ANNUAL REPORT 2023

Supporting a sustainable ocean economy

As a leading marine insurer, we are always adapting to change and new technologies. The main visualisations in this report have been generated with the assistance of AI, with some human adjustments for refinement.

This is what we are here for – preventing losses and managing risks; benefiting the maritime industry as well as the wider society

Rolf Thore Roppestad, Gard CEO

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CHAPTER 01

Executive summary

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Gard at a glance

Gard is the leading provider of protection & indemnity (P&I), marine and energy insurance globally. Being a mutual, our core purpose is to help our Members and clients navigate and manage maritime risks, enabling them to thrive in the ocean economy. We do that by providing a wide range of insurance covers, expert casualty and claims handling, and not least, proactive and data-driven loss prevention.

In many ways, everything we do is about preventing losses. For people, the environment, and for the global maritime community.

Gross written premium ETC basis period to 31 December 2023

USD 1,183 m

Standard and Poor's rating

A+ with stable outlook

Result ETC basis period to 31 December 2023

USD 235.8 m

Combined ratio ETC basis as at 31 December 2023

92.8%

13 offices and 683 employees

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Our portfolio at a glance

What we insure

P&I Mutual, million gt

Bulk	Tanker	Container	Gas Carrier
93.0	79.6	52.6	23.2

General Cargo	Cruise/Passenger/Ferry	Offshore	Other	Total
16.5	7.8	5.5	0.7	279.1

Hull & Machinery, million gt (our share)

Bulk	Tanker	Container	Gas Carrier
40.3	34.1	35.6	10.7

General Cargo	Cruise/Passenger/Ferry	Offshore	Other	Total
5.6	3.3	1.1	0.1	130.8

Gard's share of world fleet running on alternative fuels, 2023

Battery	Methanol	Hydrogen	Ammonia
40%	60%	61%	79%

Source: S&P Global
For full picture, see page 20.

Market share

20.2%
P&I

8.0%
M&E

Business sustainability score from Ecovadis

Gold rating

Gender distribution

56% female employees

44% male employees

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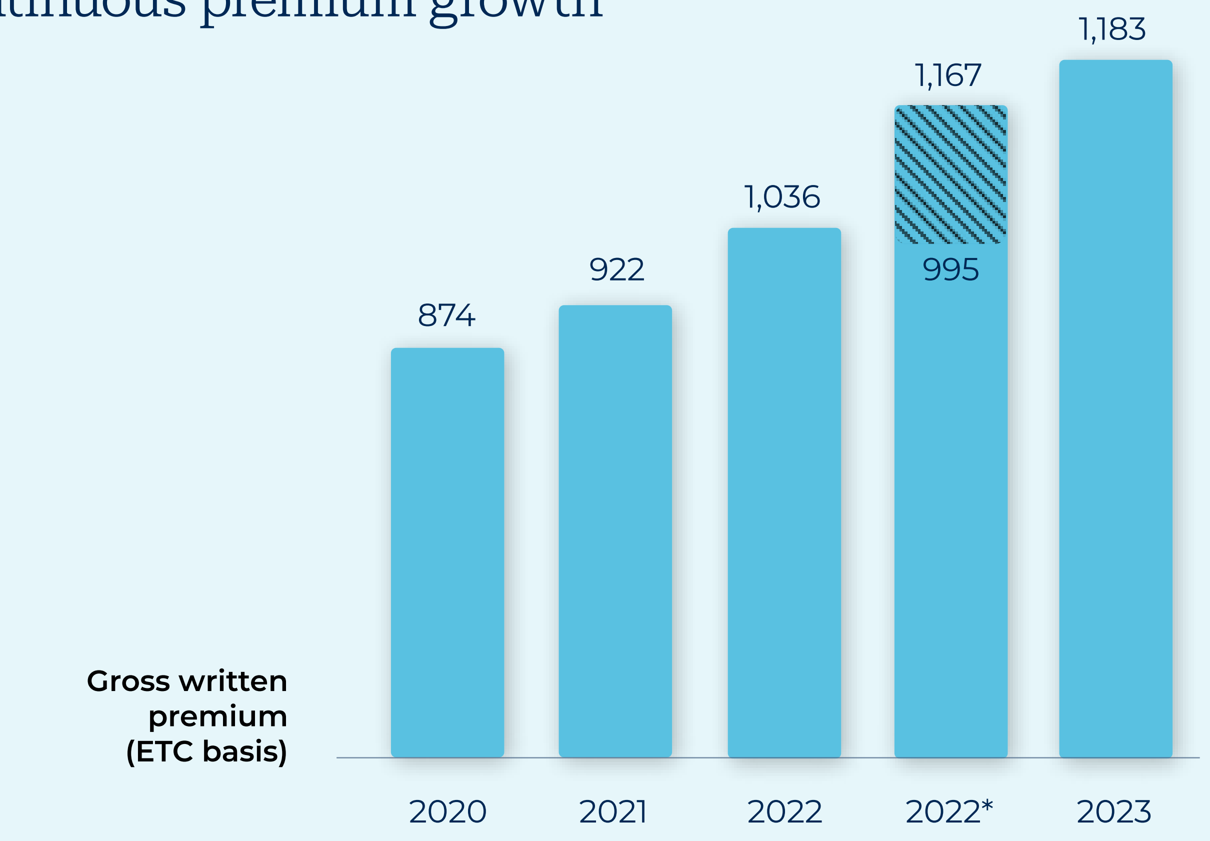
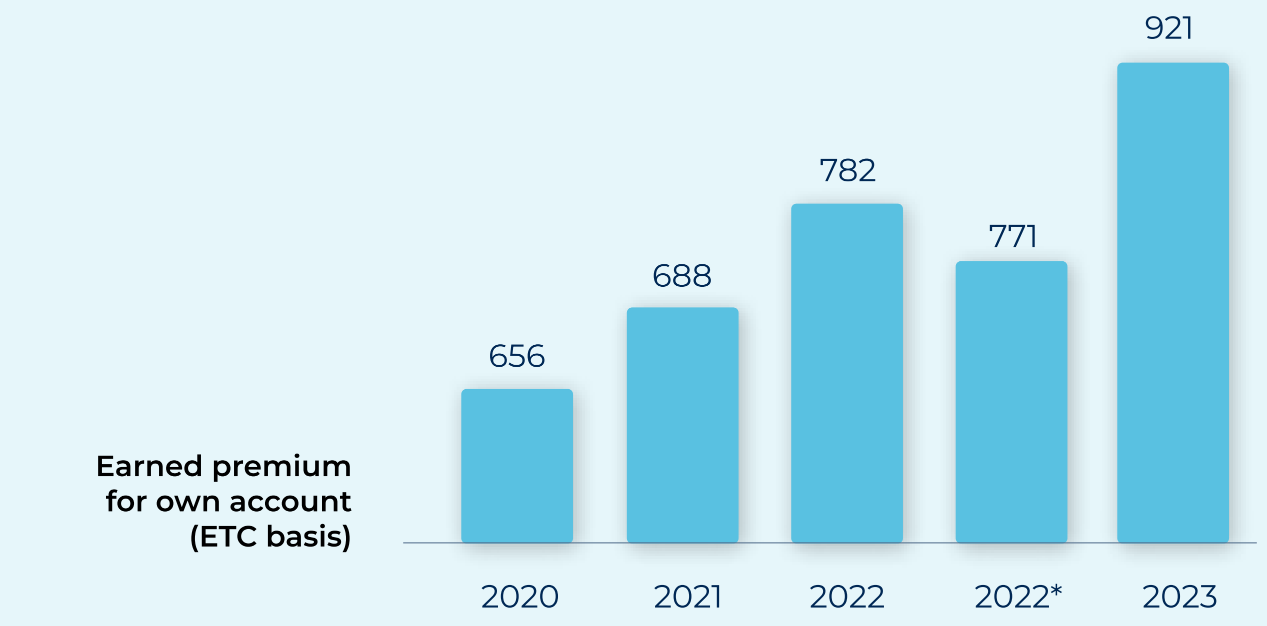
Five year summary

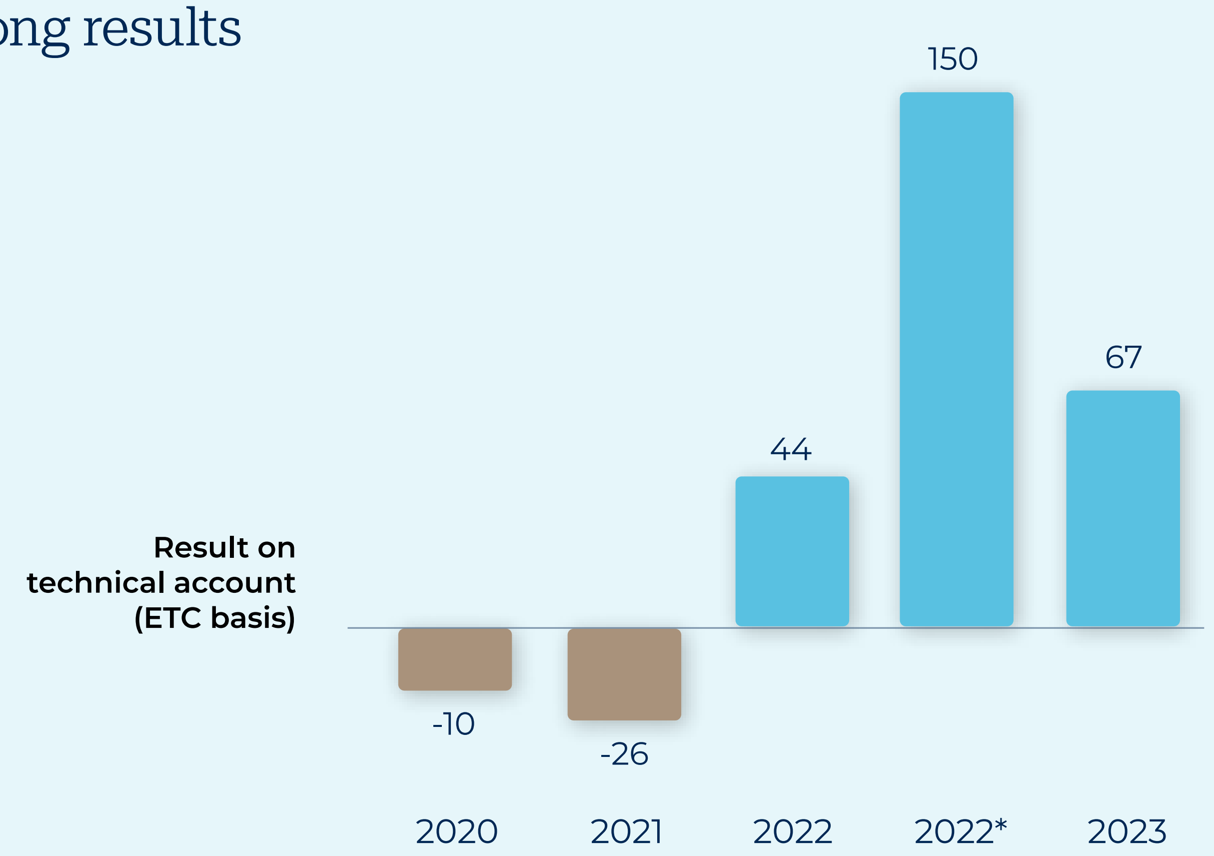
We focus on the fundamentals, staying financially strong, generating value and returning capital to our Members.

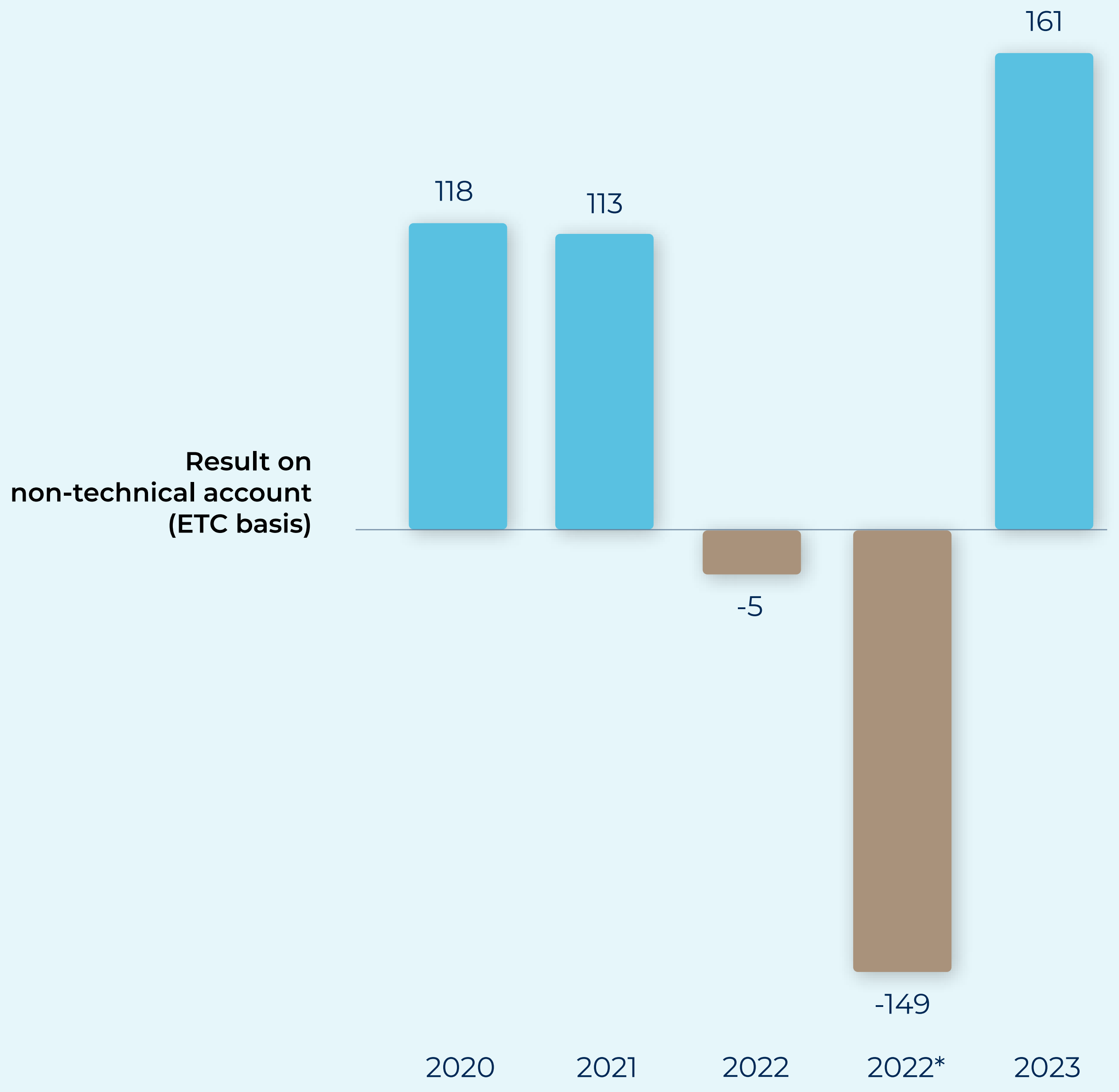
Continuous premium growth





Strong results





Amounts in USD millions.
***Shorter financial year**, from 21 February 2022 – 31 December 2022. The Board of Directors of Gard P. & I. (Bermuda) Ltd. decided in 2021 to change the group's financial year so that it would coincide with the calendar year instead of running from 21 February to 20 February. As a result, 2022 became a "transition year", with a shorter financial period running from 21 February 2022 to 31 December 2022. All figures for 2023 reflect the full financial year (January to December), whereas all figures for before 2022 reflect the previous financial year (February to February).

Looking at the full calendar year 2022, the gross written premium was USD 1,167 million.

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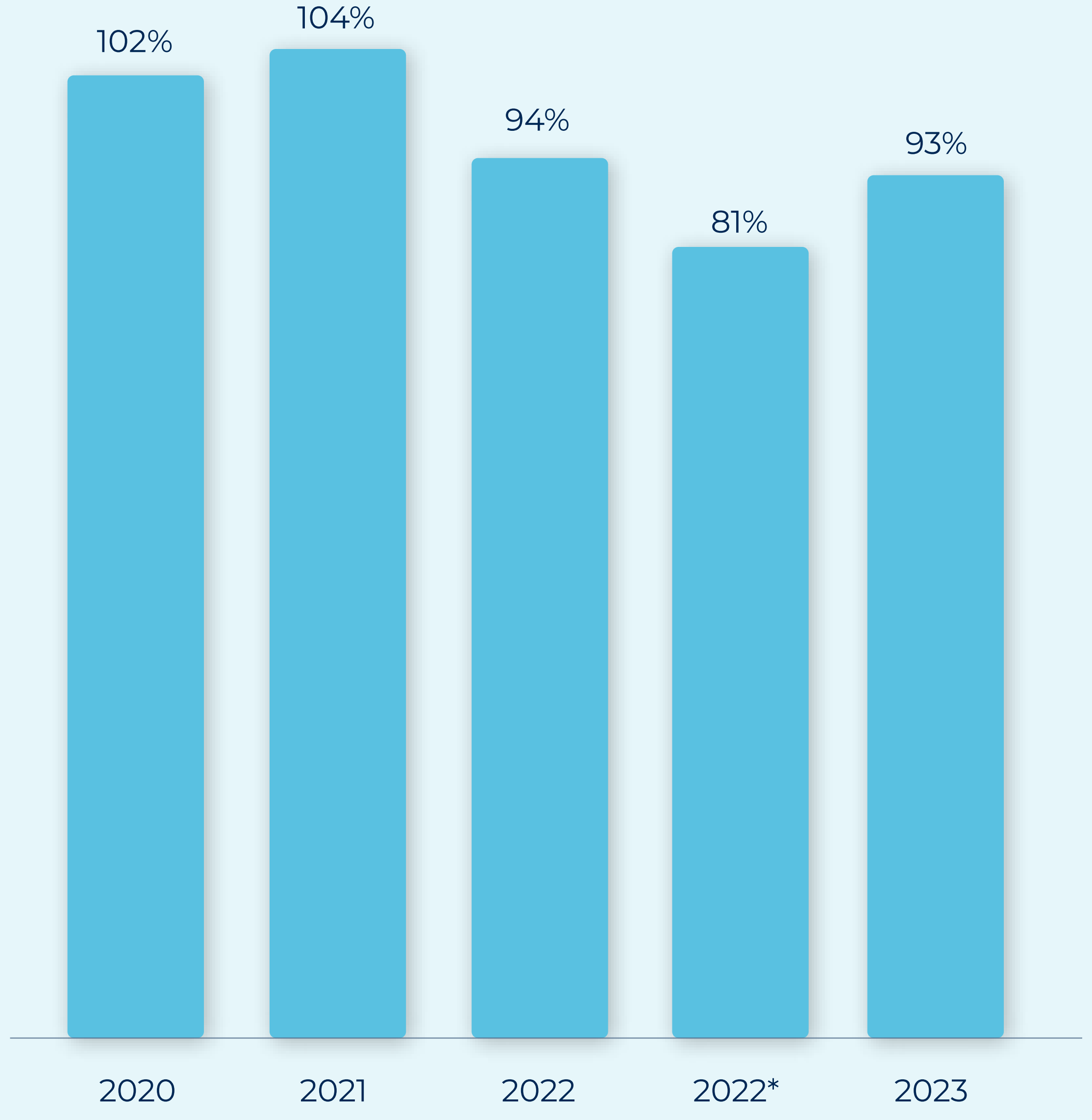
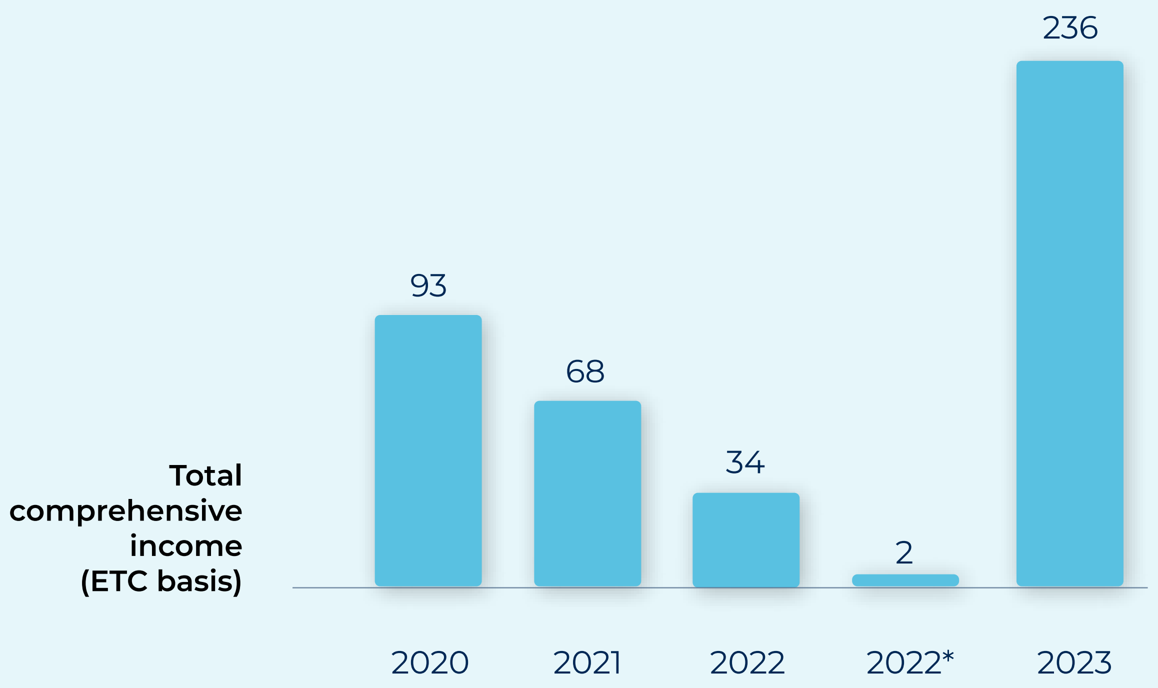
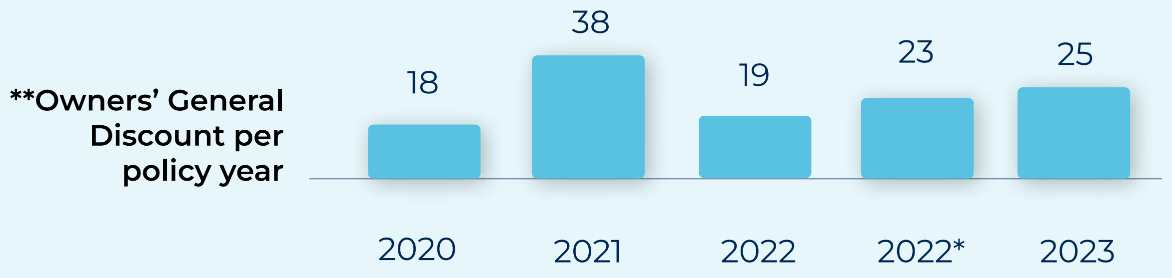
Competitive combined ratio

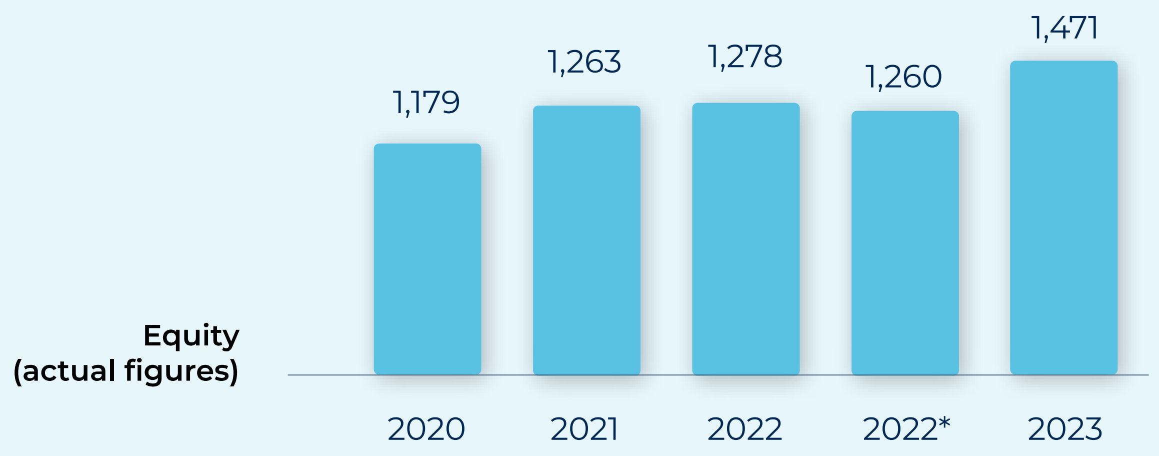


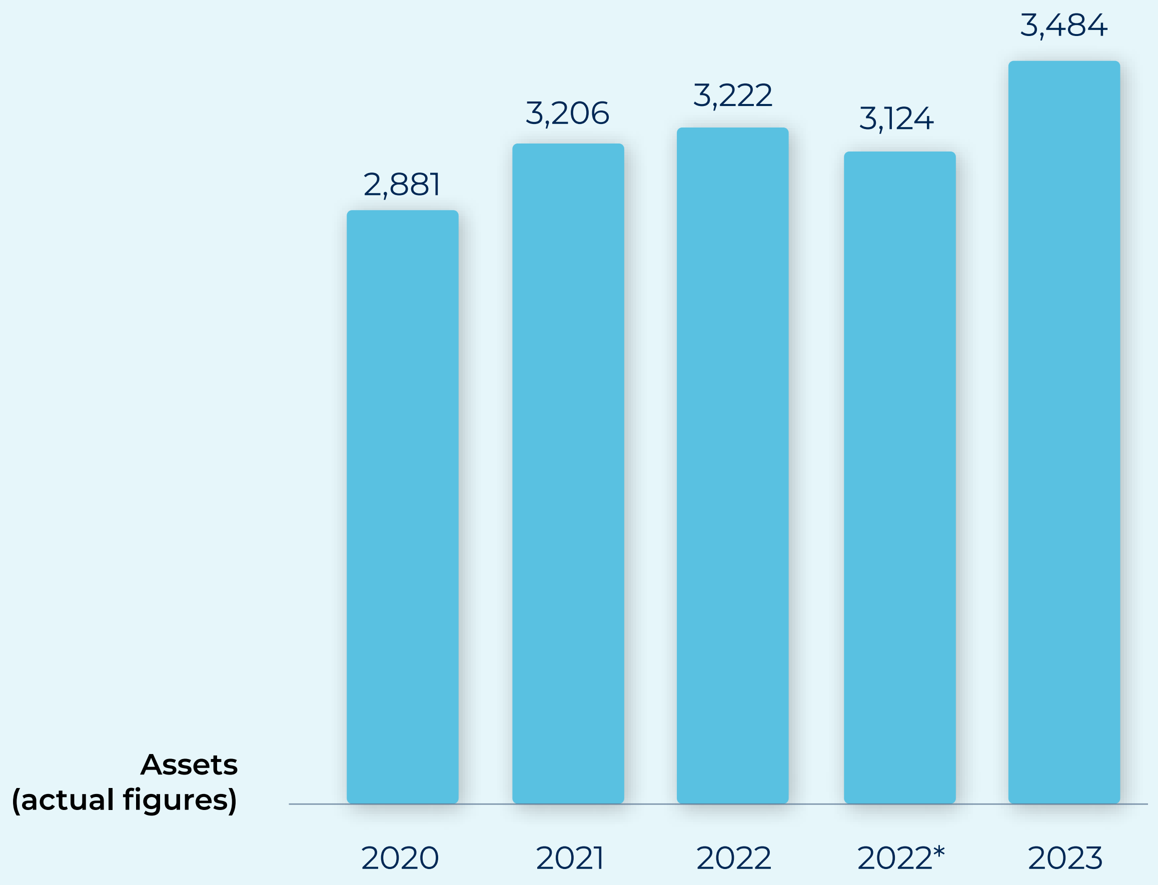
Robust results and capital returned to Members





Well capitalised





Amounts in USD millions.

***Shorter financial year**, from 21 February 2022 – 31 December 2022.

** Figures are presented in USD millions per policy year and net of any comission. The 2019 and 2020 figures shows the net reduction in last installment and deferred call. Owners General Discount was introduced in policy year 2021. Owners General Discount as at 31 December 2023 was USD 25 million. See also Note 5. Amounts in USD millions, ETC basis.

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Stronger than ever

– a conversation with the Chairman and the CEO

Photo: Gard

> We are witnessing a massive shift in global trading patterns – probably the biggest we have seen in decades

It has been another turbulent year for geopolitics. How would you summarise 2023?
Morten Høegh: "It was definitely a year marked by increasing conflict and uncertainty. The war in Ukraine continued, unfortunately with no resolution in sight, and towards the end of the year, we also saw the outbreak of brutal war between Hamas and Israel. This has also impacted the wider Middle Eastern region, with Suez and the Red Sea now effectively shut for commercial shipping. Meanwhile, the tensions between China and the rest of the world lingers on in the background. So yes, it has certainly been a turbulent year, and this creates uncertainty and operational challenges for global industries like shipping and marine insurance."

How has increasing tension and conflict impacted us as marine insurers?
Rolf Thore Roppestad: "I would say it has added complexity to an already volatile and divided world. It also impacts our risk assessments, of course. More broadly, what we are witnessing is a massive shift in global trading patterns – probably the biggest shift we have seen in decades – because of the attacks in the Red Sea and the drought in the Panama Canal. Around 70 percent more ships are now going around the Cape compared to last year. This has an impact on shipping markets, and it has an impact on the risk picture for us as insurers.

In addition to this, the shadow fleet is still growing. This is a fundamental and unresolved challenge,

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leaving society more exposed and vulnerable to the consequences of a major casualty."

How should we face this challenge? What can be done about it?
"We understand and fully support the rationale behind the sanctions regimes, and we will continue to make it our top priority to comply with existing regulations at all times. It cannot be dismissed, however, that the sanctions have had some undesired and unintended consequences, one of which is a growing shadow fleet," said Roppestad.

"Looking back, one of the great strengths of a well-regulated shipping industry, with strong institutions like the IMO, ICS, the IACS classification societies and the International Group of P&I Clubs, is that it has managed to bring different regions and different parts of the world fleet together. It has in many ways transcended geographical and geopolitical differences. Going forward, as the world is getting more and more polarised, we should safeguard and protect these institutions. At Gard, we will continue to have a truly global outlook, despite the trends towards deglobalisation that we are currently seeing in some areas."

What about the world economy? We managed to escape a recession in 2023, but things are still looking a bit "shaky", wouldn't you agree?
"Yes, the outlook is still rather uncertain at the moment. In an effort to get inflation under control, we saw a massive increase in interest rates last year, and I think the jury is still out on whether the economy will be able to absorb this without going into recession," said Høegh.

"Overall, however, things have turned out much better than many had feared. After a sharp dip in investment values in 2022, financial markets recovered and delivered quite well in 2023. Also, within shipping, most segments have actually done very well. Most shipowners are making money, and the performance of the IG clubs has been positive."

Will continued inflation lead to higher premiums for our Members and clients?
"Inflation certainly has an impact on operating costs and claims costs, and to some degree, that increase will have to be compensated through premiums. However, I am not too concerned – we don't think inflation will remain at a level where it impacts our performance or competitiveness. If anything, we have come out financially stronger from the economic turbulence and increasing interest rates over the last few years," said Roppestad.

> Gard managed to reach its 2025 targets ahead of time, and we are now setting new goals for 2030

Looking back, 2023 was also the year when the IMO issued its new decarbonisation targets for shipping. What are your views on these ambitions?
"The revision of the IMO's greenhouse gas strategy was a welcome development and something we very much support. Of course, some will argue that the targets could have been more ambitious, but we need global alignment and after all, this is much better than anything else. Now, at least the targets are clear, and we all just need to find the solutions to get there. As an industry, I am quite optimistic that we will get there," said Høegh.

"In Gard we will certainly play our part, supporting our Members and clients with risk prevention and risk mitigation along the way. After all, that is what we are here for – preventing losses and managing risks; benefiting the maritime industry as well as the wider society," added Roppestad.

How would you summarise Gard's performance in 2023?
"I think we can be proud with what we have achieved – a record P&I renewal last year and remarkably solid results with positive contributions across the board. In many ways, Gard is stronger than ever – our capitalisation is robust, we have an operating model that facilitates efficient use of capital, and the outlook for our business is very bright.

We have also reached some very important milestones throughout the year, including the launch of a new insurance portal and the delivery of a new war risk service, making it easier for our clients to mitigate risks in fast-changing environments. Going forward, we will focus even more on loss prevention," said Roppestad.

Høegh added: "As Chairman, I am happy to see that Gard is constantly looking to find new ways to support its Members and clients. This is also reflected in the very extensive strategy review process that is now underway and which has involved everyone from the Board, the entire organisation, as well as other key stakeholders. Gard managed to reach its 2025 targets ahead of time, and we are now setting new goals for 2030 which will be reached through a robust and ambitious strategy for the road ahead."

Speaking about the road ahead – one of the regulatory changes coming up is the global minimum corporate tax. Any views on this?
"We welcome any measures that can help to ensure a level playing field globally. As the world's largest and leading marine insurer, it is important for Gard to be a responsible corporate citizen," said Høegh.

Roppestad added: "In many ways, the core services we are delivering every day are all about ESG. We are taking care of crew, we are looking after the environment, and we are working to promote sustainable and transparent business practices. Supporting a global minimum tax is just an extension of that."

Any final words or reflections you would like to share?
"I would like to thank the Directors and Members of Gard's governing bodies for their valuable work and contribution. More importantly and on behalf of the entire membership, I would also like to thank everyone in Gard for the fantastic work and great results they have delivered this past year," said Høegh.

"I can only echo that and would also like to extend my thanks to our valued Members and clients. They run high-quality operations, deliver better claims results than market average, and they keep us focused on what matters. In short, Members and clients in Gard are sharing risks with some good people," said Roppestad.

Morten Høegh *Rolf Thore Roppestad*

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2023 in pictures

Making waves: Gard convened Members, clients and brokers for the annual summer seminar in Arendal

Gard celebrates the 25th anniversary of our Hong Kong office

Gard Our Oceans: is Our employees take part in local beach cleaning initiatives across the world

Hope and faith: Heroic Idun Captain Tanjus Mehta got this tattoo after he and his fellow crew members were finally released in May, after 288 days in detention. In October, he visited Gard in Arendal

Gard at the Bari-Ship Maritime Fair in Imabari

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Onboard: Gard crew

Strategy festival at Gard's head office in Ma.

Gard gathering in New York

Team effort at the Hove Thriathlon outside Arendal

All hands on deck: Visiting a Gard Member

In Greece: Gard CEO, Rolf Thore Roppestad

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How we create value

Gard creates value by understanding, pricing, and mitigating maritime risks. We do this by combining our long experience and knowledge of the marine industries with broad legal, environmental and financial expertise. Through a network of global offices, we offer a wide range of insurance products, hands-on claims handling and data-driven loss prevention. The foundation and premise for all this is our financial strength. Gard seeks to be strongly capitalised at all times, through disciplined underwriting, efficient claims handling and sustainable long-term investments.

In short, this is our value proposition; being able to handle market volatility and standing ready to help our Members and clients in a rapidly changing environment

Our ambitions

Using the UN Sustainable Development Goals (SDGs) as our guiding framework, Gard focuses on the SDGs that we believe affect us the most and where we can have the largest impact. For an overview of how the topics covered in this report relate to our selected SDGs, see Appendix G. Our focus areas are:

8 DECENT WORK AND ECONOMIC GROWTH

We respect human rights and promote labour rights throughout our global value chain. We develop competence among our employees, and we strive for diversity, equality and inclusion. We help to protect the lives and wellbeing of seafarers across the world and support business opportunities for sustainable growth.

13 CLIMATE ACTION

We develop products and services to support our Members and clients in the green transition. We climate-compensate our own operations, assess climate-related risks and opportunities, and implement findings in our strategy processes. We insure offshore renewable energy, and we monitor and disclose the carbon emissions of our Hull & Machinery portfolio.

14 LIFE BELOW WATER

We handle marine casualties efficiently and responsibly, focusing on preventing and limiting marine pollution. Through a global outreach program, we proactively engage with relevant authorities across the world to improve coordination and cooperation. We encourage ship recycling according to the Hong Kong Convention and the EU Ship Recycling Regulation.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We implement standards and practices to combat corruption, fraud and money laundering. We implement requirements and standards designed to make shipping more sustainable. We are transparent in our own sustainability targets, activities and results.

17 PARTNERSHIPS FOR THE GOALS

We cooperate with private, public and civil society, engaging with multiple stakeholders through a wide range of partnerships. We encourage learning and best practices through seminars, webinars, articles and other knowledge-sharing initiatives.

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Gard's value creation model

What we do

We help our Members and clients in the marine industries to manage risk and its consequences

Mission

Together, we enable sustainable maritime development

Our capital

Social Capital
Long-term partnerships with business partners and key stakeholders.

Intellectual Capital
Insight-led approach based on our data, internal models and analytical capabilities.

Human Capital
Our employees have deep maritime expertise and experience covering all key insurance competencies.

Financial Capital
Strongly rated capital base enabling us to pay claims and to offer predictable and competitive premium levels.

What we aim for

- Market Development
- Global Operational Excellence
- Financial Strength

Our main activities

We support our Members and clients
We provide a range of insurance products, hands-on casualty and claims handling as well as targeted loss prevention services.

We focus on our people
We develop competence, foster diversity and ensure equal opportunities and a good working environment.

We strive for long-term sustainable investment returns
Through our scale and financial strength, we invest responsibly to the benefit of our Members and society.

The result of everything we do

+ **Safer and cleaner operations**
By reducing the likelihood and impact of marine casualties, our Members and clients run safer and cleaner operations, securing business continuity.

+ **Protected lives**
Through timely and targeted loss prevention, the lives of seafarers are protected, illness and injuries prevented, and better livelihoods secured.

+ **Reduced risks**
Through tailor-made products and services, we mitigate risks and support a sustainable transition in the maritime industry.

+ **Lower premiums**
We build capital over time that has a direct positive impact on premiums.

+ **Empowered employees**
We attract, develop and retain competent and engaged colleagues.

We have an impact on

+ Keeping world trade moving
+ Ensuring safer and cleaner operations
+ Pushing for a sustainable ocean economy

UN Sustainable Development Goals

- 8 DECENT WORK AND ECONOMIC GROWTH
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Our support to Members and clients

In 2023, Gard continued to grow, both in P&I and in the Marine & Energy sectors. Having achieved the milestone of becoming Asia's largest P&I insurer in December 2022, this growth continued also in 2023, with positive developments in close to all Asian markets, particularly in Japan. We also maintained our strong footprint in our traditional markets in Europe and the US, and we saw further growth in Greece. Overall, the P&I market has become more differentiated over the last few years, although a common goal has been to strengthen the pricing of the P&I product, following years of reduced rates.

In the Hull market, we have gone through an extended period of increased prices, and it is anticipated that 2023 will be the last year with average rate hikes across the industry. From 2024 onwards, we expect a more stable rate trajectory. Overall, we witnessed positive premium developments in 2023, although there was a decrease in the written premium related to our fronting agreements (see note 15 for further details). Reduced vessel values in the container segment also contributed to a slight decrease in gross written premium. The upside of this is that with a reduction in vessel values, our overall risk exposure has also decreased.

The Energy market has been relatively stable throughout the period, following a benign claims environment.

Gross written premium, USD millions (ETC basis)

	2020	2021	2022	2022*	2023
P&I	519	505	534	612	675
M&E	354	417	502	383	508
Total	874	922	1,036	995	1,183

* Financial period 21 February 2022 – 31 December 2022

Claims incurred for own account, USD millions (ETC basis)

	2020	2021	2022	2022*	2023
P&I	405	413	384	347	427
M&E	181	219	245	180	311
Total	586	632	629	527	738

* Financial period 21 February 2022 – 31 December 2022

Overall, the claims development in 2023 was better than expected, especially for P&I and Energy. This was mainly driven by fewer casualties and large claims. There were two exceptions for P&I. One was the grounding of the ro-pax vessel M/V Marco Polo off Southeast Sweden in October – the largest oil spill incident dealt with by Gard in more than five years (see next page for further details). The other was a collision between a container ship and a bulk carrier in a Vietnamese port, which caused significant damage to a jetty and unloading equipment.

International Group pool claims were also lower than expected in 2023.

Marine claims developed somewhat worse than expected, thus reversing the very benign claims picture from 2022. Key incidents involved explosions, fires, and serious engine failures onboard vessels.

Overall, we witnessed positive premium developments in 2023

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Number of registered claims per financial year

Year	Total claims	People claims	High-severity claims (>5 USD m.)
2021	17,255	3,778	21
2022	19,348	4,600	12
2022*	17,563	3,571	9
2023	21,949	4,331	11

* Financial period 21 February 2022 – 31 December 2022

In sum, the net technical result on ETC basis was USD 67 million, leading to a very strong combined ratio net of 92.8 per cent for all business lines.

Gard strives to balance its overall insurance result with a small but acceptable loss on the mutual P&I side. Given the persistent inflation and prospects of higher claims costs ahead, Gard decided in November 2023 to seek a 5 per cent premium increase on an ETC basis for the 2024 P&I renewal. This was considered necessary to maintain predictability and stability on the mutual P&I product. Meanwhile, Gard also decided to give an Owners General Discount (OGD) of 10 per cent – equivalent to approximately USD 50 million – to Members renewing for the 2024 P&I policy year. This was the fifteenth year in a row that Gard returned capital to its membership, reflecting the group's strong and stable capital situation and the positive outlook ahead.

Highlights

Oil spill response: When time is crucial and collaboration is key

Photos: Gard

In the early hours of Sunday, 22 October, the ro-pax ferry M/V Marco Polo grounded on the southern coast of Sweden, and significant amounts of heavy fuel oil started leaking out.

Gard, as the vessel's P&I insurer, immediately mobilised a crisis team to assist the shipowner and to limit the impact of the casualty. The Swedish Coast Guard made sure that the passengers were evacuated, a salvage company was appointed, as were divers, a technical advisor, surveyors, and international experts in oil pollution response (ITOPF). Gard also mobilised internal resources and specialists who travelled to the site. Our key focus was to limit any further pollution and to prevent the vessel from becoming a total loss.

Rough weather unfortunately led to some dramatic developments in the following days. In heavy winds, the vessel refloated and started drifting, before grounding again. This sadly led to an additional oil spill, and the vessel was now taking in more water, causing reduced stability and worst-case, possible capsizing. Several of the crew members were evacuated to lifeboats as the situation was deemed to be dangerous.

Thankfully, through the collaborative efforts of everyone involved, the situation was eventually brought back under control. The salvage company and the ship's crew managed to pump out the water and the vessel was restabilised. Soon thereafter, she was successfully brought into port in Karlshamn, before she could safely be towed to a repair yard in Gdansk, Poland. The cleanup after the casualty continues and Gard is working with local authorities to assess the situation.

It is in cases like these that we see the true value of experience, expertise, and above all: collaboration. Without the swift response of everyone involved – the shipowners, local authorities, salvors and Gard as insurers – the Marco Polo casualty could easily have had a much worse outcome.

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Advancing our digital services

As part of our efforts to improve services to our Members and clients, Gard launched a new insurance portal in October 2023. Designed for desktop and mobile devices, the portal gives both Members and brokers simplified access to fleet information, insurance covers, claims information, loss records and more. We are continuously adding new self-service possibilities, and in December 2023, we added the ability to order Blue Cards and MLC Certificates through the portal. This has been very well received, and before the end of the year, close to 20 per cent of our covered vessels had received their certificates through the portal.

Going forward, with the inclusion of Hull & Machinery clients, improved functionality and new loss prevention services, the portal will facilitate further advances in Gard's digital service offering.

In everything we do, whether it is related to our product development, digital solutions or our claims handling, Gard uses systematic customer feedback to learn and improve. In 2023, we engaged with more than 200 Members, clients and brokers to assess their customer experience. We also interviewed a wide range of other stakeholders, including Board members, brokers, correspondents, external service providers and industry organisations, to make sure we understand their views and experiences, monitor trends and to continuously adjust our strategy going forward.

Gard launched a new insurance portal in October 2023 →

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Seafarer health and wellbeing

Gard is committed to the protection of lives, livelihoods, and health of seafarers. This is important both from a social responsibility point of view, but also from a business perspective. Seafarers are the single most important cause of accidents, and they are also the ones most exposed to accidents when they occur. Better working and living conditions onboard lead to better health, improved situational awareness, and thus safer ship operations and fewer accidents.

In 2023, we have continued to focus on the importance of having fair and clear crew contracts, not only to ensure reasonable levels of help and compensation but also to avoid lengthy disputes. We have assisted employers with reviews of crew contracts to ensure that they comply with the standards of the Maritime Labor Convention, that they are clear and predictable, and that they have proper regard for crew welfare and wellbeing.

We have also continued our work to improve the available medical care for seafarers. Pre-Employment Medical Examinations (PEMEs) have been reviewed and improved to ensure that these examinations also focus on mental health, a topic that we know deserves more attention. Moreover, the Mariners Medico Guide, a medical app launched by Gard in October 2022, has now been adopted by several shipowners as their number-one reference tool for medical treatment onboard. More flag states have also endorsed it, including the Marshall Islands, Bahamas, Antigua & Barbuda, Iceland, and Norway. At year-end, the app had been downloaded some 20,000 times.

> “Already at first glance, the Mariners Medico Guide looks very easy to use, which makes it one of the best helpers in a stressful situation. Application design and content are great and very relevant for the maritime industry”

Captain Aleksejs Dorofeicks, M/T Finnanger

Highlights

Getting seafarers safely home

Photo: All India Seafarers Union

On 28 May 2023, the 26 crew members of the crude oil tanker Heroic Idun were released and could finally return home to their loved ones, after having spent almost ten months in detention, first in Equatorial Guinea and then in Nigeria.

Their release marked a welcome turning point in what had otherwise been a long and challenging case. Their ordeal began on 12 August 2022 when the vessel was illegally intercepted by Equatoguinean authorities in the EEZ of São Tomé & Príncipe.

The crew was detained in Equatorial Guinea for three months, having to endure rough interrogations without legal representation, armed guards onboard, not to mention serious sickness and mental strain. To make matters worse, they were eventually transferred to Nigeria, where they spent another six months in captivity.

Throughout this time, Gard worked intensively with the shipowner, manager, service providers and other stakeholders, to preserve the health, safety and morale of the crew. After months of negotiations and hard work, a solution was finally found. The crew were released and could return home – free from all charges.

In October 2023, the master of the ship visited Gard’s head office in Arendal and met with some of our claims handlers, as well as the CEO and other leaders – an emotional moment for everyone. He shared some of his thoughts and experiences from the ordeal, emphasising his hope and faith and his determination to continue serving at sea.

Luckily, we do not come across cases like the Heroic Idun too often. It still serves as a stark reminder of the profound injustices that seafarers can be exposed to in certain parts of the world – and how important it is to mount strong support for their interests when it happens.

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In addition to this, Gard also offers courses and training sessions to Members and clients who want to know more about how to promote seafarer health and wellbeing onboard. To that end, we use a wellbeing index developed in collaboration with psychologists that can be used for benchmarking and improvement purposes. So far, more than 2,000 seafarers have taken part in this program.

Number of crew claims per financial year

Year	Illness	Injury	Death
2021	2,581	689	94
2022	2,907	790	132
2022*	1,966	706	83
2023	2,056	1,061	100

* Financial period 21 February 2022 – 31 December 2022

Navigating geopolitical turbulence
Geopolitical tensions and turbulence continued throughout 2023. The war in Ukraine – Europe's largest since the Second World War – showed no sign of ending, and on 7 October, the world turned its eyes to yet another outbreak of brutal warfare, the violent conflict between Israel and Hamas. Toward the end of the year, we also saw increasing numbers of Houthi militia attacks on ships transiting the Red Sea, further escalating tensions in the region.

In response to the increasing turbulence, Gard provides continuous guidance and advice to its Members and clients. In 2023, we also delivered a new and improved Gard War risk offering. This includes our war risk portal, offering 24/7 quoting and premium calculation using automatic breach detection (AIS), as well as our new war risk intelligence service, established through an agreement with the Norwegian

Highlights

Building relationships across the world


Photos: Gard

When an accident strikes, having local knowledge and local contacts are key.
Major casualties require tremendous efforts from everyone involved, and a successful response will depend on clear chains of command, having access to the right resources, multidisciplinary expertise, and last but not least: close cooperation.

This is what Gard's outreach program is all about. We regularly engage and interact with port authorities and other casualty stakeholders across the world, seeking to build mutual trust and understanding and to increase accident preparedness. Gard's outreach program today includes more than 20 countries, including the US, India, Sri Lanka, Turkey and other key maritime jurisdictions. In 2023, Egypt was also added to the program, and we organised a joint casualty workshop with the Egyptian Navy at the Alexandria Naval Base. We plan to do the same with the Suez Canal Authority in 2024.

In parallel with this, Gard is also a strong advocate for the outreach work done by the International Group of P&I Clubs (IG). Last year, we helped to establish Memorandums of Understanding on future casualty cooperation between the IG and Greece, and the IG and Spain.

We place strategic importance on having good relations with maritime authorities across the world. This benefits our Members and clients, and it benefits the protection of people and the environment.

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Shipowners' Mutual War Risks Insurance Association (DNK). The new service means that Gard's war lead clients can receive tailored and exclusive intelligence reports as well as additional support in cases of crisis and war risk incidents. All war lead clients also benefit from continuous vessel monitoring through DNK`s Intelligence & Operations Centre, and they receive warnings and advice when faced with a potential security threat.

> "With this improved war risk service, we are taking a big step forward, offering our clients with war risk led by Gard something that can make a huge difference in helping to prevent losses and improve operational safety"

Bjørnar Andresen, Group Chief Underwriting Officer, Gard

In general, we have had an increased focus on helping our Members and clients with security-related issues in 2023. Gard received an increasing number of inquiries, both related to the war in Ukraine, the situation in the Black Sea, the Israel-Hamas war and the subsequent attacks in the Red Sea. In response to these developments, we engage with a wide range of intelligence providers, local correspondents as well as our local offices to gather the best possible insights to share with our Members and clients.

Enabling the green transition

The green transition is high on the agenda for Gard, as it is for our Members and clients. Even though the lion's share of our portfolio still runs on conventional fuels, we do see a growing shift and willingness to invest in new technology and alternative fuels. Our role is to facilitate and support this transition, and we stand ready to provide cover for the risks associated with new fuel types and technologies.

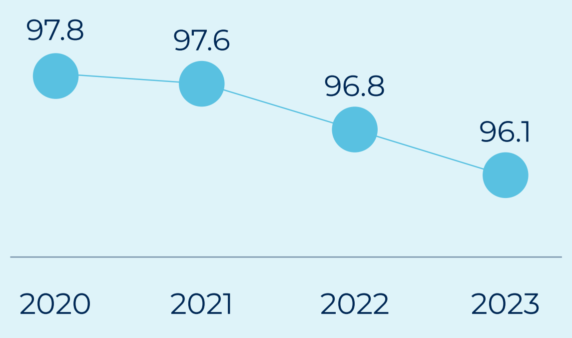
World fleet 2023

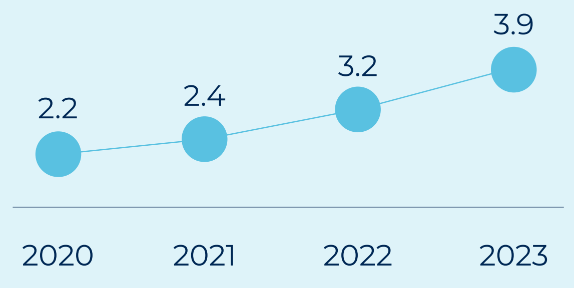
Conventional fuel	Alternative fuel
98%	2%

Source: S&P Global and Lloyd's List Intelligence, with unique IMO number as identifiers

Gard's portfolio 2023

Conventional fuel	Alternative fuel*
96%	4%





Source: S&P Global.

* The alternative fuel percentage is based on vessels that are in operation as of 31.12.2023, and that are either capable of using alternative fuel or ready for adaptation to alternative fuel in the future. Gas carriers have been excluded.

Gard share of world fleet running on alternative fuels/energy*

Wind	44%
Solar	7%
Methanol	60%
Hydrogen	61%
Gas	53%
Battery	40%
Ammonia	79%

Source: S&P Global.

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Supporting the green transition

As a leading marine insurer, Gard is involved in supporting a wide range of new technologies, alternative fuels and other innovations to help the maritime industry decarbonize. This figure gives a simplified overview of some of the areas where we are involved, either as insurers, partners or as funders of research and development.

Alternative fuels

Gard insures several vessels operating on alternative fuels. We provide guidance for newbuildings, loss prevention advice, and we build knowledge and expertise to help reduce the risks associated with each fuel.

New design and retrofits

Gard insures Class-approved new designs and retrofitted equipment and alterations to the hull, reducing our Members' and clients' financial risk in the green transition.

Electric and hybrid vessels

Gard insures in several hybrid and battery-operated vessels. We also offer guidance and targeted loss prevention advice, particularly connected to battery fire risks.

Renewable energy

Gard provides cover both for the construction and operation stages of offshore wind, which currently constitutes around 38% of our total energy segment. We are also building knowledge in floating solar and tidal power projects.

Wind power propulsion

Gard insures vessels with wind-assisted propulsion technology. We are also engaging with the industry to make sure we continuously gather insight and understand the associated risks.

Voyage optimisation

Gard insures vessels that are adopting optimisation measures, build our knowledge of the available solutions, and engage with industry initiatives such as the Blue Visby Solution.

Carbon Capture & Storage (CCS)

Gard offers insurance for parts of the CCS process. We also engage with authorities and other stakeholders to develop possible solutions for the other risks associated with CCS.

Onboard Carbon Capture

Some of Gard's Members and clients are considering this technology. We are also involved in the research project 'REMARCCABLE', which aims to demonstrate end-to-end shipboard carbon capture at scale.

Research and development

Gard supports a wide range of research insitutions, and we are involved in innovation projects aiming to accelerate shipping's decarbonisation. These include partnershipswith the Global Centre for Maritime Decarbonisation and the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping.

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In parallel with providing insurance products and services that support the green transition, we have also continued our collaboration with the Global Centre for Maritime Decarbonisation and the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping. We do this to gain knowledge and to help fund the research, development and knowledge-sharing that are needed to succeed with the transition. In 2023, we supported several research projects, including a pilot focusing on ammonia bunkering, and one focusing on onboard carbon capture. Shortly, we will also be involved in a project focusing on crew safety onboard low and zero-emission ships.

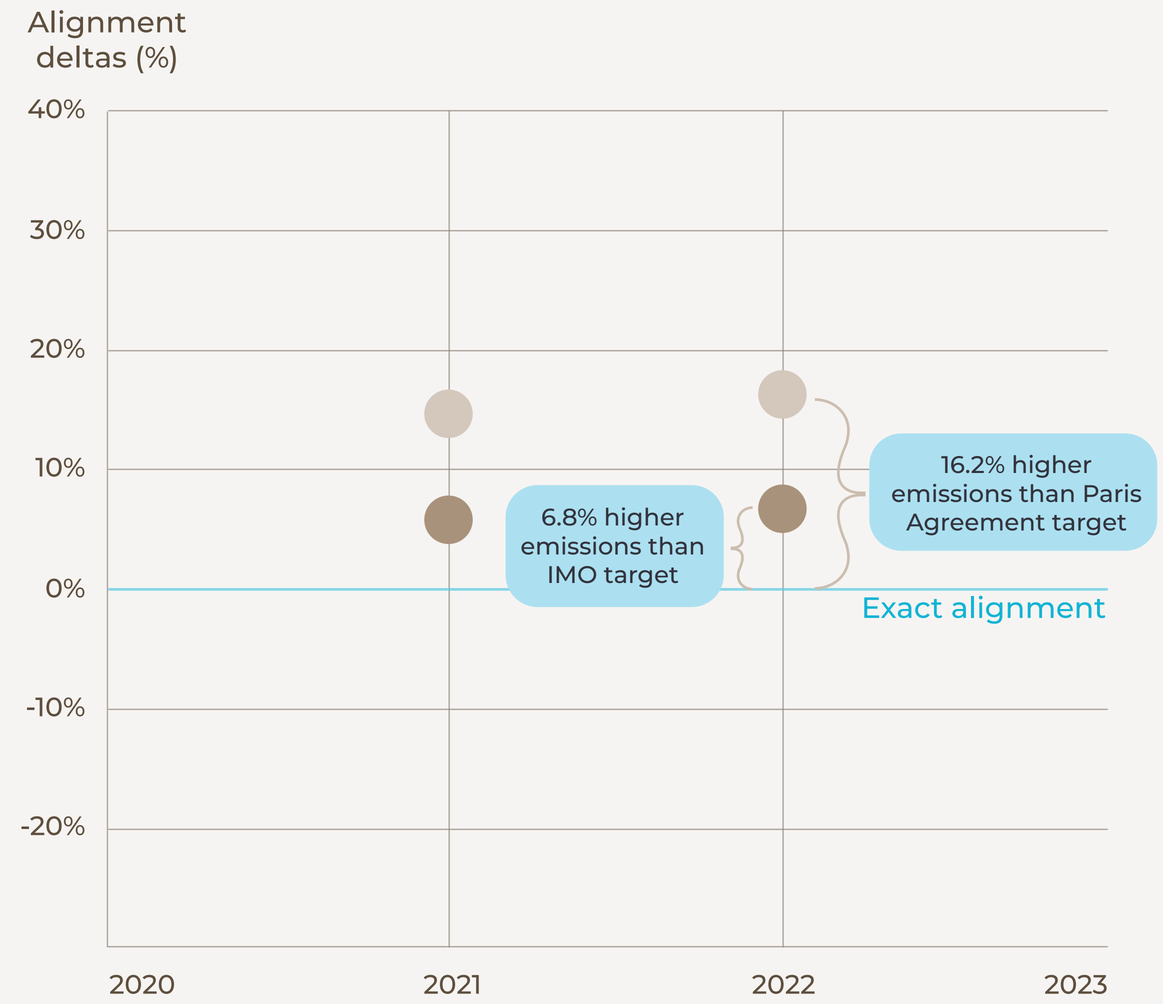
We have also been involved in a series of steps to increase regulatory clarity in the shift towards cleaner fuels: We contributed to the drafting of BIMCO decarbonisation clauses and joined a BIMCO sub-committee working on clauses for FuelEU Maritime and alternative fuels. Gard also sits on the decarbonisation steering committee of the Comité Maritime International (CMI), and we chair an IG working group that will assess the scope of international liability conventions and whether they are sufficiently "fit for future" in terms of alternative fuels and new cargoes. All to reduce legal ambiguities and to support the green transition.

As a signatory to the Poseidon Principles for Marine Insurance (PPMI), Gard also issued its second climate alignment score in 2023, disclosing the carbon intensity of our hull and machinery portfolio. In essence, this score shows how we are faring compared with the emission targets set by the IMO and the Paris Agreement (see graph below). Since our previous reporting, we have seen that the fuel mix in our portfolio is gradually changing and that there are lower average emissions per ship insured. These positive developments have however been offset by increased speeds in segments with high activity levels. The PPMI trajectories also require that we improve from year to year. In sum, this has led to a slight deterioration in our score compared to last year. This only serves as a reminder that there is still work to be done to reach our decarbonisation ambitions.

> "This only serves as a reminder that there is still work to be done to reach our decarbonisation ambitions"
>
> Rolf Thore Roppestad , Gard CEO

Climate alignment of Gard's Hull and Machinery portfolio

Gard's PPMI reporting shows that the carbon emissions from our Hull & Machinery (H&M) portfolio are 6.8 per cent higher than the IMO's decarbonisation trajectory, which aims for a 50 per cent reduction in carbon emissions by 2050. Compared to the more ambitious Paris Agreement, which has a goal of zero carbon emissions by the middle of this century, our H&M portfolio emissions are 16.2 per cent above target.



For the 2021 climate alignment score, we have had a slight improvement compared to what was reported in last year's annual report. This has to do with a calculation adjustment made to better reflect our insured exposure to some of the ships in our portfolio.

Highlights

Higher waves – higher claims?

Photo: Gard

Climate change has increased the frequency and severity of extreme weather. The costs associated with smaller weather events are often manageable, but larger incidents could present considerable challenges for the industry.

One segment that could be particularly exposed to more extreme weather, is the container vessel segment. With the increasing trade of containerized goods, container vessels have become much larger in recent years – and with increasing size comes increasing risks, for instance when it comes to large container stack collapses.

A recent Gard analysis shows that container stack collapses are heavily correlated with adverse weather and high waves. In fact, among all the incidents of stack collapses in Gard's P&I portfolio from 2016 to 2022, as many as half of them occurred during wave heights exceeding 7 meters.

This clearly shows that with more extreme weather, the risk of high-impact casualties will also increase. Improved safety measures, as well as improved weather forecasting and weather routing may be needed to reduce the risks.

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In essence, Gard forms part of a larger maritime community where we engage with a wide range of stakeholders. The International Group of P&I Clubs is perhaps the most important of these and one to which we are a strong contributor. Other important stakeholders include IUMI and the Nordic Association of Marine Insurers (Cefor). In total, Gard is a member of some 130 industry organisations, which means we are well-placed to share knowledge, gain insights and to pick up on emerging issues.

Helping the wider industry

In Gard, we strongly believe that out of the losses experienced by the few, there are lessons to be learned for the many. That is why we share knowledge and insights not only with our Members and clients but also with the wider maritime industry. Through our loss prevention efforts, we seek to raise awareness, prevent accidents and to improve operational standards across the industry.

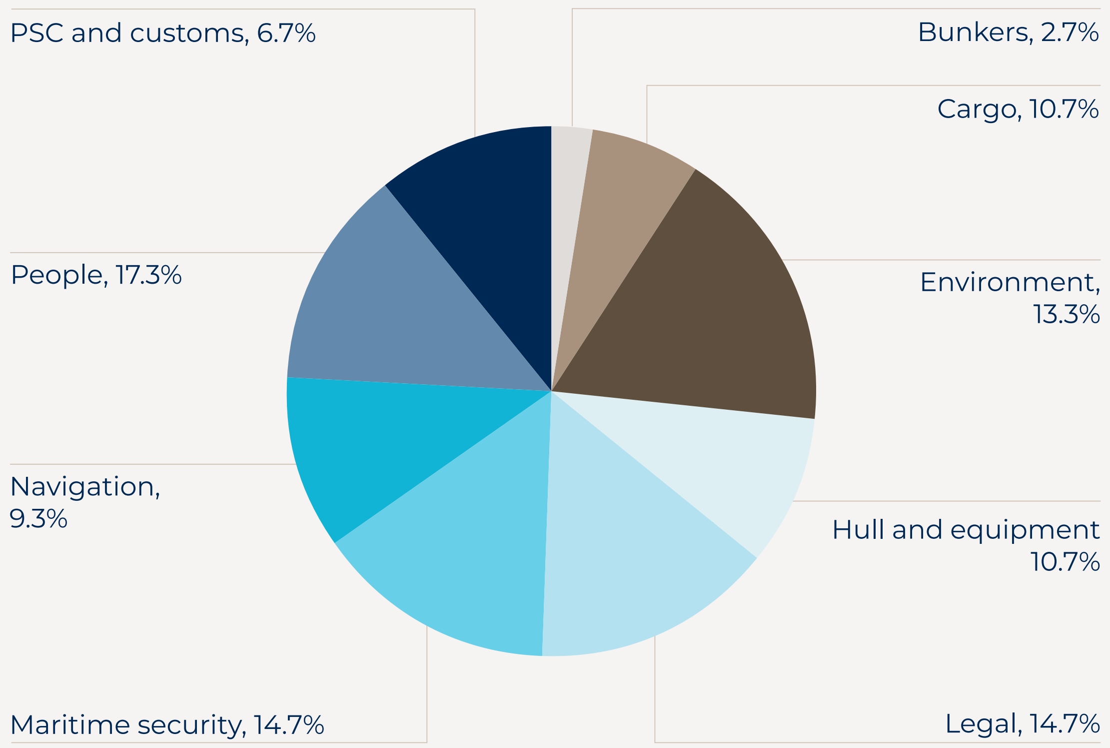
In 2023, we focused on fires and in particular, fires occurring onboard car carriers and in electric vehicles (EVs). Fires onboard container vessels have long been a hot topic in the industry, but in recent years, there has also been a growing concern with fires relating to lithium batteries and EVs, both onboard car carriers and on ro-pax vessels. EVs are, as far as we know, not more likely to catch fire than other vehicles. However, when they do, they can cause significant damage, to crew, passengers and the environment.

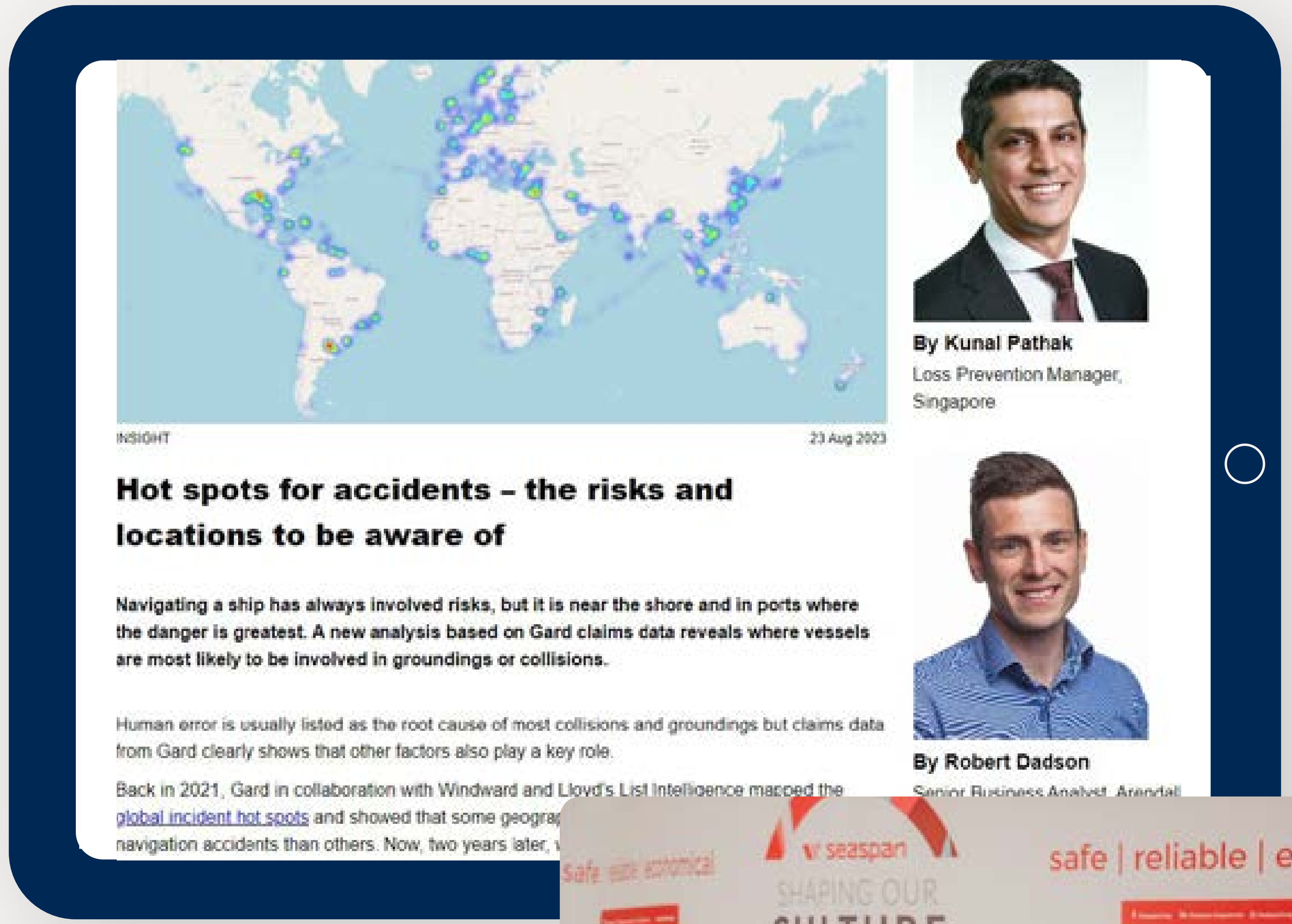
In response to these challenges, Gard engages with its Members, clients and industry stakeholders, calling for increased vigilance and improved safety measures. We are addressing the topic with the International Union of Marine Insurers (IUMI), CINS, the Vehicle Carrier Safety Forum as well as other organisations. We are also collaborating directly with relevant Members, knowing that many shipowners and operators are already doing commendable work to reduce the risks. Regulatory improvements are also underway in the IMO.

These are just a few of the topics we have focused on, however. In total, Gard surveyed 210 vessels in 2023 to ensure that the quality of our portfolio is on par. We also issued around 70 loss prevention articles and safety alerts, guiding our Members and clients through changing territories. We hosted or participated in more than 70 loss prevention seminars, workshops and safety drills, and we contributed to a series of industry events focusing on topics such as ship recycling, sustainable casualty handling, seafarer safety and wellbeing, and human rights at sea.

> “We strongly believe that out of the losses experienced by the few, there are lessons to be learned for the many.”
>
> Christen Guddal, Chief Claims Officer, Gard

Gard updates - what we focused on in 2023





Photos: Gard

Christina Tsouni, Senior Claims Executive.

Bruce Liu, Loss Prevention Executive.

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Our people and organisation

In Gard, we know that it is our people – our co-workers, their competence and what they bring to the table – that helps to create value for our Members and clients. Marine insurance is very much a "people business" and Gard is a specialised and high-competence company. That means that having the right people at the right place – attracting, retaining and continuously developing our workforce – is fundamental to our value creation.

That is why we are happy to see that we continue to grow and evolve as an organisation. We see increased competition for some of our job vacancies, but overall, we continue to attract very good candidates across the board. Over the past year, we have welcomed 103 new joiners to Gard, constituting a net growth of 7.7 per cent. At the year-end, over 30 different nationalities were represented among Gard's employees, and we take great pride in having such a global workforce.

Marine insurance is very much a "people business" and Gard is a specialised and high-competence company

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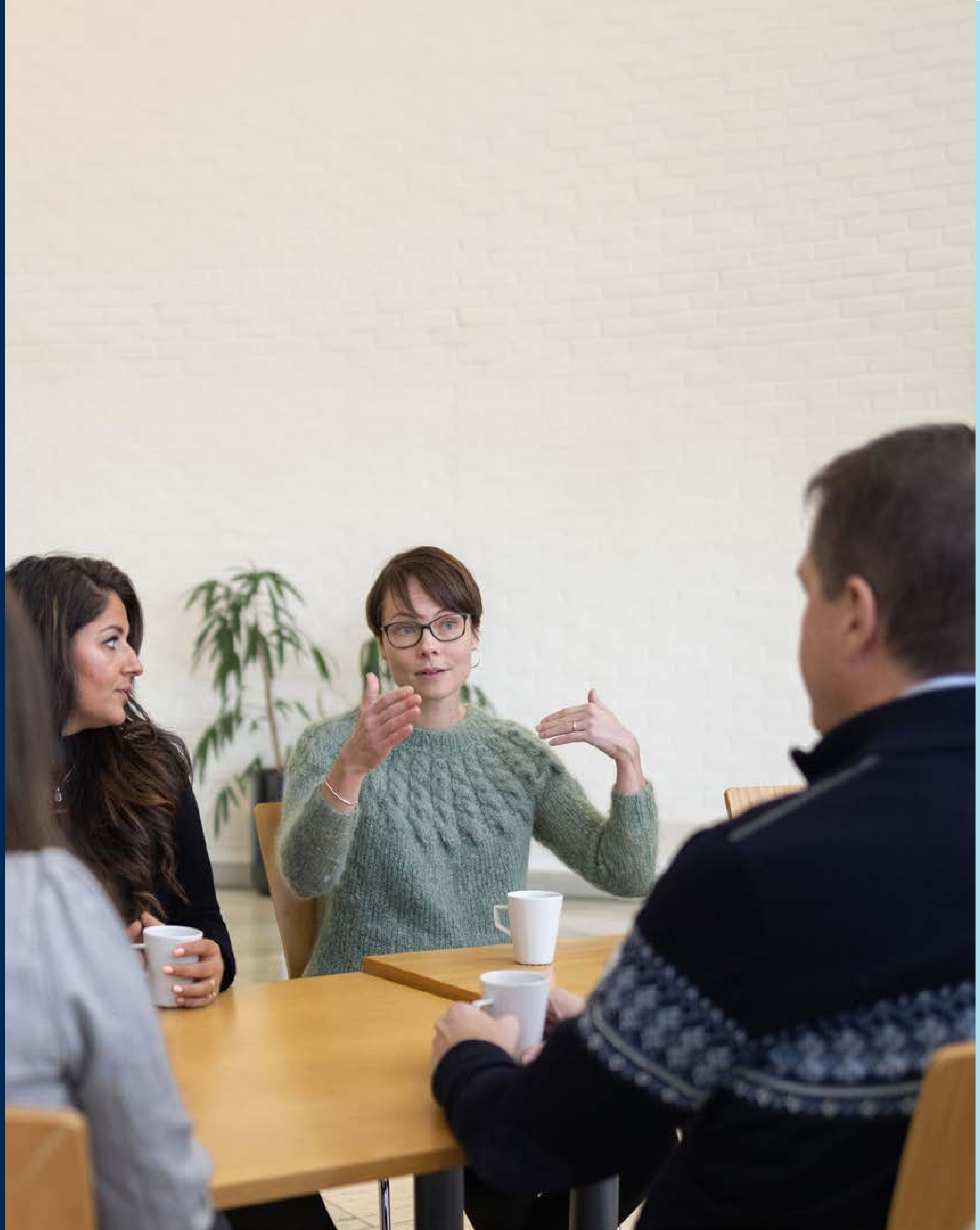

Gard around the world

13 offices 683 employees

Gard has approximately 30 different nationalities represented among its employees. We take great pride in having a diverse and highly competent workforce.

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Key organisational priorities in 2023 included the roll-out of our new onboarding programme, which was developed to ensure that new employees can get quickly familiarised with our business and organisational culture. We also focused on providing diversity leadership training to all leaders across Gard. Knowing that our organisation is becoming increasingly diverse and global, we want to make sure that we build on this and that we promote inclusive leadership behaviors. This means seeking to prevent unconscious biases and encouraging diversity in the workplace. In the short to medium term, we believe this initiative can help to further improve the working conditions of our employees.

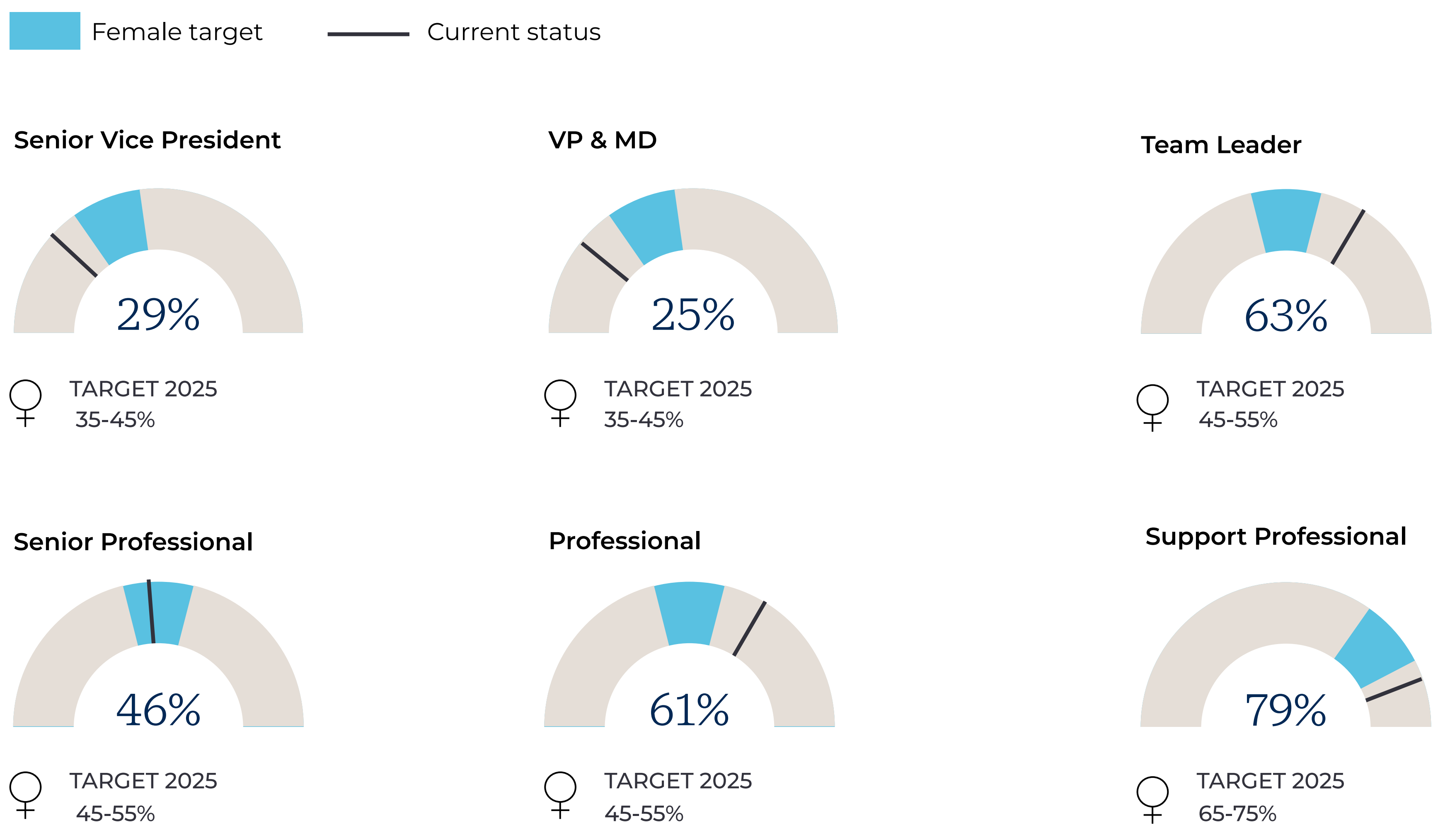
Another priority for us in 2023 was long-term strategy work, and as part of this, the entire organisation came together for a hybrid "Strategy Festival" in May. At this festival, we engaged with representatives from the Board of Directors, we had workshops and gatherings across all offices and across all departments and teams, discussing how we should develop as a company and what the key issues will be for our industry going forward. Engaging with our employees in this way is important if we want to fulfill our full potential as an organisation and reach our long-term goals.

> "Knowing that our organisation is becoming increasingly diverse and global, we want to make sure that we build on this and that we promote inclusive leadership behaviors"

Aina Bugge Solheim, Vice President, Head of HR

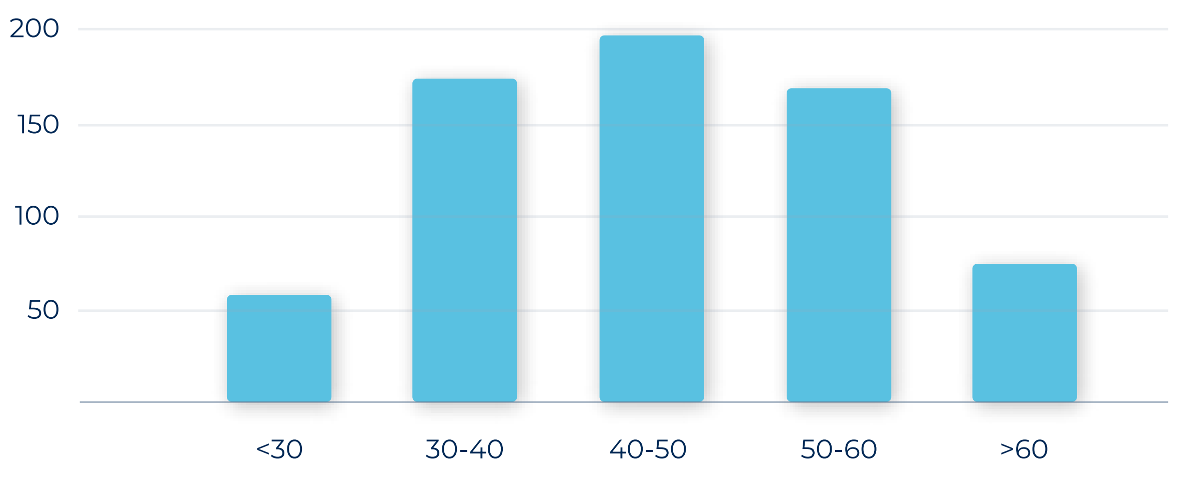
Our workforce

Gender balance across positions*



Gender distribution*

Age distribution



*Gard recognises and respects that people may have other gender identities than male/female.

We have in our reporting so far used this binary terminology, but going forward, we will consider including other gender identities.

Digitalisation and cyber security

Gard is not only a people-focused business. We have also made significant investments in technology over the past few years, focusing on developing and implementing smarter ways of doing business, both for our customers and for our employees. A prime example is our Gard24 program, which has facilitated the launch of a new insurance portal, the new war risk offering, as well as the Mariners Medico Guide.

In parallel with this, Gard also completed the migration of all its systems to the cloud last year, thereby enhancing our operational speed and resilience. We continue to prioritise cyber security, working not under the premise that we might be attacked, but rather that we will be attacked. To build resilience and prevent data losses, we are partnering with leading security experts, continuously improving our cyber defenses, and last but not least, training the entire Gard organisation to be good first responders. During autumn 2023, we also executed a "red team" exercise, simulating a real cyberattack using a hired hacker trying to break into our systems. We learned that, overall, we have good defense strategies and systems in place. There are some improvement areas as well, which we will address going forward.

Knowing our suppliers

Gard is a global company with suppliers and external service providers (ESPs) across the world. Knowing our supply chain is important, from a financial, ESG-related, and reputational point of view. We are therefore partnering with a leading third-party professional to assess and report any ESG-related risks in our supply chain.

In 2023, we identified 16 OPEX suppliers as potentially linked to higher ESG risk in our supply chain, based on selection criteria such as country risk, sector risk, link to business and level of spend. These selected suppliers were further assessed, and results evaluated. The findings indicated no red flags. Suppliers that were assessed to have higher risk, were also followed up and requested to sign the Gard Supplier Code of Conduct.

We also assessed 22 external service providers (ESPs) – correspondents, surveyors, salvage and wreck removal contractors – that are operating in areas where we know there can be concerns related to human rights and working conditions. Based on this assessment, we were able to learn more about their different working procedures and respective risk areas. No major red flags were identified, although the ESG maturity level vary greatly from company to company. All companies assessed in 2023 will also be contacted in 2024 and invited to share their progress on ESG-related matters.

As for Gard's own operations, we follow the same due diligence process as we do with external suppliers. In 2023, Gard maintained its Ecovadis gold rating placing us among the top 5 per cent for the second year in a row. We also received a noteworthy, improved score.

For further details on how we assess and address risks in our supply chain, please see Gard's Human Rights Due Diligence Report.

Photos: Gard

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Our greenhouse gas emissions
Gard measures its greenhouse gas emissions according to the reporting principles of the Greenhouse Gas Protocol (GGP). These distinguish between direct emissions from owned or controlled sources, which include company vehicles (scope 1), indirect emissions from the generation of purchased electricity, heating and cooling (scope 2), and other indirect emissions that occur in a company's value chain (scope 3).

For all our offices around the world, we measure scope 1, scope 2 and parts of scope 3 – business travel and emissions from waste disposal. The following targets have been set to reduce total emissions:

By 2022

10% reduction compared to 2019

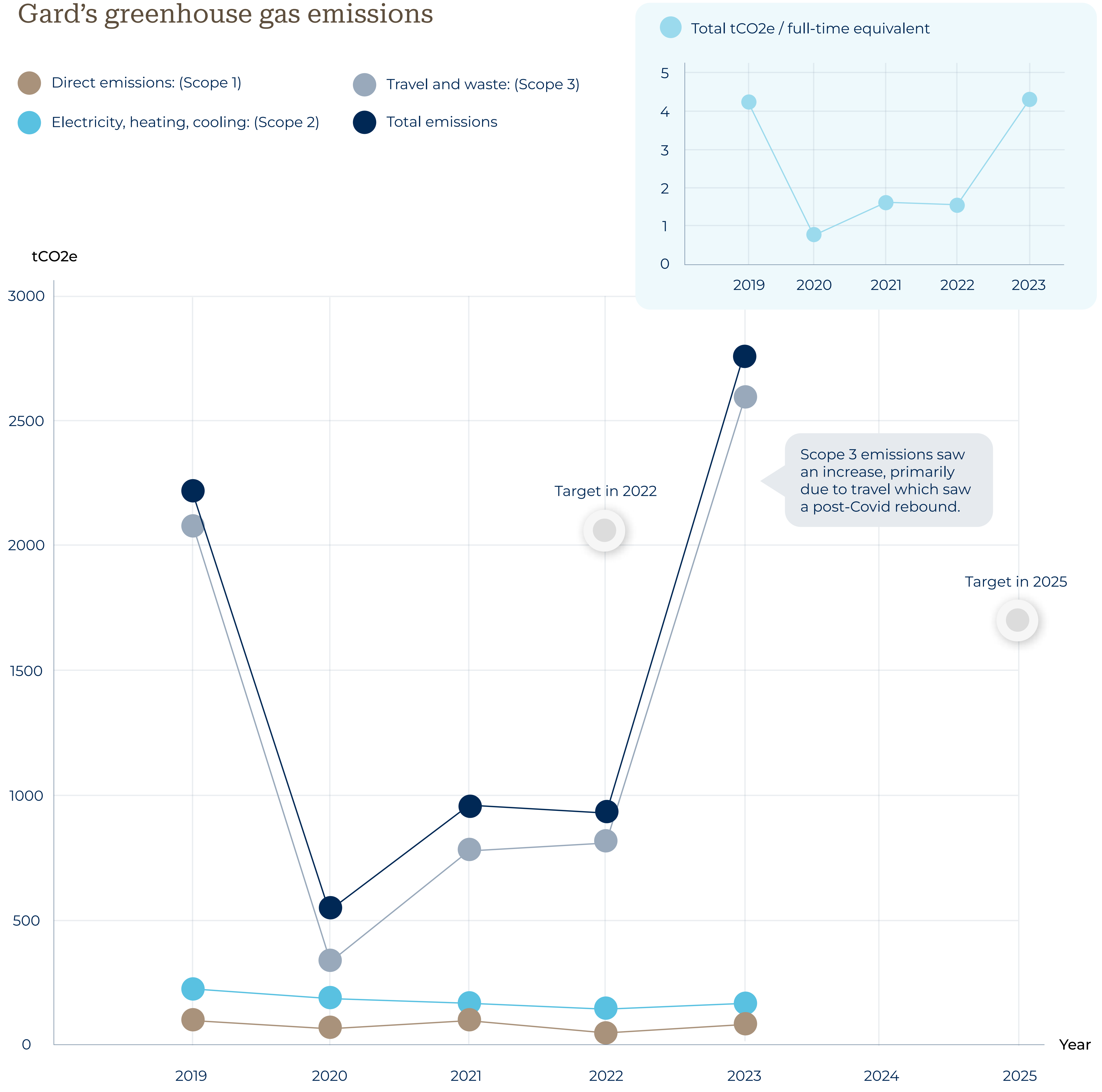
By 2025

20% reduction compared to 2019

In 2023, our scope 1 and 2 absolute emissions decreased slightly compared to 2019, due to a reduction in the number of company cars and the installation of energy-efficient office solutions. Scope 3 emissions saw an increase, primarily due to travel which saw a post-Covid rebound. We will continue to prioritise further emission reductions by reducing unnecessary travel. We are also planning to include more emission categories in our scope 3 reporting.

Our measured emissions will be compensated through the purchase of Verified Carbon Units (VCUs) and Gold Standard credits. One of the projects supported by the carbon compensation is the Delta Blue Carbon project in Pakistan, which aims to restore mangroves and wetlands and preserve biodiversity. Not only does the project provide a net CO2 removal effect; it also provides livelihood opportunities and limits deforestation drivers.

Gard's greenhouse gas emissions



* To factor in the significant growth in the number of employees over the past few years, we introduced an additional metric in 2023: tC02 equivalent / full time employee (FTE). This means that in addition to tracking absolute emissions, we now have a measure of carbon intensity to track efficiency improvements.

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Our investments

Financial strength is at the very core of Gard's value proposition. It is what enables us to withstand volatility, both in claims and in financial markets. It also allows us to offer stable and predictable premiums to our Members, with a low probability for additional and unbudgeted premium calls.

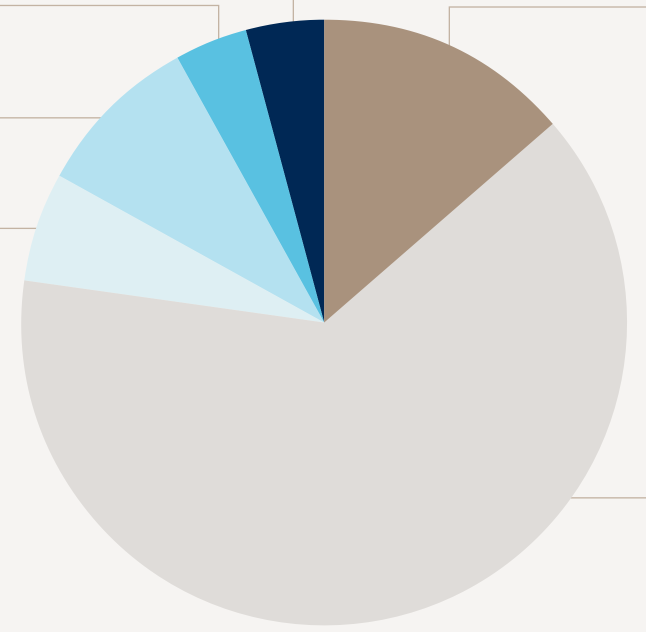
To make sure Gard continues to be financially strong, we invest capital with a long-term perspective. Our investment approach is one of prudence and diversification, reflecting our overall risk appetite and business strategy. We have a continuous dialogue with our governing bodies about our investment strategy, allowing us to frequently adjust and adapt our portfolio so that it best serves the long-term interests of the group.

The year in brief

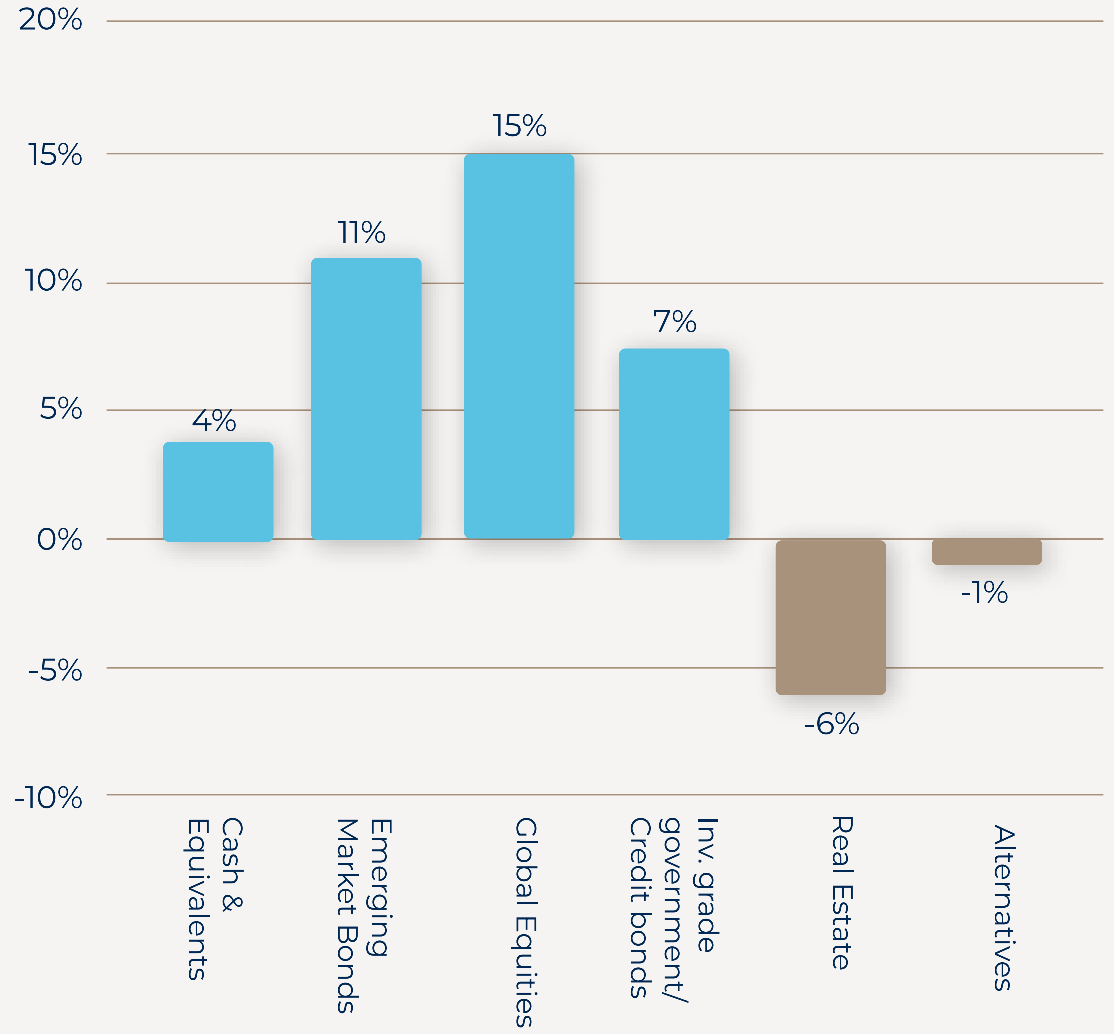
While 2022 was an exceptionally volatile year in the financial markets, 2023 has been – if only slightly – "smoother sailing". The year started with a general sense of optimism, as inflation continued to fall whilst the US economy experienced healthy growth and a strong labour market. As the pace of interest rate hikes gradually reduced, the US dollar started to weaken, further increasing optimism for global growth. Equity markets proved stronger than expected, in part due to increasing AI optimism in the technology sector. Even a minor banking crisis in the first quarter was brushed aside, as US banking regulators moved to insulate the sector from any problems caused by losses in their government bond holdings.

Later in the year, the sentiment shifted. Inflation proved stickier than hoped for, and with increasing

Investment allocation as at 31 December 2023



Investment return per asset class in 2023



Total investment return in 2023:

6.6%

Net asset value at 31 December 2023, USD:

2,530 million

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concern over the US budget deficit, the longer-term bond markets started to sell off sharply. This led to a strengthening of the US dollar and a sharp increase in global oil prices. However, as the US 10-year bond yield closed to 5 per cent, the Federal Reserve started to talk down the prospect of higher interest rates, causing rates to reverse and equity markets to rally. In December the Fed even signaled that they were now planning interest rate cuts in 2024, adding fuel to a positive momentum.

All things considered, Gard's investment return of 6.6 per cent is a satisfactory result, and a significant improvement compared to last year's return of -6.3 per cent. All investment classes, except for real estate and alternatives, delivered positive numbers. As a result, Gard's investment portfolio ended the year with a net asset value of USD 2,530 million, up from USD 2,263 million the previous year.

Equities and fixed-income assets were the primary drivers to this year's investment returns. Equities contributed 1.9 per cent to the overall return, which is quite strong considering that Gard generally invests in more defensive equity sectors with lower volatility and lower risk premiums. Our government- and credit bond investments, largely US-denominated, also delivered at a satisfactory level, with a contribution of 4.0 per cent.

Gard's real estate investments were more challenging in 2023, with a negative investment return of -0.3 per cent. Higher interest rates and reduced demand for office space following the pandemic have led to decreased values, and in response, Gard has lowered its exposure to real estate, which now constitutes only 4 per cent of our total investment portfolio.

Looking ahead, we expect continued market volatility and significant economic uncertainty. This means that risk diversification, both between and within asset classes, will continue to be important. We will maintain a dynamic and flexible approach to our investment portfolio, keeping in line with our overall strategy, our risk appetite, and the long-term interests of the group.

ESG considerations when investing

In addition to seeking long-term and stable returns, Gard also takes ESG considerations into account when investing. All asset- and fund managers must be signatories to the UN Principles for Responsible Investment (PRI), and they must have a framework in place to ensure that sustainability aspects are considered.

In 2023, 98 per cent of Gard's equity portfolio was screened with a focus on its ESG performance. The screening, conducted by MSCI, a leading provider of financial data and analytics to investors, resulted in an overall ESG score of 7 (out of 10) and a carbon score of 54. This is equivalent to an ESG rating of A and "low" carbon intensity. This is a small deterioration compared to last year, when the ESG rating was AA. For more information on MSCI's screening and rating methodology, see link.

Going forward, our goal is to take further steps to integrate ESG into our investments. From 2025, Gard will follow the reporting requirements of the EU Taxonomy, a classification system for assessing the sustainability of economic activities, and with this, we hope to make further progress in this area.

98% of Gard's equity portfolio was screened with a focus on its ESG perfomance

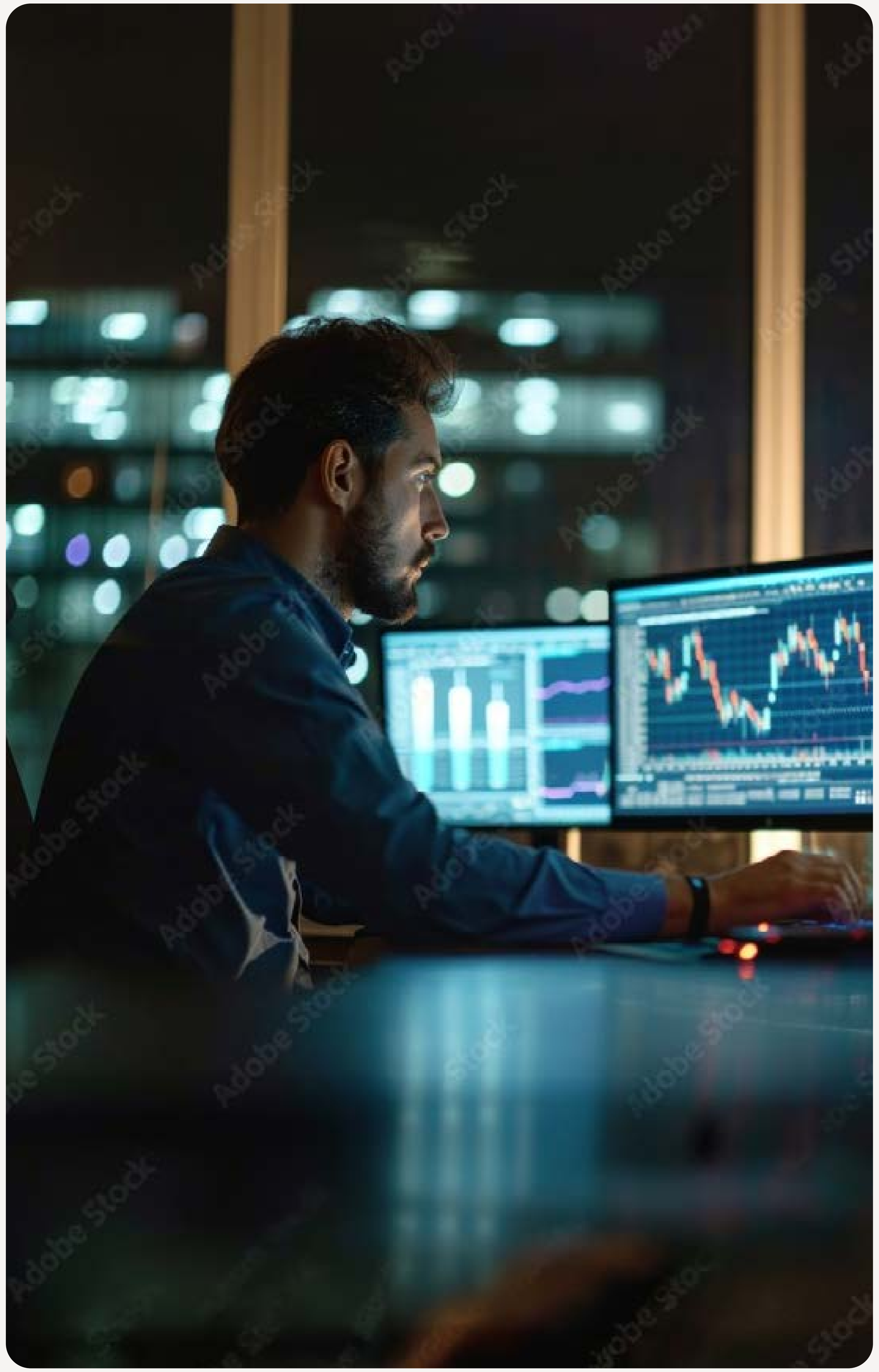

Photo: AdobeStock

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Capital and risk management

Ensuring capital adequacy, managing risks and ensuring compliance with regulatory requirements are key objectives for Gard as a global marine insurer. Several governance structures are in place to ensure compliance and a robust capital and risk management framework.

Capital management

The Gard group aims to manage its capital in such a way that all its entities always meet local regulatory capital requirements. Gard is subject to different capital requirements depending on the country of operation and the type of business conducted. In each country, the local regulator specifies the minimum amount and type of capital that each regulated entity must hold. In addition to the minimum capital required to comply with the solvency requirements, the Gard group aims to hold an adequate buffer to ensure that each of its regulated entities meets the local capital requirements over time. If an entity should fall below the target capital level, management will consider taking appropriate measures to bring the solvency ratio back to an acceptable level.

In April 2023, Standard & Poor's (S&P) re-affirmed the A+ financial strength of the Gard group and its direct writing subsidiaries (Gard P. & I. (Bermuda) Ltd., Assuranceforeningen Gard – gjensidig -, Gard Marine & Energy Limited and Gard Marine & Energy Insurance (Europe) AS). Gard continues to be the only A+-rated P&I club, reflecting our strong and market-leading position. In March 2024, S&P reaffirmed Gard's A+ rating.

Eligible own funds in USD millions – partial internal model

	31 December 2023	31 December 2022
Tier 1 Basic own funds	1,290	1,160
Tier 2 Ancillary own funds	224	206
Tier 3 Other own funds	-	-
Eligble own funds	1,514	1,366

Risk management

Gard has an effective system of risk governance, based on the three lines of defence model. Risk-taking is carried out in the business functions (1st line), risk oversight is carried out by the Risk Management, Compliance, and Actuarial function (2nd line), while independent assurance is provided by Internal Audit (3rd line). Gard's Risk Management function is mandated to ensure that the group has the expertise, frameworks and infrastructure needed to support sound risk-taking. The Risk Management function's independence from the business functions is maintained through a direct reporting line from the Chief Risk Officer to the Chief Executive Officer as well as regular reporting to the Risk Committee.

Considering Gard's business model, the main risks facing the company are insurance risks related to our portfolio and market risks facing our investments. Gard's internal risk capital model, which quantifies the various risks facing the Gard group, is an important tool in this regard. The full internal model is used to determine the group's capital requirements for internal purposes. The insurance risk and market risk modules from the internal model have been approved by the Norwegian FSA to be used for calculating Solvency II regulatory capital requirements for the Gard group, Assuranceforeningen Gard – gjensidig - and Gard Marine & Energy Insurance (Europe) AS. The Standard Formula is used for calculating regulatory requirements for counterparty risk and operational risk. The internal model and its parameters are reviewed regularly. For more information about our main financial risks, see Note 15.

Risk appetite and strategy

Gard's risk appetite is to hold sufficient capital and liquidity as well as to constrain its risk-taking so that the group can continue to operate following an extreme loss event, with the same tolerance for insurance risk. The risk-taking must be aligned with Gard's risk-carrying capacity. Gard aims to fulfil the following key objectives:

- Have a high probability of meeting its insurance liabilities and providing its services
- Preserve the continuity of its offering after an extreme loss event
- Have the flexibility and competence to help Members and clients manage new risks and pursue attractive business opportunities as and when they arise

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There are contingency procedures in place, describing how to respond to a breach in risk appetite or limits, ensuring that appropriate and proportionate remedial actions are taken when needed.

Current risks and emerging risks
In addition to insurance risk and market risk, Gard is exposed to other forms of risks, such as counterparty default risk, operational risk, liquidity risk, business risk, compliance risk, reputational risk and emerging risks. As part of our own risk and solvency assessment (ORSA) process, Gard conducts an annual review of all known material risks.

Emerging risks are investigated and assessed based on both external and internal inputs and reviews.

Sustainability risk
In 2023 Gard has updated its Risk Policy which now also includes sustainability risks. Sustainability risks are defined as uncertain social or environmental events or conditions that, if they occur, can cause an actual or potential negative impact on the company. It also includes opportunities that may arise because of changing social or environmental factors. Material sustainability risks for Gard include human rights-related risks and climate change-related risks. For more information about the latter, see separate fact on the side.

Gard oversees its progress on ESG and sustainable business through its Group Leadership Team, supported by a specialised Sustainable Business team. In addition, Gard established a Sustainable Operations Panel (SOP) in 2019, consisting of senior representatives from different parts of the organisation. The SOP serves as a strategic discussion forum to identify both risks and opportunities within the business. All leaders are responsible for integrating sustainability into their team goals and for helping the organisation identify relevant targets and KPIs in line with Gard's strategy realisation process. Everyone in Gard has a responsibility to integrate sustainability considerations into their day-to-day operations.

Gard's Risk Landscape

Sustainability - a closer look at climate risks

Physical risks	Climate change has increased the frequency and severity of extreme weather and is expected to continue to do so going forward. The costs associated with smaller weather events are manageable, but larger incidents could present considerable logistical challenges. Significant	extreme events could also challenge the reinsurance market and exhaust their capacity or increase their premiums. The reinsurance markets have for example been affected by the US hurricane seasons in recent decades, and this trend is likely to continue.
Transition risks	With decarbonisation comes a wide range of regulatory changes, some of which affect the maritime industry directly. For instance, the IMO newly agreed on its ambition to reach net-zero GHG emissions from shipping by or around 2050, and the EU expanded its Emissions Trading System (EU ETS) so that it also covers shipping from January 2024. In addition to such regulatory changes, decarbonisation also means that fuels and	types of cargo will gradually change. These come with their own set of risks – toxicity and increased fire risks for example – risks that we need to understand and prepare for as an organisation. Finally, Gard's investments are also exposed to transition risks. For instance, investments in companies profiting from fossil fuels could lose value sooner than expected, while investments in renewable energy could stand to benefit from the same developments.

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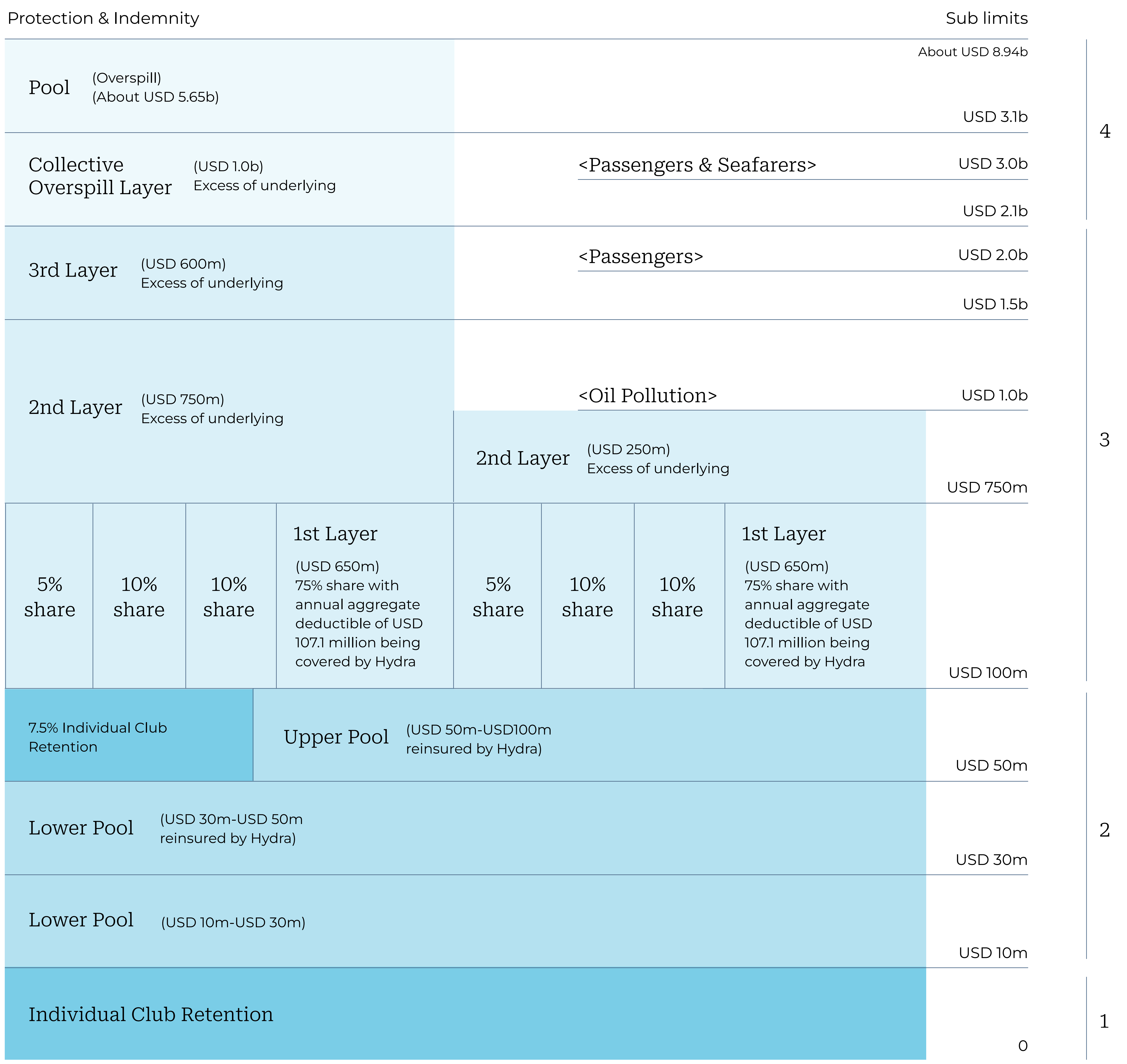
To mitigate insurance risks, Gard has an extensive reinsurance programme. This programme is important to ensure business continuity after an extreme loss event, and it gives us the ability to help Members and clients pursue new business opportunities and to manage new risks.

The mutual business is pooled between the International Group (IG) clubs. For the 2023 policy year the IG clubs pooled claims above the club retention of USD 10 million and up to USD 30 million. Between USD 30 million and up to USD 100 million the IG clubs are reinsuring each other through Hydra. Above USD 100 million the group purchases a reinsurance program with USD 2 billion cover per vessel per event with an annual aggregate deductible of USD 107.1 million which is shared between the IG clubs through Hydra. In addition, an overspill protection cover of a further USD 1 billion is purchased.

For P&I Fixed and the Marine and Energy businesses, there are high-capacity reinsurance programs in place. The structure of the reinsurance programs has been stable during the last years.

To mitigate insurance risks, Gard has an extensive reinsurance programme

IG Pool and Reinsurance Programme (2023/24 Policy Year)



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Governance model

Gard believes that an operating environment governed by the rule of law and respect for human rights provides the best basis for commercial stability and long-term growth. We also believe that the maritime sector can play a key role in enabling sustainable development, and that effective and transparent corporate governance is crucial in this regard.

Gard's governance framework is built upon well-developed procedures and policies, covering the work of the governing bodies, how the Board and committees oversee and collaborate with management, and Gard's internal setup. For more information about Gard's organisation and ownership structure, see Gard's Corporate Governance report. Members of the Group Leadership Team and our Board of Directors, as well as their remuneration, can be found under Note 7.

As a multinational company, Gard will be affected by the Global Minimum Tax rules which have been initiated by the Organization for Economic Cooperation and Development (OECD). As a response, in 2023 Bermuda introduced the Bermuda Corporate Income Tax regime, which will come into effect in January 2025. Gard's parent company is located in Bermuda and will therefore be impacted by this new regime. For further details, see Note 9. Several other jurisdictions have also introduced similar tax regimes as a response to the OECD's Global Minimum Tax rules. Gard welcomes these developments, and compliance will remain key for us going forward.

Code of Ethics and Business Conduct

To ensure that we conduct our business operations with the highest legal and ethical standards, Gard expects all employees and external business partners to be familiar with and to comply with our Code of Ethics and Business Conduct. This document covers all our policies relating to financial crime, including anti-corruption, anti-money laundering, and whistleblowing. Gard also has a separate Supplier Code of Conduct policy, outlining our rules and expectations towards external suppliers.

In addition to these codes, Gard has Bribery Prevention Requirements for our correspondents, as well as internal General Claims Handling Instructions and Underwriting Instructions. All of this is to ensure that our business operations are up to par. Following the implementation of the Norwegian Transparency Act in 2022, we have also established a formal procedure to conduct human rights due diligence and to effectively respond to any public inquiries relating to this matter. For further information, see our Human Rights Due Diligence Report.

Know Your Client (KYC) framework

As a global marine insurer, Gard is obliged to have an appropriate Know Your Client (KYC) framework in place to meet local and global regulatory requirements and to prevent our products and services from being used for criminal activity. Being domiciled in Norway, we also face somewhat stricter KYC requirements than some of our industry peers based in other jurisdictions.

We have invested considerable resources in KYC and compliance over the past few years. We completed a four-year KYC project in 2023, and with this, a new framework for customer vetting has been implemented. This will further reduce the risk of money laundering, terrorist financing, corruption, sanctions violations and fraud (see example in separate case box

Higlights

Preventing fraud

Photo: AdobeStock

Among the approximately 20,000 claims. Gard handles every year, we do come across the occasional "rotten apple". One such case occurred in 2023 and started as a normal request for payment from a US-listed correspondent who had supported Gard on a cargo case.

All of a sudden, the correspondent requested that the money should be transferred to a different account in a different country. Allegedly, the US company was under tax review and was therefore unable to receive international payments. Gard's claims handlers naturally became suspicious, but the correspondent sent over documentation and an Account Verification Letter from the bank, seemingly confirming the new banking details.

The claims handlers were still not fully convinced, however and decided to make some extra phone calls. This revealed the company in question was in fact not under any tax review – nor had they ever requested any payments to be made to a new bank account. Further investigations uncovered that the correspondent had been compromised by hackers, who were now impersonating one of their employees.

Thankfully, the attempt was prevented, thanks to sound scepticism and due process. The case serves as a useful reminder, of how important it is to ask questions and perform the necessary KYC checks. At the end of the day, it's about preventing crime and protecting the integrity of our institution.

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below). In 2023, we also established a new, specialised KYC advisory team to assist our underwriters and claim handlers in their day-to-day due diligence work. Challenging and time-consuming as these efforts may be, they are gradually becoming part of our "new normal", as they probably are for the rest of the industry.

Whistleblowing channels

Gard's whistleblowing policy complies with the Norwegian Working Environment Act and the EU Whistleblowing Directive. We have an external, independent whistleblowing channel that allows our employees and external parties to report any suspected misconduct, either anonymously or under their full name. A first review is made by the external supplier of the channel before it is referred to the Group Compliance Officer for further follow-up. All reports about suspected money laundering are sent directly to the General Counsel for immediate handling.

On average, Gard handles around 1-3 whistleblowing cases each year. These cases are related to alleged harassment, use of company funds, abuse of power and/or breaches of internal policies or law. Each case is followed up and investigated closely. During the last few years, we have focused on increasing awareness in the organisation by providing information and training on our whistleblowing procedures. As a consequence, we have seen a slight increase in the number of reported whistleblowing cases. We consider this to be a positive development and a sign that we have a culture where concerns can be flagged and raised.

Photo: Gard

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About this report

Gard strives to address sustainability issues that are relevant and meaningful to Gard as a maritime insurer and in the markets in which it operates. Engaging with stakeholders and incorporating their feedback is therefore instrumental to the success of Gard's work. We also acknowledge the role the group can play in collaborating with stakeholders on issues and challenges of mutual interest and concern.

Gard's key stakeholder groups are defined as Members and clients, reinsurers, brokers, maritime authorities, correspondents, external service providers, non-profit organisations, employees and senior management. These stakeholder groups are involved in prioritising the most important sustainability topics for Gard in a biannual stakeholder assessment where short- and long-term risks and opportunities and Gard's material topics are identified. They do so by ranging the topics on a 1 - 5 materiality score scale, where 5 is considered being the most material. These topics are then integrated in strategic discussions, as well as in this report.

Materiality assessment and reporting
To identify focus areas for Gard, a double materiality assessment was conducted in 2023 where we considered the relevance of sustainability matters both from an impact and financial perspective, consistent with Gard's Sustainable Business Policy. The Sustainable Business Policy is ultimately approved by Board of Directors of Gard P. & I. (Bermuda) Ltd.

Although Gard is not required to report in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS) until 2025, our methodology is inspired by the EU directive and standards. We use the following definitions outlined in these regulations:

- **Impact materiality:** A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long term. A material sustainability matter from an impact perspective includes impacts caused or contributed to by the undertaking and impacts which are directly linked to the undertaking's own operations, its products, and services through its business relationships. Business relationships include both the upstream and downstream value chain and are not limited to direct contractual relationships.

- **Financial materiality:** A sustainability matter is material from a financial perspective if it triggers or may trigger material financial effects on the undertaking's development, including cash flows, financial position, and financial performance, in the short-, medium- or long-term. This is the case, in particular, when it generates or may generate risks or opportunities that significantly influence or are likely to significantly influence its future cash flows. Future cash flows, together with other critical factors such as business model, strategy, access to finance and cost of capital, are likely to influence the financial position and financial performance of the undertaking in the short-, medium- or long-term.

Gard's key stakeholder groups

- Members and clients
- Reinsurers
- Brokers
- Maritime authorities
- Correspondents
- External service providers
- Employees
- Senior management
- Non-profit organisations

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Risks and opportunities may derive from past events or future events and may have effects in relation to: (a) assets and liabilities already recognised in financial reporting or that may be recognised as a result of future events; or (b) factors of value creation that do not meet the financial accounting definition of assets and liabilities and/or the related recognition criteria but contribute to the generation of cash flows and more generally to the development of the undertaking.

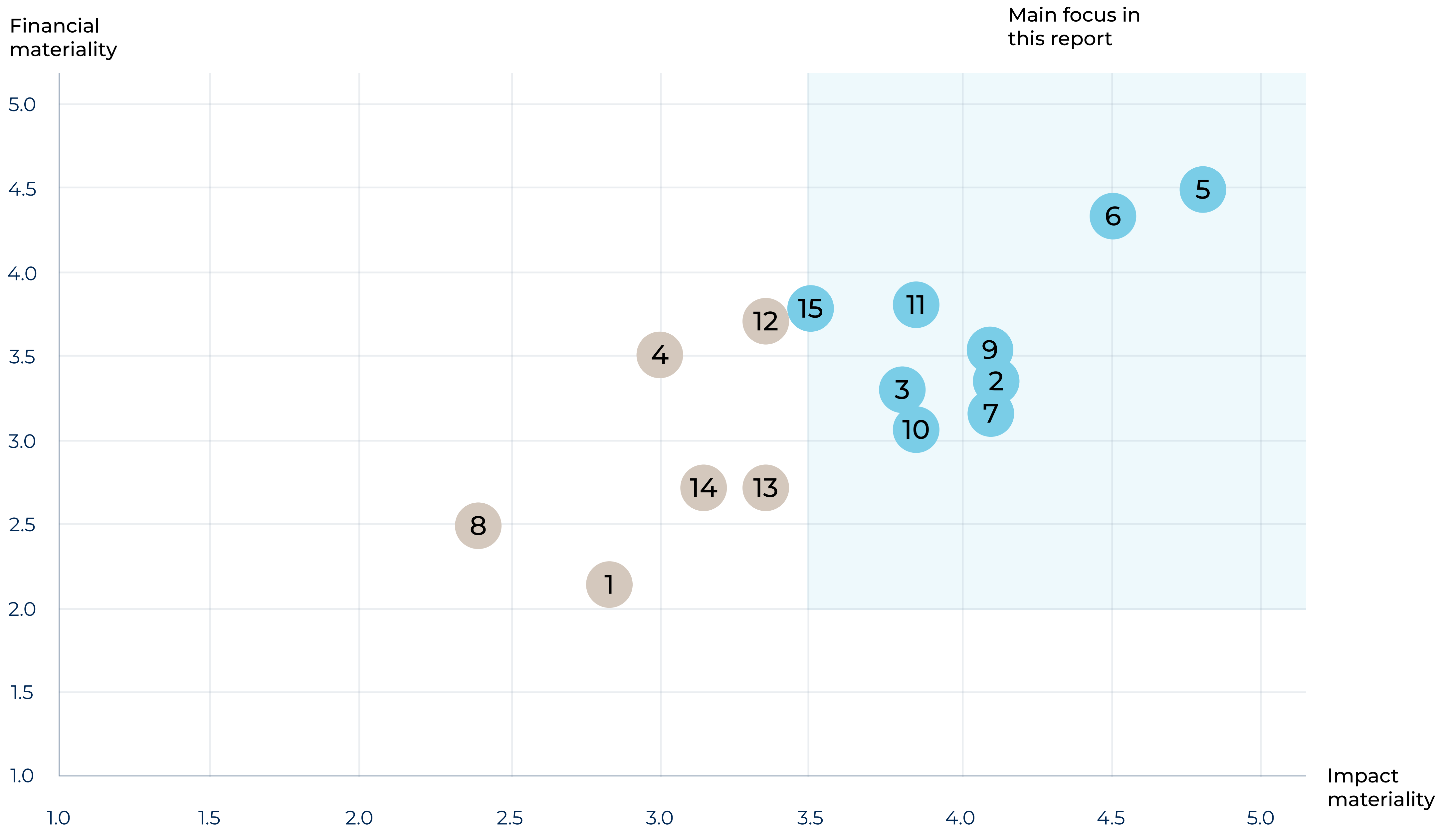
Gard regularly and transparently reports and communicates about material sustainability issues. The double materiality matrix that was compiled after the 2023 Stakeholder Dialogue identified the following list of topics:

The results from the stakeholder dialogue as well as the double materiality matrix was approved by the Group Leadership Team (Note 7) in late summer 2023. Definitions of each topic can be found in Appendix G. Appendix G also gives an overview of which topics are considered material and where the material topics are covered in this report, as well as how they relate to the UN Sustainable Development Goals Gard. Material topics are identified through an assessment where the average score between impact- and financial materiality has been the main indicator on whether a topic is to be considered as material.

Reporting criteria

During the preparation of our annual report, we have used the Value Reporting Foundation's Integrated Reporting framework. This framework enables us to share how our strategy (Gard is currently revising and updating its strategy for 2025 – 2030), governance, and (non-) financial performance lead to long-term value creation. The report has been externally verified to be in accordance with the content elements of the guidelines.

Stakeholder Dialogue outcomes



1 Climate change - own impact
2 Climate change - Members' and clients' impact
3 Transitional climate risk
4 Physical climate risk
5 Pollution response through claims handling
6 Prevent marine casualty and pollution
7 Seafarer safety and wellbeing – value chain
8 Affected communities
9 Working conditions - own workforce
10 Know Your Supplier
11 Know Your Client
12 Financial crime and penalties
13 Transparency
14 Sustainability focused investing
15 Positive Portfolio Development

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The process for defining the material topics for the report, as well as the list of material topics, is described in the materiality assessment section of this document. Progress around these topics is set out in this report. Reporting criteria were defined as part of our materiality assessment. For certain data sets, information is only available for our Norwegian operations at present, as specified in the relevant sections of this report. We aim to mature in the transparency around targets and indicators to measure the progress of our broader value creation as a company.

The Annual report and complementing appendixes show our commitment to the ten principles of the United Nations Global Compact (Appendix A), the UN Sustainable Ocean Principles (Appendix B) and to the Principles for Sustainable Insurance (PSI) (Appendix D). Our Communication on Progress report is available on the UN Global Compact's and the UN Environment Finance Initiative (UNE FI) websites. We are also committed to the Agenda 2030 for Sustainable Development and report in accordance with the Norwegian "Aktivitets- og redegjørelsesplikten" (Appendix F). For more information about Gard's organisation and ownership structure, please see Gard's Corporate Governance report. For more information about Gard's Human Rights Due Diligence process, please see Gard's Human Rights Due Diligence Report.

This framework enables us to share how our strategy, governance, and (non-) financial performance lead to long-term value creation

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Statement of comprehensive income

Amounts in USD 000s	Notes	Parent company 01.01.23 to 31.12.23	Parent company 21.02.22 to 31.12.22	Consolidated accounts 01.01.23 to 31.12.23	Consolidated accounts 21.02.22 to 31.12.22
Technical account					
Gross written premium	4,5,6	454,872	417,989	1,157,300	972,105
Gross earned premium	5,6	450,841	363,195	1,139,444	981,503
Ceded reinsurance	6	(302,150)	(259,604)	(243,870)	(229,875)
Earned premium for own account	**6**	**148,691**	**103,591**	**895,575**	**751,629**
Other insurance related income		**2,546**	**625**	**6,666**	**1,611**
Gross incurred claims	6	347,519	257,734	805,944	540,055
Reinsurers' share of gross incurred claims	6	(171,809)	(120,991)	(68,448)	(13,054)
Claims incurred for own account	**6**	**175,710**	**136,743**	**737,496**	**527,000**
Acquisition costs	7	20,672	14,635	54,321	43,120
Agents' commission	7	27,956	22,669	74,260	64,933
Commission received	7	(51,895)	(41,749)	(20,214)	(23,477)
Insurance related expenses for own account	**7**	**(3,266)**	**(4,445)**	**108,366**	**84,577**
Other insurance related expenses	**7**	**3,829**	**3,374**	**14,339**	**11,365**
Technical result		**(25,037)**	**(31,457)**	**42,040**	**130,299**
Non-technical account					
Income from investments in group companies		33,687	22,856	0	0
Interest and similar income/(expenses)	8	2,422	(2,522)	17,298	2,604
Change in unrealised gain/(loss) on investments		40,114	(43,124)	138,936	(155,644)
Gain/(loss) on realisation of investments		1,336	3,082	1,311	4,230
Other income/(expenses)		(303)	(279)	3,796	(498)
Non-technical result		**77,256**	**(19,987)**	**161,342**	**(149,308)**
Profit/(loss) before tax		**52,220**	**(51,444)**	**203,381**	**(19,009)**
Corporate income tax	9	(6,621)	(15,134)	(11,458)	(619)
Net result before other comprehensive income/(loss)		**58,841**	**(36,309)**	**214,840**	**(18,390)**
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss					
Remeasurement due to change in pension assumptions	16	(54)	(8)	(4,134)	5,239
Income tax related to change in pension assumptions	16	0	0	1,020	(1,312)
Other comprehensive income/(loss) for the period, net of tax		**(54)**	**(8)**	**(3,114)**	**3,927**
Items that may be reclassified to profit or loss					
Exchange differences on subsidiaries		0	0	(885)	(3,367)
Total comprehensive income/(loss)		**58,787**	**(36,317)**	**210,840**	**(17,830)**

Balance sheet

Amounts in USD 000s	Notes	Parent company As at 31.12.23	Parent company As at 31.12.22	Consolidated accounts As at 31.12.23	Consolidated accounts As at 31.12.22
Assets					
Intangible					
Developed software	10	0	0	13,820	10,114
Total intangible assets		**0**	**0**	**13,820**	**10,114**
Investments					
Property and plant used in operations	11	0	0	25,453	24,551
Financial investments in subsidiaries					
Investments in subsidiaries	13	642,581	642,578	0	0
Loan to subsidiaries	3, 15	20,469	10,557	0	0
Financial investments at fair value through profit or loss					
Equities and investment funds	14	231,397	229,053	665,297	635,995
Interest-bearing securities and funds	14, 15	340,591	305,551	1,822,234	1,627,242
Other financial investments	14, 15	1,039	107	13,948	107
Total investments		**1,236,078**	**1,187,847**	**2,526,932**	**2,287,895**
Reinsurers' share of technical provisions					
Reinsurers' share of gross premium reserve	6	43,588	40,784	23,684	22,042
Reinsurers' share of gross claims reserve	6, 15	492,058	499,916	156,688	151,680
Total reinsurers' share of technical provisions		**535,646**	**540,700**	**180,372**	**173,722**
Receivables					
Receivables from direct insurance operations					
Policyholders	5, 14, 17	31,269	29,020	273,027	267,161
Receivables from reinsurance operations					
Receivables from reinsurance operations		7,937	7,775	10,840	11,387
Receivables from subsidiaries		12,434	22,135	0	0
Other receivables					
Other receivables	14, 15	9	1	34,528	20,007
Other receivables from subsidiaries	18	7	306	0	0
Total receivables	**14, 15**	**51,656**	**59,238**	**318,395**	**298,554**
Other assets					
Equipment	12	661	661	11,846	9,301
Cash and cash equivalents	14, 15, 19	132,645	86,557	295,884	234,978
Deferred tax asset	9	42,250	35,202	58,520	33,101
Other assets	14, 15	6,584	5,568	33,730	29,606
Total other assets		**182,140**	**127,989**	**399,980**	**306,986**
Prepayments and accrued income					
Accrued income and other prepayments		7,538	6,686	44,439	46,495
Total prepayments and accrued income		**7,538**	**6,686**	**44,439**	**46,495**
Total assets		**2,013,058**	**1,922,459**	**3,483,939**	**3,123,766**

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Balance sheet, continued

Amounts in USD 000s	Notes	Parent company As at 31.12.23	Parent company As at 31.12.22	Consolidated accounts As at 31.12.23	Consolidated accounts As at 31.12.22
Equity and liabilities					
Equity					
Statutory reserve	20	463	463	463	463
Retained earnings					
Guarantee scheme	20	431	424	523	545
Other equity	20	994,705	935,924	1,470,305	1,259,443
Total equity	**21**	**995,598**	**936,811**	**1,471,291**	**1,260,451**
Technical provisions					
Gross premium reserve	6	65,597	61,566	296,257	278,402
Gross claims reserve	6, 15	821,298	826,785	1,530,152	1,427,846
Total technical provisions		**886,895**	**888,351**	**1,826,409**	**1,706,248**
Provisions for other liabilities					
Pension obligations, net	16	569	1,192	37,198	35,134
Income tax payable	9, 15	1,484	0	14,180	17,255
Other provision for liabilities		0	0	925	433
Total provisions for other liabilities		**2,053**	**1,192**	**52,303**	**52,822**
Payables					
Payables arising out of direct insurance operations	15	39,861	35,305	75,132	54,971
Payables arising out of reinsurance operations	15	13,296	10,242	21,897	20,937
Payables arising out of reinsurance operations - group companies	15	15,084	14,596	0	0
Payables to group companies	15	37,270	20,830	0	0
Other payables	15	255	196	11,196	8,437
Total payables		**105,767**	**81,168**	**108,224**	**84,345**
Accruals and deferred income					
Accruals and deferred income	15	22,745	14,938	25,711	19,900
Total accruals and deferred income		**22,745**	**14,938**	**25,711**	**19,900**
Total liabilities		**1,017,460**	**985,648**	**2,012,648**	**1,863,315**
Total equity and liabilities		**2,013,058**	**1,922,459**	**3,483,939**	**3,123,766**

Statement of changes in equity

Parent company

Amounts in USD 000s	Statutory reserve	Guarantee Scheme	Other equity	Total
Equity as at 21.02.22	**463**	**452**	**972,214**	**973,128**
Net result before other comprehensive loss	0	0	(36,309)	(36,309)
Remeasurement due to change in pension assumptions	0	0	(8)	(8)
Provision to obliged fund	0	(28)	28	0
Equity as at 31.12.22	**463**	**424**	**935,924**	**936,811**
Equity as at 01.01.23	**463**	**424**	**935,924**	**936,811**
Net result before other comprehensive income/(loss)	0	0	58,841	58,841
Remeasurement due to change in pension assumptions	0	0	(54)	(54)
Provision to obliged fund	0	7	(7)	0
Equity as at 31.12.23	**463**	**431**	**994,705**	**995,598**

Consolidated accounts

Amounts in USD 000s	Statutory reserve	Guarantee Scheme	Other equity	Total
Equity as at 21.02.22	**463**	**575**	**1,277,243**	**1,278,281**
Net result before other comprehensive loss	0	0	(18,390)	(18,390)
Remeasurement due to change in pension assumptions	0	0	5,239	5,239
Income tax related to change in pension assumptions	0	0	(1,312)	(1,312)
Provision to obliged fund	0	(30)	30	0
Exchange differences on subsidiaries	0	0	(3,367)	(3,367)
Equity as at 31.12.22	**463**	**545**	**1,259,443**	**1,260,451**
Equity as at 01.01.23	**463**	**545**	**1,259,443**	**1,260,451**
Net result before other comprehensive income/(loss)	0	0	214,840	214,840
Remeasurement due to change in pension assumptions	0	0	(4,134)	(4,134)
Income tax related to change in pension assumptions	0	0	1,020	1,020
Provision to obliged fund	0	(22)	22	0
Exchange differences on subsidiaries	0	0	(885)	(885)
Equity as at 31.12.23	**463**	**523**	**1,470,305**	**1,471,291**

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Statement of cash flow

Amounts in USD 000s	Notes	Parent company 01.01.23 to 31.12.23	Parent company 21.02.22 to 31.12.22	Consolidated accounts 01.01.23 to 31.12.23	Consolidated accounts 21.02.22 to 31.12.22
Cash flow from operating activities					
Profit/(loss) before tax		52,220	(51,444)	203,381	(19,009)
Tax paid	9	0	0	(15,714)	(2,917)
Dividends received from subsidiaries	3	(33,068)	(22,644)	0	0
Change in unrealised loss on investments		(40,114)	43,124	(138,936)	155,644
Depreciation, impairment and amortisation expenses	10, 11, 12	0	0	4,629	3,415
Change in pension obligations	16	(623)	(181)	2,064	(9,753)
Pension defined benefit plan/pension cost paid		(45)	(81)	(1,317)	(311)
Financial investments		1,798	10,410	(99,199)	(192,251)
Change in valuation due to change in exchange rates		1,003	3,013	(1,918)	6,440
Change in receivables and payables		31,165	(76,847)	(2,031)	(62,376)
Change in technical provisions and other accruals		10,545	25,217	121,378	61,489
Net cash flow from operating activities		**22,880**	**(69,433)**	**72,337**	**(59,629)**
Cash flow from investment activities					
Dividends received from subsidiaries	3	33,068	22,644	0	0
Payments of capital increases in subsidiaries		(3)	0	0	0
Purchase of intangible assets net of sales	10	0	0	(5,409)	(2,998)
Purchase of equipment net of sales	12	0	0	(3,882)	(3,797)
Purchase of property and plant net of sales	11	0	0	(2,287)	(305)
Proceeds from disposal of equipment		0	0	148	65
Net cash flow from investment activities		**33,066**	**22,644**	**(11,430)**	**(7,035)**
Cash flow from financial activities					
Borrowings		(9,858)	0	0	0
Net cash flow from financial activities		**(9,858)**	**0**	**0**	**0**
Net change in cash and cash equivalents		46,088	(46,790)	60,907	(66,664)
Cash and cash equivalents at the beginning of the period		86,557	133,348	234,978	301,643
Cash and cash equivalents at the end of the period		**132,645**	**86,557**	**295,884**	**234,978**

Notes to the accounts

Note 1 – Corporate information – the Gard group of companies

Gard P. & I. (Bermuda) Ltd. (the "Company") is a mutual insurance association domiciled in Bermuda. The Company is incorporated as an exempt company and is registered by the Bermuda Monetary Authority as a Class 2 insurer. As a mutual insurance association, the Company is owned by its Members, being the owners and charterers of the ships from time to time insured by the Company for Protection and Indemnity risks ("P&I"). There are no external capital owners.

In 2021, The Board of Directors of Gard P. & I. (Bermuda) Ltd. resolved to change the group'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.

The principal activities of the Company and its subsidiaries (the "Gard group" or the "group") are to insure its Members for: marine P&I risks; marine and energy risks through its wholly owned subsidiary Gard Marine & Energy Limited; and management of its assets which are used to cover the technical provisions.

The Members of the Company are also Members of Assuranceforeningen Gard - gjensidig - and vice versa. The major part of the two associations' combined portfolio of direct business (currently about 60 per cent) is underwritten by the Company through its Norwegian branch as a direct insurer. Assuranceforeningen Gard - gjensidig - is primarily used as a vehicle for a smaller proportion of the combined P&I portfolio, which is primarily direct P&I business where an EU/EEA based insurer is required to comply with governing regulations regarding cross border activities.

Assuranceforeningen Gard - gjensidig ("Gard Norway") is a mutual insurance association registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out marine liability and legal costs insurances. The principal activity of Gard Norway is to insure its Members for marine P&I risks, including the reinsurance of a proportion of the P&I risks underwritten by the Company as a direct insurer.

Gard Marine & Energy Limited ("Gard M&E") is a wholly owned subsidiary of the Company. Gard M&E is domiciled in Bermuda and is registered by the Bermuda Monetary Authority as a Class 3B insurer covering, inter alia, marine and energy risks. The principal activity of Gard M&E is direct insurance of marine and energy risks.

Gard Marine & Energy Insurance (Europe) AS ("Gard M&E Europe") is a wholly owned subsidiary of Gard M&E. Gard M&E Europe is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of marine and energy risks.

Hydra Gard Cell. Hydra Insurance Company Limited ("Hydra") is an insurance company established by the parties to the International Group of P&I Clubs' Pooling Agreement. Hydra is a segregated accounts company incorporated under the Bermuda Segregated Accounts Companies Act 2000, as amended, to reinsure certain layers of risks which have been retained by the parties to the said Pooling Agreement. The Hydra Gard Cell (a segregated account) is owned 100 per cent by the Company. The assets and liabilities of the Hydra Gard Cell, are separated from Hydra's general accounts and from the other cells or segregated accounts, of the company.

Gard Reinsurance Co Ltd ("Gard Re") is a wholly owned subsidiary of the Company domiciled in Bermuda. Gard Re is registered by the Bermuda Monetary Authority as a Class 3A insurer. Its principal activity is the reinsurance of an agreed proportion of the risks retained by the Company, Gard M&E, and Gard Norway.

Lingard Limited ("Lingard") is an insurance management company registered and domiciled in Bermuda and is a wholly owned subsidiary of the Company. Lingard offers insurance management and insurance intermediary services to the Company and its Bermuda based subsidiaries: Gard M&E, and Gard Re.

Gard AS is a wholly owned subsidiary of the Company. Gard AS is registered and domiciled in Norway. Its principal activity is to provide insurance agency and intermediary services to Lingard, Gard Norway, and Gard M&E Europe.

AS Assuransegården is a wholly owned subsidiary of the Company. AS Assuransegården is a Norwegian registered and domiciled company and is the owner of various fixed properties in Norway, which are used by the companies in the Gard group.

Note 2 - Accounting policies

2.1 Basis of preparation of the Accounts
Gard P. & I. (Bermuda) Ltd. is incorporated under Bermuda Law. The operations and insurance activities of the Company are carried out by Lingard. 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.

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Note 2 - Accounting policies, continued

For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 14.

The change in accounting policy from IAS 39 to IFRS 9 have not had a significant effect on the Group's financial position, financial asset balances or financial liability balances.

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 14).

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. 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 comparitive 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 fina1ncial 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 Group 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 and Group's financial assets and financial liabilities as at 1 January 2023.

				Parent company	
Amounts in USD 000s	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					
Loan to subsidiaries	15	Loan to subsidiaries	Amortised cost	10,557	10,557
Equities and investment funds	14	FVTPL	FVTPL	229,053	229,053
Interest-bearing securities and funds	14, 15	FVTPL	FVTPL	305,551	305,551
Other financial investments	14, 15	FVTPL	FVTPL	107	107
Other receivables	18	Other receivables	Amortised cost	1	1
Cash and cash equivalents	14	Other assets	Amortised cost	86,557	86,557
Other assets	15	Other assets	Amortised cost	5,568	5,568

				Consolidated accounts	
Amounts in USD 000s	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	14	FVTPL	FVTPL	635,995	635,995
Interest-bearing securities and funds	14, 15	FVTPL	FVTPL	1,627,242	1,627,242
Other financial investments	14, 15	FVTPL	FVTPL	107	107
Other receivables	18	Other receivables	Amortised cost	20,007	20,007
Cash and cash equivalents	14	Other assets	Amortised cost	234,978	234,978
Other assets	15	Other assets	Amortised cost	29,606	29,606

There are no other changes in accounting policies for Gard P. & I. (Bermuda) Ltd. for the financial period ending 31 December 2023.

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

2.3 Basis for consolidation
The consolidated financial statements comprise Gard P. & I. (Bermuda) Ltd. and the accounts of the companies over which the Company has a controlling interest. A controlling interest is usually obtained when ownership of the shares in a company is more than 50 per cent, and that ownership can exercise control over the company. The Company has the right to exercise membership rights in Gard Norway; therefore the Company controls all voting rights in Gard Norway. This is the legal basis for consolidating the two associations' accounts.

Transactions between consolidated companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared under the same accounting principles for both parent and subsidiaries. The acquisition method is applied when accounting for business combinations.

2.4 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.

2.5 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 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. The assets and liabilities of group companies that have a functional currency different from USD are converted into USD at the rate of exchange at the closing date. Income and expenses are translated at an average rate of exchange. All resulting exchange differences are recognised in 'Other comprehensive income.'

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 group'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 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	6
Technical provisions	6
Insurance related expenses	7
Interest and similar income/(expenses)	8
Tax	9
Intangible assets	10
Property, plant, and equipment	11, 12
Investments in subsidiaries	13
Financial Investments	14
Pensions	16
Cash and cash equivalents	19

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Note 3 - Intra-group transactions

Reinsurance agreements
Gard P. & I. (Bermuda) Ltd. and Gard Norway have entered into mutual reinsurance agreements. The Company reinsures a proportion amounting to 85 per cent for policy year up to 2009 and 25 per cent for policy year from 2010 of Gard Norway's insurance portfolio after taking the external reinsurance into account. The Company cedes to Gard Norway by way of reinsurance 15 per cent for policy year up to 2009 and 2 per cent for policy year from 2010 of the Company's insurance portion after taking the external reinsurance into account. In the financial period ending 31 December 2023, no direct call has been levied based on the reinsurance agreement (USD 34 million in the previous year).

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Reinsurance premium	38,539	33,833	(5,333)	(38,966)
Reinsurers' share of gross settled claims	(26,685)	(24,174)	3,958	2,831
Reinsurance commission	(11,484)	(10,475)	1,771	10,549

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Reinsurers' share of gross claims reserve	85,074	86,990	10,460	10,504
Reinsurers' share of gross premium reserve	5,626	4,841	783	749

Both the Company and Gard M&E have entered into reinsurance agreements with Gard Re, where the two direct insurers are ceding 50 per cent of their insurance portfolio after taking the external reinsurance into account. The following two tables disclose the reinsurance agreement between the Company and Gard Re.

	Ceded to Gard Re	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Reinsurance premium	(149,917)	(121,072)
Reinsurers' share of gross settled claims	110,453	76,806
Reinsurance commission	47,990	34,978

	Received from Gard Re	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22
Reinsurers' share of gross claims reserve	288,223	287,287
Reinsurers' share of gross premium reserve	22,008	20,782

The Company and Gard Norway have entered into a reinsurance agreement with Hydra, which is a segregated accounts company. The Company's segregated account (cell) in Hydra is covering the former companies' liability to layers of the International Group (IG) Pool and retention in the 1st market excess layer.

	Ceded to Hydra	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Ceded reinsurance premium	(62,800)	(58,492)

	Received from Hydra	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Reinsurers' share of gross premium reserve	(8,770)	(8,197)

Insurance management agreement
The Company, Gard M&E and Gard Re have appointed Lingard as their insurance manager and principal representative in Bermuda. The services provided by Lingard are governed by individual insurance management agreements entered into between each of the above three companies and Lingard. The Company and Gard M&E have entered into an insurance services agreement with Gard (Singapore) Pte. Ltd. where Gard (Singapore) Pte. Ltd. is performing certain day-to-day operational functions for the companies'. In addition, secondment agreements have been entered into between the insurance branches in Singapore, Japan and Hong Kong, and the insurance intermediary service company in the same country. Costs related to these agreements are reimbursed by the insurance branches directly to the insurance intermediary service companies.

	Insurance services invoiced	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Lingard	65,100	49,540
Gard (Singapore) Pte. Ltd.	5,448	3,630

Insurance/reinsurance agency agreements
Lingard in its capacity as insurance manager of the Company and Gard M&E has entered into insurance agency agreements with Gard AS and its subsidiaries. Gard AS is the general agent of the Norwegian branches of the Company and Gard M&E, whereby Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the two Bermuda based risk carriers. A similar agency agreement has been entered into between Gard Norway and Gard M&E Europe as the principal and Gard AS as the agent insurance agency agreements have been concluded between Lingard and each of the subsidiaries of Gard AS for the purpose of sub-delegating certain insurance intermediary functions to regional offices in Finland, Greece, Hong Kong, Singapore, Japan, the United Kingdom and the United States of America.

Loan agreement
The Company has entered into two loan agreements with AS Assuransegården. The loans are payable on demand and is subject to an interest of NIBOR plus 0.5 per cent per annum. Maximum credit limit per loan agreement is NOK 150 million. The Company has also entered into a loan agreement with Gard AS. This loan of USD 5 million is payable on demand and is subject to an interest of SOFR 12 months plus 0.5 per cent per annum.

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Note 3 - Intra-group transactions, continued

Amounts in USD 000s	Loan balance As at 31.12.23	Loan balance As at 31.12.22
AS Assuransegården (borrower)	15,469	10,557
Gard AS (borrower)	5,000	0
Total loan to subsidiaries	**20,469**	**10,557**

Amounts in USD 000s	Loan balance As at 31.12.23	Loan balance As at 31.12.22
AS Assuransegården	513	212
Gard AS	105	0
Total interest received	**619**	**212**

Amounts in USD 000s	Dividends received 01.01.23 to 31.12.23	Dividends received 21.02.22 to 31.12.22
Gard M&E	8,000	0
Gard Re	4,000	0
Lingard	0	4,000
Hydra	21,068	18,644
Total dividends and capital contributions	**33,068**	**22,644**

Note 4 - Gross written premium by geographical areas

	Parent company		Consolidated accounts	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
EEA / European Economic Area	182,219	165,400	562,482	442,053
Norway	115,581	107,355	127,926	122,766
Other areas	157,072	145,234	466,892	407,286
Total gross written premium	**454,872**	**417,989**	**1,157,300**	**972,105**

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

A Member is an owner, operator or charterer (including a bareboat or demise charterer) or a ship entered in the Association who according to the Articles of the Association and the Rules is entitled to membership of the Association. Client is defined as any entity with an active insurance cover from the Gard group of companies that is not in the capacity of a Member (P&I Owners' Entry and Charterer's Entry). Members may also be a client of Gard.

Note 5 - Owners' General Discount

These accounts are prepared on the basis of 5 per cent Owners' General Discount in respect of the 2023 policy year (5 per cent in the respect of the 2022 policy year). The policy year is based on the period from GMT noon on 20 February to GMT noon on 20 February the following year.

The Owners' General Discount amounted to USD 25.0 million for the financial period ending 31 December 2023 (USD 19.5 million for the financial period ending 31 December 2022). On Estimated Total Call basis the gross written premium for the financial period ending 31 December 2023 is USD 1,182.6 million (financial period ending 31 December 2022 USD 994.8 million).

The table below shows the statement of comprehensive income on ETC basis.

	Parent company		Consolidated accounts	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Gross written premium (ETC)	471,712	433,459	1,182,615	994,848
Gross earned premium (ETC)	467,532	376,485	1,164,442	1,001,047
Ceded reinsurance	(302,150)	(259,604)	(243,870)	(229,875)
Earned premium for own account (ETC)	**165,382**	**116,881**	**920,572**	**771,172**
Other insurance related income	**2,546**	**625**	**6,666**	**1,611**
Claims incurred gross	347,519	257,734	805,944	540,055
Reinsurers' share of gross incurred claims	(171,809)	(120,991)	(68,448)	(13,054)
Claims incurred for own account	**175,710**	**136,744**	**737,496**	**527,000**
Insurance related expenses for own account	(3,266	(4,445)	108,366	84,577
Other insurance related expenses	3,829	3,374	14,339	11,365
Technical result (ETC)	**(8,345)**	**(18,168)**	**67,037**	**149,841**
Non-technical result	**77,256**	**(19,987)**	**161,342**	**(149,308)**
Profit/(loss) before tax (ETC)	68,911	(38,155)	228,379	533
Corporate income tax	(6,621)	(15,134)	(11,458)	(619)
Net result before other comprehensive	**75,532**	**(23,020)**	**239,837**	**1,152**
Other comprehensive income/(loss)	(54)	(8)	(3,999)	560
Result (ETC)	**75,478**	**(23,028)**	**235,838**	**1,712**
Owners' General Discount (earned)	16,691	13,290	24,997	19,543
Total comprehensive income/(loss)	**58,787**	**(36,317)**	**210,840**	**(17,830)**

Notes to the accounts

Note 6 - 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.

Reinsurers' share of gross incurred claims
Reinsurers' share of gross incurred claims are recognised as a reduction of claim expense in the period they are incurred.

In the following tables Liability insurance is presented as P&I, while Marine insurance is presented as M&E.

	Parent company			Consolidated accounts		
	01.01.23 to 31.12.23			01.01.23 to 31.12.23		
Amounts in USD 000s	P&I	M&E	Total	P&I	M&E	Total
Technical result						
Gross written premium	454,872	0	454,872	649,196	508,104	1,157,300
Gross earned premium	450,841	0	450,841	642,069	497,375	1,139,444
Ceded reinsurance	(302,150)	0	(302,150)	(133,251)	(110,619)	(243,870)
Earned premium for own account	**148,690**	**0**	**148,691**	**508,818**	**386,757**	**895,575**
Claims incurred, gross						
Incurred this period	281,674	0	281,674	426,343	354,523	780,866
Incurred previous periods	65,845	0	65,845	25,304	(227)	25,078
Total claims incurred, gross	**257,734**	**0**	**257,734**	**339,881**	**200,174**	**540,055**
Reinsurers' share of gross incurred claims	(171,809)	0	(171,809)	(25,223)	(43,225)	(68,448)
Claims incurred for own account	**175,710**	**0**	**175,710**	**426,424**	**311,072**	**737,496**

	Parent company			Consolidated accounts		
	21.02.22 to 31.12.22			21.02.22 to 31.12.22		
Amounts in USD 000s	P&I	M&E	Total	P&I	M&E	Total
Technical result						
Gross written premium	417,989	0	417,989	588,885	383,221	972,105
Gross earned premium	363,195	0	363,195	512,065	469,439	981,503
Ceded reinsurance	(259,604)	0	(259,604)	(104,822)	(125,053)	(229,875)
Earned premium for own account	**103,591**	**0**	**103,591**	**407,243**	**344,386**	**751,629**
Claims incurred, gross						
Incurred this period	236,662	0	236,662	350,913	214,957	565,870
Incurred previous period	21,071	0	21,071	(11,032)	(14,783)	(25,815)
Total claims incurred, gross	**257,734**	**0**	**257,734**	**339,881**	**200,174**	**540,055**
Reinsurers' share of gross incurred claims	(120,991)	0	(120,991)	7,519	(20,574)	(13,054)
Claims incurred for own account	**136,743**	**0**	**136,743**	**347,400**	**179,600**	**527,000**

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.

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Note 6 - Technical result and technical provisions, continued

	Parent company			Consolidated accounts		
	As at 31.12.23			As at 31.12.23		
Amounts in USD 000s	P&I	M&E	Total	P&I	M&E	Total
Technical provisions gross						
Provisions, at the beginning of the period	826,785	0	826,785	1,049,786	378,060	1,427,846
Claims paid	(353,007)	0	(353,007)	(452,081)	(251,558)	(703,639)
Claims incurred - gross this period	281,675	0	281,675	426,343	354,523	780,866
Claims incurred - gross previous periods	65,845	0	65,845	25,304	(227)	25,078
Provisions, at the end of the period	**821,298**	**0**	**821,298**	**1,049,353**	**480,798**	**1,530,152**
Reinsurers' share of claims provision	(492,058)	0	(492,058)	(84,580)	(72,108)	(156,688)
Provisions net, at the end of the period	**329,240**	**0**	**329,240**	**964,773**	**408,691**	**1,373,463**
Provision for unearned premiums, gross	65,597	0	65,597	93,401	202,856	296,257
Reinsurers' share of premium provision	(43,588)	0	(43,588)	(18,633)	(5,052)	(23,684)
Provision for unearned premiums, net	**22,008**	**0**	**22,008**	**74,769**	**197,804**	**272,573**
The Company is a member of the International Group of P&I Clubs.						
Gross technical provision regarding Pooling Agreement	(198,048)	0	(198,048)	(224,247)	0	(224,247)
Net technical provision regarding Pooling Agreement	(59,811)	0	(59,811)	(111,885)	0	(111,885)
Provision for outstanding claims						
Technical provision gross	821,298	0	821,298	1,049,353	480,798	1,530,152
Technical provision net	329,240	0	329,240	964,773	408,691	1,373,464

Provided guarantees outside cover, not recognised in the balance sheet, amount to USD 9.3 million as at 31 December 2023.

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. Based on these methodologies the gross claim reserve for the group ranges between USD 1,510 million and USD 1,550 million. The claim reserves for the parent company ranges between USD 813 million and USD 829 million.

	Parent company			Consolidated accounts		
	As at 31.12.22			As at 31.12.22		
Amounts in USD 000s	P&I	M&E	Total	P&I	M&E	Total
Technical provisions gross						
Provisions, at the beginning of the period	827,423	0	827,423	1,033,236	370,554	1,403,790
Claims paid	(258,372)	0	(258,372)	(323,331)	(192,668)	(515,999)
Claims incurred - gross this period	236,663	0	236,663	350,913	214,957	565,870
Claims incurred - gross previous periods	21,071	0	21,071	(11,032)	(14,783)	(25,815)
Provisions, at the end of the period	**826,785**	**0**	**826,785**	**1,049,786**	**378,060**	**1,427,846**
Reinsurers' share of claims provision	(499,916)	0	(499,916)	(83,664)	(68,017)	(151,680)
Provisions net, at the end of the period	**326,869**	**0**	**326,869**	**966,123**	**310,044**	**1,276,166**
Provision for unearned premiums, gross	61,566	0	61,566	86,274	192,128	278,402
Reinsurers' share of premium provision	(40,784)	0	(40,784)	(17,204)	(4,838)	(22,042)
Provision for unearned premiums, net	**20,782**	**0**	**20,782**	**69,070**	**187,290**	**256,360**
The Company is a member of the International Group of P&I Clubs.						
Gross technical provision regarding Pooling Agreement	(199,391)	0	(199,391)	(235,645)	0	(235,645)
Net technical provision regarding Pooling Agreement	(61,194)	0	(61,194)	(106,421)	0	(106,421)
Provision for outstanding claims						
Technical provision gross	826,785	0	826,785	1,049,786	378,060	1,427,846
Technical provision net	326,869	0	326,869	966,123	310,044	1,276,166

Provided guarantees outside cover, not recognised in the balance sheet, amount to USD 1.4 million as at 31 December 2022.

Notes to the accounts

Note 7 - 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.

Gard AS has a personal loan arrangement where employees may loan up to NOK 2.5 million with security in the employee's real estate. Gard follows the interest rate set by the tax authorities for affordable loans in employment. The interest rate is confirmed or adjusted every two months. The interest rate is set with a two month lag, based on the Treasury interest rate plus a 0.5% mark-up. The employees will decide on a down payment plan and the payment plan may be adjusted according to the employee's wishes. The loan must be repaid in its entirety when the employee leaves the company.

Total loan employees secured by mortgages amounts to USD 34.3 million as at 31 December 2023 (USD 19.9 million as at 31 December 2022).

	Parent company		Consolidated accounts	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Acquisition costs and commissions				
Sales related salaries	0	0	30,720	24,922
Other acquisition costs	0	0	23,601	18,197
Insurance intermediary	20,672	14,635	0	0
Agents' commission	27,956	22,669	74,260	64,933
Commission received	(51,89)5	(41,749)	(20,214)	(23,477)
Insurance related expenses for own account	**(3,266)**	**(4,445)**	**108,366**	**84,577**
Number of staff	**0**	**0**	**663**	**619**

Remuneration to Group Leadership Team

Amounts in USD 000s	Salary incl.	Benefits	Total	Loan
Group Leadership Team				
Rolf Thore Roppestad (CEO)	841	74	914	116
Bjørnar Andresen	435	23	459	236
Torunn Biller White	268	2	270	246
Kristian Dalene	605	252	857	0
Lars Lislegard-Bækken	292	6	298	209
Christen Guddal	395	21	416	0
Line Dahle	290	2	291	234
Christian Pritchard-Davies	329	2	331	233
Total dividends and capital contributions	**3,454**	**382**	**3,836**	**1,275**

* All figures are excluding social security costs.
None of the Company's employees are entitled to stock-based compensation. The Company therefore has no expenses or obligations related to such remuneration.

The table below provides information regarding payments made in the financial period 2023 to members of the Board of Directors within the group. Remuneration relating to the financial period 2023, but not yet paid, is accrued for in the accounts.

Remuneration to Board of Directors and Committees

	Consolidated accounts			
Amounts in USD 000s	Board remuneration	Board committee remuneration	Board remuneration, other group companies	Total remuneration
Members of the Board of Directors				
Morten W. Høegh (Chairman)	83	28	0	111
Michael Lykiardopulo (Deputy Chairman)	44	6	0	50
Kenneth Hvid (Member)	22	63	0	85
Nils Aden (Member)	22	50	25	97
Aristidis Alafouzus (Member)	22	0	0	22
Ian Beveridge (Member)	22	69	25	116
Kuo - Hua Chang (Member)	22	0	0	22
Cyril Ducau (Member)	22	0	0	22
Trond Eilertsen	22	135	30	187
Timothy C. Faries	22	0	0	22
Konstantinos Gerapetritis (Member)	22	6	0	28
Bjorn Kyrre Giaever (Member)	22	14	0	36
Carl-Johan Hagman (Member)	22	55	0	77
Weng Yew Hor (Member)	22	14	0	36
Georgios Karagergiou (Member)	22	0	0	22
Stephen Knudtzon	22	14	0	36
Lasse Kristoffersen (Member)	22	0	0	22
Jason Liberty (Member)	22	0	0	22
Halvor Ribe (Member)	22	14	0	36
Ingvild Saether (Member)	22	6	0	28
Callum Sinclair (Member)	22	14	0	36
Herman Steen (Member)	22	0	0	22
Captain Rajalingam Subramaniam (Member)	22	6	0	28
Jane Sy (Member, retired)	22	50	25	97
Takaya Uchida (Member)	22	0	0	22
Lois Zabrocky (Member)	22	0	0	22
Sandra Gluck	0	0	5	5
Anne Glestad Lech (Employee representative)	0	0	10	10
Jostein Aaland (Outgoing employee representative)	0	0	2	2
Are Solum (Employee representative)	0	0	10	10
Erika Markussen (Employee representative)	0	0	8	8
Total	**655**	**544**	**139**	**1,338**

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Note 7 - Insurance related expenses and number of staff, continued

Some of the insurance intermediaries offer their employees (minimum 50 per cent position) mortgage loans, secured by real estate. The loans have a rate of interest according to the interest set by the Tax Ministry in Norway and the repayment period is before retirement age.

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 (GLT) 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 (see note 20 for definition of base amount). The full pension requires a thirty year accrual period in Gard, or it will be reduced accordingly. The accounting expense for the pension benefits earned in the period are for Roppestad (USD 0.8 million), Guddal (USD 0.34 million), Andresen (USD 0.4 million), Dalene (USD 0.1 million), Dahle (USD 19 thousand), Lislegard-Bækken (USD 19 thousand), White (USD 19 thousand) and Pritchard-Davies (USD 19 thousand).

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.

The key features of the special terms for members of GLT and Key Employees can be summarised 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.

	Parent company		Consolidated accounts	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Remuneration auditor				
Auditing fee	273	279	1,338	948
Tax advising	0	0	129	184
Non audit services	2	0	2	237
Total auditors' fee	**274**	**279**	**1,469**	**1,369**

Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Remuneration to related parties				
Wikborg, Rein & Co.	997	751	2,941	3,679
Appleby (Bermuda) Limited	0	28	0	28
Total remuneration related parties	**997**	**779**	**2,941**	**3,706**

During the financial period, one of the board members of the group was a partner in the company Wikborg Rein & Co (previous year there was also a board member who was partner in Appleby (Bermuda) Limited). VAT is included in the fees specified above.

Note 7 - Insurance related expenses and number of staff, continued

	Parent company		Consolidated accounts	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Net operating expenses				
Bad debt	134	246	(215)	479
Service cost	70,548	53,171	0	0
Allocated to claims handling and acquisition costs	(70,390)	(52,654)	0	0
Other operating expenses	3,536	2,611	14,554	10,885
Other insurance related expenses	**3,829**	**3,374**	**14,339**	**11,365**

Note 8 - Interest and similar income/(expenses)

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

	Parent company		Consolidated accounts	
Amounts in USD 000s	01.01.23 to 31.12.23	21.02.22 to 31.12.22	01.01.23 to 31.12.23	21.02.22 to 31.12.22
Interest and similar income/(expenses)				
Interest income/(expenses)	0	0	2,188	1,081
Income from financial investments	3,659	2,690	14,118	9,798
Foreign exchange loss	(1,237)	(5,212)	992	(8,274)
Total interest and similar income/(expenses)	**2,422**	**(2,522)**	**17,298**	**2,604**

Note 9 - 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.

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Note 9 - Tax, continued

Taxes are calculated as follows

Amounts in USD 000s	Parent company 01.01.23 to 31.12.23	Parent company 21.02.22 to 31.12.22	Consolidated accounts 01.01.23 to 31.12.23	Consolidated accounts 21.02.22 to 31.12.22
Basis for income tax expense, changes in deferred tax and tax payable				
Profit/(loss) before tax as stated in Statement of comprehensive income	10,638	(51,631	203,381	(19,009)
Loss before tax as basis for tax calculation	10,638	(51,631	68,424	(14,085)
Pension charged directly to equity	0	0	(4,276)	5,239
Basis for calculating tax	**10,638**	**(51,631)**	**64,148**	**(8,846)**
Permanent differences	(5,560)	(8,908)	796	6,121
Basis for the tax expense for the period	**5,078**	**(60,539)**	**64,944**	**(2,725)**
Change in temporary differences	278,970	(10)	348,069	19,510
Basis for payable taxes in the income statement	**284,049**	**(60,549)**	**413,014**	**16,786**
Change in (utilisation of) tax losses carried forward	(135,897)	60,549	(138,038)	30,214
Taxable income (basis for payable taxes in the balance)	**148,152**	**0**	**274,976**	**47,000**
Income tax expenses				
Tax payable	0	0	12,079	12,511
Tax correction earlier period	0	0	(1,077)	(28)
Tax payable on net assets	0	0	546	485
Change in deferred tax	(8,105)	(15,134)	(26,335)	(12,704)
Tax payable related to change in pension assumptions	0	0	1,019	(1,312)
Accrual tax in foreign branches	1,483	0	2,309	429
Tax expenses ordinary result	**(6,621)**	**(15,134)**	**(11,458)**	**(619)**
Income tax payable				
Tax at the beginning of the period	0	0	17,255	7,387
Tax payable related to the period	1,484	0	14,855	13,208
Tax correction earlier period	0	0	(1,139)	(97)
Tax paid during the period	0	0	(15,714)	(2,917)
Exchange adjustments	0	0	(1,078)	(326)
Tax payable at the end of the period	**1,484**	**0**	**14,180**	**17,255**
Deferred tax asset				
Specification of tax effect resulting from temporary differences				
Pension obligations	0	0	36,274	33,501
Equipment	0	0	1,139	38
Portfolio investments	0	0	(19,881)	2,550
Foreign tax credit	0	0	3,052	0
Tax loss carried forward	0	139,507	734	140,375
Other temporary differences	1,347	0	4,039	5,220
Bermuda ETA	279,423	0	411,618	0
Retained earnings	0	1,300	(38,242)	(49,280)
Total temporary differences	**280,770**	**140,807**	**398,734**	**132,404**

Amounts in USD 000s	Parent company 01.01.23 to 31.12.23	Parent company 21.02.22 to 31.12.22	Consolidated accounts 01.01.23 to 31.12.23	Consolidated accounts 21.02.22 to 31.12.22
Deferred tax, 25 per cent of total temporary differences	337	35,202	(3,223)	33,101
Deferred tax, 15 per cent of total temporary differences	41,913	0	61,743	0
Net deferred tax asset/(deferred tax) of total temporary differences	**42,250**	**35,202**	**58,520**	**33,101**
Deferred tax asset reconciliation				
Deferred tax asset/deferred tax at beginning of the period	35,202	21,994	33,101	22,325
Deferred tax expense related to the period	8,105	15,134	26,335	12,704
Exchange adjustment	(1,057)	(1,926)	(917)	(1,928)
Deferred tax asset/deferred tax at end of the period	**42,250**	**35,202**	**58,520**	**33,101**
Reconciliation of the tax expense				
Profit/(loss) before tax	10,638	(51,631)	64,148	(14,085)
Calculated tax 25 per cent	2,660	(12,908)	16,068	(3,521)
Tax expense	(6,622)	(15,134)	(11,458)	(619)
Difference	**9,282**	**2,226**	**27,525**	**(2,902)**
The difference consists of:				
Pension charged directly to other equity	0	0	(1,095)	0
Tax payable on net assets	0	0	(546)	(485)
Accrual tax in foreign branches	0	0	0	(429)
Foreign tax credit deducted	0	0	761	0
Deferred tax related to Bermuda ETA	41,913	0	61,742	0
Impairment of DTA related to tax losses carried forward	(34,732)	0	(34,732)	0
Tax correction earlier year	0	0	1,077	28
Differences related to different tax rates within the group	851	0	516	(456)
Permanent differences not subject to tax	1,248	2,226	(199)	(1,530)
Asymmetric currency adjustment	0	0	0	(30)
Sum explained differences	**9,282**	**2,226**	**27,525**	**(2,902)**

Following the OECD's proposed Global Minimum Tax framework, the Bermuda Government enacted the Corporate Income Tax Act (the "Act") on 27 December 2023. Although the Company had previously received an undertaking from the Bermuda Government in the form of a Tax Assurance Certificate, exempting it from any future tax computed on profits or income or computed on any capital asset, gain or appreciation until 31 March 2035, the Act specifies that the corporate income tax shall apply notwithstanding any such prior assurances.

Given the new legislation, a 15 percent corporate income tax will be applicable to Bermuda tax-resident entities and permanent establishments that are part of multinational enterprise (MNE) groups with annual revenue of at least €750M. The Corporate Income Tax Act will be effective from 1 January 2025 and will be applicable to the Company. The Act includes a provision referred to as the economic transition adjustment, which is intended to provide a fair and equitable transition into the tax regime, and results in a deferred tax benefit for the Company. Pursuant to this new legislation, the Company recorded a net deferred tax asset of USD 41.9 million as at 31 December 2023. Equivalently, the net deferred tax asset for the Group amounts to USD 61.7 million as at 31 December 2023. The Company expects to incur and pay increased taxes in Bermuda beginning in 2025. The deferred tax asset is a non-admitted asset and is not recognised in the statutory financial statements.

The Company has made an impairment of the deferred tax asset related to tax losses carried forward in Gard P. & I. (Bermuda) Ltd., Norwegian Branch, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom. As at 31 December 2023, the gross amount of tax losses carried forward for the Company's Norwegian branch amounts to USD 138,930,692.

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

Notes to the accounts

Note 10 - Intangible assets

Accounting policy
Intangible assets relate to key software used in the group's operation. External cost of acquiring and implementing software as well as employee costs directly attributable to implementation are capitalised. Amortisation is charged to comprehensive income on a straight-line basis over the estimated useful life of each intangible asset, starting from the point at which the asset is ready for use.

	Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22
Software at cost		
Costs at the beginning of the period	19,615	18,212
Net additions/(disposals)	5,409	2,998
Exchange adjustments	(588)	(1,595)
Costs at the end of the period	**24,436**	**19,615**
Depreciation and impairment at the beginning of the period	9,501	9,200
Depreciation	1,399	1,105
Exchange adjustments	(284)	(804)
Depreciation at the end of the period	**10,616**	**9,501**
Net book value at the end of the period	**13,820**	**10,114**
Amortisation period	3-5 years	3-5 years
Amortisation type	linear	linear

Note 11 - Property and plant used in operation

Accounting policy
Property, plant and equipment, notes 11 and 12, is capitalised and depreciated linearly over its estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and are depreciated with the related asset. If the carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount.

	Consolidated accounts as at 31.12.23		
Amounts in USD 000s	Real estate	Property, plant	Total
Costs at the beginning of the period	18,119	21,240	39,358
Net additions/(disposals)	1,052	1,235	2,287
Exchange adjustments	(527)	(498)	(1,025)
Costs at the end of the period	**18,644**	**21,977**	**40,620**
Depreciation at the beginning of the period	9,608	5,199	14,808
Depreciation charge for the period	187	638	825
Exchange adjustments	(320)	(144)	(465)
Depreciation at the end of the period	**9,475**	**5,693**	**15,168**
Net book value at the end of the period	**9,169**	**16,284**	**25,453**

	Consolidated accounts as at 31.12.22		
Amounts in USD 000s	Real estate	Property, plant	Total
Costs at the beginning of the period	20,470	21,831	42,300
Net additions/(disposals)	(693)	998	305
Exchange adjustments	(1,658)	(1,589)	(3,247)
Costs at the end of the period	**18,119**	**21,240**	**39,358**
Depreciation at the beginning of the period	10,269	5,086	15,355
Depreciation charge for the period	200	548	748
Exchange adjustments	(862)	(434)	(1,296)
Depreciation at the end of the period	**9,608**	**5,200**	**14,808**
Net book value at the end of the period	**8,511**	**16,040**	**24,551**
Amortisation period	67 years	5-20 years	
Amortisation type	linear	linear	

Rent included in the consolidated accounts is charged to Comprehensive income in the period the offices are used. Any remaining rental liabilities are not included in the balance sheet. External rental liabilities amount to USD 14.1 million as at the balance sheet date (USD 10.1 million as at 31 December 2022). Total costs regarding rent in the consolidated account amount to USD 4.8 million (USD 4.7 million as at 31 December 2022).

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Note 12 - Equipment

Amounts in USD 000s	Parent company As at 31.12.23 Art	Consolidated accounts As at 31.12.23 Art	Equipment	Total
Acquisition costs at the beginning of the period	1,356	5,663	16,561	22,224
Net additions/(disposals)	0	194	3,688	3,882
Exchange adjustments	0	7	(289)	(282)
Costs at the end of the period	**1,356**	**5,866**	**19,960**	**25,824**
Depreciation at the beginning of the period	695	1,482	11,440	12,922
Depreciation charge for the period	0	0	2,405	2,405
Reversal of depreciations on disposals	0	0	(1,185)	(1,185)
Exchange adjustments	0	(3)	(160)	(164)
Depreciation at the end of the period	**695**	**1,479**	**12,501**	**13,980**
Net book value at the end of the period	**661**	**4,387**	**7,459**	**11,846**

Amounts in USD 000s	Parent company As at 31.12.22 Art	Consolidated accounts As at 31.12.22 Art	Equipment	Total
Acquisition costs at the beginning of the period	1,356	4,385	15,248	19,632
Net additions/(disposals)	0	1,294	2,503	3,797
Exchange adjustments	0	(16)	(1,190)	(1,206)
Costs at the end of the period	**1,356**	**5,663**	**16,561**	**22,223**
Depreciation at the beginning of the period	695	1,482	10,684	12,166
Depreciation charge for the period	0	0	1,937	1,937
Reversal of depreciations on disposals	0	0	(375)	(375)
Exchange adjustments	0	0	(806)	(806)
Depreciation at the end of the period	**695**	**1,482**	**11,440**	**12,922**
Net book value at the end of the period	**661**	**4,181**	**5,120**	**9,301**
Amortisation period			3-5 years	
Amortisation type			linear	

Art is not subject to depreciation.

Note 13 - Investments in subsidiaries

Accounting policy
Investments in the subsidiaries are valued at the lower of cost and fair value in the parent company accounts. The investments are valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Amounts in USD 000s	Ownership	Voting share	Place of office		Share capital	Book value USD As at 31.12.23
AS Assuransegården	100%	100%	Norway	NOK	22,220	21,099
Gard AS	100%	100%	Norway	NOK	30,000	70,932
Gard Marine & Energy Limited	100%	100%	Bermuda	USD	190,000	197,737
Gard Reinsurance Co Ltd	100%	100%	Bermuda	USD	150,000	295,000
Hydra Insurance Company Ltd. (Gard's cell)	100%	100%	Bermuda	USD	56,913	56,913
Lingard Limited	100%	100%	Bermuda	USD	900	900
Total						**642,581**

Book value in the subsidiaries are valued at cost, no impairment losses are recognised.

In addition to the listed companies, the mutual insurance association Assuranceforeningen Gard - gjensidig - is treated as a subsidiary of the company.

Note 14 - 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 FVTPL 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 and its contractual terms give rise it. Derivative financial investments are also valued at FVTPL.

Financial assets at fair value through other comprehensive income
Financial asset 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

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Note 14 - Financial investments at fair value through profit or loss, continued

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

Recognition and measurement
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.nsolidated statement of comprehensive income.
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.
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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

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 Gard group 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.

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Note 14 - Financial investments at fair value through profit or loss , continued

	Parent company				Parent company			
	As at 31.12.23				As at 31.12.22			
	Quoted market prices	Observable market prices	Non-observable market data		Quoted market prices	Observable market prices	Non-observable market data	
Amounts in USD 000s	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and investment funds	24,086	170,071	37,240	231,397	42,414	146,199	40,440	229,053
Interest-bearing securities and funds	107,632	171,782	61,177	340,591	61,550	197,904	46,097	305,551
Other financial investments	1,039	0	0	1,039	107	0	0	107
Total financial investments	**132,758**	**341,853**	**98,417**	**573,027**	**104,071**	**344,103**	**86,537**	**534,711**

	Consolidated accounts				Consolidated accounts			
	As at 31.12.23				As at 31.12.22			
	Quoted market prices	Observable market prices	Non-observable market data		Quoted market prices	Observable market prices	Non-observable market data	
Amounts in USD 000s	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and investment funds	74,244	502,001	89,052	665,297	80,324	456,508	99,162	635,995
Interest-bearing securities and funds	327,953	1,371,927	122,354	1,822,234	272,782	1,262,266	92,195	1,627,242
Other financial investments	13,948	0	0	13,948	107	0	0	107
Total financial investments	**416,145**	**1,873,928**	**211,406**	**2,501,479**	**353,214**	**1,718,774**	**191,357**	**2,263,344**

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Note 14 - Financial investments at fair value through profit or loss , continued

The majority of investments held are subfunds of the Gard Unit Trust Fund, a legal fund structure establised 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 group possesses only minority interests in quoted companies. The group also has funds other than the Gard Unit Trust Fund that hold investments in direct property, alternatives and private debt.

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

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.

			Parent company
Amounts in USD 000s	Investment profile	Currency	As at 31.12.23
Equity funds			
Gard Global Equity Fund II	Global equity	USD	53,241
Gard Global Impact Equity Fund	Global equity	USD	19,155
Gard Global Multifactor Equity Fund	Global equity	USD	17,945
Gard Emerging Markets Fund	Emerging market equity	USD	16,841
GS Specialised Investment Fund	Volatility option strategy	USD	62,890
CBRE Global Real Estate Fund	Global real estate	USD	37,240
Invesco Commodity ETF	Commodities	USD	1,875
iShares Gold ETF	Commodities	USD	10,551
iShares REIT ETF	Global real estate	USD	4,957
iShares Commodity ETF	Commodities	USD	6,703
Total Equity funds			**231,397**
Total Equities and investment funds			**231,397**
The part of Equity fund invested in quoted shares			131,268

			Parent company
Amounts in USD 000s	Investment profile	Currency	As at 31.12.23
Interest-bearing securities			
US Treasury Bills	US Treasury bond	USD	28,398
Norwegian Government bonds	Norwegian Government	NOK	34,949
Total Interest-bearing securities			**63,346**
Interest-bearing funds			
CQS Credit Fund	Global multi asset credit	USD	48,858
Gard Emerging Market Debt Fund	Emerging market debt	USD	39,125
Gard Global Bond Fund I	Global aggregate bonds	USD	49,731
Gard Global Treasury Fund	Government debt	USD	127
Gard Private Debt Fund	Global private debt	USD	56,677
Gard Strategic Global Bond Fund	Global aggregate bonds	USD	10,713
Gard International Credit Bond Fund I	Global corporate bonds	USD	16,151
Gard US Credit Bond Fund I	US corporate bonds	USD	7,077
iShares TIPS ETF	Government debt	USD	11,179
Golub Private Debt Fund	MSCI ETF	USD	4,500
Northern Trust Cash Fund	Money market US Dollar	USD	33,107
Total Interest-bearing funds			**277,245**
Total Interest-bearing securities and funds			**340,591**

The group has an equity exposure of 13.4 per cent (financial period ending 20 February 2022 14.0 per cent) of its total investments.

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Note 14 - Financial investments at fair value through profit or loss , continued

			Consolidated accounts
Amounts in USD 000s	Investment profile	Currency	As at 31.12.23
Equity funds			
Gard Global Equity Fund II	Global equity	USD	102,510
Gard Global Impact Equity Fund	Global equity	USD	65,113
Gard Global Multifactor Equity Fund	Global equity	USD	88,116
Gard Emerging Markets Fund	Emerging market equity	USD	60,785
Invesco Commodity ETF	Commodities	USD	4,894
Invesco S&P500 ETF	US equity	USD	3,973
iShares MSCI ETF	Global equity	USD	3,916
GS Specialised Investment Fund	Volatility option strategy	USD	62,890
CBRE Global Real Estate Fund	Global real estate	USD	74,479
iShares REIT ETF	Global real estate	USD	14,967
Phoenix Global Real Estate Fund II	Global real estate	USD	14,573
Caxton Global Investments Ltd	Global tactical asset alloca-	USD	63,925
Bridgewater Pure Alpha Fund	Global tactical asset alloca-	USD	58,664
iShares Gold ETF	Commodities	USD	10,551
iShares Commodity ETF	Commodities	USD	16,462
iShares Japan ETF	Global equity	USD	6,440
ANTERO RESOURCES	Common stocks North	USD	1,068
ARC RESOURCES	Common stocks North	USD	709
CHESAPEAKE ENERGY	Common stocks North	USD	1,431
CNX RESOURCES	Common stocks North	USD	1,157
COMSTOCK RESOURCES	Common stocks North	USD	816
COTERRA ENERGY	Common stocks North	USD	1,030
EQT	Common stocks North	USD	1,446
GULFPORT ENERGY	Common stocks North	USD	889
OVINTIV	Common stocks North	USD	690
RANGE RESOURCES	Common stocks North	USD	1,357
SOUTHWESTERN ENERGY CO	Common stocks North	USD	1,440
TOURMALINE OIL	Common stocks North	USD	1,003
Total Equity funds			**665,297**
Total Equities and investment funds			**665,297**
The part of Equity fund invested in quoted shares			371,286

			Consolidated accounts
Amounts in USD 000s	Investment profile	Currency	As at 31.12.23
Interest-bearing securities			
United States Treasuries	US Treasury bonds	USD	99,027
Total Interest-bearing securities			**99,027**
Interest-bearing funds			
CQS Credit Fund	Global multi asset credit	USD	177,402
Gard Emerging Market Debt Fund	Emerging market debt	USD	126,683
Gard Global Bond Fund I	Global aggregate bonds	USD	365,155
Gard International Credit Bond Fund I	Global corporate bonds	USD	111,169
Gard US Credit Bond Fund I	US corporate bonds	USD	127,804
Gard Global Treasury Fund	Government debt	USD	244,647
Gard Private Debt Fund	Global private debt	USD	113,354
Gard Strategic Global Bond Fund	Global aggregate bonds	USD	219,039
iShares TIPS ETF	Government debt	USD	67,278
iShares Treasury ETF	Government debt	USD	42,973
Northern Trust Cash Fund	Money market US Dollar	USD	108,306
Luxor TIPS ETF	Government debt	USD	10,398
Golub Private Debt Fund	MSCI ETF	USD	9,000
Total Interest-bearing funds			**1,723,207**
Total Interest-bearing securities and funds			**1,822,234**

	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Financial assets at amortised cost				
Cash and cash equivalents	132,645	86,557	295,884	234,978
Other financial assets	6,584	5,568	33,730	29,606
Loan to subsidiaries	20,469	11,571	0	0
Receivables				
Receivables from direct insurance operations	31,269	29,020	273,027	267,161
Receivables from reinsurance operations	20,371	29,910	10,840	11,387
Loan secured by mortgages	0	0	34,292	19,896
Other receivables	16	307	236	111
Total financial assets at amortised cost	**211,354**	**162,934**	**648,009**	**563,138**

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Note 15 - 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.

Alternatives risk
The risk that the actual return or performance relative to benchmark of investments due to active management decisions will be lower than expected. The sensitivity analysis for alternative risk is assigned to global alternative funds which aim to generate excess return by tactically adjusting asset allocation across a variety of asset classes.

Real estate risk
The risk of economic losses resulting from deviations of actual values and/or income from real estate from those expected. The sensitivity analysis for real estate risk is performed on funds which represent the part that is strategically allocated to real estate.

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.

Currency split balance sheet	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Assets				
USD	1,889,151	1,770,763	3,130,087	2,767,823
EUR	5,351	2,594	60,357	48,973
GBP	3,308	2,197	13,992	12,051
Other	115,248	146,906	279,503	294,919
Total assets	**2,013,058**	**1,922,459**	**3,483,939**	**3,123,766**
Equity and liabilities				
USD	1,949,491	1,881,381	3,102,632	2,826,412
EUR	28,953	16,399	177,146	114,342
GBP	7,219	5,435	29,239	20,047
Other	27,395	19,244	174,922	162,965
Total equity and liabilities	**2,013,058**	**1,922,459**	**3,483,939**	**3,123,766**
Net asset exposure				
USD	(60,340)	(110,618)	27,456	(58,589)
EUR	(23,602)	(13,805)	(116,788)	(65,369)
GBP	(3,912)	(3,239)	(15,248)	(7,996)
Other	87,854	127,662	104,580	131,954

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Note 15 - Financial risk, continued

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

Amounts in USD 000s	Parent company As at 31.12.23	Parent company As at 31.12.22	Consolidated accounts As at 31.12.23	Consolidated accounts As at 31.12.22
Impact on fixed income portfolio investments given an increase of 50 basis points in yield curve	(4,259)	(4,662)	(23,438)	(23,955)
Impact on equity portfolio given a 10 per cent drop in quoted market prices	(10,636)	(16,333)	(34,190)	(36,050)
Impact on total investment portfolio given a change of 10 per cent in foreign exchange rates against USD	(14,670)	(10,915)	(49,210)	(44,478)
Impact on real estate portfolio given a 10 per cent drop in NAV	(4,686)	(4,510)	(11,808)	(11,322)
Impact on alternatives portfolio given a 10 per cent drop in NAV	(6,289)	0	(18,548)	(12,818)
Impact on fixed income portfolio investments given an increase of 100 basis points of inflation	(3,806)	(3,744)	(19,903)	(18,169)

The analysis below is based on the same movements as the previous table, for Financial investments level 3 only (see note 14 for definition).

Amounts in USD 000s	Parent company As at 31.12.23	Parent company As at 31.12.22	Consolidated accounts As at 31.12.23	Consolidated accounts As at 31.12.22
Impact on fixed income portfolio investments given an increase of 50 basis points in interest rate	(612)	(461)	(1,224)	(922)
Impact on real estate portfolio given a 10 per cent drop in quoted market prices*	(3,724)	(4,044)	(8,905)	(9,916)
Impact on fixed income portfolio investments given an increase of 100 basis points of inflation	(465)	(350)	(930)	(701)

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 Gard group 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.

The credit exposure on the reinsurance program is in line with the guidelines of only accepting reinsurers with an A- or higher rating. 31 December 2023 the Group is, however, faced with BBB rating exposure through the IG Pooling agreement. Among the twelve clubs, five have ratings lower than A-. The IG Pooling agreement has several mechanisms to mitigate counterpart default risk, disregard whether the event of default originates from IG Pooling partners or from external reinsurers. Estimated credit loss assessments are made when there are indicators of a loss event, not mitigated by the mechanisms in the IG Pooling agreement.

The Group is also 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 followed 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. 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. Outstanding receivables can be netted off against outstanding claims payments to reduce the risk of doubtful debts.

The Group acknowledges that there is an increased counterparty risk towards Russian entities due to the different sanction regimes imposed. Although, due to the Group'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.

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Note 15 - Financial risk, continued

Credit risk exposure in balance sheet	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Interest-bearing securities and funds				
AAA	26,553	24,158	108,306	111,897
AA	28,398	26,321	57,494	53,191
Not rated	285,641	255,071	1,656,434	1,462,154
Total interest-bearing securities and funds	**340,591**	**305,551**	**1,822,234**	**1,627,242**
Other financial investments				
A	1,039	107	13,948	107
Total other financial investments	**1,039**	**107**	**13,948**	**107**
Reinsurers` share of gross claims reserve				
AA	15,068	6,472	18,965	7,469
A	464,902	477,599	47,594	57,810
B	0	0	10,751	11,097
BBB	12,088	15,845	79,135	74,924
Not rated	0	0	243	380
Total reinsurers' share of gross claims reserve	**492,058**	**499,916**	**156,688**	**151,680**
Receivables				
AA	7,946	0	10,854	1,340
A	14,090	25,965	1,770	4,274
BBB	0	0	0	254
Not rated	29,620	33,273	305,771	292,686
Total receivables	**51,656**	**59,238**	**318,395**	**298,554**
Cash and cash equivalents				
AAA	0	0	69	0
AA	95,732	65,966	216,745	156,862
A	36,913	20,591	77,412	76,112
B	0	0	0	431
BB	0	0	156	0
BBB	0	0	1,489	1,562
Not rated	0	0	12	11
Total cash and cash equivalents	**132,645**	**86,557**	**295,884**	**234,978**

Credit risk exposure in balance sheet	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Other financial assets presented in balance sheet*				
AAA	6,584	5,568	26,344	22,295
A	0	0	1,487	1,594
BB	0	0	5,000	5,000
Not rated	20,469	10,557	899	717
Total other financial assets presented in balance sheet	**27,053**	**16,126**	**33,730**	**29,606**

Other financials assets also include regulatory and contractually required deposits that is considered encumbered assets amounting to USD 33.7 million as at 31 December 2023 (USD 29.6 million as at 31 December 2022) in the consolidated accounts. Correspondingly, restricted assets amounts to USD 6.6 million as at 31 December 2023 for the parent company (USD 5.6 million as at 31 December 2022).

* Includes loan to subsidiaries and other financial assets.

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Note 15 - Financial risk, continued

Age analysis of receivables after provision for bad debt	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Not due	33,962	43,171	256,154	252,275
0-60 days	10,785	9,508	32,282	23,772
61-90 days	1,478	1,315	5,277	4,210
Above 90 days	6,963	6,747	29,516	23,599
Provision for bad debt	(1,531)	(1,503)	(4,834)	(5,301)
Total receivables	**51,656**	**59,238**	**318,395**	**298,554**

Impaired receivables
As at 31 December 2023 there are impaired receivables in the parent company of USD 1.5 million (31 December 2022 USD 1.5 million) and there are impaired receivables in the consolidated accounts of USD 4.8 million (31 December 2022 USD 5.3 million), related to past due. No collateral is held as security for the impaired receivables, but the receivables can be deducted from future claim payments if any. Impairment allowance is included in 'Other insurance related expenses'

Analysis of provision for bad debt	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Balance as at the beginning of the period	1,503	1,743	5,301	5,699
Provision for receivables impairment	(28)	239	325	398
Receivables written off during the period as uncollectable	(106)	(485)	(114)	(881)
Unused amounts reversed	162	7	(678)	85
Balance as at the end of the period	**1,531**	**1,503**	**4,834**	**5,301**

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.The risk is mitigated through a cash pool agreement between Gard P. & I. (Bermuda) Ltd., Gard Marine & Energy Limited, Gard AS and AS Assuransegården that improves access to liquidity across the legal entities.

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 Gard group maintains highly marketable financial investments and diverse assets that can be liquidated in the event of an unforeseen interruption of cash flow. This, combined with the cash pool to meet liquidity needs, gives a presentation of how assets and liabilities have been matched.

	Parent company				
Amounts in USD 000s	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.23 Total
Gross claims reserve	259,120	483,416	78,762	0	821,298
Payables and accruals	128,257	0	0	0	128,257
Other payables	255	0	0	0	255

	Parent company				
Amounts in USD 000s	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.22 Total
Gross claims reserve	262,174	490,036	74,576	0	826,785
Payables and accruals	95,910	0	0	0	95,910
Other payables	196	0	0	0	196

	Consolidated accounts				
Amounts in USD 000s	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.23 Total
Gross claims reserve	527,081	891,595	111,476	0	1,530,152
Income tax payable	14,180	0	0	0	14,180
Payables and accruals	122,739	0	0	0	122,739
Other payables	11,196	0	0	0	11,196

	Consolidated accounts				
Amounts in USD 000s	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 31.12.22 Total
Gross claims reserve	489,858	835,207	102,781	0	1,427,846
Income tax payable	17,255	0	0	0	17,255
Payables and accruals	95,808	0	0	0	95,808
Other payables	8,437	0	0	0	8,437

Notes to the accounts

Note 16 - Pensions

Accounting policy
The Gard group operates various pension schemes and employees are covered by pension plans, which comply with local laws and regulations in each country in which the group operates. The companies have a defined contribution plan and a closed defined benefit plan.

Pension obligations
The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using a straight-line earnings method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Employer's contribution is included in the gross pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Statement of comprehensive income in the period in which they arise. Past-service costs are recognised immediately in technical result.

For defined contribution plans, the companies pay contributions to privately administered pension insurance plans on a contractual basis. The companies have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Pensions
The companies have entered into pension contracts with some former and current employees. These contracts are mainly financed directly through the companies' operations. The subsidiaries have entered into various pension plans with both former and present employees.

The companies have collective pension agreements in place in accordance with the Norwegian Pension Act. As of 31 December 2015 the defined benefit plan was terminated for active employees, with the option for employees born in or before 1954 to remain in the previous defined benefit plan. All other active employees have been transferred to a defined contribution plan with effect of 1 January 2016, with contribution levels of 7 per cent from 0 – 12 G, and an additional 18.1 per cent from 7.1 – 12 G. G is a base rate used as the basis for calculating benefits. G is adjusted annually and is approved each year by the Norwegian parliament.

The last time G was updated was in May 2022. As of 31 December 2023 G equals NOK 111,477 (USD 11,316). Retired and disabled employees were not subject to change and remain in the defined benefit plan. All employees hired after February 2009 are covered by the new levels in the defined contribution scheme.

The contribution plan as of 31 December 2023 covers a total of 455 employees. In the defined contribution plan 9 employees are disabled. In relation to the defined benefit plan, 3 employees born in 1954 or earlier remain active members, 9 are partly or wholly disabled, 3 are active with flexible pension withdrawals and 79 are retired.

In addition to the collective agreement, all employees can apply for a tariff based lifelong retirement pension (AFP) which the employee may start to draw from the age of 62. The AFP pension is partially financed by Gard AS.

The closed pension scheme for part of the Group Leadership Team, which provides coverage for an amount above 12 G as well as early retirement, is secured by an agreement with Norsk Tillitsmann Pensjon/Nordic Trustee. The obligation is secured through a pledge deposit on a bank account owned by Gard AS. The same solution is in place with respect to a compensation agreement for GLT members being transferred from the defined benefit plan to the defined contribution plan with effect from 1 January 2016.

For the defined benefit pension plan actuarial calculations are made with regard to pension commitments and funds at period end and resulting changes in pension obligations are charged to the income statement and other comprehensive income. Pension costs and pension liabilities have been accounted for in accordance with IAS19.

	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Pension cost				
Defined benefit pension plans				
Pension benefits earned during the period	0	21	757	925
Interest expense on earned pension	(26)	9	1,610	1,009
Yield on pension funds	0	0	(681)	(375)
Net pension cost earning related plan	**(26)**	**30**	**1,686**	**1,560**
Defined benefit pension plans	**(567)**	**0**	**8,155**	**6,604**
Total pension cost charged to the statement of comprehensive income	**(593)**	**30**	**9,841**	**8,164**
Hereof contribution pension	0	0	4,085	3,481
Changes in pension assumptions charged to other comprehensive income				
Change in pension assumptions	(54)	(8)	(4,134)	5,239
Income tax related to change in pension assumptions	0	0	1,020	(1,312)
Liabilities according to the actuarial calculations				
Defined pension obligation at end of year	(569)	(1,192)	(60,088)	(59,546)
Pension funds at market value	0	0	23,234	24,420
Actual net pension liability	**(569)**	**(1,192)**	**(36,854)**	**(35,126)**
Unrecognised asset due to asset ceiling (par 58b)	0	0	(344)	(8)
Net pension obligation recognised in the Balance	**(569)**	**(1,192)**	**(37,198)**	**(35,134)**
Yield on pension funds	**0**	**0**	**(681)**	**(375)**
Estimated yield on pension funds	**0**	**0**	**(681)**	**(452)**
Deviation	0	0	0	78
Changes in pension funds at market value				
Fair value of assets at the beginning of the period	0	0	24,420	27,374
Exchange differences	0	0	(733)	(2,398)
Expected return on plan assets	0	0	681	375
Actuarial gains or losses	0	0	(1,134)	(197)
Employer contribution	0	0	1,527)	737
Benefits paid	0	0	(1,527)	(1,470)
Fair value of assets at the end of the period	**0**	**0**	**23,234**	**24,420**
Financial assumptions	Per cent	Per cent	Per cent	Per cent
Discount rate	3.1	3	3.1	3
Assumed annual salary regulation	3.5	3.5	3.5	3.5
Assumed pension increase	2.25	2	2.25	2
Assumed regulations of public pensions	3.25	3.25	3.25	3.25
Assumed yield on funds	3.1	3	3.1	3
Actual yield on funds	(3.1)	(3)	(3.1)	(3)

There has been a change in the adoption of the pensions liabilities within the Group, where the liabilities of a contract has been moved from the Company to a subsidiary of Gard AS.

Composition of pension funds
The collective pension agreement is insured in the portfolio of Storebrand Livsforsikring.

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Note 17 - Receivables from direct insurance operations

	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Direct and received premium	31,457	28,737	54,297	47,612
Direct and received premium through broker	(1,622)	705	124,953	119,545
Not closed premium	215	321	50,182	49,200
Claims related debtors, co-insurers	2,751	761	48,415	56,067
Provision for bad debts	(1,531)	(1,503)	(4,820)	(5,264)
Receivables from direct insurance operations	**31,269**	**29,020**	**273,027**	**267,161**

Note 18 - Other receivables

	Parent company		Consolidated accounts	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Other receivables				
Other receivables	9	1	236	111
Other receivables from subsidiaries	7	306	0	0
Loan to employees	0	0	34,292	19,896
Total other receivables	**16**	**307**	**34,528**	**20,007**

Note 19 - 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 30.5 million as at 31 December 2023 (USD 29.3 million as at 31 December 2022).The Company has a group account agreement and participates in a cash pool agreement. Both agreements are made with the Company's main bank, Nordea Bank Abp filial i Norge. The group account agreement implies that the Company can make overdrafts on individual bank accounts as long as the Company's total bank deposit is positive. The cash pool agreement secures efficient use of the operating bank deposits through the companies' opportunities to make use of the overdraft facility on individual bank accounts. Each company participating in the cash pool agreement is jointly liable for the overdraft facility through unsecured guarantees.

Cash and cash equivalents also include regulatory and contractually required cash deposits that is considered restricted cash amounting to USD 64.8 million as at 31 December 2023 (USD 73.3 million as at 31 December 2022).

There are no Letter of Credit, Guarantees or other instruments included in the balance sheet. A Letter of Credit in the amount of HKD 660.3 million equal to USD 84.6 million has been issued in relation to insurance licence of Gard group's Hong Kong branches.

Note 20 - Statutory reserve

Gard P. & I. (Bermuda) Ltd. is registered under and regulated by the Insurance Act 1978 and related regulations. The Company is under the supervision of the Bermuda Monetary Authority (BMA) and has to be in compliance with a set of regulatory requirements. Gard P. & I. (Bermuda) Ltd. maintained a statutory reserve of USD 462.500 and all regulatory requirements are complied with as at 31 December 2023.

The Company is a member of the property and casuality insurance companies guarantee scheme. The purpose of the scheme is to ensure payments to assured and third parties, pursuant to the Norwegian Act on Bank Contingency Scheme and Insurance Companies' Guarantee Scheme of 1996 no. 75. Provision shall be made for payment of 1 per cent of gross premium relevant to the scheme.

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Note 21 - Statutory and regulatory requirement

Gard P. & I. (Bermuda) Ltd. including subsidiaries have operations which are subject to laws and regulations in the jurisdictions in which they operate, of which the most significant ones are Bermuda and Norway. The statutory capital and surplus in Bermuda and Norway as at 31 December 2023 and 31 December 2022 was as follows:

	Parent Bermuda (a)		Regulated by Bermuda (b)		Regulated by Norway (c)	
Amounts in USD 000s	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22	As at 31.12.23	As at 31.12.22
Required statutory capital and surplus	32,924	32,687	96,656	368,273	364,798	351,870
Actual capital and surplus	988,417	936,811	936,476	832,123	531,455	508,586

(a) As a Class 2 company, Gard P. & I. (Bermuda) Ltd. is required to maintain minimum statutory capital and surplus equal to the Minimum Solvency Margin ("MSM").

(b) The Company's Bermuda based insurance subsidiaries are required to maintain minimum statutory capital and surplus equal to the greater of a Minimum Solvency Margin ("MSM") and the Enchanced Capital Requirement ("ECR"). The ECR is equal to the higher of each insurers' MSM or the Bermuda Solvency Capital Requirement ("BSCR") model or approved internal capital model. The BSCR for the relevant insurers for the year ended 31 December 2023 will not be filed with the BMA until end of April 2024. As a result, the required statutory capital and surplus as at 31 December 2023, as set out above, is based on the MSM of all relevant insurers, whereas the required statutory capital and surplus as at 31 December 2022 is based on the MSM and ECR where applicable for all relevant insurers. The required statutory capital and surplus based on MSM of all relevant insurers disclosed in previous year financial statement amounted to USD 000's 33,986 (Parent Bermuda), 86,597 (Regulated by Bermuda) and 396,640 (Regulated by Norway). Required statutory capital and surplus includes Gard P. & I. (Bermuda) Ltd., Gard Marine & Energy Limited, Gard Reinsurance Co Ltd and Hydra Gard Cell.

(c) Gard P. & I. (Bermuda) Ltd., Norwegian branch, Gard Marine & Energy Limited, Norwegian branch, Assuranceforeningen Gard - gjensidig - and Gard Marine & Energy Insurance (Europe) AS are required to maintain minimum capital and surplus equal to the Solvency Capital Requirement ("SCR") under Solvency II. The statutory capital and surplus for Gard P. & I. (Bermuda) Ltd., Norwegian branch and Assuranceforeningen Gard - gjensidig - include supplementary calls based on gross written premium for the last three open policy years. The SCR, which is part of the Solvency II reporting package, will not be filed with the Norwegian Financial Services Authority (Finanstilsynet) until early April 2024. As a result, preliminary figures are included as at 31 December 2023.

Statutory capital and surplus and actual capital and surplus for Gard P. & I. (Bermuda) Ltd., Norwegian branch and Gard Marine & Energy Limited, Norwegian branch are included in both (a) and (c).

Capital requirements

Gard P. & I. (Bermuda) Ltd. is required to maintain minimum capital and surplus equal to the Solvency Capital Requirement ("SCR") under Solvency II. The statutory capital and surplus for for Gard P. & I. (Bermuda) Ltd. include supplementary calls based on gross written premium for the last three open policy years. 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 000s	As at 31.12.23	As at 31.12.22
Own funds		
Share premium account	1,443,818	1,261,412
Reconciliation reserve	(44,714)	(3,718)
Excess of assets over liabilities	**1,399,104**	**1,257,694**
Tier 1 - Unrestricted	1,290,076	1,161,609
Total basic own funds / (equal to Excess of assets over liabilities)	**1,290,076**	**1,161,609**
Tier 2 - Supplementary calls - Available	668,887	615,009
Tier 2 - Supplementary calls - Eligible	223,741	206,270
Total ancillary own funds	**668,887**	**615,009**
Total available own funds to meet the SCR	1,959,696	1,809,434
Total available own funds to meet the MCR	1,290,076	1,161,609
Total eligible own funds to meet the SCR	1,513,817	1,367,879
Total eligible own funds to meet the MCR	1,290,076	1,161,609
SCR	447,482	412,540
MCR	284,027	299,124
Ratio of eligible own funds to SCR	**338%**	**332%**
Ratio of eligible own funds to MCR	**454%**	**388%**
Minimum Capital Requirement (MCR)		
Linear MCR	0	0
SCR	447,482	412,540
MCR cap (45% of SCR)	0	0
MCR floor (25% of SCR)	0	0
Combined MCR	0	0
Absolute floor of the MCR	0	0
MCR	**284,027**	**299,124**
Solvency Capital Requirement (SCR)		
Market risk	175,704	143,647
Counterparty default risk	54,681	53,687
Non-life underwriting risk	500,733	470,233
Diversification	(299,266)	(275,165)
Basic SCR	**431,852**	**392,401**
Calculation of SCR		
Adj - Loss Absorbing Capacity of Deferred Tax	(34,122)	(25,917)
Operational risk	49,752	46,056
SCR	**447,482**	**412,540**

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Note 22 - Differences between Solvency II and balance sheet valuation

Amounts in USD 000s	Solvency II	Balance Sheet	Differences
			As at 31.12.23
Assets			
Reinsurance recoverables			
Reinsurers' share of gross premium reserve	0	23,684	(23,684)
Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision	8,345	0	8,345
Reinsurers' share of gross claims reserves	156,688	156,688	0
Discounting effect of reinsurers' share of gross claims reserves	(8,766)	0	(8,766)
Reinsurers' share of Bound but not incepted (BBNI) - net and discounted	(5,850)	0	(5,850)
Losses occuring during - net	(10,246)	0	(10,246)
Reinsurance recoverables	**140,171**	**180,372**	**(40,201)**
Liabilities			
Technical provisions			
Gross premium reserves	0	296,257	(296,257)
Gross expected cash flow for unexpired cover net of commission provision	212,227	0	212,227
Gross claims reserves	1,530,152	1,530,152	0
Discounting effect of gross claims reserves	(86,971)	0	(86,971)
Bound but not incepted (BBNI) - net and discounted	(13,702)	0	(13,702)
ULAE future claims discounted	16,688	0	16,688
Risk Margin	49,234	0	49,234
Technical provisions	**1,707,628**	**1,826,409**	**(118,781)**

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.

Note 23 - Climate risk

The company is, through its own operations and through its value chain exposed to different climate risks.

Changes in climate has increased the frequency and severity of extreme weather events and is expected to continue to do so going forward. Based on our current assessments, we have not identified significant trends suggesting that the number of claims associated with extreme weather, or claims incurred, have increased. Considering the size of Gard's insurance portfolio, the sums also remain limited. However, we continue to monitor the development, and we especially keep an eye on fixed objects that cannot manoeuvre out of harm's way, like windfarms, ships in lay-up and shipyards.

Gard's insurance portfolio could also be indirectly affected through our reinsurers' exposure. Significant extreme events could challenge the reinsurance market and exhaust their capacity or increase their premiums. We have for example observed the reinsurance markets being affected by the US hurricane season in recent decades and this trend is likely to continue.

Another consequence of climate change in recent years has been an increase in shipping in polar areas. Recently, traffic has been limited and most of the traffic along the Northern Sea Route (the sea route in arctic waters above Russia) is related to energy. There have been few claims in polar areas, and it is difficult to assess whether this presents Gard with significantly higher risks than shipping in other remote areas. The costs associated with smaller events are manageable, but larger incidents could present considerable logistical challenges.

Climate risk also posses a transitional climate risk. The world is moving towards carbon neutrality and the IMO has a newly set target of net-zero emissions "by or around" 2050, while the EU will require carbon allowances for emissions in the shipping sector starting January 2024. In our insurance portfolio, many shipowners are cutting emissions by switching to sustainable fuels. While some newer fuels are associated with lower environmental risks, they can be more hazardous for people in their close vicinity. The fuel landscape is also expected to be much more fragmented ahead, and it is key that this is reflected in our organisation's expertise. In addition to the fuels inside ships, the cargo they carry could also be impacted, for example with more cars being transported having electric motors instead of fossil fuel ones.

Gard's investments are exposed to risks from the transition to renewable energy. Our investments in companies profiting from fossil fuels could deteriorate in value sooner than expected, while our investments in renewable energy could stand to benefit from the same developments. Assets usually considered to be low risk, such as government bonds, could also be exposed to transition risks, for example, if an oil-producing country's finances are worse off due to lower demand for fossil fuels, and this country therefore has trouble servicing its debt. As most of Gard's investments are measured at fair value through profit and loss, based on financial hierarchy Level 1 and Level 2, any climate risk should be reflected in the market price.

Gard's own tangible assets, foremost Real Estate and Property, are also exposed to physical climate changes. Valuation of the assets is based on market value assessments conducted by independent, third parties. Although not specifically specified in in the market value assessments made, there are no significant indications of any additional need for impairment of these assets related to climate risk.

Note 24 - 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), for the P&I fixed cover Gard's own retention is USD 5 million per event and the Defense cover is limited to USD 15 million per event. For the P&I mutual cover, war is excluded, but the International Group of P&I Clubs has provided an excess War P&I cover up to USD 500 million per event above the proper value of the ship.

There are only three Defense cases registered with small reserves in the period up to 31 December 2023

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Policy period accounts

Amounts in USD 000s *Policy year, as at 31 December 2023*	2023	2022	2021
Premiums and calls			
Premiums	522,824	573,709	496,220
Additional calls debited	118	562	755
Owners' general discount	21,759	22,820	19,036
Total premiums	**544,701**	**597,091**	**516,011**
Reinsurance premiums	(114,187)	(124,828)	(100,495)
Net premium earned	**430,514**	**472,263**	**415,516**
Incurred claims net			
Claims paid	112,673	181,904	302,766
Estimates on outstanding claims	135,138	176,284	124,737
IBNRs	104,625	8,516	4,116
Unallocated Loss Adjustment Expenses	6,302	4,951	1,900
Incurred claims net	**358,737**	**371,655**	**433,519**
Acquisition cost and net operating expenses	56,295	46,279	47,716
Technical result	**15,482**	**54,329**	**(65,719)**

Notes to the consolidated policy period accounts

1. Premiums, supplementary calls, reinsurances and claims are credited/charged to the policy year to which they relate. Operating expenses are charged/credited to the same policy year as the financial period in which they are brought to account.

2. These accounts are prepared on the basis of 5 per cent Owners' General Discount in respect of the 2023 policy year (financial period ending 31 December 2023). The Owners' General Discount in the respect of the 2022 policy year (financial period ending 31 December 2022) was 5 per cent. The Owners' General Discount was introduced from the 2022 policy year and is a premium policy for mutual Members. The Owners' General Discount is given as a percentage of the agreed Estimated Total Call at renewal.

3. The approximate additional premium of 10 per cent from a supplementary call on the open policy years would be:
   2021 policy year USD 39.1 million
   2022 policy year USD 48.1 million
   2023 policy year USD 45.7 million

Incurred claims net comprises claims paid net of reinsurance recoveries, together with contributions to other P&I associations under the Group Pooling arrangement and net estimates for outstanding and unreported claims. Estimates on outstanding claims refer to those incidents which have been notified to the Association (RBNS) and on which estimates of the expected exposure have been placed. Incurred but not reported claims (IBNRs) have been calculated on a basis approved by the Company's actuary. Due to the characteristics of P&I claims, both RBNS and IBNR, in particular in respect of the more recent years, may change substantially.

4. Provision for outstanding and unreported claims for closed years before policy year 2020, USD 384.1 million, consists of estimated outstanding claims in the amount of USD 357.4 million and estimates for IBNR claims of USD 26.7 million.

Average Expense Ratio (AER) - P&I

In accordance with Schedule 3 of the International Group Agreement 1999 the group is required to disclose the AER for the group's P&I business for the five years ended 31 December 2023. The ratio of 12.6 per cent (14.8 per cent last year) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant financial statements.

The five year AER for the group's P&I business expresses the operating costs on a consolidated basis as a percentage of the relevant premiums and investment income earned. Operating costs of the P&I business exclude all claims handling costs. Investment income earned is stated after deducting all investment management costs. Internal claims handling and internal investment management costs include a reasonable allocation for general overhead expenses.

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Board of Directors GARD P. & I. (BERMUDA) LTD.

Bermuda, 15 March 2024

Morten W. Høegh Chairman	Michael Lykiardopulo Deputy Chairman	Rolf Thore Roppestad President
Nils Aden	Aristidis Alafouzus	Timothy C. Faries
Stephen Knudtzon	Ian Beveridge	Trond Eilertsen
Callum Sinclair	Kuo - Hua Chang	Georgios Karagergiou
Takaya Uchida	Carl-Johan Hagman	Halvor Ribe
Weng Yew Hor	Jason Liberty	Bjorn Giaever
Lois Zabrocky	Captain Rajalingam Subramaniam	Ingvild Saether
Lasse Kristoffersen	Cyril Ducau	Kenneth Hvid

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Capitals
Stocks of value on which all organisations depend for their success as inputs to their business model, and which are increased, decreased or transformed through the organisation's business activities and outputs. The capitals are categorised in the Framework as financial, manufactured, intellectual, human, social and relationship, and natural.

Compliance
The ways in which a company ensures that it is following internal rules and policies as well as external laws and regulations that apply to its business or industry. Compliance involves among others the development, design, implementation, and monitoring of policies, procedures and practices.

Correspondents
An individual or entity which is considered a partner to Gard that will handle all claims arising from accidents caused in the correspondent's country by objects insured by our Members and clients.

External Service Provider
An individual or entity that provides other services to Gard.

ESG
Stands for Environmental Social and Governance, and refers to the three key factors when measuring the sustainability and ethical impact of an organisation or company.

Estimated Total Call (ETC)
The Estimated Total Call is the premium that is to be paid by a Member or a client for a given policy year not included the Owners' General Discount.

High-impact casualty
A demand for payment or compensation made by a policyholder, reinsurer or third party on a policyholder to be compensated for some injury, damage or loss that exceeds USD 5.0 million.

Integrated report
A concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value in the short, medium and long term.

Know Your Customer
Proactively mapping your clients to ensure compliance with all relevant sanctions, laws and regulations related to money laundering, terrorism financing, and other financial crime-related issues.

Know Your Supplier
Proactively mapping your supply chain and (prospective) vendors to ensure compliance with all relevant sanctions, laws and regulations, and that relevant ESG considerations and sustainability standards are taken into account.

Material/materiality
A concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value in the short, medium and long term.

Owners' General Discount
A discount that is given as a percentage of the agreed Estimated Total Call at renewal in the forthcoming policy and financial year.

Stakeholders
Those groups or individuals that can reasonably be expected to be significantly affected by an organisation's business activities, outputs or outcomes, or whose actions can reasonably be expected to significantly affect the ability of the organisation to create value over time. Stakeholders may include providers of financial capital, employees, customers, suppliers, business partners, local communities, NGOs, environmental groups, legislators, regulators and policy-makers.

Sanctions
Commercial and financial penalties applied by one or more countries against a targeted state, group, or individual, often for the purpose of achieving political, military or social goals.

Short, medium and long term
Refers to different time ranges, where short-term perspective is 0 – 2 years; medium-term perspective is 3 - 5 years; long-term perspective is 5+ years.

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KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Gard P. & I. (Bermuda) Ltd.

Opinion

We have audited the financial statements of Gard P. & I. (Bermuda) Ltd. ("the Company") and of the Group, of which the Company is the parent, which comprise the balance sheet as at 31 December 2023, the statements of comprehensive income, changes in 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 give a true and fair view of the financial position of the Company and the Group as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance.

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

Other information

Management is responsible for the other information. The other information comprises 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 other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The financial statements as at and for the period ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 16 March 2023.

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 the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

KPMG

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

Those charged with governance are responsible for overseeing the 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 and the Group'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 and the Group'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 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 and/or the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
15 March 2024

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To the Board of Directors of Gard P. & I. (Bermuda) Ltd.

Independent Limited Assurance Report

Conclusion

We have performed a limited assurance engagement on whether Gard P. & I. (Bermuda) Ltd. 's ("The entity") accompanying Integrated Annual Report ("the Report") for the year ended 31. December 2023 has been prepared, in all material respects, in accordance with the Integrated Reporting Framework, issued by the IFRS Foundation.

Based on the procedures performed and the evidence obtained nothing has come to our attention that causes us to believe that the Report is not prepared, in all material respects, in accordance with the Integrated Reporting Framework. Our conclusion on the Report does not extend to any other information that accompanies or contains the *Report and our limited assurance report*.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised). Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" 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.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Management's responsibility

The Board of Directors and the Managing Director ("management") are responsible for the preparation of the Report, and the information and assertions contained within it, in accordance with the Integrated Reporting Framework.
Management is also responsible for such internal control as management determines is necessary to enable the preparation of a Report that are free from material misstatement, whether due to fraud or error, and for preventing and detecting fraud and for identifying and ensuring that the entity complies with laws and regulations applicable to its activities.

Inherent limitations

Due to the inherent limitations of any internal control, it is possible that errors or misstatements in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Our Responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Report is free from material misstatement, whether due to fraud or error.
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Directors of Gard P. & I. (Bermuda) Ltd.

The scope of our limited assurance engagement excludes future events or the achievability of the objectives, targets and expectations of the entity. The scope also excludes information contained in webpages referred to in the Report unless specified in this limited assurance report. Our work does not include testing the completeness of the measurements reported and the non-financial information presented in the Report. Our opinion on the SMI does not extend to any other information that accompanies or contains the SMI and our assurance report.

Procedures performed

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Report that is sufficient and appropriate to provide a basis for our conclusion. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. Our procedures selected depend on our understanding of the Report and other engagement circumstances, and our

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considerations of areas where material misstatements are likely to arise. We performed the following procedures:

- Comparing the information presented in the report to the Integrated Reporting Framework, including the principles stated in the framework,
- A risk analysis to identify relevant sustainability claims issues for Gard in the reporting period.
- Inquiries of management to gain an understanding of Gard' processes for determining the material issues for Gard's key stakeholder groups.
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Report.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Gard.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Oslo, 15.03.2024
KPMG AS

Anders Sjöström
State Authorized Public Accountant

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