficient risk-transfer capacity to manage peak perils and recover from them when they materialise.

2024 offers us an opportunity to recommit to our enduring core values, including customer centricity, integrity and excellence, which make WAICA Re a meaningful contributor to the well-being of our clients, employees, shareholders and broader society.





TOGETHER TOWARDS TOMORROW

2023

WAICA Reinsurance Corporation PLC  
and its Subsidiaries

### **Gratitude**

On behalf of the Board of Directors, I would like to express our gratitude to our clients and business partners for their unwavering support, loyalty, and trust in our Company. Additionally, I would like to extend our sincere appreciation to the Executive Management and Staff for their hard work, dedication, and commitment throughout the years. It is crucial that they continue to maintain this level of determination to overcome the ever-evolving challenges in Africa and globally that we face as a corporation.

May God bless us all.

Thank you.



# YOU WON'T EVEN NOTICE US.

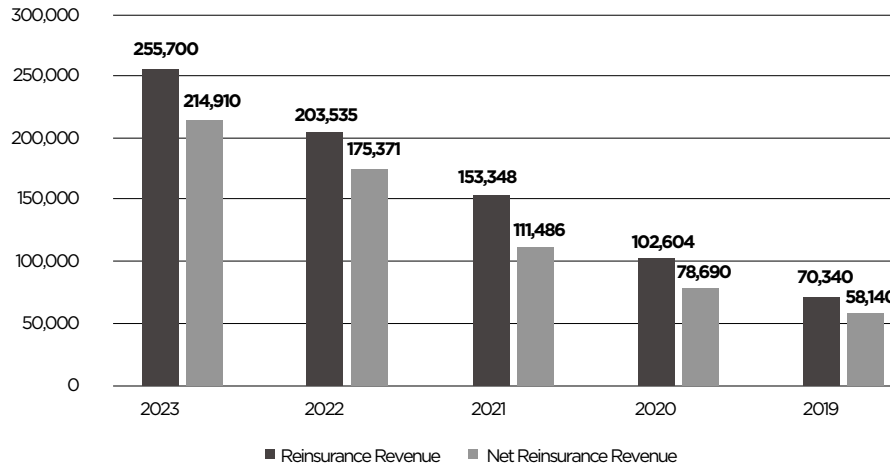
But we're right beside you making sure  
everything is going smoothly, even when it's not.

[www.waicare.com](http://www.waicare.com) | [info@waicare.com](mailto:info@waicare.com)  
[waicareinsurance@waicare.com](mailto:waicareinsurance@waicare.com)

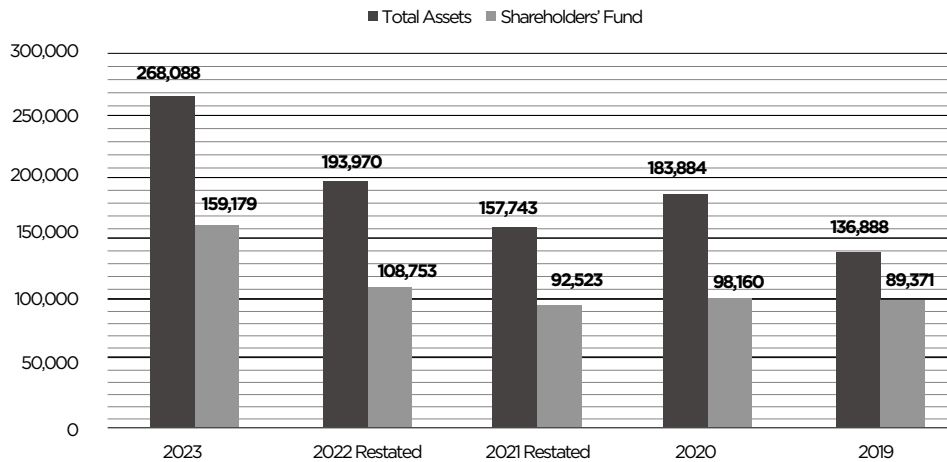
**WAICA Re**  
WAICA REINSURANCE CORPORATION PLC  
TOGETHER TOWARDS TOMORROW

<b>FIVE YEAR FINANCIAL SUMMARY</b>	<b>2023 \$'000</b>	<b>2022 Restated \$'000</b>	<b>2021 Restated \$'000</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Reinsurance Revenue	255,700	203,535	153,348	102,604	70,340
Net Reinsurance Revenue	214,910	175,371	111,486	78,690	58,140
Underwriting Profit	34,349	31,396	20,638	8,845	4,994
Investment & Other Income	10,853	8,566	4,552	3,908	3,442
Net Profit Before Tax	39,329	25,586	21,163	13,553	9,734
Total Cash & Investments	226,046	169,360	141,769	114,932	88,901
Shareholders' Funds	159,179	108,753	92,523	98,160	89,371
Total Assets	268,088	193,970	157,743	183,884	136,888
Loss Ratio	39%	38%	48%	39%	32%
Combined Ratio	83%	83%	88%	91%	94%
Return on Equity	23%	18%	18%	14%	11%
Earnings per Share	0.62	0.47	0.48	0.28	0.2

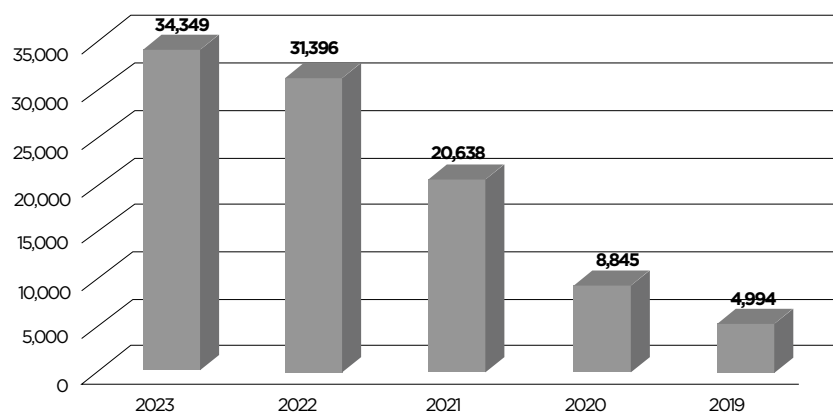
## Reinsurance Revenue Vs Net Reinsurance Revenue



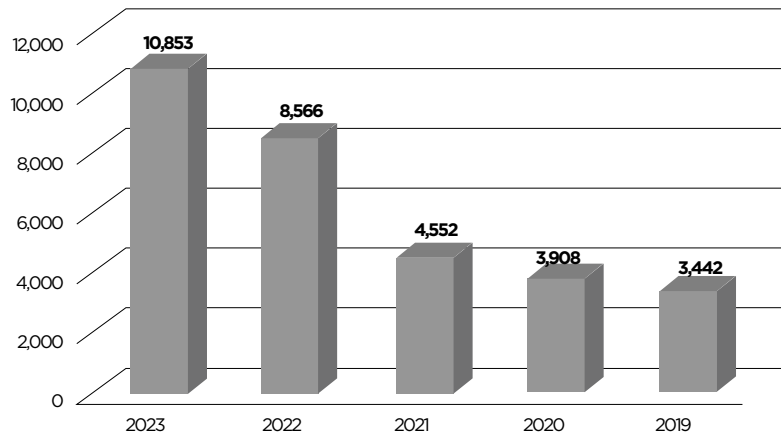
## Total Assets Vs Shareholder's Fund



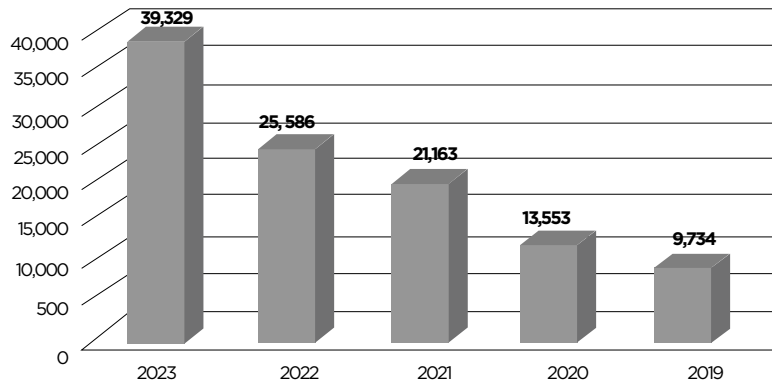
## Underwriting Profit



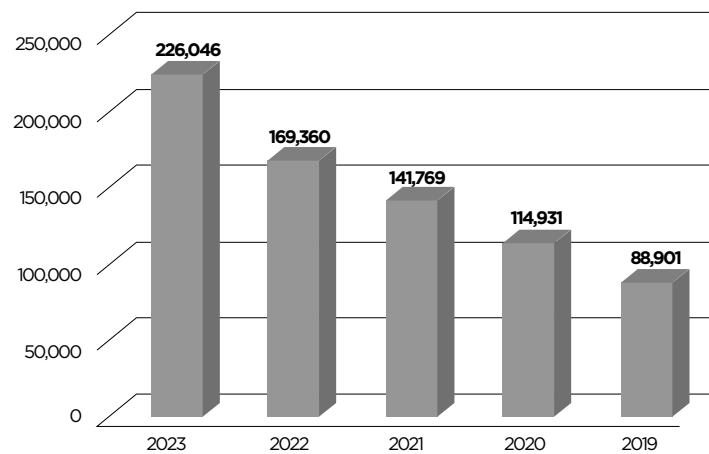
### Investment & Other Income



### Net Profit Before Tax



### Total Cash & Investments



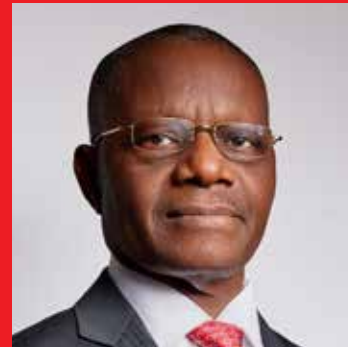






**Kofi Duffuor**  
Group Chairman

## DIRECTORS



**Ezekiel Abiola Ekundayo**  
Group MD/CEO



**William Coker**



**Senor Thomas-Sowe**



**Samuel Amankwah**



**Donald Charles Kaye**



**Adeyemo Adejumo**



**Dr. George Agyekum  
Nana Donkor**



**Olatoyosi Alabi**



**Davis Iyasere**





**Ezekiel Abiola Ekundayo**  
Group MD/CEO

## MANAGEMENT



**Samuel Jasper Baidoo**  
Group CFO



**Clement Owusu**  
Group CCO



**Steve Odjugo**  
Group CTO



**Wilberforce Machimbidzofa**  
CEO (Zimbabwe)



**Charles Etemesi**  
CEO (Kenya)



**Haruna Gariba**  
CEO (WAICA Re Capital-Ghana)



**Dr. Sunday Segun Asake**  
Regional Director  
(Sierra Leone)



**Hanene Boukhris**  
Regional Director  
(North Africa)



**Edward Duamroh**  
Regional Director  
(Ghana)



**Gilles-Alexandre Ayiman**  
Regional Director  
(Francophone)



## DIRECTORS

Kofi Duffuor  
Abiola Ekundayo  
Senor Thomas-Sowe  
William Coker  
Samuel Amankwah  
Donald C. Kaye  
Olatoyosi Alabi  
Benjamin Mutuku Kamanga  
George Agyekum Nana Donkor  
Adeyemo Adejumo  
Everett J. Clark  
Davis Iyasere

Chairman  
Group Managing Director/CEO

Retired 13 July 2023

Retired 13 July 2023  
Appointed 28 September 2023

## REGISTERED OFFICE

30 Junction  
Hill Station  
Freetown, Sierra Leone

## BANKERS

Ecobank Ghana Limited  
Ecobank Nigeria Limited  
Ecobank Sierra Leone Limited  
Ecobank Cote D'Ivoire Limited  
Guaranty Trust Bank Plc, Nigeria  
United Bank for Africa Cote D'Ivoire Limited  
United Bank for Africa, Sierra Leone Limited  
Access Bank Ghana Limited  
Access Bank Sierra Leone Limited  
Bank of Sierra Leone  
Trust Bank Gambia Limited  
Union Trust Bank Limited

## CORPORATE SECRETARIES

Freetown Nominees Limited  
55 Sir Samuel Lewis Road  
Aberdeen  
Freetown  
Sierra Leone

## AUDITOR'S

Baker Tilly Sierra Leone  
Chartered Accountants  
Baker Tilly House  
37 Siaka Stevens Street  
Freetown- Sierra Leone





# YOU WON'T EVEN NOTICE US.

But we're right beside you making sure  
everything is going smoothly, even when it's not.

[www.waicare.com](http://www.waicare.com) | [info@waicare.com](mailto:info@waicare.com)  
[waicareinsurance@waicare.com](mailto:waicareinsurance@waicare.com)

**WAICA Re**  
WAICA REINSURANCE CORPORATION PLC  
TOGETHER TOWARDS TOMORROW

## Report of the Directors

The Directors present their report together with the audited financial statements of the WAICA Reinsurance Corporation Plc (the "Corporation") standing alone and its Subsidiaries (together referred to as the "Group") for the year ended 31 December 2023.

## Directors' responsibility statement

The Directors are responsible for the consolidated and separate preparation of financial statements that give a true and fair view of WAICA Reinsurance Corporation Plc and its subsidiaries, comprising the consolidated and separate statement of financial position at 31 December 2023, and the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2009 as amended. In addition, the Directors are responsible for the preparation of the Report of the Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

## Principal activities

The principal activities of the Group are to operate international, national, regional and sub regional reinsurance offices and institutions and to provide technical assistance to members of West Africa Insurance Companies Association (WAICA) and any other insurance and reinsurance institutions from around the world. The Group also provides insurance management services and fund management services to organizations and private individuals. There was no change in the Group's business during the year.

## The Group

The Group comprises of WAICA Reinsurance Corporation Plc (the Parent Group) and five subsidiaries:

- **WAICA Re Capital Ghana Limited:** Incorporated and domiciled in Ghana and provides fund management services.
- **WAICA Re Kenya Limited:** Incorporated and domiciled in Kenya and provides reinsurance services.
- **WAICA Re Zimbabwe (Pvt):** Acquired and domiciled in Zimbabwe and provides reinsurance services.
- **WAICA Re DIFC:** Incorporated and domiciled in United Arab Emirates to provide insurance management services.
- **AACL:** Incorporated and domiciled in United Kingdom to provide financial services.



## REPORT OF THE DIRECTORS (CONTINUED)

## Results

The financial results of the Corporation and its subsidiaries for the year ended 31 December 2023 are set out in the attached financial results, highlights of which are as follows

In thousands of United States Dollars	Group		Corporation	
	2023	2022 restated	2023	2022 restated
Profit after tax (attributable to equity holders)	36,043	23,095	27,175	16,816
to which is added the balance brought forward on retained earnings	31,093	11,057	21,604	7,847
	67,136	34,152	48,779	24,663
Out of which is transferred (to)/from:				
Contingency reserves	(5,600)	(4,650)	(5,600)	(4,650)
Regulatory reserves	-	6,591	-	6,591
Transaction cost: right offer	-	-	(79)	-
Bonus share issued	(94)	-	(94)	-
Dividend paid to shareholders	(6,000)	(5,000)	(6,000)	(5,000)
<b>31 December</b>	<b>55,442</b>	<b>31,093</b>	<b>37,006</b>	<b>21,604</b>

## Share capital

Details of the Group's share capital are shown in note 18 to these financial statements.

## Capital management

WAICA Re monitors its internal capital requirements based on a risk-based economic capital model that is based on Solvency 2 principles with modifications to take into account the environment that WAICA Re operates in. The capital model comprises an underwriting risk, credit risk, market and operational risk modules. The capital requirements are calculated at a Group level but the subsidiaries independently monitor capital levels based on local requirements.

The restated Solvency Capital Ratio dropped to 101% due to the adoption of IFRS17 Insurance contracts and IFRS9 Financial instruments which had adverse impact on equity of USD24m as at 31 December 2022. A rights issue was undertaken in 2023 to shore up the capital levels leading to a significantly improved capital position.

The required capital increased from USD 102m in 2022 to USD 129m while the available capital increased from USD 109m to USD 159m over the same period.

To further strengthen capital adequacy the Group will be raising additional capital through a private placement in 2024.

## REPORT OF THE DIRECTORS (CONTINUED)

The table below summarizes the capital position as at 31 December 2023

In thousands of United States Dollars	31 December 2023	31 December 2022 restated
<b>Economic capital</b>		
Premium and reserves risk capital	75,633	61,024
Catastrophe Risk Capital	34,056	25,865
Total	109,689	86,889
Underwriting risk	90,378	71,987
Credit risk	23,612	17,946
Market risk	52,208	40,967
<b>Total</b>	<b>166,198</b>	<b>130,900</b>
Diversification risk	37,509	29,330
Basic required capital	128,690	101,570
Operational risk	6,639	5,616
<b>Total economic capital requirement</b>	<b>135,329</b>	<b>107,186</b>
<b>Shareholders fund</b>	<b>159,171</b>	<b>108,753</b>
<b>Solvency capital ratio</b>	<b>118%</b>	<b>101%</b>

### Related party transactions

Information regarding directors' interests in ordinary shares of the Corporation and remuneration is disclosed in note 39 to the financial statements. Other than their contracts as directors, no director had a material interest in any contract to which the Corporation was a party during the year. Related party transactions and balances are also disclosed in note 39 to the financial statements.

### Dividend

In respect of the year ended 31 December 2023 result, the Board of Directors proposed a dividend of US\$ 0.1384 per share amounting to US\$8,000,261 to be paid to existing Shareholders whose names appear in the register of the Corporation as at the date of the Annual General Meeting. (2022: Dividend of US\$ 6,000,000).

### Particulars of entries in the interest register

The Directors do not have any interest to be entered in the interest register during the year. The Directors who served within the year and their interest in the Corporation's equity are as follows:

## REPORT OF THE DIRECTORS (CONTINUED)

## Directors

	Year ended 31 December 2023		Year ended 31 December 2022	
	No. of Shares	Percentage Holding	No. of Shares	Percentage Holding
Kofi Duffuor	280,689	0.49%	200,221	0.41%
Abiola Ekundayo	100,854	0.17%	83,649	0.17%
Senor Thomas-Sowe	21,646	0.04%	17,946	0.04%
William Coker	24,116	0.04%	20,009	0.04%
Samuel Amankwah	-	-	-	-
Donald C. Kaye	-	-	-	-
Olatoyosi Alabi	-	-	-	-
Benjamin Mutuku Kamanga (Retired July 2023)	-	-	-	-
George Agyekum Nana Donkor	-	-	-	-
Adeyemo Adejumo	-	-	-	-
Everett J. Clark (Retired July 2023)	-	-	-	-
Davis Iyasere (Appointed September 2023)	-	-	-	-

## Auditor

In accordance with Section 308 of the Companies Act 2009 of Sierra Leone, a resolution for the re-appointment of Baker Tilly as auditors of the Corporation is to be proposed at the forthcoming Annual General Meeting.

## Employment of disabled people

The Group does not discriminate against disabled persons as it is clearly stated that there shall not be any discrimination against a qualified individual with disability with regards to recruitment, advancement, training, compensation, discharge or other terms, conditions or privileges of employment.

## Health, safety and welfare at work

The Group has retained the services of a medical facilities for all employees of the Group and a conducive office environment is maintained for staff and visitors, with adequate lighting and ventilation.

## Employee involvement and training

There are various forums where the staff meet and discuss issues that relate to them and their progress at the work place, these include unit meetings, and regular general meetings.

There is an approved training schedule for staff, and the Group also has a staff performance appraisal process through which staff are appraised and promotions and /or increments made.



## REPORT OF THE DIRECTORS (CONTINUED)

## Board of Directors

## Profile

Name	Nationality	Position
Kofi Duffuor	Ghanaian	Board Chairman
Ezekiel Abiola Ekundayo	Nigerian	Group MD/CEO
William Coker	Gambian	Non-Executive
Senor Thomas Sowe	Gambian	Non-Executive
Samuel Amankwah	Ghanaian	Non-Executive
Donald Charles Kaye	Sierra Leonean	Non-Executive
Adeyemo Adejumo	Nigerian	Non-Executive
Everett J. Clark (Retired 13 July 2023)	Liberian	Non-Executive
Benjamin Mutuku Kamanga (Retired 13 July 2023)	Kenyan	Non-Executive
Dr. George Agyekum Nana Donkor	Ghanaian	Non-Executive
Olatoyosi Alabi	Nigerian	Non-Executive
Davis Iyasere (Appointed 28 September 2023)	Nigerian	Non-Executive

## REPORT OF THE DIRECTORS (CONTINUED)

**Biographical information of directors**

The Board consists of a Non-Executive Chairman, eight (8) other Non-Executive Directors and one (1) Managing Director. The Non-Executive Directors are independent of management and free from management constraints that could interfere with the exercise of their objective and independent judgments. The Directors collectively possess strong functional knowledge, expertise, and experience to make valuable contributions to the group.

**Mr. Kofi Duffuor**

Mr. Kofi Duffuor is the Chief Executive Officer of Star Assurance Group Limited, Ghana. Prior to his elevation to the highest executive position in 2020, he was the Managing Director of the Group's General Insurance Subsidiary – Star Assurance Co. Ltd. He was instrumental in Star Assurance's restructuring in 1996, as the General Manager. With hard work and dedication, Kofi and his executive team moved Star Assurance from almost the bottom of the league of insurance companies to become the third largest non-life insurance Group in Ghana.

Star Assurance has also won the prestigious Chartered Institute of Marketing Ghana (CIMG) Insurance Group of the Year award twice under his leadership.

Mr. Duffuor in March 2011 was unanimously appointed by the West African Insurance Companies Association (WAICA) to chair the Board of the newly established WAICA Reinsurance Corporation PLC, a multinational reinsurance Group, headquartered in Freetown, Sierra Leone, which currently has a balance sheet size of over US\$260 million as a result of his business acumen and great leadership skills, a position he still occupies.

He was once an executive member of the Ghana Insurers Association and also chairman of the Association's Finance and Secretariat's Board Committee. Kofi was adjudged the Best CEO of the Year 2018 – General Insurance Category by the CEOS Network Ghana. He is also a recipient of Ghana Business Leaders Excellence GOLD Award.

Kofi holds a Master of Business Administration degree in Entrepreneurial Management from the University of Ghana. Kofi had his insurance training in the United Kingdom. He is a Chartered Insurer and Fellow of the prestigious Chartered Insurance Institute (FCII) – UK. He is also a Fellow of the Chartered Insurance Institute of Ghana (FCIIG). He is well oriented in insurance management, business development, and marketing. He has over thirty (30) years' experience in insurance underwriting, claims management, and insurance marketing.

He has attended several conferences and seminars both at home and abroad in insurance management and financial management.

**Mr. Abiola E. Ekundayo**

Mr. Ezekiel Abiola Ekundayo is the managing Director / Chief Executive Officer of WAICA Reinsurance Corporation Plc. He is a seasoned insurance Practitioner with more than 35 years of experience in the insurance industry.

He started this worthwhile career in 1984 with a broking firm in Lagos, Nigeria. He worked with WAPIC Insurance Group Limited, Nigeria, for few years before joining Globe Reinsurance PLC in 1989. The hard-working and resourceful Ezekiel was consistently identified with the Group's growth, and in recognition of his contributions, he was appointed Executive Director in 2000 and later confirmed as the Deputy Managing Director in 2001. Ezekiel continued to be result-driven and goal-oriented, and he was eventually appointed as the Managing Director /CEO of the Group in 2007. He piloted Globe Re to the Francophone countries on the West African Coast, thus making Globe Re the first Nigerian Reinsurance Group to do business with the Francophone world.

Ezekiel Ekundayo joined WAICA Reinsurance Corporation in July, 2011 as the Pioneer MD/CEO. He started this noble Corporation from the zero level and grew it to become one of the fastest growing/leading reinsurance companies in Africa today.

**REPORT OF THE DIRECTORS (CONTINUED)**  
**MR. ABIOLA E. EKUNDAYO (CONTINUED)**

Under his leadership, the Corporation embarked on strategic business expansion which resulted in the establishment of four (4) Subsidiaries and four (4) regional offices within a short period.

Ezekiel was appointed the Group Managing Director/CEO in September 2018, and he sits on the Boards of the subsidiary companies.

His experience as an insurance practitioner covers wide areas of the profession, including brokerage, marketing, underwriting, reinsurance, investment and risk management. He has varied experience in executive management and technical fields, having attended courses, both locally and internationally. Some of the courses he has attended include 'Leading the Team Course' at Lagos Business school, Nigeria, 'Reinsurance strategic management' at the prestigious Wit Business School, University of Witwatersrand, Johannesburg, South Africa and 'Managing people Effectively' at D&B Business Training Services, London. He is a bilingual executive who speaks English and French fluently.

Ezekiel Abiola Ekundayo believes in insurance education and workforce development, as a result of which he has continued to train the younger professionals who can confidently take over tomorrow the mantle of leadership in the insurance profession. He is a member of the Governing Council, West African Insurance Institute. Member, Society of Fellows, West African Insurance Institute. He was conferred with the Fellowship of WAI for Academic Excellence and Development of the West African Insurance Institute, The Gambia, in 2019

He graduated from the Lagos state polytechnic, Nigeria, where he studied Insurance, and he holds a Master of Business Administration (MBA) from the Lagos State University. He is a Fellow of the Chartered Insurance Institute, London (with specialization in Reinsurance) and Chartered Institute of Marketing, Nigeria.

**Mr. Benjamin Mutuku Kamanga - (Retired 13 July 2023)**

Mr. Benjamin Mutuku Kamanga is an accountant by profession and an experienced business leader with over 29 years working experience – 16 in executive management, 7 in senior management and 6 in business advisory (Deloitte & Touche).

Over this period, Benjamin has stood out as a diligent and well skilled professional who has a strategic perspective of issues and an entrepreneurial mindset. Has demonstrated ability to lead diverse teams of professionals to new levels of success in highly competitive and fast-paced environments and has strong technical and business qualifications with an impressive track record.

He obtained a Master of Business Administration from Strathmore business school, Strathmore University, Nairobi, Kenya and a Bachelor of Commerce Degree from the University of Nairobi.

Benjamin Mutuku Kamanga is a member of the Institute of Certified Public Accountants and the Institute of Certified Public Secretaries in Kenya and holds a certificate from the Commonwealth Association of Corporate Governance and is Certified executive Leadership Coach.

He is a diligent and well skilled professional who has a strategic perspective of issues and entrepreneurial mindset. He is currently the Finance Director of Zep – Re (PTA Reinsurance Company) with key responsibilities such as Strategy, Finance, Investment, Performance Management and Member of the Executive Management team.

Prior to his work with Zep – Re (PTA Reinsurance Company), he worked as Chief Accountant and then Assistant General Manager at the Lion of Kenya Insurance Group Limited.

In this capacity he successfully executed a product differentiation strategy for the motor business to create a competitive advantage and target premium business; conceptualized and implemented a performance management programmed to attract, retain and reward best performance, developed an IT strategy which is currently being executed by the Group.

**REPORT OF THE DIRECTORS (CONTINUED)**  
MR. BENJAMIN MUTUKU KAMANGA (CONTINUED)

In addition, Benjamin has attended many other seminars/workshops in and out of Kenya in the areas of Human Resource Management, Investment Management, Taxation, Financial Management, ICT Management, Strategic Management and in Particular Insurance Business Management.

Benjamin Mutuku Kamanga has demonstrated the ability to lead diverse teams of professionals to new levels of success in highly competitive and fast – paced environments and has strong technical and business qualifications with an impressive track record.

**Mr. William B. Coker**

A Gambian by birth and nationality, Mr. William B. Coker started his insurance career in 1980 with the Gambia National Insurance Corporation and rose through the ranks to become its first Deputy Managing Director/Deputy CEO in 1994 and later in 1998 was appointed its Managing Director/CEO. William held this position until 2005 after which he was appointed to his current position as Secretary General/CEO of the West Africa Insurance Companies Association (WAICA) – a sub regional body of insurance institutions in West Africa.

William is a Chartered Insurer after having attended the CII College of Insurance in Sevenoaks, Kent, U.K. and qualifying in 1992 as an Associate of the Chartered Insurance Institute of London, U.K. He attended the prestigious Maastricht School of Management Netherlands and earned a Postgraduate Diploma (with Distinction) in General and Strategic Management in 1995.

He has attended many conferences/seminars/workshops over the years, is currently also a part-time lecturer at the West African Insurance Institute, (WAI) in The Gambia and is a Fellow of that institute. Mr. Coker is also a part-time lecturer at the Ghana Insurance College in Accra, Ghana. Mr. Coker has served or is still serving on numerous Boards of Directors/ Governing Councils and such bodies.

**Olatoyosi Alabi (Mrs.)**

Mrs. Olatoyosi Alabi is a Barrister and Solicitor with over 20 years' experience and proficiency in Intellectual property, notably trademarks enforcement, and has prosecuted and defended a number of lawsuits involving passing off claims, trademark, design, patent and copyright infringement and revocation of trademarks. She also represents clients in Mergers and Acquisitions transactions, advising on transfer and acquisition of IP rights.

She obtained a Master of Arts from Kings college, University of London, United Kingdom and LL. B from the London School of Economics and Political Science and is currently a partner at Olaniwun Ajayi LP, Lagos. As Partner and Former Head, Corporate Affairs, Planning & Strategy she has been charged with ensuring good governance, strategic planning, development of efficient systems and processes, knowledge management, client management and business development.

Mrs. Olatoyosi Alabi's portfolio as partner currently includes "External Relations" and her role includes a core liaison between the firm and foreign relationship firms and alliances and to ensure effective relationship Management of these partners and growth of the business.

As previous head of the Enterprise practice of Olaniwun Ajayi LP, she led her team as both Group Secretary and Legal Adviser to various clients to wit; in the manufacturing, hospital, and information technology sectors, and advised local and international clients on Group law matters and establishment of businesses in Nigeria.

Mrs. Olatoyosi Alabi has a keen interest and growing passion in the dispensation of justice and settlement of disputes through judicial means as well as through alternative dispute mechanisms, notably, mediation.

She has attended several key conferences and knowledge exchange programmes which has also added to her wealth of experience in areas such as Women in Leadership in Law, Growing a thriving IP Practice, Managing Legal Staff & Millennials in a law firm.

REPORT OF THE DIRECTORS (CONTINUED)  
OLATOYOSI ALABI (MRS.) (CONTINUED)

In general, Mrs. Olatoyosi Alabi provides thought leadership on subjects within her core legal areas and is passionate about people development and offers coaching and counselling sessions.

**Mrs. Senor Thomas-Sowe**

Senor Thomas-Sowe is the Executive Vice Chair, Royal Insurance Gambia Limited. Mrs Senor Thomas-Sowe started her insurance career with Senegambia Insurance Group Limited in 1987 where she rose to the rank of Deputy Manager before which she had been head of various departments. She joined Gamstar Insurance Group Limited in 1996 before joining Global Security Insurance Group limited in 1997 as immediate Assistant to the Managing director.

She joined International Insurance Group Gambia Limited in December 2000 as Technical Manager where she rose to be the Managing Director for 10 years. She retired in February 2013 and was promoted to the Group as Group Chief Operating Officer-Insurance to oversee all the Insurance Companies in the FIBank Group, that is International Insurance Group Limited in Guinea, Liberia, Sierra Leone and The Gambia. She left in February 2014 to take up an appointment as Executive Vice Chair Royal Insurance Gambia Limited.

She is an alumnus of the College of Insurance and Risk Management (WAI), a Member of The Chartered Insurance Institute of London as well as Fellow of The West African Insurance Institute. She has attended various courses and Seminars both in The Gambia and abroad. Mrs Senor Thomas-Sowe is a Past President of The Insurance Association of The Gambia, Past President of the West African Insurance Companies Association (WAICA) and was a member of the Governing Council and Academic Board of the West African Insurance Institute.

She currently holds directorships including Group Investment Gambia (GIG) and Gambia Radio and Television Services (GRTS).

**Dr. George Agyekum Nana Donkor**

Dr. George Agyekum Donkor is the President and Chairman of the Board of Directors of the ECOWAS Bank for Investment and Development (EBID), a regional international financial institution belonging to the fifteen (15) ECOWAS Member States namely, Benin, Burkina Faso, Carbo Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea Conakry, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

Dr. Donkor had previously held the position of Vice-President, Finance and Corporate Services, for seven (7) years and prior to that, Head of Legal Division/Compliance for four (4) years of the same institution. Before joining EBID, Dr. Donkor served in management capacities in many corporate positions including Head of Legal/Compliance for the ARB Apex Bank Limited, Ghana. His professional interest focuses on corporate law, leadership, change management and improvements.

Dr. Donkor has spearheaded and implemented several strategic initiatives in the Bank including opening the Bank's capital to non-regional members, increasing the Bank's authorised capital and calling the third tranche of its capital subscription, expanding the Board Committees to include Governance and Ethics Committee and strengthening the Bank's risk management framework thereby reducing the non-performing loans in the Bank's portfolio.

A lawyer and a development banker by training, Dr. Donkor's illustrious career which spans close to three decades has been marked with outstanding success. He focuses on implementing change to drive progress not only in the West Africa sub-region but also stimulate a wider international impact through regional integration and engagement. Under his leadership, EBID has recorded unprecedented achievements including balance sheet growth of 22% and 158% oversubscription of its 2022 UEMOA bond issuance within a space of two (2) years. Additionally, the operational and financial performance recorded during the short period of Dr. Donkor's leadership has earned the Bank an upgrade in its credit rating from B2 (negative outlook) to B2 (stable outlook) by Moody's and B (negative outlook) to B (stable outlook) by Fitch rating agencies. Additionally, he has led the Bank to mobilize over one billion United States Dollars (USD 1 billion) within the short period of his appointment as President of the Bank.

## REPORT OF THE DIRECTORS (CONTINUED)

DR. GEORGE AGYEKUM NANA DONKOR (CONTINUED)

He holds a Doctor of Business Administration (DBA) and a Master of Applied Business Research (MABR) from the SBS Swiss Business School, Zurich, Switzerland. He earned a PhD (Marketing) from the Commonwealth Open University (CoU), British Virgin Island. Furthermore, he obtained an Executive MBA (Marketing) from the University of Ghana Business School, Legon, and a Postgraduate Certificate in Contemporary Management from the Nobel International Business School (NIBS), Ghana. Dr Donkor obtained Bachelor of Laws (LLB) degree from the University of Ghana, Legon, and a post graduate professional law certificate from the Ghana School of Law.

He is a Council Member of the University of Ghana and also the Chairman of the Investment Committee of the Council. He is also a Board member of Ecobank Transnational Incorporated (ETI), ASKY Airline, Waica Re Insurance, among others.

Dr. Donkor is a recipient of many awards including the 2022 Prix de la Fondation award at the prestigious Crans Montana Forum, Geneva, Switzerland, and Ghana Innovation Leadership Award organised by the Ghana Innovation/NIBS Award in 2019. He was recently named in the list of 100 personalities who are transforming Africa by financialafric, a renowned international magazine.

Dr. Donkor is a Speaker and Resource Person of numerous international conferences and fora.

**Mr. Adeyemo Adejumo**

Mr. Adeyemo Adejumo is a Chartered Insurer with over 30 (Thirty) years of experience in the Insurance Industry. He is an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria.

He holds a Bachelor of Science Degree (BSc.) in Biochemistry from the University of Ife, Ile Ife, Osun State and a Master of Business Administration (MBA) from the University of Lagos, Akoka, Yaba.

Adeyemo Adejumo worked with the National Insurance Corporation of Nigeria from 1979 to 1986 and then Continental Re where he started as a Technical Manager in 1986 and rose to the position of Managing Director/CEO in October 1995 up to 2010. As a result of his leadership and legacy, Continental Re Plc is a leading Private Reinsurance Group in Africa today.

He served as the President of the Chartered Insurance Institute of Nigeria and presided over the Council of Chartered Insurance Institute and headed various Committees of the Institute to strengthen Corporate Governance. He also served as a Director on the Board of Equity Life Insurance Group Limited; Great Nigeria Insurance Plc; Zimre-Maputo, Mozambique, Southern Africa; Alliance Capital Stock Brokers; Competent Insurance Brokers; Cornerstone Insurance Group and Royal Exchange General Insurance.

The nature of his work has led him to interact with underwriters such as Munich Re, Swiss Re and Brokers such as Alexander Howden, Steward Wrightson, J. B. Boda and other top professionals in the industry.

He has attended several Professional Development Training in the following areas; Underwriting and Reinsurance, Management Appreciation, Managing by Objectives, Staff Development Workshop, Fire Risk Management and Underwriting, Finance Programme for Senior Executives, Chief Executive Programme.

Mr. Adeyemo Adejumo is the author of several key publications among which are: The Challenges of Continuous Professional Development Insurer's View Point; The Millenium Bug, Implication for the Insurance Industry; International Trends and Development-Impact on a Regional Market.

He is a highly respected personality in the Africa Insurance Market and also very active in the Africa Insurance Organisation, West Africa Organisation, FANAF and the French Insurance Body.

He is an active advocate for community development and plays a great role in engaging community stakeholders for development.

## REPORT OF THE DIRECTORS (CONTINUED)

**Mr. Everett J. Clark (Retired 13 July 2023)**

Mr. Everett J. Clark holds a Bachelor of Science (BSc.) Degree in Business Administration from the Cuttington University College in Liberia. He is a seasoned development staff and has over Twenty (20) years of experience working for the United Nations Development Programme (UNDP) in Liberia.

In his capacity as Assistant Resident, Representative/Operations at the UNDP, Mr. Everett J. Clark supervised General Services delivery mechanism through regular consultations with the Deputy Resident Representative/Operations (DRRO), organized and implemented cost-recovery strategies and provided support to the DRRO in maintaining and coordinating the machinery to ensure consensus on common service issues.

Prior to his work at the UNDP, he served in various capacities as Underwriting Assistant, Office Manager, Assistant General Manager and then Senior Vice President of National Insurance Brokers. From 1984 to 1989, he also served as Manager, Non-Life Department of National Insurance Corporation of Liberia.

Mr. Everett J. Clark was also the Acting Director of West African Insurance Institute (WAI) in Banjul, The Gambia. He later served as the Chairman, Management Committee for the reactivation of the National Insurance Corporation of Liberia.

From 1993 to 1994, he served as the General Manager of Mano Insurance Corporation and his roles included but not limited to redesigning and implementing technical and administrative policies; supervising all sectional heads and overall management of staff; ensuring the maintenance of adequate system for financial controls and supervision of reinsurance programs.

He has been presented with several Professional Development Certificates which include but not limited to certificates in Middle Level Insurance Management; Public Procurement; Accounting for Property, Plant and Equipment. Over the years, Everett J. Clark attended several training Programs in Life and Non-Life Insurance, International Marine Insurance, Corporate Security Evaluation and Incident Reporting Workshop.

He also served as an Instructor at the Monrovia College Business Night School, as a visiting Lecturer at the West African Insurance Institute (WAI), and as an Instructor at the University of Liberia. He is presently a part time Lecturer at WAI.

**Mr. Donald Charles Kaye**

Donald Charles Kaye is a highly professional and experienced Accountant in Public Practice with over 38 years' experience which includes leading KPMG in The Gambia and now PKF in The Gambia as Senior Partner, after working in several KPMG offices in other countries. He is result driven, self-motivated and resourceful with a proven ability to develop and strengthen management teams in order to maximise human capacity.

Donald Kaye's extreme attention to details has helped companies of all types to maximize investments, cut spending and increase efficiency. He has strong knowledge of governing laws and regulations in the various locations he practiced and how to implement Group procedures. He is a successful motivator who brings a good attitude to every meeting. He possesses excellent communication skills and is able to establish sustainable and profitable relationships with stakeholders.

He is a Fellow of the Association of Chartered Certified Accountants in the United Kingdom (FCCA); the Institute of Chartered Accountants in Nigeria (FCA); and the Institute of Chartered Accountants in Sierra Leone (FCA). Administration and management and also liaising with PKF in West Africa and PKF International.

He is currently serving as a Member of the Governing Board for PKF Africa. He has a varied experience with audit, accounting, taxation and consultancy in banking and financial services (micro-credit), Insurance, air carriage, shipping, hospitality, oil and gas, service delivery etc. In the area of funded projects and programmes he has extensive experience in health, humanitarian relief, education, rural development and agricultural sectors, and other social projects.



REPORT OF THE DIRECTORS (CONTINUED)  
MR. DONALD CHARLES KAYE (CONTINUED)

He has an excellent command of the English language for accurate presentation of ideas in written and oral format as well as to comprehend the ideas of others. He is a qualified leader who is uncompromising when necessary and compassionate when required and has the ability to get along with all types of people in a variety of situations.

He has a strong knowledge of administration and management as well as human resources, including strategic planning, leadership techniques, personnel recruitment,

**Mr. Samuel Amankwah**

Mr. Samuel Amankwah is an experienced Financial Executive with a pleasant personality that is accredited with unique abilities to resolutely manage and execute projects pertinent to financial solutions and innovative business ideas. His extensive skill-set strongly correlates with an expertise in problem solving, identifying operational inefficiencies, and organisational skills. He values hard work and is diligent and result driven with an appreciation for team and team orientation.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA), UK and also possess a MSc. in Accounting and Finance from De-Montfort University, UK. He is also a member of institute of Chartered Accountants, Ghana. In addition to his educational qualifications, he attended several Professional Development Training in areas such as Corporate Governance and Capacity Training and Strategy, Risk and Reputation.

Samuel Amankwah served in various capacities at GCB Bank Limited, Ghana between 2000 and 2020 ranging from Consultant (Operations) in which his duties and responsibilities included advising and updating the Board on the strategic workflow of the Bank, assisting the Managing Director primarily on the division of labor. Throughout the organizational structure, providing advice on improving upon established Bank's Standards and Procedures.

He was a Deputy Managing Director (Operations) in which he assisted the Managing Director on regular delegated management issues, formulating and recommending strategies to enhance policies and procedures pertaining to operations to ensure effective service delivery and attainment of business goals. He was also a Deputy Managing Director (Finance) Chief Internal Auditor, General Manager, Treasury Division, and Deputy Head, Accounts Division respectively at GCB Bank Limited, Ghana. He worked as an Accountant at Adomako Basoah & Co. UK, Production Accounts Manager at Guinness Ghana Limited, and Auditor at UAC Group Limited.

Samuel Amankwah worked as Accountant at JSA Accountancy Services-Watford UK.

**Mr. Davis Ebelechukwu Iyasere (Appointed 28 September 2023)**

Mr. Davis Ebelechukwu Iyasere is the Secretary General/ Chief Executive Officer of the West African Insurance Companies Association (WAICA). His appointment followed the retirement of Mr. William Coker.

Prior to his appointment, Mr. Iyasere was the Deputy Director in charge of Corporate Communications, Human Resource, and Administration at the Nigerian Insurers Association where he had a career spanning almost two decades. Whilst in the services of the Association, he was noted for his dedication to duty, and commitment to the ideals of the Association.

He joined the Association as Corporate Affairs Manager in 2004 and rose through the ranks to his current position by a dint of hard work, strength of character, pursuit of excellence, humility, and strong intellectual capacity. Mr. Iyasere started his career as a freelance sports journalist with Vanguard Newspapers and later with National Times Newspaper before he joined the Guardian newspapers as a sub editor in year 2000. He later joined Sporting Champion, then Nigeria's highest selling weekly sports newspaper from where he joined the Nigerian Insurers Association as corporate affairs manager in 2004.

He had his secondary education at Comprehensive high school Igbodo, in Ika North East local government area of Delta State and was the Senior Prefect during his time. He later proceeded to the Nigerian Institute of Journalism, Ogba, Lagos for a professional diploma in Journalism. He obtained a Bachelor of Arts degree in Communication Arts from University

REPORT OF THE DIRECTORS (CONTINUED)  
MR. DAVIS EBELECHUKWU IYASERE (CONTINUED)

of Uyo, Akwa Ibom state with a second-class upper division and was the president of the Faculty of Arts Students Association (FASA).

His unquenchable quest for knowledge led him to pursue a Master's Degree in Communication Studies from Lagos State University. Not satisfied, he proceeded to the University of Lagos where he obtained a second master's degree in industrial and labour relations.

He is currently pursuing a doctorate degree in public relations in Babcock University, Ilishan, Ogun State.

He is widely travelled and belongs to many professional bodies and associations. They include: Nigerian Institute of Public Relations (NIPR), Advertising Practitioners Registration Council of Nigeria (ARCON), Chartered Institute of Personnel Management of Nigeria (CIPM), Chartered Insurance Institute of Nigeria (CIIN), Society for Human Resource Management (SHRM), USA, and Association of Corporate Governance Professionals of Nigeria.

**Commitment to Corporate Governance**

The key guiding principles of the Corporation's governance practices are:

- i. Good corporate governance for enhanced shareholder value
- ii. Clearly defined respective roles of Shareholders, Board of Directors and Management in the governance architecture
- iii. The Board of Directors should have majority of its membership as either Independent or Non-Executive Directors. Independent directors may be broadly defined as Non-Executive director who has the ability to exercise objective, independent judgment after fair consideration of all relevant information and views without undue influence from management or from inappropriate external parties or interests. These principles have been articulated in a number of corporate documents, including the Memorandum and Article of Association.
- iv. There is an Article of Association which spells out the functions and powers of the Board and Board Sub-Committees. There are also various policies which define the role of the Board and the Managing Director with regard to certain specific matters including staff hiring and discipline.

The Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of Executive Management.

As at 31 December 2023, WAICA Reinsurance Corporation Plc Board of Directors consists of ten (10) members made up of Non-executive Chairman, eight (8) Non-Executive Directors, and one (1) Executive Director.

These Board members have wide range of experiences and in-depth knowledge in management, insurance, economics, finance, law and industry, which enable them to make informed decisions and valuable contributions to the Corporation's progress.

REPORT OF THE DIRECTORS (CONTINUED)  
BOARD COMMITTEES (CONTINUED)**Board committees**

Board committees have been delegated with the responsibility to assist the Board in carrying out its duties and to enhance the effectiveness of the Board. Board committees periodically meet to achieve its objectives and also perform self-evaluation to assess the effectiveness of their functioning. These committees are:

**Finance and Investment Committee:** The Committee meets at least four times in a year to assist the Board of Directors to exercise oversight responsibility over the Group's financial performance and its investment decisions.

The composition of the Committee is as follows:

Name of Director	Position
Mrs. Senor Thomas-Sowe	Chairperson
Dr. George Agyekum Nana Donkor	
Mr. Samuel Amankwah	
Mr. Donald Charles Kay	

**Strategy and Operations Committee:** The Committee meets at least four times in a year to assist Board of Directors to exercise oversight responsibility over the Group's overall strategy, information and communication systems, and operational systems.

The composition of the Committee is as follows:

Name of Director	Position
Mr. William B Coker	Chairperson
Mr. Adeyemo Adejumo	
Dr. George Agyekum Nana Donkor	
Mrs. Olatoyosi Alabi	

**Human Resource, Remuneration, Ethics and Corporate Governance Committee:** The Committee meets at least four times in a year to assist Board of Directors to exercise oversight responsibility over the Group's human resource functions including policy and practice of the Group, corporate governance structures and employee remuneration.

The composition of the Committee is as follows:

Name of Director	Position
Mrs. Olatoyosi Alabi	Chairperson
Mr. William B Coker	
Mrs. Senor Thomas Sowe	
Mr. Adeyemo Adejumo	

**Risk Management, Audit and Internal Compliance Committee:** The Committee meets at least four times in a year to support the Board in fulfilling its oversight responsibility with regard to financial reporting, the system of internal controls and the process for monitoring compliance with laws and regulations. It is also responsible for establishing overall group risk management framework, risk metrics and controls, capable of identifying and managing risk.

The composition of the Committee is as follows:

Name of Director	Position
Mr. Donald Charles Kaye	Chairperson
Mr. Samuel Amankwah	
Mrs. Senor Thomas-Sowe	
Mr. Davis Iyasere	

## REPORT OF THE DIRECTORS (CONTINUED)

**Board balance and independence**

The composition of the Board of Directors and its Sub-Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the Corporation. The continuing independent and objective judgment of the non-Executive Directors has been confirmed by the Board of Directors.

**Code of Conduct, Ethics Charter and Conflict of Interest Policies**

The Board has approved Ethics Charter and Conflict of Interest policy that regulate the conduct of Directors. In addition, an approved Code of Conduct regulate the Conduct of all employees. Management has communicated the principles in the Group's Code of Conduct to its employees to provide guidance in the discharge of their duties. The above-mentioned policies set the standards of professionalism and integrity required for the Group's operations, which cover compliance with applicable laws, conflict of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down principles, to eliminate the potential for illegal practices.

**Internal control systems**

The directors have overall responsibility for the Group's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Group as at the reporting date and no significant failings or weaknesses were identified.

**Professional development and training**

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Group's business, the risks and strategic challenges it faces, and the economic, competitive, legal and regulatory environment in which the Group operates.

These trainings, together with the other training provided during the year, ensured that directors continually updated their skills, their knowledge and familiarity with the group's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

**Conflicts of interest**

The Group has established appropriate conflicts authorization procedures, whereby actual or potential conflicts are regularly reviewed and authorizations sought as appropriate. During the year, no such conflicts arose and no such authorizations were sought.



Secretary



Date



**Independent Auditor's report**  
**To the Shareholders of WAICA Reinsurance Corporation Group**

**Opinion**

We have audited the financial statements of WAICA Reinsurance Corporation Plc (the Group) as standalone and its subsidiaries (together, the group) as set out on pages 21 to 139 which comprise consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and as at 31 December 2023, and of its consolidated and separate financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the applicable laws and regulations.

**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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The result of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the Group financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WAICA REINSURANCE CORPORATION GROUP (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of reinsurance contract assets and liabilities</i></p> <p>The implementation of IFRS 17 necessitated a change in the measurement and reporting of the reinsurance contract assets and liabilities of the Group and the use of actuarial modelling to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to the insurance contracts.</p> <p>This included changes to:</p> <ul style="list-style-type: none"> <li>• Data architecture and data flow;</li> <li>• Identification and grouping of insurance contracts that share a similar risk profile;</li> <li>• Determination of risk adjustment factors;</li> <li>• Discount rate determination;</li> <li>• Risk adjustment approach;</li> <li>• Cost allocation and underlying assumptions.</li> </ul>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated the accounting policy and related methodology papers and performed an assessment of the resultant measurement model.</li> <li>• Assessed the information technology landscape and tested the general information technology controls;</li> <li>• Evaluated the actuarial models used and whether they functioned as intended in line with management's IFRS 17 methodology and the financial reporting framework;</li> <li>• Assessed the actuarial assumptions selected and the methodology applied in arriving at the risk adjustment (RA)</li> <li>• Tested the logic of the calculation engine and assessed the ongoing appropriateness of significant assumptions;</li> <li>• Performed an assessment of the transition approach, underlying calculations and areas of judgement; and</li> <li>• Reviewed the financial statements' presentation and disclosures</li> </ul>
<p><i>Allowance for expected credit losses on financial assets</i></p> <p>IFRS 9 introduced a forward-looking Expected Credit Loss (ECL) model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.</p> <p>The amount of ECL's recognized as a loss allowance or provision depends on the extent of credit deterioration since the initial recognition. The recognition of impairment could be done on a 12-month expected credit losses or Lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that take into account:</p>	<p>We have obtained an understanding of the Group's IFRS 9 provisioning process as well as the credit risk modelling methodology.</p> <p>We validated and tested the ECL model of the Group by assessing the data inputs and assumptions driving the model calculations.</p> <p>We have also performed the following substantive audit procedures:</p>

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WAICA REINSURANCE CORPORATION GROUP (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><i>Allowance for expected credit losses on financial assets</i></p> <ul style="list-style-type: none"> <li>The probability-weighted outcome.</li> <li>Reasonable and supportable information that is available without undue cost.</li> </ul> <p>Significant judgements in the determination of the Group's Expected Credit Loss include:</p> <ul style="list-style-type: none"> <li>Use of assumptions in determining various ECL modelling parameters including probability of defaults and loss given defaults.</li> <li>Determination of a significant increase credit risk and</li> <li>Determination of associations between macroeconomic scenarios.</li> </ul> <p>The use of different models and assumptions can significantly affect the level of allowance for expected credit losses on financial assets. Due to the significance of such assets which account for about 69% of total assets of the Group, and the significant use of judgements, assessment of allowance for expected credit losses has been identified as a key audit matter.</p> <p>A total amount of US\$1.3m has been recorded in the statement of profit or loss and other comprehensive income for the year as a recovery of prior period credit loss. The total impairments provision held as of 31 December 2023 in accordance with IFRS 9 impairment rules were US\$14.9m.</p> <p>Further disclosures relating to these amounts and the Group's accounting policies regarding estimating these ECLs have been disclosed in Note 3.2c and Note 7 respectively of these financial statements.</p>	<ul style="list-style-type: none"> <li>Reviewed and tested the methodology developed to calculate loan loss provision under IFRS 9, concentrating on aspects such as factors for determining a 'significant increase in credit risk', staging of loans, testing specific models related to Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD).</li> <li>Recalculated ECL estimates,</li> <li>Reviewed forward looking information / multiple economic scenario elements.</li> <li>For stage 3 exposures, we tested the reasonableness of the assumptions underlying the impairment identification and quantification including forecasts of future cash flows.</li> <li>We have also reviewed information relating to the allowance for expected credit losses on financial assets disclosed in the notes to the financial statements of the Group.</li> </ul>



**INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF WAICA REINSURANCE CORPORATION GROUP (CONTINUED)

**Other Information**

The Directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Sierra Leone, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated 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 Group's internal control.

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WAICA REINSURANCE CORPORATION GROUP (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 Group and its subsidiaries' 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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the Group. We remain solely responsible for our audit opinion.

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.

The Engagement Partner on the audit resulting in this independent auditor's report is Derrick Kawaley.

Freetown

  
Chartered Accountants

21 MARCH 2024

Date

2023

WAICA Reinsurance Corporation PLC  
and Its Subsidiaries

TOGETHER TOWARDS TOMORROW


**STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2023

In thousands of United States Dollars		Group		Corporation	
	Note	As at 31 December		As at 31 December	
		2023	2022 restated	2023	2022 restated
Assets					
Cash and bank balances	6	23,083	21,184	21,356	50,984
Financial Assets	7	185,487	138,622	157,473	69,468
Reinsurance contract assets	8	22,736	10,179	17,583	5,049
Reinsurance contract retroceded assets	8	6,440	6,462	3,653	2,513
Other assets	9	3,939	2,527	1,166	444
Property and equipment	10	7,677	2,993	6,379	2,216
Intangible assets	11	229	313	225	249
Right of use asset	12	498	864	328	959
Investment property	13	17,476	9,554	17,026	9,039
Corporate tax assets	14b	478	-	-	-
Deferred tax asset	14c	45	1,272	-	-
Total Assets		268,088	193,970	225,189	140,921
Liabilities					
Fund under management	15	-	4,460	-	-
Reinsurance contract liabilities	8	82,204	56,292	59,666	38,668
Reinsurance contract retroceded Liabilities	8	21,286	11,445	12,639	4,630
Trade and other payables	16	1,715	8,945	871	1,989
Current tax liability	14b	56	908	-	-
Deferred tax liability	14c	2,514	2,024	-	-
Deferred income	17	1,143	1,143	1,143	1,143
Total Liabilities		108,918	85,217	74,319	46,430

STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2023




TOGETHER TOWARDS TOMORROW

2023  
WAICA Reinsurance Corporation PLC  
and Its Subsidiaries

In thousands of United States Dollars	Note	Group		Corporation	
		As at 31 December 2023	2022 restated	As at 31 December 2023	2022 restated
<b>Equity</b>					
Share capital	18	57,805	49,083	57,805	49,083
Share premium	19	30,633	15,793	30,633	15,793
Retained earnings	20	55,442	31,093	37,006	7,847
Contingency reserve	21	25,825	20,225	25,825	15,575
Foreign currency translation	22	(11,107)	(7,952)	-	-
Other reserve	23	54	(7)	(399)	(398)
Capital reserve	24	518	518	-	-
Regulatory reserve	25	-	-	-	6,591
<b>Total equity</b>		<b>159,170</b>	<b>108,753</b>	<b>150,870</b>	<b>94,491</b>
<b>Total equity and liabilities</b>		<b>268,088</b>	<b>193,970</b>	<b>225,189</b>	<b>140,921</b>

The notes on pages 31 to 139 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

  
24 MARCH 2024  
Chairman  
Date

  
24 MARCH 2024  
Director  
Date

2023

WAICA Reinsurance Corporation PLC  
and Its Subsidiaries

TOGETHER TOWARDS TOMORROW

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		CORPORATION	
In thousands of United States Dollars	Note	2023	2022 restated	2023	2022 restated
Reinsurance revenue	26	255,700	203,535	186,663	155,009
Reinsurance service expense	27	(157,651)	(126,314)	(108,189)	(93,244)
<b>Reinsurance service result before reinsurance contracts retroceded</b>		<b>98,049</b>	77,221	<b>78,474</b>	61,765
Allocation of retroceded premiums	28	(45,372)	(30,789)	(34,990)	(24,495)
Amounts recoverable from retrocessionaire for incurred claims	28	4,582	2,605	2,605	(378)
<b>Net expense from reinsurance contracts retroceded</b>	28	<b>(40,790)</b>	(28,184)	<b>(32,385)</b>	(24,873)
<b>Reinsurance service result</b>		<b>57,259</b>	49,037	<b>46,089</b>	36,892
Interest revenue calculated using the effective interest method	29	8,144	7,158	5,849	5,553
Impairment recovery/(loss) on financial assets	30	1,307	(12,168)	1,539	(11,911)
Net foreign exchange expense		(7,110)	(2,073)	(10,340)	(3,010)
<b>Total investment income</b>		<b>2,341</b>	(7,083)	<b>(2,952)</b>	(9,368)
Reinsurance finance income/expense for Reinsurance contracts issued	31	(3,228)	1,820	(2,799)	1,437
Reinsurance finance income/expense for reinsurance contracts retroceded	32	271	(220)	143	(110)
<b>Net reinsurance financial result</b>		<b>(2,957)</b>	1,600	<b>(2,656)</b>	1,327
Financial expense	16	(85)	(108)	(38)	(75)
Other income	33	2,723	1,409	390	1,233
Management expense	34	(19,952)	(19,269)	(13,658)	(13,193)
<b>Profit before tax</b>		<b>39,329</b>	25,586	<b>27,175</b>	16,816
Tax expense	14a	(3,286)	(2,491)	-	-
<b>Profit after tax</b>		<b>36,043</b>	23,095	<b>27,175</b>	16,816

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022 restated	2023	2022 restated
<b>Profit for the year</b>	<b>36,043</b>	23,093	<b>27,175</b>	16,816
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Transaction cost: right offer	-	-	(79)	-
Remeasurement of defined benefit liabilities	61	391	(158)	157
Income tax relating to items that may be reclassified	-	-	-	-
	<b>61</b>	391	<b>(237)</b>	157
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences	(3,155)	(2,256)	-	-
Income tax relating to items that may be reclassified	-	-	-	-
	<b>(3,155)</b>	(2,256)	<b>-</b>	-
Other comprehensive income -net of tax	<b>(3,094)</b>	(1,865)	<b>(237)</b>	57
<b>Total comprehensive income for the year</b>	<b>32,949</b>	21,230	<b>26,938</b>	16,973
<b>Profit attributable to:</b>				
Equity holders of the Corporation	<b>36,043</b>	23,093	<b>27,175</b>	16,816
<b>Profit for the year</b>	<b>36,043</b>	23,093	<b>27,175</b>	16,816
Total comprehensive income attributable to:				
Equity holders of the Corporation	<b>32,949</b>	21,230	<b>26,938</b>	16,973

The notes on pages 31 to 139 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of United States Dollars	Share capital	Share premium	Retained earnings	Contingency reserve	Foreign currency translation reserve	Capital reserve	Other reserves	Regulatory reserves	Total
Group - 2022									
At 31 December 2021, as previously reported	49,083	15,793	32,469	15,575	(5,891)	518	(398)	6,591	113,740
Impact of initial application of IFRS 17	-	-	(18,643)	-	195	-	-	-	(18,448)
Impact of initial application of IFRS 9	-	-	(2,769)	-	-	-	-	-	(2,769)
Restated balance as at 1 January 2022	49,083	15,793	11,057	15,575	(5,696)	518	(398)	6,591	92,523
Total comprehensive income for the year	-	-	23,095	-	-	-	-	-	23,095
Profit for the year	-	-	23,095	-	-	-	-	-	23,095
Other comprehensive income net of income tax	-	-	-	-	-	-	391	-	391
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	(2,256)
Foreign currency translation reserve	-	-	-	-	(2,256)	-	-	-	(2,256)
Total other comprehensive income	-	-	-	-	(2,256)	-	391	-	(1,865)
Total comprehensive income	-	-	23,095	-	(2,256)	-	391	-	21,230
Other transfers	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	(4,650)	4,650	-	-	-	-	-
Transfer from regulatory reserve	-	-	6,591	-	-	-	-	(6,591)	-
Total other transfers	-	-	1,941	4,650	-	-	-	(6,591)	-
Transaction with owners recorded directly in equity	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	(5,000)	-	-	-	-	-	(5,000)
Balance at 31 December 2022	49,083	15,793	31,093	20,225	(7,952)	518	(7)	-	108,753

The notes on pages 31 to 139 are an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of United States Dollars	Share capital	Share premium	Retained earnings	Contingency reserve	Foreign currency translation reserve	Capital reserve	Other reserves	Regulatory reserves	Total
<b>Group - 2023</b>									
<b>Balance at 1 January 2023</b>	<b>49,083</b>	<b>15,793</b>	<b>31,093</b>	<b>20,225</b>	<b>(7,952)</b>	<b>518</b>	<b>(7)</b>	-	<b>108,753</b>
Total comprehensive income for the year	-	-	<b>36,043</b>	-	-	<b>518</b>	-	-	<b>36,043</b>
Profit for the year	-	-	-	-	-	-	<b>61</b>	-	<b>61</b>
Other comprehensive income net of income tax	-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	<b>(3,155)</b>	-	-	-	<b>(3,155)</b>
Total other comprehensive income	-	-	-	-	<b>(3,155)</b>	-	<b>61</b>	-	<b>(3,094)</b>
Total comprehensive income	-	-	<b>36,043</b>	-	<b>(3,155)</b>	-	<b>61</b>	-	<b>32,949</b>
Other transfers	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	<b>(5,600)</b>	<b>5,600</b>	-	-	-	-	-
Total other transfers	-	-	<b>(5,600)</b>	<b>5,600</b>	-	-	-	-	-
Transaction with owners recorded directly in equity									
Share issued	<b>8,628</b>	-	-	-	-	-	-	-	<b>8,628</b>
Share premium	-	<b>14,840</b>	-	-	-	-	-	-	<b>14,840</b>
Bonus share issued	<b>94</b>	-	<b>(94)</b>	-	-	-	-	-	-
Dividend paid	-	-	<b>(6,000)</b>	-	-	-	-	-	<b>(6,000)</b>
<b>Balance at 31 December 2023</b>	<b>57,805</b>	<b>30,633</b>	<b>55,442</b>	<b>25,825</b>	<b>(11,107)</b>	<b>518</b>	<b>54</b>	-	<b>159,170</b>

STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of United States Dollars	Share capital	Share premium	Retained earnings	Contingency reserve	Foreign currency translation reserve	Capital reserve	Other reserves	Regulatory reserves	Total
Corporation - 2022									
At 31 December 2021, as previously reported	49,083	15,793	25,473	15,575	-	-	(398)	6,591	112,117
Impact of initial application of IFRS 17	-	-	(15,190)	-	-	-	-	-	(15,190)
Impact of initial application of IFRS 9	-	-	(2,436)	-	-	-	-	-	(2,436)
Restated balance as at 1 January 2022	49,083	15,793	7,847	15,575	-	-	(398)	6,591	94,491
Total comprehensive income for the year	-	-	16,816	-	-	-	-	-	16,816
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income net of income tax	-	-	-	-	-	-	157	-	157
Remeasurement of defined benefit liability	-	-	-	-	-	-	157	-	157
Total other comprehensive income	-	-	16,816	-	-	-	157	-	16,973
Other transfers	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	(4,650)	4,650	-	-	-	-	-
Transfer from regulatory reserve	-	-	6,591	-	-	-	-	(6,591)	-
Total other transfers	-	-	1,941	4,650	-	-	-	(6,591)	-
Transaction with owners recorded directly in equity	-	-	(5,000)	-	-	-	-	-	(5,000)
Dividend paid	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022	49,083	15,793	21,604	20,225	-	-	(241)	-	106,464

The notes on pages 25 to 165 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of United States Dollars	Share capital	Share Premium	Retained earnings	Contingency reserve	Foreign currency translation reserve	Capital reserve	Other reserves	Regulatory reserves	Total
<b>Corporation- 2023</b>									
<b>Balance at 1 January 2023</b>	<b>49,083</b>	<b>15,793</b>	<b>21,604</b>	<b>20,225</b>	-	-	(241)	-	<b>106,464</b>
Total comprehensive income for the year	-	-	<b>27,175</b>	-	-	-	-	-	<b>27,175</b>
Profit for the year	-	-	<b>27,175</b>	-	-	-	-	-	<b>27,175</b>
Other comprehensive income net of income tax	-	-	-	-	-	-	(158)	-	<b>(158)</b>
Remeasurement of defined benefit liability	-	-	-	-	-	-	(158)	-	<b>(158)</b>
<b>Total other comprehensive income</b>	-	-	<b>27,175</b>	-	-	-	<b>(158)</b>	-	<b>(158)</b>
Total comprehensive income	-	-	<b>27,175</b>	-	-	-	<b>(158)</b>	-	<b>27,017</b>
Other transfers	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	<b>(5,600)</b>	<b>5,600</b>	-	-	-	-	-
<b>Total other transfers</b>	-	-	<b>(5,600)</b>	<b>5,600</b>	-	-	-	-	-
Transaction with owners recorded directly in equity									
Share issued	<b>8,628</b>	-	-	-	-	-	-	-	<b>8,628</b>
Share premium	-	<b>14,840</b>	-	-	-	-	-	-	<b>14,840</b>
Transaction cost: right offer	-	-	<b>(79)</b>	-	-	-	-	-	<b>(79)</b>
Bonus share issued	<b>94</b>	-	<b>(94)</b>	-	-	-	-	-	-
Dividend paid	-	-	<b>(6,000)</b>	-	-	-	-	-	<b>(6,000)</b>
<b>Balance at 31 December 2023</b>	<b>57,805</b>	<b>30,633</b>	<b>37,006</b>	<b>25,825</b>	-	-	<b>(399)</b>	-	<b>150,870</b>

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		CORPORATION	
In thousands of United States Dollars	Note	2023	2022 restated	2023	2022 restated
<b>Cash flows from operating activities</b>					
Profit before tax		39,329	25,586	27,175	16,816
<b>Adjustment for:</b>					
Write-off on right of use assets		-	141	-	141
Depreciation	10 & 12	650	712	428	540
Amortization	11	24	19	24	15
Impairment expenses	30	(1,307)	12,168	(1,539)	11,911
Loss /(gain) on disposal	34	465	2	358	-
Transaction cost-right offer		-	-	(79)	-
Translation adjustment		(2,814)	(1,165)	-	-
Foreign exchange loss		7,110	2,073	10,340	3,047
Actuarial gain/(loss)	34a	(158)	157	(158)	157
Interest on lease liability	16	85	108	38	75
Interest on staff loan		(1)	(3)	(1)	(3)
Fair value adjustment on investment property	13	(166)	(163)	-	(192)
		43,217	39,635	36,586	32,507
<b>Changes in</b>					
- Reinsurance contract assets		(11,760)	(2,787)	(11,728)	1,059
- Reinsurance contract retroceded (assets)		22	(3,084)	937	(2,077)
- Reinsurance contract liabilities		25,912	10,669	15,837	5,161
- Reinsurance contract retroceded-liabilities		9,840	3,851	6,984	1,023
- Trade and other payables		(6,665)	5,468	(5,682)	5,159
- Changes in fund under management		(4,460)	(666)	-	-
- Other assets		(1,409)	(1,542)	(460)	(261)
		54,697	51,544	42,474	42,571
Income tax paid	14b	(2,994)	(1,912)	-	-
<b>Net cash from operating activities</b>		51,703	49,632	42,474	42,571

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

		GROUP		CORPORATION	
In thousands of United States Dollars	Note	2023	2022 restated	2023	2022 restated
<b>Cash flow from investing activities</b>					
Net investment acquisition		(39,175)	(47,865)	(42,729)	(49,257)
Acquisition of property and equipment	10	(3,467)	(573)	(2,926)	(119)
Acquisition of intangible assets	11	(208)	(69)	(208)	(69)
Improvement in investment property	13	(9,602)	(39)	(9,602)	(39)
Investment in Associate		-	-	-	-
Proceeds from disposal		-	-	-	-
<b>Net cash used in investing activities</b>		<b>(52,452)</b>	<b>(48,546)</b>	<b>(55,465)</b>	<b>(49,484)</b>
<b>Cash flows from financing activities</b>					
Proceed from share offer		23,469	-	23,469	-
Dividend paid to shareholders	20	(6,000)	(5,000)	(6,000)	(5,000)
Lease liability financing	16a	(85)	(108)	(38)	(75)
Payment of principal portion of lease liability	16a	(448)	(469)	(429)	(458)
<b>Cash flow from financing activities</b>		<b>16,936</b>	<b>(5,577)</b>	<b>17,002</b>	<b>(5,533)</b>
Net increase in cash and cash equivalent		16,187	(4,491)	4,011	(12,446)
Cash and cash equivalents at beginning of the year		48,446	53,831	37,644	50,984
Effect of exchange rate fluctuations on cash and cash equivalent held		(3,259)	(894)	(3,259)	(894)
<b>Cash and cash equivalents at end of the year</b>	6.1	<b>61,374</b>	<b>48,446</b>	<b>38,396</b>	<b>37,644</b>

The notes on pages 31 to 139 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2023**1. Corporate Information****1.1 Corporate information**

WAICA Reinsurance Corporation Plc is a Corporation incorporated and domiciled in Sierra Leone. The registered office is 30 Junction off Regent Road, Hill Station, Freetown, Sierra Leone. The principal activities of the corporation and its subsidiaries are to operate international, national, regional and sub regional reinsurance offices and institutions and to provide technical assistance to members of West Africa Insurance Companies Association (WAICA) and any other insurance and reinsurance institutions from around the world. The Group also provides fund management services to organizations and private individuals.

The stand alone and consolidated financial statements of WAICA Reinsurance Corporation Plc for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 21/03/2024.

**1.2 General information**

The WAICA Reinsurance Corporation Plc was incorporated on 7 March 2011 by the members of the West African Insurance Companies Association (WAICA), which was established in 1973 to help mitigate the effects of the lack of reinsurance capacity within the West African insurance industry.

The main objective of the Corporation is to provide reinsurance services to the insurance sector in West Africa and other regions and includes, to:

- a. Effectively and efficiently manage the business of reinsurance, primarily though not exclusively, across the sub region;
- b. Achieve excellence in their management systems and standards by employing best practices through an efficient and responsive management and an empowered and highly motivated work force; and to
- c. Create enhanced value for its shareholders and other stakeholders.

The Corporation carries out its reinsurance business through its constituent offices in Freetown, Accra, Lagos, Abidjan, Tunis and through its subsidiaries in Kenya, Zimbabwe and Dubai.

**2: Changes in accounting policies and disclosures****2.1. New and amended standards and interpretations**

In these financial statements, the Group has applied IFRS 17 and IFRS 9 for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**2.1.1. IFRS 17 Insurance Contracts**

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies have been summarised, as follows:

**2.1.1.1. Changes to classification and measurement**

The adoption of IFRS 17 did not change the classification of the Group's reinsurance contracts.

However, IFRS 17 establishes specific principles for the recognition and measurement of reinsurance contracts issued and reinsurance contracts retroceded by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20232: Changes in accounting policies and disclosures (continued)  
2.11.1. Changes to classification and measurement (continued)

Under IFRS 17, the Group's reinsurance contracts issued and reinsurance contracts retroceded are all eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of reinsurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'booked premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred reinsurance acquisition cash flows and less amounts recognised in revenue for reinsurance services provided:
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision):
- 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 Group's obligation to pay other incurred insurance expenses:
- Measurement of the asset for remaining coverage (reflecting retrocession premiums paid for reinsurance contracts retroceded) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts retrocession onerous direct contracts.

The Group capitalises reinsurance acquisition cash flows for all product lines.

The Group allocates the acquisition cash flows to groups of reinsurance contracts issued or expected to be issued using a systematic and rational basis. Reinsurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such reinsurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of reinsurance contracts is recognised, an asset for reinsurance acquisition cash flows is recognised. When reinsurance contracts are recognised, the related portion of the asset for reinsurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the reinsurance liability for remaining coverage of the related group.

The Group's classification and measurement of reinsurance and reinsurance contracts retroceded is explained in Note 3.2j.

**2.11.2. Changes to presentation and disclosure**

For presentation in the statement of financial position, the Group aggregates reinsurance issued, and reinsurance contracts retroceded and presents separately:

- Portfolios of reinsurance issued that are assets.
- Portfolios of reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts retroceded that are assets.
- Portfolios of reinsurance contracts retroceded that are liabilities.

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

2: Changes in accounting policies and disclosures (continued)

21.1.2. Changes to presentation and disclosure (continued)

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in unearned premium
- Net insurance claims
- Commission expense

Instead, IFRS 17 requires separate presentation of:

- Reinsurance revenue
- Reinsurance service expenses
- Reinsurance finance income or expenses
- Income or expenses from reinsurance contracts retroceded.

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from reinsurance contracts.
- Significant judgements, and changes in those judgements, when applying the standard.

**21.1.3. Transition**

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of reinsurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for reinsurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and impairment loss was identified and recognised.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

**21.2. IFRS 9 Financial Instruments**

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Group has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2022 and are disclosed in Note 21.3.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

2: Changes in accounting policies and disclosures (continued)

21.2: IFRS 9 Financial Instruments (continued)

The nature of the changes in accounting policies can be summarised, as follows:

**21.2.1. Changes to classification and measurement**

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives.
- Debt instruments at fair value through other comprehensive income, with gains or losses recycle to profit or loss on derecognition.
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Group).
- Debt instruments at amortised cost.

The Group's classification of its financial assets is explained in Note 3.2c. The quantitative impact of applying IFRS 9 as at 1 January 2022 is disclosed in Note 21.3.

**21.2.2. Changes to the impairment calculation**

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for debt instruments held at amortised cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVPL.

For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full LTECL.

The Group's debt instruments at amortised cost comprise bonds and fixed term deposits that are graded in the top investment category (Very Good and Good) by the Standard and Poor rating agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure such instruments on a 12-month ECL (12mECL) basis. The Group does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are more than 30 days past due. Where the credit risk of any bond deteriorates, the Group will sell the bond and purchase bonds meeting the required investment grade.

The Group considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

The adoption of the ECL requirements of IFRS 9 has resulted in increases in impairment allowances in respect of the Group's debt instruments. The increase in allowance was adjusted to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

2: Changes in accounting policies and disclosures (continued)

21.2.2. Changes to the impairment calculation (continued)

As it was possible to do so without the use of hindsight, the Group restated the statement of financial position as at 1 January 2022, resulting in decrease in financial assets and retained earnings amounting to US\$ 2,769,000 respectively. The statement of profit or loss for the year ended 31 December 2022 was also restated, resulting in increase in impairment loss on financial assets amounting to US\$ 12,167,637.

Details of the Group's impairment method are disclosed in Note 3.2c. The quantitative impact of applying IFRS 9 as at 1 January 2022 is disclosed in Note 21.3.

**21.2.3. Changes in disclosure – IFRS 7**

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Group applied the amended disclosure requirements of IFRS 7, together with IFRS 9, for the year beginning 1 January 2023. Changes include transition disclosures as shown in Note 2. Detailed qualitative and quantitative information about the ECL calculations, such as the assumptions and inputs used, are set out in Notes 3.2c.

Reconciliations from opening to closing ECL allowances are presented in Notes 30.

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of initial application date 1 January 2023 is, as follows:

Financial Assets	IAS 39 Measurement		1 January 2023 Re - Measurement		IFRS 9			
	Ref	Category	Amount	Classification	ECL	Other	Amount	Category
Fixed deposits, Government bonds/ Treasury bills			US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
		Held to Maturity	154,959	-	(16,337)	-	138,622	Amortised cost
Equity investments		Available for sales	1,068	-	-	-	1,068	Fair value through profit or loss
Cash and bank balances		Loans & receivables	21,184	-	-	-	21,184	Fair value through profit or loss
Other assets		Loans & receivables	2,527	-	-	-	2,527	Amortised cost

### 21.3. Transition disclosures – IFRS 9

#### Corporation

Financial Assets	IAS 39 Measurement		1 January 2023 Re - Measurement		IFRS 9	
	Category	Amount	Classification	ECL	Other	Amount
Fixed deposits, Government bonds/ Treasury bills		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	Held to Maturity	118,008	-	(15,747)	-	102,261
Equity investments	Available for sales	18,633	-	-	-	18,633
Cash and bank balances	Loans & receivables	20,670	-	-	-	20,670
Other assets	Loans & receivables	705	-	-	-	705

As at 1 January 2023, the Group classified its previous AFS portfolio as debt instruments at amortised cost. These instruments met the sole payments of principal and interest (SPPI) criterion, were not actively traded and were held with the intention to collect cash flows and without the intention to sell.

As at 1 January 2023, the Group assessed its assets previously designated at FVPL under IAS 39. Under IFRS 9, the Group classifies all its equity instruments as mandatorily measured at FVPL. In respect of cash and bank balances previously designated L&R under IAS 39, upon evaluation, as the Group's business model is to manage this portfolio of instruments on a fair value basis, these assets did not meet the criterion for recognition at amortised cost or FVOCI and as such are mandatorily measured at FVPL.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 2: Changes in accounting policies and disclosures (continued)

## 2.1.3. Transition disclosures – IFRS 9

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9 at date of initial application.

	Loan loss provision under IAS 39 at 31 December 2022	Re-measurement	ECLs under IFRS 9 at 1 January 2023
	US\$'000	US\$'000	US\$'000
<b>Group</b>			
Impairment allowance for Held to Maturity investment securities per IAS 39/Debt instruments at amortised cost under IFRS 9:	1,400	14,937	<b>16,337</b>

	Loan loss provision under IAS 39 at 31 December 2022	Re-measurement	ECLs under IFRS 9 at 1 January 2023
	US\$'000	US\$'000	US\$'000
<b>Corporation</b>			
Impairment allowance for Held to Maturity investment securities per IAS 39/Debt instruments at amortised cost under IFRS 9:	1,400	14,347	<b>15,747</b>



A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of 1 January 2022 is, as follows:

**Group**

Financial Assets	IAS 39 Measurement		1 January 2022 Re - Measurement		IFRS 9	
	Category	Amount	Classification	ECL	Other	Amount
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Fixed deposits, Government bonds/Treasury bills	Hold to Maturity	120,694	-	4,169	-	116,525
Equity investments	Available for sales	398	-	-	-	398
Cash and bank balances	Loans & receivables	15,397	-	-	-	15,397
Other assets	Loans & receivables	701	-	-	-	701
						Amortised cost
						Fair value through profit or loss
						Fair value through profit or loss
						Amortised cost

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

2: Changes in accounting policies and disclosures (continued)  
21.3. Transition disclosures – IFRS 9 (continued)

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9 as at date of transition.

	Loan loss provision under IAS 39 at 31 December 2022	Re-measurement	ECLs under IFRS 9 at 1 January 2023
	US\$'000	US\$'000	US\$'000
Impairment allowance for Hold to Maturity debt investment securities per IAS 39/Debt instruments at amortised cost under IFRS 9:	1,400	2,769	4,169

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

2: Changes in accounting policies and disclosures (continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of 1 January 2022 is, as follows:

## Corporation

Financial Assets	IAS 39 Measurement		1 January 2022 Re - Measurement		IFRS 9		
	Category	Amount	Classification	ECL	Other	Amount	Category
Fixed deposits, Government bonds/Treasury bills		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
	Held to Maturity	91,472	-	3,836	-	85,980	Amortised cost
Equity investments	Available for sales	17,914	-	-	-	17,914	Fair value through profit or loss
Cash and bank balances	Loans & receivables	14,982	-	-	-	14,982	Fair value through profit or loss
Other assets	Loans & receivables	437	-	-	-	437	Amortised cost

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20232: Changes in accounting policies and disclosures (continued)  
21.3. Transition disclosures – IFRS 9 (continued)

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9 as at date of transition.

	Loan loss provision under IAS 39 at 31 December 2021	Re-measurement	ECLs under IFRS 9 at 1 January 2022
	US\$'000	US\$'000	US\$'000
Impairment allowance for Hold to Maturity debt investment securities per IAS 39/Debt instruments at amortised cost under IFRS 9:	1,400	2,436	3,836

The impact of transition to IFRS 9 on reserves and retained earnings is, as follows:

## Group

	US\$'000
Retained earnings	
Closing balance under IAS 39 (31 December 2021)	32,469
Impact of initial application of IFRS 17	(18,643)
Deferred tax in relation to IFRS 17 application	-
Recognition of IFRS 9 ECLs for debt instruments measured at amortised cost and at FVOCI	(2,769)
Deferred tax in relation to IFRS 9 application	-
Opening balance under IFRS 9 and IFRS 17 (1 January 2022)	-
	<u>11,057</u>
Total change in equity (after tax) due to the application of new standards	
Fair value reserve	-
Retained earnings	(2,769)
Total change in equity due to the application of IFRS 9	<u>(2,769)</u>
Foreign currency translation reserve	195
Retained earnings	(18,643)
Total change in equity due to the application of IFRS 17	<u>(18,448)</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

2: Changes in accounting policies and disclosures (continued)

21.3. Transition disclosures – IFRS 9 (continued)

## Corporation

	US\$'000
Retained earnings	
Closing balance under IAS 39 (31 December 2021)	25,473
Impact of initial application of IFRS 17	(15,190)
Deferred tax in relation to IFRS 17 application	-
Recognition of IFRS 9 ECLs for debt instruments measured at amortised cost and at FVOCI	(2,436)
Deferred tax in relation to IFRS 9 application	-
Opening balance under IFRS 9 and IFRS 17 (1 January 2022)	-
	<u>7,847</u>
Total change in equity (after tax) due to the application of new standards	
Fair value reserve	-
Retained earnings	(2,436)
Total change in equity due to the application of IFRS 9	<u>(2,436)</u>
Other reserves	-
Retained earnings	(15,190)
Total change in equity due to the application of IFRS 17	<u>(15,190)</u>

**3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENT AND ESTIMATES****3.1 Basis of preparation**

The consolidated and separate financial statements of the WAICA Reinsurance Corporation Plc have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and with the requirements of the Companies Act, 2009 as amended.

The consolidated and separate financial statements have been prepared on an historical cost basis, except for investment properties and financial assets and net defined benefit liability that have been measured at fair value. The consolidated and separate financial statements are presented in US Dollars rounded to the nearest thousand (\$'000), unless otherwise indicated.

**3.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Corporation and its investees that are considered subsidiaries as at 31 December 2023. Subsidiaries are investees that the Corporation has control over. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Corporation controls an investee if, and only if, the Corporation has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

3.2. Basis of consolidation (continued)

The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Corporation has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

- the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Corporation, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the owners of the Corporation and to the non-controlling interests (NCI) if any, even if this results in the non-controlling interests having a deficit balance. As at the reporting date all of the reported subsidiaries were wholly owned by the Corporation, and there were no non-controlling interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Set out below are the details of the subsidiaries held directly by the Corporation:

Name of the subsidiary	Country of Incorporation and principal place of business	Principal activity	Proportion of ownership of interest held by the Parent at year end	
			2023	2022
WAICA Re Kenya Limited	Kenya	Reinsurance services	100%	100%
WAICA Re Zimbabwe (Pvt)	Zimbabwe	Reinsurance services	100%	100%
WAICA Re Capital Ghana Limited	Ghana	Fund management services	100%	100%
WAICA Re DIFC	Dubai	Insurance management services	100%	100%



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

3.2. Basis of consolidation (continued)

The following are the principal accounting policies adopted by the Group in the preparation of these financial statements. These accounting policies have been applied consistently in dealing with items that are considered to be material to the Group. The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

(a)	Foreign currency	45
(b)	Income tax	46
(c)	Financial assets and financial liabilities	47
(d)	Property and equipment	52
(e)	Intangible assets	53
(f)	Investment property	53
(g)	Cash and cash equivalents	54
(h)	Impairment of non-financial assets	54
(i)	Share capital	54
(j)	Reinsurance and reinsurance contracts retroceded	54
(k)	Employee benefits	62
(l)	Provisions	63
(m)	Expenses	63
(n)	Leases	63
(o)	Dividend income	65
(p)	Government grants and disclosure of government assistance	65
(q)	Comparatives	65
(r)	Capital management	65

**a. Foreign currency****Foreign currency transactions**

The Group's consolidated financial statements are presented in United State Dollars which is also the parent Group's functional currency. Each Group in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

**i. Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their functional currency spot rate prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

## 3. Significant accounting policies, judgement and estimates (continued)

## a. Foreign currency (continued)

## i. Transactions and balances (Continued)

All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in OCI until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value are recognized in profit or loss except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as the hedging instrument in a hedge, which are recognized in OCI.

## ii. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into United State Dollars at the rate of exchange prevailing at the reporting date and their statement of profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange at the reporting date.

**b. Income tax**

## i. Current tax

Income tax expense comprises current and deferred tax recognized by the Group in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

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 Group operates and generates taxable income.

Current income tax relating to items recognised directly in OCI is recognised in OCI and not in the statement of profit or loss.

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

## ii. Deferred tax

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.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

b. Income tax (continued)

ii. Deferred tax (continued)

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

Additional income taxes that arise from the distribution of dividends are recognised at the same time, as the liability to pay the related dividend is recognized.

**c. Financial assets and financial liabilities****i. Initial recognition**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognised on the trade date measured at their fair value). Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount.

**Measurement categories.**

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

- Amortised cost and
- Fair value through profit or loss (FVPL)

Debt instruments measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

**Business model assessment**

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

c. Financial assets and financial liabilities (continued)

Business model assessment (continued)

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of asset sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets measured at fair value through profit or loss

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. This category includes bank deposits whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

## ii. Subsequent measurement

**Debt instruments at amortised cost**

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

**Financial assets at fair value through profit or loss**

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

**Reclassification of financial assets**

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

## iii. Derecognition

**Derecognition other than for substantial modification**

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

- The rights to receive cash flows from the asset have expired. Or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

iii. Derecognition (continued)

Derecognition other than for substantial modification (continued)

When the Group has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Group considers the following factors:

- Change in currency of the debt instrument.
- Introduction of an equity feature.
- Change in counterparty.
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss.

## iv Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Impairment losses on financial instruments
- Disclosures for significant judgements and estimates

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group's debt instruments comprise solely of Sovereign bonds, treasury bills and fixed deposits that are graded by different credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

Where the credit risk of any bond deteriorates, the Group will sell the bond and purchase bonds meeting the required investment grade.

The Group considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
iv Impairment of financial assets (continued)

due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**The calculation of ECLs**

The Group calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information. The PD used are sourced from external credit rating agencies when available and are thus through-the-cycle (TTC). The PDs used are reasonable and supportable based on information available without undue cost and effort.
- **EAD** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments. The group uses exposure at the reporting date as proxy.
- **LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD. The Group sourced the LGD from credit rating agencies.

**The Group allocates its assets subject to ECL calculations to one of these categories, determined as follows:**

- **12mECL** The 12mECL is calculated as the portion of long term ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to EAD and multiplied by the expected LGD.
- **LTECL** When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.
- **Impairment** For debt instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100

**Forward looking information**

The Group relies on a broad range of forward-looking information as economic inputs incorporated in the credit rating agencies determination of PD such as:

- GDP growth
- Central Bank base rates
- Inflation rate
- Currency exchange rate
- Government budget deficits

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
iv Impairment of financial assets (continued)

## v. Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

## vi. Recognition of interest income

**The effective interest rate method**

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Similar to interest bearing financial assets previously classified as available-for-sale or held to maturity under IAS 39. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, and the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

**Interest and similar income**

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement.

In its Interest income calculated using the effective interest method the Group only includes interest on financial instruments at amortised cost.

Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

## vii. Financial liabilities

**Initial recognition and measurement**

The Group classifies its financial liabilities at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include fund under management, outstanding claims, reinsurance payables and trade and other payables.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
vii. Financial liabilities (continued)

**Subsequent measurement**

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

**Financial liabilities at FVPL**

Financial liabilities at FVPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities are designated as at FVPL at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. Gains or losses on designated or held for trading liabilities are recognised in fair value gains and losses in the statement of profit or loss.

**Derecognition of financial liabilities**

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

viii. **Offsetting**

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**d. Property and equipment**i. **Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii. **Subsequent costs**

The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

iii. **Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this mostly closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land and Capital Work in Progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

d. Property and equipment (continued)

iii. Depreciation (continued)

Buildings	-	50 years
Motor vehicle	-	4 years
Furniture, fixtures and equipment	-	5 years
Computer equipment	-	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Depreciation methods useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

## iv. Disposal of Property and Equipment

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount. The gains or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the net carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

On disposal of revalued assets, amounts in the revaluation surplus relating to those assets are transferred to retained earnings.

## e. Intangible assets

An intangible asset arises from the purchases of software. Acquired intangible assets are measured on initial recognition at cost.

The Group recognises an intangible asset at cost if, and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite.

The intangible assets are amortised on a straight-line basis over their useful lives (3 years).

Amortisation method, useful lives and residual values are reviewed at each reporting date, and adjusted prospectively, if appropriate.

## f. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost.

When the use of the property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 3. Significant accounting policies, judgement and estimates (continued)

**g. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**h. Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment property 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

**i. Share capital****Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**j. Reinsurance and reinsurance contracts retroceded classification****i. Reinsurance contracts**

The Group issues reinsurance contracts in the normal course of business, under which it accepts significant reinsurance risk from a cedant by agreeing to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) occurs.

As a general guideline, the Group determines whether it has significant reinsurance risk, by comparing benefits payable after an insured event with benefits payable if the reinsured event did not occur. Reinsurance contracts can also transfer

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
 j. Reinsurance and reinsurance contracts retroceded classification (continued)  
 i. Reinsurance contracts (continued)

financial risk. The Group issues reinsurance to cedants. reinsurance products offered include casualty, engineering, fire & property, motor, marine & aviation and oil & gas. These products protect cedant against ceded risks of claims made by primary policyholders.

Casualty reinsurance contracts protect the cedants against ceded risk of claims made by primary policyholders for causing harm to third parties as a result of the legitimate activities of the primary policyholder.

Under property reinsurance contracts, the Group mainly compensates cedants of a portion of claims payable to primary policyholders for damage suffered to their properties or for the value of property lost or the loss of earnings caused by the inability of the primary policyholder to use the insured properties in their business activities (business interruption cover).

Personal accident reinsurance contracts compensate the cedants for a portion of claims made by primary policyholders for bodily injuries suffered by the primary policyholder or his/her family members or employees.

ii. Reinsurance contracts retroceded

Contracts entered into by the Group with retrocessionaires under which the Group is compensated for losses which meet the classification requirement for reinsurance contracts are classified as reinsurance contracts retroceded. Contracts that do not meet these classifications are classified as financial assets.

The Group uses retrocession arrangements to increase its aggregate underwriting capacity, to diversify its risk and to reduce its risk of catastrophic loss on reinsurance assumed. The ceding of risk to retrocessionaires does not relieve the Group of its obligation to its cedants. The Group regularly reviews the financial condition of its retrocessionaires.

iii. Separating components from reinsurance and reinsurance contracts retroceded

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

Some retroceded contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the reinsurance component of the retrocession contacts and are, therefore, non-distinct investment components which are not accounted for separately.

iv. Level of aggregation

IFRS 17 requires a Group to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). No group of contracts for level of aggregation purposes contain contracts issued more than one year apart.

The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

j. Reinsurance and reinsurance contracts retroceded classification (continued)

v. Level of aggregation (continued)

divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

## v. Recognition

The Group recognises groups of reinsurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Group recognises a group of retroceded contracts it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of retrocession contracts held. (However, the Group delays the recognition of a group of retroceded contracts held that provide proportionate coverage until the date any underlying reinsurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of retroceded contracts. And
- The date the Group recognises an onerous group of underlying reinsurance contracts if the Group entered into the related retroceded contract in the group of retroceded contracts at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

## vi. Contract boundary

The Group includes in the measurement of a group of reinsurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 3. Significant accounting policies, judgement and estimates (continued)

premiums, or in which the Group has a substantive obligation to provide the policyholder with reinsurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Or

- Both of the following criteria are satisfied:
- The Group has the practical ability to reassess the risks of the portfolio of reinsurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
- 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 date.

A liability or asset relating to expected premiums or claims outside the boundary of the reinsurance contract is not recognised. Such amounts relate to future insurance contracts.

## vii. Measurement - Premium Allocation Approach

	IFRS 17 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	Coverage period for, accident, marine, aviation, motor and property reinsurance is one year or less and so qualifies automatically for PAA.  Engineering reinsurance includes contracts with coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.
Insurance acquisition cash flows for reinsurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	Reinsurance acquisition cash flows are allocated to related groups of reinsurance contracts and amortised over the coverage period of the related group

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
vii. Measurement - Premium Allocation Approach (continued)

	IFRS 17 Options	Adopted approach
Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC	There is no allowance as the premiums are received within one year of the coverage period.
Liability for Incurred Claims, (LIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For some claims within the Motor product line, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money.  For all other business, the LIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	The change in LIC as a result of changes in discount rates are captured within profit or loss.

## viii. Reinsurance contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the reinsurance contracts that it issues and reinsurance contracts retroceded, as:

- The coverage period of each contract in the group is one year or less, including reinsurance contract services arising from all premiums within the contract boundary
- Or
- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any reinsurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for reinsurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of reinsurance contracts is recognised.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

viii. Reinsurance contracts – initial measurement (continued)

There is no allowance for time value of money as the premiums are received within one year of the coverage period. Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group 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 Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

## ix. Reinsurance contracts retroceded – initial measurement

The Group measures its retrocession assets for a group of retroceded contracts that it holds on the same basis as reinsurance contracts that it issues. However, they are adapted to reflect the features of retroceded contracts that differ from reinsurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Group recognises a loss on initial recognition of an onerous group of underlying reinsurance contracts or when further onerous underlying reinsurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of retroceded contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying reinsurance contracts and the percentage of claims on the underlying reinsurance contracts the Group expects to recover from the group of retroceded contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to reinsurance contracts covered by the group of retroceded contracts where some contracts in the underlying group are not covered by the group of retroceded contracts. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

## x. Reinsurance contracts – subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus reinsurance acquisition cash flows
- Plus any amounts relating to the amortisation of the reinsurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as reinsurance revenue for the services provided in the period
- Minus expired cover transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows 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 Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of reinsurance contracts is onerous, the Group 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 Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 3. Significant accounting policies, judgement and estimates (continued)

## xi. Reinsurance contracts retroceded – subsequent measurement

The subsequent measurement of retroceded contracts held follows the same principles as those for reinsurance contracts issued and has been adapted to reflect the specific features of retroceded contracts.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying reinsurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying reinsurance contracts that the entity expects to recover from the group of retroceded contracts held.

## xii. Reinsurance acquisition cash flows

Reinsurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of reinsurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of reinsurance contracts to which the group belongs.

Reinsurance acquisition cash flows as they occur are capitalised, the Group uses a systematic and rational method to allocate:

- a. Reinsurance acquisition cash flows that are directly attributable to a group of reinsurance contracts:
  - i to that group; and
  - ii to groups that include reinsurance contracts that are expected to arise from the renewals of the reinsurance contracts in that group.
- b. Reinsurance acquisition cash flows directly attributable to a portfolio of reinsurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where reinsurance acquisition cash flows have been paid or incurred before the related group of reinsurance contracts is recognised in the statement of financial position, a separate asset for reinsurance acquisition cash flows is recognised for each related group.

The asset for reinsurance acquisition cash flow is derecognised from the statement of financial position when the reinsurance acquisition cash flows are included in the initial measurement of the related group of reinsurance contracts.

At the end of each reporting period, the Group revises amounts of reinsurance acquisition cash flows allocated to groups of reinsurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for reinsurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of reinsurance contracts; and
- An additional impairment test specifically covering the reinsurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

a. Reinsurance acquisition cash flows that are directly attributable to a group of reinsurance contracts (continued)

## Reinsurance contracts – modification and derecognition

The Group derecognises reinsurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

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

## xiii. Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of reinsurance contracts issued that are assets, portfolios of reinsurance contracts issued that are liabilities, portfolios of retroceded contracts held that are assets and portfolios of retroceded contracts held that are liabilities.

Any assets for reinsurance acquisition cash flows recognised before the corresponding reinsurance contracts are included in the carrying amount of the related groups of reinsurance contracts are allocated to the carrying amount of the portfolios of reinsurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into a reinsurance service result, comprising reinsurance revenue and reinsurance service expense, and reinsurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the reinsurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

**Reinsurance revenue**

The reinsurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of reinsurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred reinsurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

**Loss components**

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20233. Significant accounting policies, judgement and estimates (continued)  
Loss components (continued)

a group of reinsurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

**Loss-recovery components**

Where the Group recognises a loss on initial recognition of an onerous group of underlying reinsurance contracts, or when further onerous underlying reinsurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of retrocession contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying reinsurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying reinsurance contracts that the entity expects to recover from the group of retrocession contracts held.

**Reinsurance finance income and expense**

Reinsurance finance income or expenses comprise the change in the carrying amount of the group of reinsurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Net income or expense from reinsurance contracts retroceded.

The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from retrocessionnaires, and an allocation of the reinsurance premiums paid. The Group treats retro cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract retroceded and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

**k. Employee benefits****i. Short term employee benefit**

Employee entitlements to service pay and annual leave are recognised when they accrue to employees. The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

**Pension obligations****ii. Defined contribution scheme**

The Group operates a defined contribution scheme. The scheme is generally funded through payments to trustee administered funds. Under the scheme the Group pays fixed contribution into the separate entity and the Group has no legal or constructive obligations to pay further contributions if the entity does not hold sufficient assets to pay all employees the benefit relating to employee's service in the current and prior period.

**iii. Defined benefit plans**

The Group also operates a defined benefit plan: A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized post service costs and the fair value of any plan assets are deducted.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

iii. Defined benefit plans (continued)

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognizes all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

**Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

**l. Provisions**

A provision is recognised if, as a result of a past event, the Group 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, where appropriate, the risks specific to the liability.

**m. Expenses**

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual basis regardless of the times of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

**n. Leases****i. The Group as a lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

**Lease payments included in the measurement of the lease liability comprise:**

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

n. Leases (continued)

Lease payments included in the measurement of the lease liability comprise (continued)

The lease liability is presented as a part of trade and other payables in both the stand alone and consolidated statement of financial positions. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (not part of this Appendix). Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

ii. The Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

ii. The Group as a lessor (continued)

lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other revenue".

**o. Dividend**

Dividend income for equities held is recognised when the right to receive payment is established - this is the ex-dividend date for equity securities.

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

**p. Government grant**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

**q. Comparatives**

Where necessary, comparative figures have been adjusted to reform to changes in presentation in the current period.

**r. Capital management**

WAICA Re monitors its internal capital requirements based on a risk-based economic capital model that is based on Solvency 2 principles with modifications to take into account the environment that WAICA Re operates in.

The capital model comprises an underwriting risk, credit risk, market and operational risk modules. The capital requirements are calculated at a Group level but the subsidiaries independently monitor capital levels based on local requirements.

The restated Solvency Capital Ratio dropped to 101% due to the adoption of IFRS17 Insurance contracts and IFRS9 Financial instruments which had adverse impact on equity of USD24m as at 31 December 2022. A rights issue was undertaken in 2023 to shore up the capital levels leading to a significantly improved capital position.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
r. Capital management (continued)

The required capital increased from USD 102m in 2022 to USD 129m while the available capital increased from USD 109m to USD 159m over the same period.

To further strengthen capital adequacy the Group will be raising additional capital through a private placement in 2024.

The table below summarizes the capital position as at 31 December 2023

In thousands of United States Dollars	31 December 2023	31 December 2022
<b>Economic capital</b>		
Premium and reserves risk capital	75,633	61,024
Catastrophe Risk Capital	34,056	25,865
Total	109,689	86,889
Underwriting risk	90,378	71,987
Credit risk	23,612	17,946
Market risk	52,208	40,967
Total	166,198	130,900
Diversification risk	37,509	29,330
Basic required capital	128,690	101,570
Operational risk	6,639	5,616
<b>Total economic capital requirement</b>	<b>135,329</b>	<b>107,186</b>
<b>Shareholders fund</b>	<b>159,171</b>	<b>108,753</b>
<b>Solvency capital ratio</b>	<b>118%</b>	<b>101%</b>

## 3.3 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

## 3.3.1 Reinsurance and reinsurance contracts retroceded

The Group applies the PAA to simplify the measurement of reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

3.3.1 Reinsurance and reinsurance contracts retroceded (continued)

**3.3.1.1 Liability for remaining coverage****Reinsurance acquisition cash flows**

Reinsurance acquisition cash flows are allocated to related groups of reinsurance contracts recognised in the statement of financial position (including those groups that will include reinsurance contracts expected to arise from renewals). An asset for reinsurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of reinsurance contracts has been recognised.

**Onerous groups**

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from retro contracts held.

**3.3.1.2 Liability for incurred claims**

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Some of the insurance contracts that have been written in the property line of business permit the Group to sell property acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

**3.3.1.3 Discount rates**

Reinsurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the reinsurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20233. Significant accounting policies, judgement and estimates (continued)  
3.3.1.3 Discount rates (continued)

Discount rates applied for discounting of future cash flows are listed below:

**2023**

Time to maturity	USD	XOF	NGN	AED	GHS	TND	EGP	MUR	UGX	KES	ZMW	TZS	ZAR/ NAD
1	5%	7%	11%	5%	41%	9%	25%	4%	13%	17%	17%	17%	7%
2	4%	7%	15%	4%	41%	10%	25%	5%	14%	19%	22%	19%	9%
3	3%	7%	15%	4%	41%	10%	25%	5%	15%	18%	25%	18%	10%
4	4%	7%	15%	4%	41%	10%	25%	5%	16%	17%	27%	17%	11%
5	4%	7%	15%	4%	41%	10%	25%	5%	16%	16%	28%	16%	11%
6	4%	7%	15%	4%	41%	10%	25%	5%	17%	16%	29%	16%	12%
7	4%	7%	15%	4%	41%	10%	25%	6%	17%	16%	29%	16%	12%
8	4%	7%	15%	4%	41%	10%	25%	6%	17%	16%	29%	16%	12%
9	4%	7%	15%	4%	41%	10%	25%	6%	17%	16%	29%	16%	12%
10	4%	7%	16%	4%	41%	10%	25%	6%	17%	16%	29%	16%	12%
11	4%	7%	16%	4%	41%	10%	25%	6%	17%	16%	29%	16%	12%
12	4%	7%	16%	4%	41%	10%	25%	6%	16%	16%	29%	16%	12%
13	4%	7%	16%	4%	41%	10%	25%	6%	16%	16%	29%	16%	12%
14	4%	7%	16%	4%	41%	10%	25%	6%	16%	16%	29%	16%	12%
15	4%	7%	16%	4%	41%	10%	25%	6%	16%	16%	29%	16%	12%

**2022**

Time to maturity	USD	XOF	NGN	AED	GHS	TND	EGP	MUR	UGX	KES	ZMW	TZS	ZAR/ NAD
1	5%	4%	11%	5%	45%	8%	19%	5%	13%	11%	21%	11%	7%
2	4%	4%	13%	4%	46%	9%	20%	5%	14%	13%	25%	13%	9%
3	4%	5%	13%	4%	46%	10%	20%	6%	15%	14%	27%	14%	10%
4	4%	5%	13%	4%	46%	10%	20%	6%	16%	15%	29%	15%	11%
5	4%	5%	14%	4%	46%	10%	20%	6%	16%	15%	29%	15%	11%
6	4%	5%	14%	4%	46%	10%	20%	6%	16%	15%	30%	15%	12%
7	4%	5%	14%	4%	46%	10%	20%	7%	16%	15%	30%	15%	12%
8	4%	5%	14%	4%	46%	10%	20%	7%	17%	15%	30%	15%	12%
9	4%	5%	14%	4%	46%	10%	20%	7%	17%	15%	29%	15%	12%
10	4%	5%	14%	4%	46%	10%	20%	7%	17%	14%	29%	14%	12%
11	4%	5%	14%	4%	46%	10%	20%	7%	17%	14%	29%	14%	12%
12	4%	5%	14%	4%	46%	10%	20%	7%	17%	14%	29%	14%	12%
13	4%	5%	14%	4%	46%	10%	20%	7%	17%	14%	29%	14%	12%
14	4%	5%	14%	4%	46%	10%	20%	7%	17%	14%	29%	14%	12%
15	4%	5%	14%	4%	46%	10%	20%	7%	17%	14%	28%	14%	12%

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)

3.3.1.3 Discount rates (continued)

**3.3.1.4. Risk adjustment for non-financial risk**

- The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of reinsurance contracts. The risk adjustment reflects an amount that an reinsurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.
- The Group has estimated the risk adjustment using a confidence level (probability of sufficiency approach at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

**3.3.1.5. Assets for reinsurance acquisition cash flows**

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate reinsurance acquisition cash flows to groups of reinsurance contracts. This includes judgements about the amounts allocated to reinsurance contracts expected to arise from renewals of existing reinsurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Group revisits the assumptions made to allocate reinsurance acquisition cash flows to groups and where necessary revises the amounts of assets for reinsurance acquisition cash flows accordingly.

In the current and prior year, for other product lines, the Group did not identify any facts and circumstances indicating that the assets may be impaired.

**3.3.2 Defined benefit obligations.**

Note 34a (i) – Measurement of defined benefit obligations: The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized post service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using key actuarial assumptions.

**3.3.3 provisions and contingencies**

Recognition and measurement of provisions and contingencies: A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably. The estimate may be based on key assumptions about the likelihood and magnitude of an outflow of resources.

**3.3.4 Deferred tax**

Deferred tax assets and liabilities - Critical estimates are made by the directors in determining deferred tax assets and liabilities. The Group is subject to taxes in Ghana, Kenya and Zimbabwe and requires significant estimates in determining future taxes to be paid or recovered.

**3.3.5 Financial assets****3.3.5.1 Impairment losses on financial assets**

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios, and the relevant inputs used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 3. Significant accounting policies, judgement and estimates (continued)

**3.4 Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset and liability, the Group uses market observable 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 follow.

- Level 1:** quoted prices (adjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included within level 1 that are observed for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3:** inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset and liability might be categorised in 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.

Further information about the assumptions made in measuring fair values is included in note 35 (b).

**3.5 Foreign currency translation****Functional and presentation currency**

The consolidated financial statements are presented in currency units USD, which is also the functional currency of the parent Group.

**Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Foreign operations**

In the Group's financial statements, the results and financial position of foreign operations with a functional currency other than the USD are translated into USD upon consolidation as follows.

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
Foreign operations (continued)

at the closing rate.

The functional currencies of entities within the Group have remained unchanged during the reporting period.

**3.6 Standards issued but not yet effective**

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

**Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

**Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

**Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

3. Significant accounting policies, judgement and estimates (continued)  
 3.6 Standards issued but not yet effective (continued)

The amendments are not expected to have a material impact on the Group's financial statements.

**4. REINSURANCE AND FINANCIAL RISK****4.1. Reinsurance risk****4.1.1. Reinsurance contracts issued and reinsurance contracts retroceded.**

The Group principally issues the following types of reinsurance contracts: personal accident; marine; property; oil and gas, engineering, aviation, marine and life.

For reinsurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios 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 held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group.

The Group further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance contracts retroceded is placed on a proportional basis. Proportional reinsurance contracts retroceded is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to its reinsurance business.

Amounts recoverable from retroceded contracts are estimated in a manner consistent with underlying reinsurance contract liabilities and in accordance with the reinsurance retroceded contracts. Although the Group has reinsurance retroceded contracts arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance contracts retroceded held, to the extent that any retrocessionnaire is unable to meet its obligations. The Group's placement of reinsurance contracts retroceded is diversified such that it is neither dependent on a single retrocessionnaire nor are the operations of the Group substantially dependent upon any single reinsurance contract retroceded. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 4. Reinsurance and Financial Risks (continued)

## 4.1. Reinsurance risk (continued)

## 4.1.1. Reinsurance contracts issued and reinsurance contracts retroceded (continued)

The following tables show the concentration of net insurance contract liabilities by type of contract:

	2023			2022		
	Reinsurance	Reinsurance retroceded	Net	Reinsurance	Reinsurance retroceded	Net
<b>Group</b>						
Property and Engineering	47,558	9,849	37,709	36,739	3,476	33,263
Motor	1,010	336	674	253	29	224
Accident	431	1,980	(1,549)	(1,592)	1,494	(3,086)
Marine& Aviation	2,557	2,835	(278)	2,432	1,856	576
Oil & Gas	5,206	(229)	5,435	6,480	(1,873)	8,353
Life	2,706	73	2,633	1,801	-	1,801
	<u>59,468</u>	<u>14,844</u>	<u>44,624</u>	<u>46,113</u>	<u>4,982</u>	<u>41,131</u>

	2023			2022		
	Reinsurance	Reinsurance retroceded	Net	Reinsurance	Reinsurance retroceded	Net
<b>Corporate</b>						
Property and	30,665	5,137	25,528	26,795	782	26,013
Engineering Motor	653	252	401	483	7	476
Accident	1,483	1,368	115	1,295	664	631
Marine& Aviation	1,611	2,467	(856)	1,996	1,517	479
Oil & Gas	5,160	(309)	5,469	6,441	(1,908)	8,349
Life	2,511	71	2,440	1,638	-	1,638
	<u>42,083</u>	<u>8,986</u>	<u>33,097</u>	<u>38,648</u>	<u>1,062</u>	<u>37,586</u>

## 4.1.1.1. Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are nonlinear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.1. Reinsurance risk (continued)

In thousands of United States Dollars	LIC at end period	Impact on LIC
<b>Group - 2023</b>		
<b>Base result</b>		
Reinsurance contract liabilities (net)	82,960	-
Reinsurance contract retroceded liabilities (net)	8,776	-
Net reinsurance contract liabilities	91,736	-
Yields - 1% decrease	-	-
Reinsurance contract liabilities (net)	85,186	2,226
Reinsurance contract retroceded liabilities (net)	8,626	(150)
Net reinsurance contract liabilities	93,812	2,076
Yields - 1% increase	-	-
Reinsurance contract liabilities (net)	80,656	(2,304)
Reinsurance contract retroceded liabilities (net)	8,924	148
Net reinsurance contract liabilities	89,580	(2,156)
Yields - FX decrease 10%	-	-
Reinsurance contract liabilities (net)	80,207	(2,753)
Reinsurance contract retroceded liabilities (net)	8,394	(382)
Net reinsurance contract liabilities	88,601	(3,135)
Yields - FX increase 10%	-	-
Reinsurance contract liabilities (net)	85,713	2,753
Reinsurance contract retroceded liabilities (net)	9,158	382
Net reinsurance contract liabilities	94,871	3,135

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 4. Reinsurance and Financial Risks (continued)

## 4.1.1. Sensitivities

In thousands of United States Dollars	LIC at end period	Impact on LIC
Group - 2022		
<b>Base result</b>		
Reinsurance contract liabilities (net)	59,510	-
Reinsurance contract retroceded liabilities (net)	2,868	-
Net reinsurance contract liabilities	62,378	-
Yields - 1% decrease	-	-
Reinsurance contract liabilities (net)	61,045	1,535
Reinsurance contract retroceded liabilities (net)	2,744	(123)
Net reinsurance contract liabilities	63,789	1,412
Yields - 1% increase	-	-
Reinsurance contract liabilities (net)	57,916	(1,594)
Reinsurance contract retroceded liabilities (net)	2,995	127
Net reinsurance contract liabilities	60,911	(1,467)
Yields - FX decrease 10%	-	-
Reinsurance contract liabilities (net)	57,787	(1,723)
Reinsurance contract retroceded liabilities (net)	2,668	(199)
Net reinsurance contract liabilities	60,455	(1,922)
Yields - FX increase 10%	-	-
Reinsurance contract liabilities (net)	61,233	1,723
Reinsurance contract retroceded liabilities (net)	3,067	199
Net reinsurance contract liabilities	64,300	1,922

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.1. Reinsurance risk (continued)

## 4.1.1. Sensitivities

In thousands of United States Dollars	LIC at end period	Impact on LIC
<b>Corporation-2023</b>		
Base result		
Reinsurance contract liabilities (net)	60,400	-
Reinsurance contract retroceded liabilities (net)	3,961	-
Net reinsurance contract liabilities	64,361	-
Yields - 1% decrease	-	-
Reinsurance contract liabilities (net)	62,108	1,708
Reinsurance contract retroceded liabilities (net)	3,895	(66)
Net reinsurance contract liabilities	66,003	1,642
Yields - 1% increase	-	-
Reinsurance contract liabilities (net)	58,756	(1,644)
Reinsurance contract retroceded liabilities (net)	4,025	64
Net reinsurance contract liabilities	62,781	(1,580)
Yields - FX decrease 10%	-	-
Reinsurance contract liabilities (net)	58,455	(1,945)
Reinsurance contract retroceded liabilities (net)	4,021	60
Net reinsurance contract liabilities	62,476	(1,885)
Yields - FX increase 10%	-	-
Reinsurance contract liabilities (net)	62,345	1,945
Reinsurance contract retroceded liabilities (net)	3,902	(60)
Net reinsurance contract liabilities	66,247	1,885

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.1. Reinsurance risk (continued)

## 4.1.1. Sensitivities

In thousands of United States Dollars	LIC at end period	Impact on LIC
Corporation-2022		
<b>Base result</b>		
Reinsurance contract liabilities (net)	48,523	-
Reinsurance contract retroceded liabilities (net)	660	-
Net reinsurance contract liabilities	49,183	-
Yields - 1% decrease	-	-
Reinsurance contract liabilities (net)	49,787	1,264
Reinsurance contract retroceded liabilities (net)	589	(72)
Net reinsurance contract liabilities	50,376	1,192
Yields - 1% increase	-	-
Reinsurance contract liabilities (net)	47,307	(1,216)
Reinsurance contract retroceded liabilities (net)	730	69
Net reinsurance contract liabilities	48,037	(1,147)
Yields - FX decrease 10%	-	-
Reinsurance contract liabilities (net)	47,021	(1,502)
Reinsurance contract retroceded liabilities (net)	730	70
Net reinsurance contract liabilities	47,751	(1,433)
Yields - FX increase 10%	-	-
Reinsurance contract liabilities (net)	50,026	1,502
Reinsurance contract retroceded liabilities (net)	591	(70)
Net reinsurance contract liabilities	50,617	1,433

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 4. Reinsurance and Financial Risks (continued)

## 4.1.1.2. Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by IFRS 17, in setting claims provisions, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Group has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

Gross undiscounted liabilities for incurred claims for 2023

	Before 2019	2020	2021	2022	2023	Total
<b>Group 2023:</b>						
<b>Estimate of undiscounted gross cumulative claims</b>						
At the end of accident year	62,018	6,481	10,012	9,423	5,921	93,855
One Year Later	16,925	15,872	16,316	25,675	-	74,788
Two Years Later	12,611	10,480	14,283	-	-	37,374
Three Years Later	11,308	7,042	-	-	-	18,350
Four Years Later	4,638	-	-	-	-	4,638
	-	-	-	-	-	-
<b>Cumulative Claims</b>	107,500	39,875	40,611	35,098	5,921	229,005
	-	-	-	-	-	-
Gross Liabilities from Accident years 2019 to 2023	1,482	8,167	20,675	36,524	56,406	123,254
Effect of Discounting	-	-	-	-	-	(17,663)
Risk Adjustment	-	-	-	-	-	7,359
Unpaid Premiums Transferred to the LIC	-	-	-	-	-	(29,989)
Gross Liabilities for incurred claims included in the statement of financial position	-	-	-	-	-	82,960

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.1.2. Claims development table (continued)

	Before 2019	2020	2021	2022	2023	Total
<b>Corporation</b>						
<b>Estimate of undiscounted gross cumulative claims</b>						
At the end of accident year	61,992	6,092	9,110	6,117	3,882	87,193
One Year Later	15,785	13,525	10,691	12,674	-	52,675
Two Years Later	11,316	6,640	5,873	-	-	23,829
Three Years Later	9,865	2,874	-	-	-	12,739
Four Years Later	3,137	-	-	-	-	3,137
<b>Cumulative Claims</b>	102,095	29,131	25,674	18,791	3,882	179,573
	-	-	-	-	-	-
Gross Liabilities from Accident years 2019 to 2023	1,482	5,707	15,817	27,267	39,066	89,339
Effect of Discounting	-	-	-	-	-	(11,966)
Risk Adjustment	-	-	-	-	-	5,156
Unpaid Premiums Transferred to the LIC	-	-	-	-	-	(22,129)
Gross Liabilities for incurred claims included in the statement of financial position	-	-	-	-	-	60,400

**4.2. Financial risk****4.2.1. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with reinsurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance retroceded recoveries.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

The Group's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

**4.2.1.1. Maturity profiles**

Maturity analysis claims for reinsurance and reinsurance contract retroceded liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of claims in reinsurance contracts issued and portfolios of reinsurance contracts retroceded of the Group based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.11.2. Claims development table (continued)

Group - 2023									
Year	1	2	3	4	5	6-10	>10	Total	
Reinsurance Contract Balances									
Reinsurance Contract Assets	(4,772)	(7,534)	(4,157)	(2,652)	(2,122)	(914)	-	(22,151)	
Reinsurance Contract Retroceded Assets	1,206	1,869	1,084	768	710	176	-	5,813	
Reinsurance Contract Liabilities	(20,554)	(34,125)	(18,210)	(13,659)	(10,390)	(4,164)	-	(101,102)	
Reinsurance Contract Retroceded Liabilities	381	612	362	214	204	105	-	1,878	
Total Reinsurance Contracts	(23,739)	(39,178)	(20,921)	(15,329)	(11,598)	(4,797)	-	(115,562)	
Net undiscounted cash flows	(23,739)	(39,178)	(20,921)	(15,329)	(11,598)	(4,797)	-	(115,562)	
Group - 2022									
Year	1	2	3	4	5	6-10	>10	Total	
Reinsurance Contract Balances									
Reinsurance Contract Assets	(3,301)	(5,051)	(2,810)	(1,773)	(1,487)	(423)	-	(14,845)	
Reinsurance Contract Retroceded Assets	957	1,719	921	819	601	237	-	5,254	
Reinsurance Contract Liabilities	(14,208)	(24,003)	(12,583)	(9,412)	(7,035)	(3,461)	-	(70,702)	
Reinsurance Contract Retroceded Liabilities	211	337	194	129	130	57	-	1,058	
Total Reinsurance Contracts	(16,341)	(26,998)	(14,278)	(10,237)	(7,791)	(3,590)	-	(79,235)	
Net undiscounted cash flows	(16,341)	(26,998)	(14,278)	(10,237)	(7,791)	(3,590)	-	(79,235)	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.11.2. Claims development table (continued)

## Corporation - 2023

Year	1	2	3	4	5	6-10	>10	Total
Reinsurance Contract Balances								
Reinsurance Contract Assets	(3,491)	(5,466)	(2,886)	(1,996)	(1,542)	(554)	-	(15,935)
Reinsurance Contract Retroceded Assets	458	736	425	288	282	116	-	2,305
Reinsurance Contract Liabilities	(14,710)	(24,997)	(13,032)	(10,280)	(7,274)	(3,111)	-	(73,404)
Reinsurance Contract Retroceded Liabilities	184	308	177	111	123	77	-	980
Total Reinsurance Contracts	(17,559)	(29,419)	(15,316)	(11,877)	(8,411)	(3,472)	-	(86,054)
Net undiscounted cash flows	(17,559)	(29,419)	(15,316)	(11,877)	(8,411)	(3,472)	-	(86,054)

Corporation - 2022								
Year	1	2	3	4	5	6-10	>10	Total
Reinsurance Contract Balances								
Reinsurance Contract Assets	(2,637)	(3,945)	(2,157)	(1,445)	(1,179)	(221)	-	(11,584)
Reinsurance Contract Retroceded Assets	464	953	484	502	294	155	-	2,852
Reinsurance Contract Liabilities	(11,161)	(19,177)	(9,853)	(7,618)	(5,321)	(2,794)	-	(55,924)
Reinsurance Contract Retroceded Liabilities	127	202	116	77	77	34	-	633
Total Reinsurance Contracts	(13,207)	(21,967)	(11,410)	(8,484)	(6,129)	(2,826)	-	(64,023)
Net undiscounted cash flows	(13,207)	(21,967)	(11,410)	(8,484)	(6,129)	(2,826)	-	(64,023)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.1.1.2. Claims development table (continued)

Maturity analysis for financial assets (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial assets of the Group based on remaining undiscounted contractual cash flows, including interest receivable:

	Up to 1 year	1 - 2 years	2 - 3 years	3 - 4 years	> 5 years	Total
<b>Group 2023</b>						
Financial Assets						
Cash and cashequivalents	23,083	-	-	-	-	23,083
Debt instruments at amortised cost	130,612	36,649	12,506	2,408	34,033	216,208
Other Assets	3,463	-	-	-	-	3,463
	<u>157,158</u>	<u>36,649</u>	<u>12,506</u>	<u>2,408</u>	<u>34,033</u>	<u>242,754</u>

	Up to 1 year	1 - 2 years	2 - 3 years	3 - 4 years	> 5 years	Total
<b>Group 2022</b>						
Financial Assets						
Cash and cash equivalents	21,184	-	-	-	-	21,184
Debt instruments at amortised cost	86,883	25,293	8,954	1,789	26,230	149,149
Other Assets	2,527	-	-	-	-	2,527
	<u>110,594</u>	<u>163,915</u>	<u>8,954</u>	<u>1,789</u>	<u>26,230</u>	<u>172,860</u>

	Up - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	> 5 years	Total
<b>Corporation 2023</b>						
Financial Assets						
Cash and cashequivalents	21,356	-	-	-	-	21,356
Debt instruments at amortised cost	88,665	34,549	10,424	324	31,433	165,396
Other Assets	754	-	-	-	-	754
	<u>110,775</u>	<u>34,549</u>	<u>10,424</u>	<u>324</u>	<u>31,433</u>	<u>242,754</u>

	Up - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	> 5 years	Total
<b>Corporation 2022</b>						
Financial Assets						
Cash and cash equivalents	20,670	-	-	-	-	20,670
Debt instruments at amortised cost	67,077	27,052	8,448	271	27,288	130,136
Other Assets	462	-	-	-	-	462
	<u>88,209</u>	<u>27,052</u>	<u>8,448</u>	<u>271</u>	<u>27,288</u>	<u>151,268</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 4. Reinsurance and Financial Risks (continued)

**4.2.2. Market risk**

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

The Group's market risk policy sets out the assessment and determination of what constitutes market risk for it. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains needed to meet the Group's contractual requirements. The nature of the Group's exposure to market risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

**4.2.2.1. Currency risk**

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

The Group's principal transactions are carried out in dollars and its exposure to foreign exchange risk arises primarily with respect to the other currencies that the Group conduct its business. The Group's financial assets are primarily denominated in the same currencies as its reinsurance contract liabilities.

The Group mitigates some of the foreign currency risk associated with reinsurance contracts by holding reinsurance contracts retroceded denominated in the same currencies as its reinsurance contract liabilities. Refer to note 4.1.1. Sensitivities analysis of currency risk on net reinsurance liabilities.

**4.2.2.2. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

There is no direct contractual relationship between financial assets and reinsurance contracts. However, the Group's interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the reinsurance contract liabilities. The policy also requires it to manage the maturities of interest-bearing financial assets.

The Group has no significant concentration of interest rate risk. Refer to note 4.1.1. Sensitivities analysis of interest rate risk on net reinsurance liability.

**4.2.4. Credit risk**

Credit risk is the risk that one party to a financial instrument, reinsurance contract issued in an asset position or reinsurance contract retroceded will cause a financial loss for the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk.

The Group's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the Group's investment team. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. The Group manages and controls credit risk

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

## 4. Reinsurance and Financial Risks (continued)

## 4.2.4. Credit risk (continued)

by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Group's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

Reinsurance retroceded is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of retrocessionnaire and updates the retro purchase strategy.

The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The nature of the Group's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

The Group's investment team prepares internal ratings for instruments held in which its counterparties are rated using internal grades (high grade, standard grade, sub-standard grade, past due but not impaired and individually impaired). The ratings are determined incorporating both qualitative and quantitative information that builds on information from Credit Rating Agency, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

The Group's internal credit rating grades:

Internal rating grade	Internal rating description	Eurobond Credit Agency's rating (when applicable)
High grade	The counterparty credit rating is unchanged since origination with A rating from S&P	Very good+ to Very good-
Standard grade	The counterparty credit rating is unchanged since origination with A rating from S&P	Very good+ to Very good-
Past due but not impaired	The counterparty credit rating has changed since origination	Bad to Bad-
Credit impaired	Overdue for 90days or more	Very bad

## 4.2.4.3. Impairment assessment

The Group's ECL assessment and measurement method is set out below.

## 4.2.4.3.1. Significant increase in credit risk, default and cure

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.2.4. Credit risk (continued)

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default.
- The counterparty having past due liabilities to public creditors or employees.
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/ protection.
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

The Group considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Group's policy to consider a financial instrument as 'cured' and, therefore, re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

**4.2.4.3.2. Expected credit loss**

The Group assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification.

The amounts presented are gross of impairment allowances.

	2023			2022		
	12mECL	LTECL	TOTAL	12mECL	LTECL	TOTAL
<b>Group</b>						
Performing High grade	28,666	-	28,666	-	-	-
Standard grade	142,231	-	142,231	126,261	-	126,261
Past due but not impaired	-	-	-	-	-	-
Impaired	-	24,711	24,711	-	27,630	27,630
Total Gross Amount	170,897	24,711	195,608	126,261	27,630	153,891
ECL	(2,980)	(11,881)	(14,861)	(3,362)	(12,975)	16,337
Total Net amount	167,917	12,830	180,747	122,899	14,655	137,544

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 20234. Reinsurance and Financial Risks (continued)  
4.2.4.3.2. Expected credit loss (continued)

	2023			2022		
	12mECL	LTECL	TOTAL	12mECL	LTECL	TOTAL
<b>Corporation</b>						
Performing High grade	28,666	-	28,666	-	-	-
Standard grade	94,833	-	94,833	90,378	-	90,378
Past due but not impaired	-	-	-	-	-	-
Impaired	-	24,711	24,711	-	27,630	27,630
Total Gross Amount	123,499	24,711	148,210	90,378	27,630	118,008
ECL	(2,312)	(11,881)	(14,193)	(2,772)	(12,975)	(15,747)
Total Net amount	121,187	12,830	134,017	87,606	14,655	102,261

## 5. OPERATING SEGMENTS

## (a) Basis of segmentation

The Group has the following five strategic divisions, which are reportable segments. These divisions offer different products and are managed separately based on the Group's management and internal reporting structure.

## Reportable segment

- Property and engineering
- Motor
- Casualty
- Marine & Aviation
- Oil and gas
- Life

The Group's Management Committee reviews internal management reports from each division on monthly basis

## (b) Information about reportable segments

Information relating to each reportable segment is set out below. Segment profit before tax, as included in management reports reviewed by the Group's Management, is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industries. Inter-segment pricing is determined on an arm's length basis.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds are based on the Group's cost of capital. There are no other materials items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the financial position.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 5. Operating segments (continued)

In thousands of United States Dollars	Property & Engineer'g	Motor	Casualty	Marine & Aviation	Oil & Gas	Life	Unallocated	Intercompany Adjustment	Total
<b>Group - 2023</b>									
Reinsurance revenue	164,393	6,537	38,444	18,000	24,986	5,776	-	(2,436)	255,700
Reinsurance service expense	(105,703)	(4,637)	(25,039)	(10,014)	(7,715)	(5,831)	-	1,288	(157,651)
<b>Reinsurance service result before reinsurance contracts retroceded</b>	<b>58,690</b>	<b>1,900</b>	<b>13,405</b>	<b>7,986</b>	<b>17,270</b>	<b>(55)</b>	<b>-</b>	<b>(1,148)</b>	<b>98,049</b>
Allocation of retroceded premiums	(27,090)	(295)	(4,765)	(4,338)	(10,780)	(76)	-	1,972	(45,372)
Amounts recoverable from retrocessionaire for incurred claims	3,991	(19)	1,074	77	(543)	2	-	-	4,582
<b>Net expense from reinsurance contracts retroceded</b>	<b>(23,099)</b>	<b>(314)</b>	<b>(3,692)</b>	<b>(4,261)</b>	<b>(11,322)</b>	<b>(74)</b>	<b>-</b>	<b>1,972</b>	<b>(40,790)</b>
<b>Reinsurance service result</b>	<b>35,591</b>	<b>1,586</b>	<b>9,714</b>	<b>3,725</b>	<b>5,948</b>	<b>(129)</b>	<b>-</b>	<b>824</b>	<b>57,259</b>
Interest revenue calculated using the effective interest method	-	-	-	-	-	-	8,144	-	8,144
Impairment loss on financial assets	-	-	-	-	-	-	1,307	-	1,307
Net foreign exchange income/(expense)	-	-	-	-	-	-	(7,110)	-	(7,110)
<b>Total investment income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,341</b>	<b>-</b>	<b>2,341</b>
Net reinsurance financial result	(1,771)	(243)	(331)	(224)	(150)	(238)	-	-	(2,957)
Financial expense	-	-	-	-	-	-	(85)	-	(85)
Other income	-	-	-	-	-	-	2,723	-	2,723
Management expense	(11,802)	(382)	(2,697)	(1,607)	(3,475)	11	-	-	(19,952)
<b>Profit before tax</b>	<b>22,018</b>	<b>961</b>	<b>6,686</b>	<b>1,894</b>	<b>2,323</b>	<b>(356)</b>	<b>4,979</b>	<b>824</b>	<b>39,329</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 5. Operating segments (continued)

In thousands of United States Dollars	Property & Engineering	Motor	Casualty	Marine & Aviation	Oil & Gas	Life	Unallocated	Intercompany Adjustment	Total
Group - 2022									
Reinsurance revenue	122,093	7,071	35,581	15,221	19,932	6,770	-	(3,133)	203,535
Reinsurance service expense	(80,417)	(4,327)	(20,396)	(9,895)	(5,524)	(6,489)	-	734	(126,314)
Reinsurance service result before reinsurance contracts retroceded									
Allocation of retroceded premiums	41,676	2,744	15,186	5,326	14,408	281	-	(2,399)	77,221
Amounts recoverable from retrocessionaire for incurred claims	(178,677)	(23)	(3,521)	(3,511)	(8,266)	-	-	2,399	30,789
Net expense from reinsurance contracts retroceded	2,266	19	141	29	150	-	-	-	2,605
Reinsurance service result	(15,601)	(4)	(3,380)	(3,482)	(8,116)	-	-	2,399	(28,184)
Interest revenue calculated using the effective interest method	26,075	2,740	11,805	1,843	6,292	281	-	-	49,037
Impairment loss on financial assets	-	-	-	-	-	-	7158	-	7,158
Net foreign exchange income/(expense)	-	-	-	-	-	-	(12,168)	-	(12,168)
Total investment income	-	-	-	-	-	-	(2,073)	-	(2,073)
Net reinsurance financial result	1,200	50	41	62	244	3	(7,083)	-	(7,083)
Financial expense	-	-	-	-	-	-	-	-	1,600
Other income	-	-	-	-	-	-	(108)	-	(108)
Management expense	(10,071)	(663)	(3,670)	(1,287)	(3,482)	(68)	1,409	-	1,409
Profit before tax	17,204	2,126	8,176	619	3,054	216	(5,553)	-	25,614

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

## 5. Operating segments (continued)

In thousands of United States Dollars	Property & Engineer'g	Motor	Casualty	Marine & Aviation	Oil & Gas	Life	Unallocated	Total
<b>Corporation - 2023</b>								
Reinsurance revenue	116,235	5,251	19,396	15,398	24,810	5,573	-	186,663
Reinsurance service expense	(73,302)	(3,273)	(10,400)	(7846)	(7,654)	(5,714)	-	(108,189)
<b>Reinsurance service result before reinsurance contracts retroceded</b>								
Allocation of retroceded premiums	42,933	1,978	8,996	7,552	17,156	(141)	-	78,474
Amounts recoverable from retrocessionaire for incurred claims	(16,957)	(250)	(3,071)	(3,915)	(10,725)	(71)	-	(34,989)
<b>Net expense from reinsurance contracts retroceded</b>	2,891	-	251	5	(543)	-	-	2,604
<b>Reinsurance service result</b>	(14,066)	(250)	(2,820)	(3,910)	(11,268)	(71)	-	(32,385)
Interest revenue calculated using the effective interest method	28,867	1,728	6,176	3,642	5,888	(212)	-	46,089
Impairment loss on financial assets	-	-	-	-	-	-	5,849	5,849
Net foreign exchange income/(expense)	-	-	-	-	-	-	1,539	1,539
<b>Total investment income</b>	-	-	-	-	-	-	(10,340)	(10,340)
Net reinsurance financial result	(1,564)	(220)	(263)	(233)	(149)	(227)	(2,952)	(2,952)
Financial expense	-	-	-	-	-	-	(38)	(38)
Other income	-	-	-	-	-	-	390	390
Management expense	(7,469)	(344)	(1,567)	(1,315)	(2,988)	25	-	(13,658)
<b>Profit before tax</b>	19,834	1,164	4,346	2,094	2,751	(414)	(2,600)	27,175

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 5. Operating segments (continued)

In thousands of United States Dollars	Property & Engineer'g	Motor	Casualty	Marine & Aviation	Oil & Gas	Life	Unallocated	Total
Reinsurance revenue	91,210	5,249	19,278	13,072	19,802	6,398	-	155,009
Reinsurance service expense	(59,516)	(3,222)	(10,688)	(8,251)	(5,480)	(6,087)	-	(93,244)
Reinsurance service result before reinsurance contracts retroceded	31,694	2,027	8,590	4,821	14,322	311	-	61,765
Allocation of retroceded premiums	(10,618)	(16)	(2,488)	(3,119)	(8,253)	-	-	(24,494)
Amounts recoverable from retrocessionaire for incurred claims	(685)	(2)	116	42	150	-	-	(379)
Net expense from reinsurance contracts retroceded	(11,303)	(18)	(2,372)	(3,077)	(8,103)	-	-	(24,873)
Reinsurance service result	20,391	2,009	6,218	1,744	6,219	311	-	36,892
Interest revenue calculated using the effective interest method	-	-	-	-	-	-	5,553	5,553
Impairment loss on financial assets	-	-	-	-	-	-	(11,911)	(11,911)
Net foreign exchange income/(expense)	-	-	-	-	-	-	(3,010)	(3,010)
Total investment income	-	-	-	-	-	-	(9,368)	(9,368)
Net reinsurance financial result	930	44	39	66	242	6	-	1,327
Financial expense	-	-	-	-	-	-	(75)	(75)
Other income	-	-	-	-	-	-	1,233	1,233
Management expense	(6,770)	(433)	(1,835)	(1,030)	(3,059)	(66)	-	(13,193)
Profit before tax	14,551	1,620	4,422	780	3,402	251	(8,210)	16,816

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**6. Cash and bank balances**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Bank balances*	23,079	21,181	21,354	20,668
Cash on hand	4	3	2	2
	<u>23,083</u>	<u>21,184</u>	<u>21,356</u>	<u>20,670</u>

\*Included in the bank balances is a restricted amount of US\$ 1.53 million with the Central Bank of Sierra Leone. Cash in hand is non-interest-bearing.

The statutory deposit of USD 5 million (2022: USD 5 million) was made with the Central Banks of Sierra Leone, Kenya and Zimbabwe in compliance with the insurance regulations of the countries. The deposit will continue to be maintained at the Central Banks, so long as the Group continues to transact insurance business in these countries. The deposits are invested in treasury bills (Government Securities) by the Central Banks on behalf of the Group. The Group also placed USD 500,000 with the Bank of Ghana as a regulatory requirement by the National Insurance Commission (Ghana).

**6.1 Cash and cash equivalent**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Cash and bank balance	23,083	21,184	21,356	20,670
Short-term investment securities**	38,291	27,262	17,040	16,974
Cash and cash equivalents	<u>61,374</u>	<u>48,446</u>	<u>38,396</u>	<u>37,644</u>

\*\* Short term investment securities are highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value and are used by the group in the management of its short-term commitments.

**7. Financial assets**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Debt instrument measured at amortised cost	195,608	153,891	148,210	118,008
Equity	4,740	1,068	23,456	18,633
Gross financial assets	200,348	154,959	171,666	136,641
Impairment allowance	(14,861)	(16,337)	(14,193)	(15,747)
	<u>185,487</u>	<u>138,622</u>	<u>157,473</u>	<u>120,894</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 7. Financial assets (continued)

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Debt instrument measured at amortized cost Government bonds	77,073	58,108	67,113	53,437
Term deposit	115,119	91,994	77,939	62,057
Treasury bills	3,416	3,789	3,158	2,514
Gross financial assets	195,608	153,891	148,210	118,008
Impairment allowance	(14,861)	(16,337)	(14,193)	(15,747)
	180,747	137,554	134,017	102,261

Government bonds, term deposits as well as Treasury Bills are classified as financial assets at amortized cost as the business model is to hold the financial assets to collect contractual cash flows representing solely payments of principal and interest.

## 7.1. Credit risk quality of investment securities (debt instrument)

The table below shows the credit quality and the maximum exposure to credit risk of investment Securities (Debt Instruments) measured at amortised cost based on the S&P rating and year-end stage classification. The amounts presented are gross of impairment allowances.

	12mECL	LTECL	TOTAL
<b>Group - 2023</b>			
High grade	170,897	-	170,897
Standard grade	-	-	-
Past due but not impaired	-	-	-
Impaired	-	24,711	24,711
At 31 December 2023	170,897	24,711	195,608
	12mECL	LTECL	TOTAL
<b>Group - 2022</b>			
High grade	126,261	-	126,261
Standard grade	-	-	-
Past due but not impaired	-	-	-
Impaired	-	27,630	27,630
At 31 December 2022	126,261	27,630	153,891

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

7. Financial assets (continued)

7.1. Credit risk quality of investment securities (debt instrument) (continued)

	12mECL	LTECL	TOTAL
<b>Corporation - 2023</b>			
High grade	123,499	-	123,499
Standard grade	-	-	-
Past due but not impaired	-	-	-
Impaired	-	24,711	24,711
At 31 December 2023	<u>123,499</u>	<u>24,711</u>	<u>148,210</u>
	12mECL	LTECL	TOTAL
<b>Corporation - 2022</b>			
High grade	90,378	-	90,378
Standard grade	-	-	-
Past due but not impaired	-	-	-
Impaired	-	27,630	27,630
At 31 December 2022	<u>90,378</u>	<u>27,630</u>	<u>118,008</u>

An analysis of changes in the gross carrying amount in relation to Debt instruments measured at amortised cost is, as follows:

	12mECL	LTECL	TOTAL
<b>Group - 2023</b>			
Gross carrying amount as at 1 January 2023	126,261	27,630	153,891
New assets originated or purchased	48,717	-	48,717
Assets derecognised or repaid (excluding write offs)	(4,081)	(2,919)	(7,000)
Movement between 12mECL and LTECL	-	-	-
At 31 December 2023	<u>170,897</u>	<u>24,711</u>	<u>195,608</u>
	12mECL	LTECL	TOTAL
<b>Group - 2022</b>			
Gross carrying amount as at 1 January 2022	117,874	2,800	120,694
New assets originated or purchased	33,197	-	33,197
Assets derecognised or repaid (excluding write offs)	-	-	-
Movement between 12mECL and LTECL	(24,830)	24,830	-
At 31 December 2022	<u>126,261</u>	<u>27,630</u>	<u>153,891</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

7. Financial assets (continued)

7.1. Credit risk quality of investment securities (debt instrument) (continued)

	12mECL	LTECL	TOTAL
<b>Corporation - 2023</b>			
Gross carrying amount as at 1 January 2023	90,378	27,630	118,008
New assets originated or purchased	37,202	-	37,202
Assets derecognised or repaid (excluding write offs)	(4,081)	(2,919)	(7,000)
Movement between			
12mECL and LTECL	-	-	-
At 31 December 2023	123,499	24,711	148,210
	12mECL	LTECL	TOTAL
<b>Corporation - 2022</b>			
Gross carrying amount as at 1 January 2022	89,016	2,800	91,816
New assets originated or purchased	26,192	-	26,192
Assets derecognised or repaid (excluding write offs)	-	-	-
Movement between			
12mECL and LTECL	(24,830)	24,830	-
At 31 December 2022	90,378	27,630	118,008
An analysis of changes in the ECL allowances in relation to debt instruments carried at amortised cost is, as follows:			
	12mECL	LTECL	TOTAL
<b>Group - 2023</b>			
Gross carrying amount as at 1 January 2023	3,362	12,975	16,337
New assets originated or purchased	789	-	789
Assets derecognised or repaid (excluding write offs)	(1,002)	(1,094)	(2,096)
Movement between 12mECL and LTECL	-	-	-
Translation difference	(154)	-	(154)
Debt Written off	-	(15)	(15)
At 31 December 2023	2,995	11,866	14,861
	12mECL	LTECL	TOTAL
<b>Group - 2022</b>			
Gross carrying amount as at 1 January 2022	2,769	1,400	4,169
New assets originated or purchased	12,168	-	12,168
Assets derecognised or repaid (excluding write offs)	-	-	-
Impact on Expected Credit loss	-	-	-
Movement between	(11,575)	11,575	-
12mECL and LTECL	-	-	-
Debt Written off	-	-	-
At 31 December 2022	3,362	12,975	16,337

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

7. Financial assets (continued)

7.1. Credit risk quality of investment securities (debt instrument) (continued)

	12mECL	LTECL	TOTAL
<b>Corporation - 2023</b>			
Gross carrying amount as at 1 January 2022	2,772	12,975	15,747
New assets originated or purchased	711	-	711
Assets derecognised or repaid (excluding write offs)	(1,156)	(1,094)	(2,250)
Impact on Expected Credit loss	-	-	-
Movement between			
12mECL and LTECL	-	-	-
Debt Written off	-	(15)	(15)
At 31 December 2023	<u>2,327</u>	<u>11,866</u>	<u>14,193</u>

	12mECL	LTECL	TOTAL
<b>Corporation - 2022</b>			
Gross carrying amount as at 1 January 2022	2,436	1,400	3,836
New assets originated or purchased	11,911	-	11,911
Assets derecognised or repaid (excluding write offs)	-	-	-
Impact on Expected Credit loss	-	-	-
Movement between			
12mECL and LTECL	(11,575)	11,575	-
Debt Written off	-	-	-
At 31 December 2022	<u>2,772</u>	<u>12,975</u>	<u>15,747</u>

**8. Reinsurance contracts and reinsurance contracts retroceded**

The breakdown of groups of reinsurance contracts issued, and reinsurance contracts retroceded that are in an asset position and those in a liability position is set out in the table below:

Reinsurance Contracts:

	2023		2022	
<b>Group</b>	<b>Assets</b>	<b>Liabilities</b>	Assets	Liabilities
Property & engineering	9,824	57,382	2,937	39,675
Motor	487	1,497	641	894
Casualty	7,140	7,571	5,744	4,152
Marine & aviation	2,113	4,669	707	3,140
Oil & gas	3,008	8,214	107	6,587
Life	164	2,871	43	1,844
	<u>22,736</u>	<u>82,204</u>	<u>10,179</u>	<u>56,292</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

## Reinsurance Contracts

	2023		2022	
Corporation	Assets	Liabilities	Assets	Liabilities
Property & engineering	8,747	39,412	2,465	29,257
Motor	487	1,140	287	769
Casualty	3,247	4,730	1,774	3,070
Marine & aviation	1,930	3,541	504	2,501
Oil & gas	3,008	8,168	107	6,549
Life	164	2,675	43	1,682
	<u>17,583</u>	<u>59,666</u>	<u>5,180</u>	<u>43,828</u>

## Reinsurance Contracts retroceded:

	2023		2022	
Group	Assets	Liabilities	Assets	Liabilities
Property & engineering	4,215	14,066	3,887	7,362
Motor	1	337	25	55
Casualty	800	2,780	413	1,907
Marine & aviation	43	2,878	52	1,908
Oil & gas	1,380	1,151	2,085	213
Life	1	74	-	-
	<u>6,440</u>	<u>21,286</u>	<u>6,462</u>	<u>11,445</u>

	2023		2022	
Corporation	Assets	Liabilities	Assets	Liabilities
Property & engineering	1,835	6,971	2,035	2,815
Motor	1	253	10	18
Casualty	412	1,780	413	1,077
Marine & aviation	26	2,494	47	1,565
Oil & gas	1,379	1,070	2,085	178
Life	-	71	-	-
	<u>3,653</u>	<u>12,639</u>	<u>4,590</u>	<u>5,653</u>

## 8.1 Roll-forward of net asset or liability for reinsurance contracts issued showing the liability for remaining coverage and the liability for incurred claims)

The Group aggregates information to provide disclosure in respect of reinsurance contracts issued and reinsurance contracts retroceded. The roll-forward of the net asset or liability for reinsurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability	
	Non-onerous	Loss Component	Risk Adjustment	PVFCF	Intercompany Adjustment	Reinsurance Contract Liability
<b>Group - 2023</b>						
Calculation of Reinsurance Liability						
<b>Opening Balance</b>	14,020	(623)	(4,851)	(54,659)	-	(46,113)
Cash Inflows - Premiums Received	(217,507)	-	-	-	-	(217,507)
Reinsurance Revenue	258,136	-	-	-	(2,436)	255,700
Reinsurance Service Expenses	(74,745)	327	(2,739)	(80,906)	412	(157,651)
Paid Claims net of recoveries	-	-	-	(42,704)	-	-
Maintenance Expenses Allocated	-	-	-	-	-	-
Change in outstanding claims + IBNR	-	-	-	(38,202)	-	-
Change in Loss Component - New loss arising in period	-	(199)	-	-	-	-
Change in Loss Component - Reversal	-	526	-	-	-	-
Change in Risk Adjustment	-	-	(2,739)	-	-	-
Amortised Deferred Acquisition Costs	(74,745)	-	-	-	-	-
Other Immediate Acquisition Costs	-	-	-	-	-	-
Investment Component	-	-	-	-	-	-
Reinsurance Finance Expenses	-	-	(338)	(2,890)	-	(3,228)
Cash Outflows - Claims, commissions and expenses paid	59,656	-	-	42,704	-	102,360
Outstanding balances transferred to LIC at expiry of cover	(15,063)	-	-	15,063	-	-
Intercompany transaction impact	-	-	-	-	2,024	2,024
Currency Impact	(764)	55	570	5,086	-	4,947
<b>Closing Balance</b>	<b>23,733</b>	<b>(241)</b>	<b>(7,358)</b>	<b>(75,602)</b>	<b>-</b>	<b>(59,468)</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims)**  
The roll-forward of the net asset or liability for reinsurance contracts retroceded, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability	
	Non-onerous	Loss Component	Risk Adjustment	PVFCF	Intercompany Adjustment	Reinsurance Contract Liability
<b>Group - 2023</b>						
<b>Calculation of Reinsurance Contract retroceded Liability</b>						
<b>Opening Balance</b>	(2,116)	-	458	(3,326)	-	(4,984)
Cash Inflows	(9,573)	-	-	(3,113)	-	(12,686)
Reinsurance Revenue	(59,171)	-	-	-	2,436	(56,735)
Reinsurance Service Expenses	11,826	-	113	4,469	(463)	15,945
Amounts recovered from reinsurers	-	-	-	3,113	-	-
Change in outstanding amounts due from retrocessionaire	-	-	-	1,356	-	-
Change in Loss Recovery Component - New loss arising in period	-	-	-	-	-	-
Change in Loss Recovery Component - Reversal	-	-	-	-	-	-
Change in Risk Adjustment	-	-	113	-	-	-
Retro Commission amortised	11,826	-	-	-	-	-
Other Related Income (Reinsurance Profit Commission)	-	-	-	-	-	-
Reinsurance Finance Expenses	-	-	29	242	-	271
Cash Outflows	45,123	-	-	-	-	45,123
Outstanding balances transferred to LIC at expiry of cover	7,758	-	-	(7,758)	-	-
Intercompany transaction impact	-	-	-	-	(1,973)	(1,973)
Currency Impact	83	-	(29)	139	-	193
<b>Closing Balance</b>	<b>(6,070)</b>	<b>-</b>	<b>571</b>	<b>(9,344)</b>	<b>-</b>	<b>(14,846)</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims**  
The roll-forward of the net asset or liability for reinsurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability
	Non-onerous	Loss Component	Risk Adjustment	PVFCF	
<b>Corporation - 2023</b>					
<b>Calculation of Reinsurance Liability</b>					
<b>Opening Balance</b>	10,220	(345)	(3,779)	(44,744)	(38,649)
Cash Inflows - Premiums Received	(153,084)	-	-	-	(153,084)
Reinsurance Revenue	186,663	-	-	-	186,663
Reinsurance Service Expenses	(54,347)	182	(1,565)	(51,583)	(107,314)
Paid Claims net of recoveries	-	-	-	27,552	-
Maintenance Expenses Allocated	-	-	-	-	-
Change in outstanding claims + IBNR	-	-	-	(24,031)	-
Change in Loss Component - New loss arising in period	-	(96)	-	-	-
Change in Loss Component - Reversal	-	278	-	-	-
Change in Risk Adjustment	-	-	(1,565)	-	-
Amortised Deferred Acquisition Costs*	(54,347)	-	-	-	-
Other Immediate Acquisition Costs	-	-	-	-	-
Investment Component	-	-	-	-	-
Reinsurance Finance Expenses	-	-	(265)	(2,535)	(2,799)
Cash Outflows - Claims, commissions and expenses paid	41,481	-	-	27,552	69,034
Outstanding balances transferred to LIC at expiry of cover	(12,437)	-	-	12,437	-
Currency Impact	(62)	46	454	3,627	4,065
<b>Closing Balance</b>	<b>18,434</b>	<b>(117)</b>	<b>(5,156)</b>	<b>(55,244)</b>	<b>(42,083)</b>

\*For WAICA Re DIFC and agency in Cameroon, the Corporation made an accounting policy choice to recognize reinsurance acquisition cash flows as an expense as and when incurred. (US\$875)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

**Roll-forward of net asset or liability for reinsurance contracts issued showing the liability for remaining coverage and the liability for incurred claims)**

The roll-forward of the net asset or liability for reinsurance contracts retroceded, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability
	Non-onerous	Loss Recovery Component	Risk Adjustment	PV/CF	
Corporation - 2023					
Calculation of Reinsurance Contract Retroceded Liability					
Opening Balance	(403)	-	230	(890)	(1,063)
Cash Inflows	(6,348)	-	-	(2,665)	(9,013)
Reinsurance Revenue	(43,523)	-	-	-	(43,523)
Reinsurance Service Expenses	8,533	-	(19)	2,623	11,138
Amounts recovered from retrocessionaire	-	-	-	2,665	-
Change in outstanding amounts due from retrocessionaire	-	-	-	(42)	-
Change in Loss Recovery Component - New loss arising in period	-	-	-	-	-
Change in Loss Recovery Component - Reversal	-	-	-	-	-
Change in Risk Adjustment	-	-	(19)	-	-
Retro Commission amortised	8,533	-	-	-	-
Other Related Income (Reinsurance Profit Commission)	-	-	-	-	-
Reinsurance Finance Expenses	-	-	15	128	143
Cash Outflows	33,355	-	-	-	33,355
Outstanding balances transferred to LIC at expiry of cover	3,218	-	-	(3,218)	-
Currency Impact	143	-	(21)	(144)	(22)
Closing Balance	(5,025)	-	205	(4,166)	(8,986)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims**

The roll-forward of the net asset or liability for reinsurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability
	Non-onerous	Loss Component	Risk Adjustment	PV/FCF	
Group-2022					
Calculation of Reinsurance Liability					
Opening Balance	10,358	(482)	(3,903)	(44,201)	(38,228)
Cash Inflows - Premiums Received	(183,986)	-	-	-	(183,986)
Reinsurance Revenue	206,669	-	-	-	203,535
Reinsurance Service Expenses	(60,492)	(209)	(1,058)	(65,289)	(126,314)
Paid Claims net of recoveries	-	-	-	(42,907)	-
Maintenance Expenses Allocated	-	-	-	-	-
Change in outstanding claims + IBNR	-	-	-	(22,382)	-
Change in Loss Component - New loss arising in period	-	(605)	-	-	-
Change in Loss Component - Reversal	-	396	-	-	-
Change in Risk Adjustment	-	-	(1,058)	-	-
Amortised Deferred Acquisition Costs	(60,492)	-	-	-	-
Other Immediate Acquisition Costs	-	-	-	-	-
Investment Component	-	-	-	-	-
Reinsurance Finance Expenses	-	-	(137)	1,956	1,819
Cash Outflows - Claims, commissions and expenses paid	50,802	-	-	42,907	93,709
Outstanding balances transferred to LIC at expiry of cover	(7,767)	-	-	7,767	-
Intercompany Transaction Impact	-	-	-	2,401	2,401
Currency Impact	(1,564)	68	247	-	951
Closing Balance	14,020	(623)	(4,851)	(54,660)	(46,113)



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims**  
The roll-forward of the net asset or liability for reinsurance contracts retroceded, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability	
	Non-onerous	Loss Component	Risk Adjustment	PV/FCF	Intercompany Adjustment	Reinsurance Contract Liability
Group-2022						
Calculation of Reinsurance Retroceded Liability						
Opening Balance	(2,692)	-	159	(2,530)	-	(5,063)
Cash Inflows	(6,872)	-	-	1,517	-	(5,355)
Reinsurance Revenue	(42,009)	-	-	-	3,134	(38,875)
Reinsurance Service Expenses	8,820	-	308	2,297	(734)	10,691
Amounts recovered from retrocessionaire	-	-	-	(1,517)	-	-
Change in outstanding amounts due from retrocessionaire	-	-	-	3,814	-	-
Change in Loss Recovery Component - New loss arising in period	-	-	-	-	-	-
Change in Loss Recovery Component - Reversal	-	-	-	-	-	-
Change in Risk Adjustment	-	-	308	-	-	-
Retro Commission amortised	8,820	-	-	-	-	-
Other Related Income (Reinsurance Profit Commission)	-	-	-	-	-	-
Reinsurance Finance Expenses	-	-	4	(224)	-	(220)
Cash Outflows	36,078	-	-	-	-	36,078
Outstanding balances transferred to LIC at expiry of cover	4,410	-	-	(4,410)	-	-
Intercompany transaction impact	-	-	-	-	(2,400)	-
Currency Impact	149	-	(13)	24	-	160
Closing Balance	(2,116)	-	458	(3,326)	-	(4,983)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims)** The roll-The roll-forward of the net asset or liability for reinsurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability
	Non-onerous	Loss Component	Risk Adjustment	PV/FCF	
Corporation - 2022					
Calculation of Reinsurance Liability					
Operating Balance	6,387	(210)	(3,263)	(36,533)	(33,619)
Cash Inflows - Premiums Received	(140,687)	-	-	-	(140,687)
Insurance Revenue	155,009	-	-	-	155,009
Insurance Service Expenses	(44,078)	(199)	(616)	(48,351)	(93,244)
Paid Claims net of recoveries	-	-	-	(33,095)	-
Maintenance Expenses Allocated	-	-	-	-	-
Change in outstanding claims + IBNR	-	-	-	(15,256)	-
Change in Loss Component - New loss arising in period	-	(354)	-	-	-
Change in Loss Component - Reversal	-	155	-	-	-
Change in Risk Adjustment	-	-	(616)	-	-
Amortised Deferred Acquisition Costs	(44,078)	-	-	-	-
Other Immediate Acquisition Costs	-	-	-	-	-
Investment Component	-	-	-	-	-
Insurance Finance Expenses	-	-	(116)	1,553	1,437
Cash Outflows - Claims, commissions and expenses paid	38,634	-	-	33,095	71,729
Outstanding balances transferred to LIC at expiry of cover	(3,667)	-	-	3,667	-
Currency Impact	(1,378)	64	216	1,825	726
Closing Balance	10,220	(345)	(3,779)	(44,744)	(38,648)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 8. Reinsurance contracts and reinsurance contracts retroceded (continued)

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims)**

The roll-forward of the net asset or liability for reinsurance contracts retroceded, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liability for Remaining Cover		Liability for Incurred Claims		Reinsurance Contract Liability
	Non-onerous	Loss Component	Risk Adjustment	PV/FCF	
Corporation -2022					
Calculation of Reinsurance contract retroceded Liability					
Opening Balance	(960)	-	158	(1,315)	(2,117)
Cash Inflows	(5,661)	-	-	1,689	(3,972)
Reinsurance Revenue	(30,556)	-	-	-	(30,556)
Reinsurance Service Expenses	6,060	-	77	(455)	5,682
Amounts recovered from retrocessionaire	-	-	-	(1,689)	-
Change in outstanding amounts due from retrocessionaire	-	-	-	1,234	-
Change in Loss Recovery Component - New loss arising in period	-	-	-	-	-
Change in Loss Recovery Component - Reversal	-	-	-	-	-
Change in Risk Adjustment	-	-	77	-	-
Retro Commission amortised	6,061	-	-	-	-
Other Related Income (Reinsurance Profit Commission)	-	-	-	-	-
Reinsurance Finance Expenses	-	-	-	-	-
Cash Outflows	-	-	4	(115)	(111)
Outstanding balances transferred to LIC at expiry of cover	29,959	-	-	-	29,959
Currency Impact	616	-	-	(616)	-
Closing Balance	139	-	(9)	(78)	52
	(403)	-	230	(890)	(1,063)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 9. Other assets

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022 restated	2023	2022 restated
Sundry receivables	697	1,692	463	452
Other receivables	2,452	544	-	-
Defined benefit obligation (34a (i))	236	-	236	-
Loans to staff	554	291	467	253
	<u>3,939</u>	<u>2,527</u>	<u>1,166</u>	<u>705</u>

## 10. Property and equipment

In thousands of United States Dollars	Land & building	Computer hardware	Motor Vehicle	Furniture & equipment	Capital work in progress	Total
<b>Group - 2023</b>						
Cost/ Valuation						
At 1 January 2023	1,761	419	1,584	1,353	-	5,117
Additions	-	92	666	179	2,530	3,467
Transfer/reclassification	1,846	-	-	-	-	1,846
Disposals	-	(57)	(62)	(118)	-	(237)
Revaluation adjustment	89	-	-	-	-	89
Translation difference	43	(85)	23	(22)	-	(41)
<b>At 31 December 2023</b>	<u>3,739</u>	<u>369</u>	<u>2,211</u>	<u>1,392</u>	<u>2,530</u>	<u>10,241</u>
Accumulated Depreciation						
At 1 January 2023	5	248	916	955	-	2,124
Charge for the year	41	50	263	124	-	478
Disposals	-	(17)	(8)	(13)	-	(38)
Translation difference	-	-	-	-	-	-
<b>At 31 December 2023</b>	<u>46</u>	<u>281</u>	<u>1,171</u>	<u>1,066</u>	<u>-</u>	<u>2,564</u>
<b>Net Book value</b>						
<b>At 31 December 2023</b>	<u>3,693</u>	<u>88</u>	<u>1,040</u>	<u>326</u>	<u>2,530</u>	<u>7,677</u>

There were no capitalized borrowing costs related to the acquisition of equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 10. Property and equipment (continued)

In thousands of United States Dollars	Land & building	Computer hardware	Motor Vehicle	Furniture & equipment	Capital work in progress	Total
Group - 2022						
Cost/ Valuation						
At 1 January 2022	1,438	389	1,299	1,144	242	4,512
Additions	70	59	176	268	-	573
Transfer/reclassification	242	-	-	-	(242)	-
Disposals	-	-	(2)	-	-	(2)
Revaluation adjustment	54	9	140	(1)	-	202
Translation difference	(43)	(38)	(29)	(58)	-	(168)
At 31 December 2022	1,761	419	1,584	1,353	-	5,117
Accumulated Depreciation						
At 1 January 2022	1	178	682	821	-	1,682
Charge for the year	4	70	234	134	-	442
Disposals	-	-	-	-	-	-
Translation difference	-	-	-	-	-	-
At 31 December 2022	5	248	916	955	-	2,124
Net Book value						
At 31 December 2022	1,756	171	668	398	-	2,993

There were no capitalized borrowing costs related to the acquisition of equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**10. Property and equipment**

In thousands of United States Dollars	Land & building	Computer hardware	Motor Vehicle	Furniture & equipment	Capital work in progress	Total
<b>Corporation - 2023</b>						
Cost						
At 1 January 2023	1,445	323	892	800	-	3,460
Additions		70	227	99	2,530	2,926
Transfer/ reclassification	1,846	-	-	-	-	1,846
Disposal	-	(56)	-	(119)	-	(175)
<b>At 31 December 2023</b>	<b>3,291</b>	<b>337</b>	<b>1,119</b>	<b>781</b>	<b>2,530</b>	<b>8,057</b>
Accumulated Depreciation						
At 1 January 2023	-	262	520	638	-	1,420
Charge for the year	37	37	140	74	-	288
Disposal	-	(17)	-	(13)	-	(30)
<b>At 31 December 2023</b>	<b>37</b>	<b>282</b>	<b>660</b>	<b>699</b>	<b>-</b>	<b>1,678</b>
<b>Net Book value</b>						
<b>At 31 December 2023</b>	<b>3,254</b>	<b>55</b>	<b>459</b>	<b>81</b>	<b>2,530</b>	<b>6,379</b>

There were no capitalized borrowing costs related to the acquisition of equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 10. Property and equipment (continued)

In thousands of United States Dollars	Land & building	Computer hardware	Motor Vehicle	Furniture & equipment	Capital work in progress	Total
Corporation - 2022						
Cost						
At 1 January 2022	1,143	280	892	784	242	3,341
Additions	60	43	-	16	-	119
Transfer	242	-	-	-	(242)	-
At 31 December 2022	<u>1,445</u>	<u>323</u>	<u>892</u>	<u>800</u>	<u>-</u>	<u>3,460</u>
Accumulated Depreciation						
At 1 January 2022	-	218	365	542	-	1,125
Charge for the year	-	44	155	96	-	295
At 31 December 2022	<u>-</u>	<u>262</u>	<u>520</u>	<u>638</u>	<u>-</u>	<u>1,420</u>
Net Book value						
At 31 December 2022	<u>1,445</u>	<u>61</u>	<u>372</u>	<u>162</u>	<u>-</u>	<u>2,040</u>

The Corporation recognised the grant of the land at its fair value of US\$1,143,000 given by the government of Sierra Leone for the purpose of erecting its Head Office building. The deferred income is recorded for the same amount (see note 25 for details).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**11. Intangible assets**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
At 1 January	1,390	1,313	1,368	1,299
Acquisitions	208	69	208	69
Disposal	(656)	-	(656)	-
Translation adjustment	(4)	8	-	-
At 31 December	938	1,390	920	1,368
Amortization				
At 1 January	1,077	1,049	1,065	1,050
Amortization for the year	24	19	24	15
Disposal	(390)	-	(394)	-
Translation adjustment	(2)	9	-	-
At 31 December	709	1,077	695	1,065
<b>Net book value</b>	<b>229</b>	<b>313</b>	<b>225</b>	<b>303</b>

There were no capitalized borrowing costs related to the acquisition of computer software during the year. (2022: Nil).

**12. Right of use asset**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
At 1 January	2,267	2,257	1,919	2,027
Addition	151	128	151	-
Modification	(290)	33	(289)	33
Translation adjustment	(82)	(10)	-	-
Write off	-	(141)	-	(141)
At 31 December	2,046	2,267	1,781	1,919
Accumulated depreciation				
At 1 January	1,403	1,133	1,313	1,068
Charge for the year	172	270	140	245
Translation adjustment	(27)	-	-	-
At 31 December	1,548	1,403	1,453	1,313
<b>Net book value</b>	<b>498</b>	<b>864</b>	<b>328</b>	<b>606</b>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**13. Investment properties**

In thousands of United States Dollars	Office space	Work in progress	Total
<b>Group - 2023</b>			
At 1 January	9,515	39	9,554
Additions	50	9,552	9,602
Transfer to PPE	(1,846)	-	(1,846)
Fair value gain	166	-	166
	<u>7,885</u>	<u>9,591</u>	<u>17,476</u>

In thousands of United States Dollars	Office space	Work in progress	Total
<b>Group - 2022</b>			
At 1 January	9,352	-	9,352
Additions	-	39	39
Fair value gain	163	-	163
	<u>9,515</u>	<u>39</u>	<u>9,554</u>

In thousands of United States Dollars	Office space	Work in progress	Total
<b>Corporation - 2023</b>			
At 1 January	9,231	39	9,270
Additions	50	9,552	9,602
Transfer to PPE	(1,846)	-	(1,846)
Fair value gain	-	-	-
	<u>7,435</u>	<u>9,591</u>	<u>17,026</u>

In thousands of United States Dollars	Office space	Work in progress	Total
<b>Corporation - 2022</b>			
At 1 January	9,039	-	9,039
Additions	-	39	39
Fair value gain	192	-	192
	<u>9,231</u>	<u>39</u>	<u>9,270</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 13. Investment properties (continued)

The Group's investment properties consist of landed properties in Ghana acquired by WAICA Reinsurance Corporation Plc in 2016 and a landed property of US\$570,400 owned by WAICA Re Zimbabwe (Pvt). The landed property owned by WAICA Re Zimbabwe (Pvt) was revalued downwards to US\$ 287,500 based on a valuation exercise carried out in 2020.

As at 31 December 2023 and 2022, the fair values of the properties are based on valuations performed by GreenPlan (private) Limited, an accredited independent valuer. All valuers are specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Rental income derived from investment properties	-	229	-	229
Direct operating expenses (including repairs and maintenance) generating rental income (included in management expense)	-	(97)	-	(97)
<b>Profit arising from investment properties carried at fair value</b>	<b>-</b>	<b>132</b>	<b>-</b>	<b>132</b>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements

## Fair value measurement

			Fair value measurement using		
In thousands of United States Dollars			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
<b>Group - 2023</b>	<b>Date of valuation</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Office property	<b>December 2023</b>	17,026	-	-	17,026
Undeveloped Industrial Land		450	-	-	450
		<u>17,476</u>	<u>-</u>	<u>-</u>	<u>17,476</u>

			Fair value measurement using		
In thousands of United States Dollars			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
<b>Group - 2022</b>	<b>Date of valuation</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Office property	December 2022	9,270	-	-	9,270
Undeveloped Industrial Land		284	-	-	284
		<u>9,554</u>	<u>-</u>	<u>-</u>	<u>9,554</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

13. Investment properties (continued)

Fair value measurement (continued)

			Fair value measurement using		
In thousands of United States Dollars			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
Corporation - 2023	Date of valuation	Total	Level 1	Level 2	Level 3
Office property		17,026	-	-	17,026
Undeveloped Industrial Land		-	-	-	-
		<u>17,026</u>	<u>-</u>	<u>-</u>	<u>17,026</u>

			Fair value measurement using		
In thousands of United States Dollars			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
Corporation - 2022	Date of valuation	Total	Level 1	Level 2	Level 3
Office property		9,270	-	-	9,270
Undeveloped Industrial Land		-	-	-	-
		<u>9,270</u>	<u>-</u>	<u>-</u>	<u>9,270</u>

## Description of valuation techniques used and key inputs to valuation of investment properties:

Group	Valuation technique	Significant unobservable inputs	Range (weighted average)		
	Date of valuation		Total	2023	2022
Office property		Estimated rental value per sqm per month Rent growth p.a. Long-term vacancy rate Discount rate		10-15	13.5 - 3
Undeveloped Industrial Land		Direct Comparism Approach			
		Average land per square metre <b>Depreciated Replacement Cost Method</b> Average land per square metre			
				<u>326 -32</u>	<u>350 -33</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 202313. Investment properties (continued)  
Fair value measurement (continued)

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**14. Taxation****14a. Income tax expense**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Current year income tax	1,608	2,075	-	-
Deferred tax movement	1,678	416	-	-
	<u>3,286</u>	<u>2,491</u>	<u>-</u>	<u>-</u>

**14b. Current tax (asset)/liabilities**

	Balance at 1 January	Payment during the year	Charge/credit for the year	Impact of exchange rate fluctuation	Balance at 31 December
<b>Group -2023</b>					
Up to 2019	42	-	-	-	42
2020	665	-	-	-	665
2021	145	-	-	-	145
2022	56	-	-	-	56
2023	-	(2,994)	1,608	56	(1,330)
	<u>908</u>	<u>(2,994)</u>	<u>1,608</u>	<u>56</u>	<u>(422)**</u>

\*\*Corporate tax breakdown as disclosed in the financial statements is as follows

Corporate tax assets	478
Corporate tax liability	(56)
	<b>**422</b>

	Balance at 1 January	Payment during the year	Charge/credit for the year	Impact of exchange rate fluctuation	Balance at 31 December
<b>Group -2022</b>					
Up to 2019	42	-	-	-	42
2020	665	-	-	-	665
2021	145	-	-	-	145
2022	-	(1,912)	2,075	(107)	56
	<u>852</u>	<u>(1,912)</u>	<u>2,075</u>	<u>(107)</u>	<u>908</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

The Corporation's property, other assets, income from operation and transactions are exempted from all taxes and customs duties as per the agreement signed between the Government of the Republic of Sierra Leone and the WAICA Reinsurance Corporation Plc.

**14c. Effective tax reconciliation**

	GROUP	
In thousands of United States Dollars	2023	2022
Profit before tax	39,329	25,586
Income tax using domestic tax rate (30%)	11,799	7,676
Tax effect of expenses not deductible	107	164
Tax effect of temporary difference	740	612
Tax on exempt income	(8,153)	(5,045)
Income subjected to tax at a different rate @25%	(22)	(27)
Income tax using domestic tax rate @24.74%	(1,185)	(889)
	3,286	2,491
Effective Income Tax rate	8.36%	9.74%

**14d. Deferred tax (assets)/liabilities**

The following table shows deferred tax recorded in the statement of financial position:

	GROUP	
In thousands of United States Dollars	2023	2022
Deferred tax assets		
Opening balance	(1,272)	(1,048)
Charged to income statements	1,165	(360)
Translation difference	62	136
Balance 31 December	(45)	(1,272)

	GROUP	
In thousands of United States Dollars	2023	2022
Deferred tax liabilities		
Opening balance	2,024	1,261
Charged to income statements	513	776
Translation difference	(23)	(14)
Balance 31 December	2,514	2,024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**15. Fund under management**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Funds received from customers	-	4,460	-	-
	<u>-</u>	<u>4,460</u>	<u>-</u>	<u>-</u>

Funds under management are customer funds being managed by WAICA Re Capital Limited.

**16. Trade and other payables**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Accruals	1,016	1,860	454	1,891
Other creditors	240	5,378	187	3,886
Defined benefit obligation (34 a(i))	-	795	-	795
Lease liability (16a)	459	912	230	598
	<u>1,715</u>	<u>8,945</u>	<u>871</u>	<u>7,170</u>

The estimated fair values of accounts due to other trading parties and trade payables are the amounts repayable on demand. All trade and other payables are current liabilities.

**(a.) The lease liabilities:**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
At 1 January	912	1,243	598	1,023
Additions	150	128	150	-
Modification	(289)	33	(289)	33
Accretion of interest	85	108	38	75
Translation difference	134	(23)	200	-
Payments	(533)	(577)	(467)	(533)
	<u>459</u>	<u>912</u>	<u>230</u>	<u>598</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 16. Trade and other payables (continued)

The total cash outflow for lease in the year was:

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Lease interest payment	85	108	38	75
Lease principal portion payment	448	469	429	458
	<u>533</u>	<u>577</u>	<u>467</u>	<u>533</u>

The lease liabilities are split as follows:

Future minimum lease payments under non-cancellable operating leases as at 31 December were as follows

## Maturity analysis of lease liability

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Within one year	456	544	270	497
After one year but not more than five years	176	499	44	137
More than five years	-	89	-	-
	<u>632</u>	<u>1,132</u>	<u>314</u>	<u>634</u>

## (a.) The lease liabilities:

The following are the amounts recognised in profit or loss:

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Depreciation expense of right-of-use assets	172	270	140	245
Interest expense on lease liabilities	85	108	38	75
Expense relating to short-term leases (included in rent expenses)	-	-	-	100
<b>Total amount recognised in profit or loss</b>	<u>257</u>	<u>378</u>	<u>178</u>	<u>420</u>

## 17. Deferred income

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Land from Government	<u>1,143</u>	<u>1,143</u>	<u>1,143</u>	<u>1,143</u>

Deferred income is a government grant that relates to a piece of land given to the Corporation by the government of Sierra Leone for the purpose of erecting its Head Office, which construction is expected to commence in 2023. The Directors have taken a decision to recognise this grant in the statement of profit or loss and other comprehensive income over the life of the building when completed and put to use.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 18. Share capital

	2023		2022	
In thousands of United States Dollars	No. of shares	Amount	No. of shares	Amount
<b>Authorised:</b>	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Ordinary shares of USD 1 each				
<b>Issued and fully paid:</b>				
At 1 January	<b>49,083</b>	49,083	<b>49,083</b>	49,083
Additional shares issued	<b>8,722</b>	8,722	-	-
<b>At 31 December</b>	<b>57,805</b>	57,805	<b>49,083</b>	49,083

## 19. Share premium

	Group		Corporation	
In thousands of United States Dollars	2023	2022	2023	2022
Balance at 1 January	<b>15,793</b>	15,793	<b>15,793</b>	15,793
Addition	<b>14,840</b>	-	<b>14,840</b>	-
<b>Balance at 31 December</b>	<b>30,633</b>	15,793	<b>30,633</b>	15,793

## 20. Retained earnings

Balance at 1 January	<b>31,093</b>	11,057	<b>21,604</b>	7,847
Net profit for the year	<b>36,043</b>	23,095	<b>27,175</b>	16,816
Transfer to contingency reserves	<b>(5,600)</b>	(4,650)	<b>(5,600)</b>	(4,650)
Transaction cost: right offer	-	-	<b>(79)</b>	-
Bonus share issued	<b>(94)</b>	-	<b>(94)</b>	-
Transfer from/(to) regulatory reserves	-	6,591	-	6,591
Dividend to Shareholders	<b>(6,000)</b>	(5,000)	<b>(6,000)</b>	(5,000)
<b>Balance at 31 December</b>	<b>55,442</b>	31,093	<b>37,006</b>	21,604

## 21. Contingency reserve

Balance at 1 January	<b>20,225</b>	15,575	<b>20,225</b>	15,575
Transfer from retained earnings	<b>5,600</b>	4,650	<b>5,600</b>	4,650
<b>Balance at 31 December</b>	<b>25,825</b>	20,225	<b>25,825</b>	20,225

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**22. Foreign currency translation reserve**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Balance at 1 January	(7,952)	(5,696)	-	-
Movement during the year	(3,155)	(2,256)	-	-
<b>Balance at 31 December</b>	<b>(11,107)</b>	<b>(7,952)</b>	<b>-</b>	<b>-</b>

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Balance at 1 January	(7)	(398)	(241)	(398)
Net actuarial gains/(losses) on employee benefit obligation	61	391	(158)	(157)
<b>Balance at 31 December</b>	<b>54</b>	<b>(7)</b>	<b>(399)</b>	<b>241</b>

Other reserves represent net actuarial gains/(loss) on the defined benefit obligation of the Corporation.

**24. Capital reserve**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Balance at 1 January	518	518	-	-
<b>Balance at 31 December</b>	<b>518</b>	<b>518</b>	<b>-</b>	<b>-</b>

The capital reserve represents bargain gains on the acquisition of the Zimbabwe subsidiary.

**25. Regulatory reserve**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Balance at 1 January	-	6,591	-	6,591
Movement during the year	-	(6,591)	-	(6,591)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The regulatory reserve is in respect of the Corporation and represent the incremental amount required to meet the provisions of section 100 (2) of the Sierra Leone Insurance Act 2016, over and above that which was determined in accordance with IFRS 4. This reserve is therefore non-distributable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**26. Reinsurance revenue**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Property & engineering	162,066	119,291	116,235	91,210
Motor	6,476	7,012	5,251	5,249
Casualty	38,443	35,390	19,396	19,278
Marine & aviation	17,953	15,141	15,398	13,072
Oil & gas	24,986	19,931	24,810	19,802
Life	5,776	6,770	5,573	6,398
	<u>255,700</u>	<u>203,535</u>	<u>186,663</u>	<u>155,009</u>

**27. Reinsurance service expense**

The breakdown of reinsurance service expenses by major product lines is presented below:

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Group - 2023</b>							
Incurred claims and reinsurance contracts expenses	(55,669)	(2,999)	(13,898)	(5,012)	(2,337)	(3,404)	(83,319)
Amortisation of reinsurance acquisition cash flows	(48,746)	(1,638)	(11,141)	(5,002)	(5,378)	(2,427)	(74,332)
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	-	-	-	-
	<u>(104,415)</u>	<u>(4,637)</u>	<u>(25,039)</u>	<u>(10,014)</u>	<u>(7,715)</u>	<u>(5,831)</u>	<u>(157,651)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 27. Reinsurance service expense (continued)

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
Group -2022							
Incurred claims and reinsurance contracts expenses	(43,215)	(2,695)	(8,878)	(5,508)	(1,910)	(4,350)	(66,556)
Amortisation of reinsurance acquisition cash flows	(36,468)	(1,632)	(11,518)	(4,387)	(3,614)	(2,139)	(59,758)
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	-	-	-	-
	<u>(79,683)</u>	<u>(4,327)</u>	<u>(20,396)</u>	<u>(9,895)</u>	<u>(5,524)</u>	<u>(6,489)</u>	<u>(126,314)</u>

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Corporation - 2023</b>							
Incurred claims and reinsurance contracts expenses	<b>(37,543)</b>	<b>(1,921)</b>	<b>(4,291)</b>	<b>(3,562)</b>	<b>(2,328)</b>	<b>(3,322)</b>	<b>(52,967)</b>
Amortisation of reinsurance acquisition cash flows	<b>(35,758)</b>	<b>(1,352)</b>	<b>(6,110)</b>	<b>(4,284)</b>	<b>(5,326)</b>	<b>(2,392)</b>	<b>(55,222)</b>
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	-	-	-	-
	<u><b>(73,301)</b></u>	<u><b>(3,273)</b></u>	<u><b>(10,400)</b></u>	<u><b>(7,846)</b></u>	<u><b>(7,654)</b></u>	<u><b>(5,714)</b></u>	<u><b>(108,189)</b></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 27. Reinsurance service expense (continued)

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
Corporation - 2022							
Incurred claims and reinsurance contracts expenses	(32,225)	(2,033)	(4,541)	(4,445)	(1,902)	(4,020)	(49,166)
Amortisation of reinsurance acquisition cash flows	(27,291)	(1,189)	(6,147)	(3,806)	(3,578)	(2,067)	(44,078)
Losses on onerous contracts and reversals of those Losses	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	-	-	-	-
	<u>(59,516)</u>	<u>(3,222)</u>	<u>(10,688)</u>	<u>(8,251)</u>	<u>(5,480)</u>	<u>(6,087)</u>	<u>(93,244)</u>

## 28. Net expense from reinsurance contracts retroceded

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Group - 2023</b>							
Allocation of retroceded premiums	<b>25,117</b>	<b>295</b>	<b>4,766</b>	<b>4,338</b>	<b>10,780</b>	<b>76</b>	<b>45,372</b>
Amounts recoverable from retrocessionaire for incurred claims	<b>(3,991)</b>	<b>19</b>	<b>(1,074)</b>	<b>(77)</b>	<b>543</b>	<b>(2)</b>	<b>(4,582)</b>
	<u><b>21,126</b></u>	<u><b>314</b></u>	<u><b>3,692</b></u>	<u><b>4,261</b></u>	<u><b>11,323</b></u>	<u><b>74</b></u>	<u><b>40,790</b></u>

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
Group - 2022							
Allocation of retroceded premiums	15,468	23	3,521	3,511	8,266	-	30,789
Amounts recoverable from retrocessionaire for incurred claims	(2,266)	(19)	(141)	(29)	(150)	-	(2,605)
	<u>13,202</u>	<u>4</u>	<u>3,380</u>	<u>3,482</u>	<u>8,116</u>	<u>-</u>	<u>28,184</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

28. Net expense from reinsurance contracts retroceded (continued)

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Corporation - 2023</b>							
Allocation of retroceded premiums	16,958	250	3,071	3,915	10,725	71	34,990
Amounts recoverable from retrocessionaire for incurred claims	(2,892)	-	(251)	(5)	543	-	(2,605)
	<u>14,066</u>	<u>250</u>	<u>2,820</u>	<u>3,910</u>	<u>11,268</u>	<u>71</u>	<u>32,385</u>
In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Corporation - 2022</b>							
Allocation of retroceded premiums	(10,619)	(16)	(2,488)	(3,119)	(8,253)	-	(24,495)
Amounts recoverable from retrocessionaire for incurred claims	(684)	(2)	116	42	150	-	(378)
	<u>(11,303)</u>	<u>(18)</u>	<u>(2,372)</u>	<u>(3,077)</u>	<u>(8,103)</u>	<u>-</u>	<u>(24,873)</u>

## 29. Interest revenue calculated using the effective interest method:

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Bonds	2,952	2,512	2,070	1,926
Term deposits	4,120	3,734	3,389	3,252
Treasury bills	1,072	912	390	375
	<u>8,144</u>	<u>7,158</u>	<u>5,849</u>	<u>5,553</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**30. Impairment loss on financial assets**

The table below shows the Expected Credit Loss charges on financial instruments for the year recorded in the income statement:

	12mECL US\$'000	LTECL US\$'000	TOTAL US\$'000
<b>Group - 2023</b>			
Government Bonds	(1,079)	(712)	(1,791)
Term deposits	446	-	446
Treasury bills	38	-	38
At 31 December 2023	(595)	(712)	(1,307)
	12mECL US\$'000	LTECL US\$'000	TOTAL US\$'000
<b>Group - 2022</b>			
Government Bonds	-	11,224	11,224
Term deposit	779	-	779
Treasury bills	165	-	165
At 31 December 2022	944	11,224	12,168
	12mECL US\$'000	LTECL US\$'000	TOTAL US\$'000
<b>Corporation - 2023</b>			
Government Bonds	(1,156)	(712)	(1,868)
Term deposit	369	-	369
Treasury bills	(40)	-	(40)
At 31 December 2023	(827)	(712)	(1,539)
	12mECL US\$'000	LTECL US\$'000	TOTAL US\$'000
<b>Corporation - 2022</b>			
Government Bonds	-	11,224	11,224
Term deposit	567	-	567
Treasury bills	120	-	120
At 31 December 2022	687	11,224	11,911

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 31. Reinsurance finance expenses for Reinsurance contracts issued

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Group - 2023</b>							
Interest accreted to reinsurance contracts using current financial assumptions	2,446	244	407	246	203	289	3,835
Due to Changes in interest rates and other financial assumptions	(432)	-	(75)	(21)	(28)	(51)	(607)
<b>Total</b>	<b>2,014</b>	<b>244</b>	<b>332</b>	<b>225</b>	<b>175</b>	<b>238</b>	<b>3,228</b>

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Group - 2022</b>							
Interest accreted to reinsurance contracts using current financial assumptions	(225)	23	160	(16)	(112)	23	(147)
Due to Changes in interest rates and other financial assumptions	(1,160)	(73)	(204)	(46)	(164)	(26)	(1,673)
<b>Total</b>	<b>(1,386)</b>	<b>(50)</b>	<b>(44)</b>	<b>(62)</b>	<b>(276)</b>	<b>(3)</b>	<b>(1,820)</b>

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Corporation - 2023</b>							
Interest accreted to reinsurance contracts using current financial assumptions	1,956	217	311	254	202	274	3,214
Due to Changes in interest rates and other financial assumptions	(286)	4	(40)	(18)	(28)	(47)	(415)
<b>Total</b>	<b>1,670</b>	<b>221</b>	<b>271</b>	<b>236</b>	<b>174</b>	<b>227</b>	<b>2,799</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

31. Reinsurance finance expenses for Reinsurance contracts issued (continued)

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
Corporation - 2022							
Interest accreted to reinsurance contracts using current financial assumptions	(2)	21	86	(27)	(111)	19	(14)
Due to Changes in interest rates and other financial assumptions	(1,004)	(65)	(127)	(39)	(163)	(25)	(1,423)
Total	<u>(1,006)</u>	<u>(44)</u>	<u>(41)</u>	<u>(66)</u>	<u>(274)</u>	<u>(6)</u>	<u>(1,437)</u>

## 32. Reinsurance finance income for reinsurance contracts retroceded

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
Group - 2023							
Interest accreted to reinsurance contracts retroceded using current financial assumptions	(271)	(2)	(3)	(1)	(29)	-	(306)
Due to Changes in interest rates and other financial assumptions	30	-	2	-	3	-	35
Total	<u>(241)</u>	<u>(2)</u>	<u>(1)</u>	<u>(1)</u>	<u>(26)</u>	<u>-</u>	<u>(271)</u>

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
Group - 2022							
Interest accreted to reinsurance contracts retroceded using current financial assumptions	138	-	(1)	(1)	14	-	151
Due to Changes in interest rates and other financial assumptions	48	-	3	-	18	-	69
Total	<u>186</u>	<u>-</u>	<u>2</u>	<u>(1)</u>	<u>32</u>	<u>-</u>	<u>220</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

32 Reinsurance finance income for reinsurance contracts retroceded (continued)

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Corporation - 2023</b>							
Interest accreted to reinsurance contracts retroceded using current financial assumptions	(122)	-	(11)	(3)	(29)	-	(165)
Due to Changes in interest rates and other financial assumptions	17	-	2	-	3	-	22
<b>Total</b>	<b>(105)</b>	<b>-</b>	<b>(9)</b>	<b>(3)</b>	<b>(26)</b>	<b>-</b>	<b>(143)</b>

In thousands of United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & gas	Life	Total
<b>Corporation - 2022</b>							
Interest accreted to reinsurance contracts retroceded using current financial assumptions	28	-	(1)	-	14	-	41
Due to Changes in interest rates and other financial assumptions	48	-	3	-	18	-	69
<b>Total</b>	<b>76</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>110</b>

**33. Other income**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Gain on disposal	-	35	-	1
Sundry income	411	77	1	3
Others	2,312	1,297	389	1,229
	<b>2,723</b>	<b>1,409</b>	<b>390</b>	<b>1,233</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**34. Management expenses**

(a) Management expenses is analyzed as follows:

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Personnel expenses (i)	8,346	8,382	5,426	5,846
Other expenses (ii)	11,606	10,887	8,232	7,347
	<u>19,952</u>	<u>19,269</u>	<u>13,658</u>	<u>13,193</u>
<b>(i) Personnel expenses</b>				
Salaries and wages	7,708	7,708	5,046	5,259
Other employee benefits **	288	469	288	469
Other staff cost	350	205	92	118
	<u>8,346</u>	<u>8,382</u>	<u>5,426</u>	<u>5,846</u>

**\*\* Other employee benefits**

The Group maintains a post-employment defined benefit plan in accordance with statutory requirements, which entitles an employee to receive a lump sum payment when leaving the employment of the Group, whether due to resignation, retirement or death. The lump sum payment is determined by the final basic salary and number of years of service provided. These defined benefit plans expose the Group to actuarial risks such as interest rate risk.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

**Net benefit expense (recognised in profit or loss)**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Current service cost	230	179	230	179
Interest cost	58	33	58	33
Past service cost	-	257	-	257
	<u>288</u>	<u>469</u>	<u>288</u>	<u>469</u>

2023

WAICA Reinsurance Corporation PLC  
and its Subsidiaries

TOGETHER TOWARDS TOMORROW



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

34. Management expenses (continued)  
a. (i) Personnel expenses (continued)

**Movement in net defined benefit liability**

**2023 changes in the defined benefit obligation and fair value of plan assets**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its component.

	Pension cost charged to profit or loss					Remeasurement gains/(losses) in OCI			
	1 January 2023	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid/ Employer contribution	Return on plan assets (excluding amounts included in net interest expense	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in
In thousands of United States Dollars									31 December 2023
Defined benefit obligations	1,699	230	123	353	(180)	-	(2)	109	1,978
Fair value of plan assets	(904)	-	(65)	(65)	(1,296)	51	-	-	(2,214)
Net defined benefit liability (asset)	795	230	58	288	(1,476)	51	(2)	109	(236)

	Pension cost charged to profit or loss					Remeasurement gains/(losses) in OCI			
	1 January 2023	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid/ Employer contribution	Return on plan assets (excluding amounts included in net interest expense	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in
In thousands of United States Dollars									31 December 2023
Defined benefit obligations	1,367	436	94	530	(280)	-	(46)	128	1,699
Fair value of plan assets	(884)	-	(61)	(61)	280	(239)	-	-	(904)
Net defined benefit liability (asset)	483	436	33	469	-	(239)	(46)	128	795

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

34. Management expenses (continued)  
a. (i) Personnel expenses (continued)

**Plan assets**

Plan assets comprise the following:

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Term deposits	<u>2,214</u>	<u>904</u>	<u>2,214</u>	<u>904</u>

**Actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date:

In thousands of United States Dollars	2023	2022
Discount rate	7.36%	7.35%
Salary inflation	5.5%	5.5%
Normal salary inflation gap	3%	3%
Effective salary inflation gap	2.5%	2.5%

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below

		GROUP		CORPORATION	
Impact on defined benefit obligation					
In thousands of United States Dollars		2023	2022	2023	2022
Discount rate	+1	(140)	(118)	(140)	(118)
	-1	166	140	166	140
Salary increases rate	+1	174	147	174	147
	-1	(149)	(125)	(149)	(125)
Mortality experience	Age rated up by 1 Year	1	1	1	1
	Age rated down by 1 Year	(1)	(1)	(1)	(1)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 202334. Management expenses (continued)  
a. (i) Personnel expenses (continued)

## Maturity Profile of the Defined Benefit Obligation

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Within the next 12 months (next annual reporting period)	36	30	36	30
Between 2 and 5 years	379	336	379	336
Between 5 and 10 years	1,227	1,475	1,227	1,475
Beyond 10 years	14,275	12,729	14,275	12,729
<b>Total</b>	<b>15,917</b>	<b>14,570</b>	<b>15,917</b>	<b>14,570</b>

## (ii) Other expenses

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Advertising and business promotion	1,024	1,124	705	941
Audit fees	154	132	87	70
Depreciation and amortization	674	731	452	555
Utility bills	97	114	88	91
Legal and professional fees	1,225	1,139	974	810
Directors' fees	714	690	487	451
Dues, subscriptions, and donation	461	79	55	68
Business, license & permit	49	21	1	16
Bank charges	694	671	669	498
Meals and entertainment	44	41	39	35
Rent expense	76	64	-	12
Clearing/balancing	130	669	249	479
Taxation irrecoverable	239	124	198	105
Motor running expenses	69	52	37	40
Communication expenses	303	321	180	149
Printing and stationery	74	65	70	36
Travelling and marketing	764	1,001	470	521
Meetings, conferences and training	1,165	935	744	696
Repairs and maintenance	76	54	34	20
Right of use assets write off	-	141	-	141
Other operating cost	2,839	2,370	2,104	1,341
Insurance	270	250	231	175
Investment property expenses	-	97	-	97
Loss on disposal	465	2	358	-
	<b>11,606</b>	<b>10,887</b>	<b>8,232</b>	<b>7,347</b>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 202335. Financial instruments – fair values and risk management (continued)  
(a) Accounting classifications and fair values (continued)

In thousands of United States Dollars	Fair value				
	Amortised cost	FVPL	Other financial liabilities	Total	
The Group - 2022					
Assets					
Cash and bank balances	-	21,184	-	21,184	21,184
Financial assets	137,554	1,068	-	138,622	138,622
Other assets	-	2,527	-	2,527	2,527
	<u>137,554</u>	<u>24,779</u>	<u>-</u>	<u>162,333</u>	<u>162,333</u>
Liabilities					
Fund under management	-	-	4,460	4,460	4,460
Trade and other payable	-	-	8,946	8,946	8,896
	<u>-</u>	<u>-</u>	<u>13,406</u>	<u>13,406</u>	<u>13,356</u>



35. Financial instruments – fair values (continued)  
a. Accounting classifications and fair values (continued)

134

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

35. Financial instruments – fair values (continued)

a. Accounting classifications and fair values (continued)

In thousands of United States Dollars	Fair value				
	Amortised cost	FVPL	Other financial liabilities	Total	
The Corporation - 2022					
Assets					
Cash and bank balances	-	20,670	-	20,670	20,670
Financial assets	102,261	18,633	-	120,894	120,894
Other assets	705	-	-	705	705
	<u>102,966</u>	<u>39,303</u>	<u>-</u>	<u>142,269</u>	<u>142,269</u>
Liabilities					
Trade and other payables	-	-	7,170	7,170	7,170
	<u>-</u>	<u>-</u>	<u>7,170</u>	<u>7,170</u>	<u>7,170</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023

## 35. Financial instruments – fair values (continued)

**b. Measurement of fair values**

See accounting policy in note 3.4

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

**Valuation models**

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2023

35. Financial instruments – fair values (continued)  
b. Measurement of fair values (continued)

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

The Director of Finance has overall responsibility for verifying all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- quarterly calibration and back-testing of models against observed market transactions; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous measurement.

When third party information, such as broker quotes or pricing services, is used to measure fair value, these would be assessed and documented to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

## Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 202335. Financial instruments – fair values (continued)  
b. Measurement of fair values (continued)

In thousands of United States Dollars	Level 1	Level 2	Level 3	Total fair value
<b>Group - 2023</b>				
Cash and bank balances	-	23,083	-	23,083
Investment –Non listed equities	-	-	4,740	4,740
	<u>-</u>	<u>23,083</u>	<u>4,740</u>	<u>27,823</u>

In thousands of United States Dollars	Level 1	Level 2	Level 3	Total fair value
<b>Group - 2022</b>				
Cash and bank balances	-	21,184	-	21,184
Investment –Non listed equities	-	-	1,068	1,068
	<u>-</u>	<u>21,184</u>	<u>1,068</u>	<u>22,252</u>

In thousands of United States Dollars	Level 1	Level 2	Level 3	Total fair value
<b>Corporate- 2023</b>				
Cash and bank balances	-	21,356	-	21,356
Investment –Non listed equities	-	-	23,456	23,456
	<u>-</u>	<u>21,356</u>	<u>23,456</u>	<u>44,812</u>

In thousands of United States Dollars	Level 1	Level 2	Level 3	Total fair value
<b>Corporate - 2022</b>				
Cash and bank balances	-	20,670	-	20,670
Investment –Non listed equities	-	-	18,633	18,633
	<u>-</u>	<u>20,670</u>	<u>18,633</u>	<u>39,303</u>

The Group has equity in non-listed entities, the investment is initially recognized at transaction price and re-measured (to the extent information is available) and valued on case-by-case basis. The fair values of equity instruments are determined using market proxy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2023**36. Dividend**

In respect of the year ended 31 December 2023 result, the Board of Directors proposed a dividend of US\$0.1384 per share amounting to US\$8,000,261 to be paid to existing Shareholders whose names appear in the register of the Corporation as at the 31 December 2023. (2022: Dividend of US\$ 6,000,000).

**37. Capital commitment**

There were no capital commitments at 31 December 2023 (2022: Nil).

**38. Contingent liabilities**

There were no contingent liabilities at 31 December 2023 (2022: Nil).

**39. Related party disclosure**

The following transactions were carried out with related parties:

**a. Key management compensation**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Salaries and other short-term employee benefits	2,919	2,654	1,533	1,394
	<u>2,919</u>	<u>2,654</u>	<u>1,533</u>	<u>1,394</u>

**b. Director's remuneration**

	GROUP		CORPORATION	
In thousands of United States Dollars	2023	2022	2023	2022
Salaries and other short-term employee benefits	714	690	487	451
	<u>714</u>	<u>690</u>	<u>487</u>	<u>451</u>

**40. Subsequent events**

There were no material significant events after the reporting date that require disclosure in or adjustment to the financial statements for the year ended 31 December 2023.