FATUM LIFE ARUBA N.V.

FINANCIAL STATEMENTS

31 DECEMBER 2024

FATUM LIFE ARUBA N.V.
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Grant Thornton

135930/MR-2250390

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Independent Auditor's Report

To board of directors and the supervisory board of directors of Life Fatum Aruba N.V.

Report on the financial statements included in the annual report

In our opinion, the financial statements give a true and fair view of the financial position of Fatum Life Aruba N.V. (the "entity") as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

What we have audited

We have audited the financial statements of Fatum Life Aruba N.V., based in Aruba.

The entity's financial statements comprise:

1. Statement of financial position as at 31 December 2024;
2. Statement of income for the year ended 31 December 2024;
3. Statement of Comprehensive income for the year ended 31 December 2024;
4. Statement of changes in equity for the year ended 31 December 2024;
5. Statement of cash flows for the year ended 31 December 2024; and
6. Notes to the financial statements, which include a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRS Accounting Standards as issued by the International Accounting Standards Board and the relevant provisions of Book 2 of the Civil Code applicable for Aruba.

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

Independence

We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of these financial statements, in accordance with Book 2 of the Civil Code applicable for Aruba and IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as board of directors determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of birectors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board of directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements.

Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with International Standards on Auditing (ISAs), ethical requirements and independence requirements. 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. Our audit consisted, among other things of the following:

- 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 entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors'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 entity'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 entity to cease to continue as a going concern;

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

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

Curaçao, 6 June 2025
Grant Thornton Curaçao

Marisol Roosberg RA

FATUM LIFE ARUBA N.V.
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
Expressed in thousands of Aruban Florins

	Notes	2024 AFL'000	2023 AFL'000
Assets			
Property, plant and equipment	**5**	424	367
Investment properties	**6**	2,186	2,150
Intangible assets	**7**	153	153
Investment in associated company	**8**	47,761	44,854
Investment securities	**9**	794,785	767,569
Loans and receivables	**10**	210,815	173,494
Reinsurance contract assets	**12.1**	265	149
Due from affiliated companies	**13**	206	1,445
Cash and cash equivalents	**14**	77,938	48,393
Total assets		1,134,533	1,038,574
Equity and liabilities			
Share Capital	**15.1**	400	400
Share premium	**15.2**	24,528	24,528
Reserves	**15.3**	56,503	47,420
Retained earnings		47,824	12,375
Total equity		129,255	84,723
Liabilities			
Insurance contracts liability	**12.1**	975,023	929,246
Reinsurance contract liabilities	**12.1**	–	1,989
Post retirement medical benefit obligations	**16**	–	–
Profit tax payable	**18**	1,861	1,780
Other liabilities	**19**	6,807	10,924
Due to affiliates	**17**	21,587	9,912
Total liabilities		1,005,278	953,851
Total equity and liabilities		1,134,533	1,038,574

The accompanying notes form an integral part of these financial statements. On 6 June 2025, the Board of Directors of Fatum Life Aruba N.V. authorized these financial statements for issue.

FATUM LIFE ARUBA N.V.
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
Expressed in thousands of Aruban Florins

	Notes	2024 AFL'000	2023 AFL'000
Insurance activities			
Insurance revenue	**12.2**	38,704	33,795
Insurance service expenses	**12.2**	(28,602)	(26,542)
Net expenses from reinsurance contracts held	**12.2**	2,132	(249)
Insurance service result		12,234	7,004
Investing activities			
Investment income	**20**	45,234	41,194
Net gains/(losses) on derecognition of financial assets	**21**	3,581	(990)
Net fair value gains/(losses)	**22**	9,635	6,539
Fee income	**23**	187	60
Other income	**24**	5,934	(1,663)
Net impairment gains/(losses) on financial assets	**25**	(1,866)	(1,197)
Net income from investing activities		62,705	43,943
Finance expenses from insurance contracts issued	**12**	(31,393)	(30,178)
Finance income from reinsurance contracts held	**12**	(55)	(70)
Net insurance finance expenses		(31,448)	(30,248)
Net insurance and investment result		43,491	20,699
Net income from all activities			
Other operating expenses		(8,620)	(7,943)
Finance charges	**27**	(1,058)	(82)
Operating profit		33,813	12,674
Share of profit of associated companies	**8**	3,128	4,325
Profit/(loss) before taxation		36,941	16,999
Taxation	**28**	(1,492)	(1,830)
Profit for the year		35,449	15,169

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

FATUM LIFE ARUBA N.V.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
Expressed in thousands of Aruban Florins

	Notes	2024 AFL'000	2023 AFL'000
Profit/(loss) for the year		35,449	15,169
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(221)	(684)
Net fair value gains/(losses) on debt securities at fair value through other comprehensive income		(1,395)	4,098
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	**22**	(24)	22
Finance expenses from insurance contracts issued		10,709	26,746
Finance income from reinsurance contracts held		14	42
Net other comprehensive loss that may be reclassified subsequently to profit or loss		9,083	30,224
Total comprehensive income for the period, net of tax		44,532	45,393

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

FATUM LIFE ARUBA N.V.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
Expressed in thousands of Aruban Florins

	Attributable to equity holders of the parent				
	Share capital AFL'000	Share premium AFL'000	Reserves (Note 15.3) AFL'000	Retained earnings AFL'000	Total equity AFL'000
Balance at 1 January 2024	400	24,528	47,420	12,375	84,723
Total comprehensive income/(loss)	–	–	9,083	35,449	44,532
Dividends (Note 29)	–	–	–	–	–
Balance at 31 December 2024	400	24,528	56,503	47,824	129,255
Balance at 1 January 2023	400	24,528	17,196	(2,794)	39,330
Total comprehensive income/(loss)	–	–	30,224	15,169	45,393
Dividends (Note 29)	–	–	–	–	–
Balance at 31 December 2023	400	24,528	47,420	12,375	84,723

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

FATUM LIFE ARUBA N.V.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
Expressed in thousands of Aruban Florins

	Notes	2024 AFL'000	2023 AFL'000
Cash flows from operating activities			
Profit/(loss) before taxation from continuing operations		36,941	16,999
Adjustment for specific items included on the accruals basis:			
- Finance charges		1,058	82
- Investment income		(46,294)	(42,087)
Adjustment for non-cash items	**30**	(14,282)	(8,426)
Interest received		43,536	38,238
Dividends received		396	821
Operating profit before changes in operating assets/liabilities		21,355	5,627
Net increase in insurance liabilities		56,486	59,255
Net decrease / (increase) in reinsurance assets		(2,105)	(203)
Purchase of investment securities		(316,957)	(236,796)
Proceeds from sale of investment securities		305,225	203,193
Net decrease / (increase) in loans and receivables		(39,634)	(47,429)
Net decrease / (increase) in other operating assets/liabilities		(5,191)	(407)
Net decrease / (increase) in intercompany		12,914	(8,269)
Cash provided by operating activities		32,093	(25,029)
Net taxation (paid)/refund		(1,411)	(3,234)
Net cash provided by/(used in) operating activities		30,682	(28,263)
Cash flows from investing activities			
Purchase of property, plant and equipment	**5**	(154)	(252)
Purchase of investment properties	**6**	(32)	(1)
Net cash provided by/(used in) investing activities		(186)	(253)
Cash flows from financing activities			
Interest paid		(1,058)	(82)
Net cash provided by/(used in) financing activities		(1,058)	(82)
Net increase/(decrease) in cash and cash equivalents	**14**	29,438	(28,598)
Balance Cash and Cash Equivalents as of January 1		48,393	76,389
Net increase / (decrease) in Cash		29,438	(28,598)
Net movement in loss allowance		107	602
Balance Cash and Cash Equivalents as of December 31		77,938	48,393

The Company presents its statement of cash flows using the indirect method.

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

1. Incorporation and principal activities of the Company

Fatum Life Aruba N.V. (the Company) is a Company domiciled in Aruba and has its registered office at L.G. Smith Boulevard #162. The Company was incorporated on 7 March 2008, however officially started its operations on 1 January 2009. Fatum Life N.V. (the parent) was incorporated in Curacao on 27 December 2002. The address of the registered office is, Cas Coraweg 2, Curaçao. The ultimate parent of the Company is Guardian Holdings Limited, Trinidad and Tobago.

The Company is engaged in life insurance operations.

These financial statements were authorized for issue by the Board Directors of Fatum Life Aruba N.V. on 6 June 2025.

2. Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements are prepared according to Book 2 of the Civil Code of Curaçao and in accordance with IFRS Accounting Standards (previously referred to as International Financial Reporting Standards). They have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(a) New standards and amendments/revisions to published standards and interpretations effective in 2024

The following amendment to published standards took effect for the Company's accounting periods beginning on or after 1 January 2024:

IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Amendments - Non-current liabilities with covenants

These amendments clarify that only covenants that an entity must comply with on or before the end of the reporting period will affect the classification of the related liabilities as current or non-current. It also requires additional disclosures for liabilities that are classified as non-current but are subject to covenants that must be complied with within the next year, failing which settlement is required. This disclosure must include information about the covenants and further details if the facts and circumstances indicate that an entity has difficulty complying with the future covenants.

The Company does not present its statement of financial position split between current and non-current. The Company is exposed to the current/non-current distinction only within the notes to the financial statements where maturity disclosures are required. While the Company may be required to make disclosures about its covenants where breaches will result in the immediate payment of these liabilities, such disclosure is required only where the likelihood of a breach occurring is higher than remote. This is not the case for the Company, and therefore these amendments had no impact on the Company's consolidated financial statements.

IFRS 16 - Leases - Amendments - Lease Liability in a Sale and Leaseback

These amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that must be accounted for as a sale. Lease liabilities arising from a leaseback must be measured in a way that does not recognise any amount of the gain/loss that relates to the right of use it retains. The seller-lessee is not however prevented from recognising any gains/losses relating to the partial or full termination of a lease.

These amendments have no impact on the financial statements of the Company as the Company does not have any lease arrangements that are structured as a sale and leaseback arrangement.

IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures - Amendments - Supplier Finance

Supplier finance arrangements are sometimes referred to as supply chain finance, payables finance, or reverse factoring arrangements. They occur where one or more finance providers offer to pay amounts an entity owes its suppliers, and these payments are made at a date that is the same as, or earlier than, the date that payments are required to be made. The entity then repays the finance providers at a later date. Such arrangements provide extended credit terms to an entity, or provide earlier payments terms to the entity's suppliers.

These amendments had no impact on the financial statements of the Company as the Company does not have these types of financial arrangements.

2. Material accounting policies (continnued)

2.1 Basis of preparation (continued)

(b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Company.

The following is a list of new IFRS reporting standards, interpretations and amendments issued that are not yet effective as at 31 December 2024 and have not been early adopted by the Company. The Company expects to implement these standards when they become effective.

Effective 1 January 2025:

- IAS 21, 'The effects of changes in foreign exchange rates' - Amendments - Lack of exchangeability.

Effective 1 January 2026:

- IFRS 9, 'Financial instruments', and IFRS 7, ''Financial instruments: Disclosures' - Amendments - Amendments to the classification and measurement of financial instruments.

Effective 1 January 2027:

- IFRS 18, 'Presentation and disclosure in financial statements'. This is a new IFRS standard replaces IAS 1, 'Presentation of financial statements'.
- IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'. This is a new IFRS standard.

The Company is currently evaluating the impact of the amendments and the new IFRS standards. The Company expects that the new IFRS standards are likely to have some impact to the Company or to its subsidiaries.

2.2 Foreign currency translation

(a) Translation of transactions in foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in thousands of Aruban Florins, which is the Company's presentation and functional currency.

Transactions occurring in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

(b) Translation to the presentation currency

In preparing the consolidated financial statements, the results and financial position of all the Company entities are translated from their respective functional currencies to Aruban Florins, the presentation currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
(ii) Income and expenses for each consolidated statement of income are translated at average exchange rates and;
(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, liquidated or wound up, such exchange differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

2. Material accounting policies (continued)

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation on assets is charged over the estimated useful lives of the assets using the following rates and methods:

Installations	-	straight-line method, 10% per annum
Office furniture & equipment	-	straight line method, 10 - 25% per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income.

2.4 Investment properties

Freehold or leasehold properties held for long-term rental yields that are not occupied by the Company are classified as investment properties. Investment properties comprise freehold land and buildings. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is based on active market prices, adjusted as necessary, for any difference in the nature, location or condition of the specified asset. Fair value is determined annually by accredited external valuators. Investment properties are not subject to depreciation. Any appreciation or diminution in value is recognized in the statement of income.

If investment properties become owner-occupied, they are reclassified as property, plant and equipment, and their fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where properties classified as held for use become investment properties because of a change in use, these properties are accounted for as investment properties and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognized in equity as a revaluation of property. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the statement of income.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Upon disposal, any surplus previously recorded in the property revaluation reserve in equity is transferred to retained earnings.

2.5 Investment in Associate

The Company's investment in associated companies is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is not amortized. The statement of income reflects the share of the results of operations of the associates. When there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The financial statements of the associates are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring their accounting policies in line with the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on the Company's investment in associates. The Company determines at each statement of financial position date, whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognizes the amount in the statement of income.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale.

A listing of the Company's associates is set out in Note 35.

2. Material accounting policies (continued)

2.6 Financial instruments

(a) Initial recognition and measurement

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income.

The Company's financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, receivables arising from insurance contracts and reinsurance contracts and other loans and receivables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. The Company's financial liabilities include trade, intercompany and other payables.

(b) Classification and subsequent measurement

Debt instruments

Subsequent to initial recognition, the Company's debt instruments are measured in accordance with the business models determined by the Company’s respective business units for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classified its debt instruments:

(i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognised. In addition to certain debt securities, the Company's loans and receivables are carried at amortised cost.

(ii) Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.

(iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of income in the period in which it arises. The Company may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through other comprehensive income as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets held for trading, or are managed and whose performance is evaluated on a fair value basis, are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when 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 infrequent.

Business model assessment

The Company's business units determine their business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered by the business units in determining the business model for a group of assets include:

- the stated policies and objectives for the Company of assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- how performance of the Company of assets is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do 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.

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

(b) Classification and subsequent measurement (continued)

Debt instruments (continued)

The solely payment of principal and interest (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). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the business units considers whether the contractual cash flows are consistent with a basis lending arrangement i.e. the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

Subsequent to initial recognition, the Company measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the statement of income.

(c) Derecognition of financial assets

A financial asset (or when 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 asset have expired.
- ► The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- ► The Company has transferred its rights to receive cash flows from the asset and either:
    - ► has transferred substantially all the risk and rewards of the asset, or
    - ► has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. 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 that the Company could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the statement of income. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the statement of income.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(d) Modifications of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different from that of the original asset. If the terms are substantially different, the Company derecognises the original financial asset and recognises a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. The Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the modification was driven by the debtor being unable to make the originally agreed payments.

If the cash flows of the modified asset are not substantially different, the modification does not result in derecognition of the financial asset. The Company recalculates the gross carrying amount of the financial asset based on revised cash flows, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

2. Material accounting policies (continued)

2.7 Impairment of assets

(a) Financial assets

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (excluding equity instruments).

The Company measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Loss allowances for ECL are presented in the financial statements as follow:

- Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the statement of income.
- Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in other comprehensive income with the corresponding entry recognised in the statement of income. The loss allowance does not reduce the carrying amount of the financial asset in the statement of financial position.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The quantitative assessment to identify whether a significant increase in credit risk has occurred for an exposure is performed by comparing:

- the remaining lifetime probability of default as at the reporting date; with
- the remaining lifetime probability of default for this point in time that was estimated at the time of initial recognition of the exposure.

The qualitative assessment to identify whether credit risk has increased significantly since initial recognition takes into account the following:

- Actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor;
- Actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligation.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrated otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

2. Material accounting policies (continued)

2.7 Impairment of assets (continued)

(a) Financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt instruments carried at fair value through comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- ► Significant financial difficulty of the debtor or issuer;
- ► A breach of contract, such as a default or past due event;
- ► The disappearance of an active market for a financial asset because of financial difficulties;
- ► It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- ► Rating agencies' assessments of creditworthiness.

Definition of default

The Company considers a financial asset to be in default when:
- ► the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- ► the debtor is past due more than 90 days unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate

In assessing whether a debtor is in default, the Company considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

Write-off

The Company writes off financial assets, either partially or in full, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Measurement of expected credit losses

The measurement of expected credit losses is a function of:
(i) Probability of default - an estimate of the likelihood of default over a given time horizon;
(ii) Loss given default - an estimate of the loss arising in the case where a default occurs at a given time; and
(iii) Exposure of default - 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.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Forward-looking information considered by the Company includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the Organization for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

Expected credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

2. Material accounting policies (continued)

2.7 Impairment of assets (continued)

(a) Financial assets (continued)

The mechanics of the expected credit losses method are summarised below:

- A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- When a financial instrument has shown a significant increase in credit risk since initial recognition, the Company records an allowance for life-time ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit-impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Company records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- Purchased or credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate. The Company has no purchased or credit-impaired financial instruments.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk ratings; nature, size and industry of debtors; collateral type; and geographic location of the debtor.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

(b) Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is applied to project future cash flows after the third year.

Impairment losses of continuing operations are recognized in the statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

2. Material accounting policies (continued)

2.8 Fair value measurement

The Company measures financial instruments and non-financial assets at fair value at each reporting date.

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:

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

The principal or the most advantageous market must be accessible by the Company.

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 either its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market. If there is no quoted price in an active market, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Assets and liabilities, with the exception of freehold and investment properties, included in level 3 are held at cost, being the fair value of the consideration paid on acquisition and are regularly assessed for impairment. Freehold and investment properties included in level 3 are held at fair value which is the estimated replacement value.

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

External valuers are involved for valuation of certain assets such as investment properties and freehold and leasehold properties. Involvement of external valuers is decided annually and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.9 Offsetting financial instruments

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

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when they arise, are shown within borrowings in current financial liabilities on the statement of financial position.

Cash and cash equivalents are carried at amortised cost on the statement of financial position.

2.11 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

2. Material accounting policies (continued)

2.12 Reserves

Reserves are maintained in relation to the recognition of changes in discount rate related to insurance and reinsurance contracts, and foreign currency exchange differences. The statutory reserve is maintained in accordance with provisions of the by-laws of the Company where the Company is required to appropriate an amount towards statutory reserve in accordance with requirements of the Central Bank.

2.13 Insurance contracts

(a) Summary of measurement approaches

The Company uses the General Measurement Model, for its insurance contract issued and reinsurance contracts held, as follows:

Contracts issued	Product Classification	Measurement model
<u>Traditional Life and Interest Sensitive without Guarantees</u>		
Traditional life contracts - participating; non-participating; interest sensitive non-participating	Insurance contracts	General Measurement Model
Group Life Term (5-year contract duration)	Insurance contracts	General Measurement Model
<u>Annuities</u>		
Group annuity contracts - defined benefits; defined contribution; savings benefits	Insurance contracts	General Measurement Model
Traditional annuity contracts - deferred benefit; immediate benefit; lifestyle; non-participating	Insurance contracts	General Measurement Model
<u>Long term reinsurance contracts</u>		
Individual life reinsurance contracts	Reinsurance contracts held	General Measurement Model

(b) 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 uncerain 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 (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. The Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more, on a present value basis, than the benefits payable if the insured event did not occur'. All contracts issued by the Company have a significant insurance risk and therefore are classified as insurance contracts.

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 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 significant loss.

All references to insurance contracts in this financial statements apply to insurance contracts issued or acquired and reinsurance contracts held or issued, unless specifically stated otherwise.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(c) Aggregation bases for disclosure purposes

Insurance contracts are classified as follows.

(i) Traditional life and interest sensitive without guarantees

These contracts insure events associated with human mortality over a long duration. A liability for policyholders' benefits that are expected to be incurred in the future is established on acceptance of the insurance risk, and is based on key assumptions made with respect to variables such as mortality, persistency, investment returns and expense inflation.

Actuarial liabilities are calculated using best estimates of future cash flows arising from the insurance contracts in force, with a risk adjustment. As experience unfolds, the risk adjustment will be included in future income to the extent they are no longer required to cover adverse experience.

In addition to death benefits, some of these contracts contain a discretionary participation feature that entitles the holders to a bonus or dividend declared from time to time. The discretionary element of the benefits payable under these policies, as well as the guaranteed elements are treated as liabilities. The actuarial calculations make allowance for future expected policyholder bonuses and dividends.

(ii) Annuities

These contracts insure events associated with human longevity over a long duration. A liability for policyholders' benefits that are expected to be incurred in the future is established on acceptance of the insurance risk, and is based on key assumptions similar to those made for traditional life products, except that morbidity is also a key variable. Some of the annuities include unit-linked elements containing guarantees that entitle the holders to a minimum guaranteed crediting rate over the life of the policy and provide for minimum annuity purchase rates. These guarantees are allowed for in the liability calculations.

(d) Unit of account

The Company manages insurance contracts issued by product lines and certain sub-categories, where each sub-category includes contracts that are subject to similar risks. All insurance contracts within a specified sub-category represent a portfolio of contracts. Each portfolio is further disaggrgated into groups of contracts that are issued within a year (annual cohorts) for all contracts issued 31 December 2021 and prior, and within a quarter (quarterly cohorts) for all GMM contracts issued 1 January 2022 and after. The portfolios are further disaggregated as follows:

(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.

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 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 all long-term products, sets of contracts usually correspond to policyholder pricing groups that the Company determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Company monitors the profitability of contracts and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at a portfolio level with no information available at a more granular level.

Some traditional life and annuities products have break-even profitability or are loss making, and therefore were allocated to groups of contracts that were onerous or remaining at initial recognition. All other contracts issued are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous at initial recognition.

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 into quarterly and annual cohorts in line with how this was defined for insurance contracts. These portfolios then were further disaggregated as follows:

(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.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(d) Unit of account (continued)

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, by treaty and sub-divided by line of business. This information is used as a basis for price negotiations with reinsurers as well as setting retention amounts. The Company's assessment of the performance of the treaties have concluded that some reinsurance contracts held are in a net cost position without a significant possibility of a net gain arising subsequently while other reinsurance contracts have a net gain at initial recognition.

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct non-insurance services.

The Company does not have any products with components that require separation. The Company therefore applies IFRS 17 to all components of the contract. In assessing whether the contract should be further separated, the following considerations are made:

(i) Whether there is interdependency between the different risks covered;
(ii) Whether components lapse together; and
(iii) Whether components can be priced and sold separately.

The Company does not have any contracts that require further separation of insurance contracts.

(e) 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 become onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition on transfer.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised from the earlier of:

- The beginning of the coverage period of the group; and
- The date the Company recognised an onerous group of underlying insurance contracts, if the Company entered into the related reinsurance contract held in the group at or before that date.

The Company does not recognise a group of quota share reinsurance contracts held until it has recognised at least one insurance contract in a group of the underlying insurance contracts, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held. A gap between the start of the coverage period for a quota share contract and that of the underlying contracts rarely occurs in practice.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Only contracts that 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.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(e) Recognition and Derecognition (continued)

Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

► Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
► The contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in the regulations, the group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recgonises 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 in 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 represents an insurance contract with direct particiaption features, but the modified contract no longer meets that definition, or vice versa; or

When an insurance contract not accounted for under the PAA 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 LRC of the group) in the following manner, depending on the reason for the derecognition:

(i) If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
(ii) If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less than the premium charged by the
the Group would have charged had it 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 Group assumes such a hypothetical premium as actually received.

(c) Adjusts the number of coverage units for the expected remaining coverage 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 the following amounts being charged immediately to profit or loss:

(a) If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
(b) If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the
(c) If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity 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.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(f) Measurement

Fulfilment cash flows

Fulfilment cash flows within contract boundary

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 the estimates are consistent with observable market prices for market variables; and
(c) Reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. 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 LIC.

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 jugement and estimation. Refer to Note 3 (b).

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 a policy level, which is then aggregated into the relevant profitability groups, cohorts, and portfolios.

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.

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. This assessment is reviewed every reporting period.

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 the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after 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.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(f) Measurement (continued)

Some insurance contracts issued by the Company provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Company assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Company until they are exercised.

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 services from the reinsurer.

The Company's individual life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a 60-day notice period by either party. Thus, the Company treats such reinsurance contracts as a series of contracts that cover underlying business in force at the end of the reporting period. Estimates of future cash flows arising from all underlying contracts in force at the reporting period are included in the measurement of the reinsurance contracts.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

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 (issued or expected to be issued) 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 include insurance contracts that are expected to arise from renewals of the 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.

The Company does not pay (or recongise a liability, applying a standard other than IFRS 17) directly attributable acquisition costs to originate a group of insurance contracts before they are recognised. The Company therefore does not recognise insurance acquisition cash flows assets.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfills 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.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 3 (d).

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(f) Measurement (continued)

Contractual service margin

Initial measurement - Groups of contracts measured under the GMM

The 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) 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.

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 profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss ecognised (refer to the Onerous contracts – Loss component section below).

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

(a) The initial recognition of the FCF; and
(b) Cash flows arising from the contracts in the group at that date;
(c) The amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
(d) Any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount 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 contracts 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.

For insurance contracts acquired in a portfolio transfer or a business combination within the scope of IFRS 3, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

(a) The initial recognition of the FCF; and
(b) Cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

Subsequent measurement - Groups of contracts measured under the GMM

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 carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

(a) The remaining coverage, 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 incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(f) Measurement (continued)

Changes in fulfilment cash flows

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:

(a) Changes that relate to current or past service are recognised in profit or loss; and
(b) Changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, 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 and premium-based taxes;
(b) Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
(c) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
(d) Changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b), and (d) are measured using the locked-in discount rates as described in the section 'Interest accretion on the CSM' below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus 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 premium-based taxes; and
(d) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognised in insurance finance income or expenses.

The Company does not have any products with complex guarantees and does not use derivatives to economically hedge the risks.

Changes to the contractual service margin

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

(a) The effect of any new contracts added to the group.
(b) For contracts measured under the GMM, interest accrued 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 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 effect of any currency exchange differences.
(e) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For reinsurance contracts held, 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) Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
(d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
(e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
(f) The effect of any currency exchange differences.
(g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(f) Measurement (continued)

Changes to the contractual service margin (continued)

Income referred to in (c) above 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 is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

For the purposes of (c)–(e) above, 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.

Refer to the Reinsurance contracts held – Loss recovery component section below for loss-recovery component accounting.

The Company does not have any reinsurance contracts held measured under the GMM with underlying contracts measured under the PAA.

Interest accretion on the CSM:

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates).

Adjusting the CSM for changes in the FCF relating to future service:

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the 'Changes in fulfilment cash flows' section.

Release of the CSM to profit or loss:

The amount of the CSM recognised in profit or loss for 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 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. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM. The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Company expects these amounts to include an investment return that is achieved by the Company by performing investment activities to generate that investment return.

For contracts issued, the Company determines the coverage period for the CSM recognition as follows:

(a) For life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk; and

(b) For insurance contracts with investment components, the coverage period corresponds to the period in which insurance or investment return and investment related services are expected to be provided.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. In instances where multiple services are provided to a policyholder, the coverage units are calculated based on each rider, but aggregated to produce the total contract's coverage units. 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 duration of contracts in the group; and
(c) The likelihood of insured events occurring, only to the extent that they affect the expected duration 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 at the basis for the quantity of benefits.

The Company determines coverage units as follows:

(a) For products under the "Traditional life and interest sensitive without guarantees" category, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;
(b) For products under the "Annuities" category that are in the accumulation phase, coverage units are based on policy size (i.e., the value of the accumulated funds). When they are in the annuitisation phase, coverage units are based on the annuity payout.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(f) Measurement (continued)

Changes to the contractual service margin (continued)

For GMM portfolios, the Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates that are applied to nominal cash flows that do not vary based on the returns of underlying items. For GMM contracts, these discount rates are determined at initial recognition.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary. Refer to the 'Contract boundary' section within this Note above.

Onerous contracts - Loss component:

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recgonises the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group 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 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 services 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.

Reinsurance contracts held – Loss-recovery component:

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts discussed in the Onerous contracts – Loss component section above. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(g) Amounts recognised in comprehensive income

Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides services under the group of insurance contracts, it reduces the LRC and recgonises 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 the Group expexts to be entitled to in an exchange for those services.

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

► Amounts relating to the changes in the LRC:
a) Insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period,
- amounts related to the loss component;
- repayments of investment components and policyholder rights to withdraw an amount;
- amounts of transaction-based taxes collected in a fiduciary capacity; and
- insurance acquisition expenses;
- amounts related to the risk adjustment for non-financial risk (see (b));

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

c) Amounts of the CSM recognised in profit or loss for the services provided in the period; and
d) Experience adjustments arising from premiums received in the period that relate to past and current service and related cash
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.

Insurance service expenses

Insurance service expenses include the following:

(a) Incurred claims and benefits excluding investment components reduced by loss component allocations;
(b) Other incurred directly attributable insurance service 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) Amortisation of insurance acquisition cash flows;
(d) Changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
(e) Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).
(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.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

Insurance service result from reinsurance contracts held

Net income (expenses) 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;
(c) Other incurred directly attributable insurance service expenses;
(d) Changes that relate to past service – changes in the FCF relating to incurred claims recovery;
(e) Effect of changes in risk of reinsurer non-performance;
(f) Amounts relating to accounting for onerous groups of underlying insurance contracts issued:
i. Income on initial recognition of onerous underlying contracts;
ii. Reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
iii. Reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

(g) Amounts recognised in comprehensive income

Insurance service result from reinsurance contracts held (continued)

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts measured under the GMM, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

(a) Claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:

- Amounts allocated to the loss-recovery component;
- Repayments of investment components;
- Amounts related to the risk adjustment for non-financial risk (see (b));

(b) Changes in the risk adjustment for non-financial risk, excluding:

- Changes included in finance income (expenses) from reinsurance contracts held; and
- Changes that relate to future coverage (which adjust the CSM);
- Amounts allocated to the loss-recovery component;

(c) Amounts of the CSM recognised in profit or loss for the services received in the period; and
(d) Experience adjustments – arising from premiums paid in the period other than those that relate to future service.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

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;
(b) The effect of changes in interest rates and other financial assumptions; and
(c) Foreign exchange differences arising from contracts denominated in a foreign currency.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured using the GMM, the OCI option is applied. The investments held by the Company that are used to support the GMM portfolio are typically measured at either amortised cost or at fair value through OCI, therefore the use of the OCI option results in the elimination of accounting mismatches with the associated assets. When the OCI option is applied, the impact of the change in discount rate is posted to the OCI. The difference between the liability measured on current rates and the liabilities measured on P&L rates at any point in time represent the accumulation of amounts in OCI. Interest accreted on the BEL and CSM are also posted to OCI for these portfolios.

Groups of insurance and reinsurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Where these groups of insurance and reinsurance contracts generate cash flows in multiple currencies, the Group has opted to maintain the underlying cash flows in their transactional currencies. The risk adjustment is also denominated in multiple currencies reflecting the currencies of its related fulfilment cash flows. The CSM, loss component, and the loss recovery component within each insurance and reinsurance group is however assigned a single currency ("the CSM Currency") in order to operate the mechanics of IFRS 17. This currency is determined separately for each insurance or reinsurance group based on the predominant currency in which the underlying cash flows are denominated.

2. Material accounting policies (continued)

2.13 Insurance contracts (continued)

Insurance finance income or expenses (continued)

The impact of adjusting the CSM, loss component, or loss recovery component in the CSM Currency due to changes in the exchange rate between the currencies of the underlying cash flows and the CSM Currency are accounted for as changes in financial risk - i.e., within effects of changes in interest rates and other financial assumptions'. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance or reinsurance contracts (including the CSM, loss component, or loss recovery component) is translated into the functional currency at the closing rate, with the resulting impact presented as foreign exchange differences. Both the foreign exchange differences and changes in financial risk are accounted for within 'finance expenses from insurance contracts issued' for insurance contracts and 'finance income from reinsurance contracts held' for reinsurance contracts.

(h) Classification

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

A number of insurance contracts contain a discretionary participation feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

a) that are likely to be a significant portion of the total contractual benefits;
b) whose amount or timing is contractually at the discretion of the Company;
c) and that are contractually based on:
    (i) the performance of a specified pool of contracts or a specified type of contract;
    (ii) realized and/or unrealized investment returns on a specified pool of assets held by the Company; or
    (iii) the profit or loss of the Company, fund or other entity that issues the contract.

The terms and conditions of these contracts set out the bases for the determination of the amounts on which discretionary benefits are based and within which the Company may exercise its discretion as to the quantum and timing of their payments to contract holders, which will be subject to the advice of the Company’s actuary or a locally appointed actuary.

(i) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included with insurance contracts.

(j) Receivables and payables other than those for contracts under IFRS 17

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the statement of income.

(k) Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in other comprehensive income. If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss as a reclassification adjustment.

2.14 Taxation

Tax on the profit or loss for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the taxable income for the year using the prevailing tax rate and any adjustment of tax payable for previous years.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit. Deferred tax assets are taxes recoverable in future periods in respect of deductible temporary differences and tax losses carried forward. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Material accounting policies (continued)

2.15 Employee benefits

(a) Pension plans

The Company operates both defined benefit and defined contribution plans, the assets of which are held in a separate trustee-administered fund. The plans are fully funded by payments from the Company and voluntary contributions from employees after taking account of the recommendations of the independent qualified actuaries.

The pension plan assets or liabilities are fully recognized in Fatum Holding N.V., the parent company, and the expenses are allocated to the subsidiaries. The asset or liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Plan assets exclude any insurance contracts issued by the Company. There are no restriction applicable on plan assets.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of income so as to spread the regular cost over the service lives of employees in accordance with the advice of a qualified actuary, who carries out full valuations of the plans every year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Remeasurements of the net defined benefit liability, which comprise of actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately through other comprehensive income in the statement of comprehensive income. The defined benefit plan mainly exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

Starting 2008 all employees entering in service are eligible to a defined contribution plan. The company adopted for 2011 and beyond a defined contribution plan. This means that a fixed amount for future pension obligations will be applied for the employees and that there is no back office costs anymore. The accrued rights of the employees of a defined benefit plan up till 2010 remain intact. The assets are held in a separate trustee-administered fund.

The Company's contributions to the defined contribution pension plans are charged to the statement of income in the year to which they relate.

(b) Post retirement medical benefit obligations

The Company provides post-retirement medical benefits to its permanent employees who retire from active service, their spouses and their dependents. The entitlement to these benefits is based on the employee remaining in service up to retirement age or leaving service due to ill health. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans. External qualified actuaries carry out a valuation of these obligations. Post retirement medical benefit obligations are fully recognized in Fatum Holding N.V., the parent company, and the expenses are allocated to the subsidiaries.

(c) Bonus plans

The Company recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholder after certain adjustments. The Company recognizes a provision where contractually obligated or where there is a past practice that has created a constructive obligation.

2.16 Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, for which is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. Material accounting policies (continued)

2.17 Revenue recognition

Revenue comprises the fair value for services rendered. Revenue is recognized as follows:

(a) Insurance revenue
Insurance revenue is recognised in accordance with the requirements of IFRS 17 as laid out in Note 2.13.

(b) Investment income
Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

► Purchased or originated credit-impaired financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

► Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost i.e. net of the expected credit loss provision.

Dividend income is recognised when the right to receive payment is established.

(c) Rental Income
Rental income is recognised in the statement of income on the accrual basis.

(d) Realised and unrealised investment gains and losses
Realised and unrealised gains and losses on investments measured at amortised cost or fair value through profit or loss are recognised in the statement of income in the period in which they arise.

Unrealised gains and losses on investment securities measured at fair value through other comprehensive income are recognised in other comprehensive income. On derecognition, debt securities gains and losses accumulated in other comprehensive income are reclassified to the statement of income.

(e) Commission income
Commissions are recognized on the accrual basis when the services have been provided.

(f) Fee income
Fees are earned from the management of the assets of the segregated funds and deposit administration funds and from general policy administration and surrenders. Fees are recognized in the period in which the services are rendered.

2.18 Leases

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

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company as a lessee

The Company mainly leases office space used in its operations. Rental contracts for these leases are typically made for fixed periods of a year but may have extensions options, which is described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the stand-alone prices stated in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The Company applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Company recognises a right-of-use asset and a lease liability in the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

2. Material accounting policies (continued)

2.18 Leases (continue)

Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company also assesses the right-of-use asset for impairment when such indicators exist. The Company does not revalue any of its right-of-use assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalty payments for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Company remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments. The Company does not have any variable lease payments that do not depend on an index or a rate.

The Company applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets to leases that are considered to be low value. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Company as a lessor

The Company leases out its investment property. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the statement of income.

2.19 Dividend distribution

Dividend distribution to the Company's shareholder is recognized as an appropriation in the financial statements in the period in which the dividends are approved by the Company's shareholder.

2.20 Finance charges

Finance charges are recognized as an expense in the period in which they are incurred except to the extent that they are capitalized when directly attributable to the acquisition, construction or production of an investment property or in developing properties for sale.

2.21 Comparative information

Where necessary, comparative data have been adjusted to conform with changes in presentation in the current year.

3. Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities during the succeeding financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Insurance contracts

Definition and classification

Definition and classification determines whether contracts are in the scope of IFRS 17 and, for contracts determined to be in scope of IFRS 17, what measurement model is applicable.

Determining whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk requires judgement. Refer to Note 2.13(b) which gives details on how the Company determines the classification of insurance products with investment components as insurance or investment contracts.

Determining whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with discretionary participation features requires judgement. The Company does not issue any investment contracts with discretionary participation features.

Determining whether contracts that were determined to be in the scope of IFRS 17 meet the definition of an insurance contract with direct participation features requires judgement:

a) Whether the pool of underlying items is clearly identified;
b) Whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
c) Whether the Company expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.

Significant judgement is applied to determine whether the proportion to be paid by the Company to life contract policyholders and to direct participating contract policyholders is substantial. The Company does not have any insurance contracts with participation features.

Several subsidiaries in the Group act as agents in relation to the insurance contract services being provided by other parties via fronting arrangements. Where the Group has determined that it retains no credit or insurance risk on these contracts, the assets and liabilities arising out of these arrangements are not accounted for under IFRS 17, but are instead accounted for under the relevant IFRS Accounting Standard. Where the Group retains insurance or credit risk, these arrangements are accounted for as 100% reinsured contracts.

Unit of account

Judgement is involved in combination of insurance contracts and separation of distinct components, however the Company neither separated components of its insurance contracts nor combined any insurance contracts.

Judgements involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together) are not an area of significant judgement for the Company. This is due to the Company historically managing its insurance and reinsurance portfolios in a way that, consistent with regulatory considerations, clearly distinguishes groups of products by their associated risks.

Judgement is required in aggregating insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous and groups of other contracts. A similar grouping assessment is required for reinsurance contracts held.

Measurement - Fulfilment cash flows

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of IFRS 17. Judgement is involved to determine when the Company is capable of repricing the entire contracts to reflect the reassessed risks, when policyholders are obliged to pay premiums and when premiums reflect risks beyond the coverage period. Only those liabilities or assets relating to expected premiums or claims driven by substantive rights and obligations are recognised within the boundary of the insurance contract. The Company applied judgement to the determination of the contract boundaries of several deferred annuity products with guaranteed annuitisation rates.

The Company uses judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to fulfilment of the contract. 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. Refer to Note 3 (d).

Expressed in thousands of Aruban Florins

3. Critical accounting estimates and judgments in applying accounting policies (continued)

Financial performance

The Company applied significant judgements in the following aspects of the determination of the CSM amounts that were recognised in profit or loss in 2024 and 2023:

a) For individual life GMM contracts without any accumulating Fund - coverage units are determined based on the quantity of benefits provided via the Face Amount of the coverage.

b) For individual life contracts that have an accumulated Fund Balance, coverage units are determined based on the quantity of benefits provided via the Face Amount of the coverage plus the Fund Value.

c) For annuity contracts that are still in the accumulation phase, coverage units are determined based on the value of the fund accumulated to date.

d) For annuity contracts that are in the annuitisation phase, coverage units are determined based on the value of expected annuity payout.

In performing the above determination, management applied judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognised in profit or loss for the period.

(b) Discount rates

The top-down approach was used to derive the discount rate for the cash flows within the Dutch Caribbean. One curve was used for Curacao and Aruba due to the similarities in corporate and retail interest rates, the interconnectedness of the islands, identical exchange rate regimes and similar statuses within the Dutch Kingdom. Under this approach, the discount rate is determined based on a combination of a local currency yield curve and a US Treasury yield curve, in keeping with the standard financial profile for life insurance portfolios in the Dutch Caribbean. For the local currency yield curve, observations of interest rates within the Dutch Caribbean market were used as a starting point. The observations included time deposit rates from commercial banks, interest rates on commercial loans, and mortgage interest rates from various financial institutions. Given that there is no active secondary market for local investments, a specified Illiquidity Premium was not considered necessary. The US Treasury curve represents a risk free curve therefore no credit spreads will be deducted. An Illiquidity Premium will be added to this curve to account for the lesser liquidity of the Company's insurance portfolio versus US Treasury investments.

Observable market information was used from 2010 to capture the low interest environment that much of the world, including the Caribbean, has been in since the 2008 financial crisis. Going back further than this point was considered inappropriate as it is not reflective of the current economic environment.

Cash flows varying based on underlying items are discounted using a discount rate that reflects the variability of the underlying assets. Insurance contracts with direct participating features include investment components where cash flows vary based on the return of investment assets. The cash flows arising from the investment component are discounted using the expected return of the assets supporting the investment component. There are limited financial guarantees in these products. The liabilities associated with these guarantees are measured using a market consistent deterministic interest scenario.

The weighted average yield curves used to discount the estimates of future cash flows that do not vary based on the returns of the underling items are as follows:

	As at 31 December 2024			
	1 year	**5 years**	**10 years**	**20 years**
Traditional life and interest sensitive without guarantees	3.4%	5.0%	6.5%	6.7%
Annuities	3.4%	5.0%	6.5%	6.7%

	As at 31 December 2023			
	1 year	**5 years**	**10 years**	**20 years**
Traditional life and interest sensitive without guarantees	3.6%	4.0% - 4.7%	5.0% - 6.0%	5.6% - 6.2%
Annuities	3.6%	4.0% - 4.7%	5.0% - 6.0%	5.6% - 6.2%

3. Critical accounting estimates and judgments in applying accounting policies (continued)

(c) Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts in the scope of IFRS 17 are all 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 based on a best estimate deterministic scenario that specifies the amount, timing and probability of cash flows.

Expenses related cash flows are determined at a cohort level and are allocated on a systematic basis similar to the 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. Acquisition cash flows and expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts initiated for the period, and in force for the period, respectively. Claims settlement related expense are allocated based on the number of claims incurred.

For the long-term insurance contracts without investment components, uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of long-term changes in the mortality rates, the variability in the policyholder behaviour and uncertainties regarding future inflation rates and expenses growth.

Uncertainty of future claims and benefit payments arises primarily from the variability in policyholder behaviour. The interest rate guarantee embedded in insurance contracts was measured using a best estimate deterministic scenario, representing the most likely future interest rate environment.

(d) 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.

For insurers within the Life and Pensions Segment, the risk adjustment was calculated on a full contract basis, thereby considering risks that may emerge over the entire life of the insurance contract. Given the long-term nature of the related risks, this approach is appropriate to capture the uncertainty embedded in the underlying contracts, without adding the complexity of performing projections on an annual basis. The risk adjustment is further calculated at a coverage level in accordance with the related risk profile, and then aggregated up to profitability groups, cohorts, and portfolios. To determine the variability of the reserves, the risk margin approach was used.

With the risk margin approach, the risk adjustment is determined by calculating and combining explicit risk margins for non-financial risks as outlined in guidance provided by the Central Bank of Trinidad and Tobago and the Financial Services Commission of Jamaica, with reasonable adjustments applied by long-term insurers in the Dutch Caribbean as may be suitable for our territories. Quantification of the confidence level is done using a quantile technique based on an underlying normal probability distribution assumption for the future cash flows. The Company's weighted average confidence level corresponding to this technique is 81.4% (2023: 82.5%). Consideration of the amount of diversification benefit is done at the entity level reflecting the diversification in contracts sold across portfolios as this reflects the potential for risk reduction when the entity has a diversified portfolio of insurance contracts.

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2023.

(e) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Expressed in thousands of Aruban Florins

3. Critical accounting estimates and judgments in applying accounting policies (continued)

(f) Fair valuation of financial assets (continued)

The fair value of financial assets that are not traded in an active market is determined by using an internally developed bond valuation model. Assumptions used in this model are validated and periodically reviewed internally by qualified personnel. Since 2014 the Company has developed an internal investment valuation methodology based on the yield curves published by the Central Bank of Curacao and St. Maarten (CBCS) to estimate the fair value of local fixed rate securities that do not have regular prices in an active market. The yield curve used to value Aruban investments is the CBCS curve before issuance of debt to the Netherlands. At 31 December 2024, the carrying amount of financial assets that were fair valued using an internally developed bond valuation model was AWG 755 million (2023: ANG 704 million).The following table shows the effect on the profit or loss and fair value reserve to changes in the market yields.

	Effect on fair value reserve		Effect on statement of income	
	2024	2023	2024	2023
	AFL'000	AFL'000	AFL'000	AFL'000
1% increase in market yields	(10,029)	(8,598)	–	–
1% decrease in market yields	11,532	9,924	–	–

(g) Impairment losses on financial assets

The measurement of expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets shoulc
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the expected credit loss models
- Development of forward-looking scenarios probability weighted based on macroeconomic trends and expectations
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default

The Company regularly reviews its internal models in the context of actual loss experience and adjust when necessary. The carrying amounts of expected credit loss allowance on financial assets are disclosed in Note 4.2.3(e).

Forward-looking macroeconomic variables

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The estimation of ECL on 12-month ECLs and Lifetime ECLs is a discounted probability-weighted estimate that considers three future macroeconomic scenarios, with macroeconomic projections varying by territory. The base case scenario assumes that a stable economic enviroment where current conditions, based on available macroeconomic data, will largely continue. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions, considering macroeconomic forecasts and trends.

3. Critical accounting estimates and judgments in applying accounting policies (continued)

(h) Taxation

The Company is subject to income taxes according to Aruban laws. Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(i) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from approved budgets and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amount of impairment provisions on non-financial assets as at 31 December 2024 was nil (2023: nil).

(j) Determining the lease term of contracts with extension and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Company considers factors such as penalties to terminate, historical lease durations and the costs and business disruption required to replace leased assets. Where applicable, extension options in office space leases have been included in the lease liability.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(k) Post employment benefits

In conducting valuation exercises to measure the effect of all post employment benefit plans throughout the Company, the company's external qualified actuaries use judgment and assumptions in determining discount rates, salary increases, pension increases and health care costs. These assumptions are detailed in Note 11 and Note 16.

Expressed in thousands of Aruban Florins

4. Management of insurance and financial risk

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Company manages them.

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

4.1.1 Long-term insurance contracts

(a) Exposures to risks and how they arise

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

(b) Objectives, policies and processes for managing risks

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed terms, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts without fixed terms, a significant portion of the insurance risk is shared with the insured party. The Company charges for mortality risk on a monthly basis for most life and critical insurance contracts without fixed terms. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. Medical selection is included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company uses excess of loss reinsurance contracts with retention limits that vary by product.

(c) Frequency and severity of claims

The table below presents the concentration of insured benefits across five bands per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. These tables do not include annuity contracts, for which a separate analysis is reported further below.

	2024 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefits assured per life AFL'000	**AFL'000**	**%**	**AFL'000**	**%**
AFL 0 - 500	1,640,504	91%	1,588,084	95%
AFL 501 - 1,000	123,607	7%	62,946	4%
AFL 1,001 - 1,500	31,718	2%	16,677	1%
AFL 1,501 - 2,000	12,275	1%	10,307	1%
More than AFL 2,000	2,021	0%	2,021	0%
Total	1,810,125	100%	1,680,035	100%

The risk is concentrated in the lower value bands. This has not changed from last year.

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Long-term insurance contracts (continued)

(c) Frequency and severity of claims (continued)

	2023 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefits assured per life AFL'000	**AFL'000**	**%**	**AFL'000**	**%**
AFL 0 - 500	1,413,705	92%	1,367,176	95%
AFL 501 - 1,000	92,881	6%	44,747	3%
AFL 1,001 - 1,500	21,718	1%	11,867	1%
AFL 1,501 - 2,000	11,943	1%	8,618	1%
More than AFL 2,000	–	0%	–	0%
Total	1,540,247	100%	1,432,408	100%

The following tables for annuity insurance contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum, as if the annuity were in payment at the year end. The Company does not hold any reinsurance contracts against the liabilities carried for these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour.

	Total annuities payable per annum			
	2024		2023	
Annuity payable per annum per life	**AFL'000**	**%**	**AFL'000**	**%**
AFL 0 - 10,000	1,541	28%	1,485	28%
AFL 10,001 - 20,000	1,380	25%	1,362	26%
AFL 20,001 - 30,000	777	14%	709	13%
AFL 30,001 - 40,000	531	10%	531	10%
AFL 40,001 - 50,000	413	8%	413	8%
More than AFL 50,001	807	15%	807	15%
Total	5,449	100%	5,307	100%

The risk is spread over all bands, which is consistent with the prior year.

(d) Methods used to measure risks

For long term insurance contracts, the Company determines assumptions in relation to future deaths, voluntary termination, investment returns, administrative expenses and other items that are appropriate to the policies, their location and the local statutory reserving requirements. The assumptions used are those appropriate for traditional net premium valuation methods.

The nature and method of determining the significant assumptions made by the Company in the computation of policyholders' liabilities are described in the following paragraphs.

- **Mortality & Morbidity**

  An appropriate base table of standard mortality or morbidity is chosen depending on the type of contract. Supplemental information, such as reinsurance rates, is used where standard tables are not available. An investigation into the Company's experience in recent years is performed, and the standard actuarial tables are adjusted where appropriate to reflect the Company's own experience or expectations. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements.

  Assumptions and methods used to derive mortality and morbidity assumptions did not change during the year. The following assumptions were used:

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Long-term insurance contracts (continued)

(d) Methods used to measure risks (continued)

Gender	Mortality Table	Percentage of mortality table	
Male	NISTT2021/GBM/V0510	1%	1%
Male	NISTT2021/GBM/V0510	1%	1%
Female	NISTT2021/GBM/V0510	1%	1%
Female	NISTT2021/GBM/V0510	1%	1%

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM. For a sensitivity analysis, refer to Note 4.1.1 (e).

- **Terminations**

  Estimates of the amounts and timings of future benefit and premium payments are based on Group experience over extended periods. Terminations (lapses and surrenders) and variable premium assumptions vary by product type and policy duration.

- **Policy maintenance expense and inflation**

  Amounts are included in policyholders' liabilities to provide for the future costs of administering policies in force. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads. The expense base is determined from a review of current, recent and expected Group expense levels and allowance is made for future expense inflation.

  Inflation rates are sourced from various international and regional economic journals and reports. These inflation rates assumed are summarised in the following table.

	2024	2023
Inflation rate	1.0%	1.0%

- **Tax**

  It has been assumed that current tax legislation and rates for long-term insurance companies continue unaltered.

(e) Sensitivity analysis

The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. These analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Traditional life and interest sensitive without guarantees	2024 Impact on profit AFL'000	2024 Impact on equity AFL'000	2023 Impact on profit AFL'000	2023 Impact on equity AFL'000
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	(275)	(275)	(100)	(100)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(275)	(275)	(100)	(100)
+ 10% Improvement in annuitant mortality				
- Net Insurance contract liabilities/assets	(1,511)	(1,511)	(1,050)	(1,050)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(1,511)	(1,511)	(1,050)	(1,050)

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Long-term insurance contracts (continued)

(e) Sensitivity analysis (continued)

Traditional life and interest sensitive without guarantees	**2024 Impact on profit AFL'000**	**2024 Impact on equity AFL'000**	**2023 Impact on profit AFL'000**	**2023 Impact on equity AFL'000**
+1% Increase in interest rates				
- Net Insurance contract liabilities/assets	–	(9,432)	–	(7,794)
- Net Reinsurance contract assets/liabilities	–	(8)	–	(7)
	–	(9,440)	–	(7,801)
+ 10% Worsening of base renewal expense level				
- Net Insurance contract liabilities/assets	(940)	(940)	(69)	(69)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(940)	(940)	(69)	(69)

Annuities	**2024 Impact on profit AFL'000**	**2024 Impact on equity AFL'000**	**2023 Impact on profit AFL'000**	**2023 Impact on equity AFL'000**
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	64	64	38	38
- Net Reinsurance contract assets/liabilities	–	–	–	–
	64	64	38	38
+ 10% Improvement in annuitant mortality				
- Net Insurance contract liabilities/assets	(306)	(306)	(358)	(358)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(306)	(306)	(358)	(358)
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	–	(40,448)	–	(41,163)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	–	(40,448)	–	(41,163)
+ 10% Worsening of base renewal expense level				
- Net Insurance contract liabilities/assets	(105)	(105)	(17)	(17)
- Net Reinsurance contract assets/liabilities	-	-	-	-
	(105)	(105)	(17)	(17)

4.2 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The components of this financial risk are interest rate risk, equity price risk, foreign currency risk, liquidity risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Risk management is carried out by Executive Investment Committees and Risk Management departments, with direct support from the Actuarial departments, as well as the respective business units. It is conducted in accordance with policies and frameworks approved by the Company's Board of Directors, ensuing alignment with the ogranisation's risk appetite, governance standards, and strategic objectives.

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

The Company identifies, evaluates and manages financial risks in close co-operation with the Company's operating units. The Board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

4.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk - currency risk, interest rate risk and other price risk, each of which are considered below.

(a) Currency risk

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The Company's main operations are in Aruba. The main exposure to risks are in respect to the US dollar, Aruban Florin and Euro. The Company's strategy for dealing with foreign exchange risk is to offset, as far as possible, foreign currency liabilities with assets denominated in the same currency.

Most of the Company's liabilities are denominated in local currency and are matched with local assets. The strategy for dealing with foreign exchange risk is to offset as far as possible foreign currency liabilities with assets denominated in the same currency.

The tables below summarizes the Company's exposure to foreign currency exchange rate risk as at 31 December. The Company's assets and liabilities at carrying amounts are included in the table, categorized by the currency at their carrying amount. The Aruban Florins (AFL) have been linked to the USD at a fixed rate of AFL 1.79 for more than 30 years.

	USD AFL'000	AFL AFL'000	EUR AFL'000	CAD AFL'000	Total AFL'000
As at 31 December 2024					
Total Assets	334,802	790,044	417	9,270	1,134,533
Total Liabilities	5,341	994,795	943	–	1,001,079
	329,461	(204,751)	(526)	9,270	133,454
As at 31 December 2023					
Total Assets	302,126	724,676	469	11,303	1,038,574
Total Liabilities	4,316	948,209	1,327	–	953,852
	297,810	(223,533)	(858)	11,303	84,722

The analysis below is performed for reasonable possible movements in foreign currency exchange rates with all other variables held constant, showing the impact on the statement of income and equity at the reporting date.

Change in variables	**EUR**	**Other**
2024	1.0%	1.0%
2023	1.0%	1.0%

	EUR AFL'000	Other AFL'000	Total AFL'000
Impact on statement of income			
2024	(5)	93	87
2023	(9)	113	104

(b) Interest rate risk

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 within the Company is the risk that the interest earned on the Company's investments is insufficient to meet the interest rates credited or guaranteed to policyholders. This applies to traditional life insurance policies and the deposit administration plans.

Exposure is managed largely by the use of natural hedges that arise by matching interest sensitive assets with liabilities of a similar nature. The Company also mitigates the effect of interest rate risk of the investment portfolio through the functioning of an Executive Investment Committee and the pricing of products by the actuarial function. The investment portfolio return is continually monitored by the Investment Committees. The results of these reviews inform the pricing of products and interest rates to be credited to the respective policies and plans.

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(b) Interest rate risk (continue)

The following table presents analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17 and investment assets, as well as the net impact on profit or loss and equity. Insurance and reinsurance contracts measured under the GMM are moderately sensitive to changes in market interest rates due to the discounting of the future expected cash flows. The Company's other financial assets and liabilities are not significantly sensitive to interest rates. For the sensitivity analysis, a 1% movement in interest rates was used for 2024 (2023 1%). The following table shows the estimated effect of an increase or decrease in the above rates on the profit or loss and equity.

	2024			
	Profit or loss		Equity	
	Net insurance contract liability AFL'000	Investment securities AFL'000	Net insurance contract liability AFL'000	Investment securities AFL'000
Increase in interest rates	–	–	–	(10,029)
Decrease in interest rates	–	–	–	11,532

	2023			
	Profit or loss		Equity	
	Net insurance contract liability AFL'000	Investment securities AFL'000	Net insurance contract liability AFL'000	Investment securities AFL'000
Increase in interest rates	–	–	–	(8,598)
Decrease in interest rates	–	–	–	9,924

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

(c) Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the statement of financial position as fair value through profit or loss. The Company manages its price risk by limiting the amount of its investments in equities and by monitoring movements in equity prices.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices at the reporting date. The following table shows the estimated effect of reasonably possible changes in equity prices on the consolidated statement of income and equity.

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(c) Other price risk (continued)

	Change in equity prices		Effect on income	
	2024	**2023**	**2024**	**2023**
	%	**%**	**ANG'000**	**ANG'000**
Stock exchanges and markets				
Investment securities	1.0%	1.0%	831	593
			831	593

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

4.2.2 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due, at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

The Company monitors liquidity on a regular basis. An internally constituted Executive Investment Committee sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

There are no individual contracts or policyholders who have the potential to influence the withdrawal of a significant amount of liabilities.

The following tables analyse the insurance and financial liabilities of the Company into relevant maturity groupings based on the remaining period to the contractual or expected maturity date. Financial liabilities are at contractual undiscounted cash flows, and insurance contracts and investment contracts are at expected undiscounted cash flows. Insurance contract liabilities include both actual and expected contractual undiscounted cash flows as they relate to both the LRC and the LIC.

As at 31 December 2024		Contractual/Expected Undiscounted Cash Flows		
	Carrying amount ANG'000	**up to 1 year ANG'000**	**1 to 5 years ANG'000**	**Over 5 years ANG'000**
Investment securities	794,785	143,588	432,286	374,493
Loans and receivables	210,815	18,577	97,064	239,938
Reinsurance contract assets	265	–	265	–
Due from affiliated companies	206	206	–	–
Cash and cash equivalents	77,938	77,938	–	–
Total assets	1,084,009	240,309	529,615	614,431

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

As at 31 December 2024		**Contractual/Expected Undiscounted Cash Flows**		
	Carrying amount ANG'000	**up to 1 year ANG'000**	**1 to 5 years ANG'000**	**Over 5 years ANG'000**
Traditional life and interest sensitive without guarantees	121,012	7,232	32,955	117,837
Annuities	854,011	25,535	155,752	1,710,824
Reinsurance contract liabilities	–	–	–	–
Related party balances	21,587	21,587	–	–
Other liabilities	6,808	6,808	–	–
Total Liabilities	1,003,418	61,162	188,707	1,828,661

As at 31 December 2024				
Total Assets	1,084,009	240,309	529,615	614,431
Total Liabilities	1,003,418	61,162	188,707	1,828,661
	80,591	179,147	340,908	(1,214,230)

As at 31 December 2023		**Contractual/Expected Undiscounted Cash Flows**		
	Carrying amount ANG'000	**up to 1 year ANG'000**	**1 to 5 years ANG'000**	**Over 5 years ANG'000**
Investment securities	767,569	108,956	447,367	355,332
Loans and receivables	173,494	19,067	57,845	215,082
Reinsurance contract assets	149	–	149	–
Due from affiliated companies	1,445	1,445	–	–
Cash and cash equivalents	48,393	48,393	–	–
Total assets	991,050	177,860	505,361	570,414

As at 31 December 2023		**Contractual/Expected Undiscounted Cash Flows**		
	Carrying amount ANG'000	**up to 1 year ANG'000**	**1 to 5 years ANG'000**	**Over 5 years ANG'000**
Traditional life and interest sensitive without guarantees	123,141	4,868	30,220	112,930
Annuities	806,105	10,026	159,044	1,496,896
Reinsurance contract liabilities	1,989	479	–	–
Related party balances	9,912	9,912	–	–
Other liabilities	10,925	10,925	–	–
Total Liabilities	952,072	36,210	189,264	1,609,826

As at 31 December 2023				
Total Assets	991,050	177,860	505,361	570,414
Total Liabilities	952,072	36,210	189,264	1,609,826
	38,978	141,650	316,097	(1,039,412)

For insurance contracts issued that are traditional life and interest sensitive without guarantees, as well as annuities, the amount payable on demand represents the policyholders' cash surrender values less applicable surrender fees.

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk

Credit risk is defined as the potential for loss that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations to us. Each subsidiary in the various jurisdictions, has an Executive Investment Committee (EIC) that sets credit limits and monitors exposure by constraining the magnitude and tenor of the exposure to counterparties and issuers. Some of the credit risk mitigation techniques include, where appropriate, the right to require initial collateral or margin, the right to terminate transactions, or to obtain collateral (including guarantees) should unfavourable events occur.

Collateral held as security for mortgage loans and other loans includes physical or tangible residential and commercial edifices as well as legal rights to insurance portfolio and other assets of the respective borrowers. The EIC initiates regular portfolio reviews, monitors counterparty creditworthiness, and evaluates potential transaction risks with a view towards early problem identification and protection against unacceptable credit-related losses.

(a) Credit risk management and exposures for insurance and reinsurance assets

The Company has significant credit risk arising from reinsurance contracts held. Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Company's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations.

The Company structures the levels of credit risk arising from ceded reinsurance by incorporating limits into its reinsurance treaties on the maximum size of policy and maximum amount of benefits that can be provided per insured life. The Company does not seek to manage its credit risk via other characteristics such as limiting exposure to a single counterparty or groups of counterparties, given the relative size of the Company to its reinsurers.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder.

(b) Assets bearing credit risk

The Company actively monitors the financial status of its reinsurers both by reference to publicly available information and the Financial Strength Ratings of A.M. Best. All of the Company's reinsurers are rated superior by A.M. Best. A rating of superior is assigned to reinsurance companies that have, in the opinion of A.M. Best, a superior ability to meet their ongoing obligations to the primary insurer.

Next is an analysis of assets bearing credit risk (excluding equity instruments).

	Gross exposure		**Net carrying amount**	
	2024 AFL'000	**2023 AFL'000**	**2024 AFL'000**	**2023 AFL'000**
Investment securities measured at fair value through profit or loss (excluding equity instruments)	–	–	–	–
Investment securities measured at fair value through other comprehensive income	180,686	177,789	180,686	177,789
Investment securities measured at amortised cost	556,398	542,295	555,644	541,537
Loans and receivables including insurance receivables	217,461	178,451	210,815	173,494
Reinsurance contracts	265	149	265	149
Due from affiliated companies	206	1,445	206	1,445
Cash and cash equivalents	78,070	48,528	77,938	48,393
	1,033,086	948,657	1,025,554	942,807

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or to a rating assigned by the investment manager using an approach consistent with that used by Standard and Poor's.

AAA
An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA
An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Below BBB

Obligations rated 'Below BBB' are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

Not Rated

This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification includes obligations due from individuals, and short term securities.

The following tables set out the credit quality analysis for financial assets measured at amortised cost and fair value through other comprehensive income.

		Lifetime ECL		Total
Investment securities measured at fair value through other comprehensive income	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**Total AFL'000**
As at 31 December 2024				
AAA	10,962	–	–	10,962
AA	37,150	–	–	37,150
A	58,635	–	–	58,635
BBB	71,721	–	–	71,721
Below BBB	1,927	–	–	1,927
Not rated	–	291	–	291
Gross carrying amount	180,395	291	–	180,686
As at 31 December 2023				
AAA	6,942	–	–	6,942
AA	41,516	–	–	41,516
A	56,229	–	–	56,229
BBB	71,700	–	–	71,700
Below BBB	1,010	–	–	1,010
Not rated	–	392	–	392
Gross carrying amount	177,397	392	–	177,789

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of financial assets (continued)

Investment securities measured at amortised cost	12-month ECL AFL'000	Lifetime ECL Not credit impaired AFL'000	Lifetime ECL Credit impaired AFL'000	Total AFL'000
As at 31 December 2024				
AAA	–	–	–	–
AA	–	–	–	–
A	–	–	–	–
BBB	556,398	–	–	556,398
Below BBB	–	–	–	–
Not rated	–	–	–	–
Gross carrying amount	556,398	–	–	556,398
Loss allowance	(754)	–	–	(754)
Net carrying amount	555,644	–	–	555,644
As at 31 December 2023				
AAA	–	–	–	–
AA	–	–	–	–
A	–	–	–	–
BBB	542,295	–	–	542,295
Below BBB	–	–	–	–
Not rated	–	–	–	–
Gross carrying amount	542,295	–	–	542,295
Loss allowance	(758)	–	–	(758)
Net carrying amount	541,537	–	–	541,537

Loans and receivables	12-month ECL AFL'000	Lifetime ECL Not credit impaired AFL'000	Lifetime ECL Credit impaired AFL'000	Total AFL'000
As at 31 December 2024				
AAA	–	–	–	–
AA	–	–	–	–
A	–	–	–	–
BBB	7,327	–	–	7,327
Below BBB	147,414	–	–	147,414
Not rated	48,981	11,333	2,406	62,720
Gross carrying amount	203,722	11,333	2,406	217,461
Loss allowance	(2,999)	(3,592)	(55)	(6,646)
Net carrying amount	200,723	7,741	2,351	210,815
As at 31 December 2023				
AAA	–	–	–	–
AA	–	–	–	–
A	–	–	–	–
BBB	7,426	–	–	7,426
Below BBB	116,078	–	–	116,078
Not rated	41,620	10,228	3,099	54,947
Gross carrying amount	165,124	10,228	3,099	178,451
Loss allowance	(2,495)	(2,462)	–	(4,957)
Net carrying amount	162,629	7,766	3,099	173,494

Expressed in thousands of Aruban Florins

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of financial assets

		Lifetime ECL		Total
	12-month ECL	Not credit impaired	Credit impaired	Total
Due from affiliated companies	AFL'000	AFL'000	AFL'000	AFL'000
As at 31 December 2024				
AAA	–	–	–	–
AA	–	–	–	–
A	–	–	–	–
BBB	–	–	–	–
Below BBB	–	206	–	206
Not rated	–	–	–	–
Gross carrying amount	–	206	–	206
Loss allowance	–	–	–	–
Net carrying amount	–	206	–	206
As at 31 December 2023				
AAA	–	–	–	–
AA	–	–	–	–
A	–	–	–	–
BBB	–	–	–	–
Below BBB	–	1,445	–	1,445
Not rated	–	–	–	–
Gross carrying amount	–	1,445	–	1,445
Loss allowance	–	–	–	–
Net carrying amount	–	1,445	–	1,445

		Lifetime ECL		Total
	12-month ECL	Not credit impaired	Credit impaired	Total
	AFL'000	AFL'000	AFL'000	AFL'000
Cash and cash equivalents				
As at 31 December 2024				
AAA	–	–	–	–
AA	–	–	–	–
A	–	–	–	–
BBB	67,714	–	–	67,714
Below BBB	10,356	–	–	10,356
Not rated	–	–	–	–
Gross carrying amount	78,070	–	–	78,070
Loss allowance	(132)	–	–	(132)
Net carrying amount	77,938	–	–	77,938
As at 31 December 2023				
AAA	–	–	–	–
AA	–	–	–	–
A	1,276	–	–	1,276
BBB	45,128	–	–	45,128
Below BBB	1,325	–	–	1,325
Not rated	799	–	–	799
Gross carrying amount	48,528	–	–	48,528
Loss allowance	(135)	–	–	(135)
Net carrying amount	48,393	–	–	48,393

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(d) Credit quality of reinsurance and financial assets

The following table sets out the credit quality analysis for reinsurance assets and financial assets (excluding equity instruments) measured at fair value through profit or loss.

	AAA AFL'000	AA AFL'000	A AFL'000	BBB AFL'000	Below BBB AFL'000	Not Rated AFL'000	Total AFL'000
As at 31 December 2024							
Investment securities at fair value through profit or loss (excluding equities)	–	–	–	–	–	–	–
Reinsurance assets	–	–	265	–	–	–	265
	–	–	265	–	–	–	265
As at 31 December 2023							
Investment securities at fair value through profit or loss (excluding equities)	–	–	–	–	–	–	–
Reinsurance assets	–	–	149	–	–	–	149
	–	–	149	–	–	–	149

Assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below.

	Gross exposure AFL'000	Net carrying amount AFL'000	Fair value of collateral held AFL'000
As at 31 December 2024			
Investment securities measured at fair value through other comprehensive income	–	–	–
Loans and receivables	2,406	2,351	4,446
	2,406	2,351	4,446
As at 31 December 2023			
Investment securities measured at fair value through other comprehensive income	–	–	–
Loans and receivables	3,099	3,099	8,164
	3,099	3,099	8,164

No fair value analysis of collateral values is performed for the residential mortgage portfolio. The Company uses the auction value in its calculations which generally represents a 20% discount to the market values.

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial asset.

- New assets originated or purchased, which reflect the allowance related to assets newly recognized during the period.
- Assets derecognised, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred, including those assets that were derecognized following a modification of terms.
- Net transfer to/(from) 12-month ECL and lifetime ECL, which are presumed to occur before any corresponding remeasurement
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; changes in the measurement following a transfer between 12-month ECL and lifetime ECL; and unwinding of the time value discount due to the passage of time.

		Lifetime ECL		Purchased	
Investment securities measured at fair value through other comprehensive income	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**credit impaired AFL'000**	**Total AFL'000**
Year ended 31 December 2024					
Balance at beginning of year	142	53	–	–	195
Exchange rate adjustments	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–
New assets originated or purchased	15	–	–	–	15
Assets derecognised (excluding write-offs)	–	–	–	–	–
Net transfer to/(from) 12-month ECL	–	–	–	–	–
Net transfer to/(from) lifetime ECL - not credit impaired	–	–	–	–	–
Net transfer to/(from) lifetime ECL - credit impaired	–	–	–	–	–
Remeasurements	(276)	237	–	–	(39)
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–
Balance at end of year	(119)	290	–	–	171
Contractual amounts outstanding on assets written off during the year but still subject to enforcement activity				–	

		Lifetime ECL		Purchased	
Investment securities measured at fair value through other comprehensive income	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**credit impaired AFL'000**	**Total AFL'000**
Year ended 31 December 2023					
Balance at beginning of year	99	74	–	–	173
Exchange rate adjustments	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–
New assets originated or purchased	24	–	–	–	24
Assets derecognised (excluding write-offs)	–	–	–	–	–
Net transfer to/(from) 12-month ECL	–	–	–	–	–
Net transfer to/(from) lifetime ECL - credit impaired	–	–	–	–	–
Remeasurements	19	(21)	–	–	(2)
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–
Balance at end of year	142	53	–	–	195
Contractual amounts outstanding on assets written off during the year but still subject to enforcement activity				–	

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Loss allowance (continued)

		Lifetime ECL		Purchased	
Investment securities measured at amortised cost	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**credit impaired AFL'000**	**Total AFL'000**
Year ended 31 December 2024					
Balance at beginning of year	758	–	–	–	758
Acquisition of subsidiaries	–	–	–	–	–
New assets originated or purchased	22	–	–	–	22
Assets derecognised (excluding write-offs)	–	–	–	–	–
Remeasurements	(26)	–	–	–	(26)
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Exchange rate adjustments	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–
Balance at end of year	754	–	–	–	754
Contractual amounts outstanding on assets written off during the year but still subject to enforcement activity				–	

		Lifetime ECL		Purchased	
Investment securities measured at amortised cost	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**credit impaired AFL'000**	**Total AFL'000**
Year ended 31 December 2023					
Balance at beginning of year	655	–	–	–	655
Acquisition of subsidiaries	–	–	–	–	–
New assets originated or purchased	94	–	–	–	94
Assets derecognised (excluding write-offs)	–	–	–	–	–
Remeasurements	9	–	–	–	9
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–
Exchange rate adjustments	–	–	–	–	–
Balance at end of year	758	–	–	–	758
Contractual amounts outstanding on assets written off during the year but still subject to enforcement activity				–	

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Loss allowance (continued)

Loans and receivables	12-month ECL AFL'000	Lifetime ECL: Not credit impaired AFL'000	Lifetime ECL: Credit impaired AFL'000	Purchased credit impaired AFL'000	Total AFL'000
Year ended 31 December 2024					
Balance at beginning of year	2,495	2,462	–	–	4,957
Acquisition of subsidiaries	–	–	–	–	–
New assets originated or purchased	738	–	–	–	738
Net transfer to/(from) lifetime ECL - not credit impaired	(418)	363	55	–	–
Amounts recovered	28	322	–	–	350
Remeasurements	818	445	–	–	1,263
Amounts written-off	(662)	–	–	–	(662)
Balance at end of year	2,999	3,592	55	–	6,646
Contractual amounts outstanding on assets written off during the year but still subject to enforcement activity				662	
Loans and receivables					
Year ended 31 December 2023					
Balance at beginning of year	2,741	992	–	–	3,733
New assets originated or purchased	567	–	–	–	567
Remeasurements	(793)	1,900	–	–	1,107
Amounts written-off	(20)	(430)	–	–	(450)
Balance at end of year	2,495	2,462	–	–	4,957
Contractual amounts outstanding on assets written off during the year but still subject to enforcement activity				450	

Cash and cash equivalents

Impairment on cash and cash equivalents measured at amortised cost has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company uses a similar approach for the assessment of expected credit losses for cash and cash equivalents to those used for debt secutrities.

The impairment allowance on cash and cash equivalents as at 31 December 2024 is AFL 132 (2023: ANG 135). The Company recognised a net impairment loss (gain) of (AFL 107) for the year ended 31 December 2024 (2023: (AFL 602)).

(f) Credit Risk - Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2024 and 2023 are set out below.

The PDs and LGDs are impacted by changes in the historical data sets gathered from external rating agencies such as Moody's. Macroeconomic variables used in the Company's ECL models also include, but are not limited to, gross domestic product growth, inflation rates, national budget deficits, debt to GDP ratios for the various territories. Refer to the tables below for the ranges applied to each scenario for the two most significant assumptions.

	2024 Assumptions			2023 Assumptions		
	growth	**Inflation**	**Weigths**	**growth**	**Inflation**	**Weigths**
Scenario						
Base	Stable	Positive	55% - 70%	Stable	Positive	55% - 70%
Optimistic	Positive	Positive	5% - 35%	Positive	Positive	5% - 35%
Pessimistic	Negative	Negative	5% - 20%	Negative	Negative	5% - 20%
Acute pessimistic	Negative	Negative	5%	Negative	Negative	5%

Refer to Note 3(e) for descriptions of the scenarios.

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(f) Credit Risk - Economic Variable Assumptions (continued)

Credit Risk - Sensitivity analysis

Set out below are the changes in ECL allowance at the reporting date that would result from a reasonably possible change in the probabilities of default (PDs) used by the Company.

	Actual PDs applied		Change in PD	Impact on ECL	
	2024	**2023**		**2024**	**2023**
				AFL'000	**AFL'000**
Investment securities measured at fair value through other comprehensive income	0.1% - 1.32%	0% - 3.01%	+/- 20%	34	39
Investment securities measured at amortised cost	0.1% - 0.27%	0% - 0.27%	+/- 20%	151	152
Loans and receivables	0.27% - 4.52%	0.27% - 4.58	+/- 20%	560	496
Cash and cash equivalents	0.1% - 1.88%	0.04% - 7.09	+/- 20%	26	27
				771	714

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(f) Credit Risk - Sensitivity analysis (continued)

Financial assets subject to ECL
The following tables show an analysis of changes in the gross carrying amount of financial assets subject to ECL.

		Lifetime ECL			
Investment securities measured at fair value through other comprehensive income	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**Purchased credit AFL'000**	**Total AFL'000**
Year ended 31 December 2024					
Balance at beginning of year	177,397	392	–	–	177,789
Exchange rate adjustments	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–
New assets originated or purchased	266,624	–	–	–	266,624
Assets derecognised (excluding write-offs)	(264,133)	(93)	–	–	(264,226)
Net transfer to Investment securities	–	–	–	–	
measured at fair value through profit & loss	–	–	–	–	–
Net transfer to/(from) 12-month ECL	–	–	–	–	–
Net transfer to/(from) lifetime ECL - not credit impaired	–	–	–	–	–
Net transfer to/(from) lifetime ECL - credit impaired	–	–	–	–	–
Changes in interest accrual	111	(2)	–	–	109
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Fair value movements	–	–	–	–	–
Other movements	396	(6)	–	–	390
Balance at end of year	180,395	291	–	–	180,686

		Lifetime ECL			
Investment securities measured at fair value through other comprehensive income	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**Purchased Total AFL'000**	**Total AFL'000**
Year ended 31 December 2023					
Balance at beginning of year	132,551	496	–	–	133,047
Exchange rate adjustments	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–
New assets originated or purchased	143,191	–	–	–	143,191
Assets derecognised (excluding write-offs)	(103,603)	(93)	–	–	(103,696)
Net transfer to Investment securities	–	–	–	–	–
measured at fair value through profit & loss	–	–	–	–	–
Net transfer to/(from) 12-month ECL	–	–	–	–	–
Net transfer to/(from) lifetime ECL - not credit impaired	–	–	–	–	–
Net transfer to/(from) lifetime ECL - credit impaired	–	–	–	–	–
Changes in interest accrual	445	(2)	–	–	443
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Fair value movements	–	–	–	–	–
Other movements	4,813	(9)	–	–	4,804
Balance at end of year	177,397	392	–	–	177,789

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(f) Credit Risk - Sensitivity analysis (continued)

		Lifetime ECL			
Investment securities measured at amortised cost	**12-month ECL AFL'000**	**Not credit impaired AFL'000**	**Credit impaired AFL'000**	**Purchased credit AFL'000**	**Total AFL'000**
Year ended 31 December 2024					
Balance at beginning of year	542,295	–	–	–	542,295
Exchange rate adjustments	–	–	–	–	–
New assets originated or purchased	50,000	–	–	–	50,000
Assets derecognised (excluding write-offs)	(38,462)	–	–	–	(38,462)
Changes in interest accrual	1,263	–	–		1,263
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Other movements	1,302	–	–	–	1,302
Balance at end of year	556,398	–	–	–	556,398
Year ended 31 December 2023					
Balance at beginning of year	541,957	–	–	–	541,957
Exchange rate adjustments	–	–	–	–	–
New assets originated or purchased	78,400	–	–	–	78,400
Assets derecognised (excluding write-offs)	(80,070)	–	–	–	(80,070)
Changes in interest accrual	602	–	–		602
Amounts written-off	–	–	–	–	–
Amounts recovered	–	–	–	–	–
Other movements	1,406	–	–	–	1,406
Balance at end of year	542,295	–	–	–	542,295
Loans and receivables					
Year ended 31 December 2024					
Balance at beginning of year	165,124	10,228	3,099	–	178,451
Exchange rate adjustments	–	–	–	–	–
New assets originated or purchased	70,203	–	–	–	70,203
Assets derecognised (excluding write-offs)	(31,605)	(418)	(209)	–	(32,232)
Net transfer to/(from) 12-month ECL	3,413	(3,413)	–	–	–
Net transfer to/(from) lifetime ECL - not credit impaired	(3,101)	4,533	(1,432)	–	–
Net transfer to/(from) lifetime ECL - credit impaired	–	(948)	948	–	–
Changes in interest accrual	(312)	–	–	–	(312)
Amounts written-off	(662)	–	–	–	(662)
Amounts recovered	28	322	–	–	350
Other movements	634	1,029	–	–	1,663
Balance at end of year	203,722	11,333	2,406	–	217,461
Year ended 31 December 2023					
Balance at beginning of year	120,607	7,779	2,508	–	130,894
Exchange rate adjustments	–	–	–	–	–
New assets originated or purchased	66,065	–	–	–	66,065
Assets derecognised (excluding write-offs)	(19,686)	(1,083)	(93)	–	(20,862)
Net transfer to/(from) 12-month ECL	3,599	(3,082)	(517)	–	–
Net transfer to/(from) lifetime ECL - not credit impaired	(5,105)	5,105	–	–	–
Net transfer to/(from) lifetime ECL - credit impaired	(914)	(287)	1,201	–	–
Changes in interest accrual	578	–	–	–	578
Amounts written-off	(20)	(430)	–	–	(450)
Amounts recovered	–	–	–	–	–
Other movements	–	2,226	–	–	2,226
Balance at end of year	165,124	10,228	3,099	–	178,451

Expressed in thousands of Aruban Florins

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(g) Modified financial assets

There are no financial assets that were modified while having a loss allowance measured at an amount equal to lifetime ECL.

(h) Assets obtained by taking possession of collateral

There were no financial nor non-financial assets obtained by the Company during the year by taking possession of collateral held as security and held at year end. The Company's policy is to pursue timely realisation of collateral in an orderly manner. The Company does not generally use non-cash collateral for its own operations.

(i) Concentrations of risks of reinsurance and financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The following table breaks down the Company's main credit risk exposure as categorised by the industry sectors of its counterparties.

	2024 AFL'000	2023 AFL'000
Financial institutions	330,602	328,001
Manufacturing	23,323	15,556
Real estate	25,390	25,050
Wholesale and retail trade	12,100	8,530
Public sector	464,010	436,480
Insurance and reinsurance	–	–
Consumers/individuals	79,703	69,576
Transportation storage	7,309	7,408
Utilities	9,301	8,056
Other industries	73,816	44,150
	1,025,554	942,807

4.2.4 Capital management

The Company's capital includes share capital, reserves and retained earnings.

- to comply with the capital requirements required by the regulator;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

In Aruba where the Company operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities and the Company is subject to insurance solvency regulations in all the territories in which it issues insurance contracts. The minimum required capital must be maintained at all times throughout the year. The Company monitors these requirements throughout the year to ensure compliance.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The table below summarizes the minimum required capital. The Company has complied with the minimum capital requirements.

	2024 AFL'000	2023 AFL'000
2024		
Regulatory capital held	91,232	83,920
Minimum regulatory capital	74,453	70,120

The Company was incorporated in 2008 with an initial capital of AFL 400.

The Company is being supervised by the local regulator being the Central Bank of Aruba. For Life Insurance the highest outcome of 8% of the provision for insurance obligations in the preceding year or AFL 400 is applicable. The company applies a safety margin above this minimum requirement of at least 100%. The Company has always managed to comply with the minimum requirement established by the Central Bank as well as its own. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

Expressed in thousands of Aruban Florins

5. Property, plant and equipment

	Office furniture, plant and equipment AFL '000	Total AFL '000
Year ended 31 December 2024		
Balance at beginning of year	367	367
Additions	154	154
Disposals and adjustments	–	–
Depreciation charge	(97)	(97)
Balance at end of year	424	424
At 31 December 2024		
Cost or valuation	4,835	4,835
Accumulated depreciation	(4,411)	(4,411)
Balance at end of year	424	424
Year ended 31 December 2023		
Balance at beginning of year	190	190
Additions	252	252
Disposals and adjustments	–	–
Depreciation charge	(75)	(75)
Balance at end of year	367	367
At 31 December 2023		
Cost or valuation	4,681	4,681
Accumulated depreciation	(4,314)	(4,314)
Balance at end of year	367	367

Depreciation expense of AFL 97 (2023: AFL 75) has been charged in other operating expenses.

6. Investment properties

	2024	2023
Investment properties	2,186	2,150
	2,186	2,150
Investment properties		
Balance at beginning of year	2,150	2,061
Additions	32	1
Fair value adjustments (Note 22)	4	88
Balance at end of year	2,186	2,150
Rental income	178	100

The investment properties were last valued in 2018 by external independent valuators. All valuators are accredited in the territory that they serve specializing in the valuation of commercial, residential and a mixed use properties.

Residential properties are mainly revalued using the comparable sales approach, which estimates the fair value based on sale prices of properties of similar nature or in similar locations with price adjustments being made for any notable differences between the sample and subject properties such as, location, size, and quality of improvements.

Commercial properties are valued using the income approach. The principle behind this method is the ability of the property to provide the owner, operator, or tenant with an income from their occupation that will compensate them sufficiently for operating the concern, and, in addition, provide them with a surplus which they would be prepared to pay for the right to occupy the hereditament, rent. A 10.5% (2023: 10.5%) yield used to discount future cashflows as deemed most appropriate by the valuators in the respective territories.

No investment property in the Company is subject to any liens or mortgages and the Company has no curtailments with regard to the transfer, resale or other use of its investment properties. The Company is not under any contractual obligation with regard to significant development, enhancement, repair or maintenance of any investment properties.

Expressed in thousands of Aruban Florins

7. Intangible assets

	Goodwill AFL'000	Customer-related intangibles AFL'000	Total AFL'000
Year ended 31 December 2024			
Balance at beginning of year	75	78	153
Additions	–	–	–
Amortization	–	–	–
Balance at end of year	75	78	153
At 31 December 2024			
Cost	75	78	153
Accumulated amortization	–	–	–
Balance at end of year	75	78	153

8. Investment in associated company

	2024 AFL'000	2023 AFL'000
Balance at beginning of year	44,854	42,452
Exchange rate adjustment	(221)	(684)
Share of profit after tax (Note 30)	3,128	4,325
Dividends received	–	(1,239)
Balance at end of year	47,761	44,854

The Company's interests in its associate, which is unlisted, is as follows:

Name	Principal activity	Country of incorporation	2024	2023
Guardian Resorts International Inc.	Hotel & Resorts	St. Lucia	23.1%	23.1%

Summarized financial information in respect of the Company's associate is set out below. The summarized financial information below represents amount shown in the associate's financial statements prepared in accordance with IFRSs (adjusted by the Company for equity accounting purposes).

	Guardian Resorts International Inc. 2024 AFL'000	Guardian Resorts International Inc. 2023 AFL'000
Total assets	199,555	193,927
Total liabilities	(975)	(15,502)
Equity attributable to ordinary shareholders	198,580	178,425
Ordinary shares	44,084	41,177
Preference shares	3,677	3,677
Carrying amount of the investment	47,761	44,854
Revenue	14,874	12,090
Profit/(loss) for the year	13,553	18,741
Other comprehensive income	18	–
Total comprehensive income	13,571	18,741

The associate had no contingent liabilities at 31 December 2024 or 2023. No component of other comprehensive income is applicable.

Expressed in thousands of Aruban Florins

9. Investment securities

	2024		2023	
	Carrying value AFL'000	Fair value AFL'000	Carrying value AFL'000	Fair value AFL'000
Investment securities	794,785	791,622	767,569	781,551
	794,785	791,622	767,569	781,551

	Carrying value AFL'000	Fair value AFL'000	Carrying value AFL'000	Fair value AFL'000
Investment securities mandatorily measured at fair value through profit or loss (FVPL-M)	58,455	58,455	48,243	48,243
Investment securities measured at fair value through other comprehensive income (FVOCI)	180,686	180,686	177,789	177,789
Investment securities measured at amortised cost (AC)	555,644	552,481	541,537	555,519
Total investment securities	794,785	791,622	767,569	781,551

	Carrying value				Fair value
	FVPL-D 2024 AFL'000	FVPL-M 2024 AFL'000	FVOCI 2024 AFL'000	AC 2024 AFL'000	AC 2024 AFL'000
Equity securities:					
- Listed	–	38,860	–	–	–
- Unlisted	–	19,595	–	–	–
	–	58,455	–	–	–
Debt securities:					
- Government securities	–	–	25,429	402,914	397,487
- Debentures and corporate bonds	–	–	153,329	–	–
	–	–	178,758	402,914	397,487
Deposits (more than 90 days)	–	–	–	139,900	141,410
Other	–	–	–	–	–
	–	–	–	139,900	141,410
	–	58,455	178,758	542,814	538,897
Interest receivable	–	–	1,928	13,584	13,584
Loss allowance	–	–	–	(754)	–
	–	58,455	180,686	555,644	552,481
Current	–	–	27,168	81,870	
Non-current	–	58,455	153,518	473,774	
	–	58,455	180,686	555,644	

The carrying amount of investment securities above that were pledged as collateral for liabilities was nil (2023: nil).

Expressed in thousands of Aruban Florins

9. Investment securities

	Carrying value				Fair value
	FVPL-D 2023 AFL'000	FVPL-M 2023 AFL'000	FVOCI 2023 AFL'000	AC 2023 AFL'000	AC 2023 AFL'000
Equity securities:					
- Listed	–	28,304	–	–	–
- Unlisted	–	19,939	–	–	–
	–	48,243	–	–	–
Debt securities:					
- Government securities	–	–	38,950	358,128	369,533
- Debentures and corporate bonds	–	–	137,020	–	–
	–	–	175,970	358,128	369,533
Deposits (more than 90 days)	–	–	–	171,846	173,665
Other	–	–	–	–	–
	–	–	–	171,846	173,665
	–	48,243	175,970	529,974	543,198
Interest receivable	–	–	1,819	12,321	12,321
Loss allowance	–	–	–	(758)	–
	–	48,243	177,789	541,537	555,519
Current	–	–	81,578	44,213	
Non-current	–	48,243	96,211	497,324	
	–	48,243	177,789	541,537	

Expressed in thousands of Aruban Florins

10. Loans and receivables

	2024 AFL'000	2023 AFL'000
Mortgages loans	57,991	51,570
Premiums receivable	333	230
Commercial and other loans	154,055	122,505
Interest receivable	867	1,179
Other receivables	4,215	2,967
Loss allowance	(6,646)	(4,957)
	210,815	173,494
Current	7,613	17,374
Non-current	203,202	156,120
	210,815	173,494
Fair value loans and receivables	215,739	178,672

With regard to mortgages the property serves as collateral whereas in the case of the other loans either there is a property as collateral or in some instances insurance portfolios or in the case of policy loans the cash value of the policy. There were no loans and receivables pledged as collateral for liabilities at year end (2023: nil).

11. Pension plan assets/liabilities

The following information explains the quantification of the assets and liabilities recognized in the statement of financial position and the net income for the year in accordance with the provisions of IAS 19. Pension plan assets are fully recognized in the statement of financial position of Fatum Holding N.V.

The amount in the statement of income is made up as follows:	2024 AFL'000	2023 AFL'000
Net interest expense	259	14
Net gain for the year (Note 26)	259	14

The principal actuarial assumptions used for accounting purposes were:

	2024	2023
Discount rates	5.13%	5.13%
Future salary increases	0.00%	0.00%
Post retirement mortality table	NISTT2012	NISTT2012
Pre-retirement mortality	Ignored	Ignored
Withdrawal from service	Ignored	Ignored
Future pension increases	Ignored	Ignored
Proportion of employees opting for early retirement	Ignored	Ignored

There is no standard mortality table available for Aruba. For this reason the standard NISTT2012 (2023: NISTT2012) has been used which is considered representative for the plan.

Expressed in thousands of Aruban Florins

12. Insurance contracts

12.1 Composition of the balance sheet

	Traditional life and interest sensitive without guarantees	Annuities	Total	Current portion	Non-Current Portion
At 31 December 2024					
Net Insurance contract liabilities					
- Insurance contract liabilities excluding Iisurance acquisition cash flows assets and other pre-recognition	121,012	854,011	975,023	10,389	964,634
Net Insurance contract liabilities	121,012	854,011	975,023	10,389	964,634
As represented by:					
- Insurance contract liability	121,012	854,011	975,023	10,389	964,634
- Insurance contract asset	-	-	-	-	-
	121,012	854,011	975,023	10,389	964,634
Net Reinsurance contract assets					
- Reinsurance contract assets excluding other pre-	265	-	265	-	265
Net Reinsurance contract assets	265	-	265	-	265
As represented by:					
- Reinsurance contract liability	-	-	-	-	-
- Reinsurance contract asset	265	-	265	-	265
	265	-	265	-	265
At 31 December 2023					
Net Insurance contract liabilities					
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition	123,141	806,105	929,246	8,662	920,584
Net Insurance contract liabilities	123,141	806,105	929,246	8,662	920,584
As represented by:					
- Insurance contract liability	123,141	806,105	929,246	8,662	920,584
- Insurance contract asset	-	-	-	-	-
	123,141	806,105	929,246	8,662	920,584
Net Reinsurance contract assets					
- Reinsurance contract assets excluding other pre-recognitic	(1,840)	-	(1,840)	(1,989)	149
Net Reinsurance contract assets	(1,840)	-	(1,840)	(1,989)	149
As represented by:					
- Reinsurance contract liability	(1,989)	-	(1,989)	(1,989)	-
- Reinsurance contract asset	149	-	149	-	149
	(1,840)	-	(1,840)	(1,989)	149

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.2 Insurance revenue and expenses

12.2.1 Insurance revenue and insurance service result

At 31 December 2024	**Traditional life and interest sensitive without guarantees**	**Annuities**	**Total**
Insurance revenue			
Amounts relating to the charges in the LRC:			
- Expected incurred claims and other directly attributable expenses	6,423	17,874	24,297
- Change in the risk adjustment for non-financial risk for the risk expired	126	17	143
- CSM recognised for the services provided	1,269	10,914	12,183
- Insurance acquisition cash flows recovery	1,953	128	2,081
Insurance revenue from contracts not measured under the PAA	9,771	28,933	38,704
Total insurance revenue	9,771	28,933	38,704
Insurance service expenses			
Incurred claims and other directly attributable expenses	(5,371)	(16,253)	(21,624)
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	-
Losses on onerous contracts and reversal of those losses	(3,760)	(1,137)	(4,897)
Insurance acquisition cash flows amortisation	(1,953)	(128)	(2,081)
Total insurance service expenses	(11,084)	(17,518)	(28,602)
Net income (expenses) from reinsurance contracts held			
Amounts relating to the changes in the remaining coverage:			
- Expected incurred claims and other directly attributable expenses recovery	(218)	-	(218)
- Change in the risk adjustment for non-financial risk for the risk expired	(1)	-	(1)
- CSM recognised for the services received	(18)	-	(18)
Reinsurance expenses - contracts not measured under PAA	(237)	-	(237)
Incurred claims recovery	2,369	-	2,369
recovery	-	-	-
Total net expenses from reinsurance contracts held	2,132	-	2,132
Total insurance service result	819	11,415	12,234

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.2 Insurance revenue and expenses (continued)

12.2.1 Insurance revenue and insurance service result (continued)

For the year ended 31 December 2023	**Traditional life and interest sensitive without guarantees**	**Annuities**	**Total**
Insurance revenue			
Amounts relating to the charges in the LRC:			
- Expected incurred claims and other directly attributable expenses	5,882	15,002	20,884
- Change in the risk adjustment for non-financial risk for the risk expired	107	8	115
- CSM recognised for the services provided	1,419	10,195	11,614
Insurance acquisition cash flows recovery	1,165	17	1,182
Insurance revenue from contracts not measured under the PAA	8,573	25,222	33,795
Total insurance revenue	8,573	25,222	33,795
Insurance service expenses			
Incurred claims and other directly attributable expenses	(4,875)	(15,016)	(19,891)
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	-
Losses on onerous contracts and reversal of those losses	(3,585)	(1,884)	(5,469)
Insurance acquisition cash flows amortisation	(1,165)	(17)	(1,182)
Total insurance service expenses	(9,625)	(16,917)	(26,542)
Net income (expenses) from reinsurance contracts held			
Amounts relating to the changes in the remaining coverage:			
- Expected incurred claims and other directly attributable expenses recovery	(315)	-	(315)
- Change in the risk adjustment for non-financial risk for the risk expired	(3)	-	(3)
- CSM recognised for the services received	69	-	69
Reinsurance expenses - contracts not measured under PAA	(249)	-	(249)
Incurred claims recovery	-	-	-
Total net expenses from reinsurance contracts held	(249)	-	(249)
Total insurance service result	(1,301)	8,305	7,004

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.2 Insurance revenue and expenses (continued)

12.2.2 Amounts determined on transition to IFRS 17

For insurance contracts measured under the GMM and/or the VFA, an analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables. Insurance contracts measured under the PAA are not included in these tables because the Group

	2024			2023		
	Traditional life and interest sensitive without guarantees	**Annuities**	**Total**	**Traditional life and interest sensitive without guarantees**	**Annuities**	**Total**
Insurance contracts issued						
Insurance revenue						
- New contracts and contracts measured under the full retrospective approach at transition	3,480	1,723	5,203	1,799	1,303	3,102
- Contracts measured under the fair value approach at transition	6,291	27,210	33,501	6,774	23,919	30,693
	9,771	28,933	38,704	8,573	25,222	33,795
CSM as at 31 December						
- New contracts and contracts measured under the full retrospective approach at transition	1,561	11,342	12,903	3,297	7,872	11,169
- Contracts measured under the fair value approach at transition	8,855	74,907	83,762	11,075	100,136	111,211
	10,416	86,249	96,665	14,372	108,008	122,380
Reinsurance contracts held						
CSM as at 31 December						
- New contracts and contracts measured under the full retrospective approach at transition	(250)	-	(250)	(98)	-	(98)
- Contracts measured under the fair value approach at transition	(1,182)	-	(1,182)	892	-	892
	(1,432)	-	(1,432)	794	-	794

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.2 Insurance revenue and expenses (continued)

12.2.3 Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reproting period in profit or loss is provided in the following table:

	Insurance contracts issued			Reinsurance	
Number of years until expected to be recognised	**Traditional life and interest sensitive without guarantees**	**Annuities**	**Total CSM for insurance contracts issued**	**Traditional life and interest sensitive without guarantees**	**CSM for re-insurance contracts held**
At 31 December 2024					
Up to 1 year	960	8,619	9,579	(68)	(68)
1 to 2 years	960	6,026	6,986	(68)	(68)
2 to 3 years	960	6,026	6,986	(68)	(68)
3 to 4 years	960	6,026	6,986	(68)	(68)
4 to 5 years	960	6,026	6,986	(68)	(68)
5 to 10 years	5,616	34,384	40,000	(882)	(882)
> 10 years	-	19,142	19,142	(210)	(210)
					-
Total	10,416	86,249	96,665	(1,432)	(1,432)
At 31 December 2023					
Up to 1 year	1,180	9,268	10,448	82	82
1 to 1 to 2 years	1,180	7,510	8,690	82	82
2 to 2 to 3 years	1,180	7,510	8,690	82	82
3 to 3 to 4 years	1,180	7,510	8,690	82	82
4 to 4 to 5 years	1,180	7,510	8,690	82	82
5 to 5 to 10 years	6,465	42,831	49,296	389	389
> 10 years		25,869	25,869	(5)	(5)
Total	12,365	108,008	120,373	794	794

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.3 Traditional life and interest sensitive without guarantees - Insurance contracts issued

12.3.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2024				2023			
	LRC				LRC			
	Excluding loss component	Loss component	LIC	Total	Excluding loss component	Loss component	LIC	Total
Opening insurance contract liabilities	108,356	7,585	7,200	123,141	119,685	3,835	2,296	125,816
Opening insurance contract asset	-	-	-	-	-	-	-	-
Net balance at 1 January	108,356	7,585	7,200	123,141	119,685	3,835	2,296	125,816
Exchange rate adjustment	-	-	-	-	1	-	-	1
Insurance revenue	(9,771)			(9,771)	(8,573)			(8,573)
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	610	4,761	5,371	-	(12)	4,887	4,875
Losses on onerous contracts and reversal of those losses	-	3,760	-	3,760	-	3,585	-	3,585
Insurance acquisition cash flows amortisation	1,953	-	-	1,953	1,165	-	-	1,165
Insurance service expenses	1,953	4,370	4,761	11,084	1,165	3,573	4,887	9,625
Insurance service result	(7,818)	4,370	4,761	1,313	(7,408)	3,573	4,887	1,052
Finance expenses from insurance contracts issued	1,019	207	-	1,226	(1,040)	177		(863)
Total amounts recognised in	(6,799)	4,577	4,761	2,539	(8,448)	3,750	4,887	189
Investment components	(6,120)	-	6,120	-	(12,103)		12,103	-
Cash flows								
Premiums received	15,425	-	-	15,425	15,067			15,067
Claims and other directly attributable expenses paid	-	-	(14,475)	(14,475)			(12,086)	(12,086)
Insurance acquisition cash flows	(5,618)	-	-	(5,618)	(5,846)			(5,846)
Total cash flows	9,807	-	(14,475)	(4,668)	9,221	-	(12,086)	(2,865)
Net balance as at 31 December	105,244	12,162	3,606	121,012	108,356	7,585	7,200	123,141
Closing insurance contract liabilities	105,244	12,162	3,606	121,012	108,356	7,585	7,200	123,141
Closing insurance contract assets	-	-	-	-	-	-	-	-
Net balance as at 31 December	105,244	12,162	3,606	121,012	108,356	7,585	7,200	123,141

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.3 Traditional life and interest sensitive without guarantees - Insurance contracts issued (continued)

12.3.2 Reconciliation of the measurement components of insurance contract balances

	2024				2023			
	Present value of future cash flows	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	106,001	4,775	12,365	123,141	104,530	5,046	16,240	125,816
Opening insurance contract asset	-	-	-	-	-	-	-	-
Net balance at 1 January	106,001	4,775	12,365	123,141	104,530	5,046	16,240	125,816
Exchange rate adjustments	-	-	-	-	(1)	-	-	(1)
Changes that relate to current service								
CSM recognised for the services provided	-	-	(1,269)	(1,269)			(1,419)	(1,419)
Change in the risk adjustment for non-financial risk for the risk expired	-	(126)	-	(126)		(107)		(107)
Experience adjustments – relating to insurance service expenses	(1,052)	-	-	(1,052)	(1,006)			(1,006)
	(1,052)	(126)	(1,269)	(2,447)	(1,006)	(107)	(1,419)	(2,532)
Changes that relate to future service								
Changes in estimates that adjust the CSM	4,435	(302)	(4,135)	(2)	4,634	(600)	(4,034)	-
Changes in estimates that result in onerous contract losses or reversal of losses	3,830	(124)	-	3,706	3,894	(310)	-	3,584
Contracts initially recognised in the period	(1,492)	268	1,280	56	(1,479)	425	1,055	1
Changes that relate to past service	6,773	(158)	(2,855)	3,760	7,049	(485)	(2,979)	3,585
Insurance service result	5,721	(284)	(4,124)	1,313	6,043	(592)	(4,398)	1,053
Finance (income) expenses from insurance contracts issued	842	216	168	1,226	(1,706)	321	523	(862)
Total amounts recognised in comprehensive income	6,563	(68)	(3,956)	2,539	4,337	(271)	(3,875)	191
Cash flows				-				-
Premiums received	15,425			15,425	15,067			15,067
Claims and other directly attributable expenses paid	(14,475)			(14,475)	(12,086)			(12,086)
Insurance acquisition cash flows	(5,618)			(5,618)	(5,846)			(5,846)
Total cash flows	(4,668)	-	-	(4,668)	(2,865)	-	-	(2,865)
Net balance as at 31 December	107,896	4,707	8,409	121,012	106,001	4,775	12,365	123,141
Closing insurance contract liabilities	107,896	4,707	8,409	121,012	106,001	4,775	12,365	123,141
Closing insurance contract assets	-	-	-	-	-	-	-	-
Net balance as at 31 December	107,896	4,707	8,409	121,012	106,001	4,775	12,365	123,141

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.3 Traditional life and interest sensitive without guarantees - Insurance contracts issues (continued)

12.3.3 Impact of contracts recognised for the year

	2024			2023		
	Non-onerous contracts originated	**Onerous contracts originated**	**Total**	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
Estimates of the present value of future cash outflows						
- Insurance acquisition cash flows	134	-	134	173	-	173
- Claims and other directly attributable expenses	3,586	61	3,647	5,792	-	5,792
Estimates of the present value of future cash outflows	3,720	61	3,781	5,965	-	5,965
Estimates of the present value of future cash inflows	(5,212)	(6)	(5,218)	(7,444)	-	(7,444)
Risk adjustment for non-financial risk	268	1	269	425	-	425
Insurance acquisition cash flows asset and other pre-recognition cash	-	-	-	-	-	-
CSM	1,280	-	1,280	1,055	-	1,055
Increase in insurance contract liabilities from contracts recognised in the period	56	56	112	1	-	1

12.3.4 Amounts determined on transition to IFRS 17

	2024			2023		
	New contracts; contracts	**Contracts measured under the**	**Total**	**New contracts; contracts**	**Contracts measured under the**	**Total**
Insurance revenue	3,480	6,291	9,771	1,799	6,774	8,573
CSM as at 1 January	3,297	11,075	14,372	2,472	15,060	17,532
Changes that relate to current service						
CSM recognised for the services provided	(151)	(1,118)	(1,269)	(100)	(1,319)	(1,419)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(2,913)	(1,222)	(4,135)	(887)	(3,147)	(4,034)
Contracts initially recognised in the period	1,280		1,280	1,770		1,770
	(1,784)	(2,340)	(4,124)	783	(4,466)	(3,683)
Finance expenses from insurance contracts issued	48	120	168	42	481	523
Total amounts recognised in comprehensive income	(1,736)	(2,220)	(3,956)	825	(3,985)	(3,160)
CSM as at 31 December	1,561	8,855	10,416	3,297	11,075	14,372

The methods and assumptions applied by the Company in applying the fair value approach on transition are disclosed in note 2.1(a).

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12. Insurance contracts (continued)

12.4 Traditional life and interest sensitive without guarantees - Reinsurance contracts held

12.4.1 Reconciliation of the remaining coverage and incurred claims

	2024				2023			
	Remaining coverage				Remaining coverage			
	Excluding loss-recovery component	Loss-recovery component	Incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Incurred claims	Total
Opening reinsurance contract asset	-	-	149	149		-	-	-
Opening reinsurance contract liability	(1,989)	-	-	(1,989)	(2,192)	-	149	(2,043)
Net balance as at 1 January	(1,989)	-	149	(1,840)	(2,192)	-	149	(2,043)
Exchange rate adjustment	**-**			**-**	**1**			**1**
Net income (expenses) from reinsurance								-
- Reinsurance expenses	(237)	-	-	(237)	(249)	-	-	(249)
- Incurred claims recovery	-	-	2,369	2,369	-	-	-	-
Net income (expenses) from reinsurance contracts held	**(237)**	**-**	**2,369**	**2,132**	**(249)**	**-**	**-**	**(249)**
Finance income from reinsurance contracts held	(41)	-	-	(41)	(28)	-	-	(28)
Total amounts recognised in comprehensive income	**(278)**	**-**	**2,369**	**2,091**	**(277)**	**-**	**-**	**(277)**
Cash flows								-
Premiums paid net of ceding commissions and other directly attributable expenses paid	2,300	-	-	2,300	479			479
Recoveries from reinsurance	-	-	(2,286)	(2,286)			-	-
Total cash flows	**2,300**	**-**	**(2,286)**	**14**	**479**	**-**	**-**	**479**
Net balance as at 31 December	**33**	**-**	**232**	**265**	**(1,989)**	**-**	**149**	**(1,840)**
Closing reinsurance contract assets	265	-	-	**265**	-	-	149	**149**
Closing reinsurance contract liabilities	(232)	-	232	**-**	(1,989)	-		**(1,989)**
Net balance as at 31 December	**33**	**-**	**232**	**265**	**(1,989)**	**-**	**149**	**(1,840)**

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.4 Traditional life and interest sensitive without guarantees - Reinsurance contracts held (continued)

12.4.2 Reconciliation of the measurement components of reinsurance contract balances

	2024				2023			
	Present value of future cash flows	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening reinsurance contract asset	149	-	-	149	-	-	-	-
Opening reinsurance contract liability	(834)	(361)	(794)	(1,989)	(942)	(395)	(706)	(2,043)
Net balance as at 1 January	**(685)**	**(361)**	**(794)**	**(1,840)**	**(942)**	**(395)**	**(706)**	**(2,043)**
Exchange rate adjustment	**-**		**-**	**-**	**1**	**(1)**	**1**	**1**
Changes that relate to current service								
- CSM recognised for the services received	-	-	(18)	(18)			69	69
- Change in the risk adjustment for non-financial risk for the risk expired	-	(1)	-	(1)		(3)		(3)
- Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	2,151	-	-	2,151	(315)			(315)
	2,151	(1)	(18)	2,132	(315)	(3)	69	(249)
Changes that relate to future service								
- Changes in estimates that adjust the CSM	(2,258)	(1)	2,259	-	96	39	(135)	-
	(2,258)	(1)	2,259	-	96	39	(135)	-
Net income (expenses) from reinsurance contracts held	(107)	(2)	2,241	2,132	(219)	36	(66)	(249)
- Finance income (expenses) from reinsurance contracts held	(19)	(7)	(15)	(41)	(4)	(1)	(23)	(28)
Total amounts recognised in comprehensive income	(126)	(9)	2,226	2,091	(223)	35	(89)	(277)
Cash flows								
- Premiums paid net of ceding commissions and other directly attributable expenses paid	2,300			2,300	479			479
- Recoveries from reinsurance	(2,286)			(2,286)	-			-
Total cash flows	14	-	-	14	479	-	-	479
Net balance as at 31 December	**(797)**	**(370)**	**1,432**	**265**	**(685)**	**(361)**	**(794)**	**(1,840)**
Closing reinsurance contract assets	265	-	-	**265**	149			**149**
Closing reinsurance contract liabilities	(1,062)	(370)	1,432	**-**	(834)	(361)	(794)	**(1,989)**
Net balance as at 31 December	**(797)**	**(370)**	**1,432**	**265**	**(685)**	**(361)**	**(794)**	**(1,840)**

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.4 Traditional life and interest sensitive without guarantees - Reinsurance contracts held (continued)

Estimates of the present value of future	-	-	-			-

12.4.3 Amounts determined on transition to IFRS 17

	2024			**2023**		
	New contracts; contracts under the full retrospective approach	**Contracts measured under the fair value approach**	**Total**	**New contracts; contracts under the full retrospective approach**	**Contracts measured under the fair value approach**	**Total**
CSM as at 1 January	98	(892)	(794)	73	(779)	(706)
Changes that relate to current service						
- CSM recognised for the services received	(16)	(2)	(18)	(9)	78	69
Changes that relate to future service						
- Changes in estimates that adjust the CSM	165	2,094	2,259	31	(165)	(134)
	149	2,092	2,241	22	(87)	(65)
Finance expenses from reinsurance contracts held	3	(18)	(15)	3	(26)	(23)
Total amounts recognised in comprehensive income	152	2,074	2,226	25	(113)	(88)
CSM as at 31 December	250	1,182	1,432	98	(892)	(794)

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(Continued)

12. Insurance contracts (continued)

12.5 Annuities - Insurance contracts issued

12.5.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2024				2023			
	LRC				LRC			
	Excluding loss component	Loss component	LIC	Total	Excluding loss component	Loss component	LIC	Total
Opening insurance contract liabilities	802,214	1,931	1,960	806,105	768,975	40	1,906	770,921
Opening insurance contract assets	-	-	-	-	-			-
Net balance as at 1 January	802,214	1,931	1,960	806,105	768,975	40	1,906	770,921
Exchange rate adjustment	**-**	**-**	**-**	**-**	**(1)**	**1**	**-**	**-**
Insurance revenue	(28,933)	-	-	(28,933)	(25,222)	-	-	(25,222)
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	(73)	16,326	16,253	-	(8)	15,024	15,016
Losses on onerous contracts and reversal of those losses	-	1,137	-	1,137	-	1,884	-	1,884
Insurance acquisition cash flows amortisation	128	-	-	128	17			17
Insurance service expenses	128	1,064	16,326	17,518	17	1,876	15,024	16,917
Insurance service result	(28,805)	1,064	16,326	(11,415)	(25,205)	1,876	15,024	(8,305)
Finance expenses from insurance contracts issued	19,375	83	-	19,458	4,281	14		4,295
Total amounts recognised in comprehensive income	(9,430)	1,147	16,326	8,043	(20,924)	1,890	15,024	(4,010)
Investment components	(4,224)	-	4,224	-	(3,320)		3,320	-
Cash flows								
Premiums received	60,950	-	-	60,950	57,639	-	-	57,639
Claims and other directly attributable expenses paid	-	-	(19,927)	(19,927)	-	-	(18,290)	(18,290)
Insurance acquisition cash flows	(1,160)	-	-	(1,160)	(155)			(155)
Total cash flows	59,790	-	(19,927)	39,863	57,484	-	(18,290)	39,194
Net balance as at 31 December	848,350	3,078	2,583	854,011	802,214	1,931	1,960	806,105
Closing insurance contract liabilities	848,350	3,078	2,583	854,011	802,214	1,931	1,960	806,105
Closing insurance contract assets				-				-
Net balance as at 31 December	848,350	3,078	2,583	854,011	802,214	1,931	1,960	806,105

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.5 Annuities - Insurance contracts issued (continued)

12.5.2 Reconciliation of the measurement components of insurance contract balances

	2024				2023			
	Present value of future cash flows	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	691,285	6,812	108,008	806,105	655,147	7,150	108,629	770,926
Opening insurance contract assets	-	-	-	-	(5)	-	-	(5)
Net balance as at 1 January	691,285	6,812	108,008	806,105	655,142	7,150	108,629	770,921
Exchange rate adjustment	**-**	**-**	**-**	**-**	**(3)**	**1**	**2**	**-**
Changes that relate to current service				-				-
- CSM recognised for the services provided	-	-	(10,914)	(10,914)	-	-	(10,195)	(10,195)
- Change in the risk adjustment for non-financial risk for the risk expired	-	(17)	-	(17)	-	(8)	-	(8)
- Experience adjustments – relating to insurance service expenses	(1,621)	-	-	(1,621)	15	-	-	15
	(1,621)	(17)	(10,914)	(12,552)	15	(8)	(10,195)	(10,188)
Changes that relate to future service				-				-
- Changes in estimates that adjust the CSM	20,607	15	(20,624)	(2)	(5,763)	(309)	6,072	-
- Changes in estimates that result in onerous contract losses or reversal of losses	648	(107)	-	541	154	24	-	178
- Contracts initially recognised in the period	(454)	68	984	598	1,668	26	12	1,706
- Experience adjustments – arising from premiums received in the period that relate to future service	-	-	-	-	-	-	-	-
	20,801	(24)	(19,640)	1,137	(3,941)	(259)	6,084	1,884
Insurance service result	19,180	(41)	(30,554)	(11,415)	(3,926)	(267)	(4,111)	(8,304)
Finance (income) expenses from insurance contracts issued	17,096	19	2,343	19,458	878	(72)	3,488	4,294
comprehensive income	36,276	(22)	(28,211)	8,043	(3,048)	(339)	(623)	(4,010)
Cash flows				-				-
Premiums received	60,950	-	-	60,950	57,639	-	-	57,639
Claims and other directly attributable expenses paid	(19,927)	-	-	(19,927)	(18,290)	-	-	(18,290)
Insurance acquisition cash flows	(1,160)	-	-	(1,160)	(155)	-	-	(155)
Total cash flows	39,863	-	-	39,863	39,194	-	-	39,194
Net balance as at 31 December	767,424	6,790	79,797	854,011	691,285	6,812	108,008	806,105
Closing insurance contract liabilities	767,424	6,790	79,797	854,011	691,285	6,812	108,008	806,105
Closing insurance contract assets				-	-	-	-	-
Net balance as at 31 December	767,424	6,790	79,797	854,011	691,285	6,812	108,008	806,105

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.5 Annuities - Insurance contracts issued (continued)

12.5.3 Impact of contracts recognised for the year

	2024			2023		
	Non-onerous contracts originated	Onerous contracts originated	Total	Non-onerous contracts originated	Onerous contracts originated	Total
Estimates of the present value of future cash outflows						
- Insurance acquisition cash flows	153	8	161	10	82	92
- Claims and other directly attributable expenses	3,958	1,696	5,654	307	2,791	3,098
Estimates of the present value of future cash outflows	**4,111**	**1,704**	**5,815**	**317**	**2,873**	**3,190**
			-			-
Estimates of the present value of future cash inflows	(5,129)	(1,140)	(6,269)	(332)	(1,190)	(1,522)
Risk adjustment for non-financial risk	34	34	68	3	23	26
CSM	984	-	984	12	-	12
Increase in insurance contract liabilities from contracts recognised in the period	-	598	598	-	1,706	1,706

12.5.4 Amounts determined on transition to IFRS 17

	2024			2023		
	New contracts; contracts under the full retrospective approach	Contracts measured under the fair value approach	Total	New contracts; contracts under the full retrospective approach	Contracts measured under the fair value approach	Total
Insurance revenue	1,723	27,210	28,933	1,303	23,919	25,222
CSM as at 1 January	13,966	100,135	114,101	8,292	100,337	108,629
Changes that relate to current service						
- CSM recognised for the services provided	(750)	(10,163)	(10,913)	(692)	(9,503)	(10,195)
Changes that relate to future service						
- Changes in estimates that adjust the CSM	(3,211)	(17,055)	(20,266)	10	6,062	6,072
- Contracts initially recognised in the period	984		984	14	-	14
	(2,977)	(27,218)	(30,195)	(668)	(3,441)	(4,109)
Finance expenses from insurance contracts issued	353	1,990	2,343	249	3,239	3,488
Total amounts recognised in comprehensive income	(2,624)	(25,228)	(27,852)	(419)	(202)	(621)
CSM as at 31 December	11,342	74,907	86,249	7,873	100,135	108,008

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.6 Investment income and insurance finance expenses

For the year ended 31 December 2024	Traditional life and interest sensitive without guarantees	Annuities	Total
Net investment income (expenses) - underlying assets			
- Investment income	27,140	18,094	45,234
- Net realised gains on financial assets measured at amortised cost	2,149	1,432	3,581
- Net impairment losses on financial assets	(1,134)	(756)	(1,890)
- Net fair value (losses)/gains	4,944	3,296	8,240
- Other income	3,560	2,374	5,934
Net investment income (expenses) - underlying assets	36,659	24,440	61,099
Net investment income (expenses) - other investments			
- Investment income	-	-	-
- Net impairment losses on financial assets	-	-	-
- Net fair value (losses)/gains	-	-	-
- Other income	-	-	-
Net investment income (expenses) - other investments	-	-	-
Total net investment income	36,659	24,440	61,099
Finance income (expenses) from insurance contracts issued			
- Interest accreted	(3,921)	(27,472)	(31,393)
- Effect of changes in interest rates and other financial assumptions	2,695	8,014	10,709
Finance expenses from insurance contracts issued	(1,226)	(19,458)	(20,684)
Finance income (expenses) from reinsurance contracts held			
- Interest accreted	(55)	-	(55)
- Effect of changes in interest rates and other financial assumptions	14	-	14
Finance income from reinsurance contracts held	(41)	-	(41)
Net insurance finance expenses	(1,267)	(19,458)	(20,725)
Summary of the amounts recognised in profit or loss			
- Net investment income - underlying assets	37,510	25,008	62,518
- Net investment income - other investments	-	-	-
- Net investment income (expenses) - other	112	75	187
- Finance expenses from insurance contracts issued	(3,921)	(27,472)	(31,393)
- Finance income from reinsurance contracts held	(55)	-	(55)
	33,646	(2,389)	31,257
Summary of the amounts recognised in OCI			
- Net investment income - underlying assets	(851)	(568)	(1,419)
- Net investment income - other investments	-	-	-
- Finance expenses from insurance contracts issued	2,695	8,014	10,709
- Finance income from reinsurance contracts held	14	-	14
	1,858	7,446	9,304
Summary of the amounts recognised			
- Insurance service result	819	11,415	12,234
- Net investment income	37,510	25,008	62,518
- Finance expenses from insurance contracts issued	(3,921)	(27,472)	(31,393)
- Finance income from reinsurance contracts held	(55)	-	(55)
Net insurance and investment result	34,353	8,951	43,304

Expressed in thousands of Aruban Florins

12. Insurance contracts (continued)

12.6 Investment income and insurance finance expenses (continued)

For the year ended 31 December 2023	Traditional life and interest sensitive without guarantees	Annuities	Total
Net investment income (expenses) - underlying assets			
- Investment income	24,716	16,478	41,194
- Net realised gains on financial assets measured at amortised cost	(594)	(396)	(990)
- Net impairment losses on financial assets	(705)	(470)	(1,175)
- Net fair value (losses)/gains	6,382	4,255	10,637
- Other income	(998)	(665)	(1,663)
Net investment income (expenses) - underlying assets	28,801	19,202	48,003
Net investment income (expenses) - other investments			
- Investment income	-	-	-
- Net impairment losses on financial assets	-	-	-
- Net fair value (losses)/gains	-	-	-
- Other income	-	-	-
Net investment income (expenses) - other investments	-	-	-
Total net investment income	28,801	19,202	48,003
Finance income (expenses) from insurance contracts issued			
- Interest accreted	(4,184)	(25,994)	(30,178)
- Effect of changes in interest rates and other financial assumptions	5,046	21,700	26,746
Finance expenses from insurance contracts issued	862	(4,294)	(3,432)
Finance income (expenses) from reinsurance contracts held			
- Interest accreted	(70)	-	(70)
- Effect of changes in interest rates and other financial assumptions	42	-	42
Finance income from reinsurance contracts held	(28)	-	(28)
Net insurance finance expenses	834	(4,294)	(3,460)
Summary of the amounts recognised in profit or loss			
- Net investment income - underlying assets	26,329	17,554	43,883
- Net investment income - other investments	-	-	-
- Net investment income (expenses) - other	38	22	60
- Finance expenses from insurance contracts issued	(4,184)	(25,994)	(30,178)
- Finance income from reinsurance contracts held	(70)	-	(70)
	22,113	(8,418)	13,695
Summary of the amounts recognised in OCI			
- Net investment income - underlying assets	2,472	1,648	4,120
- Net investment income - other investments	-	-	-
- Finance expenses from insurance contracts issued	5,046	21,700	26,746
- Finance income from reinsurance contracts held	42	-	42
	7,560	23,348	30,908
Summary of the amounts recognised			
- Insurance service result	(1,301)	8,305	7,004
- Net investment income	26,329	17,554	43,883
- Finance expenses from insurance contracts issued	(4,184)	(25,994)	(30,178)
- Finance income from reinsurance contracts held	(70)	-	(70)
Net insurance and investment result	20,774	(135)	20,639

Expressed in thousands of Aruban Florins

13. Due from affiliated companies

	2024 AFL '000	2023 AFL '000
Bancassurance Caribbean Ltd	145	145
Guardian Resorts International Inc	61	1,300
	206	1,445

14. Cash and cash equivalents

	2024 AFL'000	2023 AFL'000
Cash at bank and in hand	75,377	48,272
Short term deposits (90 days or less)	258	254
Cash and cash equivalents	75,635	48,526
Cash and cash equivalents in mutual funds	2,435	2
Loss allowance	(132)	(135)
Net cash and cash equivalents	77,938	48,393
At beginning of year	48,393	76,389
Net movement in loss allowance	107	602
	48,500	76,991
At end of year	77,938	48,393
Net (decrease)/ increase in cash used in cash flow	29,438	(28,598)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The interest rate on short term bank deposits ranged from 0.25% - 2% (2023: 0.25% – 2%).

The carrying amount of cash and cash equivalents pledged as collateral for financial liabilities was nil as at 31 December 2024 (2023: nil).

15. Equity

15.1 Share Capital

Authorized
400 shares with a par value of AFL 1 each.

Issued and fully paid
400 shares with a par value of AFL 1 each (2023 - 400 shares)

15.2 Share premium

The share premium AFL 24,528 concerns that portion of the capital issued above par.

15.3 Reserves

	Insurance Finance reserve AFL'000	Statutory reserve AFL'000	Foreign Currency reserves AFL'000	Fair Value reserve AFL'000	Total AFL'000
Balance at 1 January 2024	63,330	4,714	(15,078)	(5,546)	47,420
Other comprehensive income/(loss)	10,723	–	(221)	(1,419)	9,083
Balance at 31 December 2024	74,053	4,714	(15,299)	(6,965)	56,503

	Foreign Currency Reserve	Statutory Reserve	Foreign Currency Reserve	Foreign Currency Reserve	Total
Balance at 1 January 2023	36,542	4,714	(14,394)	(9,666)	17,196
Other comprehensive income/(loss)	26,788	–	(684)	4,120	30,224
Balance at 31 December 2023	63,330	4,714	(15,078)	(5,546)	47,420

Expressed in thousands of Aruban Florins

15. Equity (continued)

15.3 Reserves

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the loss allowance. The movement for the year is as follows:

	Fair value movements AFL'000	Expected credit loss allowance AFL'000	Total AFL'000
Balance at 1 January 2024	(5,741)	195	(5,546)
Movements for the year	(1,395)	(24)	(1,419)
Balance at 31 December 2024	(7,136)	171	(6,965)
Balance at 1 January 2023	(9,839)	173	(9,666)
Movements for the year	4,098	22	4,120
At 31 December 2023	(5,741)	195	(5,546)

Foreign Currency reserve

The foreign currency reserve is used to record exchange differences arising from associated companies whose functional currency is different from the functional currency used in the financial statements. Differences in retranslating opening net assets for investment in associated companies using the exchange rate at year end compared to the exchange rate at the beginning of the year are recognized in other comprehensive income and taken to the foreign currency reserve. The difference between a associated company's profit or loss for the year translated at the year end exchange rate and the profit or loss for the year converted at the average rate for the year is recognized in other comprehensive income and taken to the foreign currency reserve.

Statutory reserve

The statutory reserve is maintained in accordance with provisions of the by-laws of the Company where the Company is required to appropiate an amount equal to AFL 4,714 towards statutory reserve in accordance with requirements of the Central Bank.

16. Post retirement medical benefit obligations

Post retirement benefit obligation are fully recognized in the statement of financial position of Fatum Holding N.V., the parent company. The change for the year, however, is recognized in the statement of income of the Company and is made up as follows:

	2024 AFL'000	2023 AFL'000
The amount in the statement of income is made up as follows:		
Interest cost	235	102
Current service cost	123	88
Expense for the year (Note 26)	358	190

The principal actuarial assumptions used were as follows:		
Discount rate	5.13%	5.13%
Healthcare cost escalation	2.56%	2.56%
Pre-retirement mortality	NISTT2012	NISTT2012
Post retirement mortality	Ignored	Ignored

There is no standard mortality table available for Aruba. For this reason the standard NISTT2012 (2023: NISTT2012) has been used which is considered representative for the plan.

Expressed in thousands of Aruban Florins

17. Due to affiliates

	2024 AFL'000	2023 AFL'000
Guardian Asset Management & Investment Services Ltd	–	–
Fatum Holding N.V.	21,587	9,912
	21,587	9,912

18. Profit tax payable

	2024 AFL'000	2023 AFL'000
Profit tax payable 2015	32	–
Profit tax payable 2016	62	–
Profit tax payable 2017	42	–
Profit tax payable 2021	–	(50)
Profit tax payable 2023	–	1,830
Profit tax payable 2024	1,726	–
Total profit tax payable	1,861	1,780

19. Other liabilities

	2024 AFL'000	2023 AFL'000
Deposits and premiums received in advance	365	416
Sundry payables	6,442	10,508
	6,807	10,924

20. Investment income

	2024 AFL'000	2023 AFL'000
Interest income from:		
- Fair value through profit or loss investment securities	–	–
- Fair value through other comprehensive income investment securities	6,886	6,467
- Amortised cost investment securities	26,953	25,245
- Loans and receivables	11,926	9,541
- Cash and cash equivalents	133	13
Interest income subsidiaries	–	49
Inter- group investment expenses	–	–
Dividend income	396	821
Direct investment expenses	(1,060)	(942)
	45,234	41,194

21. Net gains/(losses) on derecognition of financial assets

	2024 AFL'000	2023 AFL'000
Investment securities measured mandatorily at fair value through profit or loss	1,848	(1,697)
Investment securities measured at fair value through other comprehensive income	1,733	707
	3,581	(990)

22. Net fair value gains/(losses)

	2024 AFL'000	2023 AFL'000
Investment securities measured mandatorily at fair value through profit or loss	9,631	6,451
Fair value adjustment on investment properties (Note 6)	4	88
	9,635	6,539

Expressed in thousands of Aruban Florins

23. Fee income

	2024 AFL'000	2023 AFL'000
Policy administration and asset management services:		
- Insurance contracts	187	60
- Investment contracts without a discretionary participation feature	–	–
	187	60

24. Other income/(loss)

	2024 AFL'000	2023 AFL'000
Rental income	178	100
Foreign exchange gains/ (losses)	(771)	422
Other income	6,527	(2,185)
	5,934	(1,663)

25. Net impairment gains/(losses) on financial assets

	2024 AFL'000	2023 AFL'000
Investment securities measured at fair value through other comprehensive income	24	(22)
Investment securities measured at amortised cost	4	(103)
Loans and receivables	(2,001)	(1,674)
Cash and cash equivalents	107	602
	(1,866)	(1,197)

26. Operating expenses

	2024 AFL'000	2023 AFL'000
Staff cost	11,224	9,783
Depreciation and amortization	97	75
Other expenses	8,652	7,923
Total attributable and non-attributable expenses	19,973	17,781
Directly attributable insurance expenses	(5,276)	(4,576)
Directly attributable reinsurance expenses	(1)	(1)
Amounts attributed to insurance acquisition cash flows incurred during the year	(6,076)	(5,261)
Other operating expenses	8,620	7,943

Expenses attributed to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Group in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope and reinsurance contracts held. These expenses are recognised in the consolidated statement of profit or loss based on IFRS 17 measurement requirements. Refer to Note 2.13 (f) and Note 12.2.1.

Staff cost includes:		
Wages, salaries and bonuses	6,381	4,911
Health and medical	84	114
Staff training	148	152
National Insurance	1,219	987
Pension costs	569	822
Net result for the year on pension plan assets (Note 11)	(259)	(14)
Post retirement medical benefit obligations (Note 16)	358	190
Termination benefits	753	765
Other	1,971	1,856
	11,224	9,783

Expressed in thousands of Aruban Florins

26. Operating expenses (continued)

	2024	2023
Other expenses include:	**AFL'000**	**AFL'000**
Projects expenses	660	300
Technical fees	422	341
Information Technology Expenses	1,363	1,282
Office & building expenses	1,452	1,404
Marketing Expenses	783	232
Professional fees	1,339	2,343
Auditors' remuneration	478	630
Bank Charges	410	471
Insurance license fees & Regulatory fees (Supervisory fees)	97	99
Other operating expenses	1,616	841
	8,620	7,943

27. Finance charges

	2024	2023
	AFL'000	AFL'000
Interest on borrowings	1,058	82
	1,058	82

28. Taxation

	2024	2023
	AFL'000	AFL'000
Tax charge for the period	1,492	1,830
	1,492	1,830

The corporate tax rate is 22% (2023: 22%). The effective tax rate differs from the corporate tax rate taking into account that for Aruba a special ruling is applicable, whereby Life Company is taxed based on 10% of the gross premium income.

The effective tax rate is 4.04% (2023: 10.77%).

29. Dividends

Although there is no restriction on dividend payment based upon legal reserves, dividend payment requires previous approval of the regulators of the markets where the Company operates. No dividend were declared and paid in 2024 and 2023.

30. Adjustment for non-cash items in operating profit

	2024	2023
	AFL'000	AFL'000
Share of (profit) / loss from associated companies (Note 8)	(3,128)	(4,325)
Net fair value gains on financial and other assets	(9,631)	(6,451)
Net realized gains on financial and other assets	(3,581)	990
Impairment of financial assets	1,866	1,197
Net loss for the year on pension plan assets	99	176
Depreciation and amortization (Note 5)	97	75
Change in fair value of other investment properties (Note 6)	(4)	(88)
	(14,282)	(8,426)

Expressed in thousands of Aruban Florins

31. Fair values measurement

The following table provides the fair value measurement of the Company's assets and liabilities that are disclosed at fair value in the statement of financial position.

At 31 December 2024	Level 1 AFL'000	Level 2 AFL'000	Level 3 AFL'000	Total fair value AFL'000
Assets measured at fair value:				
Investment properties	–	–	2,186	2,186
Investment securities at fair value through profit or loss:				
Equity securities	29,074	10,255	19,126	58,455
Debentures & corporate bonds	–	–	–	–
Investment securities at fair value through other comprehensive income:				
Government securities	–	25,429	–	25,429
Debentures & corporate bonds	–	153,329	–	153,329
	29,074	189,013	21,312	239,399

At 31 December 2023	Level 1 AFL'000	Level 2 AFL'000	Level 3 AFL'000	Total fair value AFL'000
Assets measured at fair value:				
Investment properties	–	–	2,150	2,150
Financial assets at fair value through profit or loss:				
Equity securities	16,728	12,012	19,503	48,243
Debentures & corporate bonds	–	–	–	–
Investment securities at fair value through other comprehensive income:				
Government securities	–	38,950	–	38,950
Debentures & corporate bonds	–	137,020	–	137,020
	16,728	187,982	21,653	226,363

There were no transfers between level 1 and level 2 during the period.

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

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 assets and which are recorded at fair value.

At 31 December 2024	Investment properties AFL'000	Equity securities AFL'000	Total AFL'000
Balance at beginning of year	2,150	19,503	21,653
Total gains or losses: in profit or loss	4	322	326
Purchases	32	569	601
Sales	–	(1,255)	(1,255)
Transfers out of level 3		–	–
Fx adjustment	–	(13)	(13)
Balance at end of year	2,186	19,126	21,312
At 31 December 2023			
Balance at beginning of year	2,061	19,205	21,266
Total gains or losses: in profit or loss	88	1,709	1,797
Purchases	1	218	219
Sales	–	(1,219)	(1,219)
Transfers out of level 3	–	(410)	(410)
Fx adjustment	–	–	–
Balance at end of year	2,150	19,503	21,653

The Company does not regard that any reasonable change in the valuation assumptions of Level 3 assets and liabilities will have any significant impact on the financial statements.

Expressed in thousands of Aruban Florins

31. Fair values measurement (continue)

The following table provides the fair value measurement of the Company's assets and liabilities that are not measured at fair value in the statement of financial position but whose fair values are disclosed in the notes to the accounts.

At 31 December 2024	Level 1 AFL'000	Level 2 AFL'000	Level 3 AFL'000	Total fair value AFL'000
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	–	397,487	–	397,487
Deposits	–	141,410	–	141,410
	–	538,897	–	538,897
At 31 December 2023				
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	–	369,533	–	369,533
Deposits	–	173,665	–	173,665
	–	543,198	–	543,198

Valuation techniques and inputs used in Level 2 and Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of assets and liabilities categorised under level 2 and level 3 of the fair value hierarchy:

	Valuation technique	Range	Siginificant unobservable input
Assets			
Investment properties	income approach	n/a	yes
Financial assets at fair value through P&L:			
Equity securities	fair value	n/a	no
Goverrment securities	discounted cash flow	n/a	no
Debentures & corporate bonds	discounted cash flow	n/a	no

32. Contingent liabilities

Legal proceedings

The Company is defendant in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss other than provided for.

Cut-off procedure / backlog

A back-log exists in the processing of transactions with regard to group life contracts. This back-log can be partially attributed to the fact that information required from the parties concerned has not been received as yet. This back-log regards changes in the situation of insured parties such as marital status, age, number of children, etc. for which availability of this information is beyond the control of the Company making it impossible for the Company to process such data within the respective reporting period that these changes actually occurred. The impact is not material.

Taxation

The accrued profit tax charge is based on an estimate of the corporation rate applicable for Aruba. For Aruba a special ruling is applicable whereby Life Company is taxed based on 10% of the gross premium income. The tax rate in Aruba is 22%.

Expressed in thousands of Aruban Florins

32. Contingent liabilities (continued)

Global Anti-Base Erosion (GloBE) Model Rules - Pillar 2

The Company has a sister company in Bermuda where corporation income tax legislation was enacted that does not fall within the definition of Pillar Two legislation. The Company also has a subsidiary in the Netherlands where Pillar Two legislation was enacted. Neither of these implementations resulted in additional current taxes arising in either territory for the financial year ended 31 December 2024. Further, there is no expectation that the Pillar Two legislation enacted in the Netherlands will result in additional taxes that are material for the Company in the foreseeable future.

33. Commitments

Contingent assets	**2024**	**2023**
	AFL'000	**AFL'000**
Loan commitments	17,600	26,795

As at the year end, the Company has not entered into any commitments not provided for in these financial statements.

34. Related party disclosures

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 operational decisions. The intermediate parent of the Company is Fatum Life N.V., the parent is Fatum Holding N.V. and the ultimate parent of the Group is Guardian Holdings Limited.

A number of transactions are entered into with related parties in the normal course of business.

The following transactions were carried out with related parties:	**2024**	**2023**
	AFL'000	**AFL'000**
(a) Transactions with subsidiaries and associates		
- Shares issued by associates included in the Investment securities:		
ACF Holdings Insureco Limited	13,936	14,857
ITM AG Investment LP	469	435
Portland Private Income Fund	8,790	10,976
Oncobeta International GMBH	417	402
	23,612	26,670
- Balances included in the Loans and receivables:		
Boogaard Group	86	196
	86	196
- Commissions included in the policy acquisition expenses:		
Boogaard Group	152	104
	152	104
- Allocated staff cost and other operating expenses in the statement of income:		
Staff cost		
Fatum Holding N.V.	6,602	6,168
Other operating expenses		
Fatum Holding N.V.	5,476	4,817
Fatum Life N.V.	343	330
	12,421	11,315

- Investment services from Guardian Asset Management

Some of the Company's asset management and investment services are provided by its associate Guardian Asset Management. The total charges for services provided during the year was ANG 194 (2023: ANG 223).

Expressed in thousands of Aruban Florins

34. Related party disclosures (continued)

- Finance charges included in the statement of income:	**2024 AFL'000**	**2023 AFL'000**
Fatum Holding N.V.	1,058	82
	1,058	82

Taxation

Transactions with respect to profit tax are included in the intercompany balances.

(b) Transactions with key management personnel:

Sales of insurance contracts and other services to key management	–	–
Key management personnel compensation:		
- Salaries and other short-term employee benefits	–	–

Key management personnel compensation is included in the staff costs of Fatum Life Aruba N.V. and Fatum General Insurance Aruba N.V.

(c) Transactions with the pension fund:

Stichting Pensioenfonds Fatum (the pension fund) is a related party. The pension fund does not hold shares in Fatum Holding N.V. or any associates. The Company's transactions with the pension fund relate to contributions paid to the pension plans for the Fatum Holding Group. The total pension premium paid to the pension fund, by Fatum Holding, for the year was ANG 3,094 (2023: ANG 3,007). The pension contract is between Fatum Holding N.V. and the pension fund. Fatum Holding N.V. bears all the risk and rewards related to this contract. Pension expenses are allocated to the subsidiaries which participate in the plan.

35. Investment in Associate

Associated Company	**Country of Incorporation**	**Effective Percentage of interest held**
Guardian Resorts International Inc.	St. Lucia	23.1%

36. Subsequent events

On March 31, 2025, the Caribbean guilder (XCG) was introduced as the official currency of Curaçao and Sint Maarten, replacing the Netherlands Antillean guilder (ANG or NAf) having the same exchange rate (XCG 1= ANG 1). The transition to this new currency does not have financial consequences for the Company.

Effective January 1, 2025, the Company sold its shares in Guardian Resorts International Inc. to Fatum Holding N.V. at book value, for a total consideration of AFL 47,761.

37. Authorisation of Financial Statements

The financial statements for the year ended 31 December 2024 (including comparatives) were approved by the Board of Directors of Fatum Life Aruba N.V. on 6 June 2025.

Managing Director:

Roberto Lejuez

Managing Director:

Barbara Pochettino

Supervisory Director:

Monica Kock

Supervisory Director:

DocuSigned by:

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Omar van der Dijs

Supervisory Director:

DocuSigned by:

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Jacobus Vec