



## **Guardian Life Limited**

**Consolidated Financial Statements**  
**31 December 2024**

**GUARDIAN LIFE LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2024**

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## GUARDIAN LIFE LIMITED 2024 REPORT OF THE APPOINTED ACTUARY TO THE SHAREHOLDERS AND POLICYHOLDERS

I have examined the financial condition and valued the insurance contract liabilities of Guardian Life Limited (Guardian) for its balance sheet as at 31<sup>st</sup> December 2024 and the corresponding change in the insurance contract liabilities in the statement of operations for the year then ended. I meet the appropriate qualification standards and I am familiar with the valuation, solvency and financial condition requirements applicable to life insurance companies in Jamaica.

In my opinion:

- (1) the method and procedures used in the verification of the valuation data are sufficient and reliable and fulfill acceptable standards of care;
- (2) the valuation of actuarial and other insurance contract liabilities has been made in accordance with accepted actuarial practice with such changes as determined and directions made by the Financial Services Commission;
- (3) the valuation of actuarial and other insurance contract liabilities has been made in accordance with the International Financial Reporting Standard 17 (IFRS 17);
- (4) the methods and assumptions used to calculate the actuarial and other insurance contract liabilities are appropriate to the circumstances of the Company and of the said contracts and claims;
- (5) the amount of the insurance contract liabilities represented in the balance sheet of Guardian Life Limited makes proper provision for the future payments under the Company's policies and meet the requirements of the Insurance Act and other appropriate regulations of Jamaica;
- (6) a proper charge on account of these insurance contract liabilities has been made in the statement of operations; and
- (7) there is sufficient capital available to meet the solvency standards as established by the Financial Services Commission using the Jamaican Life Insurance Capital Adequacy Test (LICAT) measure.

The valuation of Guardian was conducted by myself with the technical support of the actuarial staff of Guardian, using a policy premium method based on IFRS 17, assuming best-estimate assumptions (best-estimate liabilities (BEL)) together with a risk adjustment (RA) and contractual service margin (CSM) liabilities, in accordance with the Standards of Practice (Life) of the Canadian Institute of Actuaries and the Jamaican Regulations.

Sylvain Goulet, FCIA, FSA, MAAA  
Fellow, Canadian Institute of Actuaries

Appointed Actuary of  
Guardian Life Limited

  
Signature

Toronto, Ontario  
12<sup>th</sup> March 2025

City, Province  
Report Date



## Independent auditor's report

To the Members of Guardian Life Limited

### Report on the audit of the consolidated and stand-alone financial statements

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#### Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Guardian Life Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2024, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

#### What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of income for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2024;
- the company statement of income for the year then ended;
- the company statement of other comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica  
T: (876) 922 6230, F: 876) 922 7581, [www.pwc.com/jm](http://www.pwc.com/jm)

B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell



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## **Responsibilities of management and those charged with governance for the consolidated and company financial statements**

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

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

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## **Auditor's responsibilities for the audit of the consolidated and company financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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### **Report on other legal and regulatory requirements**

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers".

Chartered Accountants  
Kingston, Jamaica  
12 March 2025

# GUARDIAN LIFE LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

Expressed in Jamaican Dollars unless otherwise indicated

		31 December 2024 \$'000	31 December 2023 \$'000
	Notes		
<b>Assets</b>			
Property and equipment	5	5,032,497	5,110,241
Right-of-use assets	6	3,775	5,108
Investment properties	7	5,840,351	5,481,024
Intangible assets	8	1,165,325	1,178,079
Investment securities	10	121,876,481	120,578,663
Pledged assets	11	659,017	657,100
Loans and receivables	12	1,310,702	1,155,954
Properties for development and sale	13	1,654,488	1,934,554
Insurance contract assets	15	179,332	262,604
Taxation recoverable		4,188,789	2,844,421
Cash and cash equivalents	16	21,574,617	10,002,712
Cash and cash equivalents of mutual fund unit holders	16	80,115	12,696
<b>Total assets</b>		<b>163,565,489</b>	<b>149,223,156</b>
<b>Equity and liabilities</b>			
Share capital	17	13,526,525	13,526,525
Reserves	18	4,901,561	4,153,151
Retained earnings		27,879,060	23,734,901
<b>Equity attributable to owners of the company</b>		<b>46,307,146</b>	<b>41,414,577</b>
<b>Liabilities</b>			
Insurance contract liabilities	15	85,341,029	80,199,629
Reinsurance contract liabilities	15	424,938	268,325
Investment contract liabilities	19	24,978,269	23,295,048
Deferred tax liabilities	14	315,623	180,002
Provision for taxation		943,746	–
Other liabilities	20	5,254,738	3,865,575
<b>Total liabilities</b>		<b>117,258,343</b>	<b>107,808,579</b>
<b>Total equity and liabilities</b>		<b>163,565,489</b>	<b>149,223,156</b>

The accompanying notes form an integral part of these consolidated financial statements. On 12 March 2025, the Board of Directors of Guardian Life Limited authorised these consolidated financial statements for issue.



Dominic Rampersad

Director



Meghan Miller-Brown

Director

**GUARDIAN LIFE LIMITED****CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Expressed in Jamaican Dollars unless otherwise indicated

	Notes	2024 \$'000	2023 \$'000
Insurance revenue	15	22,130,018	20,336,175
Insurance service expenses	15	(16,923,581)	(17,354,086)
Net expenses from reinsurance contracts held	15	(144,814)	(10,115)
<b>Insurance service result</b>		<u>5,061,623</u>	<u>2,971,974</u>
<b>Investing activities</b>			
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	21	3,928,034	3,312,801
Investment income from financial assets measured at fair value through profit or loss	21	5,879,413	5,912,608
Net realised gains on financial and other assets	22	153,472	251,284
Net fair value gains on financial assets and investment properties	23	3,153,796	3,546,637
Fee income	24	987,241	898,775
Other income	25	305,453	456,724
Net impairment gains on financial assets	26	42,281	242,824
Investment contract benefits	19	(1,048,691)	(900,882)
<b>Net income from investing activities</b>		<u>13,400,999</u>	<u>13,720,771</u>
Finance expenses from insurance contracts issued	15	(5,091,813)	(854,751)
Finance (expenses)/ income from reinsurance contracts held	15	(37,103)	5,640
<b>Net insurance finance expenses</b>		<u>(5,128,916)</u>	<u>(849,111)</u>
<b>Net insurance and investment result</b>		<u>13,333,706</u>	<u>15,843,634</u>
<b>Net income from all activities</b>		13,333,706	15,843,634
Operating expenses	27	(2,593,989)	(2,972,806)
<b>Profit before taxation</b>		10,739,717	12,870,828
Taxation	28	(1,913,628)	(1,088,621)
<b>Profit attributable to equity holders of the company</b>		<u>8,826,089</u>	<u>11,782,207</u>

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



**GUARDIAN LIFE LIMITED****CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Expressed in Jamaican Dollars unless otherwise indicated

	<b>Note</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
<b>Profit for the year</b>		<u>8,826,089</u>	<u>11,782,207</u>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to statement of income:</i>			
Exchange differences on translating foreign operations		3,175	11,346
Net fair value gains/(losses) on debt securities at fair value through other comprehensive income		817,478	(475,371)
Net fair value losses on debt securities at fair value through other comprehensive income on reclassification to profit or loss		–	1,335,890
Finance (expenses)/income from insurance contracts issued	<b>15</b>	(899,543)	1,014,657
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income		(22,285)	(249,591)
Taxation relating to components of other comprehensive income		<u>135,091</u>	<u>(197,258)</u>
<b>Net other comprehensive income that may be reclassified subsequently to statement of income</b>		<u>33,916</u>	<u>1,439,673</u>
<b>Comprehensive income attributable to equity holders of the company</b>		<u><u>8,860,005</u></u>	<u><u>13,221,880</u></u>

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

**GUARDIAN LIFE LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Expressed in Jamaican Dollars unless otherwise indicated

	Attributable to equity holders of the company			
	Share capital	Reserves (Note 18)	Retained earnings	Total attributable to owners of the company
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2024</b>	13,526,525	4,153,151	23,734,901	41,414,577
Total comprehensive income	–	33,916	8,826,089	8,860,005
Transfer to/(from) retained earnings	–	714,494	(714,494)	–
Dividends (Note 29)	–	–	(3,967,436)	(3,967,436)
<b>Balance at 31 December 2024</b>	<u>13,526,525</u>	<u>4,901,561</u>	<u>27,879,060</u>	<u>46,307,146</u>
<b>Balance at 1 January 2023</b>	13,526,525	2,608,111	13,546,123	29,680,759
Changes on initial application of IFRS 17	–	–	2,385,511	2,385,511
Total comprehensive income	–	1,439,673	11,782,207	13,221,880
Transfer to/(from) retained earnings	–	105,367	(105,367)	–
Dividends (Note 29)	–	–	(3,873,573)	(3,873,573)
<b>Balance at 31 December 2023</b>	<u>13,526,525</u>	<u>4,153,151</u>	<u>23,734,901</u>	<u>41,414,577</u>

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

**GUARDIAN LIFE LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS****31 DECEMBER 2024**

Expressed in Jamaican Dollars unless otherwise indicated

	Notes	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation from continuing operations		10,739,717	12,870,828
Adjustment for specific items included on the accruals basis:			
- Investment income	21	(9,807,447)	(9,225,409)
Adjustment for non-cash items	30	(2,997,442)	(4,124,005)
Interest received		9,128,161	7,992,595
Dividends received		490,182	434,948
<b>Operating profit before changes in operating assets/liabilities</b>		7,553,171	7,948,957
Net increase in insurance contract assets/liabilities		4,325,129	1,387,669
Net increase/(decrease) in reinsurance contract assets/liabilities		156,613	(159,037)
Net increase in investment contracts		1,683,221	1,657,819
Purchase of investment securities	10	(6,671,394)	(4,869,924)
Proceeds from sale of investment securities		8,960,141	2,890,043
Purchase of/additions to investment properties	7	(5,408)	(7,642)
Additions to properties for development and sale	13	(186,661)	(373,109)
Proceeds from sale of investment property		62,570	–
Proceeds from sale of properties for development and sale	13	681,673	666,171
Net (increase)/decrease in loans and receivables		(373,972)	1,778,729
Net decrease /(increase) in other operating assets/liabilities		262,864	(874,933)
<b>Cash provided by operating activities</b>		16,447,947	10,044,743
Net taxation paid		(1,750,489)	(2,740,665)
<b>Net cash provided by operating activities</b>		14,697,458	7,304,078
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	5	(151,590)	(212,368)
Proceeds on sale of property and equipment		809	15,301
Purchase of intangible assets	8	(71,551)	(233,098)
<b>Net cash used in investing activities</b>		(222,332)	(430,165)
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease liabilities		–	(54)
Dividends paid to equity holders of the company		(2,843,200)	(2,942,876)
<b>Net cash used in financing activities</b>		(2,843,200)	(2,942,930)
<b>Net increase in cash and cash equivalents</b>		11,631,926	3,930,983
At beginning of year		10,030,849	6,042,388
Net impairment gain/(loss)		4,645	(6,065)
Exchange rate adjustments		2,858	63,543
At end of year		21,670,278	10,030,849

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

# GUARDIAN LIFE LIMITED

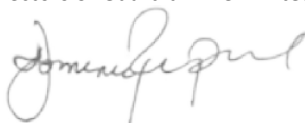
## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

Expressed in Jamaican Dollars unless otherwise indicated

		31 December 2024 \$'000	31 December 2023 \$'000
	Notes		
<b>Assets</b>			
Property and equipment	5	5,032,497	5,110,241
Right-of-use assets	6	3,775	5,108
Investment properties	7	5,840,351	5,481,024
Intangible assets	8	1,162,440	1,178,079
Investment in subsidiaries	9	5,020	5,020
Investment securities	10	121,876,481	120,578,663
Pledged assets	11	659,017	657,100
Loans and receivables	12	1,305,209	1,150,934
Properties for development and sale	13	1,654,488	1,934,554
Insurance contract assets	15	179,332	262,604
Taxation recoverable		4,183,328	2,844,421
Cash and cash equivalents	16	21,534,803	10,002,712
Cash and cash equivalents of mutual fund unit holders	16	80,115	12,696
<b>Total assets</b>		<b>163,516,856</b>	<b>149,223,156</b>
<b>Equity and liabilities</b>			
Share capital	17	13,526,525	13,526,525
Reserves	18	4,901,561	4,153,151
Retained earnings		27,874,962	23,733,409
<b>Equity attributable to owners of the company</b>		<b>46,303,048</b>	<b>41,413,085</b>
<b>Liabilities</b>			
Insurance contract liabilities	15	85,341,029	80,199,629
Reinsurance contract liabilities	15	424,938	268,325
Investment contract liabilities	19	24,978,269	23,295,048
Deferred tax liabilities	14	318,452	180,002
Provision for taxation		943,746	–
Other liabilities	20	5,207,374	3,867,067
<b>Total liabilities</b>		<b>117,213,808</b>	<b>107,810,071</b>
<b>Total equity and liabilities</b>		<b>163,516,856</b>	<b>149,223,156</b>

The accompanying notes form an integral part of these consolidated financial statements. On 12 March 2025, the Board of Directors of Guardian Life Limited authorised these consolidated financial statements for issue.



Dominic Rampersad

Director



Meaghan Miller-Brown

Director

# GUARDIAN LIFE LIMITED

## COMPANY STATEMENT OF INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2024

Expressed in Jamaican Dollars unless otherwise indicated

	Notes	2024 \$'000	2023 \$'000
Insurance revenue	15	22,130,018	20,336,175
Insurance service expenses	15	(16,923,581)	(17,354,086)
Net expenses from reinsurance contracts held	15	(144,814)	(10,115)
<b>Insurance service result</b>		<u>5,061,623</u>	<u>2,971,974</u>
<b>Investing activities</b>			
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	21	3,928,034	3,312,801
Investment income from financial assets measured at fair value through profit or loss	21	5,879,413	5,912,608
Net realised gains on financial and other assets	22	153,472	251,284
Net fair value gains on financial assets and investment properties	23	3,153,796	3,546,637
Fee income	24	987,241	898,775
Other income	25	289,933	440,460
Net impairment gains on financial assets	26	42,561	242,824
Investment contract benefits	19	(1,048,691)	(900,882)
<b>Net income from investing activities</b>		<u>13,385,759</u>	<u>13,704,507</u>
Finance expenses from insurance contracts issued	15	(5,091,813)	(854,751)
Finance (expenses)/ income from reinsurance contracts held	15	(37,103)	5,640
<b>Net insurance finance expenses</b>		<u>(5,128,916)</u>	<u>(849,111)</u>
<b>Net insurance and investment result</b>		<u>13,318,466</u>	<u>15,827,370</u>
<b>Net income from all activities</b>		13,318,466	15,827,370
Operating expenses	27	(2,582,272)	(2,958,054)
<b>Profit before taxation</b>		10,736,194	12,869,316
Taxation	28	(1,912,711)	(1,088,621)
<b>Profit attributable to equity holders of the company</b>		<u>8,823,483</u>	<u>11,780,695</u>

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

**GUARDIAN LIFE LIMITED****COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2024**

Expressed in Jamaican Dollars unless otherwise indicated

	Note	2024 \$'000	2023 \$'000
<b>Profit for the year</b>		<u>8,823,483</u>	<u>11,780,695</u>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to statement of income:</i>			
Exchange differences on translating foreign operations		3,175	11,346
Net fair value gains/(losses) on debt securities at fair value through other comprehensive income		817,478	(475,371)
Net fair value losses on debt securities at fair value through other comprehensive income on reclassification to profit or loss		-	1,335,890
Finance (expenses)/income from insurance contracts issued	15	(899,543)	1,014,657
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income		(22,285)	(249,591)
Taxation relating to components of other comprehensive income		<u>135,091</u>	<u>(197,258)</u>
<b>Net other comprehensive income that may be reclassified subsequently to statement of income</b>		<u>33,916</u>	<u>1,439,673</u>
<b>Comprehensive income attributable to equity holders of the company</b>		<u><u>8,857,399</u></u>	<u><u>13,220,368</u></u>

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

**GUARDIAN LIFE LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Expressed in Jamaican Dollars unless otherwise indicated

	Attributable to equity holders of the company			
	Share capital	Reserves (Note 18)	Retained earnings	Total attributable to owners of the company
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2024</b>	13,526,525	4,153,151	23,733,409	41,413,085
Total comprehensive income	–	33,916	8,823,483	8,857,399
Transfer to/(from) retained earnings	–	714,494	(714,494)	–
Dividends (Note 29)	–	–	(3,967,436)	(3,967,436)
<b>Balance at 31 December 2024</b>	<u>13,526,525</u>	<u>4,901,561</u>	<u>27,874,962</u>	<u>46,303,048</u>
<b>Balance at 1 January 2023</b>	13,526,525	2,608,111	13,546,143	29,680,779
Changes on initial application of IFRS 17	–	–	2,385,511	2,385,511
Total comprehensive income	–	1,439,673	11,780,695	13,220,368
Transfer to/(from) retained earnings	–	105,367	(105,367)	–
Dividends (Note 29)	–	–	(3,873,573)	(3,873,573)
<b>Balance at 31 December 2023</b>	<u>13,526,525</u>	<u>4,153,151</u>	<u>23,733,409</u>	<u>41,413,085</u>

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

**GUARDIAN LIFE LIMITED****COMPANY STATEMENT OF CASH FLOWS****31 DECEMBER 2024**

Expressed in Jamaican Dollars unless otherwise indicated

	Notes	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation from continuing operations		10,736,194	12,869,316
Adjustment for specific items included on the accruals basis:			
- Investment income	21	(9,807,447)	(9,225,409)
Adjustment for non-cash items	30	(2,997,722)	(4,124,005)
Interest received		9,128,161	7,992,595
Dividends received		490,182	434,948
<b>Operating profit before changes in operating assets/liabilities</b>		7,549,368	7,947,445
Net increase in insurance contract assets/liabilities		4,325,129	1,387,669
Net increase/(decrease) in reinsurance contract assets/liabilities		156,613	(159,037)
Net increase in investment contracts		1,683,221	1,657,819
Purchase of investment securities	10	(6,671,394)	(4,869,924)
Proceeds from sale of investment securities		8,960,141	2,890,043
Purchase of/additions to investment properties	7	(5,408)	(7,642)
Additions to properties for development and sale	13	(186,661)	(373,109)
Proceeds from sale of investment property		62,570	—
Proceeds from sale of properties for development and sale	13	681,673	666,171
Net (increase)/decrease in loans and receivables		(373,972)	1,778,729
Net decrease/(increase) in other operating assets/liabilities		223,968	(873,420)
<b>Cash provided by operating activities</b>		16,405,248	10,044,744
Net taxation paid		(1,750,489)	(2,740,665)
<b>Net cash provided by operating activities</b>		14,654,759	7,304,079
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	5	(151,590)	(212,368)
Proceeds on sale of property and equipment		809	15,301
Purchase of intangible assets	8	(68,666)	(233,098)
<b>Net cash used in investing activities</b>		(219,447)	(430,165)
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease liabilities		—	(55)
Dividends paid to equity holders of the company		(2,843,200)	(2,942,876)
<b>Net cash used in financing activities</b>		(2,843,200)	(2,942,931)
<b>Net increase in cash and cash equivalents</b>		11,592,112	3,930,983
At beginning of year		10,030,849	6,042,388
Net impairment gain/(loss)		4,645	(6,065)
Exchange rate adjustments		2,858	63,543
At end of year		21,630,464	10,030,849

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



## GUARDIAN LIFE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

Expressed in Jamaican Dollars unless otherwise indicated

#### 1. Incorporation and Principal Activities

Guardian Life Limited was incorporated in Jamaica on 7 July 1999 and is registered as a private company limited by shares, operating under the provisions of the Insurance Act 2001 (and amended regulations 2022). The main activities of the Company are the provision of ordinary life insurance, group and creditor life, annuities, health insurance and group pension administration. The Company is domiciled in Jamaica and its registered office is located at 12 Trafalgar Road, Kingston 5, Jamaica. The Company also services a small, closed Barbados portfolio.

The Company is a wholly-owned subsidiary of Guardian Insurance Limited, which is a wholly-owned subsidiary of Guardian Holdings Limited, the ultimate parent, both of which are incorporated in the Republic of Trinidad and Tobago. Effective May 2019, the ultimate parent became Portland Holdings Inc., incorporated in Canada and controlled by the Honourable Michael A. Lee-Chin, OJ through NCB Financial Group (NCBFG), a company domiciled in Jamaica and listed on the Jamaica Stock Exchange (JSE).

The Company's subsidiaries, which together with the Company are referred to as "the Group", are as follows:

Subsidiary	Country of Incorporation and Domicile	Principal activity	Percentage Ownership	
			2024	2023
Guardian Property Services Limited (formerly Guardian Life Properties Limited)	Jamaica	Property Management	100	100
PENACT Services Limited (formerly Guardian Life Pension Funds Limited)	Jamaica	Pension Administration and Actuarial Services	100	100

The Company and its subsidiaries all have co-terminous year ends.

Effective 30 September 2020, the Company acquired the insurance and annuities portfolios from a fellow subsidiary, NCB Insurance Agency and Fund Managers Limited (formerly NCB Insurance Company Limited) ("NCBIC"). The Scheme of Transfer was approved by the regulator, Financial Services Commission on 15 September 2020, pursuant to Section 31(3) of the Insurance Act and was settled in cash.

The financial statements were authorised for issue by the directors on 12 March 2025. The directors have the power to amend and reissue the financial statements.

#### 2. Material Accounting Policies

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

##### 2.1 Basis of preparation

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- ▶ IFRS Accounting Standards
- ▶ IAS Standards
- ▶ Interpretations developed by the IFRS Interpretations Committee (IFRIC interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

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 Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates. Areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

**2. Material Accounting Policies (continued)**

**2.1 Basis of preparation (continued)**

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

The following amendment to published standards took effect for the Group'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 Group does not present its statement of financial position split between current and non-current. The Group is exposed to the current/non-current distinction only within the notes to the financial statements where maturity disclosures are required. While the Group 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 Group, and therefore these amendments had no impact on the Group'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 consolidated financial statements of the Group, as the Group 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 Arrangements**

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 consolidated financial statements of the Group, as the Group does not have these types of financial arrangements.

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

The following is a list of new IFRS standards, interpretations and amendments issued that are not yet effective as at 31 December 2024 and have not been early adopted by the Group. The Group 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 Group is currently evaluating the impact of these amendments and the new IFRS standards. The Group expects that the new IFRS standards are likely to have some impact to the Group's financial statements.

**Annual improvements to IFRS – Volume 11**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- ▶ IFRS 1 First-time Adoption of International Financial Reporting Standards;
- ▶ IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- ▶ IFRS 9 Financial Instruments;
- ▶ IFRS 10 Consolidated Financial Statements; and
- ▶ IAS 7 Statement of Cash Flows.

Effective date - Annual periods beginning on or after 1 January 2026 with earlier application permitted.

## **2. Material Accounting Policies (continued)**

### **2.2 Consolidation**

#### **(a) Subsidiaries**

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- ▶ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ▶ Exposure, or rights, to variable returns from its involvement with the investee; and
- ▶ The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

All intra-group transactions and balances are eliminated on consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- ▶ Derecognises the assets (including goodwill) and liabilities of the subsidiary
- ▶ Derecognises the carrying amount of any non-controlling interests
- ▶ Derecognises the cumulative translation differences recorded in equity
- ▶ Recognises the fair value of the consideration received
- ▶ Recognises the fair value of any investment retained
- ▶ Recognises any surplus or deficit in statement of income
- ▶ Reclassifies the Company's share of components previously recognised in other comprehensive income to statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

## 2. Material Accounting Policies (continued)

### 2.3 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Jamaican dollars, which is the Group's functional and presentation currency.

#### (b) Translations and balances in the financial statements

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary financial instruments items, in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. These rates represent the weighted average rates at year end.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the statement of income, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments and when part of shadow accounting. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the statement of income, and other changes in the carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income financial assets, are included in the fair value reserve in other comprehensive income.

#### (c) Foreign operations

The statement of income of foreign operations and Group companies with functional currencies other than Jamaican dollars is translated into Jamaican dollars at average exchange rates for the year and the statement of financial position is translated at the exchange rates ruling at year-end. The resulting translation differences are recorded directly in the currency translation reserve in the statement of other comprehensive income. When a foreign operation is sold, the cumulative translation differences are recognized in the statement of income as part of the gain or loss on sale.

### 2.4 Property and equipment

Freehold and leasehold properties are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Other items of property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

A revaluation surplus is recorded in the statement of other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in statement of income, the increase is recognised in statement of income. A revaluation deficit is recognised in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in asset revaluation reserve.

Land is not depreciated. Depreciation is charged over the estimated useful lives of the assets using the following rates and methods:

Freehold buildings	-	straight-line method, 2-4% per annum
Leasehold properties	-	over the period of the lease
Motor vehicles	-	straight-line method, 20% per annum
Office furniture & equipment	-	straight-line method, 10 - 40% 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income. When revalued assets are sold, the amounts included in the revaluation surplus account are transferred to retained earnings.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Repair and maintenance expenditure is charged to the statement of income. Improvement expenditure is included in the cost of the related asset.

### 2.5 Investment properties

Freehold or leasehold properties held for long-term rental yields that are not occupied by the Group 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 external independent appraisers. Investment properties are not subject to depreciation. Any appreciation or diminution in value is recognised in the consolidated 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 recognised in the consolidated statement of comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of income.

Investment properties are derecognised 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.

Properties under construction that are intended for sale, are classified as properties for development and sale. These balances are carried at the lower of cost and net realisable values (Note 2.7).

### 2.6 Intangible assets

#### (a) Computer software and website development costs

Acquired computer software licenses and website development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are also recognised as intangible assets. These costs are amortised over their estimated useful lives. Amortisation is calculated using the straight-line method to allocate costs over their estimated useful lives which range from 4 to 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

## 2. Material Accounting Policies (continued)

### 2.7 Properties for development and sale

Properties for sale or under construction that are intended for sale, are classified as properties for development and sale. These balances are carried at the lower of cost and net realisable values.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses.

Impairment losses on properties for development and sale are recognised in the consolidated statement of income when the net realisable value is lower than cost. Subsequently, where cost is lower than the net realisable value, a reversal of any prior impairment losses is recognised in the consolidated statement of income.

Reclassification to investment properties is made when the Group enters into an operating lease with a third party. Transfers are done at fair value.

### 2.8 Financial assets

#### (a) Initial recognition and measurement

Financial assets are recognised when Group entities become 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 Group 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 Group 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 consolidated statement of income.

The Group's financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, and other loans and receivables.

#### (b) Classification and subsequent measurement

##### Debt instruments

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

(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 consolidated statement of income in the period in which it arises. The Group 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 Group reclassifies debt instruments 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 Group'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 group 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 group 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.

##### 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 Group's business units 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 basic 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 Group measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the consolidated statement of income.

2. Material Accounting Policies (continued)

2.8 Financial assets (continued)

(b) Classification and subsequent measurement (continued)

Debt instruments (continued)

Business model assessment (continued)

Reclassification of Financial Assets

Effective 1 January 2023, the Group changed its business model where certain financial assets backing its life and annuity portfolios, previously classified as amortised cost and fair value through other comprehensive income, were reclassified to the fair value through profit or loss category which represents how these financial assets are managed.

The change in business model was determined by the Group's senior management as a result of external and internal changes, which were significant to the Group's operations and demonstrable to external parties in accordance with the IFRS 9, Financial Instruments. This change was supported by the Group implementing several strategies which materially affected the operations of the Group, were demonstrable to external parties, and resulted in material changes to risk management, solvency, and investment strategy of the Group.

The measurement category and carrying amount of the affected financial assets determined immediately before and after the date of initial application of IFRS 17 are as follows:

	Carrying Amount as at 31 December 2022 \$'000	Reclassification		Carrying Amount as at 1 January 2023 \$'000
		Transfer of carrying value \$'000	Fair value movement \$'000	
Investment securities designated at fair value through profit or loss	-	37,934,953	5,363,560	43,298,513
Investment securities mandatorily measured at fair value through profit or loss	36,268,544	-	-	36,268,544
Investment securities measured at fair value through other comprehensive income	48,494,859	(12,522,012)	-	35,972,847
Investment securities measured at amortised cost	29,491,109	(25,412,941)	-	4,078,168
	<u>114,254,512</u>	<u>-</u>	<u>5,363,560</u>	<u>119,618,072</u>
Transfer of accumulated fair value losses on instruments previously classified as fair value through other comprehensive income to fair value through profit or loss category		-	(1,335,891)	-
Net fair value gains recognised in the statement of income		-	4,027,669	-

(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 Group 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 Group 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 asset.

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 consolidated 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 consolidated statement of income.

2.9 Impairment of assets

(a) Financial assets

The Group 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:

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 Group 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 consolidated financial statements as follows:

- 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 consolidated statement of income.
- Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in the consolidated statement of income with the corresponding entry recognised in other comprehensive income.

**2. Material Accounting Policies** (continued)

**2.9 Impairment of assets** (continued)

**(a) Financial assets** (continued)

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group 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 Group'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 Group'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 Group 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 Group has reasonable and supportable information that demonstrated otherwise.

The Group 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 Group considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

*Credit-impaired financial assets*

At each reporting date, the Group 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 Group considers a financial asset to be in default when:

- ▶ the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- ▶ the debtor is past due more than 90 days unless the Group 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 Group considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

**2. Material Accounting Policies (continued)**

**2.9 Impairment of assets (continued)**

**(a) Financial assets (continued)**

*Write-off*

The Group 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 Group'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 (PD) - an estimate of the likelihood of default over a given time horizon;
- (ii) Loss given default (LGD) - an estimate of the loss arising in the case where a default occurs at a given time; and
- (iii) Exposure at default (EAD) - 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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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 Group 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 Group 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 Group 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.

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 Group 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 Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.



**2. Material Accounting Policies (continued)**

**2.9 Impairment of assets (continued)**

**(b) Non-financial assets**

The Group 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 Group 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 groups 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 Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 recognised in the consolidated 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 recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

**2.10 Fair value measurement**

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position 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 Group.

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 Group 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 Group 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 categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — 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. This level mainly comprise various freehold and investment properties, various unquoted equity securities, and the unquoted, illiquid Series G Government of Barbados debt securities. Freehold and investment properties are fair valued by professional external valuers. Unquoted equity securities are held either at cost, being the fair value of the consideration paid on acquisition, or at fair value based on market value ratios such as book value per share. The Series G debt securities are valued using a discounted cash flow model that incorporates expected cash flows and a risk adjusted yield curve issued by the Central Bank of Barbados. Assets in level 3 held at cost are regularly assessed for impairment.

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

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

**2. Material Accounting Policies (continued)**

**2.11 Offsetting financial instruments**

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

**2.12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market placements and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**2.13 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

**2.14 Insurance and investment contracts**

**(a) Summary of measurement approaches**

The Group uses different measurement approaches, depending on the type of contracts, as follows:

Contracts issued	Product Classification	Measurement model
<b>Traditional Life and Interest Sensitive without Guarantees</b>		
Traditional life and critical illness contracts - participating; non-participating; interest sensitive non-participating	Insurance contracts	General Measurement Model
Individual Life Personal Accident	Insurance contracts	General Measurement Model
Group Life Term (5-year contract duration)	Insurance contracts	General Measurement Model
<b>Annuities</b>		
Traditional annuity contracts - deferred benefit; immediate benefit;	Insurance contracts	General Measurement Model
<b>Unit linked life</b>		
Unit and Equity Linked contracts - annuity; critical illness; life	Insurance contracts with direct participation features	Variable Fee Approach
Unit and Equity Linked contracts - life & critical illness Evolution series	Insurance contracts with direct participation features	Variable Fee Approach
<b>Short term Group life and Health contracts</b>		
Group life; individual and group health	Insurance contracts	Premium Allocation Approach
<b>Long term reinsurance contracts</b>		
Individual life and critical illness reinsurance contracts	Reinsurance contracts held	General Measurement Model
Individual Life Personal Accident reinsurance contracts	Reinsurance contracts issued	General Measurement Model
<b>Short term reinsurance contracts - Life &amp; Health</b>		
Group life; health	Reinsurance contracts held	Premium Allocation Approach

**(b) Definition and classification**

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. The Group 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.

**2. Material Accounting Policies** (continued)

**2.14 Insurance and investment contracts** (continued)

**(b) Definition and classification** (continued)

Contracts that have a legal form of insurance but do not transfer significant insurance risk, and expose the Group to financial risk, are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation features issued by the Group fall under this category. Refer to Note 19. The Group does not have any investment contracts with discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets.

The Group issues certain insurance contracts that are substantially investment-related service contracts, where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- ▶ The contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- ▶ The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- ▶ The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Investment components in most Traditional Life, Critical Illness, and Annuity products comprise cash surrender values less policy loans and applicable surrender fees. Investment components in Unit Linked and Equity Linked Life comprise fund values less applicable surrender fees.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value on the underlying returns.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 (referred to as the GMM) to reflect the consideration that an entity receives for the contracts known as a variable fee.

Direct participating contracts issued by the Group are contracts with direct participation features where the Group holds the pool of underlying assets and accounts for these groups of contracts under the VFA. All other insurance contracts originated by the Group are without direct participation features.

In the normal course of business, the Group 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 these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held or issued and insurance contracts with or without direct participation features, unless specifically stated otherwise.

**(c) Aggregation bases for disclosure purposes**

Insurance contracts are classified into four main categories.

**(i) Short-term group life and health insurance contracts**

These contracts are principally group life, group health and individual health insurance policies.

Group life contracts protect the Group's customers from the consequences of events (such as death or critical illness) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Health insurance contracts provide for both unexpected and preventative medical treatment and drugs. On these contracts, the benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the consolidated statement of financial position date, even if they have not yet been reported to the Group. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported ("IBNR"), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are recognised within claims expense in the current year.

**(ii) 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.

**(iii) Unit linked life**

The premiums paid for these contracts contain an element that covers the insured event and another which is used to accumulate cash values available for withdrawal at the option of the policyholder.

The liabilities arising from the unit-linked contracts comprise the liability for the insured risk and the accumulated cash value. The liability for the insured risk is determined in a manner identical to the liability for traditional life and interest sensitive contracts without guarantees and is included in the policyholders' liability balance, while the liability for the accumulated cash value is carried at fair value of the assets which fund the liabilities.

The Group issues interest-sensitive policies. The liability for the interest-sensitive policies is determined as the sum of the liability for the insured risk (as determined above for unit-linked policies) and the liability for the accumulated cash values. The entire liability for the interest-sensitive policies is recorded in insurance contracts.

**(iv) 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.

**2. Material Accounting Policies (continued)**

**2.14 Insurance and investment contracts (continued)**

**(d) Unit of account**

The Group 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 disaggregated 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 and VFA contracts issued 1 January 2022 and after. All PAA portfolios are disaggregated into annual cohorts regardless of their issue date. All 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 Group 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 Group 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 and short-term products, sets of contracts usually correspond to policyholder pricing groups that the Group determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Group 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.

Some individual and group health products, defined benefit annuity products, and Lifestyle individual annuity 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 Group 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.

Reinsurance contracts held, are assessed for aggregation requirements on an individual contract basis. The Group 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 Group'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 Group 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 Group does not have any products with components that require separation. The Group 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 Group 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 Group determines that a group of contracts become onerous.

**2. Material Accounting Policies** (continued)

**2.14 Insurance and investment contracts** (continued)

**(e) Recognition and Derecognition** (continued)

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 Group recognised an onerous group of underlying insurance contracts, if the Group entered into the related reinsurance contract held in the group at or before that date.

The Group 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.

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 Group 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 Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- (a) If the modified terms had been included at contract inception and the Group 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 participation features, but the modified contract no longer meets that definition, or vice versa; or
- (c) The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

- (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 third party.
  - (iii) If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium 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 statement of income:

- (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 premium charged by the third party; or
- (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)

**2.14 Insurance and investment 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 Group 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 Group, 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 judgement and estimation. Refer to Note 3 (b).

Risk of the Group'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 Group estimates certain FCF at a policy level, which is then aggregated into the relevant profitability groups, cohorts, and portfolios.

The Group 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 Group 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 Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- (a) The Group 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 Group 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 Group, 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.

Some insurance contracts issued by the Group provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Group 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 Group 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 Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

The Group'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 Group 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.

**2. Material Accounting Policies** (continued)

**2.14 Insurance and investment contracts** (continued)

**(f) Measurement** (continued)

Fulfilment cash flows (continued)

*Fulfilment cash flows within contract boundary* (continued)

The Group's group life reinsurance contracts held provide coverage for claims incurring during the period of the reinsurance treaty coverage. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. The premium status of reinsurance policies are aligned with that of the underlying insurance policy. As a result, if the underlying policy is terminated, reinsurance premiums cease; if the underlying policy is reinstated, reissued, converted or otherwise continued after being previously terminated, reinsurance premiums will recommence, with specific rules applied.

The Group's health reinsurance contracts held provide coverage for claims incurring during the period of the reinsurance treaty coverage, and up to one year after (i.e., risk attaching reinsurance contracts). Thus, all cash flows arising from claims incurred and expected to be incurred in the two year period are included in the measurement of the reinsurance contracts held.

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 Group 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 Group does not pay (or recognise 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 Group 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 Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

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

Initial measurement - Groups of contracts measured under the GMM and/or the VFA

*Contractual service margin*

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

**2. Material Accounting Policies** (continued)

**2.14 Insurance and investment contracts** (continued)

**(f) Measurement** (continued)

Initial measurement - Groups of contracts measured under the GMM and/or the VFA (continued)

*Contractual service margin (continued)*

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 Group recognises the net cost immediately in statement of income. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group 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 statement of income 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 Group 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 Group 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 and/or the VFA

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.

*Changes in fulfilment cash flows*

The FCF are updated by the Group 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 statement of income; 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.



**2. Material Accounting Policies** (continued)

**2.14 Insurance and investment contracts** (continued)

**(f) Measurement** (continued)

Subsequent measurement - Groups of contracts measured under the GMM and/or the VFA (continued)

*Changes in fulfilment cash flows* (continued)

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.

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- (a) Changes in the Group's share of the fair value of the underlying items; and
- (b) Changes in the FCF that do not vary based on the returns of underlying items:
  - (i) Changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
  - (ii) 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;
  - (iii) Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
  - (iv) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period and
  - (v) Changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii) to (v) are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- (a) Changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- (b) Changes in the FCF that do not vary based on the returns of underlying items:
  - (i) Changes in the FCF relating to the LIC; and
  - (ii) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group 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.

**2. Material Accounting Policies** (continued)

**2.14 Insurance and investment contracts** (continued)

**(f) Measurement** (continued)

Subsequent measurement - Groups of contracts measured under the GMM and/or the VFA (continued)

*Changes to the contractual service margin* (continued)

For reinsurance contracts held, 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) Interest accreted on the carrying amount of the CSM.
- (c) Income recognised in statement of income 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 statement of income for insurance contract services received during the period, determined after all other adjustments above.

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 Group 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 Group 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 Group 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 statement of income:

The amount of the CSM recognised in statement of income 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, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA. 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 Group expects these amounts to include an investment return that is achieved by the Group by performing investment activities to generate that investment return.

For contracts issued, the Group 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 management 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.

**2. Material Accounting Policies** (continued)

**2.14 Insurance and investment contracts** (continued)

**(f) Measurement** (continued)

Subsequent measurement - Groups of contracts measured under the GMM and/or the VFA (continued)

*Changes to the contractual service margin* (continued)

The Group 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 Group 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 "Unit linked life " category, coverage units are based on the fixed death benefits amounts (during the insurance coverage period) plus policyholders' account values;
- (c) For products under the "Annuities" category that are in the accumulation phase, coverage units are based on policy size. When they are in the annuitisation phase, coverage units are based on the annuity payout.

For GMM portfolios, the Group reflects the time value of money in the allocation of the CSM to coverage units, 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. For VFA portfolios, the Group applies the same approach except that the discounting of the CSM coverage units is applied to non-fund related cash flows only.

For reinsurance contracts held, the CSM is released to statement of income 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 Group recognises 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 statement of income when the Group 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.

Initial and subsequent measurement - Groups of contracts measured under the PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less. The PAA eligibility test was applied to risk-attaching reinsurance contracts, and it was concluded that the PAA can also be used for such contracts.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amounts of premiums received, less any acquisition cash flows paid and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

**2. Material Accounting Policies (continued)**

**2.14 Insurance and investment contracts (continued)**

**(f) Measurement (continued)**

Initial and subsequent measurement - Groups of contracts measured under the PAA (continued)

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

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

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

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

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

- (a) Increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- (b) Decreased for insurance acquisition cash flows paid in the period;
- (c) Decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period; and

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

- (a) Increased for ceding premiums paid in the period; and
- (b) Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. The health and group life insurance contracts typically have a settlement period of one year and less, and therefore the future cash flows are not adjusted for the time value of money.

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

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

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

Where applicable, changes in the loss-recovery component are disaggregated between net income from reinsurance contracts held (refer to note 2.14 (g)) and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.

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

**(g) Amounts recognised in comprehensive income**

Insurance service result from insurance contracts issued

*Insurance revenue*

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

2. Material Accounting Policies (continued)

2.14 Insurance and investment contracts (continued)

(g) Amounts recognised in comprehensive income (continued)

Insurance service result from insurance contracts issued (continued)

*Insurance revenue* (continued)

For contracts measured under the GMM and/or the VFA, 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, excluding:

- 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 statement of income 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 flows such as insurance acquisition cash flows and premium-based taxes.

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

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

For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period 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 and/or the VFA, 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 income.

Insurance service result from reinsurance contracts held

*Net income (expenses) from reinsurance contracts held*

The Group 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)

2.14 Insurance and investment contracts (continued)

(g) Amounts recognised in comprehensive income (continued)

Insurance service result from reinsurance contracts held (continued)

*Net income (expenses) 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 Group expects to pay in exchange for those services.

For contracts measured under the GMM and/or the VFA, 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 statement of income 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.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

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.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

The Group 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 under the VFA and the PAA, the Group includes all insurance finance income or expenses for the period in statement of income (i.e. the profit or loss option (the PL option) is applied).

For the contracts measured using the GMM, the PL option is applied, with the exception of the interest sensitive portfolio, where the OCI option is applied. 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.

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.

**2. Material Accounting Policies (continued)**

**2.14 Insurance and investment contracts (continued)**

**(h) Classification**

The Group 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 Group 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 on a present value basis 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, which 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 Group; and
- c) That are contractually based on:

- (i) the performance of a specified pool of contracts or a specified type of contract;
- (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
- (iii) the statement of income of the Group, fund or other entity that issues the contract.

The terms and conditions of these contracts set out the basis for the determination of the amounts on which discretionary benefits are based and within which the Group 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 Group's actuary or a locally appointed actuary.

**(i) Investment contracts**

The Group issues investment contracts including deposit administration contracts and individual deferred annuity contracts. Premiums are recognised directly as liabilities. These liabilities are increased by credited interest or change in the unit prices and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Revenue consists of investment income and interest credited is treated as an expense.

**(j) Reinsurance contracts held**

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

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

Receivables and payables are recognised when due. These include amounts due to and from agents and brokers. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the consolidated statement of income.

**2.15 Taxation**

Taxation in the consolidated statement of income comprises current and deferred income tax.

- (a) Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the consolidated statement of financial position.
- (b) Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the consolidated statement of income, except where it relates to items charged or credited to the consolidated statement of comprehensive income, in which case, deferred tax is also dealt with in the consolidated statement of comprehensive income.

**(c) Sales tax**

- Revenues, expenses and assets are recognised net of the amount of sales taxes except;
  - Where the sales tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
  - Receivables and payables that are stated with the amount of sales tax included. Outstanding net amounts of sales tax recoverable from, or payable to, the tax authorities are included as part of receivables or payables in the statement of financial position.

**2.16 Employee benefits**

**(a) Annual Leave**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year-end date.

**(b) Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary separation. Benefits falling due more than twelve months after the year end date are discounted to present value.

**(c) Pension plans**

The Company operates a defined contribution plan, the assets of which are held in a separate trustee administered fund. Employees are required to contribute 5% of pensionable salary while the Company contributes an additional 5%.

**2. Material Accounting Policies (continued)**

**2.16 Employee benefits (continued)**

**(d) Share-based compensation**

The Group participates in an equity-settled share-based compensation plan operated by the holding Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of options granted, excluding the impact of any non-market vesting conditions (for example, net profit growth target). Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable.

At the statement of financial position date, the Group revises its estimate of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the statement of income, and a corresponding adjustment to equity over the remaining vesting period. When the options are exercised, the proceeds received net of any transaction costs are credited to the Share Option Reserve.

Effective 1 January 2017, Guardian Holdings Limited replaced its Group equity-settled share-based compensation plan with a Group cash-based long-term performance incentive plan. Accruals are made annually based on the ultimate expected and approved payments to eligible executives.

**(e) Bonus plan**

The Group recognizes a liability and an expense for bonuses and, based on a formula that takes into consideration the profit attributable to the Company's shareholders. The Group recognizes a provision where contractually obliged or where past practice has created a constructive obligation.

**(f) Cash-based long-term incentive plan**

Effective 1 January 2017, the Group implemented a cash-based long-term incentive plan for its senior executives. Awards are based on the Group achieving certain three-year targets. At each consolidated statement of financial position date, the Group estimates the awards to be granted at the end of the three-year cycle and recognizes the pro-rated cost as an expense. The impact of any revision of estimates made in respect of the previous years will be recognized in the current year's consolidated statement of income.

**2.17 Provisions**

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, for which it 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 recognised 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

**2.18 Revenue recognition**

Revenue comprises the fair value for services rendered after eliminating revenue within the Group. Revenue is recognised as follows:

**(a) Insurance revenue**

Insurance revenue is recognised in accordance with the requirements of IFRS 17 as laid out in Note 2.14.

**(b) Investment income**

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

- Purchased or originated credit-impaired financial assets, for which the 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**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rental income arising from operating leases on investment properties are charged to the statement of income on a straight-line basis over the life of the lease.

**(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 consolidated 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 consolidated statement of income.

**(e) Commission income**

Commissions are recognised on the accrual basis.

**(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 recognised in the period in which the services are rendered.

For the Group, portfolio, asset management fees and other management advisory and service fees are recognised based on the applicable service contracts over the period in which the service is provided. Management fees and commissions arising from negotiating, or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

**(g) Income from property under development and sale**

Income from housing sales and escalations are recognized in the accounting period in which the services are rendered, by reference to completion and transferred of titles for the properties.



## 2. Material Accounting Policies (continued)

### 2.19 Leases

At inception of a contract, the Group 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 Group 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 Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- ▶ the Group has the right to direct the use of the asset. The Group 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 Group as a lessee*

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 Group 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 Group recognises a right-of-use asset and a lease liability in the consolidated 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 Group, 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). 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 group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist. The Group 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 Group is reasonably certain to exercise an extension option; and
- ▶ penalty payments for early termination of a lease unless the Group 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 Group as a lessee*

The Group 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 Group 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 Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group 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 consolidated 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 Group did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2024 (2023: nil).

The Group 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 Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

#### *The Group as a lessor*

The Group leases out its investment properties. The Group 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 consolidated statement of income.

### 2.20 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as an appropriation in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's Board of Directors.

### 2.21 Assets under management

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

### 2.22 Special Investment reserve

The special investment reserve is a regulatory reserve established to manage the extent to which unrealized gains recognised in the statement of income are available for distribution. Consistent with the regulatory requirements, the unrealized gains on investment properties and quoted equities classified as fair value through profit or loss are transferred to and from this reserve as follows:

Net unrealized gains brought forward at the beginning of each year are transferred from the special investment reserve to retained earnings at the following rates:

Quoted equities - 25%  
Investment properties - 10%

Net unrealized gains earned during the year are transferred from retained earnings to the special investment reserve at the following rates:

Quoted equities - 75%  
Investment properties - 90%

### 3. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group 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 are 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 2.14(b) which gives details on how the Group 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 Group 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 Group 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.

An assessment is performed for life contracts and direct participating contracts issued by the Group to determine whether the proportion to be paid to the policyholders is substantial. The Group has no investment contracts with discretionary participation features.

##### Unit of account

Judgement is involved in combination of insurance contracts and separation of distinct components, however the Group 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 Group. This is due to the Group historically managing its insurance and reinsurance portfolios in a way that is consistent with regulatory considerations, clearly distinguishing 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.

### 3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

#### (a) Insurance contracts (continued)

##### Unit of account (continued)

For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of judgement.

For insurance contracts issued measured under the PAA, management judgement is required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required. In 2024 and 2023, the Group did not identify any facts or circumstances that might have indicated that a group of contracts measured under the PAA had become onerous. All contracts measured by the Group in 2024 and 2023 under the PAA were determined to be non-onerous on initial recognition.

##### 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. Judgements is involved to determine when the Group 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 Group applied judgement to the determination of the contract boundaries of several deferred annuity products with guaranteed annuitisation rates.

The Group uses judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to fulfilment of the contract. The Group 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).

##### Financial performance

The Group applied significant judgements in the following aspects of the determination of the CSM amounts that were recognised in statement of income in 2024 and 2023. Coverage units are based on the fixed death or critical illness benefits amounts (during the insurance coverage period) plus policyholders' account values, if any. The coverage period corresponds to the period in which insurance or investment management services are expected to be provided.

- 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 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 statement of income for the period.

##### Contracts measured under the Fair Value Approach

The Group applied the fair value approach to all long-term insurance and reinsurance contracts in force as at 31 December 2021. The Group applied significant judgement in determining the transition amounts under this approach.

Applying the fair value approach, the Group determined the CSM as at 1 January 2022 to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13, 'Fair Value Measurement' (IFRS 13), and its FCF at the transition date. The Group did not apply the deposit floor when measuring insurance contracts when using the fair value approach on transition.

The fair value of an insurance liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. Where available, recent market transactions were used to estimate the fair value of groups of contracts. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of insurance contracts, the following considerations were applied:

- a. only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation, excluding future renewals and new business that would be outside the contract boundary of the contracts under IFRS 17;
- b. assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13; and
- c. other sources of profit were included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

Given the lack of a liquid and observable market of insurance liabilities in the Caribbean, the fair value of insurance contracts was estimated using a method consistent with the income approach. There are two techniques that is consistent with this namely: the adjusted fulfilment cash flows and embedded or appraisal value. The group used the adjusted fulfilment cash flows as it is similar to the technique used to determine the fulfilment cash flows; however, adjusted to reflect the perspective of a market participant (IFRS 13) rather than the entity's view (IFRS 17).

The Group used significant judgement to determine adjustments required to reflect the market participant's view, and it considered the following:

*Definition and classification* The following assessments were performed using the criteria described in note 3, based on the information available as at the transition date:

- a. An assessment of whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17; and
- b. An assessment of whether an insurance contract issued meets the definition of an insurance contract with direct participation features.

**3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)**

**(b) Discount rates**

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

	The Group and the Company									
	As at 31 December 2024					As at 31 December 2023				
	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Traditional life and interest sensitive without guarantees	6.1%	7.2%	8.8%	11.5%	12.6%	6.4%	8.0%	9.2%	10.5%	10.2%
- Annuities	7.1%	8.3%	9.9%	12.6%	13.7%	7.2%	8.8%	10.1%	11.4%	11.0%
- Unit Linked										
- Life	5.5%	6.6%	8.3%	11.0%	12.1%	6.0%	7.6%	8.8%	10.1%	9.7%

The liquid ultimate rate for the Jamaica yield curve was 11.5% (2023: 9.3%).

**(c) Investment assets returns**

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.

**(d) 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 Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group'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 Group 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.

For the short-term insurance contracts, uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to claims and claims-handling expenses growth.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

**(e) Methods used to measure the risk adjustment for non-financial risk**

The risk adjustment for non-financial risk represents the compensation that the group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The Group has estimated the risk adjustment using 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 Financial Services Commission of Jamaica. The risk adjustment is determined at a 76% confidence level (2023: 85%). The diversification benefit is included to reflect the diversification in contracts sold across portfolios as this reflects the compensation that the entity requires.

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

### 3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

#### (f) Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represent the unearned profit the group will recognize as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in statement of income as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in statement of income to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future.
- Recognising in statement of income the amount allocated to coverage units provided in the period.

The number of coverage units in the group is quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of life insurance, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellations of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

#### (g) Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the Group did not allocate any insurance acquisition cash flows to future groups of insurance contracts, as it did not expect any renewal contracts to arise from new contracts issued in the period.

In the current and prior years, the Group did not identify any facts and circumstances indicating that the assets may be impaired.

#### (h) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group 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 Group 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 Group'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. Factors considered by the Group's business units in determining the business model for a group of assets are disclosed in Note 2.8(b).

#### (i) Fair valuation of financial assets

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. Where applicable, data is calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions used in valuations could affect reported fair value of financial assets. Key assumptions are based on current market yields. The following table shows the effect on the statement of income and fair value reserve to changes in the market yields.

	The Group and the Company			
	Effect on		Effect on	
	fair value reserve		statement of income	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
2% increase in market yields	(10,321,490)	(9,978,886)	(8,282,823)	(6,344,533)
2% decrease in market yields	12,403,012	12,981,558	9,854,783	8,275,768

### 3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

#### (j) Impairment losses on financial assets

The measurement of ECL 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 Group'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 Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment.
- ▶ 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.
- ▶ Use of macroeconomic data for internal credit ratings and outlooks, to derive associated probabilities of default as prescribed by external rating agencies such as Standard & Poor's and Moody's.
- ▶ 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 Group regularly reviews its internal models in the context of actual loss experience and adjusts when necessary.

#### *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 ECL and Lifetime ECL 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 environment 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.

Scenarios are reassessed on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted separately for each territory modelled according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted.

The carrying amounts of expected credit loss allowance on financial assets are disclosed in Note 4.2.3(e).

#### (k) Taxation

Taxation on the statement of income for the year comprises current and deferred income tax charges.

##### **Current Income tax**

Current income tax charges are based on taxable profit for the year. Taxable profit differs from the reported profit before taxation arising from adjustments for items that are exempt from taxation or not deductible and items that are taxable or deductible in other years. The Group provides for current tax expense calculated at tax rates at the date of the statement of financial position that have been enacted or substantially enacted in each jurisdiction in which it operates.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **Deferred income tax**

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be recognised or the liability will be settled based on enacted rates.

Deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Current and deferred taxes are recognised as income tax expense or benefit in the statement of income except, where they relate to items recorded in other comprehensive income, they are also charged or credited to other comprehensive income.

**3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)**

**(l) 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 Group 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 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.

**(m) Property and equipment and intangibles assets**

Management exercises judgment in determining whether costs incurred can accrue significant future economic benefits to the Group to enable the value to be treated as a capital expense or intangible asset. Further judgment is applied in the annual review of the useful lives of all categories of property and equipment and intangible assets and the resulting depreciation/amortization determined thereon.

**(n) Responsibilities of the Appointed Actuary and External Auditors**

The Board of Directors, pursuant to the Insurance Act, appoints the actuary. The actuary's responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuation, the actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force.

The shareholders pursuant to the Jamaican Companies Act appoint the external auditors. The auditors' responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the appointed actuary and the actuary's report on the policyholders' liabilities.

#### 4. Management of Insurance and Financial Risk

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

##### 4.1 Insurance risk

The main risks that the Group is exposed to are, as follows:

- Mortality risk - risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk - risk of loss arising due to policyholder health experience being different than expected
- Longevity risk - risk of loss arising due to the annuitant living longer than expected
- Expense risk - risk of loss arising from expense experience being different than expected
- Policyholder decision risk - risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of outwards reinsurance arrangements.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance held (outward reinsurance) is placed on a proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to the policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

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 Group 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 Group 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.

##### 4.1.2 Short term Group life and Health contracts

###### (a) Exposures to risks and how they arise

Short-duration life insurance contracts are contracts that are typically of a short tenure. These contracts are mainly issued to employers to insure their commitments to their employees. The risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry.

###### (b) Objectives, policies and processes for managing risks

The Group attempts to manage this risk through its underwriting and claims handling. Additionally, there is reinsurance on short-duration life insurance contracts.

###### (c) Methods used to measure risks

There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. The Group currently does so using conservative assumptions.

###### (d) Changes in assumptions

The Group's assumptions in respect of short duration life insurance contracts have not significantly changed from the prior year.

###### (e) Sensitivity analysis

The following table presents information on how reasonably possible changes in assumptions made by the group with regard to underwriting risk variables impact statement of income and equity before risk mitigation by reinsurance contracts held. These contracts are measured under the PAA, and thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

	The Group and the Company			
	2024		2023	
	Statement of income impact	Equity impact	Statement of income impact	Equity impact
	J\$'000	J\$'000	J\$'000	J\$'000
Worsening of unpaid claims and expenses - 5% increase				
- Insurance contract liabilities	(6,208)	(4,656)	(5,405)	(4,054)

##### 4.1.3 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 widespread 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.



**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.3 Long-term insurance contracts (continued)**

**(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 Group. 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 Group 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 minimise its exposure to mortality risk.

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

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.

Benefits assured per life \$'000	The Group and the Company			
	2024 - Total benefits insured			
	Before reinsurance		After reinsurance	
	J\$'000	%	J\$'000	%
J\$1,000 - 5,000	398,257,318	70.0%	396,274,848	72.0%
J\$5,001 - 10,000	90,055,755	16.0%	86,401,097	16.0%
J\$10,001 - 15,000	22,559,046	4.0%	20,484,843	4.0%
J\$15,001 - 20,000	17,622,084	3.0%	15,376,050	3.0%
J\$20,001 and over	42,589,176	7.0%	35,085,243	6.0%
<b>Total</b>	<b>571,083,379</b>	<b>100.0%</b>	<b>553,622,081</b>	<b>100.0%</b>

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

Benefits assured per life \$'000	The Group and the Company			
	2023 - Total benefits insured			
	Before reinsurance		After reinsurance	
	J\$'000	%	J\$'000	%
J\$1,000 - 5,000	382,618,644	72.0%	380,542,294	74.2%
J\$5,001 - 10,000	77,754,475	14.6%	74,001,373	14.4%
J\$10,001 - 15,000	18,747,767	3.5%	16,512,876	3.2%
J\$15,001 - 20,000	15,790,823	3.0%	13,480,036	2.6%
J\$20,001 and over	36,757,448	6.9%	28,919,689	5.6%
<b>Total</b>	<b>531,669,157</b>	<b>100.0%</b>	<b>513,456,268</b>	<b>100.0%</b>

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 Group 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.

Annuity payable per annum per life	The Group and the Company			
	Total annuities payable per annum			
	2024		2023	
	J\$'000	%	J\$'000	%
J\$ 0 - 200,000	500,449	13%	495,823	13%
J\$200,001 - 300,000	253,307	6%	243,505	7%
J\$300,001 - 400,000	255,817	6%	240,949	6%
J\$400,001 - 500,000	197,965	5%	182,478	5%
More than J\$500,000	2,765,915	70%	2,572,501	69%
<b>Total</b>	<b>3,973,453</b>	<b>100%</b>	<b>3,735,256</b>	<b>100%</b>

The greatest risk concentration remains at the highest band and lowest band, which is consistent with the prior year.

#### 4. Management of Insurance and Financial Risk (continued)

##### 4.1 Insurance risk (continued)

##### 4.1.3 Long-term insurance contracts (continued)

##### (c) Methods used to measure risks

For long-term insurance contracts, the Group determines assumptions in relation to future deaths and other benefits, voluntary termination, investment returns, administrative expenses and other items that are appropriate to the policies, their location and the local statutory reserving requirements.

The nature and method of determining the significant assumptions made by the Group 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 Group's experience in recent years is performed, and the standard actuarial tables are adjusted where appropriate to reflect the Group'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:

##### As at 31 December 2024

Gender	Smoker Status	Mortality Table	Percentage of table
Male	Non-smoker	CIA9704	66.6%-267%
	Smoker	CIA9704	32.6%-172.6%
Female	Non-smoker	CIA9704	83.5%-273.4%
	Smoker	CIA9704	31.4%-200.7%

##### As at 31 December 2023

Gender	Smoker Status	Mortality Table	Percentage of table
Male	Non-smoker	CIA9704	67.4%-287.7%
	Smoker	CIA9704	35.0%-155.4%
Female	Non-smoker	CIA9704	82.4%-278.4%
	Smoker	CIA9704	38.8%-160.1%

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 (d).

##### ● 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
4-4.5%	4-4.5%

##### ● Tax

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

**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.3 Long-term insurance contracts (continued)**

**(d) Sensitivity analysis**

The following sensitivity analysis shows the impact (gross and net of reinsurance held) on a contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options.

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**

<b>The Group and the Company</b>				
	<b>2024</b>		<b>2023</b>	
	<b>Impact on profit</b>	<b>Impact on equity</b>	<b>Impact on profit</b>	<b>Impact on equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
+ 10% Worsening Mortality				
- Insurance contract liabilities	(46,969)	(35,227)	(35,522)	(26,642)
- Reinsurance contract liabilities	6,918	5,188	6,512	4,884
-1% Lowering of investment returns				
- Insurance contract liabilities	(779,865)	(584,899)	(677,754)	(508,316)
- Reinsurance contract liabilities	17,061	12,796	20,958	15,718
+ 5% Worsening of base renewal expense level				
- Insurance contract liabilities	(18,806)	(14,104)	(13,143)	(9,857)
+1% Worsening of expense inflation rate				
- Insurance contract liabilities	(19,359)	(14,519)	(26,897)	(20,173)

**Unit linked life**

<b>The Group and the Company</b>				
	<b>2024</b>		<b>2023</b>	
	<b>Impact on profit</b>	<b>Impact on equity</b>	<b>Impact on profit</b>	<b>Impact on equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
+ 10% Worsening Mortality				
- Insurance contract liabilities	(71,069)	(53,302)	(62,732)	(47,049)
- Insurance contract assets	(1,814)	(1,360)	(1,607)	(1,205)
- Net insurance contract liabilities	(72,883)	(54,662)	(64,339)	(48,254)
-1% Lowering of investment returns				
- Insurance contract liabilities	(50,878)	(38,159)	(41,059)	(30,794)
- Insurance contract assets	(4,372)	(3,279)	(1,973)	(1,480)
- Net insurance contract liabilities	(55,250)	(41,438)	(43,032)	(32,274)
+ 5% Worsening of base renewal expense level				
- Insurance contract liabilities	(15,753)	(11,815)	(15,129)	(11,347)
- Insurance contract assets	(549)	(412)	(483)	(362)
- Net insurance contract liabilities	(16,302)	(12,227)	(15,612)	(11,709)
+1% Worsening of expense inflation rate				
- Insurance contract liabilities	(32,027)	(24,020)	(31,786)	(23,839)
- Insurance contract assets	(1,219)	(914)	(1,117)	(838)
- Net insurance contract liabilities	(33,246)	(24,934)	(32,903)	(24,677)

**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.3 Long-term insurance contracts (continued)**

**(d) Sensitivity analysis (continued)**

Annuities	The Group and the Company			
	2024		2023	
	Impact on profit	Impact on equity	Impact on profit	Impact on equity
	\$'000	\$'000	\$'000	\$'000
+ 10% Worsening Mortality				
- Insurance contract liabilities	54,964	41,223	50,357	37,768
- Net insurance contract liabilities	54,964	41,223	50,357	37,768
+ 0.5% Improvement in annuitant mortality				
- Insurance contract liabilities	(26,968)	(20,226)	(26,214)	(19,660)
-1% Lowering of investment returns				
- Insurance contract liabilities	(3,205,286)	(2,403,964)	(2,769,488)	(2,077,116)
- Net insurance contract liabilities	(3,205,286)	(2,403,964)	(2,769,488)	(2,077,116)
+ 5% Worsening of base renewal expense level				
- Insurance contract liabilities	(4,387)	(3,291)	(6,734)	(5,051)
- Net insurance contract liabilities	(4,387)	(3,291)	(6,734)	(5,051)
+1% Worsening of expense inflation rate				
- Insurance contract liabilities	(5,939)	(4,454)	(14,437)	(10,828)
- Net insurance contract liabilities	(5,939)	(4,454)	(14,437)	(10,828)

**4.2 Financial risk**

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts) 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 Committee and Actuarial department under policies approved by the Group's Board of Directors. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group'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 is considered below.

**(a) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has operations in the Caribbean and has exposure risks with respect to the US, Canadian, Trinidad and Tobago, Barbados and the UK pound. The Group's strategy for dealing with foreign exchange risk is to as far as possible offset foreign currency liabilities with assets denominated in the same currency.

**Sensitivity analysis – currency risk**

The items on the Group's statement of financial position that are significantly impacted by changes in currency rates are investment securities, loans and receivables and cash and cash equivalents of which the United States dollar had the greatest impact. The effect of 5% (2023 - 5%) devaluation in the Jamaican dollar relative to the United States dollar at the statement of financial position date is as follows:

The tables below summarises the Group's exposure to foreign currency exchange rate risk as at 31 December. The Group's assets and liabilities at carrying amounts are included in the table categorised by currency positions expressed in J\$ equivalents.

	The Group and the Company			
	US	BBD	Other	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 31 December 2024</b>				
Total assets	14,852,927	6,651,413	125,373	21,629,713
Total liabilities	4,716,518	6,348,308	53,505	11,118,331
	10,136,409	303,105	71,868	10,511,382
<b>As at 31 December 2023</b>				
Total assets	11,850,778	6,481,619	125,931	18,458,328
Total liabilities	2,512,448	6,218,643	57,253	8,788,344
	9,338,330	262,976	68,678	9,669,984

The following table presents analysis of how a possible shift in market currency exchange rates might impact the insurance contract liability balances and the respective underlying assets, as well as the net impact on statement of income and equity. Transactions or balances not within the scope of IFRS 17 are not subject to currency risk.

Change in variables	US	BBD	Other
2024	5.0%	-2.4%	5.1%-11.8%
2023	5.0%	1.5%	5.1%-11%

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Expressed in Jamaican Dollars unless otherwise indicated

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.1 Market risk (continued)**

**(a) Currency risk (continued)**

	The Group and the Company			
	US \$'000	BBD \$'000	Other \$'000	Total \$'000
<b>For the year 2024:</b>				
<b>Impact on statement of income</b>				
- Underlying investment assets	75,214	—	—	75,214
- Insurance and reinsurance contracts	(66,802)	(125)	102	(66,825)
<b>For the year 2023:</b>				
<b>Impact on statement of income</b>				
- Underlying investment assets	123,676	—	—	123,676
- Insurance and reinsurance contracts	(71,813)	(294)	(117)	(72,224)

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 Group in the methods and assumptions used in preparing the above analysis.

**(b) Interest rate risk**

The Group 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 Group is the risk that the interest earned on the Group'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 Group also mitigates the effect of interest rate risk of the investment portfolio through the functioning of subsidiary Executive Investment Committees 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. In addition, the Group also has an Asset and Liability Committee which oversees and manages consolidated interest rate risk and exposures.

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 statement of income and equity. The Group's other financial assets and liabilities are not significantly sensitive to interest rates. For the sensitivity analysis, a 2% movement in interest rates was used for 2024 (2023 - 2%). The following table shows the estimated effect of an increase or decrease in the above rates on the statement of income and fair value reserve.

	The Group and the Company							
	2024				2023			
	Statement of income		Equity		Statement of income		Equity	
	Net insurance contract liability	Investment assets	Net insurance contract liability	Investment assets	Net insurance contract liability	Investment assets	Net insurance contract liability	Investment assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Increase in interest rates	855,246	(8,282,823)	641,435	(10,321,490)	2,585,432	(6,344,533)	3,447,242	(3,634,353)
Decrease in interest rates	(921,820)	9,854,783	(691,365)	12,403,012	(2,585,432)	8,275,768	(3,447,242)	4,705,790

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 Group in the methods and assumptions used in preparing the above analysis.

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.1 Market risk (continued)**

**(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 Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as fair value through profit or loss. The Group 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 presents analysis of how a possible shift in market equity prices might impact insurance contract balances and the respective underlying assets held, as well as the net impact on statement of income and equity.

		The Group and the Company							
		2024				2023			
		Statement of income		Equity		Statement of income		Equity	
Change in Equity prices		Net insurance contract liability	Investment assets	Net insurance contract liability	Investment assets	Net insurance contract liability	Investment assets	Net insurance contract liability	Investment assets
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Stock exchanges and markets	10.0%	(27,483)	1,763,537	(20,613)	1,322,653	(24,612)	1,070,480	12,306	802,860

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 Group 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.

Certain of the Group's contracts have features that allow them to be terminated at short notice creating a potential liquidity exposure. The Group monitors liquidity on a regular basis. For each significant subsidiary, an internally constituted Executive Investment Committees set 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 Group into relevant maturity groupings based on the remaining period to the contractual or expected maturity date, alongside the remaining contractual maturities of the Group's financial assets. Financial liabilities are at contractual undiscounted cash flows 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.

		The Group						
		Contractual/Expected Undiscounted Cash Flows						
As at 31 December 2024		Carrying amount	1 years	2 years	3 years	4 years	5 years	Over 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Traditional life and interest sensitive		31,633,464	1,385,653	1,316,055	1,338,416	1,331,657	1,415,842	61,095,871
Annuities		47,748,666	3,792,957	3,782,398	3,781,993	3,796,091	3,806,188	91,685,063
Unit linked life		4,256,240	(1,881,304)	(1,468,875)	(1,230,180)	(876,373)	(770,435)	36,533,232
Short term Group life and Health contracts		1,702,659	1,645,017	-	-	-	-	-
Reinsurance contract liabilities		424,938	38,704	40,072	42,022	44,495	48,043	1,727,426
Investment contracts		24,978,269	1,783,231	1,810,322	809,799	874,296	790,085	18,910,536
Other liabilities		5,254,738	4,915,396	-	-	-	-	-
		115,998,974	11,679,654	5,479,972	4,742,050	5,170,166	5,289,723	209,952,128

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.2 Liquidity risk (continued)**

	The Group						
	Contractual/Expected Undiscounted Cash Flows						
	Carrying amount	1 years	2 years	3 years	4 years	5 years	Over 5 years
As at 31 December 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment securities	122,519,952	15,095,602	9,165,306	10,513,839	8,458,744	9,450,384	198,322,866
Loans and receivables	1,170,082	924,371	-	-	-	-	-
Cash and cash equivalents	21,670,278	21,648,442	-	-	-	-	-
Related party balances	140,620	140,620	-	-	-	-	-
Total financial assets	145,500,932	37,809,035	9,165,306	10,513,839	8,458,744	9,450,384	198,322,866

	The Group						
	Contractual/Expected Undiscounted Cash Flows						
	Carrying amount	1 year	2 years	3 years	4 years	5 years	Over 5 years
As at 31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Traditional life and interest sensitive	31,249,782	897,414	1,142,276	1,413,833	1,530,103	1,672,014	61,585,408
Annuities	45,697,474	3,574,805	3,570,529	3,563,382	3,556,121	3,561,116	97,180,884
Unit linked life	2,125,502	(2,523,042)	(1,937,327)	(1,569,997)	(1,276,287)	(1,078,948)	33,406,950
Short term Group life and Health contracts	1,126,871	1,088,963	-	-	-	-	-
Reinsurance contract liabilities	268,325	31,288	34,001	36,684	39,601	41,843	1,885,082
Investment contracts	23,295,048	1,635,033	914,144	3,539,478	886,694	416,642	15,903,057
Other liabilities	3,865,575	3,691,144	-	-	-	-	-
	107,628,577	8,395,605	3,723,623	6,983,380	4,736,232	4,612,667	209,961,381

As at 31 December 2023							
Investment securities	121,220,322	16,706,568	12,128,854	7,535,621	9,396,570	7,282,543	188,575,434
Loans and receivables	735,217	549,132	-	-	-	-	-
Cash and cash equivalents	10,030,849	10,061,241	-	-	-	-	-
Related party balances	420,737	420,737	-	-	-	-	-
Total financial assets	132,407,125	27,737,678	12,128,854	7,535,621	9,396,570	7,282,543	188,575,434

Amounts payable on demand (included in carrying amounts)	2024 \$'000	2023 \$'000
Traditional life and interest	27,274,531	27,274,531
Unit linked life	4,256,240	2,125,502
Investment contracts	38,506	71,198
	<u>31,569,277</u>	<u>29,471,231</u>
	7,132,773	3,497,207
Cash and cash equivalents	<u>7,132,773</u>	<u>3,497,207</u>

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.2 Liquidity risk (continued)**

As at 31 December 2024	The Company						
	Contractual/Expected Undiscounted Cash Flows						
	Carrying amount	1 years	2 years	3 years	4 years	5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Traditional life and interest sensitive	31,633,464	1,385,653	1,316,055	1,338,416	1,331,657	1,415,842	61,095,871
Annuities	47,748,666	3,792,957	3,782,398	3,781,993	3,796,091	3,806,188	91,685,063
Unit linked life	4,256,240	(1,881,304)	(1,468,875)	(1,230,180)	(876,373)	(770,435)	36,533,232
Short term Group life and Health contracts	1,702,659	1,645,017	-	-	-	-	-
Reinsurance contract liabilities	424,938	38,704	40,072	42,022	44,495	48,043	1,727,426
Investment contracts	24,978,269	1,783,231	1,810,322	809,799	874,296	790,085	18,910,536
Other liabilities	5,207,374	4,868,032	-	-	-	-	-
	115,951,610	11,632,290	5,479,972	4,742,050	5,170,166	5,289,723	209,952,128

As at 31 December 2024	The Company						
	Contractual/Expected Undiscounted Cash Flows						
	Carrying amount	1 years	2 years	3 years	4 years	5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment securities	122,519,952	15,095,602	9,165,306	10,513,839	8,458,744	9,450,384	198,322,866
Loans and receivables	1,164,589	918,878	-	-	-	-	-
Cash and cash equivalents	21,630,464	21,648,442	-	-	-	-	-
Related party balances	140,620	140,620	-	-	-	-	-
Total financial assets	145,455,625	37,803,542	9,165,306	10,513,839	8,458,744	9,450,384	198,322,866

As at 31 December 2023	The Company						
	Contractual/Expected Undiscounted Cash Flows						
	Carrying amount	1 year	2 years	3 years	4 years	5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Traditional life and interest sensitive	31,249,782	897,414	1,142,276	1,413,833	1,530,103	1,672,014	61,585,408
Annuities	45,697,474	3,574,805	3,570,529	3,563,382	3,556,121	3,561,116	97,180,884
Unit linked life	2,125,502	(2,523,042)	(1,937,327)	(1,569,997)	(1,276,287)	(1,078,948)	33,406,950
Short term Group life and Health contracts	1,126,871	1,088,963	-	-	-	-	-
Reinsurance contract liabilities	268,325	31,288	34,001	36,684	39,601	41,843	1,885,082
Investment contracts	23,295,048	1,635,033	914,144	3,539,478	886,694	416,642	15,903,057
Other liabilities	3,867,067	3,692,636	-	-	-	-	-
	107,630,069	8,397,097	3,723,623	6,983,380	4,736,232	4,612,667	209,961,381

As at 31 December 2023	The Company						
	Contractual/Expected Undiscounted Cash Flows						
	Carrying amount	1 year	2 years	3 years	4 years	5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment securities	121,220,322	16,569,479	12,453,239	8,363,579	10,136,584	7,699,937	204,551,183
Loans and receivables	730,197	544,112	-	-	-	-	-
Cash and cash equivalents	10,030,849	10,061,241	-	-	-	-	-
Related party balances	420,737	420,737	-	-	-	-	-
Total financial assets	132,402,105	27,595,569	12,453,239	8,363,579	10,136,584	7,699,937	204,551,183

Amounts payable on demand (included in carrying amounts)		2024	2023
		\$'000	\$'000
Traditional life and interest		27,274,531	27,274,531
Unit linked life		4,256,240	2,125,502
Investment contracts		38,506	71,198
		31,569,277	29,471,231
		7,132,773	3,497,207
Cash and cash equivalents		7,132,773	3,497,207

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. For insurance contracts that are unit-linked and interest sensitive with guarantees, the amount payable on demand represents the policyholders' fund balances, plus cash surrender values, if any, less applicable surrender fees.

**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 the Group. 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, and the right to obtain collateral (including guarantees) should unfavourable events occur. In addition, the Group also has an Asset and Liability Committee which oversees and manages consolidated credit risk and exposures.



**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

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

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

The Group 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 Group 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 Group to its reinsurers.

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

The Group 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 Group'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.

**(b) Assets bearing credit risk**

Below is an analysis of assets bearing credit risk.

	The Group			
	Gross exposure		Net carrying amount	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Investment securities measured at fair value through profit or loss (excluding equity instruments)	66,913,615	65,013,374	66,913,615	65,013,374
Investment securities measured at fair value through other comprehensive income	36,816,350	37,984,464	36,816,350	37,984,464
Investment securities measured at amortised cost	1,079,032	1,945,543	1,077,219	1,928,111
Loans and receivables (excluding prepayment)	1,066,494	971,104	1,064,991	969,869
Cash and cash equivalents	21,683,960	10,049,176	21,670,278	10,030,849
	127,559,451	115,963,661	127,542,453	115,926,667

	The Company			
	Gross exposure		Net carrying amount	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Investment securities measured at fair value through profit or loss (excluding equity instruments)	66,913,615	65,013,374	66,913,615	65,013,374
Investment securities measured at fair value through other comprehensive income	36,816,350	37,984,464	36,816,350	37,984,464
Investment securities measured at amortised cost	1,079,032	1,945,543	1,077,219	1,928,111
Loans and receivables (excluding prepayment)	1,061,001	966,084	1,059,498	964,849
Cash and cash equivalents	21,644,158	10,049,176	21,630,464	10,030,849
	127,514,156	115,958,641	127,497,146	115,921,647

**(c) Credit quality of financial assets**

The credit quality of financial assets 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.

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**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)**

**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 mainly 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.

	The Group and the Company		
	12-month	Purchased	Total
	ECL	credit impaired	
	\$'000	\$'000	\$'000
<b>Investment securities measured at fair value through other comprehensive income</b>			
<b>As at 31 December 2024</b>			
A	7,289,371	—	7,289,371
BBB	1,840,078	—	1,840,078
Below BBB	23,288,713	4,398,188	27,686,901
Carrying value	32,418,162	4,398,188	36,816,350
<b>As at 31 December 2023</b>			
A	6,977,814	—	6,977,814
BBB	2,138,910	—	2,138,910
Below BBB	24,392,260	4,475,480	28,867,740
Carrying value	33,508,984	4,475,480	37,984,464

	The Group and the Company	
	12-month	Total
	ECL	
	\$'000	\$'000
<b>Investment securities measured at amortised cost</b>		
<b>As at 31 December 2024</b>		
A	1,079,032	1,079,032
Gross carrying amount	1,079,032	1,079,032
Loss allowance	(1,813)	(1,813)
Net carrying amount	1,077,219	1,077,219
<b>As at 31 December 2023</b>		
A	1,034,532	1,034,532
Below BBB	911,011	911,011
Gross carrying amount	1,945,543	1,945,543
Loss allowance	(17,432)	(17,432)
Net carrying amount	1,928,111	1,928,111

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**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)**

**Loans and receivables**

**As at 31 December 2024**

Below BBB

Loss allowance

Net carrying amount

**As at 31 December 2023**

Below BBB

Loss allowance

Net carrying amount

The Group				
Lifetime ECL				
	Loans Not credit impaired	Loans Credit impaired	Other Receivables	Total
	\$'000	\$'000	\$'000	\$'000
Below BBB	925,874	–	140,620	1,066,494
Loss allowance	(1,503)	–	–	(1,503)
Net carrying amount	924,371	–	140,620	1,064,991
As at 31 December 2023				
Below BBB	550,367	–	420,737	971,104
Loss allowance	(1,235)	–	–	(1,235)
Net carrying amount	549,132	–	420,737	969,869

**Loans and receivables**

**As at 31 December 2024**

Below BBB

Loss allowance

Net carrying amount

**As at 31 December 2023**

Below BBB

Loss allowance

Net carrying amount

The Company				
Lifetime ECL				
	Loans Not credit impaired	Loans Credit impaired	Other Receivables	Total
	\$'000	\$'000	\$'000	\$'000
Below BBB	920,381	–	140,620	1,061,001
Loss allowance	(1,503)	–	–	(1,503)
Net carrying amount	918,878	–	140,620	1,059,498
As at 31 December 2023				
Below BBB	545,347	–	420,737	966,084
Loss allowance	(1,235)	–	–	(1,235)
Net carrying amount	544,112	–	420,737	964,849

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**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)**

	The Group		The Company	
	12-month ECL	Total	12-month ECL	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cash and cash equivalents</b>				
<b>As at 31 December 2024</b>				
AA	128,941	128,941	128,941	128,941
A	5,658,764	5,658,764	5,618,950	5,618,950
BBB	470,355	470,355	470,355	470,355
Below BBB	15,425,900	15,425,900	15,425,912	15,425,912
Gross carrying amount	21,683,960	21,683,960	21,644,158	21,644,158
Loss allowance	(13,682)	(13,682)	(13,694)	(13,694)
Net carrying amount	21,670,278	21,670,278	21,630,464	21,630,464
<b>As at 31 December 2023</b>				
AA	215,762	215,762	215,762	215,762
A	1,789,308	1,789,308	1,789,308	1,789,308
BBB	442,655	442,655	442,655	442,655
Below BBB	7,601,451	7,601,451	7,601,451	7,601,451
Gross carrying amount	10,049,176	10,049,176	10,049,176	10,049,176
Loss allowance	(18,327)	(18,327)	(18,327)	(18,327)
Net carrying amount	10,030,849	10,030,849	10,030,849	10,030,849

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.

	The Group and the Company		
	A	Below BBB	Total
	\$'000	\$'000	\$'000
<b>As at 31 December 2024</b>			
Investment securities at fair value through statement of income (excluding equities)	3,504,874	63,408,741	66,913,615
	3,504,874	63,408,741	66,913,615
<b>As at 31 December 2023</b>			
Investment securities at fair value through statement of income (excluding equities)	1,852,122	63,161,252	65,013,374
	1,852,122	63,161,252	65,013,374

**(d) Credit-impaired financial assets and collateral held**

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

	The Group and the Company	
	Gross exposure	Net carrying amount
	\$'000	\$'000
<b>As at 31 December 2024</b>		
Investment securities measured at fair value through other comprehensive income	4,398,188	4,398,188
	4,398,188	4,398,188
<b>As at 31 December 2023</b>		
Investment securities measured at fair value through other comprehensive income	4,475,480	4,475,480
	4,475,480	4,475,480

**4. Management of Insurance and Financial Risk (continued)**

**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. Reconciling items include the following:

- ▶ 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 of the allowance.
- ▶ 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.

	<b>The Group and the Company</b>	
	<b>12-month</b>	<b>Total</b>
	<b>ECL</b>	<b>ECL</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment securities measured at fair value through other comprehensive income</b>		
<b>Year ended 31 December 2024</b>		
Balance at beginning of year	85,878	85,878
Remeasurements	(27,148)	(27,148)
Balance at end of year	<u>58,730</u>	<u>58,730</u>

	<b>The Group and the Company</b>	
	<b>12-month</b>	<b>Total</b>
	<b>ECL</b>	<b>ECL</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment securities measured at fair value through other comprehensive income</b>		
<b>Year ended 31 December 2023</b>		
Balance at beginning of year	335,469	335,469
Remeasurements	(249,591)	(249,591)
Balance at end of year	<u>85,878</u>	<u>85,878</u>

	<b>The Group and the Company</b>	
	<b>12-month</b>	<b>Total</b>
	<b>ECL</b>	<b>ECL</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment securities measured at amortised cost</b>		
<b>Year ended 31 December 2024</b>		
Balance at beginning of year	17,432	17,432
Remeasurements	(15,619)	(15,619)
Balance at end of year	<u>1,813</u>	<u>1,813</u>

	<b>The Group and the Company</b>	
	<b>12-month</b>	<b>Total</b>
	<b>ECL</b>	<b>ECL</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment securities measured at amortised cost</b>		
<b>Year ended 31 December 2023</b>		
Balance at beginning of year	393,834	393,834
Remeasurements	(376,402)	(376,402)
Balance at end of year	<u>17,432</u>	<u>17,432</u>

	<b>The Group and the Company</b>	
	<b>Lifetime ECL</b>	<b>Total</b>
	<b>Loans</b>	<b>Loans</b>
	<b>Not credit impaired</b>	<b>Not credit impaired</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Loans and receivables</b>		
<b>Year ended 31 December 2024</b>		
Balance at beginning of year	1,235	1,235
Remeasurements	268	268
Balance at end of year	<u>1,503</u>	<u>1,503</u>

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(e) Loss allowance (continued)**

	<b>The Group and the Company</b>	
	<b>Lifetime ECL</b>	
	<b>Loans</b>	
	<b>Not credit impaired</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Loans and receivables</b>		
<b>Year ended 31 December 2023</b>		
Balance at beginning of year	1,235	1,235
Remeasurements	—	—
Balance at end of year	<u>1,235</u>	<u>1,235</u>

**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 Group uses a similar approach for the assessment of expected credit losses for cash and cash equivalents to those used for debt securities.

The impairment allowance on cash and cash equivalents as at 31 December 2024 is \$13,682,000 (2023: \$18,327,000). The Group recognised a net impairment income of \$4,577,000 for the year ended 31 December 2024 (2023: net impairment expense of \$6,053,000).

**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 long-term changes in the various data sets gathered from external rating agencies such as Moody's. Macroeconomic variables used in the Group'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 table below for the ranges applied to each scenario for the two most significant assumptions. The weighting assigned to each scenario vary by jurisdiction.

<b>Scenario</b>	<b>2024 Assumptions</b>			<b>2023 Assumptions</b>		
	<b>GDP growth</b>	<b>Inflation</b>	<b>Weights</b>	<b>GDP growth</b>	<b>Inflation</b>	<b>Weights</b>
Base	Stable	Positive	65% - 70%	Stable	Positive	65% - 70%
Optimistic	Positive	Positive	5% - 10%	Positive	Positive	5% - 10%
Pessimistic	Negative	Negative	15% - 20%	Negative	Negative	15% - 20%
Acute	Negative	Negative	5% - 10%	Negative	Negative	5% - 10%

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

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(e) Loss allowance (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 PDs used by the Group.

			Change	The Group and the Company	
	Actual PDs applied		in PD	Impact on ECL	
	2024	2023		2024	2023
				\$'000	\$'000
Investment securities measured at fair value through other comprehensive income	0.248% - 2.498%	0.041% - 2.837%	+/- 20%	16,297	16,686
Investment securities measured at amortised cost	0.288% - 0.241%	0.041% - 2.837%	+/- 20%	363	3,440
Cash and cash equivalents	0.060% - 4.520%	0.041% - 4.418%	+/- 20%	2,407	4,161
				19,067	24,287

**(f) Financial assets subject to ECL**

The following tables show an analysis of changes in the gross carrying amount of investment securities and loans subject to ECL.

	The Group and the Company		
	12-month ECL	Purchased credit impaired	
	\$'000	\$'000	Total \$'000
<b>Investment securities measured at fair value through other comprehensive income</b>			
<b>Year ended 31 December 2024</b>			
Balance at beginning of year	33,508,984	4,475,480	37,984,464
New assets originated or purchased	978,271	10,723	988,994
Assets derecognised (excluding write-offs)	(2,879,223)	(66,766)	(2,945,989)
Other movements	743,028	(52,417)	690,611
Exchange rate adjustments	67,102	31,168	98,270
Balance at end of year	<u>32,418,162</u>	<u>4,398,188</u>	<u>36,816,350</u>

	The Group and the Company		
	12-month ECL	Purchased credit impaired	
	\$'000	\$'000	Total \$'000
<b>Investment securities measured at fair value through other comprehensive income</b>			
<b>Year ended 31 December 2023</b>			
Balance at beginning of year	43,174,494	5,320,365	48,494,859
New assets originated or purchased	426,186	253,293	679,479
Assets derecognised (excluding write-offs)	(356,062)	(63,389)	(419,451)
Transfer to 12-month ECL	805,435	(805,435)	-
Transfer to fair value through profit and loss category	(10,358,379)	-	(10,358,379)
Other movements	(314,111)	(323,099)	(637,210)
Exchange rate adjustments	131,421	93,745	225,166
Balance at end of year	<u>33,508,984</u>	<u>4,475,480</u>	<u>37,984,464</u>

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(f) Financial assets subject to ECL (continued)**

Investment securities measured at amortised cost	The Group and the Company			
	12-month			
	ECL	Total		
Year ended 31 December 2024	\$'000	\$'000		
Balance at beginning of year	1,945,543	1,945,543		
Assets derecognised (excluding write-offs)	(864,053)	(864,053)		
Other movements	(2,458)	(2,458)		
Balance at end of year	1,079,032	1,079,032		
Investment securities measured at amortised cost	The Group and the Company			
	12-month			
	ECL	Total		
Year ended 31 December 2023	\$'000	\$'000		
Balance at beginning of year	29,884,943	29,884,943		
New assets originated or purchased	3,162,096	3,162,096		
Assets derecognised (excluding write-offs)	(799,598)	(799,598)		
Transfer to fair value through profit and loss category	(29,679,075)	(29,679,075)		
Other movements	(623,962)	(623,962)		
Exchange rate adjustments	1,139	1,139		
Balance at end of year	1,945,543	1,945,543		
Loans and receivables	The Group		The Company	
	Lifetime ECL	Total	Lifetime ECL	Total
	Not credit impaired		Not credit impaired	
Year ended 31 December 2024	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	971,104	971,104	966,084	966,084
New assets originated or purchased	404,251	404,251	404,251	404,251
Assets derecognised (excluding write-offs)	(382,686)	(382,686)	(383,159)	(383,159)
Other movements	73,825	73,825	73,825	73,825
Balance at end of year	1,066,494	1,066,494	1,061,001	1,061,001
Loans and receivables	The Group		The Company	
	Lifetime ECL	Total	Lifetime ECL	Total
	Not credit impaired		Not credit impaired	
Year ended 31 December 2023	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	3,704,497	3,704,497	3,704,497	3,704,497
New assets originated or purchased	30,876	30,876	30,876	30,876
Assets derecognised (excluding write-offs)	(2,787,064)	(2,787,064)	(2,792,084)	(2,792,084)
Other movements	22,795	22,795	22,795	22,795
Balance at end of year	971,104	971,104	966,084	966,084

**(g) 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 Group's performance to developments affecting a particular industry.

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

	The Group		The Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Financial services	12,564,144	7,886,343	12,564,144	7,886,343
Manufacturing	533,154	312,695	533,154	312,695
Real estate	163,316	141,304	163,316	141,304
Wholesale and retail trade	244,636	244,074	244,636	244,074
Public sector	93,528,340	86,225,812	93,528,340	86,225,812
Transportation storage	8,665,902	9,025,254	8,665,902	9,025,254
Utilities	10,159,641	10,119,060	10,159,641	10,119,060
Other industries	1,700,318	2,009,119	1,655,023	2,004,099
	127,559,451	115,963,661	127,514,156	115,958,641



4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.4 Capital management

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

The Group's objectives when managing capital are:

- To comply with the capital requirements required by the regulators of the markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The operation of the Group is also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as they arise.

The Group has met all of these requirements throughout the financial year.

In determining groups of contracts, the Group has elected to include in the same group, those contracts where the Group's ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

Approach to Capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

The primary source of capital used by the Group is total equity. The Group also utilises, where it is efficient to do so, sources of capital such as reinsurance, in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Group has made no significant changes from previous years to its policies and processes for the capital structure.

The table below compares the total capital resources for the Group as at 31 December 2024 and 2023.

	Minimum Regulatory Capital	
	2024	2023
	\$'000	\$'000
Shareholders' Fund	46,307,146	41,414,577
Available Capital Resources	52,795,120	46,865,199
Total available capital is comprised of two tiers less deductions:		
Tier 1 (the core capital) and Tier 2 (supplementary capital)		

The Group is subject to insurance solvency regulations in Jamaica in which it issues insurance and investment contracts and has embedded in its Asset Liability Matching (ALM) framework the necessary tests to ensure continuous and full compliance with such regulations. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures for financial performance. The risk-based assessment measure which has been adopted is the Life Insurance Capital Adequacy Test or LICAT, determined in accordance with updated Insurance Regulations, 2023.

The table below compares the LICAT ratio for the Group as at 31 December 2024 and 2023 with the minimum ratio required by the Insurance regulations:

2024		2023	
LICAT Ratio	Minimum Ratio Required	LICAT Ratio	Minimum Ratio Required
274%	100%	253%	100%

The Group has complied with these requirements.

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**5. Property and Equipment**

	The Group and the Company				
	Freehold and leasehold properties	Office furniture and equipment	Motor vehicles	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 December 2024</b>					
Balance at beginning of year	4,370,598	255,429	165,028	319,186	5,110,241
Additions	4,209	20,208	34,384	92,789	151,590
Disposals and adjustments	(809)	—	—	—	(809)
Transfers (within categories of PP&E)	28,809	157,805	1,566	(188,180)	—
Re-classification to properties for development and sale (Note 13)	—	—	—	(15,755)	(15,755)
Re-classification from Investment properties (Note 7)	—	9,762	—	—	9,762
Depreciation charge	(62,683)	(104,725)	(55,124)	—	(222,532)
Balance at end of year	<u>4,340,124</u>	<u>338,479</u>	<u>145,854</u>	<u>208,040</u>	<u>5,032,497</u>
<b>At 31 December 2024</b>					
Cost or valuation	4,466,549	1,454,608	317,353	208,040	6,446,550
Accumulated depreciation	<u>(126,425)</u>	<u>(1,116,129)</u>	<u>(171,499)</u>	<u>—</u>	<u>(1,414,053)</u>
Balance at end of year	<u>4,340,124</u>	<u>338,479</u>	<u>145,854</u>	<u>208,040</u>	<u>5,032,497</u>
<b>Year ended 31 December 2023</b>					
Balance at beginning of year	4,431,950	329,664	137,311	549,372	5,448,297
Additions	—	19,694	61,445	131,229	212,368
Disposals and adjustments	—	(9,391)	(2,127)	—	(11,518)
Transfers	—	—	26,885	(26,885)	—
Re-classification to intangible assets (Note 8)	—	—	—	(334,530)	(334,530)
Depreciation charge	(61,352)	(84,538)	(58,486)	—	(204,376)
Balance at end of year	<u>4,370,598</u>	<u>255,429</u>	<u>165,028</u>	<u>319,186</u>	<u>5,110,241</u>
<b>At 31 December 2023</b>					
Cost or valuation	4,434,340	1,295,249	315,188	319,186	6,363,963
Accumulated depreciation	<u>(63,742)</u>	<u>(1,039,820)</u>	<u>(150,160)</u>	<u>—</u>	<u>(1,253,722)</u>
Balance at end of year	<u>4,370,598</u>	<u>255,429</u>	<u>165,028</u>	<u>319,186</u>	<u>5,110,241</u>

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**5. Property and Equipment (continued)**

At 31 December 2022, all properties with a freehold and investment component were professionally valued, at open market value, by independent valuers. Open market value for the respective properties is derived based on a combination of the sales comparison approach and investment approach as defined in Note 7. The surplus arising on property revaluation has been credited, net of deferred tax, to the property revaluation reserve.

The original cost or purchase price of property and equipment that have been fully depreciated but which are still in use are listed by categories below.

	<b>The Group and The Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Office furniture and equipment	732,622	669,228
Motor vehicles	61,431	23,381
Total	<u>794,053</u>	<u>692,609</u>

If freehold and leasehold properties were stated on a historical cost basis, the amounts shown for the Group and the Company would be as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost	1,424,627	1,388,210
Accumulated depreciation	<u>(452,219)</u>	<u>(326,853)</u>
Net book value	<u>972,408</u>	<u>1,061,357</u>

The valuation techniques for level 3 fair values of freehold and leasehold properties are disclosed in Note 31.

**6. Leases**

The following tables provide information for leases where the Group is a lessee.

**(a) Right-of-use assets**

	<b>The Group and the Company</b>	
	<b>Leasehold Properties</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended 31 December</b>		
Balance at beginning of year	5,108	6,441
Depreciation charge	<u>(1,333)</u>	<u>(1,333)</u>
Balance at end of year	<u>3,775</u>	<u>5,108</u>
<b>At 31 December</b>		
Cost	14,129	14,129
Accumulated depreciation	<u>(10,354)</u>	<u>(9,021)</u>
Balance at end of year	<u>3,775</u>	<u>5,108</u>

**b) Lease liabilities**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of year	–	54
Interest expense	–	–
Lease payments	<u>–</u>	<u>(54)</u>
Balance at end of year	<u>–</u>	<u>–</u>

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**6. Leases (continued)**

**(c) Amounts recognised in the consolidated statement of income**

Interest expense on lease liabilities  
Depreciation charge of right-of-use assets

<b>The Group and the Company</b>	
<b>2024</b>	<b>2023</b>
<b>\$'000</b>	<b>\$'000</b>
–	–
1,333	1,333
<u>1,333</u>	<u>1,333</u>

**(d) Amounts recognised in the consolidated statement of cash flows**

The Group had no cash outflows for leases in 2024 and 2023.

**7. Investment Properties**

Investment properties consist of investments in residential, commercial and mixed-use properties, located in Jamaica.

**Investment properties**

Balance at beginning of year  
Additions  
Reclassification to Property and Equipment (Note 5)  
Fair value adjustments (Note 23)  
Disposals

Balance at end of year

Residential properties  
Commercial properties

Rental income

Operating expenses incurred in respect of investment properties  
that generated rental income during the year

Operating expenses incurred in respect of investment properties  
that did not generate rental income during the year

<b>The Group and the Company</b>	
<b>2024</b>	<b>2023</b>
<b>\$'000</b>	<b>\$'000</b>
5,481,024	4,912,845
5,408	7,642
(9,762)	–
428,862	560,537
(65,181)	–
<u>5,840,351</u>	<u>5,481,024</u>
3,225,861	3,073,393
2,614,490	2,407,631
<u>5,840,351</u>	<u>5,481,024</u>
80,703	60,035
99,039	73,030
79,184	3,545

Residential properties

<b>The Group and the Company</b>	
<b>Unit linked life</b>	<b>Unit linked life</b>
<b>2024</b>	<b>2023</b>
<b>\$'000</b>	<b>\$'000</b>
490,433	494,421
<u>490,433</u>	<u>494,421</u>

At 31 December 2024, investment properties were professionally valued, at open market value, by D.C Tavares & Finson Realty Limited (31 December 2023 - D.C Tavares & Finson Realty Limited). The company is accredited in Jamaica specializing in the valuation of commercial, residential and mixed-use properties. The surplus arising on the property revaluation has been credited to the statement of income.

Residential, commercial and mixed use 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.

No investment property in the Group is subject to any liens or mortgages and there are no curtailments with regard to the transfer, resale or other use of its investment properties.

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**7. Investment Properties (continued)**

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Future minimum lease payments receivable on leases of investment properties are as follows:

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	49,761	33,003
Between one and two years	31,148	23,643
Between two and three years	20,745	14,796
Between three and four years	13,371	13,060
Between four and five years	13,157	7,702
After five years	64,890	73,127
	<u>193,072</u>	<u>165,331</u>

**8. Intangible Assets**

	<b>The Group</b>		<b>The Company</b>	
	<b>Computer Software</b>		<b>Computer Software</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended 31 December</b>				
Balance at beginning of year	1,178,079	669,708	1,178,079	669,708
Additions	71,551	233,098	68,666	233,098
Work in progress re-classification from property and equipment (Note 5)	–	334,530	–	334,530
Amortisation	(84,305)	(59,257)	(84,305)	(59,257)
Balance at end of year	<u>1,165,325</u>	<u>1,178,079</u>	<u>1,162,440</u>	<u>1,178,079</u>
<b>As at 31 December</b>				
Cost	1,696,034	1,624,483	1,693,149	1,624,483
Accumulated impairment and amortisation	(530,709)	(446,404)	(530,709)	(446,404)
Balance at end of year	<u>1,165,325</u>	<u>1,178,079</u>	<u>1,162,440</u>	<u>1,178,079</u>

Other intangible assets with an original cost/purchase price totalling \$339,667,000 (2023 - \$337,309,000) are still in use at reporting date but are fully amortized.

**9. Investment in Subsidiaries**

	<b>The Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
PENACT Services Limited (Formerly Guardian Life Pension Fund Limited)		
5,000,000 ordinary shares at cost	5,000	5,000
Guardian Property Services Limited (Formerly Guardian Life Properties Limited)		
20,000 ordinary shares at cost	20	20
Balance at end of year	<u>5,020</u>	<u>5,020</u>

Guardian Life Pension Funds Limited's name was changed to PENACT Services Limited in July 2021. As at 30 September 2020, the Company increased its authorised share capital to 5,000,000.

Guardian Life Properties Limited's name was changed to Guardian Property Services Limited in December 2021.

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**10. Investment Securities**

	The Group and the Company			
	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
	\$'000	\$'000	\$'000	\$'000
Investment securities	122,519,952	122,465,064	121,220,322	121,162,402
Investment securities mandatorily measured at fair value through profit or loss (FVPL-M)	39,936,291	39,936,291	35,643,787	35,643,787
Investment securities designated measured at fair value through profit or loss (FVPL-D)	44,690,092	44,690,092	45,663,960	45,663,960
Investment securities measured at fair value through other comprehensive income (FVOCI)	36,816,350	36,816,350	37,984,464	37,984,464
Investment securities measured at amortised cost (AC)	1,077,219	1,022,331	1,928,111	1,870,191
	122,519,952	122,465,064	121,220,322	121,162,402
Less pledged assets (Note 11)	(643,471)	(643,471)	(641,659)	(641,659)
<b>Total investment securities</b>	<b>121,876,481</b>	<b>121,821,593</b>	<b>120,578,663</b>	<b>120,520,743</b>

	The Group and the Company				
	Carrying value			Fair value	
	FVPL-D	FVPL-M	FVOCI	AC	AC
	2024	2024	2024	2024	2024
	\$'000	\$'000	\$'000	\$'000	\$'000
Equity securities:					
- Listed	–	17,123,375	–	–	–
- Unlisted	–	472,821	–	–	–
	–	17,596,196	–	–	–
Debt securities:					
- Government securities	35,600,203	17,834,330	24,134,616	–	–
- Debentures and corporate bonds	8,587,411	2,213,012	11,210,845	1,070,180	1,013,479
	44,187,614	20,047,342	35,345,461	1,070,180	1,013,479
Deposits (more than 90 days)	–	1,256,326	719,453	–	–
Repurchase agreements	–	500,000	436,559	–	–
Other	–	116,572	–	–	–
	–	1,872,898	1,156,012	–	–
	44,187,614	39,516,436	36,501,473	1,070,180	1,013,479
Interest receivable	502,478	419,855	314,877	8,852	8,852
Loss allowance	–	–	–	(1,813)	–
	44,690,092	39,936,291	36,816,350	1,077,219	1,022,331
Current	502,478	3,025,946	882,747	8,852	
Non-current	44,187,614	36,910,345	35,933,603	1,068,367	
	44,690,092	39,936,291	36,816,350	1,077,219	

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**10. Investment Securities (continued)**

	The Group and the Company				
	Carrying value				Fair value
	FVPL-D	FVPL-M	FVOCI	AC	AC
	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
Equity securities:					
- Listed	–	15,775,022	–	–	–
- Unlisted	–	406,513	–	–	–
	–	16,181,535	–	–	–
Debt securities:					
- Government securities	37,149,440	17,429,790	23,818,208	–	–
- Debentures and corporate bonds	7,789,333	1,082,404	12,914,263	1,934,532	1,859,180
	44,938,773	18,512,194	36,732,471	1,934,532	1,859,180
Deposits (more than 90 days)	–	373,304	456,274	–	–
Repurchase agreements	–	–	423,013	–	–
Other	–	112,838	–	–	–
	–	486,142	879,287	–	–
	44,938,773	35,179,871	37,611,758	1,934,532	1,859,180
Interest receivable	725,187	463,916	372,706	11,011	11,011
Loss allowance	–	–	–	(17,432)	–
	45,663,960	35,643,787	37,984,464	1,928,111	1,870,191
Current	5,111,548	1,778,964	3,501,806	11,011	
Non-current	40,552,412	33,864,823	34,482,658	1,917,100	
	45,663,960	35,643,787	37,984,464	1,928,111	

The table below illustrates the movements in financial assets:

	The Group and the Company				
	FVPL-D	FVPL-M	FVOCI	AC	Total
	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000	2024 \$'000
Balance at beginning of year	44,938,773	35,179,871	37,611,758	1,917,100	119,647,502
Exchange differences	–	30,773	98,270	–	129,043
Additions	2,343,441	3,338,959	988,994	–	6,671,394
Disposals/maturities	(5,068,278)	(862,287)	(2,945,989)	(83,587)	(8,960,141)
Realized gains	–	(43,108)	–	–	(43,108)
Fair value net gains - through P&L/OCI	1,297,417	1,427,517	825,372	–	3,550,306
Interest capitalized	–	442,037	–	–	442,037
Amortization of premiums/discounts	(104,205)	2,674	(99,217)	(299)	(201,047)
Net movement in impairment gains	–	–	22,285	15,619	37,904
Transfers between classification categories	780,466	–	–	(780,466)	–
Balance at end of year	44,187,614	39,516,436	36,501,473	1,068,367	121,273,890

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**10. Investment Securities (continued)**

The table below illustrates the movements in financial assets: (continued)

	The Group and the Company				
	FVPL-D	FVPL-M	FVOCI	AC	Total
	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
Balance at beginning of year	–	35,994,317	48,000,287	28,860,405	112,855,009
Exchange differences	40,296	22,545	180,403	165	243,409
Additions	2,984,071	1,499,802	386,051	–	4,869,924
Disposals/maturities	(600,000)	(1,841,788)	(377,924)	(20,435)	(2,840,147)
Realized gains	–	49,896	–	–	49,896
Fair value net gains/(losses) - through P&L/OCI	5,374,290	(1,052,359)	(176,736)	–	4,145,195
Interest capitalized	–	504,486	116,321	3,746	624,553
Amortization of premiums/discounts	(105,494)	2,972	(192,844)	(4,269)	(299,635)
Net movement in impairment losses	–	–	–	(702)	(702)
Transfers between classification categories	–	–	2,120,454	(2,120,454)	–
Transfers relating to reclassification of financial assets	37,245,610	–	(12,444,254)	(24,801,356)	–
Balance at end of year	44,938,773	35,179,871	37,611,758	1,917,100	119,647,502

For insurance contracts measured using the VFA, the fair value of the financial assets by product line is as follows:

	The Group and the Company	
	Unit linked life	Unit linked life
	2024 \$'000	2023 \$'000
Equity securities:		
- Listed	5,995,187	5,355,471
- Unlisted	40,112	39,118
	<u>6,035,299</u>	<u>5,394,589</u>
Debt securities:		
- Government securities	6,534,368	6,688,015
- Debentures and Corporate Bonds	381,107	409,829
	<u>6,915,475</u>	<u>7,097,844</u>
Deposits (more than 90 days)	275,847	95,208
Other	12,923	12,204
	<u>288,770</u>	<u>107,412</u>
	13,239,544	12,599,845
Interest receivable	107,588	128,887
	<u>13,347,132</u>	<u>12,728,732</u>
Current	1,895,220	581,645
Non-current	11,451,912	12,147,087
	<u>13,347,132</u>	<u>12,728,732</u>

The loss allowance on investment securities measured at fair value through other comprehensive income is recognised against other comprehensive income and accumulated in the fair value reserve. The total loss allowance accumulated in fair value reserve is \$63,593,000 (2023: \$85,878,000).

The carrying amount of investment securities that were pledged as collateral for liabilities was \$553,471,000 (2023: \$551,659,000).

The fair value of collateral held for repurchase agreements was \$4,507,291,000 (2023: \$567,061,000).

During the year, certain corporate bonds with a face value of \$778,261,000 were reclassified from the Amortised Cost category to the Fair Value through Profit and Loss category.



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**11. Pledged Assets**

The carrying value of the investments pledged as securities are set out in the table below:

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment securities classified as FVPL and amortised costs pledged as collateral to:		
Financial Services Commission of Jamaica (a)	90,000	90,000
National Commercial Bank (Jamaica) Limited (b)	553,471	551,659
	<u>643,471</u>	<u>641,659</u>
Short term deposits (90 days or less):		
Financial Services Commission of Barbados (c) (Note 16)	15,546	15,441
	<u>659,017</u>	<u>657,100</u>

(a) Government of Jamaica Benchmark Investment Notes with a face value of \$1,529,000,000 (2023 - \$1,527,000,000) of which \$90,000,000 (2023 - \$90,000,000) has been pledged with the Financial Services Commission of Jamaica, in accordance with Section 8 (1) (a) of the Insurance Regulations 2001.

(b) Government of Jamaica Benchmark Investment Notes with a face value of \$861,218,000 (2023 - \$861,218,000) of which \$550,000,000 (2023 - \$550,000,000) has been pledged with the National Commercial Bank (Jamaica) Limited for a credit facility.

(c) Short term deposit with a face value of J\$15,546,000 or BBD\$200,000 (2023 - J\$15,441,000 or BBD\$200,000) pledged with the Financial Services Commission of Barbados.

**12. Loans and Receivables**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Prepayments	245,711	186,085	245,711	186,085
Amounts held in trust	153,458	141,304	153,458	141,304
Interest receivables	99,866	26,041	99,866	26,041
Income tax recoverable	—	293,049	—	293,049
Due from related parties	140,620	420,737	140,620	420,737
Due from broker	400,940	981	400,940	981
Other receivables	271,610	88,992	266,117	83,972
Loss allowance	(1,503)	(1,235)	(1,503)	(1,235)
	<u>1,310,702</u>	<u>1,155,954</u>	<u>1,305,209</u>	<u>1,150,934</u>
Current	1,310,702	1,097,098	1,305,209	1,092,078
Non-current	—	58,856	—	58,856
	<u>1,310,702</u>	<u>1,155,954</u>	<u>1,305,209</u>	<u>1,150,934</u>

The carrying amounts of loans and receivables are reasonable approximations of their fair values. There were no loans and receivables pledged as collateral for liabilities at year end.

**13. Properties for Development and Sale**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of year	1,934,554	2,026,228
Additions	186,661	373,109
Reclassification from property, plant and equipment (Note 5)	15,755	—
Derecognition of properties	(482,482)	(464,783)
	<u>1,654,488</u>	<u>1,934,554</u>
<b>Disposals</b>		
Proceeds from sale of property	681,673	666,171
Disposals	(482,482)	(464,783)
Gain on disposal	<u>199,191</u>	<u>201,388</u>

As at 31 December 2024, there were two properties for development and sale, namely the Cambridge and the Camden (2023 - The Cambridge and the Camden), which are carried at cost. The properties are owned by the General Fund and construction commenced in April 2019 and January 2021, respectively. Net deposits from prospective purchasers are held in trust by Nunes, Scholefield, DeLeon & CO. (See Note 20). During the year, several units were sold and titles were transferred resulting in a disposal of these units with cost associated of \$482,482,000 (2023: \$464,783,000).

All investment properties under construction are classified as level three in the fair value hierarchy (see Note 31).

Contractual obligations for future capital expenditure on the Cambridge and Camden developments are \$46,755,000 (2023 - \$366,575,000).

#### 14. Deferred Taxation

The following amounts are shown in the consolidated statement of financial position:

	The Group		The Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Deferred tax liabilities:				
- Crystallizing after more than 12 months	(162,363)	(1,006)	(165,192)	(1,006)
- Crystallizing within 12 months	(153,260)	(178,996)	(153,260)	(178,996)
	<u>(315,623)</u>	<u>(180,002)</u>	<u>(318,452)</u>	<u>(180,002)</u>
Net deferred tax liability	<u>(315,623)</u>	<u>(180,002)</u>	<u>(318,452)</u>	<u>(180,002)</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The movement on the net deferred tax account is as follows:

	The Group		The Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Balance at beginning of year	(180,002)	(1,942,738)	(180,002)	(1,942,738)
(Charged)/credited to:				
- statement of income (Note 28)	(270,712)	(425,514)	(273,541)	(425,514)
- other comprehensive income	135,091	(197,258)	135,091	(197,258)
Charge on initial application of IFRS 17	-	2,385,508	-	2,385,508
Balance at end of year	<u>(315,623)</u>	<u>(180,002)</u>	<u>(318,452)</u>	<u>(180,002)</u>

The movement in the net deferred tax assets and liabilities during the year is attributable to the following items:

	The Group Credited/(charged) to			
	Balance at beginning 2024 \$'000	Statement of income \$'000	Other comprehensive income \$'000	Balance at end 2024 \$'000
Interest receivable	(178,994)	25,736	-	(153,258)
Accelerated tax depreciation	63,311	(90,958)	-	(27,647)
Investments at fair value through profit or loss	(1,319,209)	33,061	-	(1,286,148)
Investments at fair value through other comprehensive income	550,196	-	(89,795)	460,401
Revaluation of properties	(865,079)	-	-	(865,079)
Transition of CSM	2,146,957	(238,551)	-	1,908,406
Insurance contracts	(577,184)	-	224,886	(352,298)
	<u>(180,002)</u>	<u>(270,712)</u>	<u>135,091</u>	<u>(315,623)</u>

	The Company Credited/(charged) to			
	Balance at beginning 2024 \$'000	Statement of income \$'000	Other comprehensive income \$'000	Balance at end 2024 \$'000
Interest receivable	(178,994)	25,736	-	(153,258)
Accelerated tax depreciation	63,311	(93,787)	-	(30,476)
Investments at fair value through profit or loss	(1,319,209)	33,061	-	(1,286,148)
Investments at fair value through other comprehensive income	550,196	-	(89,795)	460,401
Revaluation of properties	(865,079)	-	-	(865,079)
Transition of CSM	2,146,957	(238,551)	-	1,908,406
Insurance contracts	(577,184)	-	224,886	(352,298)
	<u>(180,002)</u>	<u>(273,541)</u>	<u>135,091</u>	<u>(318,452)</u>

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**14. Deferred Taxation** (continued)

	The Group and the Company				Balance at end 2023
	Balance at beginning 2023	Credited/(charged) to		Other adjustments	
		Statement of income	Other comprehensive income		
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest receivable	(168,666)	(10,328)	–	–	(178,994)
Accelerated tax depreciation	(317,983)	381,294	–	–	63,311
Investments at fair value through profit or loss	(761,309)	(557,900)	–	–	(1,319,209)
Investments at fair value through other comprehensive income	493,819	38,593	17,784	–	550,196
Allowance for expected credit losses	–	(38,622)	38,622	–	–
Revaluation of properties	(865,079)	–	–	–	(865,079)
Transition of CSM	–	(238,551)	–	2,385,508	2,146,957
Insurance contracts	(323,520)	–	(253,664)	–	(577,184)
	(1,942,738)	(425,514)	(197,258)	2,385,508	(180,002)

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**15. Insurance Contracts**

**15.1 Composition of the balance sheet**

The Group and the Company							
	Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Short term Group life and Health contracts	Total	Current portion	Non-Current Portion
As at 31 December 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Net Insurance contract liabilities</i>							
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	31,633,464	47,748,666	4,076,908	1,702,659	85,161,697	1,702,659	83,459,038
<b>Net Insurance contract liabilities</b>	31,633,464	47,748,666	4,076,908	1,702,659	85,161,697	1,702,659	83,459,038
As represented by:							
- Insurance contract liabilities	31,633,464	47,748,666	4,256,240	1,702,659	85,341,029	1,702,659	83,638,370
- Insurance contract assets	-	-	(179,332)	-	(179,332)	-	(179,332)
	31,633,464	47,748,666	4,076,908	1,702,659	85,161,697	1,702,659	83,459,038
<i>Net Reinsurance contract assets/(liabilities)</i>							
- Reinsurance contract liabilities excluding other pre-recognition cash flows	(393,377)	-	-	(31,561)	(424,938)	(31,561)	(393,377)
<b>Net Reinsurance contract assets/(liabilities)</b>	(393,377)	-	-	(31,561)	(424,938)	(31,561)	(393,377)
As represented by:							
- Reinsurance contract liabilities	(393,377)	-	-	(31,561)	(424,938)	(31,561)	(393,377)
	(393,377)	-	-	(31,561)	(424,938)	(31,561)	(393,377)

The Group and the Company							
	Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Short term Group life and Health contracts	Total	Current portion	Non-Current Portion
As at 31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Net Insurance contract liabilities</i>							
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	31,249,782	45,697,474	1,862,898	1,126,871	79,937,025	1,126,871	78,810,154
<b>Net Insurance contract liabilities</b>	31,249,782	45,697,474	1,862,898	1,126,871	79,937,025	1,126,871	78,810,154
As represented by:							
- Insurance contract liabilities	31,249,782	45,697,474	2,125,502	1,126,871	80,199,629	1,126,871	79,072,758
- Insurance contract assets	-	-	(262,604)	-	(262,604)	-	(262,604)
	31,249,782	45,697,474	1,862,898	1,126,871	79,937,025	1,126,871	78,810,154
<i>Net Reinsurance contract assets</i>							
- Reinsurance contract liabilities excluding other pre-recognition cash flows	(208,659)	-	-	(59,666)	(268,325)	(59,666)	(208,659)
<b>Net Reinsurance contract liabilities</b>	(208,659)	-	-	(59,666)	(268,325)	(59,666)	(208,659)
As represented by:							
- Reinsurance contract liabilities	(208,659)	-	-	(59,666)	(268,325)	(59,666)	(208,659)
	(208,659)	-	-	(59,666)	(268,325)	(59,666)	(208,659)

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**15. Insurance Contracts** (continued)

**15.2 Insurance revenue and expenses**

**15.2.1 Insurance revenue and insurance service result**

**For the year ended 31 December 2024**

**Insurance revenue**

Amounts relating to the charges in the LRC:

- Expected incurred claims and other directly attributable expenses
- Change in the risk adjustment for non-financial risk for the risk expired
- CSM recognised for the services provided
- Insurance acquisition cash flows recovery

Insurance revenue from contracts not measured under the PAA

Insurance revenue from contracts measured under the PAA

**Total insurance revenue**

**Insurance service expenses**

Incurred claims and other directly attributable expenses

Changes that relate to past service – changes in the FCF relating to the LIC

Losses on onerous contracts and reversal of those losses

Insurance acquisition cash flows amortisation

**Total insurance service expenses**

**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
- Change in the risk adjustment for non-financial risk for the risk expired
- CSM recognised for the services received

Reinsurance expenses - contracts not measured under PAA

Reinsurance expenses - contracts measured under the PAA

Other incurred directly attributable expenses

Incurred claims recovery

Changes that relate to past service – changes in the FCF relating to incurred claims recovery

Income on initial recognition of onerous underlying contracts

Reinsurance contracts held under the GMM: Changes in the FCF of reinsurance contracts held from onerous underlying contracts

**Total net expenses from reinsurance contracts held**

**Total insurance service result**

The Group and the Company				
Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Short term Group life and Health contracts	Total
\$'000	\$'000	\$'000	\$'000	\$'000
2,958,342	4,368,467	1,459,237	-	8,786,046
468,408	38,576	376,288	-	883,272
1,173,701	460,433	595,169	-	2,229,303
731,893	19,404	303,173	-	1,054,470
5,332,344	4,886,880	2,733,867	-	12,953,091
-	-	-	9,176,927	9,176,927
5,332,344	4,886,880	2,733,867	9,176,927	22,130,018
(2,339,974)	(4,415,608)	(1,406,148)	(7,103,145)	(15,264,875)
-	-	-	296,875	296,875
8,433	(212,666)	337,404	-	133,171
(731,893)	(19,404)	(303,173)	(1,034,282)	(2,088,752)
(3,063,434)	(4,647,678)	(1,371,917)	(7,840,552)	(16,923,581)
(70,485)	-	-	-	(70,485)
(9,671)	-	-	-	(9,671)
(15,276)	-	-	-	(15,276)
(95,432)	-	-	-	(95,432)
-	-	-	(126,317)	(126,317)
(18,712)	-	-	(10,400)	(29,112)
11,089	-	-	109,097	120,186
-	-	-	(4,494)	(4,494)
11,229	-	-	-	11,229
(20,874)	-	-	-	(20,874)
(112,700)	-	-	(32,114)	(144,814)
2,156,210	239,202	1,361,950	1,304,261	5,061,623

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**15. Insurance Contracts (continued)**
**15.2 Insurance revenue and expenses (continued)**
**15.2.1 Insurance revenue and insurance service result (continued)**
**For the year ended 31 December 2023**
**Insurance revenue**

Amounts relating to the charges in the LRC:

- Expected incurred claims and other directly attributable expenses
- Change in the risk adjustment for non-financial risk for the risk expired
- CSM recognised for the services provided

Insurance acquisition cash flows recovery

Insurance revenue from contracts not measured under the PAA

Insurance revenue from contracts measured under the PAA

**Total insurance revenue**
**Insurance service expenses**

Incurred claims and other directly attributable expenses

Changes that relate to past service – changes in the FCF relating to the LIC

Losses on onerous contracts and reversal of those losses

Insurance acquisition cash flows amortisation

**Total insurance service expenses**
**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
- Change in the risk adjustment for non-financial risk for the risk expired
- CSM recognised for the services received

Reinsurance expenses - contracts not measured under PAA

Reinsurance expenses - contracts measured under the PAA

Other incurred directly attributable expenses

Incurred claims recovery

Changes that relate to past service – changes in the FCF relating to incurred claims recovery

Income on initial recognition of onerous underlying contracts

Reinsurance contracts held under the GMM:

Changes in the FCF of reinsurance contracts held from onerous underlying contracts

**Total net expenses from reinsurance contracts held**
**Total insurance service result**

The Group and the Company				
Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Short term Group life and Health contracts	Total
\$'000	\$'000	\$'000	\$'000	\$'000
2,464,130	4,027,788	1,372,025	-	7,863,943
468,597	29,349	354,649	-	852,595
958,552	367,114	411,074	-	1,736,740
463,963	9,884	175,290	-	649,137
4,355,242	4,434,135	2,313,038	-	11,102,415
-	-	-	9,233,760	9,233,760
4,355,242	4,434,135	2,313,038	9,233,760	20,336,175
(1,624,143)	(4,168,683)	(1,378,461)	(7,672,927)	(14,844,214)
-	-	-	335,403	335,403
(145,848)	(289,416)	(766,747)	-	(1,202,011)
(463,963)	(9,884)	(175,290)	(994,127)	(1,643,264)
(2,233,954)	(4,467,983)	(2,320,498)	(8,331,651)	(17,354,086)
(67,522)	-	-	-	(67,522)
(10,235)	-	-	-	(10,235)
(16,030)	-	-	-	(16,030)
(93,787)	-	-	-	(93,787)
-	-	-	(134,833)	(134,833)
(19,872)	-	-	(13,558)	(33,430)
228,969	-	-	16,611	245,580
-	-	-	(3,050)	(3,050)
12,521	-	-	-	12,521
(3,116)	-	-	-	(3,116)
124,715	-	-	(134,830)	(10,115)
2,246,003	(33,848)	(7,460)	767,279	2,971,974

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**15. Insurance Contracts (continued)**
**15.2 Insurance revenue and expenses (continued)**
**15.2.2 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 applied the full retrospective approach to such contracts (refer to Note 2.1 (a)).

	The Group and the Company							
	2024				2023			
	Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Total	Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Insurance contracts issued</b>								
<i>Insurance revenue</i>								
- New contracts and contracts measured under the full retrospective approach at transition	2,573,410	1,216,341	1,306,341	5,096,092	1,286,632	1,082	288,172	1,575,886
- Contracts measured under the fair value approach at transition	2,758,934	3,670,539	1,427,526	7,856,999	3,068,610	4,433,053	2,024,866	9,526,529
	5,332,344	4,886,880	2,733,867	12,953,091	4,355,242	4,434,135	2,313,038	11,102,415
<i>CSM as at 31 December</i>								
- New contracts and contracts measured under the full retrospective approach at transition	2,787,022	572,650	4,992,416	8,352,088	1,708,306	564,760	2,872,646	5,145,712
- Contracts measured under the fair value approach at transition	5,595,072	7,585,992	808,791	13,989,855	6,000,374	7,619,403	407,929	14,027,706
	8,382,094	8,158,642	5,801,207	22,341,943	7,708,680	8,184,163	3,280,575	19,173,418
<b>Reinsurance contracts held</b>								
<i>CSM as at 31 December</i>								
- New contracts and contracts measured under the full retrospective approach at transition	47,009	-	-	47,009	16,983	-	-	16,983
- Contracts measured under the fair value approach at transition	61,882	-	-	61,882	157,061	-	-	157,061
	108,891	-	-	108,891	174,044	-	-	174,044

**15.2.3 Expected recognition of the contractual service margin**

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in statement of income is provided in the following table:

	The Group and the Company				
	Insurance contracts issued			Reinsurance contracts held	
	Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Total CSM for insurance contracts issued	Total CSM for reinsurance contracts held
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Number of years until expected to be recognised</b>					
<b>As at 31 December 2024</b>					
Up to 1 year	1,235,108	394,448	699,912	2,329,468	(10,255)
1 to 2 years	1,023,495	385,589	616,481	2,025,565	(9,029)
2 to 5 years	2,187,169	1,145,748	1,423,725	4,756,642	(21,484)
5 to 10 years	2,097,118	1,939,591	1,459,342	5,496,051	(23,094)
> 10 years	1,839,204	4,293,266	1,601,747	7,734,217	(45,029)
<b>Total</b>	8,382,094	8,158,642	5,801,207	22,341,943	(108,891)
<b>As at 31 December 2023</b>					
Up to 1 year	1,084,087	491,666	400,512	1,976,265	(21,326)
1 to 2 years	925,956	474,819	356,655	1,757,430	(18,681)
2 to 5 years	2,044,970	1,305,445	811,505	4,161,920	(43,255)
5 to 10 years	1,982,084	1,966,340	802,612	4,751,036	(45,069)
> 10 years	1,671,583	3,945,893	909,291	6,526,767	(45,713)
<b>Total</b>	7,708,680	8,184,163	3,280,575	19,173,418	(174,044)

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**15. Insurance Contracts (continued)**
**15.3 Traditional life and interest sensitive without guarantees - Insurance contracts issues**
**15.3.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims**

	The Group and the Company							
	2024				2023			
	LRC		LRC		LRC		LRC	
	\$'000 Excluding loss component	\$'000 Loss component	\$'000 LIC	\$'000 Total	\$'000 Excluding loss component	\$'000 Loss component	\$'000 LIC	\$'000 Total
Opening insurance contract liabilities	28,263,267	-	2,896,888	31,160,155	31,252,291	-	1,914,448	33,166,739
Opening insurance contract assets	-	89,627	-	89,627	-	-	-	-
<b>Net balance at 1 January</b>	<b>28,263,267</b>	<b>89,627</b>	<b>2,896,888</b>	<b>31,249,782</b>	<b>31,252,291</b>	<b>-</b>	<b>1,914,448</b>	<b>33,166,739</b>
<b>Insurance revenue</b>	<b>(5,332,344)</b>	<b>-</b>	<b>-</b>	<b>(5,332,344)</b>	<b>(4,355,242)</b>	<b>-</b>	<b>-</b>	<b>(4,355,242)</b>
<b>Insurance service expenses</b>								
Incurred claims and other directly attributable expenses	-	588,126	1,751,848	2,339,974	-	(58,751)	1,682,894	1,624,143
Losses on onerous contracts and reversal of those losses	-	(8,433)	-	(8,433)	-	145,848	-	145,848
Insurance acquisition cash flows amortisation	731,893	-	-	731,893	463,963	-	-	463,963
<b>Insurance service expenses</b>	<b>731,893</b>	<b>579,693</b>	<b>1,751,848</b>	<b>3,063,434</b>	<b>463,963</b>	<b>87,097</b>	<b>1,682,894</b>	<b>2,233,954</b>
<b>Insurance service result</b>	<b>(4,600,451)</b>	<b>579,693</b>	<b>1,751,848</b>	<b>(2,268,910)</b>	<b>(3,891,279)</b>	<b>87,097</b>	<b>1,682,894</b>	<b>(2,121,288)</b>
Finance expenses (income) from insurance contracts issued	1,856,493	(3,610)	-	1,852,883	(81,552)	2,530	-	(79,022)
<b>Total amounts recognised in comprehensive income</b>	<b>(2,743,958)</b>	<b>576,083</b>	<b>1,751,848</b>	<b>(416,027)</b>	<b>(3,972,831)</b>	<b>89,627</b>	<b>1,682,894</b>	<b>(2,200,310)</b>
Investment components	(4,436,402)	-	4,436,402	-	(5,244,851)	-	5,244,851	-
<b>Cash flows</b>								
Premiums received	7,811,553	-	-	7,811,553	7,964,286	-	-	7,964,286
Claims and other directly attributable expenses paid	-	-	(5,282,983)	(5,282,983)	-	-	(5,945,305)	(5,945,305)
Insurance acquisition cash flows	(1,728,861)	-	-	(1,728,861)	(1,735,628)	-	-	(1,735,628)
<b>Total cash flows</b>	<b>6,082,692</b>	<b>-</b>	<b>(5,282,983)</b>	<b>799,709</b>	<b>6,228,658</b>	<b>-</b>	<b>(5,945,305)</b>	<b>283,353</b>
<b>Net balance as at 31 December</b>	<b>27,165,599</b>	<b>665,710</b>	<b>3,802,155</b>	<b>31,633,464</b>	<b>28,263,267</b>	<b>89,627</b>	<b>2,896,888</b>	<b>31,249,782</b>
Closing insurance contract liabilities	27,165,599	665,710	3,802,155	31,633,464	28,263,267	89,627	2,896,888	31,249,782
<b>Net balance as at 31 December</b>	<b>27,165,599</b>	<b>665,710</b>	<b>3,802,155</b>	<b>31,633,464</b>	<b>28,263,267</b>	<b>89,627</b>	<b>2,896,888</b>	<b>31,249,782</b>



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**15. Insurance Contracts (continued)**
**15.3 Traditional life and interest sensitive without guarantees - Insurance contracts issues (continued)**
**15.3.2 Reconciliation of the measurement components of insurance contract balances**

	The Group and the Company							
	2024		2023		Risk			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	adjustment for non-financial risk	CSM	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	21,515,194	2,025,908	7,708,680	31,249,782	24,600,295	2,186,315	6,380,129	33,166,739
<b>Net balance at 1 January</b>	21,515,194	2,025,908	7,708,680	31,249,782	24,600,295	2,186,315	6,380,129	33,166,739
<b>Changes that relate to current service</b>								
CSM recognised for the services provided	-	-	(1,173,701)	(1,173,701)	-	-	(958,552)	(958,552)
Change in the risk adjustment for non-financial risk for the risk expired	-	(468,408)	-	(468,408)	-	(468,597)	-	(468,597)
Experience adjustments – relating to insurance service expenses	(618,368)	-	-	(618,368)	(839,987)	-	-	(839,987)
	(618,368)	(468,408)	(1,173,701)	(2,260,477)	(839,987)	(468,597)	(958,552)	(2,267,136)
<b>Changes that relate to future service</b>								
Changes in estimates that adjust the CSM	(483,225)	483,532	(307)	-	(418,607)	55,966	362,641	-
Changes in estimates that result in onerous contract losses or reversal of losses	(32,159)	23,726	-	(8,433)	131,046	14,802	-	145,848
Contracts initially recognised in the period	(1,748,286)	262,495	1,485,791	-	(2,027,225)	305,861	1,721,364	-
	(2,263,670)	769,753	1,485,484	(8,433)	(2,314,786)	376,629	2,084,005	145,848
<b>Insurance service result</b>	(2,882,038)	301,345	311,783	(2,268,910)	(3,154,773)	(91,968)	1,125,453	(2,121,288)
Finance (income) expenses from insurance contracts issued	1,309,725	181,527	361,631	1,852,883	(213,681)	(68,439)	203,098	(79,022)
<b>Total amounts recognised in comprehensive income</b>	(1,572,313)	482,872	673,414	(416,027)	(3,368,454)	(160,407)	1,328,551	(2,200,310)
<b>Cash flows</b>								
Premiums received	7,811,553	-	-	7,811,553	7,964,286	-	-	7,964,286
Claims and other directly attributable expenses paid	(5,282,983)	-	-	(5,282,983)	(5,945,305)	-	-	(5,945,305)
Insurance acquisition cash flows	(1,728,861)	-	-	(1,728,861)	(1,735,628)	-	-	(1,735,628)
<b>Total cash flows</b>	799,709	-	-	799,709	283,353	-	-	283,353
<b>Net balance as at 31 December</b>	20,742,590	2,508,780	8,382,094	31,633,464	21,515,194	2,025,908	7,708,680	31,249,782
Closing insurance contract liabilities	20,742,590	2,508,780	8,382,094	31,633,464	21,515,194	2,025,908	7,708,680	31,249,782
<b>Net balance as at 31 December</b>	20,742,590	2,508,780	8,382,094	31,633,464	21,515,194	2,025,908	7,708,680	31,249,782

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**15. Insurance Contracts (continued)**
**15.3 Traditional life and interest sensitive without guarantees - Insurance contracts issues (continued)**
**15.3.3 Impact of contracts recognised for the year**
*Estimates of the present value of future cash outflows*

- Insurance acquisition cash flows
- Claims and other directly attributable expenses

*Estimates of the present value of future cash inflows*

Risk adjustment for non-financial risk

**Increase in insurance contract liabilities from contracts recognised in the period**

The Group and the Company			
2024		2023	
Non-onerous contracts originated	Total	Non-onerous contracts originated	Total
\$'000	\$'000	\$'000	\$'000
852,641	852,641	971,219	971,219
1,803,921	1,803,921	2,321,799	2,321,799
2,656,562	2,656,562	3,293,018	3,293,018
(4,404,848)	(4,404,848)	(5,320,243)	(5,320,243)
262,495	262,495	305,861	305,861
(1,485,791)	(1,485,791)	(1,721,364)	(1,721,364)

**15.3.4 Amounts determined on transition to IFRS 17**

The Group and the Company						
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	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance revenue	2,573,410	2,758,934	5,332,344	1,286,632	3,068,610	4,355,242
CSM as at 1 January	1,708,306	6,000,374	7,708,680	945,470	5,434,659	6,380,129
<b>Changes that relate to current service</b>						
CSM recognised for the services provided	(365,217)	(808,484)	(1,173,701)	(220,297)	(738,255)	(958,552)
<b>Changes that relate to future service</b>						
Changes in estimates that adjust the CSM	(149,395)	149,088	(307)	(797,400)	1,160,041	362,641
Contracts initially recognised in the period	1,485,791	-	1,485,791	1,721,364	-	1,721,364
	971,179	(659,396)	311,783	703,667	421,786	1,125,453
Finance expenses from insurance contracts issued	107,537	254,094	361,631	59,169	143,929	203,098
<b>Total amounts recognised in comprehensive income</b>	1,078,716	(405,302)	673,414	762,836	565,715	1,328,551
<b>CSM as at 31 December</b>	2,787,022	5,595,072	8,382,094	1,708,306	6,000,374	7,708,680

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

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**15. Insurance Contracts (continued)**
**15.4 Traditional life and interest sensitive without guarantees - Reinsurance contracts held**
**15.4.1 Reconciliation of the remaining coverage and incurred claims**

	The Group and the Company							
	2024				2023			
	Remaining coverage			Incurred claims	Remaining coverage			Incurred claims
	Excluding loss-recovery component	Loss-recovery component			Excluding loss-recovery component	Loss-recovery component		
	\$'000	\$'000	\$'000	Total \$'000	\$'000	\$'000	\$'000	Total \$'000
Opening reinsurance contract assets	(461,114)	-	-	(461,114)	(576,928)	-	-	(576,928)
Opening reinsurance contract liabilities	-	9,108	243,347	252,455	-	-	146,920	146,920
<b>Net balance as at 1 January</b>	<b>(461,114)</b>	<b>9,108</b>	<b>243,347</b>	<b>(208,659)</b>	<b>(576,928)</b>	<b>-</b>	<b>146,920</b>	<b>(430,008)</b>
<b>Net income (expenses) from reinsurance contracts</b>								
- Reinsurance expenses	(95,432)	-	-	(95,432)	(93,787)	-	-	(93,787)
- Other incurred directly attributable expenses	-	-	(18,712)	(18,712)	-	-	(19,872)	(19,872)
- Incurred claims recovery	-	516	10,573	11,089	-	(297)	229,266	228,969
- Income on initial recognition of onerous underlying contracts	-	11,229	-	11,229	-	12,521	-	12,521
- Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	(20,874)	-	(20,874)	-	(3,116)	-	(3,116)
Net income (expenses) from reinsurance contracts	(95,432)	(9,129)	(8,139)	(112,700)	(93,787)	9,108	209,394	124,715
Finance income from reinsurance contracts held	(37,103)	-	-	(37,103)	5,640	-	-	5,640
<b>Total amounts recognised in comprehensive income</b>	<b>(132,535)</b>	<b>(9,129)</b>	<b>(8,139)</b>	<b>(149,803)</b>	<b>(88,147)</b>	<b>9,108</b>	<b>209,394</b>	<b>130,355</b>
<b>Cash flows</b>								
Premiums paid net of ceding commissions and other directly attributable expenses paid	57,899	-	18,648	76,547	203,961	-	19,815	223,776
Recoveries from reinsurance	-	-	(111,462)	(111,462)	-	-	(132,782)	(132,782)
<b>Total cash flows</b>	<b>57,899</b>	<b>-</b>	<b>(92,814)</b>	<b>(34,915)</b>	<b>203,961</b>	<b>-</b>	<b>(112,967)</b>	<b>90,994</b>
<b>Net balance as at 31 December</b>	<b>(535,750)</b>	<b>(21)</b>	<b>142,394</b>	<b>(393,377)</b>	<b>(461,114)</b>	<b>9,108</b>	<b>243,347</b>	<b>(208,659)</b>
Closing reinsurance contract assets	(535,750)	-	-	(535,750)	(461,114)	-	-	(461,114)
Closing reinsurance contract liabilities	-	(21)	142,394	142,373	-	9,108	243,347	252,455
<b>Net balance as at 31 December</b>	<b>(535,750)</b>	<b>(21)</b>	<b>142,394</b>	<b>(393,377)</b>	<b>(461,114)</b>	<b>9,108</b>	<b>243,347</b>	<b>(208,659)</b>

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**15. Insurance Contracts (continued)**
**15.4 Traditional life and interest sensitive without guarantees - Reinsurance contracts held (continued)**
**15.4.2 Reconciliation of the measurement components of reinsurance contract balances**

	The Group and the Company							
	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening reinsurance contract assets	(453,483)	-	-	(453,483)	(603,988)	-	-	(603,988)
Opening reinsurance contract liabilities	-	70,780	174,044	244,824	-	83,301	90,679	173,980
<b>Net balance as at 1 January</b>	<b>(453,483)</b>	<b>70,780</b>	<b>174,044</b>	<b>(208,659)</b>	<b>(603,988)</b>	<b>83,301</b>	<b>90,679</b>	<b>(430,008)</b>
<b>Changes that relate to current service</b>								
- CSM recognised for the services received	-	-	(15,276)	(15,276)	-	-	(16,030)	(16,030)
- Change in the risk adjustment for non-financial risk for the risk expired	-	(9,671)	-	(9,671)	-	(10,235)	-	(10,235)
- Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	(78,108)	-	-	(78,108)	141,575	-	-	141,575
	<b>(78,108)</b>	<b>(9,671)</b>	<b>(15,276)</b>	<b>(103,055)</b>	<b>141,575</b>	<b>(10,235)</b>	<b>(16,030)</b>	<b>115,310</b>
<b>Changes that relate to future service</b>								
- Changes in estimates that adjust the CSM	57,382	8,928	(66,310)	-	(83,176)	(617)	83,793	-
- CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	11,229	11,229	-	-	12,521	12,521
- Changes in the FCF of reinsurance contracts held from onerous underlying contracts	(20,790)	(84)	-	(20,874)	(2,655)	(461)	-	(3,116)
	<b>36,592</b>	<b>8,844</b>	<b>(55,081)</b>	<b>(9,645)</b>	<b>(85,831)</b>	<b>(1,078)</b>	<b>96,314</b>	<b>9,405</b>
<b>Net income (expenses) from reinsurance contracts</b>	<b>(41,516)</b>	<b>(827)</b>	<b>(70,357)</b>	<b>(112,700)</b>	<b>55,744</b>	<b>(11,313)</b>	<b>80,284</b>	<b>124,715</b>
- Finance income (expenses) from reinsurance contracts held	(48,901)	6,594	5,204	(37,103)	3,767	(1,208)	3,081	5,640
<b>Total amounts recognised in comprehensive income</b>	<b>(90,417)</b>	<b>5,767</b>	<b>(65,153)</b>	<b>(149,803)</b>	<b>59,511</b>	<b>(12,521)</b>	<b>83,365</b>	<b>130,355</b>
<b>Cash flows</b>								
- Premiums paid net of ceding commissions and other directly attributable expenses paid	76,547	-	-	76,547	223,776	-	-	223,776
- Recoveries from reinsurance	(111,462)	-	-	(111,462)	(132,782)	-	-	(132,782)
<b>Total cash flows</b>	<b>(34,915)</b>	<b>-</b>	<b>-</b>	<b>(34,915)</b>	<b>90,994</b>	<b>-</b>	<b>-</b>	<b>90,994</b>
<b>Net balance as at 31 December</b>	<b>(578,815)</b>	<b>76,547</b>	<b>108,891</b>	<b>(393,377)</b>	<b>(453,483)</b>	<b>70,780</b>	<b>174,044</b>	<b>(208,659)</b>
Closing reinsurance contract assets	(578,815)	-	-	(578,815)	(453,483)	-	-	(453,483)
Closing reinsurance contract liabilities	-	76,547	108,891	185,438	-	70,780	174,044	244,824
<b>Net balance as at 31 December</b>	<b>(578,815)</b>	<b>76,547</b>	<b>108,891</b>	<b>(393,377)</b>	<b>(453,483)</b>	<b>70,780</b>	<b>174,044</b>	<b>(208,659)</b>

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**15. Insurance Contracts (continued)**
**15.4 Traditional life and interest sensitive without guarantees - Reinsurance contracts held (continued)**
**15.4.3 Impact of contracts recognised in the year**

	The Group and the Company					
	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CSM as at 1 January</b>	16,983	157,061	174,044	(604)	91,283	90,679
<b>Changes that relate to current service</b>						
- CSM recognised for the services received	-	(15,276)	(15,276)	-	(16,030)	(16,030)
<b>Changes that relate to future service</b>						
- Changes in estimates that adjust the CSM	18,797	(85,107)	(66,310)	5,066	78,727	83,793
- Adjustment for income on initial recognition of onerous underlying contracts	11,229	-	11,229	12,521	-	12,521
	30,026	(100,383)	(70,357)	17,587	62,697	80,284
Finance expenses from reinsurance contracts held	-	5,204	5,204	-	3,081	3,081
<b>Total amounts recognised in comprehensive income</b>	30,026	(95,179)	(65,153)	17,587	65,778	83,365
<b>CSM as at 31 December</b>	47,009	61,882	108,891	16,983	157,061	174,044

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

**15.5 Unit Linked life - Insurance contracts issued**
**15.5.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims**

	The Group and the Company							
	2024				2023			
	LRC				LRC			
	Excluding loss component	Loss component	LIC	Total	Excluding loss component	Loss component	LIC	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	-	763,681	1,367,946	2,131,627	-	-	1,333,739	1,333,739
Opening insurance contract assets	(268,729)	-	-	(268,729)	(1,710,363)	-	-	(1,710,363)
<b>Net balance as at 1 January</b>	(268,729)	763,681	1,367,946	1,862,898	(1,710,363)	-	1,333,739	(376,624)
<b>Insurance revenue</b>	(2,733,867)	-	-	(2,733,867)	(2,313,038)	-	-	(2,313,038)
<b>Insurance service expenses</b>								
Incurred claims and other directly attributable expenses	-	(1,826)	1,407,974	1,406,148	-	(3,066)	1,381,527	1,378,461
Losses on onerous contracts and reversal of those losses	-	(337,404)	-	(337,404)	-	766,747	-	766,747
Insurance acquisition cash flows amortisation	303,173	-	-	303,173	175,290	-	-	175,290
<b>Insurance service expenses</b>	303,173	(339,230)	1,407,974	1,371,917	175,290	763,681	1,381,527	2,320,498
<b>Insurance service result</b>	(2,430,694)	(339,230)	1,407,974	(1,361,950)	(2,137,748)	763,681	1,381,527	7,460
Finance expenses from insurance contracts issued	1,132,768	-	-	1,132,768	86,696	-	-	86,696
<b>Total amounts recognised in comprehensive income</b>	(1,297,926)	(339,230)	1,407,974	(229,182)	(2,051,052)	763,681	1,381,527	94,156

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**15. Insurance Contracts (continued)**
**15.5 Unit Linked life - Insurance contracts issued (continued)**
**15.5.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

	The Group and the Company							
	2024				2023			
	LRC	LRC			LRC			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Excluding loss component	Loss component	LIC	Total	Excluding loss component	Loss component	LIC	Total	
Investment components	(2,581,631)	-	2,581,631	-	(2,460,307)	-	2,460,307	-
<b>Cash flows</b>								
Premiums received	7,530,341	-	-	7,530,341	7,062,872	-	-	7,062,872
Claims and other directly attributable expenses paid	-	-	(4,007,096)	(4,007,096)	-	-	(3,807,627)	(3,807,627)
Insurance acquisition cash flows	(1,080,053)	-	-	(1,080,053)	(1,109,879)	-	-	(1,109,879)
<b>Total cash flows</b>	6,450,288	-	(4,007,096)	2,443,192	5,952,993	-	(3,807,627)	2,145,366
<b>Net balance as at 31 December</b>	2,302,002	424,451	1,350,455	4,076,908	(268,729)	763,681	1,367,946	1,862,898
Closing insurance contract liabilities	-	-	1,350,455	1,350,455	-	763,681	1,367,946	2,131,627
Closing insurance contract assets	2,302,002	424,451	-	2,726,453	(268,729)	-	-	(268,729)
<b>Net balance as at 31 December</b>	2,302,002	424,451	1,350,455	4,076,908	(268,729)	763,681	1,367,946	1,862,898

**15.5.2 Reconciliation of the measurement components of insurance contract balances**

	The Group and the Company							
	2024				2023			
					Risk			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	adjustment for non-financial risk	CSM	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	-	1,901,800	3,280,575	5,182,375	-	2,000,005	3,161,915	5,161,920
Opening insurance contract assets	(3,319,477)	-	-	(3,319,477)	(5,538,544)	-	-	(5,538,544)
<b>Net balance as at 1 January</b>	(3,319,477)	1,901,800	3,280,575	1,862,898	(5,538,544)	2,000,005	3,161,915	(376,624)
<b>Changes that relate to current service</b>								
- CSM recognised for the services provided	-	-	(595,169)	(595,169)	-	-	(411,074)	(411,074)
- Change in the risk adjustment for non-financial risk for the risk expired	-	(376,288)	-	(376,288)	-	(354,649)	-	(354,649)
- Experience adjustments – relating to insurance service expenses	(53,089)	-	-	(53,089)	6,436	-	-	6,436
	(53,089)	(376,288)	(595,169)	(1,024,546)	6,436	(354,649)	(411,074)	(759,287)
<b>Changes that relate to future service</b>								
- Changes in estimates that adjust the CSM	(1,978,253)	252,459	1,725,795	1	1,004,002	(32,179)	(971,823)	-
- Changes in estimates that result in onerous contract losses or reversal of losses	(337,404)	-	-	(337,404)	809,858	(43,110)	-	766,748
- Contracts initially recognised in the period	(1,717,240)	327,233	1,390,007	-	(1,833,291)	331,733	1,501,558	-
	(4,032,897)	579,692	3,115,802	(337,403)	(19,431)	256,444	529,735	766,748

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**15. Insurance Contracts (continued)**
**15.5 Unit Linked life - Insurance contracts issued (continued)**
**15.5.2 Reconciliation of the measurement components of insurance contract balances (continued)**

	The Group and the Company							
	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Insurance service result</b>	(4,085,986)	203,404	2,520,633	(1,361,949)	(12,995)	(98,205)	118,661	7,461
Finance (income) expenses from insurance contracts issued	1,132,768	-	-	1,132,768	86,696	-	-	86,696
<b>Total amounts recognised in comprehensive income</b>	<b>(2,953,218)</b>	<b>203,404</b>	<b>2,520,633</b>	<b>(229,181)</b>	<b>73,701</b>	<b>(98,205)</b>	<b>118,661</b>	<b>94,157</b>
<b>Cash flows</b>								
Premiums received	7,530,341	-	-	7,530,341	7,062,872	-	-	7,062,872
Claims and other directly attributable expenses paid	(4,007,096)	-	-	(4,007,096)	(3,807,627)	-	-	(3,807,627)
Insurance acquisition cash flows	(1,080,053)	-	-	(1,080,053)	(1,109,879)	-	-	(1,109,879)
<b>Total cash flows</b>	<b>2,443,192</b>	<b>-</b>	<b>-</b>	<b>2,443,192</b>	<b>2,145,366</b>	<b>-</b>	<b>-</b>	<b>2,145,366</b>
<b>Net balance as at 31 December</b>	<b>(3,829,503)</b>	<b>2,105,204</b>	<b>5,801,208</b>	<b>4,076,909</b>	<b>(3,319,477)</b>	<b>1,901,800</b>	<b>3,280,576</b>	<b>1,862,899</b>
Closing insurance contract liabilities	-	2,105,204	5,801,208	7,906,412	-	1,901,800	3,280,576	5,182,376
Closing insurance contract assets	(3,829,503)	-	-	(3,829,503)	(3,319,477)	-	-	(3,319,477)
<b>Net balance as at 31 December</b>	<b>(3,829,503)</b>	<b>2,105,204</b>	<b>5,801,208</b>	<b>4,076,909</b>	<b>(3,319,477)</b>	<b>1,901,800</b>	<b>3,280,576</b>	<b>1,862,899</b>

**15.5.3 Impact of contracts recognised for the year**

	The Group and the Company			
	2024		2023	
	Non-onerous contracts originated	Total	Non-onerous contracts originated	Total
	\$'000	\$'000	\$'000	\$'000
<i>Estimates of the present value of future cash outflows</i>				
- Insurance acquisition cash flows	1,017,334	1,017,334	878,128	878,128
- Claims and other directly attributable expenses	4,322,200	4,322,200	4,670,747	4,670,747
	5,339,534	5,339,534	5,548,875	5,548,875
Estimates of the present value of future cash inflows	(7,056,774)	(7,056,774)	(7,382,166)	(7,382,166)
Risk adjustment for non-financial risk	327,233	327,233	331,733	331,733
<b>Increase in insurance contract liabilities from contracts recognised in the period</b>	<b>(1,390,007)</b>	<b>(1,390,007)</b>	<b>(1,501,558)</b>	<b>(1,501,558)</b>

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**15. Insurance Contracts (continued)**
**15.5 Unit Linked life - Insurance contracts issued (continued)**
**15.5.4 Amounts determined on transition to IFRS 17**

	The Group and the Company					
	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Insurance revenue</b>	1,306,341	1,427,526	2,733,867	288,172	2,024,866	2,313,038
<b>CSM as at 1 January</b>	2,872,646	407,929	3,280,575	1,872,239	1,289,676	3,161,915
<b>Changes that relate to current service</b>						
CSM recognised for the services provided	(512,120)	(83,049)	(595,169)	(288,172)	(122,902)	(411,074)
<b>Changes that relate to future service</b>						
Changes in estimates that adjust the CSM	1,241,883	483,911	1,725,794	(212,979)	(758,845)	(971,824)
Contracts initially recognised in the period	1,390,007	-	1,390,007	1,501,558	-	1,501,558
	2,119,770	400,862	2,520,632	1,000,407	(881,747)	118,660
<b>CSM as at 31 December</b>	4,992,416	808,791	5,801,207	2,872,646	407,929	3,280,575

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

**15.6 Annuities - Insurance contracts issued**
**15.6.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims**

	The Group and the Company							
	2024				2023			
	LRC		LRC		LRC		LRC	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Excluding loss component	Loss component	LIC	Total	Excluding loss component	Loss component	LIC	Total
Opening insurance contract liabilities	45,163,299	643,650	-	45,806,949	45,214,634	373,278	-	45,587,912
Opening insurance contract assets	-	-	(109,475)	(109,475)	-	-	(169,872)	(169,872)
<b>Net balance as at 1 January</b>	45,163,299	643,650	(109,475)	45,697,474	45,214,634	373,278	(169,872)	45,418,040
<b>Insurance revenue</b>	(4,886,880)	-	-	(4,886,880)	(4,434,135)	-	-	(4,434,135)
<b>Insurance service expenses</b>								
Incurred claims and other directly attributable expenses	-	(66,273)	4,481,881	4,415,608	-	(44,447)	4,213,130	4,168,683
Losses on onerous contracts and reversal of those losses	-	212,666	-	212,666	-	289,416	-	289,416
Insurance acquisition cash flows amortisation	19,404	-	-	19,404	9,884	-	-	9,884
<b>Insurance service expenses</b>	19,404	146,393	4,481,881	4,647,678	9,884	244,969	4,213,130	4,467,983
<b>Insurance service result</b>	(4,867,476)	146,393	4,481,881	(239,202)	(4,424,251)	244,969	4,213,130	33,848
Finance income /(expenses) from insurance	2,969,194	36,511	-	3,005,705	(192,983)	25,403	-	(167,580)
<b>Total amounts recognised in comprehensive income</b>	(1,898,282)	182,904	4,481,881	2,766,503	(4,617,234)	270,372	4,213,130	(133,732)



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**15. Insurance Contracts (continued)**

**15.6 Annuities - Insurance contracts issued (continued)**

**15.6.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

	The Group and the Company							
	2024				2023			
	LRC		\$'000	\$'000	LRC		\$'000	\$'000
	Excluding loss component	Loss component			Excluding loss component	Loss component		
			LIC	Total			LIC	Total
<b>Cash flows</b>								
Premiums received	3,791,695	-	-	3,791,695	4,659,841	-	-	4,659,841
Claims and other directly attributable expenses paid	-	-	(4,418,433)	(4,418,433)	-	-	(4,152,733)	(4,152,733)
Insurance acquisition cash flows	(88,573)	-	-	(88,573)	(93,942)	-	-	(93,942)
<b>Total cash flows</b>	<b>3,703,122</b>	<b>-</b>	<b>(4,418,433)</b>	<b>(715,311)</b>	<b>4,565,899</b>	<b>-</b>	<b>(4,152,733)</b>	<b>413,166</b>
<b>Net balance as at 31 December</b>	<b>46,968,139</b>	<b>826,554</b>	<b>(46,027)</b>	<b>47,748,666</b>	<b>45,163,299</b>	<b>643,650</b>	<b>(109,475)</b>	<b>45,697,474</b>
Closing insurance contract liabilities	46,968,139	826,554	-	47,794,693	45,163,299	643,650	-	45,806,949
Closing insurance contract assets	-	-	(46,027)	(46,027)	-	-	(109,475)	(109,475)
<b>Net balance as at 31 December</b>	<b>46,968,139</b>	<b>826,554</b>	<b>(46,027)</b>	<b>47,748,666</b>	<b>45,163,299</b>	<b>643,650</b>	<b>(109,475)</b>	<b>45,697,474</b>

**15.6.2 Reconciliation of the measurement components of insurance contract balances**

	The Group and the Company							
	2024				2023			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	adjustment for non-financial risk	CSM	Total
Opening insurance contract liabilities	36,799,574	713,737	8,184,163	45,697,474	38,314,087	650,900	6,453,053	45,418,040
<b>Net balance as at 1 January</b>	<b>36,799,574</b>	<b>713,737</b>	<b>8,184,163</b>	<b>45,697,474</b>	<b>38,314,087</b>	<b>650,900</b>	<b>6,453,053</b>	<b>45,418,040</b>
<b>Changes that relate to current service</b>								
- CSM recognised for the services provided	-	-	(460,433)	(460,433)	-	-	(367,114)	(367,114)
- Change in the risk adjustment for non-financial risk for the risk expired	-	(38,576)	-	(38,576)	-	(29,349)	-	(29,349)
- Experience adjustments – relating to insurance service expenses	47,141	-	-	47,141	140,896	-	-	140,896
	<b>47,141</b>	<b>(38,576)</b>	<b>(460,433)</b>	<b>(451,868)</b>	<b>140,896</b>	<b>(29,349)</b>	<b>(367,114)</b>	<b>(255,567)</b>
<b>Changes that relate to future service</b>								
- Changes in estimates that adjust the CSM	898,121	(50,852)	(847,269)	-	(1,349,518)	103,883	1,245,635	-
- Changes in estimates that result in onerous contract losses or reversal of losses	206,428	6,176	-	212,604	270,872	14,440	-	285,312
- Contracts initially recognised in the period	(896,378)	23,393	873,047	62	(604,247)	22,211	586,140	4,104
	<b>208,171</b>	<b>(21,283)</b>	<b>25,778</b>	<b>212,666</b>	<b>(1,682,893)</b>	<b>140,534</b>	<b>1,831,775</b>	<b>289,416</b>

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**15. Insurance Contracts (continued)**

**15.6 Annuities - Insurance contracts issued (continued)**

**15.6.2 Reconciliation of the measurement components of insurance contract balances (continued)**

	The Group and the Company							
	2024				2023			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	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
<b>Insurance service result</b>	255,312	(59,859)	(434,655)	(239,202)	(1,541,997)	111,185	1,464,661	33,849
Finance (income) expenses from insurance contracts issued	2,576,192	20,379	409,134	3,005,705	(385,682)	(48,348)	266,449	(167,581)
Total amounts recognised in comprehensive income	2,831,504	(39,480)	(25,521)	2,766,503	(1,927,679)	62,837	1,731,110	(133,732)
<b>Cash flows</b>								
Premiums received	3,791,695	-	-	3,791,695	4,659,841	-	-	4,659,841
Claims and other directly attributable expenses paid	(4,418,433)	-	-	(4,418,433)	(4,152,733)	-	-	(4,152,733)
Insurance acquisition cash flows	(88,573)	-	-	(88,573)	(93,942)	-	-	(93,942)
<b>Total cash flows</b>	(715,311)	-	-	(715,311)	413,166	-	-	413,166
<b>Net balance as at 31 December</b>	38,915,767	674,257	8,158,642	47,748,666	36,799,574	713,737	8,184,163	45,697,474
Closing insurance contract liabilities	38,915,767	674,257	8,158,642	47,748,666	36,799,574	713,737	8,184,163	45,697,474
<b>Net balance as at 31 December</b>	38,915,767	674,257	8,158,642	47,748,666	36,799,574	713,737	8,184,163	45,697,474

**15.6.3 Impact of contracts recognised for the year**

	The Group and the Company					
	2024			2023		
	Non-onerous contracts originated	Onerous contracts originated	Total	Non-onerous contracts originated	Onerous contracts originated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimates of the present value of future cash outflows</i>						
- Claims and other directly attributable expenses	2,476,620	1,356	2,477,976	2,219,899	219,852	2,439,751
Estimates of the present value of future cash outflows	2,476,620	1,356	2,477,976	2,219,899	219,852	2,439,751
Estimates of the present value of future cash inflows	(3,373,036)	(1,318)	(3,374,354)	(2,825,514)	(218,484)	(3,043,998)
Risk adjustment for non-financial risk	23,369	24	23,393	19,476	2,735	22,211
<b>Increase in insurance contract liabilities from contracts recognised in the period</b>	(873,047)	62	(872,985)	(586,139)	4,103	(582,036)

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**15. Insurance Contracts (continued)**
**15.6 Annuities - Insurance contracts issued (continued)**
**15.6.4 Amounts determined on transition to IFRS 17**

	The Group and the Company					
	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance revenue	1,216,341	3,670,539	4,886,880	1,082	4,433,053	4,434,135
CSM as at 1 January	564,760	7,619,403	8,184,163	163,391	6,289,662	6,453,053
Changes that relate to current service						
- CSM recognised for the services provided	(18,490)	(441,943)	(460,433)	(11,516)	(355,598)	(367,114)
Changes that relate to future service						
- Changes in estimates that adjust the CSM	(889,232)	41,963	(847,269)	(193,813)	1,439,448	1,245,635
- Contracts initially recognised in the period	873,047	-	873,047	586,140	-	586,140
	(34,675)	(399,980)	(434,655)	380,811	1,083,850	1,464,661
Finance expenses from insurance contracts issued	42,565	366,569	409,134	20,558	245,891	266,449
Total amounts recognised in comprehensive income	7,890	(33,411)	(25,521)	401,369	1,329,741	1,731,110
CSM as at 31 December	572,650	7,585,992	8,158,642	564,760	7,619,403	8,184,163

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

**15.7 Short Term Group Life and Health - Insurance contracts issued**
**15.7.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims**

	The Group and the Company							
	2024				2023			
	LRC		LIC		LRC		LIC	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening insurance contract liabilities	-	1,491,628	37,906	1,529,534	-	1,339,701	30,604	1,370,305
Opening insurance contract assets	(402,663)	-	-	(402,663)	(14,447)	-	-	(14,447)
Net balance as at 1 January	(402,663)	1,491,628	37,906	1,126,871	(14,447)	1,339,701	30,604	1,355,858
Insurance revenue	(9,176,927)	-	-	(9,176,927)	(9,233,760)	-	-	(9,233,760)
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	6,786,534	316,611	7,103,145	-	7,330,222	342,705	7,672,927
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	(296,875)	(296,875)	-	-	(335,403)	(335,403)
Insurance acquisition cash flows amortisation	1,034,282	-	-	1,034,282	994,127	-	-	994,127
Insurance service expenses	1,034,282	6,786,534	19,736	7,840,552	994,127	7,330,222	7,302	8,331,651
Total amounts recognised in comprehensive income	(8,142,645)	6,786,534	19,736	(1,336,375)	(8,239,633)	7,330,222	7,302	(902,109)

	The Group and the Company							
	2024				2023			
	LRC		LIC		LRC		LIC	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Cash flows								
Premiums received	9,438,966	-	-	9,438,966	8,877,009	-	-	8,877,009
Claims and other directly attributable expenses paid	-	(6,473,728)	-	(6,473,728)	-	(7,178,295)	-	(7,178,295)
Insurance acquisition cash flows	(1,053,075)	-	-	(1,053,075)	(1,025,592)	-	-	(1,025,592)
Total cash flows	8,385,891	(6,473,728)	-	1,912,163	7,851,417	(7,178,295)	-	673,122
Net balance as at 31 December	(159,417)	1,804,434	57,642	1,702,659	(402,663)	1,491,628	37,906	1,126,871
Closing insurance contract liabilities	-	1,804,434	57,642	1,862,076	-	-	37,906	37,906
Closing insurance contract assets	(159,417)	-	-	(159,417)	(402,663)	1,491,628	-	1,088,965
Net balance as at 31 December	(159,417)	1,804,434	57,642	1,702,659	(402,663)	1,491,628	37,906	1,126,871

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**15. Insurance Contracts (continued)**
**15.8 Short Term Group Life and Health - Reinsurance contracts held**
**15.8.1 Reconciliation of the remaining coverage and incurred claims**

The Group and the Company							
2024				2023			
Remaining coverage	Incurred claims		Remaining coverage	Incurred claims			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Excluding loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening reinsurance contract assets	(120,239)	-	(120,239)	(120,239)	(105,364)	-	(105,364)
Opening reinsurance contract liabilities	-	61,840	60,573	-	107,018	992	108,010
<b>Net balance as at 1 January</b>	<b>(120,239)</b>	<b>61,840</b>	<b>(59,666)</b>	<b>(105,364)</b>	<b>107,018</b>	<b>992</b>	<b>2,646</b>
<b>Net income (expenses) from</b>							
- Reinsurance expenses	(126,317)	-	(126,317)	(134,833)	-	-	(134,833)
- Other incurred directly attributable expenses	-	(10,400)	(10,400)	-	(13,558)	-	(13,558)
- Incurred claims recovery	-	103,902	109,097	-	15,820	791	16,611
- Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(4,494)	-	-	(3,050)	(3,050)
<b>Total amounts recognised in comprehensive</b>	<b>(126,317)</b>	<b>93,502</b>	<b>(32,114)</b>	<b>(134,833)</b>	<b>2,262</b>	<b>(2,259)</b>	<b>(134,830)</b>

The Group and the Company							
2024				2023			
Remaining coverage	Incurred claims		Remaining coverage	Incurred claims			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Excluding loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
<b>Total amounts recognised in comprehensive income</b>	<b>(126,317)</b>	<b>93,502</b>	<b>(32,114)</b>	<b>(134,833)</b>	<b>2,262</b>	<b>(2,259)</b>	<b>(134,830)</b>
<b>Cash flows</b>							
Premiums paid net of ceding commissions and other directly attributable expenses paid	139,711	10,382	150,093	119,958	13,555	-	133,513
Recoveries from reinsurance	-	(89,874)	(89,874)	-	(60,995)	-	(60,995)
<b>Total cash flows</b>	<b>139,711</b>	<b>(79,492)</b>	<b>60,219</b>	<b>119,958</b>	<b>(47,440)</b>	<b>-</b>	<b>72,518</b>
<b>Net balance as at 31 December</b>	<b>(106,845)</b>	<b>75,850</b>	<b>(31,561)</b>	<b>(120,239)</b>	<b>61,840</b>	<b>(1,267)</b>	<b>(59,666)</b>
Closing reinsurance contract assets	(106,845)	-	(107,411)	(120,239)	-	-	(120,239)
Closing reinsurance contract liabilities	-	75,850	75,850	-	61,840	(1,267)	60,573
<b>Net balance as at 31 December</b>	<b>(106,845)</b>	<b>75,850</b>	<b>(31,561)</b>	<b>(120,239)</b>	<b>61,840</b>	<b>(1,267)</b>	<b>(59,666)</b>

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**15. Insurance Contracts (continued)**
**15.9 Investment income and insurance finance expenses**

	The Group and the Company					
	Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Short term Group life and Health contracts	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>For the year ended 31 December 2024</b>						
<b>Net investment income - underlying assets</b>						
- Investment income	2,305,793	3,910,622	469,752	-	-	6,686,167
- Net impairment gains on financial assets	4,439	6,565	-	-	-	11,004
- Net fair value gains	1,033,812	1,124,460	645,057	-	-	2,803,329
- Other income	133,335	17,167	19,811	-	-	170,313
<b>Net investment income - underlying assets</b>	<b>3,477,379</b>	<b>5,058,814</b>	<b>1,134,620</b>	<b>-</b>	<b>-</b>	<b>9,670,813</b>
<b>Net investment income - other investments</b>						
- Investment income	-	-	-	13,465	3,107,815	3,121,280
- Net realised losses on financial assets	-	-	-	-	(43,110)	(43,110)
- Net impairment gains on financial assets	-	-	-	-	8,992	8,992
- Net realised gains on other assets	43,958	-	-	-	152,623	196,581
- Net fair value gains	-	-	-	5,774	1,162,171	1,167,945
- Other income	-	-	-	5,100	130,040	135,140
<b>Net investment income - other investments</b>	<b>43,958</b>	<b>-</b>	<b>-</b>	<b>24,339</b>	<b>4,518,531</b>	<b>4,586,828</b>
<b>Net investment income - other</b>						
- Fee income	553,661	-	1,439	86,103	346,038	987,241
- Net change in investment contract liabilities	-	-	-	-	(1,048,691)	(1,048,691)
- Net gains from fair value adjustments to investment properties	-	-	-	-	428,862	428,862
<b>Net investment income - other</b>	<b>553,661</b>	<b>-</b>	<b>1,439</b>	<b>86,103</b>	<b>(273,791)</b>	<b>367,412</b>
<b>Total net investment income</b>	<b>4,074,998</b>	<b>5,058,814</b>	<b>1,136,059</b>	<b>110,442</b>	<b>4,244,740</b>	<b>14,625,053</b>
<b>Finance income (expenses) from insurance contracts issued</b>						
- Changes in fair value of underlying assets of contracts measured under the VFA	-	-	(1,132,768)	-	-	(1,132,768)
- Interest accreted	(1,297,005)	(2,679,509)	-	-	-	(3,976,514)
- Effect of changes in interest rates and other financial assumptions	(508,979)	(309,911)	-	-	-	(818,890)
- Foreign exchange differences	-	-	-	-	-	-
<b>Finance income/(expenses) from insurance contracts issued</b>	<b>(1,805,984)</b>	<b>(2,989,420)</b>	<b>(1,132,768)</b>	<b>-</b>	<b>-</b>	<b>(5,928,172)</b>
<b>Finance income (expenses) from reinsurance contracts held</b>						
- Interest accreted	(21,768)	-	-	-	-	(21,768)
- Effect of changes in interest rates and other financial assumptions	(15,335)	-	-	-	-	(15,335)
<b>Finance income from reinsurance contracts held</b>	<b>(37,103)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,103)</b>
<b>Net insurance finance income/(expenses)</b>	<b>(1,843,087)</b>	<b>(2,989,420)</b>	<b>(1,132,768)</b>	<b>-</b>	<b>-</b>	<b>(5,965,275)</b>
<b>Summary of the amounts recognised in statement of income</b>						
- Net investment income - underlying assets	3,002,538	5,097,359	1,134,621	-	-	9,234,518
- Net investment income - other investments	-	-	-	18,565	4,209,366	4,227,931
- Net investment income - other	553,661	-	1,439	86,103	(702,653)	(61,450)
- Finance expenses from insurance contracts issued	(953,340)	(3,005,705)	(1,132,768)	-	-	(5,091,813)
- Finance expenses from reinsurance contracts held	(37,103)	-	-	-	-	(37,103)
	<b>2,565,756</b>	<b>2,091,654</b>	<b>3,292</b>	<b>104,668</b>	<b>3,506,713</b>	<b>8,272,083</b>
<b>Summary of the amounts recognised in OCI</b>						
- Net investment income - underlying assets	518,799	(38,545)	-	-	-	480,254
- Net investment income - other investments	-	-	-	5,774	309,165	314,939
- Finance expenses from insurance contracts issued	(899,543)	-	-	-	-	(899,543)
	<b>(380,744)</b>	<b>(38,545)</b>	<b>-</b>	<b>5,774</b>	<b>309,165</b>	<b>(104,350)</b>

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**15. Insurance Contracts (continued)**
**15.9 Investment income and insurance finance expenses (continued)**
**For the year ended 31 December 2023**
**Net investment income (expenses) - underlying assets**

- Investment income	2,967,658	4,184,820	435,793	-	-	7,588,271
- Net realised gains on financial assets	49,896	-	-	-	-	49,896
- Net impairment losses on financial assets	(923)	(121)	-	-	-	(1,044)
- Net fair value (losses)/gains	991,855	4,127,008	(369,197)	-	-	4,749,666
- Other income	201,861	153,204	19,791	-	-	374,856

**Net investment income (expenses) - underlying assets**
**Net investment income (expenses) - other investments**

- Investment income	-	-	-	12,514	1,624,629	1,637,143
- Net impairment losses on financial assets	-	-	-	-	(5,721)	(5,721)
- Net realised gains on other assets	-	-	-	-	201,387	201,387
- Net fair value losses	-	-	-	(2,460)	(340,051)	(342,511)
- Other income	-	-	-	2,205	79,658	81,863

**Net investment income (expenses) - other investments**
**Net investment income (expenses) - other**

- Fee income	502,802	10	-	82,810	313,153	898,775
- Net change in investment contract liabilities	-	-	-	-	(900,882)	(900,882)
- Net gains from fair value adjustments to investment properties	-	-	-	-	560,537	560,537

**Net investment income (expenses) - other**
**Total net investment income**
**Finance income (expenses) from insurance contracts issued**

- Changes in fair value of underlying assets of contracts measured under the VFA	-	-	(86,696)	-	-	(86,696)
- Interest accreted	(1,017,111)	(1,885,604)	-	-	-	(2,902,715)
- Effect of changes in interest rates and other financial assumptions	1,096,676	2,053,185	-	-	-	3,149,861
- Foreign exchange differences	(544)	-	-	-	-	(544)

**Finance income from insurance contracts issued**
**Finance income (expenses) from reinsurance contracts held**

- Interest accreted	(15,947)	-	-	-	-	(15,947)
- Effect of changes in interest rates and other financial assumptions	21,587	-	-	-	-	21,587

**Finance income from reinsurance contracts held**
**Net insurance finance income**
**Summary of the amounts recognised in statement of income**

- Net investment income - underlying assets	4,551,943	7,203,820	86,387	-	-	11,842,150
- Net investment income - other investments	-	-	-	14,719	1,866,009	1,880,728
- Net investment income - other	502,802	10	-	82,810	(587,729)	(2,107)
- Finance expenses from insurance contracts issued	(935,636)	167,581	(86,696)	-	-	(854,751)
- Finance income from reinsurance contracts held	5,640	-	-	-	-	5,640

**Summary of the amounts recognised in OCI**

- Net investment income - underlying assets	(341,596)	1,261,091	-	(2,460)	(306,107)	610,928
- Finance expenses from insurance contracts issued	1,014,657	-	-	-	-	1,014,657

**The Group and the Company**

Traditional life and interest sensitive without guarantees	Annuities	Unit linked life	Short term Group life and Health contracts	Other	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2,967,658	4,184,820	435,793	-	-	7,588,271
49,896	-	-	-	-	49,896
(923)	(121)	-	-	-	(1,044)
991,855	4,127,008	(369,197)	-	-	4,749,666
201,861	153,204	19,791	-	-	374,856
4,210,347	8,464,911	86,387	-	-	12,761,645
-	-	-	12,514	1,624,629	1,637,143
-	-	-	-	(5,721)	(5,721)
-	-	-	-	201,387	201,387
-	-	-	(2,460)	(340,051)	(342,511)
-	-	-	2,205	79,658	81,863
-	-	-	12,259	1,559,902	1,572,161
502,802	10	-	82,810	313,153	898,775
-	-	-	-	(900,882)	(900,882)
-	-	-	-	560,537	560,537
502,802	10	-	82,810	(27,192)	558,430
4,713,149	8,464,921	86,387	95,069	1,532,710	14,892,236
-	-	(86,696)	-	-	(86,696)
(1,017,111)	(1,885,604)	-	-	-	(2,902,715)
1,096,676	2,053,185	-	-	-	3,149,861
(544)	-	-	-	-	(544)
79,021	167,581	(86,696)	-	-	159,906
(15,947)	-	-	-	-	(15,947)
21,587	-	-	-	-	21,587
5,640	-	-	-	-	5,640
84,661	167,581	(86,696)	-	-	165,546
4,551,943	7,203,820	86,387	-	-	11,842,150
-	-	-	14,719	1,866,009	1,880,728
502,802	10	-	82,810	(587,729)	(2,107)
(935,636)	167,581	(86,696)	-	-	(854,751)
5,640	-	-	-	-	5,640
4,124,749	7,371,411	(309)	97,529	1,278,280	12,871,660
(341,596)	1,261,091	-	(2,460)	(306,107)	610,928
1,014,657	-	-	-	-	1,014,657
673,061	1,261,091	-	(2,460)	(306,107)	1,625,585

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**15. Insurance Contracts (continued)**
**15.10 Claims development tables - short-term insurance contracts**

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. Claims development tables are disclosed on an accident year basis (where the reference is to the actual date of the event that caused the claim).

	<b>The Group and the Company</b>	
	<b>\$'000 2024</b>	<b>\$'000 2023</b>
Insurance claims - gross		
- By accident year	581,010	483,640
Total liability	581,010	483,640
Insurance claims - net		
- By accident year	505,719	423,061
Total liability	505,719	423,061

The Group provides information on the gross and net claims development for the current reporting period and five years prior to it. The Group considers that there is no significant uncertainty with regard to claims that were incurred more than six years before the reporting period.

The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing on the consolidated statement of financial position as per summary below.

<b>Insurance claims - gross</b>		<b>The Group and the Company</b>							
<b>Accident year</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Estimate of ultimate claims costs:									
- at end of accident year	4,625,691	4,625,691	5,334,379	4,594,141	5,106,432	5,832,238	6,588,004	5,780,445	33,235,639
- one year later	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	5,518,876	4,256,394	-	23,777,576
- two years later	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	5,518,876	-	-	19,521,182
- three years later	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	-	-	-	14,002,306
- four years later	3,639,942	3,639,942	4,989,051	4,248,814	-	-	-	-	9,237,865
- five years later	3,639,942	3,639,942	4,989,051	-	-	-	-	-	4,989,051
Cumulative gross claims	22,825,401	22,825,401	30,279,634	21,589,397	19,399,755	16,869,990	10,844,398	5,780,445	104,763,619
Cumulative payments to date	(22,825,401)	(22,825,401)	(30,279,634)	(21,589,397)	(19,399,755)	(16,869,990)	(10,844,398)	(5,219,944)	(104,203,118)
Gross cumulative claims liabilities - 2017 to 2024	-	-	-	-	-	-	-	560,501	560,501
Effect of the risk adjustment margin for non-financial risk									20,509
Gross LIC for contracts originated									581,010

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**15. Insurance Contracts (continued)**
**15.10 Claims development tables - short-term insurance contracts (continued)**

Insurance claims - net Accident year	The Group and the Company								
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	Total \$'000
Estimate of ultimate claims costs:									
- at end of accident year	4,625,691	4,625,691	5,334,379	4,594,141	5,106,432	5,832,238	6,585,236	5,780,445	33,232,871
- one year later	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	5,518,876	4,256,394	—	23,777,576
- two years later	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	5,518,876	—	—	19,521,182
- three years later	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	—	—	—	14,002,306
- four years later	3,639,942	3,639,942	4,989,051	4,248,814	—	—	—	—	9,237,865
- five years later	<u>3,639,942</u>	<u>3,639,942</u>	<u>4,989,051</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,989,051</u>
Cumulative gross claims	22,825,401	22,825,401	30,279,634	21,589,397	19,399,755	16,869,990	10,841,630	5,780,445	104,760,851
Cumulative payments to date	<u>(22,825,401)</u>	<u>(22,825,401)</u>	<u>(30,279,634)</u>	<u>(21,589,397)</u>	<u>(19,399,755)</u>	<u>(16,869,990)</u>	<u>(10,841,630)</u>	<u>(5,295,796)</u>	<u>(104,276,202)</u>
Gross cumulative claims liabilities - 2017 to 2024	—	—	—	—	—	—	—	484,649	484,649
Liability in respect of prior years									
Effect of the risk adjustment margin for non-financial risk									<u>21,070</u>
Gross LIC for contracts originated									<u>505,719</u>



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**15. Insurance Contracts (continued)**
**15.10 Claims development tables - short-term insurance contracts (continued)**

Insurance claims - gross		The Group and the Company							
Accident year	2016	2017	2018	2019	2020	2021	2022	2023	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of ultimate claims costs:									
- at end of accident year	4,468,746	4,625,691	4,625,691	5,334,379	4,594,141	5,106,432	5,832,238	6,588,004	32,080,885
- one year later	3,609,606	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	5,518,876	-	23,161,124
- two years later	3,609,606	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	-	-	17,642,248
- three years later	3,609,606	3,639,942	3,639,942	4,989,051	4,248,814	-	-	-	12,877,807
- four years later	3,609,606	3,639,942	3,639,942	4,989,051	-	-	-	-	8,628,993
- five years later	3,609,606	3,639,942	3,639,942	-	-	-	-	-	3,639,942
Cumulative gross claims	22,516,776	22,825,401	22,825,401	25,290,583	17,340,583	14,635,314	11,351,114	6,588,004	98,030,999
Cumulative payments to date	(22,516,776)	(22,825,401)	(22,825,401)	(25,290,583)	(17,340,583)	(14,635,314)	(11,351,114)	(6,119,644)	(97,562,639)
Gross cumulative claims liabilities - 2016 to 2023	-	-	-	-	-	-	-	468,360	468,360
Effect of the risk adjustment margin for non-financial risk									15,280
Gross LIC for contracts originated									483,640

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**15. Insurance Contracts (continued)**
**15.10 Claims development tables - short-term insurance contracts (continued)**

Insurance claims - net Accident year	The Group and the Company								Total
	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	
Estimate of ultimate claims costs:									
- at end of accident year	4,468,746	4,625,691	4,625,691	5,334,379	4,594,141	5,106,432	5,832,238	6,585,236	32,078,117
- one year later	3,609,606	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	5,518,876	—	23,161,124
- two years later	3,609,606	3,639,942	3,639,942	4,989,051	4,248,814	4,764,441	—	—	17,642,248
- three years later	3,609,606	3,639,942	3,639,942	4,989,051	4,248,814	—	—	—	12,877,807
- four years later	3,609,606	3,639,942	3,639,942	4,989,051	—	—	—	—	8,628,993
- five years later	<u>3,609,606</u>	<u>3,639,942</u>	<u>3,639,942</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,639,942</u>
Cumulative gross claims	22,516,776	22,825,401	22,825,401	25,290,583	17,340,583	14,635,314	11,351,114	6,585,236	98,028,231
Cumulative payments to date	<u>(22,516,776)</u>	<u>(22,825,401)</u>	<u>(22,825,401)</u>	<u>(25,290,583)</u>	<u>(17,340,583)</u>	<u>(14,635,314)</u>	<u>(11,351,114)</u>	<u>(6,178,717)</u>	<u>(97,621,712)</u>
Gross cumulative claims liabilities - 2016 to 2023	—	—	—	—	—	—	—	406,519	406,519
Liability in respect of prior years									
Effect of the risk adjustment margin for non-financial risk									<u>16,542</u>
Gross LIC for contracts originated									<u><u>423,061</u></u>

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**16. Cash and Cash Equivalents**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	21,590,163	10,018,153	21,550,349	10,018,153
Cash and cash equivalents in mutual funds	80,115	12,696	80,115	12,696
	<u>21,670,278</u>	<u>10,030,849</u>	<u>21,630,464</u>	<u>10,030,849</u>
Cash at bank and in hand	6,199,054	2,502,126	6,159,252	2,502,126
Repurchase agreements	3,192,156	—	3,192,156	—
Short-term deposits (90 days or less)	9,182,615	4,830,153	9,182,615	4,830,153
Cash and cash equivalents - unit linked funds	3,030,020	2,704,133	3,030,020	2,704,133
Cash and cash equivalents in mutual funds	80,115	12,764	80,115	12,764
Loss allowance	(13,682)	(18,327)	(13,694)	(18,327)
	<u>21,670,278</u>	<u>10,030,849</u>	<u>21,630,464</u>	<u>10,030,849</u>
Net cash and cash equivalents	21,670,278	10,030,849	21,630,464	10,030,849
Less: Pledged assets (Note 11)	(15,546)	(15,441)	(15,546)	(15,441)
	<u>21,654,732</u>	<u>10,015,408</u>	<u>21,614,918</u>	<u>10,015,408</u>

Cash at bank 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 Group, and earn interest at the respective short-term deposit rates.

No other cash and cash equivalents are pledged as collateral for financial liabilities.

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**17. Share Capital**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Authorised</i>		
547,686,000 ordinary shares of no par value (2023: 547,686,000 ordinary shares)		
<i>Issued and fully paid</i>		
547,686,000 ordinary shares of no par value (2023: 547,686,000 ordinary shares)	13,526,525	13,526,525

	<b>Number of shares (thousands)</b>	<b>Share capital \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 January 2024 and 31 December 2024</b>	547,686	13,526,525	13,526,525
<b>Balance at 1 January 2023 and 31 December 2023</b>	547,686	13,526,525	13,526,525

As at 30 September 2020, the Company increased its authorised share capital to 547,685,690 ordinary shares and issued 421,160,690 Ordinary Shares to its parent Guardian Insurance Limited ("GIL") in exchange for an additional capital injection of Thirteen Billion, Four Hundred Million Jamaica Dollars (\$13,400,000,000). The additional capital provided balance sheet support for the purchase of the life insurance and annuities portfolios of NCBIC.

**18. Reserves**

	<b>The Group and the Company</b>				
	<b>Special Investment reserve \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Property revaluation reserve \$'000</b>	<b>Translation reserve \$'000</b>	<b>Insurance Finance Reserve \$'000</b>
<b>Balance at 1 January 2024</b>	2,630,447	(2,643,418)	2,469,758	(35,189)	1,731,553
Other comprehensive income/(loss)	—	705,398	—	3,175	(674,657)
Transfer to/from retained earnings	714,494	—	—	—	—
<b>Balance at 31 December 2024</b>	3,344,941	(1,938,020)	2,469,758	(32,014)	1,056,896
<b>Balance at 1 January 2023</b>	2,525,080	(3,272,762)	2,469,758	(84,525)	970,560
Other comprehensive income/(loss)	—	667,334	—	11,346	760,993
Transfer to/from retained earnings	105,367	(37,990)	—	37,990	—
<b>Balance at 31 December 2023</b>	2,630,447	(2,643,418)	2,469,758	(35,189)	1,731,553

The property revaluation reserve is used to record increases or decreases in the carrying amount of an item of property that has been revalued. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in equity under the heading of property revaluation reserve. However, the increase is recognized in the statement of income to the extent that it reverses a revaluation decrease of the same asset previously recognized in other comprehensive income. If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in the statement of income.

The translation reserve is used to record exchange differences arising from the branches, whose functional currency is different to the functional currency used in the financial statements. Differences in retranslating opening net assets for investment in the branches 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 translation reserve. The difference between a branch'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 translation reserve.

The special investment reserve represents a non-distributable reserve established under the provisions of the Insurance Regulations, 2001 (Note 2.22).

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**19. Investment Contract Liabilities**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
The movements in the liabilities arising from investment contracts are summarised below:		
Balance at beginning of year	23,295,048	21,637,229
Contributions received	2,831,207	2,366,189
Benefits paid	(2,184,396)	(1,678,638)
Investment return from underlying assets	1,048,691	900,882
Asset management fees charged	(54,126)	(34,782)
Exchange rate adjustments	41,845	104,168
Balance at end of year	<u>24,978,269</u>	<u>23,295,048</u>

Investment contract liabilities carry floating rates of interest and therefore the carrying amounts approximate their fair values.

Contributors to the deposit administration funds are paid a fixed annual rate of return in the first policy year, with the rate being revised on at least an annual basis thereafter. At the end of the year, there were 143 (2023- 140) schemes of which 51 (2023 - 55) were actively contributing to the fund.

**20. Other Liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Stale-dated cheques	328,707	277,916	328,707	277,916
Due to related parties (Note 33)	2,755,087	1,659,560	2,755,087	1,659,560
Deposits held in trust	186,331	170,247	186,331	170,247
Accounts payable and accruals	<u>1,984,613</u>	<u>1,757,852</u>	<u>1,937,249</u>	<u>1,759,344</u>
	<u>5,254,738</u>	<u>3,865,575</u>	<u>5,207,374</u>	<u>3,867,067</u>

The carrying amounts of other liabilities approximate their fair value.

**21. Investment Income**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income from:		
- Fair value through other comprehensive income investment securities	3,032,325	3,001,322
- Amortised cost investment securities	144,043	172,562
- Cash and cash equivalents	<u>751,666</u>	<u>138,917</u>
	<u>3,928,034</u>	<u>3,312,801</u>
Interest income from fair value through profit or loss debt securities - designated	4,013,948	4,285,238
Interest income from fair value through profit or loss debt securities - mandatory	1,776,018	1,558,036
Dividend income from fair value through profit or loss equity securities	490,182	434,948
Investment expenses	<u>(400,735)</u>	<u>(365,614)</u>
	<u>5,879,413</u>	<u>5,912,608</u>
Total investment income	<u>9,807,447</u>	<u>9,225,409</u>

	<b>The Group and the Company</b>	
	<b>Unit linked</b>	<b>Unit linked</b>
	<b>life</b>	<b>life</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income from fair value through profit or loss debt securities	566,040	599,082
Interest income from cash and cash equivalents	152,254	45,821
Dividend income from fair value through profit or loss equity securities	138,474	130,618
Investment expenses	<u>(387,034)</u>	<u>(350,262)</u>
	<u>469,734</u>	<u>425,259</u>

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**22. Net Realised Gains/(Losses) on Financial and Other Assets**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment securities measured mandatorily at fair value through profit or loss	(43,108)	49,896
Gains on investment property and property for development and sale	196,580	201,388
	<u>153,472</u>	<u>251,284</u>

**23. Net Fair Value Gains/(Losses) on Financial Assets and Investment Properties**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Net fair value gains/(losses) on:		
- Investment securities measured mandatorily at fair value through profit or loss	1,583,802	(1,052,359)
- Investment securities designated at fair value through profit or loss	1,141,132	5,374,290
- Net fair value losses recycled through statement of income	–	(1,335,831)
	<u>2,724,934</u>	<u>2,986,100</u>
Fair value adjustment on investment properties (Note 7)	<u>428,862</u>	<u>560,537</u>
	<u>3,153,796</u>	<u>3,546,637</u>

	<b>The Group and the Company</b>	
	<b>Unit linked</b>	<b>Unit linked</b>
	<b>life</b>	<b>life</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Net fair value gains/(losses) on:		
- Investment securities measured at fair value through profit or loss	623,798	(387,554)
Fair value adjustment on investment properties	<u>21,259</u>	<u>18,357</u>
	<u>645,057</u>	<u>(369,197)</u>

**24. Fee Income**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Policy administration and asset management services:		
- Investment contracts without a discretionary participation feature	797,917	708,525
Other	<u>189,324</u>	<u>190,250</u>
	<u>987,241</u>	<u>898,775</u>

**25. Other Income**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rental income	80,703	60,035	80,703	60,035
Foreign exchange gains	160,955	303,640	160,951	303,640
Other income	<u>63,795</u>	<u>93,049</u>	<u>48,279</u>	<u>76,785</u>
	<u>305,453</u>	<u>456,724</u>	<u>289,933</u>	<u>440,460</u>

**26. Net Impairment Gains/(Losses) on Financial Assets**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Investment securities measured at fair value through other comprehensive income	22,285	249,591	22,285	249,591
Investment securities measured at amortised cost	15,619	(702)	15,619	(702)
Loans and receivables	(268)	–	–	–
Cash and cash equivalents	<u>4,645</u>	<u>(6,065)</u>	<u>4,657</u>	<u>(6,065)</u>
	<u>42,281</u>	<u>242,824</u>	<u>42,561</u>	<u>242,824</u>

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**27. Operating Expenses**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total Operating expenses</b>				
Staff cost	2,797,806	2,529,124	2,797,806	2,529,124
Depreciation and amortisation	308,170	264,966	308,170	264,966
Auditors' remuneration	91,349	115,481	89,649	113,781
Asset and other taxes	103,284	173,954	103,183	173,954
Directors' fees	23,801	21,786	23,801	21,786
Other expenses	<u>3,046,531</u>	<u>3,311,716</u>	<u>3,036,615</u>	<u>3,298,664</u>
	<u>6,370,941</u>	<u>6,417,027</u>	<u>6,359,224</u>	<u>6,402,275</u>
<b>Represented by:</b>				
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Staff cost	1,112,194	1,243,578	1,112,194	1,243,578
Depreciation and amortisation	113,436	113,436	113,436	113,436
Auditors' remuneration	49,156	49,156	49,156	49,156
Asset and other taxes	132,383	183,553	132,383	183,553
Directors' fees	11,568	11,568	11,568	11,568
Other expenses	<u>1,175,252</u>	<u>1,371,515</u>	<u>1,163,535</u>	<u>1,356,763</u>
	<u>2,593,989</u>	<u>2,972,806</u>	<u>2,582,272</u>	<u>2,958,054</u>
Amounts attributed to insurance acquisition cash flows incurred during the year	1,913,503	1,800,957	1,913,503	1,800,957
Amortisation of insurance acquisition cash flows	<u>1,863,449</u>	<u>1,643,264</u>	<u>1,863,449</u>	<u>1,643,264</u>
	<u>3,776,952</u>	<u>3,444,221</u>	<u>3,776,952</u>	<u>3,444,221</u>
<b>Represented by:</b>				
Insurance service expenses	3,776,952	3,444,221	3,776,952	3,444,221
Other operating expenses	<u>2,593,989</u>	<u>2,972,806</u>	<u>2,582,272</u>	<u>2,958,054</u>
	<u>6,370,941</u>	<u>6,417,027</u>	<u>6,359,224</u>	<u>6,402,275</u>
	<b>The Group and the Company</b>		<b>2024</b>	<b>2023</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>Staff cost includes:</b>				
- Wages, salaries and bonuses			2,211,689	2,044,455
- Health and medical			71,547	71,991
- Staff training			51,549	15,640
- National insurance			227,142	190,455
- Pension costs			122,099	111,769
- Other			<u>113,780</u>	<u>94,814</u>
			<u>2,797,806</u>	<u>2,529,124</u>

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 income based on IFRS 17 measurement requirements. Refer to Note 2.14 (f) and Note 15.2.1.

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**28. Taxation**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current tax	1,630,090	738,864	1,626,344	738,864
Prior year taxation adjustment	12,826	(75,757)	12,826	(75,757)
Deferred tax (Note 14)	<u>270,712</u>	<u>425,514</u>	<u>273,541</u>	<u>425,514</u>
	<u>1,913,628</u>	<u>1,088,621</u>	<u>1,912,711</u>	<u>1,088,621</u>

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit before taxation	<u>10,739,717</u>	<u>12,870,828</u>	<u>10,736,194</u>	<u>12,869,316</u>
Tax calculated at 25%	2,684,929	3,217,707	2,684,049	3,217,329
Income not subject to tax	(739,773)	(2,019,137)	(739,773)	(2,019,137)
Expenses not deductible for tax purposes	22,096	(28,091)	22,096	(28,091)
Prior year taxation adjustment	12,826	(75,757)	12,826	(75,757)
Net effect of other charges and allowances	<u>(66,450)</u>	<u>(6,100)</u>	<u>(66,487)</u>	<u>(5,723)</u>
<b>Tax charge for the year</b>	<u>1,913,628</u>	<u>1,088,622</u>	<u>1,912,711</u>	<u>1,088,621</u>

**29. Dividends**

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend for 2023 - \$2.43 per share (2022 - \$2.76 per share)	1,331,148	1,510,000
First interim dividend for 2024 - \$1.39 per share (2023 - \$0.91 per share)	760,919	500,000
Second interim dividend for 2024 - \$1.57 per share (2023 - \$1.35 per share)	859,736	740,330
Third interim dividend for 2024 - \$1.85 per share (2023 - \$2.05 per share)	<u>1,015,633</u>	<u>1,123,243</u>
	<u>3,967,436</u>	<u>3,873,573</u>

**30. Adjustment for Non-Cash Items in Operating Profit**

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net fair value gains on financial and other assets (Note 23)	(2,724,934)	(2,986,100)	(2,724,934)	(2,986,100)
Net realised losses/(gains) on financial and other assets (Note 22)	43,108	(49,896)	43,108	(49,896)
Impairment gains of financial assets (Note 26)	(42,281)	(242,824)	(42,561)	(242,824)
Depreciation and amortisation (Note 27)	308,170	264,966	308,170	264,966
Amortisation of premiums/(discounts)	201,047	299,635	201,047	299,635
Gain on disposal of property and equipment	—	(3,783)	—	(3,783)
Change in fair value of other investment properties (Note 7 and Note 23)	(428,862)	(560,537)	(428,862)	(560,537)
Loss on disposal of investment property (Note 22)	2,611	—	2,611	—
Gains on disposal of properties for development and sale (Note 22)	(199,191)	(201,388)	(199,191)	(201,388)
Foreign exchange gains/(losses)	<u>(157,110)</u>	<u>(644,078)</u>	<u>(157,110)</u>	<u>(644,078)</u>
	<u>(2,997,442)</u>	<u>(4,124,005)</u>	<u>(2,997,722)</u>	<u>(4,124,005)</u>



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**31. Fair Value Measurement**

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

	The Group and the Company			
	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2024</b>				
<b>Assets measured at fair value:</b>				
Freehold properties	–	–	4,340,124	4,340,124
Investment properties	–	–	5,840,351	5,840,351
Properties for development and sale	–	–	1,654,488	1,654,488
Investment securities at fair value through profit or loss:				
Equity securities	17,104,304	19,071	472,821	17,596,196
Government securities	–	53,434,533	–	53,434,533
Debentures & corporate bonds	–	10,800,423	–	10,800,423
Deposits (more than 90 days)	–	1,256,326	–	1,256,326
Other	103,649	12,923	–	116,572
Investment securities at fair value through other comprehensive income:				
Government securities	–	21,794,263	2,340,353	24,134,616
Debentures & corporate bonds	–	11,210,845	–	11,210,845
Deposits (more than 90 days)	–	1,156,012	–	1,156,012
	<u>17,207,953</u>	<u>99,684,396</u>	<u>14,648,137</u>	<u>131,540,486</u>
<b>At 31 December 2023</b>				
<b>Assets measured at fair value:</b>				
Freehold properties	–	–	4,370,598	4,370,598
Investment properties	–	–	5,481,024	5,481,024
Properties for development and sale	–	–	1,934,554	1,934,554
Investment securities at fair value through profit or loss:				
Equity securities	15,755,149	19,873	406,513	16,181,535
Government securities	–	54,579,230	–	54,579,230
Debentures & corporate bonds	–	8,871,737	–	8,871,737
Deposits (more than 90 days)	–	373,304	–	373,304
Other	–	112,838	–	112,838
Investment securities at fair value through other comprehensive income:				
Government securities	–	21,430,282	2,387,926	23,818,208
Debentures & corporate bonds	–	12,914,263	–	12,914,263
Deposits (more than 90 days)	–	879,287	–	879,287
	<u>15,755,149</u>	<u>99,180,814</u>	<u>14,580,615</u>	<u>129,516,578</u>

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

**Reconciliation of movements in level 3 assets 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.

	The Group and the Company					
	Freehold properties	Investment properties	Properties for development and sale	Equity securities	Government securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2024</b>						
Balance at beginning of year	4,370,598	5,481,024	1,934,554	406,513	2,387,926	14,580,615
Total gains or losses:						
in profit or loss	(62,683)	428,862	–	62,786	–	428,965
in other comprehensive income	–	–	–	–	(64,178)	(64,178)
Purchases	4,209	5,408	186,661	–	–	196,278
Sales	(809)	(65,181)	(482,482)	–	–	(548,472)
Other movements	28,809	(9,762)	15,755	–	–	34,802
Exchange rate adjustment	–	–	–	3,522	16,605	20,127
Balance at end of year	<u>4,340,124</u>	<u>5,840,351</u>	<u>1,654,488</u>	<u>472,821</u>	<u>2,340,353</u>	<u>14,648,137</u>

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**31. Fair Value Measurement (continued)**
**Reconciliation of movements in level 3 assets measured at fair value (continued)**

	The Group and the Company					Total \$'000
	Freehold properties \$'000	Investment properties \$'000	Properties for development and sale \$'000	Equity securities \$'000	Govern- ment securities \$'000	
<b>At 31 December 2023</b>						
Balance at beginning of year	4,431,950	4,912,845	2,026,228	398,085	2,238,056	14,007,164
Total gains or losses:						
in profit or loss	(61,352)	560,537	—	(165)	—	499,020
in other comprehensive income	—	—	—	—	20,118	20,118
Purchases	—	7,642	372,774	—	—	380,416
Sales	—	—	(464,448)	—	—	(464,448)
Other movements	—	—	—	—	89,596	89,596
Exchange rate adjustment	—	—	—	8,593	40,156	48,749
Balance at end of year	4,370,598	5,481,024	1,934,554	406,513	2,387,926	14,580,615

Total gains or losses (realised and unrealised) for the year in the above table are presented in the consolidated statement of income and other comprehensive income as follows:

	The Group and the Company	
	2024 \$'000	2023 \$'000
<b>Total gains or losses recognised in consolidated statement of income</b>		
Net fair value gains	491,648	560,372
Operating expenses	(26,954)	(26,381)
	464,694	533,991
<b>Total gains or losses recognised in consolidated statement of comprehensive income</b>		
Net fair value gains on debt securities at fair value through other comprehensive income	(64,178)	20,118
	(64,178)	20,118

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**31. Fair Value Measurement (continued)**

Total unrealised gains/(losses) for the period included in consolidated statement of income for assets and liabilities held at end of year:

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets measured at fair value:</b>		
Investment properties	428,862	560,537
Investment securities:		
Equity securities	<u>62,786</u>	<u>(165)</u>
	<u>491,648</u>	<u>560,372</u>

For properties classified as level 3, an increase/decrease in the discount rates or capitalisation rates, will result in a decrease/increase in the property values.

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

	<b>The Group and the Company</b>	
	<b>Total</b>	<b>Total fair</b>
	<b>carrying value</b>	<b>value</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>At 31 December 2024</b>		
<b>Assets for which fair values are disclosed:</b>		
Investment securities measured at amortised cost:		
Debentures & corporate bonds	<u>1,013,479</u>	<u>1,013,479</u>
	<u>1,013,479</u>	<u>1,013,479</u>
<b>Liabilities for which fair values are disclosed:</b>		
Investment Contract Liabilities	<u>24,978,269</u>	<u>24,978,269</u>
<b>At 31 December 2023</b>		
<b>Assets for which fair values are disclosed:</b>		
Investment securities measured at amortised cost:		
Debentures & corporate bonds	<u>1,859,180</u>	<u>1,859,180</u>
	<u>1,859,180</u>	<u>1,859,180</u>
<b>Liabilities for which fair values are disclosed:</b>		
Investment Contract Liabilities	<u>23,295,048</u>	<u>23,295,048</u>

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**31. Fair Value Measurement (continued)**
**Fair value sensitivity**

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
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This level mainly comprise various freehold and investment properties, various unquoted equity securities, and the unquoted, illiquid Series G Government of Barbados debt securities. Freehold and investment properties are fair valued by professional external valuers. Unquoted equity securities are held either at cost, being the fair value of the consideration paid on acquisition, or at fair value based on market value ratios such as book value per share. The Series G debt securities are valued using a discounted cash flow model that incorporates expected cash flows and a risk adjusted yield curve issued by the Central Bank of Barbados.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group 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.

The fair value for financial instruments classified as level 3 are determined using significant unobservable inputs.

The Group's equity securities classified as level 3 would increase/decrease in value by \$23,670,000 (2023: \$20,326,000) should there be a 5% increase/decrease in value.

The Series G Government of Barbados debt securities classified as level 3 were valued using a yield of 6.99% (2023: 6.99%). A 1% increase/decrease in this yield would result in a decrease/increase in the fair value of these assets of BB\$5,670,261 and BB\$4,654,581 respectively (2023: BB\$4,663,223 and BB\$5,709,217).

**Significant unobservable valuation input**

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value 31 December 2024	Fair value December 2023	31 Unobservable inputs	Range of inputs
	\$'000	\$'000		
<b>Freehold and Leasehold buildings</b>	<b>4,340,124</b>	<b>4,370,599</b>		
Land			Capitalization rate per acre	\$4.5M-\$5.5M
Buildings			Capitalization rate per square feet	\$11K-\$35K
<b>Investment Properties</b>	<b>5,840,351</b>	<b>5,481,024</b>		
Land			Capitalization rate per acre	US\$1.3M- \$1.74M
Buildings			Capitalization rate per square feet	\$15K-\$46K
<b>Total</b>	<b>10,180,475</b>	<b>9,851,623</b>		

**Relationship of unobservable inputs to fair value**

Significant increases/(decreases) in estimated price per square feet in isolation would result in a significantly higher(lower) fair value on a linear basis.

**32. Commitments**
**Capital commitments**

As at the year end, a development contract and agreement have been entered into in respect of a property project. The commitments not recognised in these consolidated financial statements are as follows:

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Property development	46,755	391,355
Property renovations	83,760	68,035
Intangibles asset - insurance system upgrade	139,296	114,364
	<u>269,811</u>	<u>573,754</u>

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**33. Related Party Disclosures**

The following transactions were carried out with related parties:

(a) Premiums received from:

- Other related parties

(b) Commissions paid to:

- Other related parties

(c) Interest and dividend income from:

- Parent company

- Other related parties

(d) Dividend paid to parent company

(e) Financial assets of:

- Parent company

- Other related parties

(f) Key management personnel compensation:

- Salaries and other short-term employee benefits

- Post-employment benefits

- Other long-term benefits

(g) Other receivables

- Due from fellow subsidiaries

- Due from broker - other related party

- Other receivables

(h) Other liabilities

- Dividend payable to parent

- Payable to fellow subsidiaries

- Insurance contracts

(i) Other income

- Inter-group income

(j) Other charges

- Inter-group charges

- Directors fees

- Insurance service expenses

- Operating expenses

<b>The Group and the Company</b>	
<b>2024</b>	<b>2023</b>
<b>\$'000</b>	<b>\$'000</b>
135,497	121,925
718,594	842,257
44,109	10,499
10,900	18,034
55,009	28,533
(2,843,200)	(2,942,876)
1,809,726	1,528,414
5,913,952	2,297,561
7,723,678	3,825,975
739,850	559,293
33,367	30,399
86,864	97,173
860,081	686,865
140,620	420,737
400,000	–
24,898	33,621
565,518	454,358
2,303,463	1,177,164
416,211	432,378
35,413	50,018
2,755,087	1,659,560
18,042	16,774
339,144	327,567
23,801	21,786
40,599	32,437
30,588	24,471

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**34. Assets Under Management**

Assets under management, which are not beneficially owned by the Group, but which the Group manages on behalf of investors are listed below:

The Company provides administration, investment management or advisory services to third parties which involve making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These assets are not included in these consolidated financial statements and include the following:

(i) Net assets of the pooled pension investment funds which are held in trust, on behalf of pension funds and individual retirement schemes. At 31 December 2024, the assets totalled \$28,221,372,000 (2023 - \$23,042,509,000).

(ii) Net assets of self-directed pension funds on behalf of clients which are also held in trust. At 31 December 2024, the assets of these funds totaled \$5,229,113,000 (2023 - \$4,593,648,000).

(ii) Net assets for fellow related party . At 31 December 2024, assets managed totaled \$10,750,556,000 (2023 - \$8,890,847,000).

**35. Pension Scheme**

The Company operates a defined contribution pension scheme for all permanent administrative and sales staff. The scheme commenced on 1 March 2000 and its assets and liabilities are held separately from those of the Company in a trust fund, which is included in the Company's Investment Contracts (Note 19). Employees are required to contribute a minimum of 5% of pensionable salary; the contribution rate by the employer is 5% of pensionable salary. As at 31 December 2024, contributions made totaled \$443,049,000 (2023 - \$402,725,000).