REPUBLIC LIFE INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

SEPTEMBER 30, 2024

Ernst & Young Services Limited

Building a better
working world

Republic Life Insurance Company Limited

Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying separate financial statements of Republic Life Insurance Company Limited ("the Company"), which comprise the separate statement of financial position as at September 30, 2024, and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate financial statements including material accounting policy information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Insurance and Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited separate financial statements, management utilised the IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying separate financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Robert Soverall	T. Roberts-Lopez
Robert Soverall	Tarin Roberts-Lopez
Managing Director	Manager, Finance
November 29, 2024	November 29, 2024

REPUBLIC LIFE INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF REPUBLIC LIFE INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Republic Life Insurance Company Limited ("the Company"), which comprise the statement of financial position as at September 30, 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Responsibilities of Management and the Audit Committee for the Financial Statements

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

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

Management and the Audit Committee are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF REPUBLIC LIFE INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF REPUBLIC LIFE INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

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

We communicate with the Audit Committee 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.

EY

Port of Spain
TRINIDAD
November 29, 2024

REPUBLIC LIFE INSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	2024	Restated 2023	Restated 1 October 2022
ASSETS				
Short term securities		7,722	7,553	3,373
Other assets		1,139	823	310
Long term securities	5	94,386	78,566	30,850
Reinsurance contract asset	6.1	47,523	32,735	13,094
Due from related banks		5,143	1,650	620
TOTAL ASSETS		**155,913**	**121,327**	**48,247**
LIABILITIES & EQUITY				
LIABILITIES				
Accrued charges and other payables		678	4,164	111
Provision for taxation		358	359	31
Insurance contract liabilities	6.1, 6.4	122,485	88,489	26,077
TOTAL LIABILITIES		**123,521**	**93,012**	**26,219**
EQUITY				
Stated capital	7	20,000	20,000	20,000
Retained earnings		12,392	8,315	2,028
TOTAL EQUITY		**32,392**	**28,315**	**22,028**
TOTAL LIABILITIES & EQUITY		**155,913**	**121,327**	**48,247**

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

These financial statements were approved by the Board of Directors on November 29, 2024 and signed on its behalf by:

:Director :Director

REPUBLIC LIFE INSURANCE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Expressed in thousands of Trinidad and Tobago dollars ($’000)

	Notes	2024	Restated 2023
Insurance revenue	6.2	36,951	24,665
Insurance service expenses	6.2	(12,501)	(8,712)
Net expenses from reinsurance contracts	6.2	(15,194)	(9,825)
Insurance service result		9,256	6,128
Interest revenue from financial assets measured at FVPL	6.3	5,013	2,745
Interest revenue from financial assets measured at amortised cost	6.3	280	195
Net (loss)/gain on FVPL investments	6.3	(1,698)	3,464
Net investment income		3,595	6,404
Net finance expenses from insurance contracts	6.3	(2,125)	(1,467)
Net insurance finance expenses		(2,125)	(1,467)
Net financial result	6.3	**1,470**	**4,937**
Net insurance and investment result		**10,726**	**11,065**
Other operating expenses	9	(5,912)	(4,325)
Profit before taxation		**4,814**	**6,740**
Taxation	8	(737)	(453)
Total comprehensive income for the year, net of tax		**4,077**	**6,287**

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

REPUBLIC LIFE INSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	Notes	Stated capital	(Accumulated deficit)/ retained earnings	Total equity
Balance September 30, 2022 - as previously reported		20,000	(158)	19,842
Impact of initial application of IFRS 17	3.2	–	559	559
Impact of reassessment of IFRS 9 on implementation of IFRS 17	3.2	–	1,627	1,627
Restated balance at October 1, 2022		**20,000**	**2,028**	**22,028**
Total comprehensive income for the year - Restated		–	6,287	6,287
Balance at September 30, 2023 - Restated		**20,000**	**8,315**	**28,315**
Total comprehensive income for the year		–	4,077	4,077
Balance at September 30, 2024		**20,000**	**12,392**	**32,392**

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

REPUBLIC LIFE INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Expressed in thousands of Trinidad and Tobago dollars ($'000)

	2024	Restated 2023
Operating activities		
Profit before taxation	4,814	6,740
Adjustments for:		
Interest income	(5,293)	(2,940)
Net fair value loss/(gain) on financial assets	1,698	(3,464)
Changes in:		
Decrease in other assets	5	107
Increase in reinsurance contract asset	(14,788)	(19,641)
(Decrease)/increase in accrued charges and other payables	(3,486)	4,053
Increase in contract liabilities	33,996	62,412
Interest received	5,000	2,352
Taxes paid	(736)	(126)
Cash generated from operating activities	**21,210**	**49,493**
Investing activities		
Acquisition of investment securities	(34,008)	(83,467)
Proceeds from sale and maturities of investment securities	16,291	35,004
Cash used in investing activities	**(17,717)**	**(48,463)**
Net increase in cash and cash equivalents	3,493	1,030
Cash and cash equivalents at beginning of year	1,650	620
Cash and cash equivalents at end of year	**5,143**	**1,650**
Cash and cash equivalents at end of year are represented by:		
Due from related banks	**5,143**	**1,650**

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

1. Corporate information

Republic Life Insurance Company Limited ('the Company'), a wholly owned subsidiary of Republic Financial Holdings Limited, was incorporated on December 10, 2020, under the laws of the Republic of Trinidad and Tobago, under the name Republic Evolve Limited. The Company was set up for the purpose of applying for an insurance license for domestic operations. An insurance license was subsequently issued on August 16, 2021 under Section 25 of the Insurance Act, 2018 as a long-term insurance company to conduct the life insurance class of business only. The Company's name was subsequently amended on September 15, 2021 from Republic Evolve Limited to Republic Life Insurance Company Limited. The Company started writing business on January 10, 2022. The registered office is located at 9-17 Park Street, Port of Spain.

Republic Financial Holdings Limited, the financial holding company for the Republic Group and the ultimate Parent of the Company, is incorporated in the Republic of Trinidad and Tobago and its registered office is located at Republic House, 9-17 Park Street, Port of Spain. Republic Financial Holdings Limited is listed on the Trinidad and Tobago Stock Exchange.

2. Material accounting policies

These financial statements provide information on the accounting estimates and judgements made by the Company. These estimates and judgements are reviewed on an ongoing basis. Given the continued impact of global economic uncertainty exacerbated by high inflation and rising interest rates, the Company has maintained its estimation uncertainty in the preparation of these financial statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn in the economies in which we operate. This includes forecasts for economic growth, unemployment, interest rates and inflation.

The Company has formed estimates based on information available on September 30, 2024, which was deemed to be reasonable in forming these estimates. The actual economic conditions may be different from the estimates used and this may result in differences between the accounting estimates applied and the actual results of the Company for future periods.

2. Material accounting policies (continued)

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by the Company.

2.1 Basis of preparation

The financial statements of the Company are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and are stated in Trinidad and Tobago Dollars, which is the functional currency. These financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions. Actual results could differ from those estimates. Significant accounting judgements, estimates and assumptions in applying the Company's accounting policies have been described in Note 3.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended September 30, 2023, except for the adoption of new standards and interpretations below.

Several amendments and interpretations apply for the first time in 2024, and had an impact on the financial statements of the Company. These are also described in more detail below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2. Material accounting policies (continued)

2.2 Changes in accounting policies (continued)

IFRS 17 Insurance Contracts (effective January 1, 2023)

The Company has applied IFRS 17 "Insurance Contracts" for the first time on October 1, 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts held and the impact on the Company's financial statements in the period of initial application is discussed further in Note 3.2.

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions apply.

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period

2. Material accounting policies (continued)

2.2 Changes in accounting policies (continued)

IFRS 17 Insurance Contracts (effective January 1, 2023) (continued)

- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the statement of income, but are recognised directly on the statement of financial position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses
- Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

The Company was required to measure insurance contracts using the General Measurement Model ("GMM"), with modifications to this approach available for certain types of contracts. The Premium Allocation Approach ("PAA") was automatically applied to short-term contracts where the profit is realised within twelve months, but also to contracts more than one year, where the PAA eligibility criteria has been successfully applied. For all other contracts where the CSM is only adjusted for non-economic assumptions, the GMM was applied.

2. Material accounting policies (continued)

2.2 Changes in accounting policies (continued)

IFRS 17 Insurance Contracts (effective January 1, 2023) (continued)

On transition to IFRS 17, the Company has applied the full retrospective approach on all insurance business.

This is discussed further in Note 3.2.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 8 (effective January 1, 2023)

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

These amendments had no impact on the financial statements of the Company.

2. Material accounting policies (continued)

2.2 Changes in accounting policies (continued)

IAS 12 Income Taxes - Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023)

The amendments to IAS 12, narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

2. Material accounting policies (continued)

2.2 Changes in accounting policies (continued)

IAS 12 Income Taxes - Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023) (continued)

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments had no impact on the financial statements of the Company.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Amendments to IAS 1 - Disclosure of Accounting Policies (effective January 1, 2023)

The IASB issued amendments to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no impact on the financial statements of the Company.

2. Material accounting policies (continued)

2.3 Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. These standards and interpretations will be applicable to the Company at a future date and will be adopted when they become effective. The Company is currently assessing the impact of adopting these standards and interpretations.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (effective January 1, 2024)

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

2. Material accounting policies (continued)

2.3 Standards in issue not yet effective (continued)

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Amendments to IFRS 9 and IFRS 7 (effective January 1, 2026)

The amendments:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarifies how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

2. Material accounting policies (continued)

2.3 Standards in issue not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (effective January 1, 2027)

IFRS 18 introduces new categories and subtotals in the statement of income. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of income

An entity will be required to classify all income and expenses within its statement of income into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS Accounting Standard.

2. Material accounting policies (continued)

2.3 Standards in issue not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (effective January 1, 2027) (continued)

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed.

IAS 33 Earnings per Share is amended to include additional requirements that permit entities to disclose additional amounts per share, only if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

2. Material accounting policies (continued)

2.3 Standards in issue not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (effective January 1, 2027) (continued)

Consequential amendments to other accounting standards (continued)

Some requirements previously included within IAS 1 Presentation of Financial Statements have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.

2.4 Improvements to International Financial Reporting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to annual periods beginning on or after January 1, 2026:

IFRS	Subject of Amendment
IFRS 1	First-time Adoption of International Financial Reporting Standards – Hedge accounting by a first-time adopter
IFRS 7	Financial Instruments: Disclosures – Gain or loss on derecognition
IFRS 7	Financial Instruments: Disclosures – Disclosure of deferred difference between fair value and transaction price
IFRS 7	Financial Instruments: Disclosures – Introduction and credit risk disclosures
IFRS 9	Financial Instruments – Lessee derecognition of lease liabilities
IFRS 9	Financial Instruments – Transaction price
IFRS 10	Consolidated Financial Statements – Determination of a 'de facto agent'
IAS 7	Statement of Cash Flows – Cost method

2. Material accounting policies (continued)

2.5 Summary of material accounting policies

a) Insurance contracts

i Summary of measurement approaches

The Company has initially applied IFRS 17, including any consequential amendments to other standards, from October 1, 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative information for 2023.

The Company uses different measurement approaches, depending on the type of contract, as follows:

Measurement model	
Contracts issued	
Creditor Life	Premium Allocation Approach ("PAA")
Annuity	General Measurement Model ("GMM")
Individual Life	General Measurement Model ("GMM")
Reinsurance contracts held	
Reinsurance - Creditor Life	Premium Allocation Approach ("PAA")

2. **Material accounting policies** (continued)

2.5 **Summary of material accounting policies** (continued)

a) **Insurance contracts** (continued)

ii *Definition and classification*

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant.

All of the Company's insurance contracts transfer significant insurance risk. The Company does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements. The Company measures insurance contracts issued applying the different measurement approaches as outlined in Note 2.5 a (i).

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

iii *Unit of account*

The Company manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a fiscal year (annual cohorts) and are:

(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) a group of remaining contracts.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iii *Unit of account* (continued)

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For contracts measured using the GMM, the Company develops rates or prices for the range of insurance contracts that may be issued under a given product. Rates would typically be intended to result in similar levels of profitability across all insurance contracts issued.

Generally, for contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iii *Unit of account* (continued)

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a fiscal year (annual cohorts) into groups of:

(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

iv *Recognition and derecognition*

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iv Recognition and derecognition (continued)

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  (i) the beginning of the coverage period of the group; and
  (ii) the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iv *Recognition and derecognition* (continued)

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows ("FCF"), unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:

(i) is not within the scope of IFRS 17;
(ii) results in different separable components;
(iii) results in a different contract boundary; or
(iv) belongs to a different group of contracts.

b. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iv Recognition and derecognition (continued)

When an insurance contract accounted for under the GMM is derecognised from within a group of insurance contracts, the Company:

a. adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

b. adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage ("LRC") of the group) in the following manner, depending on the reason for the derecognition:

(i) if the contract is extinguished, for the same amount as the adjustment to the FCF relating to future service;

(ii) if the contract is transferred to a third party, for the amount of the FCF adjustment in (a) less the premium charged by the third party; or

(iii) if the original contract is modified resulting in its derecognition, for the amount of the FCF adjustment in (a) adjusted for the premium that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received; and

c. adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment being charged immediately to the statement of income.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

v Measurement

i Fulfilment cash flows

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims ("LIC").

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

v *Measurement* (continued)

i Fulfilment cash flows (continued)

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. For contracts measured under the PAA, the estimates of future cash flows are not adjusted for the time value of money.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

v *Measurement* (continued)

ii Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

b. both of the following criteria are satisfied:

(i) the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

(ii) the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

v *Measurement* (continued)

iii Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a. to that group; and
b. to groups that will included insurance contracts that are expected to arise from renewals of insurance contracts in that group

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Company could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

vi Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS Accounting Standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

vii Contracts measured under the GMM

i Contractual service margin

The contractual service margin ("CSM") is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

a. the initial recognition of the FCF;
b. cash flows arising from the contracts in the group at that date;
c. the derecognition of any insurance acquisition cash flows asset; and
d. the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

vii Contracts measured under the GMM (continued)

i Contractual service margin (continued)

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in the statement of income immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised.

ii Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a. the LRC, comprising:
   (i) the FCF related to future service allocated to the group at that date; and
   (ii) the CSM of the group at that date; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

(i) changes that relate to current or past service are recognised in the statement of income; and
(ii) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

iii Changes to the CSM

The following adjustments relate to future service and thus adjust the CSM:

a. experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;
b. changes in estimates of the present value of future cash flows in the LRC; and
c. changes in the risk adjustment for non-financial risk that relate to future service.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

vii Contracts measured under the GMM (continued)

iii Changes to the CSM (continued)

The following adjustments do not adjust the CSM:

a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b. changes in the FCF relating to the LIC;
c. experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.
b. Interest accreted on the carrying amount of the CSM.
c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
d. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

vii Contracts measured under the GMM (continued)

iii Changes to the CSM (continued)

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows. Discount curves are determined as at the end of the quarter and a year-to-date discount curve is determined as the premium weighted average of the quarterly discount curves. New business within each quarter is added using the quarterly discount curve, while the CSM is rolled forward using the year-to-date curve.

The amount of the CSM recognised in statement of income for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. the quantity of benefits provided by contracts in the group;
b. the expected coverage period of contracts in the group; and
c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition.

2. **Material accounting policies** (continued)

2.5 **Summary of material accounting policies** (continued)

a) **Insurance contracts** (continued)

viii *Loss component*

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a. expected incurred claims and other directly attributable expenses for the period;
b. changes in the risk adjustment for non-financial risk for the risk expired; and
c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses. Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

iv *Contracts measured under the PAA*

The Company uses the PAA for measuring contracts with a coverage period of one year or less and for contracts that have the ability to be re-priced. In addition, the Company tests for the eligibility of PAA for its short-term Group Creditor contracts which have a coverage period greater than one year. There is no material difference in the measurement of the liability for remaining coverage between PAA and GMM, therefore, these qualify for PAA. For insurance contracts issued, insurance acquisition cash flows allocated to a group are expensed when incurred.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iv Contracts measured under the PAA (continued)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC; and
b. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. increased for ceding premiums paid in the period;
b. decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the insurance contracts issued and the reinsurance contracts held for the effect of the time value of money.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iv Contracts measured under the PAA (continued)

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

The Company adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non- performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognised as insurance service expenses.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

iv Contracts measured under the PAA (continued)

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in the statement of income and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are recognised as net income from reinsurance contracts held.

v Insurance service results

(i) Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

v *Insurance service results* (continued)

(i) Insurance revenue (continued)

For contracts measured under the GMM, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:

  a. claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
     - amounts allocated to the loss component;
     - insurance acquisition expenses; and
     - amounts related to the risk adjustment for non-financial risk (see (b));

  b. changes in the risk adjustment for non-financial risk, excluding:
     - changes that relate to future coverage (which adjust the CSM); and
     - amounts allocated to the loss component;

  c. amounts of the CSM recognised for the services provided in the period;

  d. experience adjustments – arising from premiums received in the period other than those that relate to future service; and

  e. other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

v Insurance service results (continued)

(ii) Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits, reduced by loss component allocations;

b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;

c. insurance acquisition cash flows amortisation;

d. changes that relate to past service – changes in the FCF relating to the LIC;

e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and

f. insurance acquisition cash flows assets impairment.

For contracts measured under the GMM, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above. For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the statement of income.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

v Insurance service results (continued)

(iii) Insurance service result from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. incurred claims recovery, reduced by loss-recovery component allocations;
c. other incurred directly attributable expenses;
d. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
e. effect of changes in the risk of reinsurers' non-performance; and
f. amounts relating to accounting for onerous groups of underlying insurance contracts issued.

The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services. The Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts. Broker fees are included within reinsurance expenses.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

a) Insurance contracts (continued)

vi Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a. interest accreted on the FCF and the CSM; and
b. the effect of changes in interest rates and other financial assumptions.

For contracts measured under the PAA, the only amounts within insurance finance income or expenses are foreign exchange differences. The Company includes all insurance finance income or expenses for the period in the statement of income (that is, the profit or loss option ("the PL option") is applied).

For contracts measured under the GMM, there is a policy accounting choice to disaggregate finance income or expenses between profit or loss and OCI. In applying judgement, the Company does not apply this option and instead presents the entire finance income and expenses in the statement of income.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

b) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents consist of cash at hand and at bank and highly liquid investments with original maturities of three months or less.

c) Financial instruments - initial recognition

i) Date of recognition

Financial assets and liabilities, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 2.5d (i). Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount.

iii) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at FVPL, as explained in Note 2.5d (i).

Financial liabilities are measured at amortised cost.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

d) Financial assets and liabilities

i) Due from related banks, Short term securities and Long term securities

The Company only measures Due from related banks, Short term securities and Long term securities at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

The SPPI test

For the first step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL or fair value through other comprehensive income (FVOCI) without recycling.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

d) Financial assets and liabilities (continued)

i) Due from related banks, Short term securities and Long term securities (continued)

Business model assessment

The Company determines its business model at the level that best reflects how it manages the Company's financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

ii) Financial assets at fair value through profit or loss

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management may designate an instrument at FVPL upon initial recognition.

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

d) Financial assets and liabilities (continued)

ii) Financial assets at fair value through profit or loss (continued)

Financial assets at FVPL are recorded in the statement of financial position at fair value. Interest earned or incurred on instruments designated at FVPL is accrued in interest income, using the Effective Interest Rate (EIR), taking into account any discount/premium and qualifying transaction costs being an integral part of instrument.

e) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

f) Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset, to facilitate changes to the original agreement or arrangement due to weaknesses in the borrower's financial position and/or non-repayment of the debt as arranged and terms and conditions have been restructured to the extent that, substantially, it becomes a new security, with the difference recognised as an impairment loss. The newly recognised securities are classified as Stage 2 ECL measurement purposes.

When assessing whether or not to derecognise a financial asset, amongst others, the Company considers the following factors:

- Change in currency of the financial asset
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original rate, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

f) Derecognition of financial assets and liabilities (continued)

Derecognition other than for substantial modification of terms and conditions

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

f) Derecognition of financial assets and liabilities (continued)

Derecognition other than for substantial modification of terms and conditions (continued)

Financial assets (continued)
A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

g) Impairment of financial assets

i) Overview of the ECL principles

The Company records an allowance for ECL for all debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Company uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 4.3.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the size and nature of the underlying portfolio of financial instruments.

Where the financial asset meets the definition of purchased or originated credit-impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

g) Impairment of financial assets (continued)

i) Overview of the ECL principles (continued)

Based on the above process, the Company classifies its investments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1
When financial assets are first recognised and continue to perform in accordance with the contractual terms and conditions after initial recognition, the Company recognises an allowance based on 12mECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 2.

Stage 2
When financial assets have shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 3.

Stage 3
Financial assets considered credit-impaired (as outlined in Note 4.3). The Company records an allowance for the LTECLs.

POCI
Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the ECLs.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

g) Impairment of financial assets (continued)

ii) The calculation of ECLs

The Company calculates ECLs based on the historical measure of cash shortfalls, discounted at the instrument's coupon rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 4.3.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

g) Impairment of financial assets (continued)

ii) The calculation of ECLs (continued)

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted loans and investments are expected to be recovered, including the value of collateral or the amount that might be received for selling the asset. The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Impairment losses and recoveries are accounted for and disclosed separately.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

g) Impairment of financial assets (continued)

ii) The calculation of ECLs (continued)

The mechanics of the ECL method are summarised below:

Stage 1
The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD which are derived as explained under Stage 3 for assets and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 2
When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The LGDs are derived as explained under Stage 3 for financial assets and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 3
For financial assets considered credit-impaired (as defined in Note 4.3), the Company recognises the LTECLs for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI
POCI assets are financial assets that are credit impaired on initial recognition. The Company only recognises the cumulative changes in LTECLs since initial recognition, based on a probability-weighting discounted by the credit-adjusted EIR.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

g) Impairment of financial assets (continued)

ii) The calculation of ECLs (continued)

POCI (continued)

In most instances, LGDs are determined on an individual loan or investment basis, including discounting the expected cash flows at the original EIR. Stage 3 LGDs are grouped by similar types to provide percentage averages to be applied for Stage 1 and Stage 2 assets.

In limited circumstances within the Company, where portfolios were small and the products homogenous with minimal history of defaults, a simplified ECL approach was applied using historical loss rates and staged based on the sovereign rating of the residence of the asset.

iii) Short term securities

Treasury bills are short-term funds placed with Central Banks in the countries where the Company is engaged in insurance activities.

iv) Forward looking information

In its ECL models, the Company considers a broad range of forward looking information as economic inputs, such as:

- Currency rates
- GDP growth
- Unemployment rates
- Industry risk
- Real estate price trends
- Commodity price inflation rates

Within the countries in which the Company operates, statistical correlation between the overall performance of the economies and historic loss trends were established and used to correlate macroeconomic expectations to adjustments within the ECL models.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

g) Impairment of financial assets (continued)

iv) Forward looking information (continued)

The Company however recognised that the inputs and models used for calculating ECLs may not always capture all characteristics and expectations of the market at the date of the financial statements. To reflect this, management adjustments or overlays are made by assessing the macroeconomic factors and applying judgements, when such differences are significantly material.

h) Fair value

The Company measures financial instruments at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value, where fair values are disclosed, are shown in Note 10 to the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability, or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

h) Fair value (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1
Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

h) Fair value (continued)

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Where the Company's investments are not actively traded in organised financial markets, the fair value is determined using discounted cash flow analysis, which requires considerable judgement in interpreting market data and developing estimates. Accordingly, estimates contained herein are not necessarily indicative of the amounts that the Company could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. The fair value information for available-for-sale investments is based on information available to management as at the dates presented. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

Investments classified as FVPL are not actively traded in organised markets and fair value is determined using discounted cash flow analysis at year end.

Financial instruments where carrying value is equal to fair value due to their short-term maturity, the carrying value of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalents, investment interest receivable, other fund raising instruments, other assets and other liabilities.

2. Material accounting policies (continued)

2.5 Summary of material accounting policies (continued)

i) Revenue recognition

Insurance revenue
Insurance revenue is recognised in accordance with the requirements of IFRS 17 as laid out in Note 2.5 a.

Interest income and expense
The Company calculates interest income and expense by applying the EIR to the gross carrying amount of financial assets and liabilities other than credit-impaired assets. For POCI financial assets a credit-adjusted EIR is applied to the amortised cost of the financial asset.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and net gains or losses on financial assets at FVPL, respectively.

Reinsurance ceded to reinsurance counterparties
Reinsurance ceded is recognised in accordance with the requirements of IFRS 17 as laid out in Note 2.5 a.

j) Taxation

Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties include:

a. Risk management (Note 4)
b. Capital management (Note 4.7)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment losses on financial assets (Note 5)
The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Impairment losses on financial assets (Note 5) (continued)

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The estimation of the amount and timing of future cash flows and collateral values when determining impairment losses
- The Company's internal credit grading model, assigns grades for corporate facilities, and this was the basis for grouping PDs
- The Company's criteria for assessing if there has been a significant increase in credit risk and if so, allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulae and the choice of inputs
- Determination of the existence of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- The inclusion of overlay adjustments based on judgement and future expectations

3. Significant accounting judgements, estimates and assumptions (continued)

3.1 Significant judgements and estimates in applying IFRS 17

Profitability assessments

This area of judgement is applicable to the Company. The Company sets premiums considering recent experience and future expectations with the intention of underwriting profitable contracts. As part of annual analysis of the management account reports, the Company quantifies the expected profits or losses for each portfolio of contracts which would be used to assess whether facts and circumstances exist that there are onerous groups of contracts. There are currently no facts and circumstances that indicate that onerous groups of contracts exist, and thus all contracts measured by the Company in 2023 and 2024 under the PAA were determined to be non-onerous on initial recognition.

Fulfilment cashflows within contract boundaries

The Company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

Insurance revenue and reinsurance expenses

Methods and assumptions used in the determination of the CSM to be recognised in the statement of income for the insurance contract services provided or received in the period. Areas of potential judgement are:

a. the determination of the expected coverage period over which the CSM is allocated into the statement of income for the services provided or received;

b. the determination of the coverage units provided or received in the current period and expected to be provided in future periods, including the determination of the relative weighting of the benefits provided by insurance coverage; and

c. factoring in the time value of money when determining the equal allocation of the CSM to the coverage units provided or received.

3. Significant accounting judgements, estimates and assumptions (continued)

3.1 Significant judgements and estimates in applying IFRS 17 (continued)

Insurance revenue and reinsurance expenses (continued)

The Company applied judgements in the following aspects of the determination of the CSM amounts that were recognised in the statement of income in 2023 and 2024. The Company selected coverage units that reflect the amounts of benefits expected to be received. The following coverage units were applied:

- For annuity contracts, the annuity benefit payment for the period
- For term life contracts, policies' face values that are equal to the fixed death benefit amounts
- For whole life contracts, the net amount at risk equal to the policies' face values less the cash surrender value

Coverage units reflect time value of money.

3.2 Methods used and judgements applied in determining the IFRS 17 transition amounts

<u>Restatement under IFRS 17</u>

The Company has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date. The Company has:

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

Expressed in thousands of Trinidad & Tobago dollars ($'000)

3. Significant accounting judgements, estimates and assumptions (continued)

3.2 Methods used and judgements applied in determining the IFRS 17 transition amounts (continued)

The initial application of IFRS 17 resulted in an increase in equity of $2.2 million as at October 1, 2022. The opening IFRS 17 statement of financial position and related adjustments are presented below.

	As previously reported on September 30, 2022	Adjust-ments on initial application of IFRS 17	Adjust-ments on reassess-ment of IFRS 9	Restated October 1, 2022
ASSETS				
Investment securities	29,223	–	1,627	30,850
Reinsurance contract asset	14,483	(1,389)	–	13,094
Other assets	467	(157)	–	310
Treasury bills	3,373	–	–	3,373
Due from related banks	620	–	–	620
TOTAL ASSETS	**48,166**	**(1,546)**	**1,627**	**48,247**
LIABILITIES & EQUITY				
LIABILITIES				
Provision for future policy benefits	27,029	(27,029)	–	–
Other policyholders' liabilities	760	(760)	–	–
Insurance contract liabilities	–	26,077	–	26,077
Other payables	504	(393)	–	111
Provision for taxation	31	–	–	31
TOTAL LIABILITIES	**28,324**	**(2,105)**	**–**	**26,219**
EQUITY				
Stated capital	20,000	–	–	20,000
Retained earnings	(158)	559	1,627	2,028
TOTAL EQUITY	**19,842**	**559**	**1,627**	**22,028**
TOTAL LIABILITIES & EQUITY	**48,166**	**(1,546)**	**1,627**	**48,247**

3. Significant accounting judgements, estimates and assumptions (continued)

3.2 Methods used and judgements applied in determining the IFRS 17 transition amounts (continued)

Redesignation of financial assets

The Company reclassifies debt instruments when and only where its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Upon adoption of IFRS 17, the Company had an opportunity to revisit the classification and measurement of assets to ensure alignment between the movements in assets (IFRS 9) with the movements in liabilities (IFRS 17).

Both IFRS 9 and IFRS 17 have certain accounting policy choices available to ensure that they both interact together to eliminate unnecessary or unplanned statement of income or other comprehensive income volatility or accounting mismatches. A revision of IFRS 9 elections for financial assets, and specifically assets backing insurance liabilities has been applied by the Company to ensure relevant and appropriate valuation, recognition and presentation of assets and liabilities in the statement of financial position and its economic impact in the statement of income. Consequently, the Company has elected to classify all debt securities backing insurance liabilities measured under " GMM" as FVPL starting from October 1, 2022 (previously classified as amortised cost), with a view that this irrevocable election will mitigate volatility within the statement of income. The impact of this was an increase in equity of $1.6 million.

Investment assets other than debt securities backing insurance liabilities measured under " GMM" have not been reclassified and remain at amortised cost.

In applying this election, the Company has restated prior periods for assets that were still held as at October 1, 2023. The restatement has been applied as at October 1, 2022, and the Company has recognised any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period, i.e. the October 1, 2022.

3. Significant accounting judgements, estimates and assumptions (continued)

3.3 Estimates and assumptions

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios. The assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios.

i) Discount rates

The top-down approach was used to derive the discount rates. Under this approach, the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. The reference portfolio comprises Government of the Republic of Trinidad and Tobago (GORTT) bonds. The yield from the reference portfolio was adjusted to remove both expected and unexpected credit risk. These adjustments were estimated using information from observed historical levels of default relating to the bonds included in the reference portfolio.

The Company then interpolates between the last observable point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations.

The yield curves that were used to discount the estimates of future cash flows are as follows:

Product - Life risk (issued and reinsurance held)

	2024	**2023**
1 year	3-4%	1-2%
5 years	4-5%	4-5%
10 years	5-6%	5-6%
20 years	6-7%	6-7%
30 years	5-6%	6-7%

3. Significant accounting judgements, estimates and assumptions (continued)

3.3 Estimates and assumptions (continued)

ii) Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of changes in the mortality rates, the variability in policyholder behaviour, and uncertainties regarding future inflation rates and expenses growth. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

The Company projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation. Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the CSM within the LRC for contracts measured under the GMM, and they increase the LIC for contracts measured under the PAA.

3. Significant accounting judgements, estimates and assumptions (continued)

3.3 Estimates and assumptions (continued)

iii) Mortality and longevity

Mortality assumptions are based on standard industry tables, according to the type of insurance contract written and appropriately adjusted for any territorial factors. Rates are differentiated between policyholder groups for various insurance contracts, based on gender, smoking status and risk class. Appropriate allowances are also considered for expected future mortality improvements.

A possible increase in mortality rates increases estimates of future cash outflows for the life protection business and thus decreases the CSM. However, an increase in mortality rates translates to a decrease in longevity and this decreases the estimate of future cash outflows for the annuity business and thus increases the CSM.

iv) Policyholder behaviour

Policyholder behaviour is an important assumption for the life protection business. Lapse and surrender assumption are primarily based on industry experience. Experience specific to the Company continues to be monitored but does not currently drive the expected assumption due to low credibility. Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus impact the CSM.

v) Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

3. Significant accounting judgements, estimates and assumptions (continued)

3.3 Estimates and assumptions (continued)

v) Methods used to measure the risk adjustment for non-financial risk

The margin method was used to derive the risk adjustment for non-financial risk at the contract level. In the margin method, the risk adjustment is determined by applying margins to actuarial assumptions relating to non-financial risk. To determine the risk adjustment confidence level, the Company used the 'LICAT' approach outlined by the Canadian Institute of Actuaries (CIA) in an IFRS 17 educational note. This approach infers a reference loss distribution from a regulatory capital framework, which has the benefit of leveraging existing robust capital models. The LICAT approach relies on the Canadian insurance capital adequacy test (LICAT) framework which is assumed to follow a normal distribution and models shocks at approximately the 85th percentile.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of percentage (2022: 76%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2023 or 2024.

4. Risk management

4.1 General

The Company is founded on solid risk management. In an effort to keep apace with its dynamic environment, the Company has established a comprehensive framework for managing risks, which is continually evolving as the Company's business activities change in response to market, credit, product and other developments.

The basic principles of risk management followed by the Company include:

- Managing risk within parameters approved by the Board of Directors and Executives;
- Assessing risk initially and then consistently monitoring those risks through their life cycle;
- Abiding by all applicable laws, regulations and governance standards in every country in which we do business;
- Applying high and consistent ethical standards to our relationships with all customers, employees and other stakeholders; and
- Undertaking activities in accordance with fundamental control standards. These controls include the disciplines of planning, monitoring, segregation, authorisation and approval, recording, safeguarding, reconciliation and valuation.

The Board of Directors has ultimate responsibility for the management of risk within the Company. Acting with authority delegated by the Board, the Credit, Audit, Asset/Liability Committee and Enterprise Risk Committees of the fellow affiliate Republic Bank Limited, review specific risk areas.

The Internal Audit function audits Risk Management processes throughout the Company by examining both the adequacy of the procedures and the Company's compliance with these procedures. Internal Audit discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committees of the Parent and respective subsidiaries.

4. Risk management (continued)

4.1 General (continued)

The Company issues contracts that transfers insurance risk from the policyholder. Insurance risk is defined as an insured event that could expose the insurer to financial loss. Insurance contracts transfer insurance risk and financial risk.

The main risks arising from the Company are insurance risk, credit risk, liquidity risk, foreign currency risk and operational risk. The Company reviews and agrees policies for managing each of these risks as follows:

4.2 Insurance risk - long term insurance contracts

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency and severity of claims, whether actual amounts paid are greater than originally estimated, and the subsequent development of long term claims.

The variability of risks is improved by careful selection and implementation of an underwriting strategy and guidelines as well as the use of reinsurance arrangements.

Life insurance contracts offered by the Company include: group creditor and single premium immediate annuity (SPIA), whole life (WL) and term to 100 (T100).

Creditor insurance pays off an outstanding credit balance in the event of death. This can include a retail loan (single premium), mortgage (level premiums) or credit card (monthly premiums) issued by fellow subsidiary Republic Bank Limited. This product possesses relatively low mortality and investment risk.

SPIA is an annuity funded by a single lumpsum payment with fixed monthly payments made until death.

WL and T100 fall under the life category of products and due to the long term nature of these products, the following key assumptions apply:

4. Risk management (continued)

4.2 Insurance risk - long term insurance contracts (continued)

Mortality and morbidity

Assumptions are based on standard industry and national tables, according to the type of contract written and adjusted for any territorial factors.

Interest rates

The weighted average rate of return is derived based on the portfolio that is backing liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major element of interest rate risk which is the risk that the interest earned on the Company's investments is insufficient to meet the interest rates credited or guaranteed to policyholders.

In particular, this applies to annuities. Exposure is managed largely by the use of natural hedges that arise by matching interest sensitive liabilities with assets of a similar nature. The Company also mitigates the effect of interest rate risk of the investment portfolio through pricing of products by the actuarial function.

The investment portfolio return is continually monitored by management. The results of these reviews inform the pricing of products and interest rates to be credited to the respective policies and plans.

The Company has no significant concentration of interest rate risk.

Expenses

Operating expenses' assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

4. Risk management (continued)

4.2 Insurance risk - long term insurance contracts (continued)

Impact of the rate sensitivities

	2024			
	Impact on FCF	**Impact on CSM**	**Impact on profit before income tax**	**Impact on equity**
Mortality rate: + 10%				
Insurance contracts	(728)	728	27	27
Reinsurance held	–	–	–	–
Net insurance contracts	(728)	728	27	27
Mortality rate: - 10%				
Insurance contracts	818	(818)	(27)	(27)
Reinsurance held	–	–	–	–
Net insurance contracts	818	(818)	(27)	(27)
Interest: -1%				
Insurance contracts	5,900	–	4,355	4,355
Reinsurance held	–	–	–	–
Net insurance contracts	5,900	–	4,355	4,355
Interest: +1%				
Insurance contracts	(4,901)	–	(3,966)	(3,966)
Reinsurance held	–	–	–	–
Net insurance contracts	(4,901)	–	(3,966)	(3,966)
Expenses: +50%				
Insurance contracts	473	(473)	(20)	(20)
Reinsurance held	–	–	–	–
Net insurance contracts	473	(473)	(20)	(20)
Inflation: +50bps				
Insurance contracts	176	(176)	(7)	(7)
Reinsurance held	–	–	–	–
Net insurance contracts	176	(176)	(7)	(7)

Expressed in thousands of Trinidad & Tobago dollars ($’000)

4. Risk management (continued)

4.2 Insurance risk - long term insurance contracts (continued)
Impact of the rate sensitivities (continued)

	2023			
	Impact on FCF	**Impact on CSM**	**Impact on profit before income tax**	**Impact on equity**
Mortality rate: + 10%				
Insurance contracts	(667)	667	3	3
Reinsurance held	–	–	–	–
Net insurance contracts	(667)	667	3	3
Mortality rate: - 10%				
Insurance contracts	740	(740)	(3)	(3)
Reinsurance held	–	–	–	–
Net insurance contracts	740	(740)	(3)	(3)
Interest: -1%				
Insurance contracts	3,983	–	4,680	4,680
Reinsurance held	–	–	–	–
Net insurance contracts	3,983	–	4,680	4,680
Interest: +1%				
Insurance contracts	(3,433)	–	(4,035)	(4,035)
Reinsurance held	–	–	–	–
Net insurance contracts	(3,433)	–	(4,035)	(4,035)
Expenses: +50%				
Insurance contracts	235	(235)	(1)	(1)
Reinsurance held	–	–	–	–
Net insurance contracts	235	(235)	(1)	(1)
Inflation: +50bps				
Insurance contracts	26	(26)	(104)	(104)
Reinsurance held	–	–	–	–
Net insurance contracts	26	(26)	(104)	(104)

Expressed in thousands of Trinidad & Tobago dollars ($'000)

4. Risk management (continued)

4.3 Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. The objective of the Company's credit risk management function is to maximise the Company's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long-term success of the Company.

Analysis of risk concentration

The Company's concentrations of risk are managed by client/counterparty, geographical region and industry sector. The table below shows the Company's maximum exposure to any client or counterparty before taking into account collateral or other credit enhancements.

	Gross maximum exposure	
		Restated
	2024	**2023**
Long term securities	94,386	78,566
Reinsurance contract asset	47,523	32,735
Short term securities	7,722	7,553
Due from related banks	5,143	1,650
Total credit risk exposure	**154,774**	**120,504**

(a) Industry sectors

The following table breaks down the Company's maximum credit exposure as categorised by the industry sectors of our counterparties:

		Restated
	2024	**2023**
Government and Central Government Bodies	102,108	86,119
Financial sector	52,666	34,385
	154,774	**120,504**

4. Risk management (continued)

4.3 Credit risk (continued)

Analysis of risk concentration (continued)

(b) Geographical sectors

The Company's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held or other credit enhancements, can be analysed by the following geographical regions based on the country of domicile of its counterparties:

	2024	**Restated 2023**
Trinidad and Tobago	107,251	87,769
Cayman Islands	47,523	32,735
	154,774	**120,504**

Impairment assessment

Financial asset provisions are reviewed quarterly in accordance with established guidelines and recommended provisions arising out of this review are submitted to the Board for approval. Non-performing debts recommended for write-off are also reviewed annually and action taken in accordance with prescribed guidelines. The Company's impairment assessment and measurement approach is set out below.

4. Risk management (continued)

4.3 Credit risk (continued)

Default and recovery

The Company generally considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'recovered' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once recovered depends on the updated credit grade at the time of recovery.

The Company's internal rating and PD estimation process

Long term securities measured at amortised cost
PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instrument or the country for sovereign exposures. PDs and LGDs for non-traded instruments were based on one notch below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. Management applied judgmental overlays on local debt instruments. EAD equals the amortised security balance plus accrued interest.

4. Risk management (continued)

4.3 Credit risk (continued)

The Company's internal rating and PD estimation process (continued)

Short term securities and Due from related banks
Treasury bills and Due from banks are short-term funds placed with Central Banks and correspondent banks and the Company therefore considers the risk of default to be very low. These facilities are highly liquid and without restriction and based on management's review of the underlying instruments the ECL on these instruments were determined to be zero.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a Company of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

4. Risk management (continued)

4.3 Credit risk (continued)

Analysis of gross carrying amount and corresponding ECLs are as follows:

Long term securities measured at amortised cost	**2024**	**2023**
Stage 1	100%	100%
Stage 2	0%	0%
Stage 3	0%	0%
Total	100%	100%

Long term securities measured at amortised cost are all in Stage 1 with no allowances for ECL as at the year ended September 30, 2024 (2023: nil).

4.4 Liquidity risk

Liquidity risk is defined as the risk that the Company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost. Liquidity management focuses on ensuring that the Company has sufficient funds to meet all of its obligations.

Liquidity management is therefore primarily designed to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, or to satisfy the demands of customers for additional borrowings. Liquidity management focuses on ensuring that the Company has sufficient funds to meet all of its obligations.

The Asset/Liability Committee (ALCO), sets targets for daily float, allowable liquid assets and funding diversification in line with system liquidity trends. While the primary asset used for short-term liquidity management is the Treasury bill, the Company also holds investments in other Government securities, which can be used for liquidity support.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

4. **Risk management** (continued)

4.4 **Liquidity risk** (continued)

The table below shows the maturity analysis of financial instruments using discounted cash flows of financial assets and liabilities based on their contractual maturity dates as at September 30, 2024.

	2024				
	Due on demand	**Due in one year**	**Due in two to five years**	**Over five years**	**Total**
Assets					
Long term securities	–	–	–	94,386	94,386
Reinsurance contract asset	–	4,681	15,751	27,091	47,523
Other assets	–	1,139	–	–	1,139
Short term securities	–	7,722	–	–	7,722
Due from related banks	5,143	–	–	–	5,143
	5,143	**13,542**	**15,751**	**121,477**	**155,913**
Liabilities					
Insurance contract liabilities	–	9,518	27,959	85,008	122,485
Accrued charges and other payables	–	678	–	–	678
	–	**10,196**	**27,959**	**85,008**	**123,163**
Net gap	**5,143**	**3,346**	**(12,208)**	**36,469**	**32,750**
Cumulative gap	**5,143**	**8,489**	**(3,719)**	**32,750**	

Expressed in thousands of Trinidad & Tobago dollars ($'000)

4. Risk management (continued)

4.4 Liquidity risk (continued)

The table below shows the maturity analysis of financial instruments using discounted cash flows of financial assets and liabilities based on their contractual maturity dates as at September 30, 2023.

	Restated 2023				
	Due on demand	**Due in one year**	**Due in two to five years**	**Over five years**	**Total**
Assets					
Long term securities	–	–	–	78,566	78,566
Reinsurance contract asset	–	3,311	12,412	17,012	32,735
Other assets	–	823	–	–	823
Short term securities	–	7,553	–	–	7,553
Due from related banks	1,650	–	–	–	1,650
	1,650	**11,687**	**12,412**	**95,578**	**121,327**
Liabilities					
Insurance contract liabilities	–	6,035	22,013	60,441	88,489
Accrued charges and other payables	–	4,164	–	–	4,164
	–	**10,199**	**22,013**	**60,441**	**92,653**
Net gap	**1,650**	**1,488**	**(9,601)**	**35,137**	**28,674**
Cumulative gap	**1,650**	**3,138**	**(6,463)**	**28,674**	

Expressed in thousands of Trinidad & Tobago dollars ($'000)

4. **Risk management** (continued)

4.4 **Liquidity risk** (continued)

The table below summarises the maturity profile of financial liabilities based on their undiscounted cash flows at September 30. The balances include both principal and interest cash flows over the remaining term to maturity and therefore would differ from the carrying amounts in the statement of financial position.

	2024				
	Due on demand	**Due in one year**	**Due in two to five years**	**Over five years**	**Total**
Liabilities					
Insurance contract liabilities	–	9,696	36,208	122,176	168,080
Accrued charges and other payables	–	678	–	–	678
	–	**10,374**	**36,208**	**122,176**	**168,758**

	Restated 2023				
	Due on demand	**Due in one year**	**Due in two to five years**	**Over five years**	**Total**
Liabilities					
Insurance contract liabilities	–	7,588	29,692	78,463	115,743
Accrued charges and other payables	–	4,163	–	–	4,163
	–	**11,751**	**29,692**	**78,463**	**119,906**

4. **Risk management** (continued)

4.5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its investments. The Company also monitors its foreign currency position for both overnight and intra-day transactions.

The Company's concentration of non-trading monetary assets and liabilities denominated in currencies other than the Trinidad & Tobago dollar is immaterial and therefore, Management does not anticipate any material exposure to currency risk.

4.6 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company’s strategic planning and budgeting process.

4.7 Capital management

Capital requirements are set by the Insurance Act, 2018. Capital adequacy is monitored by the Company, employing techniques based on the guidelines developed by the Central Bank of Trinidad and Tobago. The required information is filed with the regulatory authority on a quarterly and annual basis.

At September 30, 2024, the Company exceeded the minimum levels required for adequately capitalised insurance companies (2023: exceeded).

Expressed in thousands of Trinidad & Tobago dollars ($'000)

5. Long term securities

	2024	Restated 2023
a) Analysis of long term securities		
Investments at FVPL:		
Government securities	90,636	74,399
Investments at amortised cost:		
Government securities	3,750	4,167
Total investment securities	**94,386**	**78,566**

b) Financial investment securities subject to impairment assessment

Government securities at amortised cost are all in Stage 1 with no allowances for ECL as at September 30, 2024 (2023: nil).

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts

6.1 Composition of statement of financial position

	2024					
	Contracts not measured under PAA	**Contracts measured under PAA**	**Total**	**Current**	**Non-Current**	**Total**
Insurance contracts						
Insurance contracts liabilities:						
Insurance contracts balances						
Creditor	–	60,430	60,430	60,430	–	60,430
Annuity	61,380	–	61,380	–	61,380	61,380
Life	675	–	675	–	675	675
	62,055	**60,430**	**122,485**	**60,430**	**62,055**	**122,485**
Reinsurance contracts:						
Reinsurance contract assets						
Creditor	–	47,523	47,523	47,523	–	47,523
	–	**47,523**	**47,523**	**47,523**	–	**47,523**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.1 Composition of statement of financial position (continued)

	2023					
	Contracts not measured under PAA	**Contracts measured under PAA**	**Total**	**Current**	**Non-Current**	**Total**
Insurance contracts						
Insurance contracts liabilities:						
Insurance contracts balances						
Creditor	–	41,174	41,174	41,174	–	41,174
Annuity	47,315	–	47,315	–	47,315	47,315
Life	–	–	–	–	–	–
	47,315	**41,174**	**88,489**	**41,174**	**47,315**	**88,489**
Reinsurance contracts:						
Reinsurance contract assets						
Creditor	–	32,735	32,735	32,735	–	32,735
	–	**32,735**	**32,735**	**32,735**	**–**	**32,735**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.1 Composition of statement of financial position (continued)

Movement in net insurance and reinsurance contract balances

	2024	2023
Carrying amounts at October 1	**(55,754)**	**(12,984)**
Premiums received	(73,062)	(87,724)
Claims and expenses paid	46,106	36,686
Acquisition cash flows	4,901	4,333
Recoveries from insurance	(4,284)	(726)
Insurance revenue	36,951	24,665
Insurance service expenses	(12,501)	(8,712)
Net reinsurance expenses	(15,194)	(9,825)
Insurance finance expenses	(2,125)	(1,467)
Carrying amounts at September 30	**(74,962)**	**(55,754)**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.2 Insurance revenue and expenses

Insurance revenue	**2024**	**2023**
Contracts not measured under the PAA:		
Amounts relating to changes in liabilities for remaining coverage:		
CSM recognised for services provided	251	46
Change in risk adjustment for non-financial risk for risk expired	61	15
Expected incurred claims and other insurance service expenses	1,000	306
Recovery of insurance acquisition cash flows	16	16
Total insurance revenue for contracts not measured under PAA	**1,328**	**383**
Contracts measured under the PAA:	35,623	24,282
Total insurance revenue	**36,951**	**24,665**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.2 Insurance revenue and expenses (continued)

Insurance service expenses	**2024**	**2023**
Incurred claims and other directly attributable expenses	(10,886)	(7,836)
Insurance acquisition cash flows amortisation	(1,615)	(876)
Total insurance service expenses	**(12,501)**	**(8,712)**
Net income (expenses) from reinsurance contracts held		
Reinsurance expenses – contracts measured under the PAA	(20,383)	(12,835)
Incurred claims recovery	5,170	2,948
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	19	62
Total net expenses from reinsurance contracts held	**(15,194)**	**(9,825)**
Total insurance service result	**9,256**	**6,128**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.3 Investment income and insurance finance expenses

	2024			
	Contracts not measured under PAA		Contracts measured under PAA	Total
	Annuity	Life	Creditor	
Net investment income (expenses) – underlying assets:				
Interest revenue from financial assets measured at amortised cost	–	–	280	280
Interest revenue from financial assets measured at FVPL	5,013	–	–	5,013
Net gains on FVPL investments	(1,698)	–	–	(1,698)
Total net investment income – underlying assets	3,315	–	280	3,595
Finance income (expenses) from insurance contracts issued:				
Interest accreted	(934)	(4)	–	(938)
Effect of changes in interest rates and other financial assumptions	(1,104)	(80)	–	(1,184)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(3)	–	–	(3)
Total finance expenses from insurance contracts issued	(2,041)	(84)	–	(2,125)
Summary of the amounts recognised in profit or loss:				
Net investment income	3,315	–	280	3,595
Net insurance finance expenses	(2,041)	(84)	–	(2,125)
Total amounts recognised in profit or loss	1,274	(84)	280	1,470

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.3 Investment income and insurance finance expenses (continued)

	2024			
	Contracts not measured under PAA		Contracts measured under PAA	Total
	Annuity	Life	Creditor	
Summary of the amounts recognised:				
Insurance service result	(988)	(95)	10,339	9,256
Net investment income	(1,698)	–	5,293	3,595
Net insurance finance expenses	(2,041)	(84)	–	(2,125)
Net insurance and investment result	**(4,727)**	**(179)**	**15,632**	**10,726**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.3 Investment income and insurance finance expenses (continued)

	2023			
	Contracts not measured under PAA		Contracts measured under PAA	Total
	Annuity	Life	Creditor	
Net investment income (expenses) – underlying assets:				
Interest revenue from financial assets measured at amortised cost	–	–	195	195
Interest revenue from financial assets measured at FVPL	2,745	–	–	2,745
Net gains on FVPL investments	3,464	–	–	3,464
Total net investment income – underlying assets	6,209	–	195	6,404
Finance income (expenses) from insurance contracts issued:				
Interest accreted	(327)	–	–	(327)
Effect of changes in interest rates and other financial assumptions	(1,140)	–	–	(1,140)
Total finance expenses from insurance contracts issued	(1,467)	–	–	(1,467)
Summary of the amounts recognised in the statement of income				
Net investment income	6,209	–	195	6,404
Net insurance finance expenses	(1,467)	–	–	(1,467)
Total amounts recognised in profit or loss	4,742	–	195	4,937

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.3 Investment income and insurance finance expenses (continued)

	2023			
	Contracts not measured under PAA		Contracts measured under PAA	Total
	Annuity	Life	Creditor	
Summary of the amounts recognised:				
Insurance service result	(2,329)	–	8,457	6,128
Net investment income	3,464	–	2,940	6,404
Net insurance finance expenses	(1,467)	–	–	(1,467)
Net insurance and investment result	**(332)**	**–**	**11,397**	**11,065**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances

i) Insurance contract liabilities — **2024**

Insurance contracts issued	LRC Excluding loss comp.	LIC for GMM	LIC for PAA Present value of future cash flows	LIC for PAA Risk adj. for non-fin. risk	Total
Insurance contract liabilities as at October 1, 2023	84,326	404	3,625	134	88,489
Insurance revenue	(36,951)	–	–	–	(36,951)
Incurred claims and other directly attributable expenses	–	2,396	8,467	23	10,886
Insurance acquisition cash flows amortisation	1,615	–	–	–	1,615
Insurance service expenses	**1,615**	**2,396**	**8,467**	**23**	**12,501**
Insurance service result before reinsurance	**(35,336)**	**2,396**	**8,467**	**23**	**(24,450)**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

i) Insurance contract liabilities (continued)

	2024				
	LRC		LIC for PAA		
	Excluding loss comp.	LIC for GMM	Present value of future cash flows	Risk adj. for non-fin. risk	Total
Finance expenses from insurance contracts issued recognised in profit or loss	2,125	–	–	–	2,125
Total amounts recognised in comprehensive income	**(33,211)**	**2,396**	**8,467**	**23**	**(22,325)**
Cash flows					
Premiums received	73,063	–	–	–	73,063
Claims and other directly attributable expenses paid	–	(5,024)	(6,817)	–	(11,841)
Insurance acquisition cash flows	(4,901)	–	–	–	(4,901)
Total cash flows	**68,162**	**(5,024)**	**(6,817)**	**–**	**56,321**
Insurance contract liabilities as at September 30, 2024	**115,873**	**1,179**	**5,276**	**157**	**122,485**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

i) Insurance contract liabilities (continued)

	2023				
	LRC		LIC for PAA		
Insurance contracts issued	**Excluding loss comp.**	**LIC for GMM**	**Present value of future cash flows**	**Risk adj. for non-fin. risk**	**Total**
Insurance contract liabilities as at October 1, 2022	24,961	199	860	57	26,077
Insurance revenue	(24,665)	–	–	–	(24,665)
Incurred claims and other directly attributable expenses	–	2,698	5,062	79	7,839
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	–	(3)	(3)
Insurance acquisition cash flows amortisation	876	–	–	–	876
Insurance service expenses	**876**	**2,698**	**5,062**	**76**	**8,712**
Insurance service result before reinsurance	**(23,789)**	**2,698**	**5,062**	**76**	**(15,953)**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

i) Insurance contract liabilities (continued)

	2023				
	LRC		LIC for PAA		
	Excluding loss comp.	LIC for GMM	Present value of future cash flows	Risk adj. for non-fin. risk	Total
Finance expenses from insurance contracts issued recognised in profit or loss	1,467	–	–	–	1,467
Total amounts recognised in statement of income	**(22,322)**	**2,698**	**5,062**	**76**	**(14,486)**
Investment components	(1,702)	1,702	–	–	–
Cash flows					
Premiums received	87,724	–	–	–	87,724
Claims and other directly attributable expenses paid	–	–	(4,195)	(2,297)	(6,492)
Insurance acquisition cash flows	(4,335)	–	–	–	(4,335)
Total cash flows	83,389	–	(4,195)	(2,297)	76,897
Insurance contract liabilities as at September 30, 2023	**84,326**	**404**	**3,625**	**134**	**88,489**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

ii) Analysis by remaining coverage and incurred claims - GMM

	2024			**2023**		
	LRC			**LRC**		
	Excluding loss component	**Liabilities for incurred claims**	**Total**	**Excluding loss component**	**Liabilities for incurred claims**	**Total**
Insurance contracts issued						
Opening assets	–	–	–	–	–	–
Opening liabilities	46,910	404	47,314	9,461	199	9,660
Net opening balance	46,910	404	47,314	9,461	199	9,660
Changes in the statement of income:						
Insurance revenue	(1,328)	–	(1,328)	(383)	–	(383)
Insurance service expenses:						
Incurred claims and other insurance service expenses	–	2,395	2,395	–	2,698	2,698
Amortisation of insurance acquisition cash flows	17	–	17	16	–	16
Insurance service result	**(1,311)**	**2,395**	**1,084**	**(367)**	**2,698**	**2,331**
Net finance expenses from insurance contracts	2,124	–	2,124	1,467	–	1,467
Total changes in the statement of income	**813**	**2,395**	**3,208**	**1,100**	**2,698**	**3,798**
Investment components and premium refunds	(3,404)	3,404	–	(1,702)	1,702	–

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

ii) Analysis by remaining coverage and incurred claims - GMM (continued)

	2024			2023		
	LRC			LRC		
	Excluding loss component	Liabilities for incurred claims	Total	Excluding loss component	Liabilities for incurred claims	Total
Cash flows						
Premiums received	16,557	–	16,557	38,086	–	38,086
Claims and other insurance service expenses paid, including investment components	–	(5,024)	(5,024)	–	(4,196)	(4,196)
Insurance acquisition cash flows	–	–	–	(34)	–	(34)
Total cash flows	16,557	(5,024)	11,533	38,052	(4,196)	33,856
Net closing balance	**60,876**	**1,179**	**62,056**	**46,911**	**403**	**47,314**
Represented by:						
Closing assets	–	–	–	–	–	–
Closing liabilities	**60,876**	**1,179**	**62,055**	**46,911**	**403**	**47,314**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

iii) Analysis by measurement component - GMM

	2024					
			CSM			
	Estimates of present value of future cashflows	**Risk adjustment for non-financial risk**	**Contracts under FV transition approach**	**Other contracts**	**Subtotal**	**Total**
Opening assets	–	–	–	–	–	–
Opening liabilities	43,612	971	–	2,731	2,731	47,314
Net opening balance	**43,612**	**971**	–	**2,731**	**2,731**	**47,314**
Changes in the statement of income:						
Changes that relate to current services:	**1,668**	**(61)**	–	**(251)**	**(251)**	**1,356**
CSM recognised for services provided	–	–	–	(251)	(251)	(251)
Change in risk adjustment for non-financial risk for risk expired	–	(61)	–	–	–	(61)
Experience adjustments	1,668	–	–	–	–	1,668
Changes that relate to future services:	**(3,674)**	**646**	–	**3,028**	**3,028**	–
Contracts initially recognised in the year	(3,859)	675	–	3,184	3,184	–
Changes in estimates that adjust the CSM	185	(29)	–	(156)	(156)	–

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

iii) Analysis by measurement component - GMM (continued)

	2024					
			CSM			
	Estimates of present value of future cashflows	**Risk adjustment for non-financial risk**	**Contracts under FV transition approach**	**Other contracts**	**Subtotal**	**Total**
Changes that relate to past services:						
Insurance service result	**(2,006)**	**585**	–	**2,777**	**2,777**	**1,356**
Net finance expenses from insurance contracts	1,931	82	–	111	111	2,124
Total changes in the statement of income	**(74)**	**667**	–	**2,888**	**2,888**	**3,480**
Cash flows						
Transfer to other items in the statement of financial position	11,260	–	–	–	–	11,260
Net closing balance	**54,798**	**1,638**	–	**5,619**	**5,619**	**62,055**
Represented by:						
Closing assets	–	–	–	–	–	–
Closing liabilities	54,798	1,638	–	5,619	5,619	62,055
Net closing balance	**54,798**	**1,638**	–	**5,619**	**5,619**	**62,055**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

iii) Analysis by measurement component - GMM (continued)

	2023					
			CSM			
	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Contracts under FV transition approach	Other contracts	Subtotal	Total
Opening assets	–	–	–	–	–	–
Opening liabilities	9,221	191	–	249	249	9,660
Net opening balance	**9,221**	**191**	–	**249**	**249**	**9,660**
Changes in the statement of income:						
Changes that relate to current services:	**2,128**	**(15)**	–	**(46)**	**(46)**	**2,067**
CSM recognised for services provided	–	–	–	(46)	(46)	(46)
Change in risk adjustment for non-financial risk for risk expired	–	(15)	–	–	–	(15)
Experience adjustments	2,128	–	–	–	–	2,128

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

iii) Analysis by measurement component - GMM (continued)

	2023					
			CSM			
	Estimates of present value of future cashflows	**Risk adjustment for non-financial risk**	**Contracts under FV transition approach**	**Other contracts**	**Subtotal**	**Total**
Changes that relate to future services:	**(3,273)**	**765**	**–**	**2,508**	**2,508**	**–**
Contracts initially recognised in the year	(3,486)	759	–	2,727	2,727	–
Changes in estimates that adjust the CSM	213	6	–	(219)	(219)	–
Insurance service result	**(1,145)**	**750**	**–**	**2,462**	**2,462**	**2,067**
Net finance expenses from insurance contracts	1,417	30	–	20	20	1,467
Total changes in the statement of income	**272**	**780**	**–**	**2,482**	**2,482**	**3,534**
Cashflows						
Transfer to other items in the statement of financial position	34,120	–	–	–	–	34,120
Net closing balance	**43,612**	**971**	**–**	**2,731**	**2,731**	**47,314**
Represented by:						
Closing assets	–	–	–	–	–	–
Closing liabilities	43,612	971	–	2,731	2,731	47,314
Net closing balance	**43,612**	**971**	**–**	**2,731**	**2,731**	**47,314**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

iv) Analysis by remaining coverage and incurred claims - PAA

	2024				2023			
		Liabilities for incurred claims				Liabilities for incurred claims		
	Contracts under PAA				Contracts under PAA			
	Liabilities for remaining coverage	**Estimates of present value of future cashflows**	**Risk adjustment for non-financial risk**	**Total**	**Liabilities for remaining coverage**	**Estimates of present value of future cashflows**	**Risk adjustment for non-financial risk**	**Total**
Opening liabilities	37,416	3,625	134	41,174	15,499	860	57	16,416
Changes in the statement of income:								
Insurance revenue – Contracts measured under PAA	(35,623)	–	–	(35,623)	(24,282)	–	–	(24,282)
Insurance service expenses:	**1,600**	**8,468**	**23**	**10,091**	**861**	**5,062**	**77**	**6,000**
Incurred claims and other insurance service expenses	–	8,468	23	8,491	–	5,062	79	5,141
Amortisation of insurance acquisition cash flows	1,600	–	–	1,600	861	–	–	861
Adjustments to liabilities for incurred claims	–	–	–	–	–	–	(2)	(2)
Insurance service result	**(34,023)**	**8,468**	**23**	**(25,532)**	**(23,421)**	**5,062**	**77**	**(18,282)**
Total changes in the statement of income	**(34,023)**	**8,468**	**23**	**(25,532)**	**(23,421)**	**5,062**	**77**	**(18,282)**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

iv) Analysis by remaining coverage and incurred claims - PAA (continued)

	2024				2023			
		Liabilities for incurred claims				Liabilities for incurred claims		
	Contracts under PAA				Contracts under PAA			
	Liabilities for remaining coverage	**Estimates of present value of future cashflows**	**Risk adjustment for non-financial risk**	**Total**	**Liabilities for remaining coverage**	**Estimates of present value of future cashflows**	**Risk adjustment for non-financial risk**	**Total**
Cash flows								
Premiums received	56,506	–	–	56,506	49,638	–	–	49,638
Claims and other insurance service expenses paid, including investment components	–	(6,817)	–	(6,817)	–	(2,297)	–	(2,297)
Insurance acquisition cash flows	(4,901)	–	–	(4,901)	(4,301)	–	–	(4,301)
Total cash flows	51,605	(6,817)	–	44,788	45,337	(2,297)	–	43,040
Closing liabilities	**54,998**	**5,276**	**157**	**60,430**	**37,415**	**3,625**	**134**	**41,174**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

v) Analysis by remaining coverage and incurred claims - Reinsurance contracts measured under PAA

	2024				2023			
	Assets for remaining coverage				Assets for remaining coverage			
	Assets for remaining coverage	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total	Assets for remaining coverage	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
Opening assets	29,842	2,788	107	32,737	12,482	565	45	13,092
Changes in the statement of income:								
Allocation of reinsurance premiums paid	(20,383)	–	–	(20,383)	(12,835)	–	–	(12,835)
Amounts recoverable from reinsurers:								
Recoveries of incurred claims and other insurance service expenses	–	5,170	19	5,189	–	2,947	63	3,010
Adjustments to assets for incurred claims	–	–	–	–	–	–	(1)	(1)
Net expenses from reinsurance contracts	**(20,383)**	**5,170**	**19**	**(15,194)**	**(12,835)**	**2,947**	**62**	**(9,826)**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.4 Reconciliation of the measurement components of insurance contract balances (continued)

v) Analysis by remaining coverage and incurred claims - Reinsurance contracts measured under PAA (continued)

	2024				2023			
		Assets for remaining coverage				Assets for remaining coverage		
	Assets for remaining coverage	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total	Assets for remaining coverage	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
Insurance service result:								
Total changes in the statement of income	**(20,383)**	**5,170**	**19**	**(15,194)**	**(12,835)**	**2,947**	**62**	**(9,826)**
Cash flows								
Premiums paid	34,264	–	–	34,264	30,195	–	–	30,195
Recoveries from reinsurance	–	(4,284)	–	(4,284)	–	(725)	–	(725)
Total cash flows	34,264	(4,284)	–	29,980	30,195	(725)	–	29,470
Net closing balance	**43,723**	**3,674**	**126**	**47,523**	**29,842**	**2,787**	**107**	**32,736**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.5 Expected recognition of the CSM

The following table sets out when the Company expects to recognise the remaining CSM in the statement of income after the reporting date for contracts not measured under the PAA.

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
September 30, 2024								
Insurance contract	345	309	278	252	239	953	3,243	**5,619**
Reinsurance contract	–	–	–	–	–	–	–	–
September 30, 2023								
Insurance contract	127	120	110	101	98	411	1,764	**2,731**
Reinsurance contract	–	–	–	–	–	–	–	–

Expressed in thousands of Trinidad & Tobago dollars ($'000)

6. Insurance contracts (continued)

6.6 Impacts of contracts recognised in the year

i) Insurance contracts not measured under PAA

	2024			2023		
	Profitable contracts issued	**Onerous contracts issued**	**Total**	**Profitable contracts issued**	**Onerous contracts issued**	**Total**
Claims and other insurance service expenses payable	37	–	37	154	–	154
Insurance acquisition cash flows	–	–	–	–	–	–
Estimates of present value of cash outflows	20,260	–	20,260	34,600	–	34,600
Estimates of present value of cash inflows	(24,119)	–	(24,119)	(38,086)	–	(38,086)
Risk adjustment for non-financial risk	675	–	675	759	–	759
CSM	**3,184**	**–**	**3,184**	**2,727**	**–**	**2,727**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

7. Stated capital

	2024	2023
Authorised		
An unlimited number of shares of no par value		
Issued and fully paid	**20,000**	**20,000**
20,000,000 ordinary shares of $1 each		

8. Taxation expense

	2024	2023
Corporation tax	737	453
	737	**453**

The income tax on the total income subject to taxation differs from the theoretical amount that would arise using the applicable tax rates as set out below:

	2024	2023
Profit before taxation	4,814	6,740
Tax at applicable statutory rate 15% (2023: 15%)	722	1,011
Tax effect of items that are adjustable in determining taxable profit:		
Non-taxable income	(5,792)	(8,593)
Non-deductible expense	5,807	8,427
Other differences	–	(392)
	737	**453**

As per the Corporation tax act, a company carrying on long term insurance business, the rate of tax shall be 15% on the profits derived from assets backing the policyholders' liabilities, and 25% on profits derived from other assets. However, where profits of assets backing policyholders' liabilities are transferred to the shareholder's account, these are taxed at 25%.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

9. Expenses by nature

	2024				
	Expenses attributed to insurance acquisition cash flows	**Other directly attribu-table expenses**	**Reinsu-rance expenses**	**Other operating expenses**	**Total**
Administrative fees	3,326	–	–	110	3,436
Professional fees	–	2,379	189	1,611	4,179
Marketing	–	–	–	2,657	2,657
Other fees	–	133	–	1,534	1,667
Total	**3,326**	**2,512**	**189**	**5,912**	**11,939**

	Restated 2023				
	Expenses attributed to insurance acquisition cash flows	**Other directly attribu-table expenses**	**Reinsu-rance expenses**	**Other operating expenses**	**Total**
Administrative fees	4,964	–	–	136	5,100
Professional fees	–	2,592	109	1,876	4,577
Marketing	–	–	–	1,267	1,267
Other fees	–	121	–	1,046	1,167
Total	**4,964**	**2,713**	**109**	**4,325**	**12,111**

Expressed in thousands of Trinidad & Tobago dollars ($'000)

10. Fair value

(a) Carrying values and fair values

The following table summarises the carrying amounts and the fair values of the Company's financial assets and liabilities:

2024	**Carrying value**	**Fair value**	**Un-recognised gain**
Financial assets			
Long term securities	94,386	94,408	22
Reinsurance contract asset	47,523	47,523	–
Other assets	1,139	1,139	–
Short term securities	7,722	7,729	7
Due from related banks	5,143	5,143	–
Financial liabilities			
Insurance contract liabilities	122,485	122,485	–
Accrued charges and other payables	678	678	–
Total unrecognised change in unrealised fair value			29

Expressed in thousands of Trinidad & Tobago dollars ($'000)

10. Fair value (continued)

(a) Carrying values and fair values (continued)
Restated

2023	**Carrying value**	**Fair value**	**Un-recognised gain**
Financial assets			
Long term securities	78,566	78,605	39
Reinsurance contract asset	32,735	32,735	–
Other assets	823	823	–
Short term securities	7,553	7,579	26
Due from related banks	1,650	1,650	–
Financial liabilities			
Insurance contract liabilities	88,489	88,489	–
Accrued charges and other payables	4,164	4,164	–
Total unrecognised change in unrealised fair value			65

(b) Determination of fair value and fair value hierarchies

The following table shows the fair value measurement hierarchy of the Company's assets and liabilities:

2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at FVPL				
Long term securities	–	90,636	–	90,636
Financial assets for which fair value is disclosed				
Long term securities	–	3,772	–	3,772
Restated 2023				
Financial assets measured at FVPL				
Long term securities	–	74,399	–	74,399
Financial assets for which fair value is disclosed				
Long term securities	–	4,206	–	4,206

10. Fair value (continued)

(b) Determination of fair value and fair value hierarchies

Transfer between levels

There were no transfers between Level 1 and 2 during the year (2023: nil).

Reconciliation of movements in Level 3 financial instruments measured at fair value

For the year ended September 30, 2024, the Company has no Level 3 financial instruments (2023: nil).

Expressed in thousands of Trinidad & Tobago dollars ($'000)

11. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of insurance transactions are entered into with related parties in the normal course of business and were carried out on commercial terms and conditions, at market rates.

The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

	2024	2023
Due from other related entities		
Republic Bank Limited - Due from related banks	5,143	1,650
Republic Insurance Company (Cayman) Limited - Reinsurance contract asset	47,523	32,735
Due to other related entities		
Republic Bank Limited - Accrued charges and other payables	–	4,003

A portion of accrued charges and other payables relate to an overdraft facility of $10 million with Republic Bank Limited at a rate of 7.5% per annum for operational purposes. Total interest expense charged to the profit and loss for the year was $293K (2023: $136K).

The statement of comprehensive income includes the following income and expense transactions with related parties in the ordinary course of business:

	2024	2023
Income/(expenses)		
Republic Insurance Company (Cayman) Limited -		
Premiums ceded	(45,205)	(39,710)
Policyholders' benefits ceded	21,895	23,341
Administrative fees ceded	1,880	1,183
Other income	6,236	5,361
Disclosed as net expenses from reinsurance contracts	**(15,194)**	**(9,825)**

12. Contingent liabilities

As at September 30, 2024, there were no legal proceedings against the Company (2023: nil).

13. Events after the reporting period

There are no events after the reporting date that require adjustment to or disclosure in these financial statements.