FINANCIAL STATEMENTS 2023

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

for the period 1 January 2023 to 31 December 2023

Gard Marine & Energy Insurance (Europe) AS

Board of Directors' Report

INTRODUCTION

The Board of Directors hereby submits the report and accounts of Gard Marine & Energy Insurance (Europe) AS for the 2023 financial year to 31 December 2023. This is Gard Marine & Energy Insurance (Europe) AS' (the "Company") ninth year of operation.

In the opinion of the Board of Directors, the report and accounts for the period to 31 December 2023 gives a true and fair picture of the Company and its activities and result.

The Company is complying with all statutory solvency and capital requirements.

Beyond what has been dealt with in this report, and the risks and uncertainties the marine insurance industry in general is faced with, the Board of Directors does not consider there to be any special risks or uncertainties connected to the business activities of the Company.

The Company is a wholly owned subsidiary of Gard Marine & Energy Limited and a part of the Gard group (the "Group") where Gard P. & I. (Bermuda) Ltd. is the ultimate owner.

THE OPERATION IN GENERAL

Marine & Energy insurance

The Company is a joint stock company established in Arendal on 26 June 2014. As from 1 January 2015, the Company has offered marine and energy insurance to its customers in countries where there is a requirement that the insurer is domiciled within the European Union/European Economic Area. The customers are shipowners, shipyards, contractors and oil companies.

The Company's branch office in Finland

The Company has a branch office in Finland. The branch is established in Finland as a branch of an Overseas Firm in accordance with the EU rules for Free Movement of Services.

The Company's branch office in the United Kingdom

Gard Marine & Energy Insurance (Europe) AS has a branch in the United Kingdom. The branch is established in the United Kingdom as a branch of an Overseas Firm under supervision by PRA (the Prudential Regulation Authority of United Kingdom).

Gard AS

Gard AS is the general agent for the Company. All insurance products are offered through Gard AS on basis of delegation of authority. Gard AS is registered as insurance agent for Gard P. & I. (Bermuda) Ltd., Assuranceforeningen Gard - gjensidig -, Gard Marine & Energy Limited (the Norwegian branch of the parent company), and the Company in accordance with the Norwegian legislation on insurance intermediary activities based on the EU insurance mediation directive.

Gard AS has offices in Arendal, Bergen and Oslo. Further, Gard AS has wholly owned subsidiaries in London (Gard (UK) Limited), New York (Gard (North America) Inc.), Hong Kong (Gard (HK) Ltd), Helsinki (Oy Gard (Baltic) Ab), Piraeus (Gard (Greece) Ltd), Tokyo (Gard (Japan) K.K.) and Singapore (Gard (Singapore) Pte. Ltd). The subsidiaries main function is to be the local representative of the parent company.

Personnel and organisation

As a result of the appointment of Gard AS as the agent of the Company there are at the end of the period only 15 persons employed in the Company. These persons include, inter alia, the Managing Director, the Legal Director (Company Secretary) and the Accounting Manager.

In 2023 the level of absence due to sickness has been below the corresponding average in the insurance industry. The total number of days of absence due to sickness corresponded to a percentage of 0.35 percent against 4.3 percent for the insurance industry in general. The organisation is focusing on preventing occupational injuries as a result of long-time use of PCs and other office equipment. There have been no injuries or accidents in connection with the operations.

The Company's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith.

The working environment in the Company has in the period to 31 December 2023 been good.

Directors' and Officers' liability insurance

There is a Directors and Officers' liability insurance in place covering all directors and officers of the Company. The cover applies worldwide and includes, but are not limited to the following: Management liability; Pre-Claim Inquiry Costs; and Certain legal fees/costs. The limit of the insurance is USD 30 million in the aggregate including all claims or losses.

Environmental impact

Gard adheres to the Greenhouse Gas Protocol (GGP) reporting principles to measure its greenhouse gas emissions. Across all our global offices, we measure scope 1, scope 2, and portions of scope 3 emissions, including business travel and emissions from waste disposal. In 2023, we saw a slight decrease in scope 1 and 2 absolute emissions compared to 2019. This reduction was attributed to a decrease in the number of company vehicles and the implementation of energy-efficient office solutions. However, scope 3 emissions experienced an increase, mainly due to a rebound in travel post-Covid. To address this, we will prioritize further emission reductions by minimizing unnecessary travel and plan to expand the emission categories covered in our scope 3 reporting.

To offset the emissions, we have not managed to avoid, we will purchase a combination of Verified Carbon Units and Gold Standard credits.

United Nations Sustainable Development Goals ("SDG") framework integrated to operations

A framework for work with sustainability has been established, which ensure a corporate approach to sustainable business operations in line with internationally recognized principles and guidelines, expectations from our members and clients, as well as society at large.

As a part of this, internal policies, governance structures and public commitments have been approved and implemented in the organisation. Gard is committed to Agenda 2030 and uses the United Nations SDG's as framework, when defining the ambitions and targets for running a sustainable business. Gard is also a signatory to the ten principles of the United Nations Global Compact and the UN Sustainable Ocean Principles.

As a responsible investor, Gard continue to increase focus on sustainable investments in its portfolio. Gard integrates environmental, social, and governance (ESG) considerations into our investment decisions. Our asset- and fund managers must adhere to the UN Principles for Responsible Investment (PRI) and implement frameworks to prioritize sustainability aspects.

In 2023, MSCI, a leading financial services provider, screened 98 percent of Gard's equity portfolio for ESG performance. This resulted in an overall "ESG rating" and carbon score equivalent to 'moderate' carbon intensity. This represents stability or improvement compared to the previous year. We aim to further enhance our ESG integration into investments, with plans to adhere to EU Taxonomy reporting requirements from 2025, fostering continued progress in this realm.

Decarbonisation

The green transition holds a prominent position on Gard's agenda, mirroring the commitment shared by our Members and clients. While a substantial portion of our portfolio continues to rely on conventional fuels, there is a discernible and encouraging trend towards embracing new technologies and alternative fuels. Recognizing this shift, we stand ready to provide cover for the risks associated with new fuel types and technologies.

In 2023, Gard maintained partnerships with key organizations such as the Global Centre for Maritime Decarbonisation and the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping. These collaborations aimed to advance our understanding and contribute to crucial research, development, and knowledge dissemination for the green transition. Our support extended to various research initiatives, including projects on ammonia bunkering and onboard carbon capture. Additionally, we're gearing up to launch a project focusing on crew safety aboard low and zero-emission ships.

In parallel, Gard participated in efforts to enhance regulatory clarity in the shift towards cleaner fuels. This involved contributing to the drafting of BIMCO decarbonisation clauses and participating in a BIMCO sub-committee addressing clauses for FuelEU Maritime and alternative fuels. As a signatory to the Poseidon Principles for Marine Insurance (PPMI), Gard issued its second climate alignment score in 2023, revealing the carbon intensity of our hull and machinery portfolio. Despite positive shifts in our portfolio's fuel mix, leading to lower average emissions per insured ship, increased speeds in high activity segments have partially offset these improvements. As per PPMI trajectories, ongoing improvement is necessary annually. Consequently, our score has experienced a slight decline compared to the previous year, highlighting the continuous efforts required to achieve our decarbonization objectives.

Ship recycling

Gard actively encourage and support ship recycling according to the Hong Kong convention or EU Ship Recycling Regulation.

The Transparency Act

In alignment with the Norwegian Transparency Act, Gard has established formal procedures for human rights due diligence and response mechanisms. A cross-functional working group is responsible for ensuring the implementation of the human rights due diligence process. This comprehensive process involves conducting human rights risk and impact assessments across our operations and supply chains, as well as with our business partners.

As part of our assessment procedures, Gard completed a thorough evaluation of our own operational sustainability practices through an external rating provider, Ecovadis. Ecovadis assessments focus on 4 themes – Labor and Human Rights, Environment, Ethics, and Sustainable Procurement and evaluate Gard's policies, measures, and reporting on key performance indicators. As a result, Gard maintained its gold rating for the second consecutive year.

Apart from our own operations, Gard recognizes the importance of understanding its global supply chain for financial, ESG-related, and reputational reasons. To ensure comprehensive oversight, we utilized assessment methods where the results provided insights into our suppliers and business partners' working procedures and potential risk areas. While no major red flags were raised, there were variations in the ESG maturity levels among the different suppliers and business partners assessed. Areas of improvement are subject of ongoing dialogue and collaboration with our suppliers and business partners and Gard serves as a discussion partner in the suppliers and business partners' progression. To further reinforce our standards and expectations on responsible business conduct, we requested our assessed suppliers and business partners to sign and adhere to our Supplier Code of Conduct. In August 2023, we expanded the practice of introducing and sharing our Supplier Code of Conduct to include new operational expense suppliers and new supplier contracts where our Procurement department is involved. We are currently working in including other suppliers and business partners in this practice.

To meet the disclosure requirement of the Transparency Act, Gard has internal procedures to effectively respond to information requests provided in Section 6. Gard will publish an account of the due diligence report pursuant to Section 4 of the Transparency Act. The report will be made available at www.gard.no at the latest of 30 June 2024 in line with Section 5 of the Transparency Act.

Research and development

The Company does not carry out research and development activities.

FUND MANAGEMENT

A major part of the Company's investment portfolio is invested through an Irish umbrella unit trust fund; a contractual fund structure with a segregated liability between sub funds and investors. The following risk carriers in the Group hold units which represent a beneficial interest in the assets of the unit trust; Assuranceforeningen Gard - gjensidig -, Gard P. & I. (Bermuda) Ltd., Gard Marine & Energy Limited, Gard Marine & Energy Insurance (Europe) AS, Hydra Gard Cell and Gard Reinsurance Co Ltd. The objective of the investment structure is saving of management costs and optimizing the total returns within the investment guidelines. The portfolio managers in the Unit Trust structure are all specialists within the class of assets the individual manager has been given a mandate to manage.

The general investment guidelines for the management of the funds of the Company are determined by the Board of Directors. The general guidelines determined by the Board of Directors contains the overall risk limits with regards to the investments, such as the types of financial instruments that can be used, as ranges within certain asset classes. Each portfolio manager employed shall not manage more than 30 percent of the total fund. The individual portfolio manager's mandate is composed on the basis of an index enabling the Company to measure the individual manager's performance against a benchmark.

Management reports on the performance and composition of the portfolio at each Board of Directors meeting. For each meeting, a compliance report is produced showing whether there are non-conformities in relation to the investment guidelines.

In the view of the Board of Directors the Company's investments can be described as having a medium risk profile.

INSURANCE BUSINESS

Market share

At the inception of the accounts for the period 2023, the global market share for the parent company Gard Marine & Energy Limited including its subsidiaries was 8 percent for the business area Marine and 3 percent for the business area Energy. At the end of the period the market share for Marine was 8 percent, whilst the market share for Energy was 3 percent.

Reinsurance

The insurance activities of the Company are reinsured in the commercial reinsurance market. The retention for any one event any one vessel was in for the period to 31 December 2023, USD 40 million.

The Company has entered into a separate reinsurance treaty with its parent company. The reinsurance treaty covers a proportion of the risks retained under the above market reinsurance arrangements. Pursuant to this separate reinsurance treaty 70 percent of the insurance liabilities of the Company not covered by the market reinsurance arrangements was ceded to the parent company as reinsurance in the accounts for the period to 31 December 2023.

FINANCIAL RISK

The regulatory solvency capital requirement for the Company was USD 42 million as of 31 December 2023, down by USD 1 million as last year's end. The regulatory solvency ratio was 227 per cent, an increase of 17 percentage points compared to last year.

Insurance risk

The Company offers marine and energy insurance products on a commercial basis to shipowners and operators within the international oil and gas industry. The Company is ceding 70 percent through a quota share agreement to Gard Marine & Energy Limited.

The Company has the benefit of The Group's external reinsurance programs in addition to the internal reinsurance contracts.

Insurance risk was up by USD 8 million from last year. This is mainly due to the annual review of expected large claims concluded that an increase of the expected number of claims and total claims costs was required, due to a combination of new data, high observed inflation, and changes in exposures.

A set of extreme events for insurance risk has been identified and the realistic possible loss to the Company has been calculated. The highest insurance loss for own account from the identified extreme events is USD 19 million, which is 22 percent of the Company's equity.

Market risk

The market risk increased by USD 11 million in the year due to higher exposure towards interest and credit risk, which was a result of the investment gain over the period.

According to market risk stress tests, the highest estimated market loss to the Company is USD 3 million due to a risk premium shock.

Counterparty default risk

The main sources of counterparty default risk are reinsurers, cash deposits at banks and receivables from policyholders.

The main reinsurer of the Company is Gard Marine & Energy Limited, which covers 70 per cent of all risks undertaken not reinsured elsewhere. The counterparty exposure against the intra-group reinsurer is large compared to the overall operation and capitalization.

Counterparty default risk was down USD 2 million from last year.

Liquidity risk

The insurance premium inflow is stable through the period, but the claims payment pattern will vary, and reinsurance costs are payable in instalments throughout the period. A liquidity buffer is established as a money market fund and a more liquid part of the investment portfolio. The buffer is used to place excess liquidity in periods or to be drawn on when liquidity is needed.

The duration of investable assets shall meet the pay-out profile of the Company's liabilities. The investable assets consist of a liquid portfolio that can be liquidated in a short period. The liquidity risk is deemed low.

Operational risk

The operational risk of the Association is assessed annually through the Group's internal self-assessment. For regulatory purposes, the operational risk is calculated using a factor-based formula according to the EIOPA standard formula. The operational risk for the Association was up by USD 29 million from the last period.

Capital and solvency position

The Company is complying with all statutory solvency and capital requirements.

The parent company, Gard Marine & Energy Limited, is well-capitalized and able to inject capital into the Company in the event this would be required to meet strategic goals.

ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2023

The Company has been granted dispensation by the Norwegian Financial Supervisory Authority and the Tax Authority from the requirements to present the annual accounts in Norwegian currency and the Norwegian language. Following this, the annual accounts are presented in United States Dollar (USD) and the English language.

Change of financial year

The financial statements for the year ending 31 December 2023 covers the activity for the period from 1 January to 31 December 2023. However, the accounts for the previous year used as a comparison cover the period from 21 February 2022 to 31 December 2022, i.e. a period of 314 days. Due to the different number of days in these two periods the numbers for this year and for the previous year will not be fully comparable.

Result

The total comprehensive income was a surplus of USD 5.0 million (USD 11.3 million).

The technical result was a loss of USD 1.1 million (surplus of USD 18.3 million).

Premiums

Gross written premium in the period to 31 December 2023 was USD 191.9 million (USD 143.7 million).

Gross earned premium to 31 December 2023 was USD 182.1 million (USD 170.0 million). Earned premium for own account was USD 49.7 million (USD 45.0 million) and below plan. If comparing with annualized premium for the previous year, there was a decrease in premium caused by a softer market as a result of reduced object values in the hull portfolio.

Claims

Gross incurred claims during the period were USD 144.8 million (USD 90.1 million). Net incurred claims for own account were USD 48.6 million (USD 29.1 million). There have been two larger claims and some more medium sized claims than expected in the period to 31 December 2023.

Non-technical result

The non-technical result was a positive USD 7.7 million in the period ending 31 December 2023 (a loss of USD 3.5 million). The positive result was driven by fixed income that benefitted from a fall in US interest rates as well as equities, with global equities markets rallying sharply close to year end. The main drivers for the negative result last year were inflation and rapidly increasing interest rates in addition to geopolitical tension and turbulence.

Total equity

Total equity has increased to USD 90.9 million (USD 85.9 million). The equity shall meet unforeseen fluctuations in claims exposure, possible catastrophes, extraordinary claims patterns that fall within the Company's liabilities and to meet capital requirements.

Technical provisions

As of 31 December 2023, the Company's net premium reserve was USD 24.7 million (USD 21.6 million) as a provision for the part of the agreed premium written that exceeds the end of the financial period.

As of 31 December 2023, the Company's net provision to cover reported and unreported claims amounted to USD 59.6 million (USD 40.7 million).

The Board of Directors is of the opinion that the equity and technical provisions are sufficient to cover all technical liabilities for the period to 31 December 2023 and earlier.

Cash flow analysis

The Company's bank deposit as of 31 December 2023 amounted to USD 12.0 million (USD 11.5 million). Net cash flows from operating activities consist primarily of incoming payments in the form of premiums and outgoing payments in claims and operating expenses. Operating liquidity (cash) is balanced by transfers to and from the investment portfolio.

GOING CONCERN AND FUTURE DEVELOPMENT

The company's financial situation is monitored closely, not only the development of the market risk, but also insurance risk, counterparty risk, operational risk and liquidity risk.

The business development is expected to be positive.

Against this background and pursuant to the Norwegian Accounting Act of 1998, section 3-3a, the annual financial statement of the Company has been prepared on a going concern basis and the Board of Directors is of the opinion that the conditions for going concern are present.

Board of Directors

During the year Jane Sy retired from the Board of Directors by her own wish. Trond Eilertsen shall retire by rotation at the forthcoming Annual General Meeting, but can be re-elected.

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The Board of Directors wishes to express its gratitude to customers, business associates and correspondents for their participation and support to the Company, and thanks all employees of Gard AS for their loyalty and interest throughout the period.

Arendal, 14 March 2024

Board of Directors
Gard Marine & Energy Insurance (Europe) AS

Trond Eilertsen Chairman	Nils Aden	Ian Beveridge

Rolf-Thore Roppestad
Managing Director

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of comprehensive income

Amounts in USD 000's	Notes	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Technical account			
Gross written premium	4, 5	191,895	143,742
Gross earned premium	5	182,133	170,003
Ceded reinsurance	5	(132,481)	(124,955)
Earned premium for own account		**49,652**	**45,048**
Other insurance related income		**427**	**7**
Gross incurred claims	5	144,810	90,055
Reinsurers' share of gross incurred claims	5	(96,253)	(60,968)
Claims incurred for own account		**48,557**	**29,087**
Acquisition cost	6	11,443	8,382
Agents' commission	6	19,005	17,718
Commission received	6	(29,282)	(29,302)
Insurance related expenses for own account		**1,166**	**(3,202)**
Other insurance related expenses	6	**1,448**	**913**
Technical result		**(1,092)**	**18,258**
Non-technical account			
Interest and similar income/(expenses)	7	2,925	(834)
Change in unrealised gain/(loss) on investments		4,702	(1,553)
Gain/(loss) on realisation of investments		135	(1,095)
Other expenses		(14)	(12)
Non-Technical result		**7,749**	**(3,494)**
Profit before tax		**6,657**	**14,764**
Corporate income tax	8	1,637	3,423
Net result before other comprehensive income		**5,020**	**11,340**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Other comprehensive income/(loss) for the period, net of tax		**0**	**0**
Total comprehensive income		**5,020**	**11,340**

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	Notes	As at 31.12.23	As at 31.12.22
Assets			
Investments			
Financial investments at fair value through profit or loss			
Equities and investment funds	9	3,070	2,598
Interest-bearing securities and funds	9, 10	134,548	102,603
Other financial investments	11, 12	1	0
Total investments		**137,619**	**105,201**
Reinsurers' share of technical provisions			
Reinsurers' share of gross premium reserve	5	59,751	53,109
Reinsurers' share of gross claims reserve	5, 10	137,242	97,627
Total reinsurers' share of technical provisions		**196,994**	**150,736**
Receivables			
Receivables from direct insurance operations			
Policyholders	, 11	1,008	1,571
Intermediaries	11	91,079	80,755
Receivables from reinsurance operations			
Receivables from reinsurance operations		126	0
Other receivables			
Other receivables from group companies		883	316
Total receivables	10	**93,095**	**82,642**
Other assets			
Cash and cash equivalents	10, 12	12,023	11,495
Deferred tax asset	8	0	106
Other assets	10	6,587	5,490
Total other assets		**18,610**	**17,090**
Prepayments and accrued income			
Accrued income and other prepayments		10,126	13,598
Total prepayments and accrued income		**10,126**	**13,598**
Total assets		**456,443**	**369,267**

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	Notes	As at 31.12.23	As at 31.12.22
Equity and liabilities			
Equity			
Statutory reserve	13	63,262	63,262
Other equity	13	27,661	22,641
Total equity		**90,923**	**85,903**
Liabilities			
Technical provisions			
Gross premium reserve	5	84,468	74,705
Gross claims reserve	5, 10	196,878	138,370
Total technical provisions		**281,345**	**213,075**
Provisions for other liabilities			
Income tax payable	8, 10	312	5,696
Deferred tax	8	1,079	0
Total provisions for other liabilities		**1,391**	**5,696**
Payables			
Payables arising out of direct insurance operations	10	10,739	5,347
Payables arising out of reinsurance operations	10	1,575	2,020
Payables arising out of reinsurance operations - group companies	10	57,291	42,097
Payables to group companies	10	510	95
Other payables	10	478	984
Total payables		**70,594**	**50,543**
Accruals and deferred income			
Accruals and deferred income	10	12,191	14,051
Total accruals and deferred income		**12,191**	**14,051**
Total liabilities		**365,521**	**283,365**
Total equity and liabilities		**456,443**	**369,267**

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of changes in equity

Amounts in USD 000's	Notes	Statutory reserve	Other equity	Total
Equity as at 21.02.22		**63,262**	**11,300**	**74,562**
Net result before other comprehensive income		0	11,340	11,340
Equity as at 31.12.22		**63,262**	**22,641**	**85,903**
Equity as at 01.01.23		**63,262**	**22,641**	**85,903**
Net result before other comprehensive income		0	5,020	5,020
Equity as at 31.12.23		**63,262**	**27,661**	**90,923**

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of cash flow

Amounts in USD 000's	Notes	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Cash flow from operating activities			
Profit before tax		6,657	14,764
Tax paid	8	(5,372)	0
Change in unrealised loss on investments		(4,702)	1,553
Change in receivables and payables		8,501	15,095
Change in technical provisions and other accruals		23,624	(5,202)
Financial investments		(27,715)	(29,073)
Change in valuation due to change in exchange rates		(464)	(203)
Net cash flow from operating activities		**528**	**(3,065)**
Cash flow from investment activities			
Cash flow from investment activities		0	0
Net cash flow from investment activities		**0**	**0**
Cash flow from financial activities			
Increase of share capital		0	0
Net cash flow from financial activities		**0**	**0**
Net change in cash and cash equivalents		528	(3,065)
Cash and cash equivalents at the beginning of the period	12	11,495	14,560
Cash and cash equivalents at the end of the period	12	**12,023**	**11,495**

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 1 - Corporate information

Gard Marine & Energy Insurance (Europe) AS ("the Company") is a wholly owned subsidiary of Gard Marine & Energy Limited ("Gard M&E Ltd") and a part of the Gard group of companies (the "group") where Gard P. & I. (Bermuda) Ltd. is the ultimate owner. The company is registered and domiciled in Norway and is licensed by the Norwegian Ministry of Finance to carry out direct insurance of marine and energy risks.

In 2022, The Board of Directors of the Company resolved to change the Company's financial year, which will now end on 31 December. The current financial period is covering a full financial year, from 1 January to 31 December. The comparative figures have not been adjusted in relation to the change and shows the activity for a shorter period from 21 February 2022 to 31 December 2022.

Note 2 - Accounting policies

2.1 Basis of preparation of the accounts
The accounts include the activity from 1 January 2023 to 31 December 2023. The financial statements have been prepared in accordance with regulations for annual accounts for general insurance companies approved by the Norwegian Ministry of Finance.

2.2 Changes in accounting policies
Starting 1 January 2023, the Company has implemented IFRS 9.

Classification of financial assets and financial liabilities
IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. 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.

For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 9. IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (see Note 9).

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

– The comparative period has been restated. The change in accounting policy from IAS 39 to IFRS 9 have not had any material effect on the restated comparative period. Details of the changes and implications resulting from the adoption of IFRS 9 are presented in table below ("Effect of initial application").

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023.

- The determination of the business model within which a financial asset is held.

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

– If a financial asset had low credit risk at 1 January 2023, then the Company determined that the credit risk on the asset had not increased significantly since initial recognition.

Effect of initial application
The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2023.

The table includes the mandatory disclosure information in accordance with the Norwegian regulations on annual accounts for non-life insurance companies, § 5-28.

Amounts in USD 000's	Notes	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Equities and investment funds	9	FVTPL	FVTPL	2,598	2,598
Interest-bearing securities and funds	9	FVTPL	FVTPL	102,603	102,603
Other financial investments	9	FVTPL	FVTPL	0	0
Cash and cash equivalents	12	Other assets	Amortised cost	11,495	11,495
Receivables	10, 11	Receivables	Amortised cost	82,642	82,642
Other assets	10	Other assets	Amortised cost	5,490	5,490

There are no other changes in accounting policies for the Company for the financial period ending 31 December 2023.

2.3 Use of accounting estimates when preparing the accounts

The preparation of the accounts requires management to make estimates and assumptions that affect the valuation of assets, liabilities, revenues, expenses, and contingent liabilities. Due to unforeseen circumstances, these estimates may change in the future. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

2.4 Foreign currency

Functional currency and presentation currency

The accounts are prepared in USD, which is both the functional currency and presentation currency of the Company.

Transactions in foreign currency

Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims in foreign currency are translated into USD based on the same method as for monetary items. Translation differences are recognised in the statement of comprehensive income as they occur during the accounting period. Foreign exchange gains and losses that relate to borrowings, cash, and cash equivalents are presented as part of the non-technical result as 'Interest and similar income'. Foreign exchange gains and losses that relate to financial investments are presented as part of the non-technical result as 'Change in unrealised gain/(loss)loss on investments'.

All foreign exchange gains and losses relating to technical operations are presented in the statement of comprehensive income as part of the technical result.

2.5 Provisions, contingent liabilities and assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is not remote or probable (i.e., not 'more likely than not'), a contingent liability is disclosed.

Contingent assets are not recognised in the financial statements but are disclosed if it is likely that resources embodying economic benefits will flow to the Company.

2.6 Events after the reporting period

New and material information on the Company's financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the financial statements. Events after the reporting period that do not affect the Company's financial position at the end of the reporting period, but which will affect the financial position in the future, are disclosed if significant.

2.7 Other significant accounting policies

Other significant accounting policies are presented and described in other notes to the financial statements, together with the more expanded disclosures for that particular area. This is done to make the disclosures more relevant to the users and make it easier to get an overview of the related note.

The following table includes other significant accounting policies that are described in separate notes to the financial statements, including the number of the note:

Accounting policy	Note
Technical result	5
Technical provisions	5
Insurance related expenses	6
Interest and similar income/(expenses)	7
Tax	8
Financial investments	9
Cash and cash equivalents	12

Note 3 - Intra-group transactions

Reinsurance agreement with Gard M&E Ltd.
The Company cedes to Gard M&E Ltd. by way of reinsurance 70 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere.

	Ceded to Gard M&E Ltd.	
	01.01.23	21.02.22
Amounts in USD 000's	to 31.12.23	to 31.12.22
Reinsurance premium	(115,854)	(105,112)
Reinsurers' share of gross settled claims	53,871	38,250
Reinsurance commission	21,216	21,397

	Ceded to Gard M&E Ltd.	
	As at	As at
Amounts in USD 000's	31.12.23	31.12.22
Reinsurers' share of gross claims reserve	126,217	86,819
Reinsurers' share of gross premium reserve	57,671	50,391

Insurance management agreement
The operations and insurance activities of the Company are carried out by the insurance intermediaries Gard AS, Gard (UK) Ltd., and Oy Gard Baltic Ab. Gard (UK) Ltd. and Oy Gard Baltic Ab are fully owned by Gard AS. Gard AS is a fully owned subsidiary of Gard P. & I. (Bermuda) Ltd. The Company has entered into an insurance agreement with Gard (UK) Ltd. where Gard (UK) Ltd. is performing certain day-to-day operational functions for the Company's branch in the UK.

	Insurance services invoiced	
	01.01.23	21.02.22
Amounts in USD 000's	to 31.12.23	to 31.12.22
Gard AS	17,973	13,097
Gard (UK) Ltd.	1,942	1,269
OY Gard Baltic Ab	1,424	1,077
Total	**21,339**	**15,444**

Note 4 - Gross written premium by geographical areas

	01.01.23	21.02.22
Amounts in USD 000's	to 31.12.23	to 31.12.22
EEA / European Economic Area	143,019	102,610
Norway	(4,843)	4,671
Other areas	53,718	36,460
Total gross written premium	**191,895**	**143,742**

The geographical split is made based on the location of the individual Member or client.

Client is defined as any entity with an active insurance cover from the Company.

Note 5 - Technical result and technical provisions

Accounting policy

Premiums and received reinsurance premiums

Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period. Supplementary calls for P&I business may be charged to Members for previous policy years.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro-rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

Ceded reinsurance premiums

Reinsurance premiums are recognised as an expense over the underlying policy period.

Claims expenses

Expenses regarding incurred claims and other administrative expenses are recognised in the period they are incurred. Paid claims include an allocated portion of both direct and indirect claims handling cost.

			01.01.23 to 31.12.23
Amounts in USD 000's	Marine	Energy	Total
Technical result			
Gross written premium	145,399	46,496	191,895
Gross earned premium	147,351	34,782	182,133
Ceded reinsurance	(107,819)	(24,662)	(132,481)
Earned premium for own account	**39,532**	**10,120**	**49,652**
Claims incurred, gross			
Incurred this period	126,307	12,760	139,067
Incurred previous periods	7,483	(1,740)	5,743
Total claims incurred, gross	**133,790**	**11,020**	**144,810**
Reinsurers' share of gross incurred claims	(89,782)	(6,471)	(96,253)
Claims incurred for own account	**44,008**	**4,549**	**48,557**

			21.02.22 31.12.22
Amounts in USD 000's	Marine	Energy	Total
Technical result			
Gross written premium	126,712	17,030	143,742
Gross earned premium	146,375	23,628	170,003
Ceded reinsurance	(107,856)	(17,099)	(124,955)
Earned premium for own account	**38,519**	**6,529**	**45,048**
Claims incurred, gross			
Incurred this period	71,144	11,930	83,074
Incurred previous periods	7,883	(902)	6,981
Total claims incurred, gross	**79,026**	**11,028**	**90,055**
Reinsurers' share of gross incurred claims	(54,156)	(6,813)	(60,968)
Claims incurred for own account	**24,871**	**4,216**	**29,087**

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Notes to the accounts

Note 5 - Technical result and technical provisions continued

Accounting policy
Technical provisions are calculated in accordance with the regulations for annual accounts for insurance companies.

Gross premium reserve
The gross premium reserve is amortised over the risk period and is calculated and accounted for in the balance sheet as a provision for the part of premium written that exceeds the end of the financial period. Changes in the provision are charged to the statement of comprehensive income.

Gross claims reserve
The gross claims reserve comprises estimates of the expected remaining exposure from claims that have been reported to the Company (RBNS), and from claims that have been incurred, but which have not yet been reported (IBNR).

Provisions for reported claims are made by assessing the liability of each claim. Actuarial methods are used in estimating the total cost of outstanding claims. The claim provisions have not been discounted.

In accordance with the Norwegian regulations for insurance companies, provisions for internal claims handling expenses (unallocated loss adjustment expenses, or ULAE) and binary events are included in the 'Gross claims reserve'.

Insurance contract liabilities
Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates. Estimates have to be made both for the expected total cost of claims reported and for the expected total cost of claims incurred, but not reported, at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial methods use historical data as one of the elements in the model to estimate future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

			As at
			31.12.23
Amounts in USD 000's	Marine	Energy	Total
Technical provisions gross			
Provisions, at the beginning of the period	114,092	24,277	138,370
Claims paid	(75,373)	(10,928)	(86,302)
Claims incurred - gross this period	126,307	12,760	139,067
Claims incurred - gross previous periods	7,483	(1,740)	5,743
Provisions, at the end of the period	**172,509**	**24,369**	**196,878**
Reinsurers' share of claims provision	(120,627)	(16,615)	(137,242)
Provisions net, at the end of the period	**51,882**	**7,754**	**59,636**
Provision for unearned premiums, gross	58,362	26,105	84,468
Reinsurers' share of premium provision	(41,240)	(18,511)	(59,751)
Provision for unearned premiums, net	**17,122**	**7,594**	**24,716**
Provision for outstanding claims			
Technical provision gross	172,509	24,369	196,878
Technical provision net	51,882	7,754	59,636

Note 5 - Technical result and technical provisions continued

Amounts in USD 000's	Marine	Energy	As at 31.12.22 Total
Technical provisions gross			
Provisions, at the beginning of the period	91,020	16,425	107,446
Claims paid	(55,955)	(3,176)	(59,131)
Claims incurred - gross this period	71,144	11,930	83,074
Claims incurred - gross previous periods	7,883	(902)	6,981
Provisions, at the end of the period	**114,092**	**24,277**	**138,370**
Reinsurers' share of claims provision	(81,072)	(16,554)	(97,627)
Provisions net, at the end of the period	**33,020**	**7,723**	**40,743**
Provision for unearned premiums, gross	60,314	14,391	74,705
Reinsurers' share of premium provision	(42,929)	(10,181)	(53,109)
Provision for unearned premiums, net	**17,386**	**4,210**	**21,596**
Provision for outstanding claims			
Technical provision gross	114,092	24,277	138,370
Technical provision net	33,020	7,723	40,743

The actuarial data driven estimates for IBNR are calculated using Chain ladder method, Bornhuetter Ferguson method and the Benktander method. The default method choice is: An adjusted Bornhuetter Ferguson method for the four most recent accident quarters where the claims experience is relatively immature. This method use reduced a priori from Financial Plan as input. The Chain ladder method is used for the remaining accident quarters. Both methods use DFM curves that describes the historical development of incurred claims. The reasonableness of the default method choice is assessed, and other choices might be selected based on actuarial judgement if appropriate.

Sensitivity analyses have been performed in order to evaluate how sensitive the data driven IBNR estimate is to changes in the input parameters (DFM-factors and a priori). The parameters are adjusted one by one, increasing and decreasing the values by 10%. The results are then compared with the booked results The Company Based on these methodologies the gross claim reserve ranges between USD 194.6 million and USD 199.1 million as at 31 December 2023 (ranges between USD 136.9 million and USD 139.8 million as at 31 December 2022).

GARD MARINE & ENERGY INSURANCE (EUROPE) AS
Notes to the accounts

Note 6 - Insurance related expenses and number of staff

Accounting policy
Insurance related expenses for own account consist of broker and agent commissions, sales and administrative expenses, less commission received on ceded reinsurance premiums. Sales expenses are recognised in the period in which they are incurred. The administrative expenses and commission received are expensed over the underlying policy period.

Insurance related expenses are accounted for in the period they are incurred.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Acquisition costs and commissions		
Sales related salaries	219	66
Insurance intermediary	11,224	8,316
Agents' commission	19,005	17,718
Commission received	(29,282)	(29,302)
Insurance related expenses for own account	**1,166**	**(3,202)**
Number of part time staff	**15**	**17**

Remuneration to Group Leadership Team and Board of Directors and Committees

The table below provides information regarding payments made in the financial period 2023 to the Group Leadership Team and to members of the Board of Directors. Remuneration relating to the financial period to 31 December 2023, but not yet paid, is accrued for in the accounts.

Amounts in USD 000's	Salary *	Board remuneration	Total remuneration
Group Leadership Team			
Rolf-Thore Roppestad (Managing Director)	68	0	68
Bjørnar Andresen	35	0	35
Christen Guddal	33	0	33
Torunn Biller White	25	0	25
Lars Lislegard-Bækken	25	0	25
Christian Pritchard-Davies	27	0	27
Total	**214**	**0**	**214**
Members of the Board of Directors			
Trond Eilertsen (Chairman)		5	5
Jane Sy (Retired)		5	5
Nils Aden (Member)		5	5
Ian Beveridge (Member)		5	5
Total		**20**	**20**

* All figures are excluding social security costs.

The CEO has a remuneration guarantee that comes into force if the Board should ask him to leave his position. The remuneration guarantee gives him 12 months' salary in addition to a contractual six months' notice period.

The minority of the Group Leadership Team and certain key personnel have a pension scheme that gives them the right to retire at 60 years of age and covers income included and above 12 times the base amount G. G is a base rate used as the basis for calculating May 2023. As of 31 December 2023, G equals NOK 118,620 (USD 11,680). The full pension requires a thirty-year accrual period in Gard, or it will be reduced accordingly.

Gard P. & I. (Bermuda) Ltd. has given a collective bonus promise to all employees within the group including the CEO. A bonus will be paid if predefined targets are met. Members of GLT (Group Leadership Team including CEO) and other Key Employees, as defined in the legislation, are participating in the collective bonus scheme subject to certain adjustments required in the new Finance Institution Act of 2015 (Finansforetaksloven). The bonus will be paid through the companies where the employees work and refunded by Gard P. & I. (Bermuda) Ltd. A maximum possible bonus is 20 per cent of gross salary. For all employees, a bonus of 18 per cent of gross salary is expected to be paid for the year to 31 December 2023.

Note 6 - Insurance related expenses and number of staff continued

The key features of the special terms for members of GLT and Key Employees can be summarized as follows:

1. The payment of a proportion of the bonus triggered by the collective scheme shall be deferred for a period of 36 months from the expiry of the financial period the bonus is linked.
2. An individual component based on an individual assessment conducted by the CEO in consultation with the Chairman of the Executive Committee of Gard P. & I. (Bermuda) Ltd.
3. Leaders of control functions do not take part in the collective bonus arrangement. They have an individual part and a fixed part.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Remuneration auditor		
Statutory audit	48	26
Tax advising	6	6
Total auditors' fee	**54**	**32**

VAT is included in the fees specified above.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Net operating expenses		
Bad debt	41	88
Service cost	21,339	15,444
Allocated to claims handling and acquisition costs	(20,765)	(15,059)
Other operating expenses	833	440
Other insurance related expenses	**1,448**	**913**

Note 7 - Interest and similar income/(expenses)

Accounting policy

Other income and expenses are accounted for in the period they are incurred.

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Interest and similar income/(expenses)		
Interest income/(expenses)	(67)	56
Income from financial investments	1,518	666
Foreign exchange gain/(loss)	1,475	(1,556)
Total interest and similar income/(expenses)	**2,925**	**(834)**

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Notes to the accounts

Note 8 - Tax

Accounting policy
The tax expense consists of tax payable and changes in deferred tax.

Deferred tax/tax asset of the subsidiaries is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expense in the period the change has been made. A deferred tax asset is recorded in the balance sheet, when it is more likely than not that the tax asset will be utilised.

Norwegian tax authorities has ongoing tax investigations in two of the subsidiaries in the Group.

Taxes are calculated as follows

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Basis for income tax expense, changes in deferred tax and tax payable		
Profit before tax as basis for tax calculation	6,657	14,764
Permanent differences	1,792	(1,834)
Basis for the tax expense for the period	**8,449**	**12,930**
Change in temporary differences	(5,728)	2,104
Basis for payable taxes in the income statement	**2,721**	**15,034**
Change in (utilisation of) tax losses carried forward	(1,507)	0
Taxable income (basis for payable taxes in the balance sheet)	**1,214**	**15,035**
Income tax expenses		
Tax payable	304	3,759
Tax correction earlier periods	(99)	(12)
Change in deferred tax	1,181	(526)
Accrual tax in foreign branches	251	202
Tax expenses ordinary result	**1,637**	**3,423**
Income tax payable		
Tax at the beginning of the period	5,696	1,908
Tax payable related to the period	554	3,961
Tax correction earlier periods	(99)	(12)
Tax paid during the period	(5,372)	0
Exchange adjustments	(467)	(161)
Tax payable at the end of the period	**312**	**5,696**
Deferred tax asset/(deferred tax)		
Specification of tax effect resulting from temporary differences		
Portfolio investments	(3,321)	1,381
Foreign tax credit	1,002	0
Retained earnings	(1,654)	(2,131)
Other temporary differences	1,193	1,173
Total temporary differences	**(2,780)**	**422**
Deferred tax asset/(deferred tax), 25 per cent of total temporary differences	**(1,079)**	**106**
Deferred tax reconciliation		
Deferred tax asset/(deferred tax) at beginning of the period	106	(461)
Deferred tax expense related to the period	(1,181)	526
Exchange adjustment	(4)	40
Deferred tax asset/(deferred tax) at end of the period	**(1,079)**	**106**

Note 8 - Tax continued

Amounts in USD 000's	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Reconciliation of the tax expense		
Profit before tax as basis for tax calculation	6,657	14,764
Calculated tax 25 per cent	**1,664**	**3,691**
Tax expense	1,637	3,423
Difference	**28**	**268**
The difference consists of:		
Accrual tax in foreign branches	0	(202)
Foreign tax credit deducted	377	0
Tax correction earlier periods	99	12
Permanent differences not subject to tax	(447)	458
Sum explained differences	**28**	**268**

* As a result of changes in the Norwegian tax legislation for insurance companies, the part of retained earnings coming from contingency reserve, is no longer recognized as tax deductible as it has been reclassified to other equity. Deferred tax related to this part of retained earnings was implemented in the Financial Statement as at 20.02.2018 and introduced as a temporary difference. For all insurance companies except Mutuals, the change in tax regime is implemented and included in the tax provisions as at 31 December 2023. A transition rule applies and 10 per cent of the retained earnings coming from contingency reserve will be taxable each period, and as a consequence moved from deferred tax to payable tax.

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial investments at fair value through profit or loss

Accounting policy

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Debt securities valued at amortised cost are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or measured at amortised cost. The classification depends on the characteristics of the financial asset and the business model under which the financial asset is held. Management determines the classification of the financial assets at initial recognition.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Financial assets at fair value through other comprehensive income

Financial assets are measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

Amortised Cost

Financial assets where management has the positive intention and ability to hold to maturity other than those that the Company upon initial recognition designates as at FVTPL.

The financial asset must meet the following two criteria to be accounted for using amortised cost:

- Business model test: Financial assets are held with the purpose of collecting contractual cash flows.
- Cash flow characteristics test: The contractual cash flows are either principal or interest on principal, only.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Business model assessment

For a majority of debt investments, the objective of the Company's business model is to fund insurance contract liabilities. The Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Company determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective. Certain debt securities are held in separate portfolios for long-term yield, although these can be sold to settle insurance contract liabilities. The Company considers that these securities are held within a business model whose objective is to sell assets.

The Company assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Subsequent measurement and gains and losses

Unrealised gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Change in unrealised gain/loss on investments' in the period in which they arise. Realised gains or losses are presented within 'Gains on realisation of investments. Dividends and interest income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of 'Interest and similar income' when the right to receive payments is established. Dividends from investments are recognised when the Company has an unconditional right to receive the dividend. Dividend paid is recognised as a liability at the time when the General Meeting approves the payment of the dividend.

For financial assets measured through other comprehensive income, interest income calculated using the effective interest method, dividends, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Interest on investments held at amortised cost is included in the consolidated statement of comprehensive income and reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated statement of comprehensive income.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is a reasonable and supportable expectation of credit losses over the instrument's expected life (ECL). The expectation is based on changes to credit ratings of financial assets, historical credit loss experience, and reasonable and supportable forecasts that affect the estimated future cash flows of the financial asset or group of financial assets. The Company uses provision matrices for some financial assets measured at amortised costs to assess the estimated credit losses. Provision matrices are based on historical credit losses.

Note 9 - Financial investments at fair value through profit or loss continued

Loss allowances for ECL are presented as follows:
- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

Offsetting financial investments
Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents
Cash and cash equivalents include cash balances and call deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Determination of fair value
The following describes the methodologies and assumptions used to determine fair values.

Financial investments at fair value through profit or loss
The fair value of financial assets classified as financial investments at fair value through profit or loss and the fair value of interest-bearing securities included is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices.

Assets for which fair value approximates carrying value
For financial assets and liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique.

Financial investments in Level 1
The fair value of financial investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last trade price (these investments are included in Level 1). US government bonds and other financial investments have been classified on Level 1 in the pricing hierarchy.

Financial investments in Level 2
The fair value of financial investments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an investment are observable, the investment is included in Level 2.

Investments listed in the following have been classified on Level 2 in the pricing hierarchy:
• Equity funds and interest-bearing securities and funds where fair values are determined by using quoted market prices of the assets where the funds are invested.
• Equity futures, interest futures, currency futures, currency forwards and interest rate swaps where fair values are determined on the basis of the price development on an underlying asset or instrument. All derivatives are priced by standard and well recognised methods.

If one or more of the significant inputs is not based on observable market data, the investment is included in Level 3.

Specific valuation techniques used to value financial investments include:
• Quoted market prices or dealer quotes for similar investments;
• The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
• The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
• Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial investments.

Note that all of the resulting fair value estimates are included in Level 2 except for financial investments explained below.

Financial investments in Level 3
When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets is estimated based on valuation techniques using non-observable market data.

Level 3 includes investments in less liquid fund structures in real estate and private debt instruments, and are values based on net asset value as reported by the fund administrators.

Note 9 - Financial investments at fair value through profit or loss continued

	As at 31.12.23				As at 31.12.22			
	Quoted market prices	Observable market data	Non observable market data		Quoted market prices	Observable market data	Non observable market data	
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and investment funds	0	3,070	0	3,070	0	2,598	0	2,598
Interest-bearing securities and funds	39,556	94,991	0	134,548	27,127	75,476	0	102,603
Other financial investments	1	0	0	1	0	0	0	0
Total financial investments	**39,557**	**98,061**	**0**	**137,619**	**27,127**	**78,074**	**0**	**105,201**

The majority of investments held are subfunds of the Gard Unit Trust Fund, a legal fund structure established in Ireland.

Equities and investment funds
Each subfund holds well diversified portfolios with different investment objectives, and the underlying holdings are common stocks traded on regional stock exchanges. The Company possesses only minority interests in quoted companies.

Interest-bearing securities and funds
Funds classified as Interest-bearing securities and funds are predominantly invested in fixed income securities and money markets. There are also some exposure to floating rate loans.

In the tables below all the listed financial investments are measured at fair value through profit and loss at recognition, and there have been no changes in valuation method based on the implementation of IFRS 9.

Amounts in USD 000's	Investment profile	Currency	As at 31.12.23
Equity funds			
Gard Global Multifactor Equity Fund	Global equity	USD	3,070
Total Equity funds			**3,070**
Total Equities and investment funds			**3,070**
The part of Equity fund invested in quoted shares			3,070

Amounts in USD 000's	Investment profile	Currency	As at 31.12.23
Interest-bearing funds			
Gard International Credit Bond Fund I	Global corporate bonds	USD	13,446
Gard Global Treasury Fund	Government debt	USD	21,838
Gard Strategic Global Bond Fund	Global aggregate bonds	USD	48,981
Gard US Credit Bond Fund I	US corporate bonds	USD	10,727
iShares Treasury ETF	Government debt	USD	11,871
Northern Trust Cash Fund	Money market US Dollar	USD	27,685
Total Interest-bearing funds			**134,548**
Total Interest-bearing securities and funds			**134,548**

Note 9 - Financial investments at fair value through profit or loss continued

Financial assets at amortised cost

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Financial assets at amortised cost		
Cash and cash equivalents	12,023	11,495
Other financial assets	6,587	5,490
Receivables		
Receivables from direct insurance operations	92,087	82,326
Receivables from reinsurance operations	126	0
Total financial assets at amortised cost	**110,822**	**99,311**

Note 10 - Financial risk

Risk management framework

The purpose of the risk management system is to ensure that material risks are managed in accordance with the Company's corporate objectives and risk-bearing capacity. The risk management system consists of the following components:

Risk appetite and limits: Overall Risk Appetite and Comfort Zone (target range for capitalisation) are defined in accordance with risk-bearing capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

Risk policies: There are group policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

Risk management cycle: Material risks are identified, assessed regularly, managed proactively, monitored regularly and reported to the relevant responsible body. Assessments are made on a quarterly basis as a minimum.

Main financial risks

Market risk
Market risk arises from the investment activities and the sensitivity of liabilities to changes in market price. The sensitivity analysis of investments assets aims to illustrate the risk of economic losses resulting from deviations in the value of assets caused by changes in observable market prices differing from expected values. The six main market risks selected for testing of sensitivity due to price changes are;

Equity risk
The risk of economic losses resulting from deviations of market values of equities from expected values. The equity portfolio is well diversified, although with skewedness towards emerging markets and smaller companies compared to a global market capitalised benchmark. This is expected to generate a slightly higher return combined with higher volatility over time. The equity portfolio is being managed by a selection of specialist fund managers.

Interest rate risk
The risk of economic losses resulting from deviations in actual interest rates from expected interest rates. The term structure of interest- bearing assets is broadly matched to the expected duration of the liabilities. The sensitivity analysis for interest-bearing securities instruments is testing the portfolio's interest rate sensitivity with a weighted average duration approach. Interest sensitive liabilities are not part of the analysis.

Currency risk
The risk of economic losses resulting from actual foreign exchange rates differing from expected foreign exchange rates. Foreign currency exposures are assumed to be reasonably matched across the balance sheet and managed with an emphasise on major currency exposures. The sensitivity analysis for foreign currencies only applies to investments assets and illustrates the impact on values given changes in exchange rates against USD.

Inflation risk
The risk of a loss in the value of nominal assets or nominal cash flows due to a persistence of high inflation. This risk is most visible in fixed income assets and liabilities due to the tendency of inflation to be followed by higher interest rates. This risk is mitigated by monitoring the duration profile of the portfolio and by maintaining a diversified portfolio of assets whose values are impacted differently by inflation, including inflation protected securities and real assets. Although presented as a stand-alone market risk, the risk is also aligned with interest rate risk.

The table below splits the balance sheet into the major currencies USD, EUR and GBP, and remaining currencies are grouped into Other. Note that investments held as shares/units in various fund structures are reported in base currency. The split deviates from underlying currency exposure that is used as input in the enterprise risk models.

Note 10 - Financial risk continued

Currency split balance sheet

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Assets		
USD	413,515	334,409
EUR	36,140	31,251
GBP	3,121	1,406
Other	3,668	2,201
Total assets	**456,443**	**369,267**
Equity and liabilities		
USD	336,034	290,227
EUR	111,729	70,950
GBP	4,771	2,202
Other	3,909	5,887
Total equity and liabilities	**456,443**	**369,267**
Net asset exposure		
USD	(77,481)	(44,182)
EUR	75,589	39,699
GBP	1,651	797
Other	241	3,686

Financial investment - sensitivity analysis
The analysis below is performed for reasonably possible movements in key market variables with all other variables held constant.

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Impact on fixed income portfolio investments given an increase of 50 basis points	(1,601)	(1,178)
Impact on equity portfolio given a 10 per cent drop in quoted market prices	(305)	(257)
Impact on total investment portfolio given a change of 10 per cent in foreign exchange rates against USD	(1,586)	(2,032)
Impact on fixed income portfolio investments given an increase of 100 basis points of inflation	(1,313)	(922)

The sensitivity analysis assumes no correlation between equity price, property market and foreign currency rate risk. It also assumes that all other receivables and payables remain unchanged and that no management action is taken. The sensitivity analysis for inflation risk assumes that the inflation rate is intrinsically linked to interest rates. In general, interest rates are expected to increase when inflation is rising and vice versa. The assumption for assessing the impact on fixed income investments from a change of 100 basis point of inflation is based on the historical relationship between changes in rates and inflation. The Company has no significant risk concentrations which are not in line with the overall investment guidelines set by the Gard's Board of Directors. Any impact from risk tested in the table above is not, due to tax regulations, assumed to have any taxable impact.

Credit risk
The risk of economic losses resulting from the default of third parties, split into:

Credit default risk
The risk that actual credit losses will be higher than expected due to the failure of counterparties to meet their contractual debt obligation.

Credit migration risk.
The risk that a portfolio's credit quality will materially deteriorate over time, without allowing a re-pricing of the constituent loans to compensate the creditor for the higher default risk being undertaken.

The credit migration risk is foremost related to our Interest-bearing securities and Interest-bearing funds. Any changes to credit quality will ultimately be reflected in the fair value assessment of the financial assets, where the majority of the Company's investment in Interest-bearing securities and Interest-bearing funds are related to the fair value hierarchy Level 1 and Level 2. Management continuously follows up on the Interest-bearing securities and Interest-bearing funds to ensure an appropriate risk level in accordance with the Company's established Investment strategy.

Counterparty default risk
The main sources of counterparty default risk are reinsurers technical provisions, cash deposits at banks and receivables towards reinsurers, policyholders, brokers and other receivables.

Note 10 - Financial risk continued

The credit exposure on the reinsurance program is in line with the guidelines of only accepting reinsurers with an A- or higher rating. The Company is exposed to lower ratings origing from fronting agreements. Fronting is the use of an insurer to issue an insurance policy on behalf of a self-insured organisation or captive insurer, without the intention of transferring any of the risk. The risk of loss is retained by the self-insured or captive insurer with an indemnity or reinsurance agreement. Gard continuously monitors the counterparty default risk in respect of receivables and makes necessary provisions for estimated credit losses in accordance with an established provision matrix based.

Banks and custodians are in line with the guidelines with a credit rating of at least A/stable, except from minor amounts that have ratings of BB, in addition to not rated petty cash. Changes in credit rating for Banks and custodians is considered as an impairment indicator. Hence, credit ratings are follow up on a minimum annual basis and an estimated credit loss adjustments are made when necessary.

The credit risk in respect of receivables is handled by policies and by close follow up. The Company continuously monitors the counterparty default risk in respect of receivables and makes necessary provisions for estimated credit losses in accordance with an established provision matrix. Outstanding receivables can be netted off against outstanding claims payments to reduce the risk of doubtful debts.

The Company acknowledges that there is an increased counterparty risk towards Russian entities due to the different sanction regimes imposed. Although, due to the Company's limited exposure towards these counterparties, this does not impose any material financial risk as at 31 December 2023.

The tables below show the credit risk exposure as at 31 December 2023. Assets are classified according to the median rating amongst the three market leading providers, Standard & Poor's, Moody's and Fitch. Top rated assets are denoted with AAA rating and US long-term sovereign credit rating is equivalent to a AAA rating due to an applied median approach.

Credit risk exposure in balance sheet

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Interest-bearing securities and funds		
AAA	27,685	15,727
Not rated	106,863	86,877
Total interest-bearing securities and funds	**134,548**	**102,603**
Reinsurers` share of gross premium reserve		
AA	1,259	208
A	58,463	52,901
B	5	0
Not rated	25	0
Total reinsurers' share of gross premium reserve	**59,751**	**53,109**
Reinsurers` share of gross claims reserve		
A	126,218	77,784
B	10,751	0
BB	0	9,710
BBB	272	0
Not rated	0	10,133
Total reinsurers' share of gross claims reserve	**137,242**	**97,627**
Receivables		
A	883	316
Not rated	92,077	82,326
Total receivables	**93,095**	**82,642**
Cash and cash equivalents		
AA	12,023	11,495
Total cash and cash equivalents	**12,023**	**11,495**
Other financial assets presented in balance sheet		
AAA	6,587	5,490
Total other financial assets presented in balance sheet	**6,587**	**5,490**

Other financials assets include regulatory and contractually required deposits that is considered encumbered assets amounting to USD 6.6 million as at 31 December 2023 (USD 5.5 million as at 31 December 2022).

Note 10 - Financial risk continued

Age analysis of receivables after provisions for bad debt

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Not due	83,076	73,686
0-60 days	2,709	1,917
61-90 days	954	797
Above 90 days	7,549	7,404
Provision for bad debt	(1,193)	(1,163)
Total receivables	**93,095**	**82,642**

Analysis of provision for bad debt

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Balance as at the beginning of the period	1,163	1,101
Provision for receivables impairment	114	62
Receivables written off during the period as uncollectable	10	16
Unused amounts reversed	(95)	(16)
Balance as at the end of the period	**1,193**	**1,163**

The creation and release of provisions for impaired receivables has been included in 'Other insurance related expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Liquidity risk
The risk that cash and other liquid assets are insufficient to meet financial obligations when they fall due. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. Liquidity risk arises primarily due to the unpredictability of the timing of payment of insurance liabilities or when market depth is insufficient to absorb the required volumes of assets to be sold, resulting in asset sale at a discount.

Maturity profile
The following tables set out the maturity profile of liabilities combining amounts expected to be recovered within one year, between one and five years and more than five years.

The Company maintains highly marketable financial investments and diverse assets that can be liquidated in the event of an unforeseen interruption of cash flow. This gives a presentation of the maturity profile on the payables.

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.23 Total
Gross claims reserve	80,262	112,176	4,440	0	196,878
Other liabilities	312	0	0	0	312
Payables, accruals and deferred income	82,306	0	0	0	82,306
Other payables	478	0	0	0	478

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.22 Total
Gross claims reserve	57,451	77,957	2,961	0	138,370
Other liabilities	5,696	0	0	0	5,696
Payables, accruals and deferred income	63,610	0	0	0	63,610
Other payables	984	0	0	0	984

Note 11 - Receivables from direct insurance operations

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Direct and received premium	1,008	1,571
Direct and received premium through broker	50,715	46,659
Not closed premium	22,527	19,436
Claims related debtors, co-insurers	19,020	15,822
Provision for bad debts	(1,183)	(1,163)
Receivables from direct insurance operations	**92,087**	**82,326**

Note 12 - Cash and cash equivalents

Accounting policy
Cash and cash equivalents include cash in hand and deposits held at call with banks, brokers and fund managers. In the balance sheet, cash and cash equivalents that relate to investment management is presented as other financial investments. All other cash is presented as cash and cash equivalents. In the cash flow statement, cash and cash equivalents do not include cash and cash equivalents presented as other financial investments.

Cash and cash equivalents
Cash and cash equivalents include restricted cash amounting to USD 20.471 as at 31 December 2023 (USD 19.125 as at 31 December 2022).

Cash and cash equivalents also include regulatory and contractually required cash deposits that is considered restricted cash amounting to USD 1,125.121 as at 31 December 2023 (USD 987.439 as at 31 December 2022).

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 13 - Statutory reserve

Amounts in USD 000's	Shares	Per cent
Owners equity		
Gard Marine & Energy Ltd.	300	100

Par Value is NOK 1,736,703. - per share.

All shares have the same rights in the Company.

All shares are owned by Gard Marine & Energy Ltd.

The Company is consolidated into the accounts of Gard Marine & Energy Ltd. as at 31 December 2023 and the consolidated accounts are available at the office of Gard Marine & Energy Ltd.`s management company Lingard Ltd. in Bermuda.

Note 14 - Differences between Solvency II and balance sheet valuation

Amounts in USD 000's	Solvency II	Balance Sheet	As at 31.12.23 Differences
Assets			
Reinsurance recoverables			
Reinsurers' share of gross premium reserve	0	59,751	(59,751)
Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision	38,484	0	38,484
Reinsurers' share of gross claims reserves	137,242	137,242	0
Discounting effect of reinsurers' share of gross claims reserves	(6,250)	0	(6,250)
Reinsurers' share of Bound but not incepted (BBNI) - net and discounted	(859)	0	(859)
Losses occurring during - net	(614)	0	(614)
Reinsurance recoverables	**168,003**	**196,994**	**(28,991)**
Liabilities			
Technical provisions			
Gross premium reserves	0	84,468	(84,468)
Gross expected cash flow for unexpired cover net of commission provision	58,264	0	58,264
Gross claims reserves	196,878	196,878	0
Discounting effect of gross claims reserves	(8,711)	0	(8,711)
Bound but not incepted (BBNI) - net and discounted	(4,698)	0	(4,698)
ULAE future claims discounted	5,418	0	5,418
Risk Margin	3,480	0	3,480
Technical provisions	**250,632**	**281,345**	**(30,713)**

Reinsurance recoverables from non-life excluding health
Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision claims, covers the combined ratio share of reinsurers' share of gross premium reserves less reinsurance commission provisions.

Discounting effect of reinsurers' share of gross claims reserve shows the reduction in reinsurers' share of gross claims reserve, in order to arrive at net present value of the reserves as at the balance sheet date.

Reinsurers' share of Bound but not incepted (BBNI) – net, covers the net of reinsurers' share of premiums, claims and commission based on agreements with customers entered into but not incepted as at the balance sheet date.

Losses occurring during is covering expected cash flow of extended reinsurance in order to align the coverage period with the premium reserve period.

Technical provisions - non-life
Bound but not incepted (BBNI) – net is covering the net of gross premiums, claims and commission from customer agreements entered into, but not incepted as at the balance sheet date. Gross expected cash flow for unexpired cover net of commission provision is covering the combined ratio share of gross premium reserve less commission provisions. This represents the expected claims costs related to the gross premiums reserve as at balance sheet date.

Discounting effect of gross claims reserve is showing the reduction in gross claims reserve, in order to arrive at net present value of the reserves as at the balance sheet date.

The risk margin is calculated as a 6% charge on future annual cash flows and is based on Solvency Capital Requirement in respect of non-hedgeable risks. The risk margin represents the cost of capital an insurance company would require to take on the obligations of a given company. Other equity is covering retained reserves to meet unforeseen fluctuations in claims exposure, possible catastrophes and extraordinary claims patterns that fall within the Association's liabilities. For balance sheet amounts, other equity is included in the technical provisions, while other equity is included in Excess of assets over liabilities for Solvency II amounts.

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 15 - Capital requirements

Gard Marine & Energy Insurance (Europe) AS is required to maintain minimum capital and surplus equal to the Solvency Capital Requirement ("SCR") under Solvency II. The SCR, which is part of the Solvency II reporting package, will not be filed with the Norwegian Financial Supervisory Authority (Finanstilsynet) until after presentation of the financial statements (April 2024 for the 31 December 2023 figures). As a result, preliminary figures are included as at 31 December 2023 and 31 December 2022.

Amounts in USD 000's	As at 31.12.23	As at 31.12.22
Own funds		
Ordinary share capital	62,385	62,385
Share premium account	28,921	23,517
Reconciliation reserve	2,771	3,556
Net deferred tax assets	0	106
Excess of assets over liabilities	**94,078**	**89,565**
Tier 1 - Unrestricted	94,078	89,459
Tier 3 - Net deferred tax assets	0	106
Total basic own funds / (equal to Excess of assets over liabilities)	**94,078**	**89,459**
Total available own funds to meet the SCR	94,078	89,565
Total available own funds to meet the MCR	94,078	89,459
Total eligible own funds to meet the SCR	94,078	89,565
Total eligible own funds to meet the MCR	94,078	89,459
SCR	41,094	42,606
MCR	15,541	11,428
Ratio of eligible own funds to SCR	**229 %**	**210 %**
Ratio of eligible own funds to MCR	**605 %**	**783 %**
Minimum Capital Requirement (MCR)		
Linear MCR	15,541	11,428
SCR	41,094	42,606
MCR cap (45% of SCR)	18,492	19,173
MCR floor (25% of SCR)	10,273	10,652
Combined MCR	15,541	11,428
Absolute floor of the MCR	4,248	3,966
MCR	**15,541**	**11,428**
Solvency Capital Requirement (SCR)		
Market risk	288	178
Counterparty default risk	17,946	19,132
Non-life underwriting risk	41,377	33,091
Diversification	(14,198)	(12,306)
Basic SCR	**45,412**	**40,095**
Calculation of SCR		
Adj - Loss Absorbing Capacity of Deferred Tax	(11,733)	(2,991)
Operational risk	7,415	5,502
SCR	**41,094**	**42,606**

Note 16 - Subsequent events

Geopolitical tensions in the Red Sea have increased since the commencement of the Israel-Gaza conflict and this is particularly relevant for assets with links to Israel, the US, and UK transiting the region. As a part of Gard's loss prevention work, Gard has published a member circular to member and clients with vessels deployed in the region. The circular and the threat assessment is produced by Ambrey. The threat assessment describes threats/risks, suggestions for preparations if entering the Red Sea and recommendations for what to do. Gard has limited exposure on the Hull War cover (an AAD annual aggregate deductible of USD 1.5 million).

Arendal, 14 March 2024

Board of Directors

Gard Marine & Energy Insurance (Europe) AS

Trond Eilertsen Chairman	Nils Aden
Ian Beveridge	Rolf Thore Roppestad Managing Director

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To the General Meeting of Gard Marine & Energy Insurance (Europe) AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Gard Marine & Energy Insurance (Europe) AS (the Company), which comprise the balance sheet as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 16 June 2023 for the accounting year 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Gross claim reserves:

With reference to the Company's disclosures in note 5. Technical result and technical provision on page 11 and Note 10. Financial risk on page 20.

Description of the Key Audit Matter	*How our audit addressed the Key Audit Matter*
The gross claims reserve is an estimate on future claims payments for claims that have been reported and incurred claims that have not yet been reported at the reporting date. The estimate of the gross claims reserves is a key audit matter due to the following factors: • The gross claims reserve are material to the Company. • The estimation of gross claims reserve requires application of significant management judgement. • The determination of the gross claims reserve provision is complex and uses a variety of actuarial methods with various inputs. • There is a high degree of estimation uncertainty related to the selection of assumptions and the use of historical data to predict future claim payments.	With the assistance of our actuarial specialists, we evaluated management's significant assumptions and the actuarial methods used to prepare the accounting estimate. Our audit procedures in these areas included: • assessing whether the selection of the methods, assumptions and data used in the estimate were appropriate and according to the applicable Financial Reporting framework and industry norm. • evaluating the relevance and reliability of the information and data used in the actuarial models and testing a selection of data against supporting documentation. • performing analysis on the run-off results for different lines of business to evaluate the predictive ability of the model. • preparing an independent expectation to the gross claims reserve. We compare management point estimate to our estimate. • Performing a re-calculation of the gross claim's reserves. We also evaluated the completeness, accuracy and relevance of disclosures required by the Regulation of Annual Accounts for non-life insurance companies, including disclosures about sensitivities and major sources of estimation uncertainty.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 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. We 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 a true and fair view.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 19 April 2024

KPMG AS

Anders Sjöström
State Authorised Public Accountant
(This document is signed electronically)

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Sjöström, Nils Anders
Statsautorisert revisor
På vegne av: KPMG AS
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