Golden Tree Reinsurance Limited
(Incorporated in Bermuda)

Financial Statements
December 31, 2021
(expressed in U.S. dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Golden Tree Reinsurance Limited.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Golden Tree Reinsurance Limited. (the "Company"), which comprise the statement of financial position as at December 31, 2021, the statement of income and comprehensive income, changes in shareholder's equity, and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
May 31, 2022

Golden Tree Reinsurance Limited

Statement of Financial Position

As at December 31, 2021

(expressed in U.S. dollars)

		At December 31 of:		
		2021		**2020**
Current Assets				
Cash and cash equivalents (Note 3)	$	7,856,529	$	2,290,603
Investment at fair Value (Note 8)		13,452,540		6,620,257
Loan to affiliates (Note 4)		772,324		2,100,000
Insurance balances receivable (Note 5)		3,765,142		1,913,126
Funds Withheld		2,380,989		782,240
Prepaid Expense		48,676		26,954
Deferred acquisition costs		603,739		–
Total Current assets	**$**	**28,879,939**	**$**	**13,733,180**
Non-current Assets				
Loan to affiliates (Note 4)	$	7,800,000	$	5,238,001
Right of use of assets (Note 10)		586,713		–
Total Non-Current assets		**8,386,713**		**5,238,001**
Total assets		**37,266,652**		**18,971,181**
Liabilities				
Reserve for losses and loss expenses (Note 6)	$	1,249,521		240,000
Commission & Tax Payable		410,279		–
Unearned Premium Reserve		7,156,702		–
Losses payable		941,032		531,504
Accrued liabilities		54,086		51,744
Lease Liability (Note 10)		475,053		–
Total liabilities		**10,286,673**		**823,248**
Shareholder’s equity				
Share capital – Authorized, issued and fully paid common shares of par value $1 each (Note 9)		120,000		120,000
Contributed surplus		7,525,688		7,525,688
Retained earnings		19,334,291		10,502,245
Total shareholder’s equity		**26,979,979**		**18,147,933**
Total liabilities and shareholder’s equity	**$**	**37,266,652**	**$**	**18,971,181**

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

Approved by the Board of Directors

Director

Date

Director

Date

Golden Tree Reinsurance Limited
Statement of Income and Comprehensive Income
For the year ended December 31, 2021
(expressed in U.S. dollars)

	For the years ended on December 31 of	
	2021	**2020**
Underwriting Income		
Gross written premium (Note 12)	$ 16,214,246	$ 6,846,221
Change in unearned premiums	(7,156,702)	–
Net premiums earned	**9,057,544**	**6,846,221**
Underwriting Expenses:		
Acquisition costs and other underwriting expenses	(902,352)	(580,099)
Loss and loss expenses (note 6)	(2,951,108)	(1,526,042)
Net underwriting income	**5,204,084**	**4,740,080**
Net investment income (note 7)	4,456,213	465,059
Foreign exchange loss	(478,791)	(97,634)
General and administrative expenses	(349,460)	(204,182)
Net income	**8,832,046**	**4,903,323**
Comprehensive income for the year	**$ 8,832,046**	**$ 4,903,323**

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

Golden Tree Reinsurance Limited
Statement of Changes in Shareholder’s Equity
For the year ended December 31, 2021
(expressed in U.S. dollars)

		Share capital	Contributed surplus	Retained earnings	Total shareholder's equity
Opening balance	$	**120,000**	**7,525,688**	**5,598,922**	**13,244,610**
Comprehensive income for the year		–	–	4,903,323	4,903,323
December 31, 2020	$	**120,000**	**7,525,688**	**10,502,245**	**18,147,933**
Opening balance		**120,000**	**7,525,688**	**10,502,245**	**18,147,933**
Comprehensive income for the year		–	–	8,832,046	**8,832,046**
December 31, 2021	$	**120,000**	**7,525,688**	**19,334,291**	**26,979,979**

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

Golden Tree Reinsurance Limited
Statement of Cash flows
For the year ended December 31, 2021
(expressed in U.S. dollars)

	For the years ended on December 31 of			
		2021		**2020**
Cash flows from operating activities				
Net income for the year	$	8,832,046	$	4,903,323
Adjustment for:				
Net unrealized gain on investments		(4,338,624)		(366,230)
Amortization		103,536		–
Interest accrued on intercompany loans		(109,905)		–
Changes in assets and liabilities				
Insurance balances receivable		(1,852,016)		(169,814)
Funds Withheld		(1,598,749)		(42,454)
Prepaid expenses and other assets		(21,722)		(13,881)
Losses payable		409,528		293,370
Accrued liabilities		2,342		(575)
Reserves for losses and loss expenses		1,009,521		207,940
Commission & Tax Payable		410,279		–
Deferred Acquisition costs		(603,739)		–
Change in unearned premium		7,156,702		–
Net cash flows provided by operating activities		**9,399,199**		**4,799,333**
Cash flows from financing activities				
Right of use of assets		(215,196)		–
Net cash flows (used in) financing activities		**(215,196)**		**–**
Cash flows from investing activities				
Loan to affiliates		(5,100,001)		(3,800,000)
Loan's Repayment		3,975,583		4,980,225
Proceeds from investment disposals		1,706,341		–
Purchase of investments		(4,200,000)		(6,254,027)
Net cash flows (used in) investing activities		**(3,618,077)**		**(5,061,456)**
Net increase/(decrease) in cash and cash equivalents		5,565,926		(262,123)
Cash and cash equivalents – Beginning of year		2,290,603		2,552,726
Cash and cash equivalents – End of year	$	**7,856,529**	$	**2,290,603**
Interest received		90,492		48,862

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

1. *The Company*

Golden Tree Reinsurance Limited. (the “Company”) was incorporated under the laws of Bermuda on October 22, 2018 and registered effective January 1, 2019, as a Class 3A insurer under the Insurance Act, 1978, amendments thereto and related regulations (“The Act”) to write general insurance of property and casualty business. The Company is a wholly owned subsidiary of Iris Financial Services Limited (“Parent Company”), a company incorporated under the laws of Bermuda. The Company’s registered office is Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda.

Effective June 29, 2019, the Company, pursuant to the Asset Transfer Agreement, assumed the assets and liabilities of Independent Risk Solutions Ltd. (Acting in Respect of its Segregated Account ‘Golden Tree Insurance’).

Effective January 1, 2019, the Company entered into a novation agreement with certain reinsurers Independent Risk Solutions Ltd. in respect of its segregated account Golden Tree Insurance, Ocean International Reinsurance Company Ltd. and IRB Resseguros S.A., whereby the segregated account Golden Tree Insurance transferred all its rights and obligations under the reinsurance agreements commencing October 1, 2018. The rights and obligations were related to the Commercial Credit Insurance assumed by the segregated account Golden Tree Insurance.

The Company provides reinsurance to ExcelCredit S.A.S.(Excel) and Financiera Dann Regional (Dann) covering commercial credit risk and commercial life risks. Excel and Dann are companies within the same group as the Company. All coverages are fronted by commercial reinsurer with an A.M. Best security rating or equivalent of A- or higher.

The commercial credit coverage is provided on a claims incurred basis, that incepted on October 1, 2018. The Company provides coverage to ExcelCredit for 50% of the default of each vintage, defined as the total amount of loans provided in any one month, with a 10% deductible. The risk is 100% retained by the Company.

The credit life coverage is provided on a claims incurred basis, that incepted on October 1, 2018. The Company provides coverage to ExcelCredit for the initial loan amount of debtors with a maximum limit of indemnity of $91,100. The risk is 100% retained by the Company.

Effective October 1, 2019, the Company provides commercial credit coverage for IRIS CF (Former Dann Regional CF), reinsuring up to 50% of the default loan vintage value, defined as the total amount of loans provided in any one month, without deductible. The risk is 100% retained by the Company.

Effective October 1, 2019, the Company provides commercial credit coverage for IRIS - Referencia, covering up to 30% of the default loan vintage value, defined as the total amount of loans provided in any one month, with a 10% deductible. The risk is 100% retained by the Company.

Effective March 1, 2021, the Company provides commercial credit coverage for IRIS - HABI, a program designed to cover any potential default on the residential leasing operations done by IRIS. The risk is 100% retained by the Company.

2. *Summary of significant accounting policies*

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented.

(a) Statement of compliance

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

2. *Summary of significant accounting policies* (continued)

(b) Basis of presentation

The Company's financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss, which are stated at fair value.

The Company has prepared its Financial Statements in conformity with IFRS 4 "Insurance Contracts", effective January 1, 2006 and believes it is in compliance with the requirements as prescribed by the IASB in its first phase of the standard. IFRS 4 is an interim measure until the IASB completes the second phase of its project on insurance contracts.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Key sources of estimation uncertainty are described in these significant accounting policies.

(c) Premiums written and acquisition costs

Premiums written are recorded when advised by the ceding companies and are included in income on a straight-line basis over the period of the primary insurer's insurance contract. Any unearned premiums are deferred on the balance sheet in consistency with the insurance contract. Acquisition costs, consisting of commissions and taxes relating to business underwritten by the Company and are expensed on a pro rata basis over the terms of the policy and are recognized in the statement of income.

The policies provide for premium adjustments based on the results of premium base reviews. The Company has considered such adjustments using estimates of the ultimate premiums, and in the opinion of management, future adjustments to premiums will not have a material effect on the financial position of the Company.

(d) Reserve for losses and loss related expenses

The reserve for losses and loss related expenses include estimates for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported at that date. Such reserve is based on loss adjusters' evaluations and management's best estimates on an undiscounted basis and, in the opinion of management, is reasonable. Future adjustments to the amounts recorded as of December 31, 2021, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Company's statement of income and comprehensive income of future year when such adjustments become known. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the liability. A substantial source of uncertainty relates to the emergence of the COVID-19 pandemic. This uncertainty could impact the estimation of ultimate claims in several different ways including distortion of development patterns as companies handle claims differently and sudden changes in exposure to specific coverages as the peril emerges. There are not any specific impacts of COVID-19 in the exposure and loss data used for losses and loss related expenses.

(e) Loans to affiliates

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value. Subsequent to initial recognition, the Loans to affiliates are measured at amortised cost using the effective interest rate method, less any impairment losses. Amortisation of interest is included in Investment income in the statement of income and comprehensive income. The Company considers that there is no significant related credit risk on the Loans as the amount is receivable from an affiliate, which has the intention and ability to repay the loan when required.

2. *Summary of significant accounting policies* (continued)

(f) Translation of foreign currencies

Monetary assets and liabilities originating in other currencies are translated into U.S. dollars (the functional currency) at the rates of exchange in effect at the balance sheet date. Non-monetary items originating in other currencies are translated into U.S. dollars at the rates of exchange in effect at the dates when the transactions occurred. Revenue and expense items are translated into U.S. dollars at the rate of exchange prevailing at the time of the transaction. The resulting exchange gains or losses are recognized in the statement of income and comprehensive income.

(g) Cash and cash equivalents

Cash and cash equivalents include amounts held in banks and other deposits having original maturity of less than ninety days. The carrying value approximates fair market value because of the short-term liquidity.

(h) Marketable investments

Investments classified as financial assets at fair value through profit or loss are initially recognised at fair value in the statement of financial position and are subsequently re-measured at fair value based upon market quotations or counterparty prices. Investments are accounted for on the trade date (the date the Company enters into a commitment to buy or sell the investment).

Investments consist of investments in Fund of Funds and are carried at fair value. The units of account that are valued by the Company are its interest in the funds and not the underlying holdings of such funds. Thus, the inputs used by the Company to value its investments in each of the funds may differ from the inputs used to value the underlying holdings of such funds. These funds are stated at fair value, which ordinarily will be the most recently reported net asset value ("NAV") as reported by their investment managers or third-party administrators. The change in the fair value of other fund investments is included in the Statement of income and comprehensive income.

(i) Fair value measurements

Fair value of investments is disclosed based on a fair value hierarchy that reflect the quality of inputs used to measure fair value. The valuation hierarchy is based upon whether the inputs to the valuation of an asset or liability are observable or unobservable in the market at the measurement date, with quoted market prices being the highest level (Level 1) and unobservable inputs being the lowest level (Level 3). A fair value measurement will fall within the level of the hierarchy based on the input that is significant to determining such measurement. The three levels are defined as follows:

- Level 1 – inputs are based upon quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

2. *Summary of significant accounting policies* (continued)

(i) Fair value measurements (continued)

- Level 3 – investments are securities for which valuation techniques are not based on observable market data and require significant management judgement. The Company determines securities classified as Level 3 to include hedge funds and private investment funds. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. In making the assessment, the Company considers factors specific to the asset or liability and such an assessment will involve significant management judgment. Because of the inherent uncertainty in the valuation of these Level 3 investments, fair values of such investments may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

  The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety.

(j) Application of new and revised IFRSs

New and revised IFRSs in issue-adopted

No new standards to adopt in the current financial year.

New and revised IFRSs in issue-Not yet adopted

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 – Financial Instruments (“IFRS 9”), which brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39.

Classification and measurement – Financial assets are classified and measured based on the business model within which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39 except that for financial liabilities measured at fair value will have fair value changes resulting from changes in the Company’s credit risk recognized in Other Comprehensive Income (“OCI”) instead of net income, unless this would create an accounting mismatch.

Impairment – The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

The directors of the Company have assessed the impact this standard will have on future financial statements and related disclosures and do not anticipate that the application of this standard will have a material impact on the Company’s financial statements. The Company has elected to apply the deferral approach permitted by IFRS 4 (with the result that the Standard will be considered alongside IFRS 17).

2. *Summary of significant accounting policies* (continued)

(j) Application of new and revised IFRSs (continued)

For an insurer to apply this deferral:

(i) Total liabilities related to insurance must exceed 90% of total liabilities; or
(ii) Total liabilities related to insurance are greater than 80% of total liabilities but less than 90% of total liabilities so long as the insurer does not engage in significant activity unconnected to insurance.

The Company's liabilities related to insurance as at December 31, 2021 were 95% of total liabilities; the Company therefore qualifies to defer IFRS 9.

IFRS 17 Insurance Contracts

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

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

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognized in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognized in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss, but are recognized directly on the Statement of financial position;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;

Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

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

The Company plans to adopt the new standard on the required effective date. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure. The Company is still evaluating the impact of the standard.

2. *Summary of significant accounting policies* (continued)

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. *Cash and cash equivalents*

		2021	2020
Cash at bank	$	7,856,529	2,290,603
	$	7,856,529	2,290,603

(expressed in U.S. dollars)

4. *Related party transactions*

Parties are considered to be related when one party has the ability to control the other party or exercises significant influence over the other party in making financial or operational decisions or by virtue of material contracts in existence during the year. Management has determined that all dealings with related parties are in accordance with underlying agreements in place or approval of the Board of Directors.

As per note 1 above, the Company provides reinsurance to Excel and IRIS CF. The following amounts are related party balances and transactions with the Parent Company's affiliates at December 31, 2021 and 2020:

		2021		**2020**
Insurance balance receivable	$	3,765,142	$	1,913,126
Fund withheld (1)	$	2,380,989	$	782,240
Losses payable	$	941,032	$	531,504
Reserve for losses and loss expenses	$	1,249,521	$	240,000

		2021		**2020**
Premium written	$	16,214,246	$	6,846,221
Losses incurred	$	2,951,108	$	1,319,210

(1) Fund withheld refers to funds owned by Golden Tree Reinsurance Ltd. retained by the reinsurance partners in a segregated risk-free account, in accordance with the reinsurance agreements obligations. These funds will be released back to the company as the obligations are being fulfilled.
Fund withheld also contains premiums retained by the fronting to cover reported claims.

Payments to key management personnel for 2021 and 2020 are detailed as follows:

		2021		**2020**
Directors fees	$	22,500	$	22,500

As at December 31, 2021, the Company had the following outstanding loans with related parties:

Company	**Termination year**		**Amount**	**Interest rate**
Silver Tree Capital Limited	2022	$	741,283	6.00%
Iris Financial Services Limited	2023		7,831,041	1.00%
		$	**8,572,324**	
Current		$	772,324	
Non-current			7,800,000	
		$	**8,572,324**	

For the year ended December 31, 2021, the Company has an accrued interest balance of $72,324.

(expressed in U.S. dollars)

4. *Related party transactions* (continued)

As at December 31, 2020, the Company had the following outstanding loans with related parties:

Company	Termination year		Amount	Interest rate
Silver Tree Capital Limited	2022	$	317,950	6.00%
Iris Financial Services Limited	2022		985,092	0.00%
Iris Financial Services Limited	2023		2,020,055	1.00%
Iris Financial Services Limited	2023		202,005	1.00%
Iris Financial Services Limited	2023		1,211,047	1.00%
Iris Financial Services Limited	2023		503,822	1.00%
Iris Financial Services Limited	2021		2,098,030	1.00%
		$	**7,338,001**	
Current			2,100,000	
Non-current			5,238,001	
		$	**7,338,001**	

For the year ended December 31, 2020, the Company has an accrued interest balance of $52,909.

5. *Insurance balance receivable*

		2021		2020
Commercial credit	$	532,336	$	551,123
Credit life		3,232,806		1,362,003
Total	**$**	**3,765,142**	**$**	**1,913,126**

6. *Reserve for losses and loss expenses*

Reserves for losses and loss expenses are estimates subject to variability, and this variability could be material in the near term. This variability arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time. Variability can be caused by receipt of additional claim information, changes in judicial interpretation of contracts or significant changes in the severity or frequency of claims from historical trends.

Reserve for losses and loss expenses are based on all relevant information available to the Company. Methods of estimation are used which the Company believes produce reasonable results given current information. Reserves are prepared on an undiscounted basis.

(expressed in U.S. dollars)

6. Reserve for losses and loss expenses (continued)

As at December 31, 2021 the reserve for losses and loss expenses totalled $1,249,521 and $240,000 for 2020. Claims movements for the year ended December 31, 2021 are as follows:

	2021	2020
Beginning of year		
Outstanding loss reserves (OSLR)	$ –	$ –
Incurred but not reported (IBNR)	240,000	32,060
Total beginning of year	**240,000**	**32,060**
Losses incurred:		
- current year losses	1,666,351	992,228
- prior year losses	1,284,757	533,814
Losses incurred in year	**2,951,108**	**1,526,042**
Losses paid:		
- current year	(1,321,684)	(764,228)
- prior year	(598,452)	(545,438)
Losses paid in year	**(1,920,136)**	**(1,309,666)**
Foreign exchange and other	(21,451)	(8,436)
Total end of year	**(21,451)**	**240,000**
OSLR	549,521	–
IBNR	700,000	240,000
Total end of year	**$ 1,249,521**	**$ 240,000**

The Company has incurred losses as of December 31, 2021, of $1,666,351 related to the current accident year and adverse development of $1,284,757 related to the prior years. The main driver of the adverse development resulted from the adverse impact that Covid-19 has had on the credit life business line. On credit life historical data indicates that on average, claims are reported 4 months after the date of death and therefore it is possible for claims to be reported late.

(expressed in U.S. dollars)

6. *Reserve for losses and loss expenses* (continued)

Claims development on all the coverage is shown below:

Development years	2016	2017	2018	2019	2020	2021	2021
1	8,282	222,796	345,901	550,044	757,156	2,304,672	2,304,672
2	58,526	285,545	448,271	1,087,750	1,564,172		1,564,172
3	51,237	285,545	467,620	1,130,709			1,130,716
4	48,565	285,545	467,620				467,620
5	48,565	285,545					285,545
6	48,160						48,160
						Total incurred losses	5,800,885
						Losses paid	4,551,364
						Reserve for losses and loss expenses	1,249,521

7. *Net Investment income*

	2021	2020
Investment Income	$ 4,338,625	$ 366,230
Interest Income – Cash Account	7,682	30,192
Interest Income – Loan to affiliates	109,906	68,637
Net investment income	$ 4,456,213	$ 465,059

8. *Investments*

The following table presents the analysis of the Company’s investments by level of input as required by IFRS 7:

2021				
Financial instruments measured at fair value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Aqua Multistrategy Fund Limited	13,452,540	–	–	13,452,540
Total	$ 13,452,540	–	–	13,452,540

2020				
Financial instruments measured at fair value	**Fair value**	**Level 1**	**Level 2**	**Level 3**
JP Morgan Fixed Income Account	$ 1,028,931	–	1,028,931	–
Aqua Multistrategy Fund Limited	5,336,976	–	–	5,336,976
Vine Opportunity I Hippo, LLC	254,350	–	–	254,350
Total	$ 6,620,257	–	1,028,931	5,591,326

8. *Investments* (continued)

The rationale for choosing the level of Classification is based on the following:

JP Morgan Fixed Income Account: The investment is a separately account managed by J.P. Morgan Securities LLC. The money invested here is allocated mainly in Fixed Income and time deposits. All the securities invested are denominated in USD dollar, with defined maturities, rates and issuers, therefore, the entire account represents a pool of bonds. The account manager acts as broker for all the transactions with these securities, each bond or deposit bought or sold under this account is valued based on quoted prices observed in active markets in the US. Since the value is determined directly by observable prices, in the management judgement, these investments fall within level II inputs. The balance in this account was liquidated in 2021

Aqua Multistrategy fund: the investment objectives of the Fund are to generate attractive returns over a 12-to-24-month time horizon and thereby increase investors' wealth; to preserve capital over that same time horizon, regardless of what transpires in the global financial markets and to target low volatility in order to control the risk of capital loss. Shareholders may redeem some or all of its shares, annually on the first calendar after expiry the lock-up period and then annually thereafter, on six (6) month's prior written notice. At the end of December 2021, Golden Tree does not have any unfunded commitment with the fund.

This investment is a direct participation on a fund which Net assets Value is calculated and reported to the investor on a monthly basis based on the performance of their underlying's investment. The investors have the right to redeem their participation any time using the measurement value of the most recent quarter. Based on these characteristics, management has decided to classify the investment within Level III using the estimation of NAV reported by the fund's administrator each month.

Vine Opportunity I Hippo, LLC: The investment is a participation on a SPV created for investing in last equity series of the Company Hippo, based on US. The SPV does not have a redemption notice period and the investment is highly illiquid.

The investment value was initially determined based on the latest funding transaction, where the SPV entered into as minority investor in the company. Each month the SPV administrators reports Golden Tree the value of the NAV of the SPV, based on the latest transactions regarding the equity stake in the company. Based on these characteristics, management has decided to classify the investment within Level III using the estimated NAV reported by the SPV administrator each month. The investment was disposed in 2021

9. *Share capital*

Share capital consists of 120,000 common shares with a par value of $1, which were authorized, issued and fully paid as at December 31, 2021 and 2020.

10. *Leases*

The Company leases an office facility. The lease runs from 1 April 2021 to 31 March 2026. Lease payments are fix. Information about leases for which the Company is a lessee is presented below.

		Office
Balance at 1 January	$	–
Additions to right-of-use assets		690,249
Depreciation charge for the year		(103,536)
Balance at 31 December	$	**586,713**

Lease liabilities:

Balance at 1 January	$	–
Liability due to leases		690,249
Lease payment		(215,196)
Balance at 31 December	$	**475,053**

12. Financial risk management

The Company is exposed to market risk, credit risk, liquidity risk, interest rate risk, and currency risk among others, arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below.

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates will affect the value of the Company's assets, the amount of its liabilities and or the Company's income.

At the end of December 2021 and 2020, the Company currently has no significant exposure to market risk.

Credit risk and concentration of credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Management has identified key areas exposed to credit risk as:

- Cash and cash equivalents
- Insurance balances receivable
- Fund withheld
- Loan to affiliates
- Investments at fair value

For monitoring and controlling the credit risk, the company is continuous monitoring the credit risk rating issued by recognized Credit rating agencies in the domicile countries of the parties which the company has exposure. At the end of December 2021, none of the parties suffer a downgrade or significant change in their credit ratings that had a potential negative impact on the overall credit risk of the company.

The Company does not require collateral or other security to support financial instruments with credit risk. The Company is party to financial instruments with concentration and credit risks in the normal course of business. As of December 31, 2021, the Company had deposits, with two financial institutions, for a total of $ 7,856,529 (2020: $2,290,603). $7,841,545 (2020: $2,264,168) were held with The Bank of N T Butterfield & Son Ltd. with credit rating range from A2 to BBB+ as set out by Standards & Poor's and $14,998 (2020: $26,435) were held with JP Morgan A-1 as set out by Standards & Poor's.

Investment at Fair value were held of 13,452,540 (2020: $6,620,257). Investment asset allocation is determined by management who manages the distribution of the assets to achieve the Company's investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Company's Board of Directors. Loans to affiliates for $8,572,324 (2020: $7,338,001) are mainly to the holding company Iris Financial services. The management monitors continually the performance of Iris financial performance to identify any potential inability of the company to serve their loan obligations. Insurance balances receivable of $3,765,142 (2020: $1,913,126) and Funds Withheld of $2,206,204 (2020: $782,240) are due from insurers with a credit rating of AA- as set out by Standards & Poor's.

Liquidity risk

Liquidity risk is the risk that not enough cash resources may be available to pay obligations when due. The Company's liquidity risk management approach consists of 1) monitoring the duration of the assets and liabilities and realigning the investment portfolios as needed; 2) monitoring collateral requirements on a monthly basis against available cash and, 3) maintaining a significant portion of liquid assets in the investment portfolios.

(expressed in U.S. dollars)

11. Financial risk management (continued)

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Financial liabilities:

		2021			
		Less than 3 months	3 month to 1 year	1 to 5 years	Total
Reserve for losses and loss expenses	$	6,399	1,243,122	–	1,249,521
Commission & Tax Payable		410,279	–	–	410,279
Unearned Premium Reserve		1,159,967	3,479,901	2,516,834	7,156,702
Losses payable		343,856	597,176	–	941,032
Accrued liabilities		54,086	–	–	54,086
Lease Liability		28,442	85,331	361,280	475,053
	$	2,003,029	5,405,530	2,878,114	10,286,673

		2020			
		Less than 3 months	3 month to 1 year	1 to 5 years	Total
Accrued liabilities	$	51,744	–	–	51,744
Losses payable		531,504	–	–	531,504
Reserve for losses and loss expenses		240,000	–	–	240,000
	$	823,248	–	–	823,248

The following table details the Company's expected maturity for its financial assets. The tables below have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

Financial assets:

		2021			
		Less than 3 months	3 month to 1 year	1 to 5 years	Total
Investment at fair Value	$	–	–	13,452,540	13,452,540
Loan to affiliates		772,324		7,800,000	8,572,324
Insurance balances receivable		3,765,142	–	–	3,765,142
Funds Withheld		570,647	114,597	1,520,960	2,206,204
Prepaid Expense		223,461	–	–	223,461
Deferred acquisition costs		100,449	301,347	201,943	603,739
	$	5,432,023	415,944	22,987,690	28,835,657

11. Financial risk management (continued)

		2020			
		Less than 3 months	**3 month to 1 year**	**1 to 5 years**	**Total**
Loan to Affiliates	$	–	2,100,000	5,238,001	7,338,001
Insurance balances receivable		1,913,126	–	–	1,913,126
Funds Withheld		782,240	–	–	782,240
Investment at fair Value		–	6,620,257	–	6,620,257
	$	2,695,366	8,720,257	5,238,001	16,653,624

Interest rate risk

Interest rate risk arises from the possibility that changes in the interest rates will affect future cash flows or the fair value of financial instruments.

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows, the fair values of which are affected by changes in interest rates. Sensitivity analysis on interest rates has not been performed given the low rates earned on a relatively small portfolio, any change in the rates would not have a material impact on the financial statements. Other financial assets and liabilities are non-interest bearing with short term maturity and are not subject to significant amounts of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Written premiums are in Colombian Pesos and these premiums generate exchange rate differences. The amounts associated with these policies are not material and decrease the currency risk.

Insurance risk

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from affiliated entities that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company predominantly funds its insurance liabilities through its cash and in the normal course of its operations. In the event of a significant amount of claims, the insurance liabilities may require to be funded through the disposal of the Company's portfolio of investments.

13. Premium written and earned

The following table shows the premiums movement during the year ended December 31, 2021:

		2021		2020
Opening balance	$	–	$	–
Gross premiums written		16,214,246		6,846,221
Premiums earned		9,057,544		6,846,221
Balance deferred at 31 December	$	7,156,702	$	–

(expressed in U.S. dollars)

13. Capital risk management and statutory financial reporting

The Company is required by its licence to comply with various provisions of The Act regarding solvency and liquidity. These provisions have been met. The required minimum statutory capital and surplus under the Act as of December 31, 2021 and December 31, 2020 was $1,000,000. As of December 31, 2021, the Company's actual statutory capital and surplus under the Act was $26,931,303 and $18,120,979 for 2020. Accordingly, there is no restriction on the amount of retained earnings available for the payment of dividends to shareholders. Actual statutory capital and surplus, as determined using statutory principles, as follows:

		2021		2020
Total shareholder's equity	$	26,979,979	$	18,147,933
Less: Non-admitted assets:		–		–
Prepaid expenses		(48,676)		(26,954)
Statutory capital and surplus	**$**	**26,931,303**	**$**	**18,120,979**

14. Taxation

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2035.

15. Subsequent events

No subsequent events were noted by management as of the date of issuance of the financial statements on May 30, 2022.