

Decart Re Ltd
(Incorporated in Bermuda)

Independent Auditor's Report on the financial statements

Year ended December 31, 2022



Independent Auditor's Report on the financial statements

Year ended December 31, 2022
(expressed in U.S. dollars)

To the Shareholder
Decart Re Ltd.

We have audited the accompanying financial statements of Decart Re Ltd., which comprise the balance sheet as at December 31, 2022 and the statement of changes in shareholder's equity, income statement and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements were approved by the Board of Directors on July 31, 2023 based on information available at that date.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

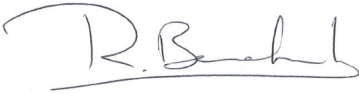
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Decart Re Ltd. as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Neuilly-sur-Seine, August 1st, 2023

PricewaterhouseCoopers Audit



Ridha Ben Chamek

Decart Re Ltd.

(Incorporated in Bermuda)

Financial Statements

December 31, 2022

(expressed in U.S. dollars)

Decart Re Ltd.

Balance Sheet

As at December 31, 2022

(expressed in U.S. dollars)

	2022	2021
	\$	\$
Assets		
Cash and cash equivalents	775,613	661,605
Derivative balance receivable (Note 4)	14,144,535	25,302,760
Segregated account assets (Notes 4, 9, 12)	422,821,622	512,962,884
	<u>437,741,770</u>	<u>538,927,249</u>
Liabilities		
Accounts payable and accrued liabilities	128,700	140,780
Segregated account liabilities (Note 4)	422,768,409	513,023,882
Derivative balance payable (Note 4)	14,144,535	25,302,760
	<u>437,041,644</u>	<u>538,467,422</u>
Shareholder's equity		
Share capital (Note 6)	1,450,000	950,000
Share premium	125,000	125,000
Accumulated deficit	(874,874)	(615,173)
	<u>700,126</u>	<u>459,827</u>
	<u>437,741,770</u>	<u>538,927,249</u>

Approved by the Board of Directors



Alternate Director



Director

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

Decart Re Ltd.

Statement of Changes in Shareholder's Equity For the year ended December 31, 2022

(expressed in U.S. dollars)

	Share capital	Share premium	Accumulated deficit	Total
	\$	\$	\$	\$
Balance at December 31, 2020	<u>950,000</u>	<u>125,000</u>	<u>(296,197)</u>	<u>778,803</u>
Net loss			(318,976)	(318,976)
Balance at December 31, 2021	<u>950,000</u>	<u>125,000</u>	<u>(615,173)</u>	<u>459,827</u>
Share Capital issued and paid	500,000	-	-	500,000
Net loss			(259,701)	(259,701)
Balance at December 31, 2022	<u>1,450,000</u>	<u>125,000</u>	<u>(874,874)</u>	<u>700,126</u>

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

Decart Re Ltd.
Income Statement
For the year ended December 31, 2022

(expressed in U.S. dollars)

	2022	2021
	\$	\$
Revenue		
Segregated account gain/(loss) (Note 8)	30,638	(73,365)
Other income (Note 7, 9)	(54,387)	293
Change in fair value of derivative assets	218,234	4,060,845
Change in fair value of derivative liabilities	(218,234)	(4,060,845)
	<hr/>	<hr/>
Total operating (loss)/income	(23,749)	(73,072)
Expenses		
General and administrative expenses	(193,923)	(196,017)
Other expenses (Note 9)	(42,029)	(49,887)
	<hr/>	<hr/>
Net loss	(259,701)	(318,976)
Accumulated deficit, beginning of year	(615,173)	(296,197)
	<hr/>	<hr/>
Accumulated deficit, end of year	<u>(874,874)</u>	<u>(615,173)</u>

The Company does not have any Other Comprehensive Income

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

Decart Re Ltd.
Statement of Cash Flows
For the year ended December 31, 2022

(expressed in U.S. dollars)

	2022	2021
	\$	\$
Cash flows from operating activities		
Net loss for the year	(259,701)	(318,976)
Adjustments to reconcile net income to net cash used in operating activities:		
Accounts payable and accrued liabilities	(12,080)	18,241
Due from related parties	-	-
Change in fair value of segregated account liabilities	(90,255,473)	(191,651,748)
Fair value adjustment derivative liabilities	(11,158,225)	(11,450,114)
Change in fair value of segregated account assets	90,141,262	191,726,550
Fair value adjustment derivative assets	11,158,225	11,450,114
Net cash used by operating activities	<u>(385,992)</u>	<u>(225,933)</u>
Cash flows from financing activities		
Issuance of shares	500,000	-
Net cash from financing activities	<u>500,000</u>	<u>-</u>
Increase/(Decrease) in cash and equivalents	114,008	(225,933)
Cash and cash equivalents - beginning of year	661,605	887,538
Cash and cash equivalents - end of year	<u><u>775,613</u></u>	<u><u>661,605</u></u>

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

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

1. The Company and its activities

Decart Re Ltd. (the “Company”) was incorporated on February 14, 2008, under the laws of Bermuda and is licensed as a Class C Long term Insurer under the Insurance Act, 1978 of Bermuda and related regulations effective May 5, 2008 and is also registered under the Segregated Accounts Companies Act, 2000 (“SAC Act”) as amended, effective May 8, 2008.

The Company is a wholly-owned subsidiary of BNP Paribas SA (“BNPP”). BNPP is a French société anonyme registered with the Registre du Commerce et des Sociétés in Paris under number 662 042 449, licensed to conduct banking operations under the Monetary and Financial Code (Code Monétaire et Financier, Livre V, Titre 1er).

The activity of the Company is generally to provide reinsured parties with life reinsurance coverage in respect of selected risks arising from selected books of life insurance policies written under the reinsured parties’ variable annuities policies’ programs.

To mitigate both mortality and non-mortality risks, the Company enters simultaneously into swaps transactions and/or reinsurance contracts.

The Company currently has four (2021: three) active segregated accounts, formed under the provisions of the SAC Act; “Cell Green 2”, “Cell Red”, “Cell Purple” and “Cell Turquoise”. Cell Turquoise was formed on July 20, 2022.

2. Basis of preparation

These financial statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRS”), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards and Standing Interpretations Committee. They have been prepared under the historical cost convention, except for certain financial assets, insurance contracts and other financial liabilities, which are recognized at fair value through profit and loss.

The financial statements incorporate the financial statements of the General Account of the Company and the segregated accounts controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(i) Standards, amendments to published standards and interpretations effective on or after January 1, 2018

IFRS 9 “Financial Instruments”: IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement”, related to the classification and measurement of financial instruments. It sets out the new principles for the classification and

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

measurement of financial instruments (Phase 1), for impairment for credit risk on debt instruments measured at amortised cost or at fair value through shareholders' equity, loan commitments given, financial guarantee contracts, lease and trade receivables and contract assets (Phase 2), as well as for general hedge accounting; i.e. micro hedging (Phase 3).

IFRS 15 "Revenue from Contracts with Customers": IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

None of the above standards had a significant effect on the financial statements of the Company.

(ii) Standards, amendments to published standards and interpretations early adopted by the Company

The Company did not early adopt any standards, amendments to published standards or interpretations.

(iii) Standards, amendments and interpretations to existing standards, expected to apply to the Company, that are not yet effective and have not been early adopted by the Company

IFRS 16 "Leases", which will supersede IAS 17 "Leases" and the interpretations relating to the accounting of such contracts for annual periods beginning on or after 1 January 2019.

IFRS 17 "Insurance Contracts", which will replace IFRS 4 "Insurance Contracts" and will become mandatory for annual periods beginning on or after 1 January 2023.

3. Significant accounting policies

Outlined below are the significant accounting policies adopted by the Company:

3.1 Cash and cash equivalents

Cash and cash equivalents represent cash held in current accounts with BNP Paribas Group. The carrying amount approximates fair value.

3.2 Investment income

Investment income is comprised of interest income on cash and cash equivalents.

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

3.3 Derivative and insurance contracts

(a) Derivative instruments

Derivative instruments are measured based on their market value when the instrument is traded on a listed market. In the absence of any listed markets, financial instruments are measured based on BNP Paribas Group in-house models. For certain instruments, valuation parameters other than directly accessible listed prices are determined based on the prices of instruments traded on active markets, while for others they are based on statistical estimates or other quantitative methods. See Note 4 for further analysis of fair valuation of financial instruments.

(i) Classification

The derivative contracts are classified as financial assets or liabilities at fair value through profit or loss, which are designated at inception. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the BNP Paribas Group valuation techniques.

(ii) Recognition

Financial assets and liabilities at fair value through profit or loss are recognized when the General Account or segregated cell becomes party to the contractual provisions of the instrument. Recognition takes place on the date on which the exposure period for each individual instrument commences.

(iii) Measurement

At initial recognition, financial asset and liability are measured at fair value. Transaction costs on financial asset and liability at fair value through profit or loss are expensed as incurred in the income statement.

Subsequent to initial recognition, financial asset and liability at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in their fair value are included in profit or loss for the period in which they arise.

(iv) De-recognition

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the General Account or segregated cell has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expires. When the risk exposure period is complete, the income or expense is recognized in realized gains or losses on the income statement.

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

(v) **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(b) **Insurance contracts**

(i) **Classification**

The Company classifies all contracts of insurance or reinsurance that transfer a significant amount of mortality or morbidity risk as insurance contracts in the financial statements. Contracts which do not transfer a significant amount of morbidity or mortality risk are considered to be financial instruments.

(ii) **Recognition**

In accordance with IFRS 4, paragraph 24 the Company re-measures designated insurance liabilities consistently in each period to reflect current market interest rates and other current estimates and assumptions.

The financial assets, liabilities, gains and losses of the Contract are re-measured at year end and recognized within the segregated account assets and liabilities lines on the balance sheet to distinguish them from other assets, liabilities, gains and losses held in the General Account.

3.4 Foreign currency

(i) **Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in U.S. dollars.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency at the year-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

4. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets held by the general or segregated accounts is the current bid price; the

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

appropriate quoted market price for financial liabilities is the current ask price. A financial instrument is regarded as quoted in an active market 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 fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. Management uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used for non-standardised financial instruments such as options and total return swaps, include the use of comparable recent arm's length transactions, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the segregated accounts hold.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data, including the Company's own assumptions in determining the fair value of investments.

The Company classifies the fair value estimates of their derivative instruments and insurance contracts under Level 3 as the fair value is determined using an internal model with some non-observable inputs.

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Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

The following table presents the Company's assets and liabilities measured at fair value at December 31, 2022:

	2022			
	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
	\$	\$	\$	\$
Assets				
General account:				
Derivative assets	-	-	14,144,535	14,144,535
Segregated account:				
Derivative assets	-	-	396,616,757	396,616,757
Insurance contract			26,127,323	26,127,323
Total assets	-	-	436,888,615	436,888,615
Liabilities				
General account:				
Derivative liabilities	-	-	14,144,535	14,144,535
Segregated account:				
Derivative liabilities	-	-	422,751,507	422,751,507
Insurance contract	-	-	16,902	16,902
Total liabilities	-	-	436,912,944	436,912,944

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

The following table presents the Company's assets and liabilities measured at fair value at December 31, 2021:

	2021			
	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
	\$	\$	\$	\$
Assets				
General account:				
Derivative assets	-	-	25,302,760	25,302,760
Segregated account:				
Derivative assets	-	-	405,797,141	405,797,141
Insurance contract			107,149,417	107,149,417
Total assets	-	-	538,249,318	538,249,318
Liabilities				
General account:				
Derivative liabilities	-	-	25,302,760	25,302,760
Segregated account:				
Derivative liabilities	-	-	512,901,862	512,901,862
Insurance contract	-	-	122,020	122,020
Total liabilities	-	-	538,326,642	538,326,642

There were no transfers into or out of Level 3 during the years ended December 31, 2022 or 2021.

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

The following table presents the Company's assets and liabilities measured at fair value as at December 31, 2022:

	2022			
	Opening balance	Changes in fair value	Gains & losses recognised in OCI	Closing balance
	\$	\$	\$	\$
Assets				
General account:				
Derivative assets	25,302,760	(11,158,225)		14,144,535
Segregated account:				
Derivative assets	405,797,141	(9,180,384)		396,616,757
Insurance contract	107,149,417	(81,022,094)		26,127,323
Total assets	<u>538,249,318</u>	<u>(101,360,703)</u>	<u>-</u>	<u>436,888,615</u>
Liabilities				
General account:				
Derivative liabilities	25,302,760	(11,158,225)		14,144,535
Segregated account:				
Derivative liabilities	512,901,862	(90,150,355)		422,751,507
Insurance contract	122,020	(105,118)		16,902
Total liabilities	<u>538,326,642</u>	<u>(101,413,698)</u>	<u>-</u>	<u>436,912,944</u>

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

The following table presents the Company's assets and liabilities measured at fair value as at December 31, 2021:

	2021			
	Opening balance	Changes in fair value	Gains & losses recognised in OCI	Closing balance
	\$	\$	\$	\$
Assets				
General account:				
Derivative assets	36,752,874	(11,450,114)		25,302,760
Segregated account:				
Derivative assets	499,284,823	(93,487,682)		405,797,141
Insurance contract	205,396,829	(98,247,412)		107,149,417
Total assets	<u>741,434,526</u>	<u>(203,185,208)</u>	<u>-</u>	<u>538,249,318</u>
Liabilities				
General account:				
Derivative liabilities	36,752,874	(11,450,114)		25,302,760
Segregated account:				
Derivative liabilities	704,242,811	(191,340,949)		512,901,862
Insurance contract	432,819	(310,799)		122,020
Total liabilities	<u>741,428,504</u>	<u>(203,101,862)</u>	<u>-</u>	<u>538,326,642</u>

As the derivative instruments and insurance contracts are valued using non-observable inputs, the amounts relating to these contracts are classified within Level 3.

Regarding the back-to-back transactions, market risk can be estimated as zero since there is no retained risk, and no value adjustment is thus necessary.

IFRS 13 requires the Company to disclose information regarding sensitivity to changes in unobservable inputs. The Company's sensitivity to unobservable inputs are limited to the unobservable parameters that are used in the valuation of the back-to-back transactions which are mainly mortality and lapse rates.

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

5. Risk management

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Part of the derivative contracts entered into by the Company are denominated in foreign currencies resulting in an exposure to potential fluctuations in foreign currency.

(b) Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuation in the prevailing interest rates on the general or segregated accounts' financial position and cash flows. Management assesses that there is no risk of significant losses occurring due to interest rate fluctuations.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

(d) Liquidity risk

Liquidity risk is the risk that the Company and its segregated cells will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

(e) Market risk

The Company and its segregated cells, in the normal course of its investing and trading activities, may enter into transactions in financial instruments based on expectations of future market movements and conditions. These transactions usually have market risk.

(f) Price risk and price sensitivity

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Management manages its exposures to market price or price sensitivity risk arising from its investments in the derivative contracts.

(g) Capital risk management

The Company's objective when managing its capital is to maintain an appropriate amount to support its operations. The Company also monitors its capital in the context of its working capital relative to its ongoing liquidity requirements to safeguard the entity's

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

ability to continue as a going concern, to honour any insurance obligations when they arise, and to provide returns for the shareholder.

The Company regularly updates its near term and long term financial projections to consider the latest available market data in order to preserve the desired capital structure. The Company may adjust the amount of dividends paid to the shareholder, issue new shares as well as increase or decrease assets and/or liabilities, depending on the prevailing internal and external business conditions.

The Company's objective is to minimise capital exposure by entering only into transactions which are fully hedged, are backed by guarantees or are reinsured.

6. Share capital

	2022	2021
	\$	\$
Common shares		
Authorized share capital par value \$1.00 each	1,450,000	950,000
Issued and fully paid common shares	1,450,000	950,000
Total common share capital	1,450,000	950,000

Since 2008, the Company had issued 950,000 common shares of \$1.00 par value bringing the share capital to \$950,000. On June 6, 2022, the Company created and issued an additional 500,000 common shares of \$1.00 par value bringing the total share capital to \$1,450,000.

The excess of the proceeds over the par value of the issued share capital (\$0.50 on 250,000 shares) is recorded as a share premium account for \$125,000.

7. Related party transactions

BNPP has provided a number of guarantees on behalf of the Company which are summarised as follows:

Guarantees have been provided for the benefit of the Reinsured to secure all amounts due and payable by the Company arising out of any failure to comply with its contractual obligations.

Guarantees have been provided for the benefit of a Reinsurer to guarantee all amounts due and payable by the Company arising out of any failure to comply with its contractual obligations under the mortality hedging contracts.

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Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

8. Segregated accounts

8.1 General account and segregated account

As at December 31, 2022, the Company has four (2021: three) active segregated accounts, Cell Green 2, Cell Purple, Cell Red and Cell Turquoise. Assets and liabilities held in Cell Green 2 are directly related to the certain contracts with a Japanese counterparty and the associated derivative contracts with BNPP. Assets and liabilities held in Cell Purple, Cell Red and Cell Turquoise are directly related to certain contracts, with a new Japanese counterparty and the associated derivative contracts with BNPP.

The following table shows the split between the General Account, Cell Green 2, Cell Purple, Cell Red and Cell Turquoise, as of December 31, 2022.

	General Account	Cell Green 2	Cell Purple	Cell Red	Cell Turquoise
	\$	\$	\$	\$	\$
Assets					
Cash and cash equivalents	775,613	6,772	7,397	63,372	-
Derivative balance receivable	14,144,535	3,132,128	4,574,079	387,725,851	1,184,700
Fair value of insurance contracts	-	-	-	26,127,323	-
Total	<u>14,920,148</u>	<u>3,138,900</u>	<u>4,581,476</u>	<u>413,916,546</u>	<u>1,184,700</u>
Liabilities					
Accounts payable and accrued liabilities	128,700	9,177	7,155	17,756	-
Derivative balance payable	14,144,535	3,126,591	4,516,466	413,889,664	1,184,700
Fair value of insurance contracts	-	5,537	55,782	(44,419)	-
Member's equity	700,126	-	-	-	-
Total	<u>14,973,361</u>	<u>3,141,305</u>	<u>4,579,403</u>	<u>413,863,001</u>	<u>1,184,700</u>

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

The following table shows the split between the General Account, Cell Green 2, Cell Purple and Cell Red, as of December 31, 2021.

	General Account	Cell Green 2	Cell Purple	Cell Red
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	661,605	4,862	3,856	7,608
Derivative balance receivable	25,302,760	395,912,537	2,605,805	7,278,799
Fair value of insurance contracts	-	107,149,417	-	-
Total	<u>25,964,365</u>	<u>503,066,816</u>	<u>2,609,661</u>	<u>7,286,407</u>
Liabilities				
Accounts payable and accrued liabilities	140,780	36,080	26,764	19,590
Derivative balance payable	25,302,760	503,167,214	2,602,378	7,049,837
Fair value of insurance contracts	-	(107,540)	3,426	226,133
Cash and cash equivalents	-	-	-	-
Member's equity	459,827			
Total	<u>25,903,367</u>	<u>503,095,754</u>	<u>2,632,568</u>	<u>7,295,560</u>

8.2 Balance sheet and income statement of the Segregated Accounts

Assets and liabilities of the Segregated Accounts are as follows:

	2022	2021
	\$	\$
Assets		
Derivative balance receivable	396,616,757	405,797,141
Fair value of insurance contracts	26,127,323	107,149,417
Cash and cash equivalents	77,542	16,326
Total assets	<u>422,821,622</u>	<u>512,962,884</u>

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

Liabilities

Derivative balance payable	422,717,420	512,819,428
Fair value of insurance contracts	16,902	122,020
Accounts payable	34,087	82,434

Total liabilities	422,768,409	513,023,882
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Segregated Account gain/(loss) is comprised as follows

	2022	2021
	\$	\$
Revenue		
Financial instruments at fair value	323,081,462	213,061,162
Insurance contracts at fair value	11,329,197	(3,718,973)
Other income	21,732	-
Total operating income	334,432,391	209,342,189
Expenses		
Financial instruments at fair value	(332,019,555)	(198,727,602)
Insurance contracts at fair value	(2,382,198)	(10,604,957)
Other expenses	-	(82,995)
Segregated account gain/(loss)	30,638	(73,365)

9. Other income and other expenses

Other income includes internal recharge from the General Account to the Segregated Account.

Other expenses mostly include brokerage fees, custodian fees and safekeeping fees.

10. Taxation

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 28, 2035. At present time, no such taxes are levied in Bermuda.

Decart Re Ltd.

Notes to the financial statements

December 31, 2022

(expressed in U.S. dollars)

11. Statutory requirements

The Act requires the Company to maintain a minimum margin of solvency (“MMS”), being, effectively, the value of statutory capital and surplus. As at December 31, 2022, the Company was required to maintain a MMS of \$500,000 (2021: \$500,000).

The Act also requires Class C Insurers to have a minimum paid up share capital of \$500,000.

As at December 31, 2022, the Company’s Statutory Capital and Surplus was \$700,126 (2021: \$459,827) and therefore its MMS requirement was met (2021: not met).

Statutory Capital and Surplus is reconciled to shareholder’s equity as follows:

	2022	2021
	\$	\$
Shareholder's equity	700,126	459,827
Less: prepaid expenses	-	-
	<hr/>	<hr/>
Statutory Capital and Surplus	<u>700,126</u>	<u>459,827</u>

12. Subsequent events

There were no subsequent events from December 31, 2022, through July 31, 2023, the date the financial statements were available to be issued.

13. Approval of the financial statements

The financial statements were approved by the Board of Directors on July 31, 2023. The Board of Directors does not have the power to amend these statements after issuance.