The Board of Directors
ARC Ltd.
c/o Marsh Management Services (Bermuda) Limited
Power House
7 Par-la-Ville Road
Hamilton HM 11

April 19, 2024

Reference: DCG/DVM/0.1981292.001

Subject: ARC Ltd.

Dear Recipient,

We enclose one signed copy of the financial statements of ARC Ltd., for the year ended December 31, 2023.

Very truly yours,

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

ARC Ltd.

Financial Statements
December 31, 2023
(expressed in US dollars)

Independent auditor's report

To the Board of Directors and Members of ARC Ltd.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ARC Ltd. (the Company) as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- the statement of profit or loss and other comprehensive income or loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

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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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

April 16, 2024

ARC Ltd.

Statement of Financial Position

As at December 31, 2023

(expressed in US dollars)

	Notes	December 31, 2023 $	(Restated) December 31, 2022 $	(Restated) January 1, 2022 $
Assets				
Fixed assets	6	205,452	203,818	178,981
Prepaid expenses		348,685	225,843	354,544
Other receivables		27,666	372,727	-
Reinsurance contract assets	11	3,156,143	592,407	14,459,581
Insurance contract asset	11	-	-	655,042
Accrued investment income		752,033	376,202	390,521
Investment in Pula Advisors AG	8	315,675	315,675	2,000,000
Marketable investments	7	57,145,066	30,325,049	65,884,997
Cash and cash equivalents	9	36,461,759	44,665,971	44,150,939
Total Assets		**98,412,479**	**77,077,692**	**128,074,605**
Liabilities				
Class C Members' Returnable Capital	10	70,747,283	67,848,325	69,917,563
Insurance contract liabilities	11	27,509,941	27,382,443	34,381,912
Reinsurance contract liabilities	11	-	357,234	378,995
Deferred income - other		433,297	488,216	-
Investment payables		-	-	14,999,730
Accounts payable and accrued liabilities		7,925,665	2,418,409	746,894
Total Liabilities		**106,616,186**	**98,494,627**	**120,425,094**
Members' Equity				
Reserve fund	12	250,000	250,000	250,000
Retained deficit		(24,057,001)	(38,278,033)	(11,471,672)
Accumulated other comprehensive income:				
Class C Members' equity grant	10	15,603,294	16,611,098	18,871,183
Total Members' (Deficit)/Equity		**(8,203,707)**	**(21,416,935)**	**7,649,511**
Total Liabilities and Members' Equity		**98,412,479**	**77,077,692**	**128,074,605**

Approved by the Board of Directors

_______________ Director   _______________ Director

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

ARC Ltd.

Statement of Profit or Loss and Other Comprehensive Income or Loss

For the year ended December 31, 2023

(expressed in US dollars)

	For the year ended December 31, 2023 $	(Restated) For the year ended December 31, 2022 $
Insurance revenue	46,805,453	22,785,723
Insurance revenue expense	(13,620,187)	(37,802,598)
Insurance service result before reinsurance contracts held	**33,185,266**	**(15,016,875)**
Allocation of reinsurance premium	(18,575,107)	(11,297,207)
Amounts recoverable from reinsurance for incurred claims	1,549,258	8,039,052
Net expense from reinsurance contracts held	**(17,025,849)**	**(3,258,155)**
Insurance service result	**16,159,417**	**(18,275,030)**
General and administrative expenses	(5,829,757)	(3,973,174)
Once-off costs	(241,336)	(490,583)
Net investment income/(loss)	1,582,483	(2,751,394)
Other income	54,919	384,511
Unrealized gain/(loss) on marketable investments	3,187,170	(4,968,242)
Unrealized (loss)/gain on foreign exchange	(1,887,725)	4,302,640
Realised gain/(loss) on foreign exchange	1,195,861	(1,035,089)
Net income/(loss) for the year	**14,221,032**	**(26,806,361)**
Write down of Equity grant from Class C Members	(1,007,804)	(2,260,085)
Total comprehensive income/(loss) for the year	**13,213,228**	**(29,066,446)**

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

ARC Ltd.

Statement of Changes in Equity

For the year ended December 31, 2023

(expressed in US dollars)

	Notes	December 31, 2023 $	(Restated) December 31, 2022 $	(Restated) January 1, 2022 $
Reserve fund				
Balance on January 1		250,000	250,000	250,000
Balance on December 31		**250,000**	**250,000**	**250,000**
Retained deficit				
Balance on January 1	18	(38,278,033)	(11,471,672)	(1,759,663)
Net income/(loss) for the period		14,221,032	(26,806,361)	(5,262,010)
Impact of initial application of IFRS 17		-	-	(4,449,999)
Balance on December 31		**(24,057,001)**	**(38,278,033)**	**(11,471,672)**
Other comprehensive income				
Balance on January 1		16,611,098	18,871,183	20,276,232
Changes during period:				
Grant – FCDO	10	(234,094)	(1,499,886)	(659,756)
Grant – KfW	10	(773,710)	(760,199)	(745,293)
		(1,007,804)	(2,260,085)	(1,405,049)
Balance on December 31		**15,603,294**	**16,611,098**	**18,871,183**
Total Members' (Deficit)/Equity		**(8,203,707)**	**(21,416,935)**	**7,649,511**

ARC Ltd.

Statement of Cash Flows

For the year ended December 31, 2023

(expressed in US dollars)

	For the year ended December 31, 2023 $	(Restated) For the year ended December 31, 2022 $
Cash flows from operating activities		
Net income/(loss) for the year	14,221,032	(26,806,361)
Adjustments for:		
Depreciation	16,203	16,905
Amortization expense	(2,911)	171,069
Realized loss on sale of investments	746,862	5,460,689
Unrealized (gain)/loss on investments	(3,187,170)	4,968,242
Unrealized foreign exchange movement on FCDO capital contribution	1,891,154	(4,329,322)
Changes in assets and liabilities		
Prepaid expenses	(122,842)	128,701
Other receivable	345,061	(372,727)
Accrued investment income	(375,831)	14,319
Reinsurance contract assets	(2,563,736)	13,867,174
Insurance contracts assets	-	655,042
Insurance contracts liabilities	127,498	(6,999,469)
Reinsurance contract liabilities	(357,234)	(21,761)
Deferred income - other	(54,919)	488,216
Investment payables		(14,999,730)
Accounts payable and accrued liabilities	5,507,256	1,671,515
Net cash provided by/(used in) operating activities	**16,190,423**	**(26,087,498)**
Cash flows from investing activities		
Purchase of marketable investments	(55,930,150)	(17,725,910)
Proceeds from sales of marketable investments	30,507,653	40,784,172
Proceeds from maturities of marketable investments	1,045,700	3,586,010
Purchase of fixed assets	(17,838)	(41,742)
Net cash (used in)/provided by investing activities	**(24,394,635)**	**26,602,530**
Decrease in cash and cash equivalents	(8,204,212)	515,032
Cash and cash equivalents – Beginning of the year	44,665,971	44,150,939
Cash and cash equivalents – End of the year	**36,461,759**	**44,665,971**

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

1. The Company and its activities

ARC Ltd. ("the Company") was incorporated under the laws of Bermuda on November 27, 2013 and is registered as a Class 2 insurer under The Insurance Act 1978, amendments thereto and related regulations ("The Act"). On November 18, 2022, the Company registered as a Segregated Account Company under the Segregated Accounts Companies Act 2000, as amended ("SAC Act"). The Company is managed in Hamilton, Bermuda by Marsh Management Services (Bermuda) Ltd. and has its place of business in Bermuda. The Company's registered address is 7 Par-la-Ville Road, Hamilton, Bermuda.

ARC Ltd. was established under the remit of the African Risk Capacity Agency ("ARC Agency"), which was established as a Specialised Agency by the African Union ("AU"). The Company is part of the African Risk Capacity ("ARC") initiative of the AU, an initiative designed to improve current responses to drought food security emergencies and other natural catastrophes. The aim of ARC is to improve the timeliness of responses and build capacity within AU Member States to manage drought and other catastrophe risks by directly linking funds to defined contingency plans. ARC is an African continent-wide, index-based weather risk insurance pool and early response mechanism, which offers an African solution to one of the continent's most pressing challenges. There is a Memorandum of Understanding and Cooperation between ARC Agency and ARC Ltd.

ARC Ltd. is a mutual insurance company that provides drought, flood, tropical cyclone, outbreaks and epidemics ("O&E") and non-sovereign ("NSB") insurance cover to participating African countries and replica partners, which are specified as Class A Members of the Company, upon participation. Under the Bye-Laws of the Company, Class A Members are those ARC Agency Member States holding a Certificate of Good Standing from the ARC Agency and which have purchased a current policy. The Bye-Laws also define the other class members of the Company: Class B Members are those who provide capital to the Company without expectation of re-payment, Class C Members are those that provide capital with a maximum fixed term of twenty years with no interest but expectation of the capital being returned ("Returnable Capital") and Class D Members are those who provide capital with an expectation of investment return. Class C members are the only members that have rights to company surplus.

The current Members of this mutual insurance company consist of fifteen Class A Members and two Class C Members. There are no Class B or D members during the year end, or at the date of approval of these financial statements. During the year, there were three participants in the Replica Insurance Program namely, the United Nations World Food Programme, Save the Children Fund and The Office of the United Nations High Commissioner for Refugees ("UNHCR"). The replica partners hold insurance policies not as Class A Members per the Company Bye-Laws, but acquire insurance policies for the benefit of African countries some of which are current Class A members.

The Class A Members participating in the insurance risk pool in the current financial period are Burkina Faso, Comoros, Cote d'Ivoire, Gambia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Senegal, Somalia, Tchad, Togo, Zambia and Zimbabwe, each having taken out at least one insurance policy.

The Class C Members are donor entities:

- the UK's Foreign, Commonwealth and Development Office ("FCDO"), and
- KfW, a German state-owned investment and development bank who has been committed to improving economic, social and environmental living condition across the globe.

For coverages written under the Company's drought, flood, tropical cyclone and NSB insurance contracts, the Company purchased an umbrella excess of loss reinsurance contract and proportional facultative reinsurance contracts for the 2023/24 policy periods. For the 2022/23 policy periods the Company purchased a stop loss reinsurance contract. The Company's O&E insurance contracts are fully reinsured.

The average number of employees of the Company during the year was thirteen (2022: twelve).

2. Basis of preparation

These audited financial statements of the Company are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions are significant to the financial statements are disclosed in Note 4. The financial statements have been prepared for the individual company only. The Company presents its Statement of Financial Position broadly in order of liquidity.

3. Changes in accounting policies and disclosures

3.1. New and amended standards and interpretations

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

3.1.1. IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

3.1.1.1. Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

IFRS 17 has a default approach to measuring groups of insurance contracts known as the general measurement model. An entity should apply the general measurement model to all groups of insurance contracts except as follows:

- a simplified or premium allocation approach ("PAA") may be applied for groups of insurance contracts meeting either of the specified criteria for that approach;
- for groups of reinsurance contracts held, an entity should apply either the general measurement model or the premium allocation approach as modified by separate measurement requirements;
- an adaptation of the general measurement model, the 'variable fee approach' is applied to insurance contracts with direct participation features; and
- for groups of investment contracts with discretionary participation features, an entity applies the general measurement model (as modified) because of the lack of insurance risk in the contracts.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

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

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

3.1.1.1. Changes to classification and measurement (continued)

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

3.1.1.2. Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance issued and reinsurance contracts held, respectively and presents separately:

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

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

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 Company reported the following line items:

- Gross premiums written,
- Changes in unearned premiums,
- Reinsurers' share of insurance premiums,
- Reinsurers' share in unearned premiums,
- Net premiums,
- Changes in unearned commission, and
- Changes in deferred acquisition costs.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue,
- Insurance service expenses,
- Net expenses from reinsurance contracts held,
- Insurance finance income or expenses, and
- Income or expenses from reinsurance contracts held.

The Company provides disaggregated qualitative and quantitative information about:

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

3.1.1.3. Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in retained deficit.

3.1.2. IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39, Financial instruments - recognition and measurement. It provides three principal classification categories for financial assets: measure at amortized cost; fair value through other comprehensive income or fair value through profit and loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The Company has assessed the business model to the portfolio of financial assets held and determined that financial assets are managed and evaluated based upon their fair value performance and held for trading and thereby measured at fair value through profit or loss as financial assets are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Company therefore recognizes financial

3.1.2. IFRS 9 Financial Instruments (continued)
assets at fair value through profit or loss with subsequent measurement at fair value through profit or loss with any change in the fair value reported in investment income in the statement of profit or loss and other comprehensive income. This is no different from how the company measured their financial assets under IAS 39 and thus, the adoption of IFRS 9 has had no material impact on the financial statements.

Under IFRS 9, investments are recorded at fair value through profit or loss, and therefore the new impairment credit model of IFRS 9 is not applicable. Furthermore, insurance and reinsurance debtors are classified as insurance assets under IFRS 4 and are also excluded from the IFRS 9 impairment model.

4. Summary of significant accounting policies

4.1. Insurance and reinsurance contracts classification
The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues drought, flood and tropical cyclone insurance cover to participating African countries. The Company also issues policies under the non-sovereign business and the perils written are similar to those currently insured by the Company i.e. drought, flooding and tropical cyclone. The Company introduced the Outbreaks and Epidemics Insurance Program (O&E) on 18 November 2022, which was written through the Company's Outbreaks and Epidemics Segregated Account.

The Company does not issue any contracts with direct participating features or reinsurance.

4.2. Insurance and reinsurance contracts accounting treatment

4.2.1. Separating components from insurance and reinsurance contracts
The Company assesses its insurance and reinsurance 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 Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

4.2.2. Level of aggregation
IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. 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 Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company 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). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company 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 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).

4.2.2. Level of aggregation (continued)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company 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 Company 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 Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

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

The Company 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.

4.2.3. Recognition

The Company recognises groups of insurance 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 Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

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

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

4.2.4. Contract boundary

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

- The Company 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 Company has the practical ability to reassess the risks of the portfolio of insurance 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, and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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

4.2.5. 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 all insurance contracts issued and reinsurance contracts held are one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is no 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.	For all product lines, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
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.	For all product lines, the coverage period is within one year, therefore there is no allowance made for accretion of interest as the premiums are received / earned within one year.
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 claims within all product lines, 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.
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 Other Comprehensive Income ("OCI").	For claims within all product lines, 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.

4.2.5.1. Insurance contracts – measurement

The Company applies the premium allocation approach ("PAA") to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to 4.2.4)

4.2.5.1. Insurance contracts – measurement (continued)
For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:
- The premiums, if any, received at initial recognition.
- Minus any insurance acquisition cash flows at that date.

For all product lines, there is no allowance for time value of money under the LRC 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 Company 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 Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

4.2.5.2. Reinsurance contracts held - measurement
The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

The Company 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 insurance acquisition cash flows, with the exception of property insurance product line for which the Company chooses to expense insurance acquisition cash flows as they occur;
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group; and
- Minus the amount recognised as insurance revenue for the services provided in the period.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance 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 insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

4.2.5.3. Insurance acquisition cash flows
Insurance acquisition costs for insurance contracts issued are comprised of agents' commission, premium taxed and other expenses that relate directly to acquisition of premiums. These costs are deferred and amortised over the earning pattern of the premiums to the extent that they are considered to be recoverable from unearned premiums, after considering the related anticipated claims and expenses and investment income.

Insurance acquisition costs for reinsurance contracts held consists of ceding commission, reinsurance taxes and other income that relate directly to the ceding premiums. These costs are deferred once received and recognised as revenue over the year during which the reinsurance contract is in place.

4.2.5.4 Insurance contracts – modification and derecognition
The Company derecognises insurance 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 Company derecognises the initial contract and recognises the modified contract as a new contract.

4.2.5.4 Insurance contracts – modification and derecognition (continued)
When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

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

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

The Company 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 insurance service result.

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

4.2.6.1. Insurance revenue
The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company records premiums at the policy inception date, on an accrual basis and earns premium income over the term of the risk period on a pro-rate basis. The risk period for each respective policyholder is the defined growing season in that particular country, noting that one country may have and be covered by more than one growing season, in which case separate policies are issued and premiums collected for each growing season.

4.2.6.2. Loss components
The Company 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 mentioned in Note 4.2.2 indicate that a group of insurance contracts are onerous, the Company 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 in Note 4.2.5.3. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Fulfilment cash flows are the explicit, unbiased and probability-weighted estimate (i.e., expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.

4.2.6.3. Loss-recovery components
As described in Note 4.2.5.2 above, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance 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 insurance 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 insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

4.2.6.4. Net income or expense from reinsurance contracts held
The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

4.3. Cash and cash equivalents
The Company considers all time deposits and highly liquid instruments with an original maturity of ninety days or less as cash equivalents (note 9).

4.4. Financial instruments
Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the financial instruments. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument as amortised cost, fair value through Other Comprehensive Income, fair value through profit or loss, loans and receivables, or other financial liabilities.

The Class C Members' contributions, which are recognised in financial liabilities, have been initially recognised at fair value. This financial commitment to the Class C Members has been subsequently measured at the amount initially recognised plus any cumulative amortization in accordance with IFRS 9. As disclosed in note 10, the fair value of the Class C contributions has been calculated using discounted cash flow analysis.

All of the Company's investments in fixed maturities and investments in funds are classified as fair value through profit or loss and are carried at fair value as at the Statement of Financial Position date. The fair value of investments in fixed maturities is based on quoted market prices, either of the security itself where it is actively traded, or of similar instruments traded in active markets. For the investments in funds, the units of account that are valued by the Company are its interest in these funds and not the underlying holdings of such funds. Fair value of investments in funds is based on their reported net asset value.

Unrealized gains and losses on investments are reflected within the Statement of Income and Comprehensive income.

Investment income is stated net of investment management, custody and portfolio reporting fees. Interest income is recognized on the accrual basis and includes the amortization of premium or discount on fixed interest securities purchased at amounts different from their par value.

Gains and losses on investments are included in income when realized. Investments are recorded on a trade date basis and the cost of securities sold is determined on the first-in, first-out basis.

IFRS 13, “Fair Value Measurement”, require or permit fair value measurements or disclosures and provide a single IFRS framework and requires disclosure about fair value measurement. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The cash and cash equivalents and marketable investments consist of a combination of level 1 and 2 assets. There are no level 3 assets. The Class C Members' returnable capital is a level 2 liability and there are no level 1 or level 3 liabilities.

4.5. Impairment of financial assets
The Company determines that financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in market price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows. If the investments are determined to be impaired, a loss is considered realized and charged to income in that period.

4.5. Impairment of financial assets (continued)

Fair value through profit or loss debt securities and receivables are considered impaired when there is objective evidence of impairment as a result of a loss event that has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

4.6. Foreign currencies

4.6.1. Functional and presentational currency

Items included in the financial statements are measured using the United States ("US") Dollar currency (the "functional currency"). Accordingly, the financial statements are presented in United States ("US") Dollars.

4.6.2. Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income. The Returnable Capital from KfW is denominated in US Dollars, however the FCDO Returnable Capital is denominated in a foreign currency, Great Britain Pounds (GBP). Therefore, in accordance with IAS 21, this foreign currency monetary item has been translated at the period end using the closing rate.

4.7. Investment income

Investment income is comprised of interest and dividend income, which is accrued to the date of the Statement of Financial Position.

4.8. Other income

Other income is comprised of grants/funding received or collectible from entities which does not give rise to debt or equity since it has not been received under any shareholder or participant agreement.

5. Critical accounting estimates and judgements

The preparation of financial statements required management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

5.1. Insurance and reinsurance contracts

5.1.1. Reporting selection

The IASB issued IFRS 17 *Insurance contracts* in May 2017 and on 25 June 2020, the IASB issued amendments to the standard. The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023. The company adopted the standard on 1 January 2023 and restated comparative information.

Comparative information has been restated as required by the transitional provisions of IFRS 17. The change in carrying amounts of insurance and reinsurance assets and liabilities at the date of transition, has been recognised in retained earnings at 1 January 2022.

The comparison of current period to annual period was considered to be the most relevant and reliable method for measuring and presenting the insurance contracts in the financial statements, given the specific circumstances and characteristics of the Company's operations.

5.1.1. Reporting selection (continued)

Liability for incurred claims

Provision for claim payouts to policyholders is made in accordance with the Company's reserving policy. The reserving policy states that the risk year covered for each policy is the underlying growing seasons, identified within each policy. Within each growing season, the only variable data impacting on whether a claim payout is required, and the level of that payout is the rainfall data, which is maintained within the risk modelling calculation engine ARV used by the Company.

The rainfall data is recorded into ARV on a dekadal (a dekad being a year of days 1-10, 11-20 and 21- month-end for each month of a year, a year thus comprising 36 dekads) basis, using data from the National Oceanic and Atmospheric Administration ("NOAA") of the US Government. A range of possible outcomes are generated within ARV after each new dekad rainfall amount is added as the growing season progresses. The insurance policies provide the remedy of using a mutually agreed alternative data set to determine claim payouts in the case of NOAA data failure or if the NOAA data has been deemed unfit. The average of the final response cost value distribution is used as the estimated claim payout, calculated at the end of the third and final dekad for each calendar month. The accuracy of the respective estimated claim payouts is only reasonably ascertained after the 'planting window' for a given growing season has closed. The planting window is the year, within each of the respective growing seasons, that farmers sow their crops. It is a critical year of time that has a significant impact on the harvest at the end of each growing season. For those policyholders that have reached the end of the planting window by the year end, reserves will be calculated as above and there is the possibility of identifying a guaranteed minimum claim liability at that time. However, initially, estimation and recording of the claims liabilities is calculated on a monthly basis using the expected loss ratios on the contracts. The directors and management believe that the claims liability amount thus calculated and recorded is adequate.

The liability for incurred claims is considered to be a critical accounting estimate, given that there is judgment involved in the reserving policy established and utilised by the Company. This judgment is based on the expertise and experience of management and with consideration of the specific data available and data parameters utilised by the risk modelling calculation engine ARV.

5.1.2. Risk adjustment for non-financial risk

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

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company 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 Company 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.

5.2. Fair value

The fair value of financial instruments held by the Company approximates carrying value due to its liquid and short-term nature. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the Statement of Financial Position date. If quoted market prices are not available, reference is also made to broker or dealer quotations.

For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques,

(expressed in US dollars)

5.2. Fair value (continued)
estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

Class C Members' Returnable Capital is recognised in financial liabilities. These debt contributions from the two current Class C Members are interest free loans, based on the characteristics described in the 'Class C Membership and Capital Contribution Agreement' ("CCA") and the Company Bye-Laws. In accordance with IAS 32, these contributions are more in the nature of debt rather than equity and thus have been recognised in financial liabilities.

These zero-interest rate loans have been provided by the two donor entities, FCDO and KfW, with the requirement that in 20 years or earlier, in accordance with the executed CCA, these loans will be repaid at initial par value. The fair values of these financial liabilities were determined through discounted cash flow analysis, using a discount rate of 2%. This 2% discount rate is based on the interest rate plus service charge applied to 20-year loans (25-year maturity but with 5 year grace period) made by the International Development Association ("IDA") under 'Blend' terms effective July 1, 2016. IDA is the part of the World Bank Group which provides development finance to the poorer countries of the world.

In addition, the GBP denominated FCDO loan has been revalued for reporting purposes using the closing rate, as described in note 4.6.

Short-term financial assets comprise cash and cash equivalents and marketable investments. The carrying value of these is a reasonable estimate of their fair value as determined by independent third-party financial institutions.

6. Fixed Assets

	December 31, 2023	December 31, 2022
	$	$
Opening balance	203,818	178,981
Cost of additions	17,838	41,742
Depreciation charge	(16,203)	(16,905)
Net book value	205,453	203,818

The net book value consists of computers and computer equipment of $23,089 (2022: $14,301), software of $181,385 (2022: $187,695) and office furniture of $979 (2022: $1,822).

7. Marketable investments

	Cost	Amortization	Unrealized gain	Unrealized loss	Fair value
December 31, 2023	$	$	$	$	$
Asset-backed bonds	2,422,214	17,144	296	(22,354)	2,417,300
Commercial mortgage bonds	2,001,660	(12,149)	2,541	(102,639)	1,889,413
Corporate bonds	18,740,314	(99,265)	156,068	(362,107)	18,435,010
Equities	400,000	-	9,740	(747)	408,993
Mutual funds	8,767,926	-	717,349	-	9,485,275
Government bonds	24,619,095	(45,836)	50,907	(115,091)	24,509,075
	56,951,209	(140,106)	936,901	(602,938)	57,145,066

(expressed in US dollars)

7. Marketable investments (continued)

	Cost	Amortization	Unrealized gain	Unrealized loss	Fair value
December 31, 2022	**$**	**$**	**$**	**$**	**$**
Asset-backed bonds	5,115,191	(140,131)	19,658	(293,791)	4,700,927
Commercial mortgage bonds	3,960,202	33,098	51,439	(243,463)	3,801,276
Corporate bonds	17,278,827	(91,564)	223,250	(1,435,616)	15,974,897
Equities	200,000	-	-	(6,053)	193,947
Mutual funds	4,494,235	-	-	(795,332)	3,698,903
Government bonds	2,229,730	(75,255)	7,330	(206,706)	1,955,099
	33,278,185	(273,852)	301,677	(2,980,961)	30,325,049

The fair value of debt securities by contractual maturity is shown below:

	December 31, 2023	December 31, 2022
	$	**$**
Due within 1 year	20,308,697	3,110,977
Due within 1 to 5 years	21,723,601	12,860,264
Due over 5 years	5,218,500	10,460,958
	47,250,798	26,432,199

Credit ratings for bonds held by the Company as at December 31, 2023 range from AAA to BB- (2022: AAA to CCC+) as set out by Standard & Poor's.

(expressed in US dollars)

7. Marketable investments (continued)

The following table presents the analysis of the Company's investments by level of input as required by IFRS 13:

	Level 1	Level 2	Total
	$	$	$
Asset-backed bonds	-	2,417,300	2,417,300
Commercial mortgage bonds	-	1,889,413	1,889,413
Corporate bonds	-	18,435,010	18,435,010
Equities	408,993	-	408,993
Mutual funds	9,485,275	-	9,485,275
Government bonds	-	24,509,075	24,509,075
As at December 31, 2023	9,894,268	47,250,798	57,145,066

	Level 1	Level 2	Total
	$	$	$
Asset-backed bonds	-	4,700,927	4,700,927
Commercial mortgage bonds	-	3,801,276	3,801,276
Corporate bonds	-	15,974,897	15,974,897
Equities	193,947	-	193,947
Mutual funds	3,698,903	-	3,698,903
Government bonds	-	1,955,099	1,955,099
As at December 31, 2022	3,892,850	26,432,199	30,325,049

The Company held futures with a notional value of $8,350,973 (2022: $8,942,573), which had a fair value of $nil (2022: $nil). The Company did not hold any currency forward buys and sells, swaps and options as at the year end.

8. Investment in Pula Advisors AG

In December 2020, the Company invested in 6.98% of the common shares and 16.67% of Series A preferred shares of Pula Advisors AG, a Swiss limited liability company engaged in the core business of providing consulting services and project management in the field of sustainable development. The directors of the Company do not consider that ARC Ltd. is able to exercise significant influence over Pula Advisors AG due to the level of shareholding in the company. The purchase consideration was $2,000,000. Management have assessed the carrying value (cost of the investment less a provision for impairment) of the investment to be $315,675 as at December 31, 2023 (2022: $315,675).

9. Cash and cash equivalents

The Company considers all time deposits and highly liquid instruments with an original maturity of ninety days or less as cash equivalents.

	December 31, 2023	December 31, 2022
	$	$
Cash at bank with Bank of Butterfield	19,967,192	21,825,032
Cash at bank with First National Bank	10,386	12,794
Cash at bank with HSBC	165,622	117,103
Cash and cash equivalents with Bank of New York Mellon	11,541,593	19,110,291
Cash and cash equivalents with investment managers	4,776,966	3,600,751
Cash and cash equivalents	36,461,759	44,665,971

(expressed in US dollars)

9. Cash and cash equivalents (continued)
The range of interest rates earned during the period was between 0% and 9% (2022: 0% and 9%). Cash is held in Bermuda with Bank of Butterfield and HSBC, which were rated BBB+ (2022: BBB+) and A- (2022: A-), respectively at year end. Cash is held in South Africa with First National Bank, a division of FirstRand Bank Ltd. which was rated BB- (2022: BB-) at year end. Cash and cash equivalents are held in the United Kingdom with one custodian, Bank of New York Mellon, which was rated AA- (2022: AA-) at year end.

In addition, cash and cash equivalents of $214,763 (2022: $86,842) are held in restricted margin accounts with Goldman Sachs in the United States, which was rated A-1 (2022: A-1) at year end. There are securities held as collateral in the amount of $239,000 (2022: $690,000). This collateral is required by Goldman Sachs for particular trades. Accordingly, management considers there to be limited credit risk associated with cash and cash equivalent balances.

10. Class C members' returnable capital
The two Class C Members contributed Returnable Capital with a maximum fixed term of 20 years to the Company. These contributions were made on March 17, 2014 from KfW (USD 48,405,000) and FCDO (GBP 30,000,000) with a maturity date of March 17, 2034 under the CCA. The CCA provides that this Capital will be paid and returned in the afore-stated currencies and may be withdrawn early by the relevant Member, or returned early by the Company to such Member, in accordance with the relevant clause of the CCA and the Company's Bye-Laws. The Class C Member Capital Commitment is returnable or may be withdrawn subject to the Company complying with its solvency margin, liquidity ratio, and all requirements of the Insurance Act and satisfying the obligations of the policyholders. The two Class C Members have equivalent interests in the Company, having both subscribed to one interest each, as per the CCA.

	FCDO GBP	FCDO USD	KfW USD	Total USD
Initial fair value of capital commitment	30,000,000	49,929,600	48,405,000	98,334,600
Reserve fund - statutory capital requirement		(125,000)	(125,000)	(250,000)
Impairment		-	-	-
Total value of capital commitment		49,804,600	48,280,000	98,084,600
Equity grant		(16,203,411)	(15,704,823)	(31,908,234)
Accretion		7,188,185	6,968,699	14,156,884
Net movement on equity grant		(9,015,226)	(8,736,124)	(17,751,350)
Net value of loan		40,789,374	39,543,876	80,333,250
Foreign exchange movement		(9,585,967)	-	(9,585,967)
Fair value of loan December 31, 2023		**31,203,407**	**39,543,876**	**70,747,283**
Fair value of loan December 31, 2022		29,078,163	38,770,162	67,848,325
Net movement on loan for 2023		2,125,244	773,714	2,898,958
Net movement on equity grant		9,015,226	8,736,124	17,751,350
Foreign exchange movement		(2,148,059)	3	(2,148,056)
Fair value of equity grant December 31, 2023		**6,867,167**	**8,736,127**	**15,603,294**
Fair value of grant December 31, 2022		7,101,264	9,509,834	16,611,098
Net movement on grant for 2023		(234,097)	(773,707)	(1,007,804)

10. Class C members' returnable capital (continued)
The foreign exchange amounts shown in the above table totaling $11,734,023 which is for the period March 17, 2014 to December 31, 2023 (March 17, 2014 to December 31, 2022: $13,625,173) are netted off against the foreign exchange movements for the current and prior periods on the GBP denominated marketable investments and cash and cash equivalents in the Statement of Income. This reflects that the initial GBP capital commitment is economically hedged for foreign exchange purposes with the GBP assets included in marketable investments and cash and cash equivalents. Similarly, in respect of the equity grant accretion totaling $14,156,884 (2022: $12,585,094), this is netted off against the Class C loan write up in the Statement of Income as the amount of the equity grant accretion equates the amount of interest expense accreted on Class C funding which the grant is intended to compensate. The amounts equate and there is a $Nil impact on the Statement of Income.

The subsequent fair value of the capital commitments has been calculated using discounted cash flow analysis. The interest rate ascertained from recent arm's length transactions at the time, which are substantially the same as these Class C loans, was 2% (2022: 2%). This interest rate was used to calculate the fair value of these loan commitments at the date of recognition. In relation to the FCDO Capital Commitment, the foreign exchange rate used on initial measurement was the spot exchange rate of GBP to USD on March 17, 2014 (GBP 1 : USD 1.66432). On subsequent measurement at year end, the spot exchange rate on December 31, 2023 was used (GBP 1: USD 1.27319). In relation to the accretion of FCDO loan, an average rate over the period from initial receipt of the loan to the period end was used (GBP1: USD 1.34701).

The Class C Members have terms of redemption for all or part of the returnable capital provided to the Company, which are established under the Company Bye-Laws and contractually confirmed in the 'Return of Funds' clause in the CCA. A Class C Member ceases to be a Member of the Company on the date that its capital is completely withdrawn from the Company and returned to that Class C Member, under Bye-Law 4.4.3.

Bye-Law 5 states: "Class C Member Capital is returnable or may be withdrawn subject to the Company complying with its solvency margin, liquidity ratio, and all requirements of the Insurance Act and satisfying its obligations to its Policy-holders provided that the Company shall use its best endeavours promptly to (and procure that any necessary third party shall) execute and deliver all such documents and perform such acts as may be required for the purpose of such compliance, as follows:

- Each Class C Member has the right to have its initial capital returned at the end of the term in accordance with its Capital Commitment Agreement;
- Each Class C Member will have its initial Capital returned prior to the end of the term set forth in its Capital Commitment Agreement, with seventy (70) Business Days prior written notice, if two-thirds of the Class A Members vote to return the Capital to such Member prior to the end of such term;
- If the Conference of the Parties, decides to discontinue the Company in Bermuda and continue the Company in a jurisdiction outside of Bermuda, each Class C Member will have the right to withdraw the entire amount of its initial Capital prior to the date of continuation. For the avoidance of doubt, the Company will only be discontinued once the initial Capital provided by the Class C Member that has requested the withdrawal of its Capital has been fully repaid;
- If the Company is deemed Financially Unsustainable each Class C Member will have the right to withdraw the entire amount of its Capital as it appears in the Capital C Account upon giving written notice to the Company. If the Company is deemed Financially Unsustainable, no further Policy will be issued;
- If there is a Legal Violation which cannot be cured in twenty-two (22) Business Days, each Class C Member will have the right to withdraw the entire amount of its Capital as it appears in the Capital C Account upon giving written notice of its intent to withdraw its Capital to the Company. If a Class C Member indicates that it will withdraw its Capital because of a Legal Violation, the Company will not issue Policies until the respective
- Class C Member has been repaid. The Company shall repay the Class C Member as soon as legally possible; or
- If a Class A Member is given a new Certificate of Good Standing (or holds a Policy under an existing Certificate of Good Standing) and a Class C Member objects, acting reasonably, to such Class A Member's participation in the Company, such Class C Member may provide the Company with a 155 Business Day written notice of its intent to withdraw its Capital and may subsequently withdraw the entire amount of its Capital as it appears in the Capital C Account at the end of such Class A Member's paid Policy term. If the Class C Member gives written notice to the Company that it will withdraw its Capital as it appears in the Capital C Account in accordance with this Bye-Law

(expressed in US dollars)

10. Class C members' returnable capital (continued)

5.6, no further Policies will be issued until the Capital has been repaid to such Class C Member. The Company shall repay the Class C Member as soon as legally possible.

- The Members, acting reasonably, may remove a Class B Member or Class C Member in accordance with this Bye-Law 5.7. Before a Class B Member or Class C Member is removed, the Members must consult with the relevant Class B Member or Class C Member, and allow that Member to cure the issue giving rise to its potential removal, within seventy (70) Business Days of written notice of such issue being given to that Member by the other Members.
- The removal of a Class B Member or Class C Member requires a two-thirds affirmative vote of the Class A Members and two-thirds vote of the Class B Members and Class C Members voting together (excluding the Class B Member or Class C Member whose membership is under consideration). If the Members vote to remove a Class B Member or C Member from the Company membership, the relevant Class B Member will have the entire amount of its then-current Capital returned to it and the relevant Class C Member will have its initial Capital returned to it, within seventy (70) Business Days of the date of such vote."

At the date of approval of these financial statements, none of these criteria have been met that would trigger a redemption.

11. Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	December 31, 2023			December 31, 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Insurance contracts issued	$	$	$	$	$	$
Drought	-	(12,522,694)	(12,522,694)	-	(26,721,335)	(26,721,335)
Tropical cyclone	-	(2,889,672)	(2,889,672)	-	(136,793)	(136,793)
NSB	-	(11,593,999)	(11,593,999)	-	(20,752)	(20,752)
O&E	-	(503,576)	(503,576)	-	(503,563)	(503,563)
Total insurance contracts issued	**-**	**(27,509,941)**	**(27,509,941)**	**-**	**(27,382,443)**	**(27,382,443)**

	December 31, 2023			December 31, 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Reinsurance contracts held	$	$	$	$	$	$
Drought	436,584	-	436,584	529,371	-	529,371
Tropical cyclone	57,811	-	57,811	-	(354,775)	(354,775)
NSB	2,201,294	-	2,201,294	63,036	-	63,036
O&E	460,454	-	460,454	-	(2,459)	(2,459)
Total reinsurance contracts held	**3,156,143**	**-**	**3,156,143**	**592,407**	**(357,234)**	**235,173**

11.1. Roll-forward of net asset or liability for insurance contacts issued showing the liability for remaining coverage and the liability for incurred claims

The Company disaggregates information to provide disclosure in respect of major product lines separately: drought, tropical cyclone, non-sovereign business and O&E. This disaggregation has been determined based on how the company is managed.

(expressed in US dollars)

11.1.1. Drought

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for drought product line, is disclosed in the table below:

	DECEMBER 31, 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 1 January 2023	1,356,401	-	19,652,003	5,712,931	26,721,335
Insurance contract assets as at 1 January 2023	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**1,356,401**	**-**	**19,652,003**	**5,712,931**	**26,721,335**
Insurance revenue	(38,386,254)	-	-	-	(38,386,254)
Insurance service expenses	-	-	11,586,562	(1,734,971)	9,851,591
Incurred claims and other expenses			15,119,033	-	15,119,033
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(3,532,471)	(1,734,971)	(5,267,442)
Total changes in the statement of comprehensive income	**(38,386,254)**	**-**	**11,586,562**	**(1,734,971)**	**(28,534,663)**
Cash flows	32,394,726	-	(18,058,703)	-	14,336,023
Premium received	32,394,726	-	-	-	32,394,726
Claims and other expenses paid	-	-	(18,058,703)	-	(18,058,703)
Insurance acquisition cash flows	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2023	**(4,635,127)**	**-**	**13,179,862**	**3,977,960**	**12,522,694**
Insurance contract liabilities as at December 31, 2023	-	-	13,179,862	3,977,960	17,157,822
Insurance contract assets as at December 31, 2023	(4,635,127)	-	-	-	(4,635,127)
Net insurance contract (assets)/liabilities as at December 31, 2023	**(4,635,127)**	**-**	**13,179,862**	**3,977,960**	**12,522,694**

	December 31, 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at January 1, 2022	459,904	-	29,826,458	4,095,550	34,381,912
Insurance contract assets as at January 1, 2022	-	-	-	-	-
Net insurance contract (assets)/liabilities as at January 1, 2022	**459,904**	**-**	**29,826,458**	**4,095,550**	**34,381,912**
Insurance revenue	(20,317,223)	-	-	-	(20,317,223)
Insurance service expenses	-	-	25,150,146	1,617,381	26,767,527
Incurred claims and other expenses	-	-	25,150,146	5,712,931	30,863,077
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	-	(4,095,550)	(4,095,550)
Total changes in the statement of comprehensive income	**(20,317,223)**	**-**	**25,150,146**	**1,617,381**	**6,450,304**
Cash flows	21,213,720	-	(35,324,601)	-	(14,110,881)
Premium received	21,213,720	-	-	-	21,213,720
Claims and other expenses paid	-	-	(35,324,601)	-	(35,324,601)
Insurance acquisition cash flows	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2022	**1,356,401**	**-**	**19,652,003**	**5,712,931**	**26,721,335**
Insurance contract liabilities as at December 31, 2022	1,356,401	-	19,652,003	5,712,931	26,721,335
Insurance contract assets as at December 31, 2022	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2022	**1,356,401**	**-**	**19,652,003**	**5,712,931**	**26,721,335**

(expressed in US dollars)

11.1.2. Tropical cyclone

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for tropical cyclone product line, is disclosed in the table below:

	DECEMBER 31, 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 1 January 2023	136,793	-	-	-	136,793
Insurance contract assets as at 1 January 2023	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**136,793**	**-**	**-**	**-**	**136,793**
Insurance revenue	(3,497,121)				(3,497,121)
Insurance service expenses	-	-	300,977	-	300,977
Incurred claims and other expenses	-	-	670,874	-	670,874
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(369,897)	-	(369,897)
Total changes in the statement of comprehensive income	**(3,497,121)**	**-**	**300,977**	**-**	**(3,196,144)**
Cash flows	6,250,000	-	(300,977)	-	5,949,023
Premium received	6,250,000	-		-	6,250,000
Claims and other expenses paid	-	-	(300,977)	-	(300,977)
Insurance acquisition cash flows	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2023	**2,889,672**	**-**	**0**	**-**	**2,889,672**
Insurance contract liabilities as at December 31, 2023	2,889,672	-	0	-	2,889,672
Insurance contract assets as at December 31, 2023	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2023	**2,889,672**	**-**	**0**	**-**	**2,889,672**

	December 31, 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at January 1, 2022	-	-	-	-	-
Insurance contract assets as at January 1, 2022	(575,002)	-	-	-	(575,002)
Net insurance contract (assets)/liabilities as at January 1, 2022	**(575,002)**	**-**	**-**	**-**	**(575,002)**
Insurance revenue	(2,286,576)				(2,286,576)
Insurance service expenses	-	-	10,714,206	-	10,714,206
Incurred claims and other expenses	-	-	10,865,968	-	10,865,968
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(151,762)	-	(151,762)
Total changes in the statement of comprehensive income	**(2,286,576)**	**-**	**10,714,206**	**-**	**8,427,630**
Cash flows	2,998,371	-	(10,714,206)	-	(7,715,835)
Premium received	2,998,371	-	-	-	2,998,371
Claims and other expenses paid	-	-	(10,714,206)	-	(10,714,206)
Insurance acquisition cash flows	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2022	**136,793**	**-**	**-**	**-**	**136,793**
Insurance contract liabilities as at December 31, 2022	136,793	-	-	-	136,793
Insurance contract assets as at December 31, 2022	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2022	**136,793**	**-**	**-**	**-**	**136,793**

(expressed in US dollars)

11.1.3. Non-sovereign business

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for NSB product line, is disclosed in the table below:

	DECEMBER 31, 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 1 January 2023	-	-	120,342	5,730	126,072
Insurance contract assets as at 1 January 2023	105,320	-	-	-	105,320
Net insurance contract (assets)/liabilities as at 1 January 2023	**(105,320)**	**-**	**120,342**	**5,730**	**20,752**
Insurance revenue	(4,414,013)	-	-	-	(4,414,013)
Insurance service expenses	376,206	-	2,635,326	456,139	3,467,671
Incurred claims and other expenses	-	-	2,375,485	-	2,375,485
Amortisation of insurance acquisition cash flows	376,206	-	-	-	376,206
Changes that relate to past service - adjustments to the LIC	-	-	259,841	456,139	715,980
Total changes in the statement of comprehensive income	**(4,037,807)**	**-**	**2,635,326**	**456,139**	**(946,342)**
Cash flows	12,860,352	-	(340,763)	-	12,519,589
Premium received	13,304,929	-	-	-	13,304,929
Claims and other expenses paid	-	-	(340,763)	-	(340,763)
Insurance acquisition cash flows	(444,577)	-	-	-	(444,577)
Net insurance contract (assets)/liabilities as at December 31, 2023	**8,717,225**	**-**	**2,414,905**	**461,869**	**11,593,999**
Insurance contract liabilities as at December 31, 2023	8,717,225	-	2,414,905	461,869	11,593,999
Insurance contract assets as at December 31, 2023	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2023	**8,717,225**	**-**	**2,414,905**	**461,869**	**11,593,999**

	December 31, 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at January 1, 2022	-	-	109,337	7,515	116,852
Insurance contract assets as at January 1, 2022	(196,892)	-	-	-	(196,892)
Net insurance contract (assets)/liabilities as at January 1, 2022	**(196,892)**	**-**	**109,337**	**7,515**	**(80,040)**
Insurance revenue	(158,258)				(158,258)
Insurance service expenses	92,212	-	211,340	(1,785)	301,767
Incurred claims and other expenses	-	-	209,253	5,730	214,983
Amortisation of insurance acquisition cash flows	92,212	-	-	-	92,212
Changes that relate to past service - adjustments to the LIC	-	-	2,087	(7,515)	(5,428)
Total changes in the statement of comprehensive income	**(66,046)**	**-**	**211,340**	**(1,785)**	**143,509**
Cash flows	157,618	-	(200,335)	-	(42,717)
Premium received	215,332	-	-	-	215,332
Claims and other expenses paid	-	-	(200,335)	-	(200,335)
Insurance acquisition cash flows	(57,714)	-	-	-	(57,714)
Net insurance contract (assets)/liabilities as at December 31, 2022	**(105,320)**	**-**	**120,342**	**5,730**	**20,752**
Insurance contract liabilities as at December 31, 2022	-	-	120,342	5,730	126,072
Insurance contract assets as at December 31, 2022	(105,320)	-	-	-	(105,320)
Net insurance contract (assets)/liabilities as at December 31, 2022	**(105,320)**	**-**	**120,342**	**5,730**	**20,752**

(expressed in US dollars)

11.1.4. Outbreaks and Epidemics

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for O&E product line, is disclosed in the table below:

	DECEMBER 31, 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 1 January 2023	484,464	-	-	19,099	503,563
Insurance contract assets as at 1 January 2023	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 1 January 2023	**484,464**	**-**	**-**	**19,099**	**503,563**
Insurance revenue	(508,065)				(508,065)
Insurance service expenses	-	-	(52)	-	(52)
Incurred claims and other expenses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(52)	-	(52)
Total changes in the statement of comprehensive income	**(508,065)**	**-**	**(52)**	**-**	**(508,117)**
Cash flows	508,130	-	-	-	508,130
Premium received	508,130	-	-	-	508,130
Claims and other expenses paid	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2023	**484,529**	**-**	**(52)**	**19,099**	**503,576**
Insurance contract liabilities as at December 31, 2023	484,529	-	-	19,099	503,628
Insurance contract assets as at December 31, 2023	-	-	(52)	-	(52)
Net insurance contract (assets)/liabilities as at December 31, 2023	**484,529**	**-**	**(52)**	**19,099**	**503,576**

	December 31, 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at January 1, 2022	-	-	-	-	-
Insurance contract assets as at January 1, 2022	-	-	-	-	-
Net insurance contract (assets)/liabilities as at January 1, 2022	**-**	**-**	**-**	**-**	**-**
Insurance revenue	(23,666)				(23,666)
Insurance service expenses	-	-	-	19,099	19,099
Incurred claims and other expenses	-	-	-	19,099	19,099
Amortisation of insurance acquisition cash flows	-	-		-	-
Changes that relate to past service - adjustments to the LIC	-	-	-	-	-
Total changes in the statement of comprehensive income	**(23,666)**	**-**	**-**	**19,099**	**(4,567)**
Cash flows	508,130	-	-	-	508,130
Premium received	508,130	-	-	-	508,130
Claims and other expenses paid	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2022	**484,464**	**-**	**-**	**19,099**	**503,563**
Insurance contract liabilities as at December 31, 2022	484,464	-	-	19,099	503,563
Insurance contract assets as at December 31, 2022	-	-	-	-	-
Net insurance contract (assets)/liabilities as at December 31, 2022	**484,464**	**-**	**-**	**19,099**	**503,563**

(expressed in US dollars)

11.2. Roll-forward of net asset or liability for reinsurance contacts held showing the Assets for remaining coverage and the amounts recoverable on incurred claims.

11.2.1. Drought

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on drought insurance ceded to reinsurers is disclosed in the table below:

DECEMBER 31, 2023

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2023	529,372	-	-	-	529,372
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**529,372**	**-**	**-**	**-**	**529,372**
Reinsurance premium	(13,260,060)				(13,260,060)
Amounts recoverable from reinsurers for incurred claims	472,458	-	525,932	-	998,390
Amounts recoverable for incurred claims and other expenses	-	-	(116,181)	-	(116,181)
Amortisation of insurance acquisition cash flows	472,458	-	-	-	472,458
Changes to amounts recoverable for incurred claims	-	-	642,113	-	642,113
Total changes in the statement of comprehensive income	**(12,787,602)**	**-**	**525,932**	**-**	**(12,261,670)**
Cash flows					
Premiums paid	12,948,022	-	-	-	12,948,022
Amounts received	-	-	(525,932)	-	(525,932)
Insurance acquisition cash flows	(253,207)	-	-	-	(253,207)
Total cash flows	**12,694,815**	**-**	**(525,932)**	**-**	**12,168,883**
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**436,585**	**-**	**-**	**-**	**436,585**
Reinsurance contract assets as at December 31, 2023	436,585	-	-	-	436,585
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**436,585**	**-**	**-**	**-**	**436,585**

December 31, 2022

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at January 1, 2022	-	-	14,913,228	2,047,775	16,961,003
Reinsurance contract liabilities as at January 1, 2022	(2,559,849)	-	-	-	(2,559,849)
Net reinsurance contract assets/(liabilities) as at January 1, 2022	**(2,559,849)**	**-**	**14,913,228**	**2,047,775**	**14,401,154**
Reinsurance premium	(9,919,571)				(9,919,571)
Amounts recoverable from reinsurers for incurred claims	1,061,017	-	339,640	(2,047,775)	(647,118)
Amounts recoverable for incurred claims and other expenses	-	-	(2,586,344)	(2,047,775)	(4,634,119)
Amortisation of insurance acquisition cash flows	1,061,017	-	-	-	1,061,017
Changes to amounts recoverable for incurred claims	-	-	2,925,984	-	2,925,984
Total changes in the statement of comprehensive income	**(8,858,554)**	**-**	**339,640**	**(2,047,775)**	**(10,566,689)**
Cash flows					
Premiums paid	12,681,366	-	-	-	12,681,366
Amounts received	-	-	(15,252,868)	-	(15,252,868)
Insurance acquisition cash flows	(733,591)	-	-	-	(733,591)
Total cash flows	**11,947,775**	**-**	**(15,252,868)**	**-**	**(3,305,093)**
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**529,372**	**-**	**-**	**-**	**529,372**
Reinsurance contract assets as at December 31, 2022	529,372	-	-	-	529,372
Reinsurance contract liabilities as at December 31, 2022	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**529,372**	**-**	**-**	**-**	**529,372**

(expressed in US dollars)

11.2.2. Tropical cyclone

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on tropical cyclone insurance ceded to reinsurers is disclosed in the table below:

	DECEMBER 31, 2023				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2023	-	-	-	-	-
Reinsurance contract liabilities as at 1 January 2023	(354,775)	-	-	-	(354,775)
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**(354,775)**	**-**	**-**	**-**	**(354,775)**
Reinsurance premium	(2,103,878)	-	-	-	(2,103,878)
Amounts recoverable from reinsurers for incurred claims	95,310	-	-	-	95,310
Amounts recoverable for incurred claims and other expenses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	95,310	-	-	-	95,310
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Total changes in the statement of comprehensive income	**(2,008,568)**	**-**	**-**	**-**	**(2,008,568)**
Cash flows					
Premiums paid	2,421,154	-	-	-	2,421,154
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	**2,421,154**	**-**	**-**	**-**	**2,421,154**
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**57,811**	**-**	**-**	**-**	**57,811**
Reinsurance contract assets as at December 31, 2023	57,811	-	-	-	57,811
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**57,811**	**-**	**-**	**-**	**57,811**

	December 31, 2022				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at January 1, 2022	-	-	-	-	-
Reinsurance contract liabilities as at January 1, 2022	(378,995)	-	-	-	(378,995)
Net reinsurance contract assets/(liabilities) as at January 1, 2022	**(378,995)**	**-**	**-**	**-**	**(378,995)**
Reinsurance premium	(1,353,970)				(1,353,970)
Amounts recoverable from reinsurers for incurred claims	22,642	-	8,630,571	-	8,653,213
Amounts recoverable for incurred claims and other expenses	-	-	9,497,457	-	9,497,457
Amortisation of insurance acquisition cash flows	22,642	-	-	-	22,642
Changes to amounts recoverable for incurred claims	-	-	(866,886)	-	(866,886)
Total changes in the statement of comprehensive income	**(1,331,328)**	**-**	**8,630,571**	**-**	**7,299,243**
Cash flows					
Premiums paid	1,406,797	-	-	-	1,406,797
Amounts received	-	-	(8,630,571)	-	(8,630,571)
Insurance acquisition cash flows	(51,249)	-	-	-	(51,249)
Total cash flows	**1,355,548**	**-**	**(8,630,571)**	**-**	**(7,275,023)**
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**(354,775)**	**-**	**-**	**-**	**(354,775)**
Reinsurance contract assets as at December 31, 2022	-	-	-	-	-
Reinsurance contract liabilities as at December 31, 2022	(354,775)	-	-	-	(354,775)
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**(354,775)**	**-**	**-**	**-**	**(354,775)**

(expressed in US dollars)

11.2.3. Non-sovereign business

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on NSB insurance ceded to reinsurers is disclosed in the table below:

	DECEMBER 31, 2023				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2023	-	-	60,171	2,865	63,036
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**-**	**-**	**60,171**	**2,865**	**63,036**
Reinsurance premium	(2,703,104)	-	-	-	(2,703,104)
Amounts recoverable from reinsurers for incurred claims	244	-	378,622	31,525	410,391
Amounts recoverable for incurred claims and other expenses	-	-	55,844	-	55,844
Amortisation of insurance acquisition cash flows	244	-		-	244
Changes to amounts recoverable for incurred claims	-	-	322,778	31,525	354,303
Total changes in the statement of comprehensive income	**(2,702,860)**	**-**	**378,622**	**31,525**	**(2,292,713)**
Cash flows					
Premiums paid	4,499,443	-	-	-	4,499,443
Amounts received	-	-	(67,822)	-	(67,822)
Insurance acquisition cash flows	(650)	-	-	-	(650)
Total cash flows	**4,498,793**	**-**	**(67,822)**	**-**	**4,430,971**
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**1,795,933**	**-**	**370,971**	**34,390**	**2,201,294**
Reinsurance contract assets as at December 31, 2023	1,795,933	-	370,971	34,390	2,201,294
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**1,795,933**	**-**	**370,971**	**34,390**	**2,201,294**

	December 31, 2022				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at January 1, 2022	-	-	54,669	3,758	58,427
Reinsurance contract liabilities as at January 1, 2022	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at January 1, 2022	**-**	**-**	**54,669**	**3,758**	**58,427**
Reinsurance premium	-				-
Amounts recoverable from reinsurers for incurred claims	-	-	12,644	(893)	11,751
Amounts recoverable for incurred claims and other expenses	-	-	-	2,865	2,865
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	12,644	(3,758)	8,886
Total changes in the statement of comprehensive income	**-**	**-**	**12,644**	**(893)**	**11,751**
Cash flows					
Premiums paid	-	-	-	-	-
Amounts received	-	-	(7,142)	-	(7,142)
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	**-**	**-**	**(7,142)**	**-**	**(7,142)**
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**-**	**-**	**60,171**	**2,865**	**63,036**
Reinsurance contract assets as at December 31, 2022	-	-	60,171	2,865	63,036
Reinsurance contract liabilities as at December 31, 2022	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**-**	**-**	**60,171**	**2,865**	**63,036**

(expressed in US dollars)

11.2.4. Outbreaks and Epidemics

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on O&E insurance ceded to reinsurers is disclosed in the table below:

	DECEMBER 31, 2023				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 January 2023	-	-	19,099	-	19,099
Reinsurance contract liabilities as at 1 January 2023	(21,559)	-	-	-	(21,559)
Net reinsurance contract assets/(liabilities) as at 1 January 2023	**(21,559)**	**-**	**19,099**	**-**	**(2,460)**
Reinsurance premium	(508,065)	-	-	-	(508,065)
Amounts recoverable from reinsurers for incurred claims	45,219	-	(52)	-	45,167
Amounts recoverable for incurred claims and other expenses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	45,219	-	-	-	45,219
Changes to amounts recoverable for incurred claims	-	-	(52)	-	(52)
Total changes in the statement of comprehensive income	**(462,846)**	**-**	**(52)**	**-**	**(462,898)**
Cash flows					
Premiums paid	971,036	-	-	-	971,036
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	(45,224)	-	-	-	(45,224)
Total cash flows	**925,812**	**-**	**-**	**-**	**925,812**
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**441,407**	**-**	**19,047**	**-**	**460,454**
Reinsurance contract assets as at December 31, 2023	441,407	-	19,047	-	460,454
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at December 31, 2023	**441,407**	**-**	**19,047**	**-**	**460,454**

	December 31, 2022				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excl. loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at January 1, 2022	-	-	-	-	-
Reinsurance contract liabilities as at January 1, 2022	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at January 1, 2022	**-**	**-**	**-**	**-**	**-**
Reinsurance premium	(23,666)	-	-	-	(23,666)
Amounts recoverable from reinsurers for incurred claims	2,107	-	19,099	-	21,206
Amounts recoverable for incurred claims and other expenses	-	-	19,099	-	19,099
Amortisation of insurance acquisition cash flows	2,107	-	-	-	2,107
Changes to amounts recoverable for incurred claims	-	-	-		-
Total changes in the statement of comprehensive income	**(21,559)**	**-**	**19,099**	**-**	**(2,460)**
Cash flows					
Premiums paid	45,224	-	-	-	45,224
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	(45,224)	-	-	-	(45,224)
Total cash flows	**-**	**-**	**-**	**-**	**-**
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**(21,559)**	**-**	**19,099**	**-**	**(2,460)**
Reinsurance contract assets as at December 31, 2022	-	-	19,099	-	19,099
Reinsurance contract liabilities as at December 31, 2022	(21,559)	-	-	-	(21,559)
Net reinsurance contract assets/(liabilities) as at December 31, 2022	**(21,559)**	**-**	**19,100**	**-**	**(2,459)**

(expressed in US dollars)

12. Reserve Fund

In accordance with the Company's Memorandum of Association, the reserve fund consists of $250,000 of capital contribution, which was funded in equal amounts by FCDO and KfW.

13. Trust Funds

A 'Premium Support Facility Trust' ("PSF Trust") was established on November 23, 2021 with Appleby Global Trust Services (Bermuda) Ltd. acting as trustee. The intended purpose of the PSF Trust is to receive trust funds from Donors pursuant to Grant Agreements entered into by the Company and Donors, intended to provide financing support for risk transfer programs. Subject to the eligibility requirements, on application to the trustee, the Company may receive distributions as premium-subsidized co-payments for ARC Member States insurance or other risk transfer transaction premiums. During the year ended December 31, 2023, premium subsidy grant disbursements received by the Company amounted to $15,464,146 (2022: $1,091,182).

14. Other interest and similar income/(loss)

	December 31, 2023 $	December 31, 2022 $
Interest and dividend income	2,383,075	1,458,375
Amortization of bonds	2,911	(171,069)
Realized loss on investments	(746,862)	(5,460,689)
Realised gain on futures and derivatives	-	1,514,789
Unrealized gains on forwards and derivatives	40,383	-
Gross investment income/(loss)	1,679,507	(2,658,594)
Less: Investment managers, custody and portfolio fees	(97,024)	(92,800)
Other interest and similar income/(loss)	1,582,483	(2,751,394)

Interest rates on investments ranged from 0% to 9.0% (2022: 0% to 9.0%) during the year.

(expressed in US dollars)

15. Expenses and Reimbursements

	December 31, 2023 $	December 31, 2022 $
Member costs	133,745	154,974
Board costs	413,253	285,600
Corporate secretarial and regulatory fees	101,052	26,701
Legal fees	62,511	104,522
Insurance	149,389	158,849
Bank charges	27,861	24,405
External audit	118,917	101,417
Internal audit	-	60,000
Insurance manager’s fees	280,000	280,000
Actuarial and loss reserve specialist fees	272,898	4,328
Executive management and administration	3,854,297	3,116,333
Reinsurance broker fees	230,074	202,097
Communications	169,557	187,043
Depreciation	16,203	16,905
Reversal in provision for doubtful debts	-	(750,000)
Total general and administration expenses	**5,829,757**	**3,973,174**
Once-off costs:		
Consultancy	241,336	490,583
Total once-off costs	**241,336**	**490,583**
Claims incurred (claims expenses)	18,165,393	36,225,367
Change risk adjustment (LIC)	2,191,110	1,634,694
Insurance acquisition expenses	376,206	92,212
Loss component - regular release of loss component	(7,112,522)	(149,675)
Insurance revenue expense	**13,620,187**	**37,802,598**

16. Related Party Transactions

The Company provides insurance coverage to Class A Members, as described in note 1. The premiums and related transactions with these Class A Members are thus related party transactions. In addition, as described in note 10 above, the two Class C Members provided Returnable Capital to the Company. These financial liabilities are also related party transactions, given that ARC Ltd. is a mutual company.

Remuneration during the year in respect of the Board of Directors is in the form of an annual fixed Honorarium of $30,000 (2022: $20,000) for Board Chair, $25,000 (2022: $18,000) for Board Committee Chair, $20,000 (2022: $15,000) per Director and $10,000 (2022: $10,000) for the Board Advisor. There were six Directors on the Board and one Advisor to the Board at the beginning and end of the year. The total Honorarium paid during the period was $150,000 (2022: $133,000). The total amount of travel and subsistence expenses reimbursed to Directors, or to entities who have paid on behalf of respective Directors, for the period was $43,525 (2022: $21,880).

16. Related Party Transactions (continued)

Effective August 2020, the Company entered into an agreement with GP3 Institute Trust, a non-profit which provides Legal Advisory and Governance Support Services for public private corporation initiatives within the United Nations Sustainable Development Goals framework. The Company's Legal Secretary service is provided by the GP3 Institute Trust. The Company provides grant funding to GP3 Institute in recognition of the legal and governance services provided to the Company. The amount of $Nil (2022: $15,454) representing grant funding due to GP3 Institute is included in accounts payable and accrued liabilities at the year end. GP3 Institute is not considered a related party as ARC Ltd.'s Legal Secretary is an independent contractor of GP3 Institute.

17. Taxation

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 31, 2035. At present, the Bermuda government has enacted legislation for its 15% corporate income tax ("CIT") that would apply to Bermuda businesses that are part of multinational enterprise groups (MNE Groups) with annual revenue of €750milion or more. The corporate income tax was enacted on December 27, 2023 and will be effective for tax years beginning on or after January 1, 2025. It is not anticipated that the CIT will affect the Company since it is not an MNE Group.

18. Capital Risk Management and Statutory Financial Data

18.1. Bermuda

ARC Ltd. is a mutual insurance Company, registered as a Class 2 Insurer under the Bermuda Insurance Act 1978 and Related Regulations ("the Act"). In accordance with the Act, statutory capital and surplus at the period end was $62,811,197 (December 31, 2022: $52,120,302) and the amount required to be maintained by the Company was $4,583,406 (December 31, 2022: $1,944,097). The Company has met the minimum solvency margin requirement at the year end. In addition, a minimum liquidity ratio must be maintained whereby relevant assets, as defined by the Act, must exceed 75% of relevant liabilities. The ratio was met at the period end.

Under the Act, the Company is required to prepare Statutory Financial Statements. The Bermuda Statutory accounting regulations allow the recognition of Class C Member Capital as Statutory Capital, as opposed to debt financial liabilities or equity grant under IFRS. The Members' equity is comprised of the reserve fund, retained earnings and Class C equity grant. The Company's objectives when managing 'capital' are to comply with the minimum capital and surplus requirements of the Act and to safeguard the Company's ability to continue as a going concern.

In disclosure note 10, there is reference to "Financially Unsustainable", which is a term taken directly from the Company's Bye-Laws. Financially unsustainable is defined in the Bye-Laws as a reduction of capital which endangers the Company's capacity to maintain its claim-paying capacity in a financially sustainable manner as measured by the ECR ratio. The ECR ratio is the Enhanced Capital Requirement under Bermuda Insurance regulations. Should the statutory capital of the Company decrease to a level below 150% of the ECR, then this would be deemed "financially unsustainable". At no point to the date of approval of these financial statements has the Company been Financially Unsustainable, based on the above definition.

(expressed in US dollars)

18.1. Bermuda (continued)
The difference between the Company's statutory capital and surplus and Members' equity as per these financial statements is as shown in the below table.

	December 31, 2023 $	(Restated) December 31, 2022 $
Statutory capital and surplus	62,811,197	52,120,302
Adjust for: Non-admitted items for statutory purposes		
Prepaid expenses	348,685	225,843
Deferred policy acquisition costs	140,443	72,285
Adjust for Impact of IFRS 17 application	(756,750)	(5,987,038)
Adjust for: Class C Members' returnable capital		
FCDO – Initial contribution treated as equity capital	(49,929,600)	(49,929,600)
Less: FCDO initial contribution treated as equity grant	6,867,167	7,101,264
KfW – Initial contribution treated as equity capital	(48,405,000)	(48,405,000)
Less: KfW initial contribution treated as equity grant	8,736,127	9,509,834
Forex revaluation of GBP capital contribution	11,734,024	13,625,175
Reserve fund – Initial contribution designated as share capital	250,000	250,000
Members' deficit	**(8,203,707)**	**(21,416,935)**

18.2. Participating African Countries
ARC Ltd. has been granted approval for issuance of the Insurance Policies recognised in these Financial Statements in each of the participating Class A Member countries via a written letter of exemption from national insurance laws and regulations.

19. Management of Insurance and Financial Risk
The Company is exposed to a range of risks through its financial assets, financial liabilities and insurance liabilities. This section summarises these risks and the way the Company manages them.

19.1. Insurance risk
The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount of any resulting claim. The principal risk the Company faces under such contracts is that provisions for claims liabilities are estimates which are subject to variability, and the variability could be material in the near term. The variability arises because the amount of rainfall, which impacts on the ultimate settlement of claims, has not yet been fully determined as it is a future event. Provision for claims liabilities are based on all relevant information available to the Company. Methods of estimation are used which the Company believes produce reasonable results given current information.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company only insures the drought risks of participating African member states, therefore, there is a concentration of insurance risk within the industry sector and broadly within the territories the Company serves.

(expressed in US dollars)

19.1. Insurance risk (continued)
The variability of risks is improved by the use of reinsurance arrangements. Similar to other insurance companies, in order to minimise financial exposure arising from large claims (from, for example, correlated drought events affecting multiple insured countries), the Company, in the normal course of business, will enter into agreements with other parties for reinsurance purposes.
To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance, wherever applicable, are thoroughly reviewed by the Company. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the Statement of Financial Position as reinsurance assets.

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

	December 31, 2023			December 31, 2022		
	Insurance	Reinsurance held	Net	Insurance	Reinsurance held	Net
	$	$	$	$	$	$
Drought	12,522,694	(436,584)	12,086,110	26,721,335	(529,371)	26,191,963
Tropical cyclone	2,889,672	(57,811)	2,831,861	136,793	354,775	491,528
NSB	11,593,999	(2,201,294)	9,392,705	20,752	(63,036)	(42,284)
O&E	503,576	(460,454)	43,122	503,563	2,459	506,023
Total net insurance	**27,509,941**	**(3,156,143)**	**24,353,799**	**27,382,443**	**(235,173)**	**27,147,230**

19.1.1. Claims development table
Any claim pay-outs are made shortly after the end of the underlying risk years for each respective policyholder. The risk years, as explained in Note 4.2.5.3., are the growing seasons for each participating country. Practically, this means that within four weeks of the growing season ending, any relevant claim pay-out shall be made, subject to conditions around Financial Implementation Plan (“FIP”) and other required documentation being in order. Claims paid for in the current period net of recoveries of $18,106,688 (2022: $22,348,561) represent claim pay-outs under the drought program for $17,532,771 to The Gambia, Togo, Niger, Somalia, Burkina Faso and Madagascar; pay-outs under the non-sovereign program for $272,940 and pay-outs under the tropical cyclone program for $300,977.

	2023	2022
	$	$
Claims development: At the end of the year	19,689,753	20,224,803

19.2. Financial risk

19.2.1. Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance 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 recoveries.

19.2.1. Liquidity risk (continued)
Prudent liquidity risk management implies maintaining sufficient cash and deposits and the availability of funding through an adequate amount of committed credit facilities. The Company's cash and cash equivalents have a maturity profile that ensures that it is able to meet liabilities arising from claims received. The Company shall also mitigate future liquidity risks by holding highly liquid financial assets which may be sold quickly in response to needs for liquidity. The Company holds derivatives, whose maturities are disclosed in Note 7.

All claims stated in the financial statements are expected to be settled within one year after the reporting date.

19.2.2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance 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).

19.2.2.1. Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. Management assesses that, there is minimal risk of significant losses due to exchange rate fluctuations, based on the fact that the GBP denominated financial liability and grant equity are hedged by the GBP denominated marketable investments. All premium and risk exposures are denominated in USD.

19.2.2.2. Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently funds its insurance liabilities with a portfolio of cash accounts and fixed term deposits which are subject to interest rate risk. Short-term insurance liabilities are not directly sensitive to the level of market interest rates as they are undiscounted and contractually non-interest bearing. The Company manages interest rate risk by matching the cash flows profile of assets and liabilities.

19.2.2.3. Price risk
Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

The Company has no significant concentration of price risk.

19.2.3. Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company (including accrued investment income and cash and cash equivalents), other than those relating to reinsurance contracts as described in note 3 (d) above, the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the date of the Statement of Financial Position. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company does not hold any collateral in relation to its credit risk. Most of the reinsurers have a rating of at least A- or fully collateralized.

19.2.4. Prepayment risk
At December 31, 2023, the Company held $1,889,413 (2022: $3,801,276) of its fixed income portfolio in commercial mortgage bonds. The assets are exposed to prepayment risk, which occurs when holders of underlying loans increased the frequency with which they prepay the outstanding principal before the maturity date and/or re-finance at a lower

(expressed in US dollars)

19.2.4. Prepayment risk (continued)

interest rate cost. The adverse impact of prepayment is more evident in a declining interest rate environment. As a result, the Company will be exposed to reinvestment risk, as cash flows received by the Company will be accelerated and will be reinvested at the prevailing interest rates.

20. Segregated account

On November 18, 2022, the Company received approval to be registered as a segregated accounts company under the Segregated Accounts Companies Act 2000, as amended (SAC Act). This facilitate the establishing of the segregated account designated as the Outbreaks and Epidemics Segregated Account ("O&E Segregated Account") to provide a fully funded cell through which to underwrite O&E Program insurance policies. The Company must keep the O&E Program funding separate since it is funded by a different donor agency compared to the other insurance program written by the Company.

	General Cell	O&E Cell	Consolidated
	$	$	$
Assets			
Fixed assets	205,452	-	205,452
Prepaid expenses	348,685	-	348,685
Other receivables	27,666	-	27,666
Reinsurance contract assets	2,695,689	460,454	3,156,143
Insurance contract asset	-	-	-
Accrued investment income	752,033	-	752,033
Investment in Pula Advisors GmbH	315,675	-	315,675
Marketable investments	57,145,066	-	57,145,066
Cash and cash equivalents	35,871,512	590,247	36,461,759
Total Assets	**97,361,778**	**1,050,701**	**98,412,479**
Liabilities			
Class C Members' Returnable Capital	70,747,283	-	70,747,283
Insurance contract liabilities	27,006,365	503,576	27,509,941
Reinsurance contract liabilities	-	-	-
Deferred income - other	-	433,297	433,297
Investment payables	-	-	-
Accounts payable and accrued liabilities	7,859,162	66,503	7,925,665
Total Liabilities	**105,612,810**	**1,003,376**	**106,616,186**
Members' Equity			
Reserve fund	250,000	-	250,000
Retained (deficit)/equity	(24,104,326)	47,325	(24,057,001)
Accumulated other comprehensive income:			
Class C Members' equity grant	15,603,294	-	15,603,294
Total Members' (Deficit)/Equity	**(8,251,032)**	**47,325**	**(8,203,707)**
Total Liabilities and Members' Equity	**97,361,778**	**1,050,701**	**98,412,479**

(expressed in US dollars)

20. Segregated account (continued)

	General Cell	O&E Cell	Consolidated
	$	$	$
Insurance revenue	46,297,388	508,065	46,805,453
Insurance revenue expense	(13,620,239)	52	(13,620,187)
Insurance service result before reinsurance contracts held	**32,677,149**	**508,117**	**33,185,266**
			-
Allocation of reinsurance premium	(18,067,042)	(508,065)	(18,575,107)
Amounts recoverable from reinsurance for incurred claims	1,504,091	45,167	1,549,258
Net expense from reinsurance contracts held	**(16,562,951)**	**(462,898)**	**(17,025,849)**
			-
Net insurance financial service result	**16,114,198**	**45,219**	**16,159,417**
			-
General and administrative expenses	(5,774,838)	(54,919)	(5,829,757)
Once-off and start-up costs	(241,336)	-	(241,336)
Net investment income	1,582,483	-	1,582,483
Other income	-	54,919	54,919
Unrealized gain on marketable investments	3,187,170	-	3,187,170
Unrealized loss on foreign exchange	(1,887,725)	-	(1,887,725)
Realised gain on foreign exchange	1,195,861	-	1,195,861
Net income for the year	**14,175,813**	**45,219**	**14,221,032**
			-
Write down of Equity grant from Class C Members	(1,007,804)	-	(1,007,804)
			-
Total comprehensive income for the year	**13,168,009**	**45,219**	**13,213,228**

21. Subsequent events

Subsequent events were evaluated to April 16, 2024, the date the financial statements were available to be issued. No events have occurred subsequent to December 31, 2023 requiring adjustments or disclosure in these financial statements.

22. Approval of the financial statements

These financial statements were approved by the Board of Directors on April 15, 2024. Management does not have the power to change or amend the financials after the date of approval by the Board of Directors.