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| RSM IFRS for Insurance Limited Company Number 01234567 |
|  |
| Annual Report - 31 December 2024   |  | | --- | | IAS1(51)(a) | |



RSM IFRS Insurance Limited

Company Number 01234567

Annual Report - 31 December 2024

These model accounts are illustrative only, contain general information, are not intended to be comprehensive and may not address specific events or circumstances. We make no representation as to their accuracy, compatibility or fitness-for-purpose.

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General information

The financial statements cover RSM IFRS Insurance Limited as a consolidated entity consisting of RSM IFRS Insurance Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Internationaland currency units, which is RSM IFRS Insurance Limited's functional and presentation currency.

RSM IFRS Insurance Limited is a listed public company limited by shares, incorporated and domiciled in Internationaland. Its registered office and principal place of business are:

| Registered office |  | Principal place of business |
| --- | --- | --- |
|  |  |  |
| 10th Floor |  | 5th Floor |
| Universal Administration Building |  | RSM Business Centre |
| 12 Highland Street |  | 247 Edward Street |
| Cityville |  | Cityville |

During the financial year the principal continuing activities of the consolidated entity consisted of underwriting insurance for life risk, life savings, participating and non-life contracts; and obtaining reinsurance to mitigate risks.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2025. The directors have the power to amend and reissue the financial statements.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Insurance service result |  |  |  |  |  |  |
| Insurance revenue |  | [4](#_AirNote_TOC) |  | 199,337 |  | 184,257 |
| Insurance service expenses |  |  |  | (164,020) |  | (154,372) |
| Net expenses from reinsurance contracts |  |  |  | (11,332) |  | (9,307) |
| Insurance service result |  |  |  | 23,985 |  | 20,578 |
|  |  |  |  |  |  |  |
| Investment income |  |  |  |  |  |  |
| Dividends |  | [5](#_AiiNote_TOC) |  | 10,581 |  | 9,834 |
| Interest revenue calculated using the effective interest method |  | [5](#_AiiNote_TOC) |  | 1,089 |  | 544 |
| Rental income |  | [5](#_AiiNote_TOC) |  | 3,623 |  | 3,310 |
| Net fair value gain on financial assets held at fair value |  | [5](#_AiiNote_TOC) |  | 8,218 |  | 7,728 |
| Net fair value gain/(loss) on investment properties |  | [5](#_AiiNote_TOC) |  | (600) |  | 1,500 |
| Net gain on disposal of financial assets |  | [5](#_AiiNote_TOC) |  | 4,765 |  | 4,109 |
| Impairment of investments |  | [5](#_AiiNote_TOC) |  | (500) |  | - |
| Other investment income |  | [5](#_AiiNote_TOC) |  | 3,522 |  | 1,664 |
| Investment income |  |  |  | 30,698 |  | 28,689 |
|  |  |  |  |  |  |  |
| Insurance financial result |  |  |  |  |  |  |
| Finance income from reinsurance contracts |  | [5](#_AiiNote_TOC) |  | 1,436 |  | 1,028 |
| Finance expenses from insurance contracts |  | [5](#_AiiNote_TOC) |  | (13,515) |  | (12,957) |
| Insurance financial result |  |  |  | (12,079) |  | (11,929) |
|  |  |  |  |  |  |  |
| Other income |  |  |  |  |  |  |
| Share of profit - associates |  |  |  | 3,211 |  | 2,661 |
| Other income |  |  |  | 1,065 |  | 2,125 |
| Other finance expenses |  |  |  | (7,813) |  | (7,795) |
| Other expenses |  |  |  | (4,513) |  | (4,252) |
| Other income |  |  |  | (8,050) |  | (7,261) |
|  |  |  |  |  |  |  |
| Profit before income tax expense |  |  |  | 34,554 |  | 30,077 |
|  |  |  |  |  |  |  |
| Income tax expense |  | [6](#_AitNote_TOC) |  | (9,599) |  | (8,383) |
|  |  |  |  |  |  |  |
| Profit after income tax expense for the year |  |  |  | 24,955 |  | 21,694 |
|  |  |  |  |  |  |  |
| Other comprehensive income |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Items that will not be reclassified subsequently to profit or loss |  |  |  |  |  |  |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax |  |  |  | 1,246 |  | 1,061 |
|  |  |  |  |  |  |  |
| Items that may be reclassified subsequently to profit or loss |  |  |  |  |  |  |
| Cash flow hedges transferred to profit or loss, net of tax |  |  |  | (3) |  | (9) |
| Net change in the fair value of cash flow hedges taken to equity, net of tax |  |  |  | (7) |  | (18) |
| Net finance expenses from insurance contracts |  |  |  | (270) |  | (259) |
| Net finance income from reinsurance contracts |  |  |  | 29 |  | 21 |
| Foreign currency translation |  |  |  | (257) |  | (218) |
|  |  |  |  |  |  |  |
| Other comprehensive income for the year, net of tax |  |  |  | 738 |  | 578 |
|  |  |  |  |  |  |  |
| Total comprehensive income for the year |  |  |  | 25,693 |  | 22,272 |
|  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Profit for the year is attributable to: |  |  |  |  |  |  |
| Non-controlling interest |  |  |  | 142 |  | 229 |
| Owners of RSM IFRS Insurance Limited |  | [28](#_EqeNote_TOC) |  | 24,813 |  | 21,465 |
|  |  |  |  |  |  |  |
|  |  |  |  | 24,955 |  | 21,694 |
|  |  |  |  |  |  |  |
| Total comprehensive income for the year is attributable to: |  |  |  |  |  |  |
| Non-controlling interest |  |  |  | 142 |  | 229 |
| Owners of RSM IFRS Insurance Limited |  |  |  | 25,551 |  | 22,043 |
|  |  |  |  |  |  |  |
|  |  |  |  | 25,693 |  | 22,272 |

|  |  |  |  | Cents |  | Cents |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Basic earnings per share |  | [44](#_OepNote_TOC) |  | 16.89 |  | 15.23 |
| Diluted earnings per share |  | [44](#_OepNote_TOC) |  | 16.89 |  | 15.23 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Assets |  |  |  |  |  |  |
| Cash and cash equivalents |  | [7](#_CacNote_TOC) |  | 40,513 |  | 30,845 |
| Financial assets at fair value through profit or loss |  | [8](#_CafNote_TOC) |  | 297,097 |  | 316,568 |
| Financial assets at fair value through other comprehensive income |  | [9](#_CagNote_TOC) |  | 142,720 |  | 136,967 |
| Insurance contracts issued that are assets |  | [31](#_OicNote_TOC) |  | 2,524 |  | 2,144 |
| Reinsurance contracts held that are assets |  | [31](#_OicNote_TOC) |  | 12,213 |  | 12,328 |
| Investments accounted for using the equity method |  | [10](#_NaeNote_TOC) |  | 34,192 |  | 30,981 |
| Investment properties |  | [11](#_NanNote_TOC) |  | 46,900 |  | 47,500 |
| Property, plant and equipment |  | [12](#_NaaNote_TOC) |  | 64,639 |  | 70,383 |
| Right-of-use assets |  | [13](#_NauNote_TOC) |  | 4,263 |  | 4,716 |
| Intangibles |  | [14](#_NaiNote_TOC) |  | 10,567 |  | 10,871 |
| Deferred tax |  | [15](#_NatNote_TOC) |  | 8,958 |  | 8,522 |
| Other |  | [16](#_NaoNote_TOC) |  | 2,435 |  | 2,383 |
|  |  |  |  |  |  |  |
| Total assets |  |  |  | 667,021 |  | 674,208 |
|  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |
| Trade and other payables |  | [17](#_ClpNote_TOC) |  | 20,004 |  | 17,306 |
| Insurance contracts issued that are liabilities |  | [31](#_OicNote_TOC) |  | 321,665 |  | 341,482 |
| Reinsurance contracts held that are liabilities |  | [31](#_OicNote_TOC) |  | 5,976 |  | 3,071 |
| Borrowings |  | [18](#_CllNote_TOC) |  | - |  | 1,273 |
| Lease liabilities |  | [19](#_ClmNote_TOC) |  | 3,894 |  | 4,302 |
| Derivative financial instruments |  | [20](#_CldNote_TOC) |  | 122 |  | 107 |
| Income tax |  | [21](#_CltNote_TOC) |  | 3,628 |  | 3,158 |
| Employee benefits |  | [22](#_CluNote_TOC) |  | 19,501 |  | 18,997 |
| Provisions |  | [23](#_ClvNote_TOC) |  | 2,315 |  | 1,575 |
| Deferred tax |  | [24](#_NltNote_TOC) |  | 14,800 |  | 11,968 |
| Other |  | [25](#_NloNote_TOC) |  | 1,143 |  | 927 |
|  |  |  |  |  |  |  |
| Total liabilities |  |  |  | 393,048 |  | 404,166 |
|  |  |  |  |  |  |  |
| Net assets |  |  |  | 273,973 |  | 270,042 |
|  |  |  |  |  |  |  |
| Equity |  |  |  |  |  |  |
| Issued capital |  | [26](#_EqcNote_TOC) |  | 212,953 |  | 212,678 |
| Reserves |  | [27](#_EqrNote_TOC) |  | 491 |  | (247) |
| Retained profits |  | [28](#_EqeNote_TOC) |  | 43,621 |  | 40,845 |
| Equity attributable to the owners of RSM IFRS Insurance Limited |  |  |  | 257,065 |  | 253,276 |
| Non-controlling interest |  | [29](#_EqmNote_TOC) |  | 16,908 |  | 16,766 |
|  |  |  |  |  |  |  |
| Total equity |  |  |  | 273,973 |  | 270,042 |

|  |  | Issued |  |  |  | Retained |  | Non-controlling |  | Total equity |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | capital |  | Reserves |  | profits |  | interest |  |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 |  | 134,922 |  | (825) |  | 36,996 |  | 16,537 |  | 187,630 |
|  |  |  |  |  |  |  |  |  |  |  |
| Profit after income tax expense for the year |  | - |  | - |  | 21,465 |  | 229 |  | 21,694 |
| Other comprehensive income for the year, net of tax |  | - |  | 578 |  | - |  | - |  | 578 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income for the year |  | - |  | 578 |  | 21,465 |  | 229 |  | 22,272 |
|  |  |  |  |  |  |  |  |  |  |  |
| Transactions with owners in their capacity as owners: |  |  |  |  |  |  |  |  |  |  |
| Contributions of equity, net of transaction costs (note 26) |  | 77,756 |  | - |  | - |  | - |  | 77,756 |
| Dividends paid (note 30) |  | - |  | - |  | (17,616) |  | - |  | (17,616) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 |  | 212,678 |  | (247) |  | 40,845 |  | 16,766 |  | 270,042 |

|  |  | Issued |  |  |  | Retained |  | Non-controlling |  | Total equity |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | capital |  | Reserves |  | profits |  | interest |  |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 |  | 212,678 |  | (247) |  | 40,845 |  | 16,766 |  | 270,042 |
|  |  |  |  |  |  |  |  |  |  |  |
| Profit after income tax expense for the year |  | - |  | - |  | 24,813 |  | 142 |  | 24,955 |
| Other comprehensive income for the year, net of tax |  | - |  | 738 |  | - |  | - |  | 738 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income for the year |  | - |  | 738 |  | 24,813 |  | 142 |  | 25,693 |
|  |  |  |  |  |  |  |  |  |  |  |
| Transactions with owners in their capacity as owners: |  |  |  |  |  |  |  |  |  |  |
| Contributions of equity, net of transaction costs (note 26) |  | 25 |  | - |  | - |  | - |  | 25 |
| Share-based payments |  | 250 |  | - |  | - |  | - |  | 250 |
| Dividends paid (note 30) |  | - |  | - |  | (22,037) |  | - |  | (22,037) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 |  | 212,953 |  | 491 |  | 43,621 |  | 16,908 |  | 273,973 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Cash flows from operating activities |  |  |  |  |  |  |
| Insurance premiums received |  |  |  | 179,140 |  | 188,574 |
| Payments of claims, reinsurance claims and expenses |  |  |  | (154,691) |  | (148,367) |
|  |  |  |  |  |  |  |
|  |  |  |  | 24,449 |  | 40,207 |
| Dividends received |  |  |  | 10,581 |  | 9,834 |
| Interest received |  |  |  | 2,554 |  | 1,593 |
| Other revenue |  |  |  | 7,499 |  | 8,407 |
| Interest and other finance costs paid |  |  |  | (21,513) |  | (20,949) |
| Income taxes paid |  |  |  | (7,262) |  | (5,352) |
|  |  |  |  |  |  |  |
| Net cash from operating activities |  |  |  | 16,308 |  | 33,740 |
|  |  |  |  |  |  |  |
| Cash flows from investing activities |  |  |  |  |  |  |
| Payments for investments |  |  |  | (24,808) |  | (88,116) |
| Payments for property, plant and equipment |  |  |  | (12,275) |  | (3,048) |
| Proceeds from sale of investments |  |  |  | 53,289 |  | 23,843 |
| Proceeds from sale of property, plant and equipment |  |  |  | 1,200 |  | 250 |
| Proceeds from release of security deposits |  |  |  | 155 |  | - |
|  |  |  |  |  |  |  |
| Net cash from/(used in) investing activities |  |  |  | 17,561 |  | (67,071) |
|  |  |  |  |  |  |  |
| Cash flows from financing activities |  |  |  |  |  |  |
| Proceeds from issue of shares |  |  |  | 25 |  | 78,750 |
| Share issue transaction costs |  |  |  | - |  | (1,420) |
| Dividends paid |  | [30](#_EqdNote_TOC) |  | (22,037) |  | (17,616) |
| Repayment of lease liabilities |  |  |  | (928) |  | (1,074) |
|  |  |  |  |  |  |  |
| Net cash from/(used in) financing activities |  |  |  | (22,940) |  | 58,640 |
|  |  |  |  |  |  |  |
| Net increase in cash and cash equivalents |  |  |  | 10,929 |  | 25,309 |
| Cash and cash equivalents at the beginning of the financial year |  |  |  | 29,572 |  | 4,255 |
| Effects of exchange rate changes on cash and cash equivalents |  |  |  | 12 |  | 8 |
|  |  |  |  |  |  |  |
| Cash and cash equivalents at the end of the financial year |  | [7](#_CacNote_TOC) |  | 40,513 |  | 29,572 |

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RSM IFRS Insurance Limited ('company' or 'parent entity') as at 31 December 2024 and the results of all subsidiaries for the year then ended. RSM IFRS Insurance Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Internationaland currency units, which is RSM IFRS Insurance Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Internationaland currency units using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Internationaland currency units using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Internationaland currency units using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

For contracts not measured under the premium allocation approach, the consolidated entity's insurance revenue recognised in a period depicts the transfer of promised services at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for those services. The total consideration for a group of contracts covers the amounts related to the provision of services and is comprised of:

|  |  |  |
| --- | --- | --- |
| ● |  | Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage |
| ● |  | Amounts related to income tax that are specifically chargeable to the policyholder |
| ● |  | The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage |
| ● |  | The contractual service margin |
| ● |  | Amounts related to insurance acquisition cash flows |

For contracts measured under the premium allocation approach, the consolidated entity's insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period. The consolidated entity allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue is recognised when it is received or when the right to receive payment is established.

Insurance finance revenue and expenses

Insurance finance revenue and expenses are disaggregated between profit or loss and other comprehensive income over the duration of the group of contracts. Other comprehensive income is accumulated in reserves and if a contract is derecognised, the balance for the contract is reclassified to profit or loss. All other finance costs are expensed in the period in which they are incurred.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

|  |  |  |
| --- | --- | --- |
| ● |  | When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or |
| ● |  | When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. |

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Insurance and reinsurance contracts

Insurance contracts are contracts under which the consolidated entity 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 consolidated entity uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the consolidated entity has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The consolidated entity recognises a group of insurance contracts it issues from the earliest of the following:

|  |  |  |
| --- | --- | --- |
| ● |  | The beginning of the coverage period of the group of contracts; |
| ● |  | The date when the first payment from a policyholder in the group becomes due; and |
| ● |  | For a group of onerous contracts, when the group becomes onerous. |

There are three measurement approaches for the accounting of insurance contracts:

|  |  |  |
| --- | --- | --- |
| ● |  | General Measurement Model (GMM) |
| ● |  | Premium Allocation Approach (PAA) |
| ● |  | Variable Fee Approach (VFA) |

Contracts not measured under the PAA

On initial recognition, the consolidated entity measures a group of insurance contracts under the General Measurement Model as the total of:

|  |  |  |
| --- | --- | --- |
| ● |  | The fulfilment cash flows, which comprise: (i) estimates of future cash flows; (ii) an adjustment to reflect the time value of money and the financial risks related to the future cash flows; and (iii) a risk adjustment for non-financial risk. |
| ● |  | The contractual service margin. |

The carrying amounts of a group of insurance contracts under the General Measurement Model are subsequently remeasured at the end of each reporting period as the total of:

|  |  |  |
| --- | --- | --- |
| ● |  | The liability for remaining coverage comprising: (i) the fulfilment cash flows related to future service allocated to the group at that date; (ii) the contractual service margin of the group at that date. |
| ● |  | The liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at that date. |

Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which the consolidated entity promises an investment return based on underlying items. At inception these insurance contracts meet the following criteria:

|  |  |  |
| --- | --- | --- |
| ● |  | The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items; |
| ● |  | The consolidated entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and |
| ● |  | The consolidated entity 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. |

Contracts measured under the PAA

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amounts arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows). The consolidated entity has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the consolidated entity expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the consolidated entity has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

The consolidated entity uses reinsurance to mitigate its risk exposures. A reinsurance contract is issued by one entity (the reinsurer) to compensate the consolidated entity for claims arising from one or more underlying insurance contracts issued by the consolidated entity.

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

|  |  | Product classification |  | Measurement approach |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Insurance contracts issued |  |  |  |  |
| Term life insurance contracts |  | Insurance contracts |  | GMM |
| Universal life insurance contracts |  | Insurance contracts without direct participation features |  | GMM |
| Direct participating contracts |  | Insurance contracts with direct participation features |  | VFA |
| Investment contracts with discretionary participating features |  | Insurance contracts without direct participation features |  | GMM |
| Automobile insurance for one year or less |  | Insurance contracts |  | PAA |
| Property insurance for one year or less |  | Insurance contracts |  | PAA |
|  |  |  |  |  |
| Reinsurance contracts held |  |  |  |  |
| Term life |  | Reinsurance contract held |  | GMM |
| Automobile third party liability - excess of loss reinsurance |  | Reinsurance contract held |  | PAA |

The consolidated entity has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in liabilities on the statement of financial position.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|  |  |  |
| --- | --- | --- |
| Leasehold improvements |  | 3-10 years |
| Plant and equipment |  | 3-7 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of RSM IFRS Insurance Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand currency units, or in certain cases, the nearest currency unit.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fulfilment cash flows

Insurance contracts without direct participation features give the consolidated entity discretion over the timing and the amount of cash flows to be paid to policyholders. At the inception of the contract, the consolidated entity specifies the basis on which it expects to determine its commitment under the contract, being either a fixed interest rate or an asset rate of return.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the consolidated entity requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to reduce the uncertainty that future cash flows will exceed the expected value amount. The consolidated entity has estimated the risk adjustment using a confidence level approach at the 75th percentile. The consolidated entity disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance revenue or expenses.

Insurance discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The consolidated entity generally determines the risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curves that were used to discount the estimates of future cash flows are as follows:

|  |  | 2024 | | | | | | | | 2023 | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 1 year |  | 5 years |  | 10 years |  | 20 years |  | 1 year |  | 5 years |  | 10 years |  | 20 years |
|  |  | % |  | % |  | % |  | % |  | % |  | % |  | % |  | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Life |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| US dollars |  | 0.38% |  | 0.55% |  | 1.16% |  | 1.81% |  | 0.32% |  | 0.50% |  | 1.11% |  | 1.77% |
| Euros |  | 1.29% |  | 2.16% |  | 2.62% |  | 3.02% |  | 1.15% |  | 2.02% |  | 2.54% |  | 2.98% |
| Neighbourland dollars |  | 1.69% |  | 2.48% |  | 2.83% |  | 3.13% |  | 1.55% |  | 2.37% |  | 2.74% |  | 3.10% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Participating |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| US dollars |  | 0.96% |  | 1.13% |  | 1.70% |  | 2.39% |  | 0.86% |  | 1.02% |  | 1.63% |  | 2.28% |
| Euros |  | 2.18% |  | 3.05% |  | 3.51% |  | 3.91% |  | 2.07% |  | 2.96% |  | 3.46% |  | 3.89% |
| Neighbourland dollars |  | 2.67% |  | 3.46% |  | 3.81% |  | 4.11% |  | 2.46% |  | 3.28% |  | 3.64% |  | 3.96% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-life |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| US dollars |  | 0.09% |  | 0.26% |  | 0.87% |  | 1.52% |  | 0.06% |  | 0.24% |  | 0.85% |  | 1.50% |
| Euros |  | 0.92% |  | 1.79% |  | 2.25% |  | 2.65% |  | 0.81% |  | 1.68% |  | 2.20% |  | 2.63% |
| Neighbourland dollars |  | 1.04% |  | 1.83% |  | 2.18% |  | 2.48% |  | 0.96% |  | 1.78% |  | 2.14% |  | 2.46% |

Investment component

An investment component is an amount that an insurance contract requires the consolidated entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The consolidated entity 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. Investment components are excluded from insurance revenue and insurance service expenses.

Contractual service margin

The contractual service margin is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognise as it provides insurance contract services under the insurance contracts in the group. The contractual service margin of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Insurance finance revenue and expenses

The consolidated entity disaggregates insurance finance revenue and expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance revenue or expenses over the duration of the group of contracts.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into four operating segments based on different insurance contracts issued: life risk, life savings, participating and non-life. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Other segments represent the investment property holdings and rental income of the consolidated entity.

The CODM reviews the segment result. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

|  |  |  |
| --- | --- | --- |
| Life risk |  | Offers term life insurance contacts over 10 to 30 year terms to provide protection against risk of premature death, disability or critical illness. Once the term has ended, the insurance contract is terminated. |
| Life savings |  | Offers a range of universal life insurance products with non-guaranteed life annuity options over 10 to 30 year terms. These insurance contracts offer a fixed and guaranteed amount of death benefits equal to the face value of the policy, plus the accumulated account value, which is payable on death or on policy maturity. |
| Participating |  | Offers a variety of direct participating contracts where an insurer shares the performance of underlying items with policyholders. Direct participating contracts include fixed and guaranteed death benefits for the first five years of the contract term and also provide to policyholders an investment return. |
| Non-life |  | Offers motor, property, public liability, employers liability and specialty insurance contracts over one year terms to consumers, landlords and businesses. |

Operating segment information

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  |  |  |  |  |  |  |  |  |  |
| Insurance revenue |  | 31,793 |  | 9,149 |  | 26,875 |  | 131,520 |  | 199,337 |
| Other revenue |  | 425 |  | 320 |  | 128 |  | 192 |  | 1,065 |
| Total revenue |  | 32,218 |  | 9,469 |  | 27,003 |  | 131,712 |  | 200,402 |
|  |  |  |  |  |  |  |  |  |  |  |
| Result |  | 6,868 |  | 3,155 |  | 19,966 |  | 16,891 |  | 46,880 |
| Other finance expenses |  |  |  |  |  |  |  |  |  | (7,813) |
| Other expenses |  |  |  |  |  |  |  |  |  | (4,513) |
| Profit before income tax expense |  |  |  |  |  |  |  |  |  | 34,554 |
| Income tax expense |  |  |  |  |  |  |  |  |  | (9,599) |
| Profit after income tax expense |  |  |  |  |  |  |  |  |  | 24,955 |
| Material items include: |  |  |  |  |  |  |  |  |  |  |
| Share of profits of associates |  | - |  | - |  | 3,211 |  | - |  | 3,211 |
|  |  |  |  |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |  |  |
| Segment assets |  | 109,613 |  | 83,822 |  | 257,914 |  | 206,714 |  | 658,063 |
| Unallocated assets: |  |  |  |  |  |  |  |  |  |  |
| Deferred tax asset |  |  |  |  |  |  |  |  |  | 8,958 |
| Total assets |  |  |  |  |  |  |  |  |  | 667,021 |
| Total assets includes: |  |  |  |  |  |  |  |  |  |  |
| Investments in associates |  | - |  | - |  | 34,192 |  | - |  | 34,192 |
| Acquisition of non-current assets |  | 365 |  | 5,027 |  | - |  | 9,091 |  | 14,483 |
|  |  |  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |  |  |
| Segment liabilities |  | 71,178 |  | 67,432 |  | 176,071 |  | 59,939 |  | 374,620 |
| Unallocated liabilities: |  |  |  |  |  |  |  |  |  |  |
| Provision for income tax |  |  |  |  |  |  |  |  |  | 3,628 |
| Deferred tax liability |  |  |  |  |  |  |  |  |  | 14,800 |
| Total liabilities |  |  |  |  |  |  |  |  |  | 393,048 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  |  |  |  |  |  |  |  |  |  |
| Insurance revenue |  | 29,929 |  | 7,752 |  | 23,194 |  | 123,382 |  | 184,257 |
| Other revenue |  | 849 |  | 637 |  | 256 |  | 383 |  | 2,125 |
| Total revenue |  | 30,778 |  | 8,389 |  | 23,450 |  | 123,765 |  | 186,382 |
|  |  |  |  |  |  |  |  |  |  |  |
| Result |  | 5,800 |  | 2,204 |  | 19,444 |  | 14,676 |  | 42,124 |
| Other finance expenses |  |  |  |  |  |  |  |  |  | (7,795) |
| Other expenses |  |  |  |  |  |  |  |  |  | (4,252) |
| Profit before income tax expense |  |  |  |  |  |  |  |  |  | 30,077 |
| Income tax expense |  |  |  |  |  |  |  |  |  | (8,383) |
| Profit after income tax expense |  |  |  |  |  |  |  |  |  | 21,694 |
| Material items include: |  |  |  |  |  |  |  |  |  |  |
| Share of profits of associates |  | - |  | - |  | 2,661 |  | - |  | 2,661 |
|  |  |  |  |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |  |  |
| Segment assets |  | 111,112 |  | 84,969 |  | 261,442 |  | 208,163 |  | 665,686 |
| Unallocated assets: |  |  |  |  |  |  |  |  |  |  |
| Deferred tax asset |  |  |  |  |  |  |  |  |  | 8,522 |
| Total assets |  |  |  |  |  |  |  |  |  | 674,208 |
| Total assets includes: |  |  |  |  |  |  |  |  |  |  |
| Investments in associates |  | - |  | - |  | 30,981 |  | - |  | 30,981 |
| Acquisition of non-current assets |  | 230 |  | 4,436 |  | - |  | 716 |  | 5,382 |
|  |  |  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |  |  |
| Segment liabilities |  | 73,918 |  | 70,027 |  | 182,849 |  | 62,246 |  | 389,040 |
| Unallocated liabilities: |  |  |  |  |  |  |  |  |  |  |
| Provision for income tax |  |  |  |  |  |  |  |  |  | 3,158 |
| Deferred tax liability |  |  |  |  |  |  |  |  |  | 11,968 |
| Total liabilities |  |  |  |  |  |  |  |  |  | 404,166 |

Geographical information

|  |  | Sales to external customers | | | | Geographical non-current assets | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Internationaland |  | 65,101 |  | 60,059 |  | 39,879 |  | 41,967 |
| Neighbourland |  | 74,493 |  | 68,918 |  | 45,631 |  | 48,159 |
| Rest of the World |  | 59,743 |  | 55,280 |  | 36,596 |  | 38,628 |
|  |  |  |  |  |  |  |  |  |
|  |  | 199,337 |  | 184,257 |  | 122,106 |  | 128,754 |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Insurance revenue

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Contracts not measured under the PAA |  |  |  |  |  |  |  |  |  |  |
| Amounts relating to the changes in the liability for remaining coverage: |  |  |  |  |  |  |  |  |  |  |
| Insurance service expenses |  | 25,887 |  | 1,271 |  | 2,369 |  | - |  | 29,527 |
| Change in the risk adjustment for non-financial risk |  | 918 |  | 44 |  | 73 |  | - |  | 1,035 |
| Contractual service margin |  | 2,432 |  | 5,278 |  | 17,080 |  | - |  | 24,790 |
| Other amounts |  | 29 |  | - |  | 378 |  | - |  | 407 |
| Recovery of insurance acquisition cash flows |  | 2,527 |  | 2,556 |  | 6,975 |  | - |  | 12,058 |
|  |  |  |  |  |  |  |  |  |  |  |
| Insurance revenue from contracts not measured under the PAA |  | 31,793 |  | 9,149 |  | 26,875 |  | - |  | 67,817 |
|  |  |  |  |  |  |  |  |  |  |  |
| Contracts measured under the PAA |  |  |  |  |  |  |  |  |  |  |
| Insurance revenue from contracts measured under the PAA |  | - |  | - |  | - |  | 131,520 |  | 131,520 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total insurance revenue |  | 31,793 |  | 9,149 |  | 26,875 |  | 131,520 |  | 199,337 |

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Contracts not measured under the PAA |  |  |  |  |  |  |  |  |  |  |
| Amounts relating to the changes in the liability for remaining coverage: |  |  |  |  |  |  |  |  |  |  |
| Insurance service expenses |  | 24,462 |  | 854 |  | 2,107 |  | - |  | 27,423 |
| Change in the risk adjustment for non-financial risk |  | 887 |  | 33 |  | 65 |  | - |  | 985 |
| Contractual service margin |  | 2,353 |  | 4,573 |  | 14,769 |  | - |  | 21,695 |
| Other amounts |  | 22 |  | - |  | 293 |  | - |  | 315 |
| Recovery of insurance acquisition cash flows |  | 2,205 |  | 2,292 |  | 5,960 |  | - |  | 10,457 |
|  |  |  |  |  |  |  |  |  |  |  |
| Insurance revenue from contracts not measured under the PAA |  | 29,929 |  | 7,752 |  | 23,194 |  | - |  | 60,875 |
|  |  |  |  |  |  |  |  |  |  |  |
| Contracts measured under the PAA |  |  |  |  |  |  |  |  |  |  |
| Insurance revenue from contracts measured under the PAA |  | - |  | - |  | - |  | 123,382 |  | 123,382 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total insurance revenue |  | 29,929 |  | 7,752 |  | 23,194 |  | 123,382 |  | 184,257 |

Note 5. Investment income and insurance financial result

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Investment income |  |  |  |  |  |  |  |  |  |  |
| Dividends |  | 2,222 |  | 2,857 |  | 4,021 |  | 1,481 |  | 10,581 |
| Interest revenue calculated using the effective interest method |  | 436 |  | 566 |  | 54 |  | 33 |  | 1,089 |
| Rent |  | - |  | - |  | 3,623 |  | - |  | 3,623 |
| Net fair value gain |  | 1,715 |  | 2,205 |  | 2,554 |  | 1,144 |  | 7,618 |
| Net gain on disposal |  | 1,001 |  | 1,287 |  | 1,810 |  | 667 |  | 4,765 |
| Impairment |  | - |  | - |  | (500) |  | - |  | (500) |
| Other investment income |  | 564 |  | 740 |  | 1,831 |  | 387 |  | 3,522 |
| Investment income |  | 5,938 |  | 7,655 |  | 13,393 |  | 3,712 |  | 30,698 |
|  |  |  |  |  |  |  |  |  |  |  |
| Insurance financial result |  |  |  |  |  |  |  |  |  |  |
| Finance expenses from insurance contracts |  | (4,325) |  | (6,352) |  | - |  | (2,838) |  | (13,515) |
| Amounts recognised in other comprehensive income |  | (87) |  | (127) |  | - |  | (56) |  | (270) |
| Insurance financial result |  | (4,412) |  | (6,479) |  | - |  | (2,894) |  | (13,785) |
|  |  |  |  |  |  |  |  |  |  |  |
| Reinsurance financial result |  |  |  |  |  |  |  |  |  |  |
| Finance income from reinsurance contracts |  | 1,005 |  | 431 |  | - |  | - |  | 1,436 |
| Amounts recognised in other comprehensive income |  | 20 |  | 9 |  | - |  | - |  | 29 |
| Reinsurance financial result |  | 1,025 |  | 440 |  | - |  | - |  | 1,465 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total investment income, insurance financial result and reinsurance financial result |  | 2,551 |  | 1,616 |  | 13,393 |  | 818 |  | 18,378 |
|  |  |  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |  |  |
| Amounts recognised in profit or loss |  | 2,618 |  | 1,734 |  | 13,393 |  | 874 |  | 18,619 |
| Amounts recognised in other comprehensive income |  | (67) |  | (118) |  | - |  | (56) |  | (241) |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | 2,551 |  | 1,616 |  | 13,393 |  | 818 |  | 18,378 |

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Investment income |  |  |  |  |  |  |  |  |  |  |
| Dividends |  | 2,065 |  | 2,655 |  | 3,737 |  | 1,377 |  | 9,834 |
| Interest revenue calculated using the effective interest method |  | 218 |  | 283 |  | 27 |  | 16 |  | 544 |
| Rent |  | - |  | - |  | 3,310 |  | - |  | 3,310 |
| Net fair value gain |  | 1,623 |  | 2,086 |  | 4,437 |  | 1,082 |  | 9,228 |
| Net gain on disposal |  | 863 |  | 1,110 |  | 1,561 |  | 575 |  | 4,109 |
| Other investment income |  | 266 |  | 349 |  | 865 |  | 184 |  | 1,664 |
| Investment income |  | 5,035 |  | 6,483 |  | 13,937 |  | 3,234 |  | 28,689 |
|  |  |  |  |  |  |  |  |  |  |  |
| Insurance financial result |  |  |  |  |  |  |  |  |  |  |
| Finance expenses from insurance contracts |  | (4,146) |  | (6,090) |  | - |  | (2,721) |  | (12,957) |
| Amounts recognised in other comprehensive income |  | (83) |  | (122) |  | - |  | (54) |  | (259) |
| Insurance financial result |  | (4,229) |  | (6,212) |  | - |  | (2,775) |  | (13,216) |
|  |  |  |  |  |  |  |  |  |  |  |
| Reinsurance financial result |  |  |  |  |  |  |  |  |  |  |
| Finance income from reinsurance contracts |  | 720 |  | 308 |  | - |  | - |  | 1,028 |
| Amounts recognised in other comprehensive income |  | 14 |  | 6 |  | - |  | - |  | 20 |
| Reinsurance financial result |  | 734 |  | 314 |  | - |  | - |  | 1,048 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total investment income, insurance financial result and reinsurance financial result |  | 1,540 |  | 585 |  | 13,937 |  | 459 |  | 16,521 |
|  |  |  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |  |  |
| Amounts recognised in profit or loss |  | 1,609 |  | 701 |  | 13,937 |  | 513 |  | 16,760 |
| Amounts recognised in other comprehensive income |  | (69) |  | (116) |  | - |  | (54) |  | (239) |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | 1,540 |  | 585 |  | 13,937 |  | 459 |  | 16,521 |

Note 6. Income tax expense

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Income tax expense |  |  |  |  |
| Current tax |  | 7,779 |  | 5,884 |
| Deferred tax - origination and reversal of temporary differences |  | 1,781 |  | 2,487 |
| Adjustment recognised for prior periods |  | 39 |  | 12 |
|  |  |  |  |  |
| Aggregate income tax expense |  | 9,599 |  | 8,383 |
|  |  |  |  |  |
| Deferred tax included in income tax expense comprises: |  |  |  |  |
| Increase in deferred tax assets (note 15) |  | (517) |  | (207) |
| Increase in deferred tax liabilities (note 24) |  | 2,298 |  | 2,694 |
|  |  |  |  |  |
| Deferred tax - origination and reversal of temporary differences |  | 1,781 |  | 2,487 |
|  |  |  |  |  |
| Numerical reconciliation of income tax expense and tax at the statutory rate |  |  |  |  |
| Profit before income tax expense |  | 34,554 |  | 30,077 |
|  |  |  |  |  |
| Tax at the statutory tax rate of 30% |  | 10,366 |  | 9,023 |
|  |  |  |  |  |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: |  |  |  |  |
| Share of profits - associates |  | (963) |  | (798) |
| Sundry items |  | 157 |  | 146 |
|  |  |  |  |  |
|  |  | 9,560 |  | 8,371 |
| Adjustment recognised for prior periods |  | 39 |  | 12 |
|  |  |  |  |  |
| Income tax expense |  | 9,599 |  | 8,383 |

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Amounts charged/(credited) directly to equity |  |  |  |  |
| Deferred tax assets (note 15) |  | 81 |  | (367) |
| Deferred tax liabilities (note 24) |  | 534 |  | 455 |
|  |  |  |  |  |
|  |  | 615 |  | 88 |

Note 7. Cash and cash equivalents

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Cash on hand |  | 123 |  | 107 |
| Cash at bank |  | 28,490 |  | 30,338 |
| Cash on deposit |  | 11,900 |  | 400 |
|  |  |  |  |  |
|  |  | 40,513 |  | 30,845 |
|  |  |  |  |  |
| Reconciliation to cash and cash equivalents at the end of the financial year |  |  |  |  |
| The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows: |  |  |  |  |
|  |  |  |  |  |
| Balances as above |  | 40,513 |  | 30,845 |
| Bank overdraft (note 18) |  | - |  | (1,273) |
|  |  |  |  |  |
| Balance as per statement of cash flows |  | 40,513 |  | 29,572 |

Note 8. Financial assets at fair value through profit or loss

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Listed ordinary shares |  | 206,715 |  | 199,556 |
| Bills of exchange |  | 7,037 |  | 12,699 |
| Debentures |  | 6,817 |  | 8,844 |
| Government bonds |  | 76,528 |  | 95,469 |
|  |  |  |  |  |
|  |  | 297,097 |  | 316,568 |
|  |  |  |  |  |
| Reconciliation |  |  |  |  |
| Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below: |  |  |  |  |
|  |  |  |  |  |
| Opening fair value |  | 316,568 |  | 262,557 |
| Additions |  | 16,167 |  | 61,688 |
| Disposals |  | (43,856) |  | (15,405) |
| Revaluation increments |  | 8,218 |  | 7,728 |
|  |  |  |  |  |
| Closing fair value |  | 297,097 |  | 316,568 |

Refer to note 33 for further information on fair value measurement.

Note 9. Financial assets at fair value through other comprehensive income

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Unlisted ordinary shares |  | 37,384 |  | 31,747 |
| Bills of exchange |  | 7,697 |  | 6,803 |
| Debentures |  | 9,676 |  | 7,710 |
| Government bonds |  | 87,963 |  | 90,707 |
|  |  |  |  |  |
|  |  | 142,720 |  | 136,967 |
|  |  |  |  |  |
| Reconciliation |  |  |  |  |
| Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below: |  |  |  |  |
|  |  |  |  |  |
| Opening fair value |  | 136,967 |  | 113,352 |
| Additions |  | 8,641 |  | 26,428 |
| Disposals |  | (4,668) |  | (4,329) |
| Revaluation increments |  | 1,780 |  | 1,516 |
|  |  |  |  |  |
| Closing fair value |  | 142,720 |  | 136,967 |

Refer to note 33 for further information on fair value measurement.

Note 10. Investments accounted for using the equity method

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Investment in associate |  | 34,192 |  | 30,981 |

Refer to note 40 for further information on interests in associates.

Note 11. Investment properties

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Investment properties - at independent valuation |  | 46,900 |  | 47,500 |
|  |  |  |  |  |
| Reconciliation |  |  |  |  |
| Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below: |  |  |  |  |
|  |  |  |  |  |
| Opening fair value |  | 47,500 |  | 46,000 |
| Revaluation increments |  | - |  | 1,500 |
| Revaluation decrements |  | (600) |  | - |
|  |  |  |  |  |
| Closing fair value |  | 46,900 |  | 47,500 |

Refer to note 33 for further information on fair value measurement.

Lessor commitments

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Minimum lease commitments receivable but not recognised in the financial statements: |  |  |  |  |
| 1 year or less |  | 3,723 |  | 3,580 |
| Between 1 and 2 years |  | 3,872 |  | 3,723 |
| Between 2 and 3 years |  | 4,027 |  | 3,872 |
| Between 3 and 4 years |  | 4,188 |  | 4,027 |
| Between 4 and 5 years |  | 4,356 |  | 4,188 |
| Over 5 years |  | 14,140 |  | 18,496 |
|  |  |  |  |  |
|  |  | 34,306 |  | 37,886 |

Note 12. Property, plant and equipment

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Leasehold improvements - at cost |  | 33,585 |  | 27,185 |
| Less: Accumulated depreciation |  | (18,401) |  | (13,120) |
|  |  | 15,184 |  | 14,065 |
|  |  |  |  |  |
| Plant and equipment - at cost |  | 105,607 |  | 100,362 |
| Less: Accumulated depreciation |  | (56,152) |  | (44,044) |
|  |  | 49,455 |  | 56,318 |
|  |  |  |  |  |
|  |  | 64,639 |  | 70,383 |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|  |  | Leasehold |  | Plant and |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | improvements |  | equipment |  | Total |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |
| Balance at 1 January 2023 |  | 17,478 |  | 69,050 |  | 86,528 |
| Additions |  | 2,308 |  | 740 |  | 3,048 |
| Disposals |  | - |  | (58) |  | (58) |
| Depreciation expense |  | (5,721) |  | (13,414) |  | (19,135) |
|  |  |  |  |  |  |  |
| Balance at 31 December 2023 |  | 14,065 |  | 56,318 |  | 70,383 |
| Additions |  | 6,400 |  | 6,425 |  | 12,825 |
| Disposals |  | - |  | (1,089) |  | (1,089) |
| Depreciation expense |  | (5,281) |  | (12,199) |  | (17,480) |
|  |  |  |  |  |  |  |
| Balance at 31 December 2024 |  | 15,184 |  | 49,455 |  | 64,639 |

Note 13. Right-of-use assets

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Land and buildings - right-of-use |  | 5,636 |  | 5,636 |
| Less: Accumulated depreciation |  | (2,332) |  | (1,768) |
|  |  | 3,304 |  | 3,868 |
|  |  |  |  |  |
| Plant and equipment - right-of-use |  | 2,363 |  | 1,843 |
| Less: Accumulated depreciation |  | (1,404) |  | (995) |
|  |  | 959 |  | 848 |
|  |  |  |  |  |
|  |  | 4,263 |  | 4,716 |

Additions to the right-of-use assets during the year were CU520,000.

The consolidated entity leases land and buildings for its offices under agreements of between five to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

For impairment testing, the right-of-use assets have been allocated to the life risk and non-life cash-generating units. Refer to note 14 for further information on the impairment testing key assumptions and sensitivity analysis.

Note 14. Intangibles

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Goodwill |  | 9,908 |  | 9,908 |
|  |  |  |  |  |
| Patents and trademarks - at cost |  | 320 |  | 320 |
| Less: Accumulated amortisation |  | (224) |  | (192) |
|  |  | 96 |  | 128 |
|  |  |  |  |  |
| Customer contracts - at cost |  | 1,250 |  | 1,250 |
| Less: Accumulated amortisation |  | (729) |  | (479) |
|  |  | 521 |  | 771 |
|  |  |  |  |  |
| Software - at cost |  | 108 |  | 108 |
| Less: Accumulated amortisation |  | (66) |  | (44) |
|  |  | 42 |  | 64 |
|  |  |  |  |  |
|  |  | 10,567 |  | 10,871 |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

|  |  |  |  | Patents and |  | Customer |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Goodwill |  | trademarks |  | contracts |  | Software |  | Total |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 |  | 9,908 |  | 160 |  | 1,021 |  | 86 |  | 11,175 |
| Amortisation expense |  | - |  | (32) |  | (250) |  | (22) |  | (304) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 |  | 9,908 |  | 128 |  | 771 |  | 64 |  | 10,871 |
| Amortisation expense |  | - |  | (32) |  | (250) |  | (22) |  | (304) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 |  | 9,908 |  | 96 |  | 521 |  | 42 |  | 10,567 |

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Life risk |  | 9,200 |  | 9,200 |
| Non-life |  | 708 |  | 708 |
|  |  |  |  |  |
|  |  | 9,908 |  | 9,908 |

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the life risk division:

|  |  |  |
| --- | --- | --- |
| ● |  | 18% (2023: 18%) pre-tax discount rate; |
| ● |  | 2% (﻿2023﻿: 5%) per annum projected revenue growth rate; |
| ● |  | 5% (﻿2023﻿: 8%) per annum increase in operating costs and overheads. |

The discount rate of 18% pre-tax reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital adjusted for the life risk division, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 2% revenue growth rate is prudent and justified, based on the general slowing in the market.

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, due to the lower inflation rate and also an effort by the consolidated entity to contain costs.

There were no other key assumptions for the life risk division.

Based on the above, the recoverable amount of the life risk division exceeded the carrying amount by CU500,000.

The following key assumptions were used in the discounted cash flow model for the non-life division:

|  |  |  |
| --- | --- | --- |
| ● |  | 17% (﻿2023﻿: 18%) pre-tax discount rate; |
| ● |  | 5% (﻿2023﻿: 5%) per annum projected revenue growth rate. |

The discount rate of 17% pre-tax reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital adjusted for the non-life division, the risk free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

There were no other key assumptions for the non-life division.  
  
Based on the above, the recoverable amount of the non-life division exceeded the carrying amount by CU1,250,000.

Sensitivity

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

|  |  |  |
| --- | --- | --- |
| ● |  | Revenue would need to decrease by more than 1% for the non-life division before goodwill would need to be impaired, with all other assumptions remaining constant. |
| ● |  | The discount rate would be required to increase by 1% for the non-life division before goodwill would need to be impaired, with all other assumptions remaining constant. |

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the non-life division's goodwill is based would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment charge for goodwill.

Note 15. Deferred tax

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Deferred tax asset comprises temporary differences attributable to: |  |  |  |  |
|  |  |  |  |  |
| Amounts recognised in profit or loss: |  |  |  |  |
| Insurance and reinsurance contracts |  | 1,763 |  | 1,684 |
| Employee benefits |  | 5,850 |  | 5,699 |
| Provision for legal claims |  | 183 |  | 152 |
| Provision for lease make good |  | 512 |  | 321 |
| Accrued expenses |  | 343 |  | 278 |
|  |  |  |  |  |
|  |  | 8,651 |  | 8,134 |
|  |  |  |  |  |
| Amounts recognised in equity: |  |  |  |  |
| Transaction costs on share issue |  | 270 |  | 356 |
| Derivative financial instruments |  | 37 |  | 32 |
|  |  |  |  |  |
|  |  | 307 |  | 388 |
|  |  |  |  |  |
| Deferred tax asset |  | 8,958 |  | 8,522 |
|  |  |  |  |  |
| Movements: |  |  |  |  |
| Opening balance |  | 8,522 |  | 7,948 |
| Credited to profit or loss (note 6) |  | 517 |  | 207 |
| Credited/(charged) to equity (note 6) |  | (81) |  | 367 |
|  |  |  |  |  |
| Closing balance |  | 8,958 |  | 8,522 |

Note 16. Other

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Prepayments |  | 1,110 |  | 903 |
| Security deposits |  | 1,325 |  | 1,480 |
|  |  |  |  |  |
|  |  | 2,435 |  | 2,383 |

Note 17. Trade and other payables

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Trade payables |  | 18,070 |  | 15,711 |
| Other payables |  | 1,934 |  | 1,595 |
|  |  |  |  |  |
|  |  | 20,004 |  | 17,306 |

Refer to note 32 for further information on financial instruments.

Note 18. Borrowings

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Bank overdraft |  | - |  | 1,273 |

Refer to note 32 for further information on financial instruments.

Assets pledged as security

The bank overdraft and loans are secured by first mortgages over the consolidated entity's assets.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Total facilities |  |  |  |  |
| Bank overdraft |  | 5,000 |  | 5,000 |
| Bank loans |  | 40,000 |  | 40,000 |
|  |  | 45,000 |  | 45,000 |
|  |  |  |  |  |
| Used at the reporting date |  |  |  |  |
| Bank overdraft |  | - |  | 1,273 |
| Bank loans |  | - |  | - |
|  |  | - |  | 1,273 |
|  |  |  |  |  |
| Unused at the reporting date |  |  |  |  |
| Bank overdraft |  | 5,000 |  | 3,727 |
| Bank loans |  | 40,000 |  | 40,000 |
|  |  | 45,000 |  | 43,727 |

Loan covenants

The bank loans are subject to certain financial covenants and these are assessed at the end of each quarter. The loans will be repayable immediately if the covenants are breached. The consolidated entity is not aware of any facts or circumstances that indicate that it may have difficulty complying with the covenants within 12 months after the reporting period.

Note 19. Lease liabilities

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Lease liability |  | 3,894 |  | 4,302 |

Refer to note 32 for further information on financial instruments.

Note 20. Derivative financial instruments

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Forward foreign exchange contracts - cash flow hedges |  | 122 |  | 107 |

Refer to note 32 for further information on financial instruments.

Refer to note 33 for further information on fair value measurement.

Note 21. Income tax

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Provision for income tax |  | 3,628 |  | 3,158 |

Note 22. Employee benefits

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Employee benefits |  | 19,501 |  | 18,997 |

Amounts not expected to be settled within the next 12 months

The provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Employee benefits obligation expected to be settled after 12 months |  | 12,752 |  | 12,146 |

Note 23. Provisions

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Lease make good |  | 1,705 |  | 1,070 |
| Legal claims |  | 610 |  | 505 |
|  |  |  |  |  |
|  |  | 2,315 |  | 1,575 |

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Legal claims

The provision represents fees for a number of ongoing legal cases. These cases are expected to be settled in the next financial year and the outcome is not expected to exceed the amount provided for, based on independent legal advice.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

|  |  | Lease |  | Legal |
| --- | --- | --- | --- | --- |
|  |  | make good |  | claims |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Carrying amount at the start of the year |  | 1,070 |  | 505 |
| Additional provisions recognised |  | 550 |  | 782 |
| Amounts used |  | - |  | (632) |
| Unwinding of discount |  | 85 |  | - |
| Unused amounts reversed |  | - |  | (45) |
|  |  |  |  |  |
| Carrying amount at the end of the year |  | 1,705 |  | 610 |

Note 24. Deferred tax

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Deferred tax liability comprises temporary differences attributable to: |  |  |  |  |
|  |  |  |  |  |
| Amounts recognised in profit or loss: |  |  |  |  |
| Property, plant and equipment |  | 111 |  | 124 |
| Financial assets at fair value through profit or loss |  | 10,990 |  | 8,525 |
| Prepayments |  | 333 |  | 271 |
| Customer contracts |  | 156 |  | 231 |
| Net fair value gain on investment properties |  | 270 |  | 450 |
| Insurance and reinsurance contracts |  | 1,610 |  | 1,571 |
|  |  |  |  |  |
|  |  | 13,470 |  | 11,172 |
|  |  |  |  |  |
| Amounts recognised in equity: |  |  |  |  |
| Revaluation of financial assets at fair value through other comprehensive income |  | 1,330 |  | 796 |
|  |  |  |  |  |
| Deferred tax liability |  | 14,800 |  | 11,968 |
|  |  |  |  |  |
| Movements: |  |  |  |  |
| Opening balance |  | 11,968 |  | 8,819 |
| Charged to profit or loss (note 6) |  | 2,298 |  | 2,694 |
| Charged to equity (note 6) |  | 534 |  | 455 |
|  |  |  |  |  |
| Closing balance |  | 14,800 |  | 11,968 |

Note 25. Other

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Accrued expenses |  | 1,143 |  | 927 |

Note 26. Issued capital

|  |  | Consolidated | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |  | 2024 |  | 2023 |
|  |  | Shares |  | Shares |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Ordinary shares - fully paid |  | 146,910,000 |  | 146,800,000 |  | 212,953 |  | 212,678 |

Movements in ordinary share capital

| Details |  | Date |  | Shares |  | Issue price |  | CU'000 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| Balance |  | 1 January 2023 |  | 111,800,000 |  |  |  | 134,922 |
| Issue of shares |  | [date] |  | 35,000,000 |  | CU2.25 |  | 78,750 |
| Share issue transaction costs, net of tax |  | [date] |  |  |  |  |  | (994) |
|  |  |  |  |  |  |  |  |  |
| Balance |  | 31 December 2023 |  | 146,800,000 |  |  |  | 212,678 |
| Issue of shares on the exercise of options |  | [date] |  | 10,000 |  | CU2.50 |  | 25 |
| Issue of shares to key management personnel |  | [date] |  | 100,000 |  | CU2.50 |  | 250 |
|  |  |  |  |  |  |  |  |  |
| Balance |  | 31 December 2024 |  | 146,910,000 |  |  |  | 212,953 |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The consolidated entity operates in a regulated industry and is subject to meeting minimum regulatory capital requirements as follows:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Total equity |  | 273,973 |  | 270,042 |
| Adjustments onto a regulatory basis |  | (19,714) |  | (18,977) |
|  |  |  |  |  |
| Total regulatory capital |  | 254,259 |  | 251,065 |
|  |  |  |  |  |
| Minimum regulatory capital requirements |  | 182,641 |  | 181,688 |

The capital risk management policy remains unchanged from the 31 December 2023 Annual Report.

Note 27. Reserves

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Financial assets at fair value through other comprehensive income reserve |  | 3,103 |  | 1,857 |
| Foreign currency reserve |  | (769) |  | (512) |
| Hedging reserve - cash flow hedges |  | (85) |  | (75) |
| Insurance finance reserve |  | (1,758) |  | (1,517) |
|  |  |  |  |  |
|  |  | 491 |  | (247) |

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Internationaland currency units. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Insurance finance reserve

This reserve is used to recognise the accumulative insurance finance income and expenses through other comprehensive income.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

|  |  | Financial assets at fair value |  | Foreign |  |  |  | Insurance |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | through OCI |  | currency |  | Hedging |  | finance |  | Total |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 |  | 796 |  | (294) |  | (48) |  | (1,279) |  | (825) |
| Revaluation - gross |  | 1,516 |  | - |  | (38) |  | - |  | 1,478 |
| Deferred tax |  | (455) |  | - |  | 11 |  | - |  | (444) |
| Foreign currency translation |  | - |  | (218) |  | - |  | - |  | (218) |
| Net finance expense |  | - |  | - |  | - |  | (238) |  | (238) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 |  | 1,857 |  | (512) |  | (75) |  | (1,517) |  | (247) |
| Revaluation - gross |  | 1,780 |  | - |  | (15) |  | - |  | 1,765 |
| Deferred tax |  | (534) |  | - |  | 5 |  | - |  | (529) |
| Foreign currency translation |  | - |  | (257) |  | - |  | - |  | (257) |
| Net finance expense |  | - |  | - |  | - |  | (241) |  | (241) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 |  | 3,103 |  | (769) |  | (85) |  | (1,758) |  | 491 |

Note 28. Retained profits

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Retained profits at the beginning of the financial year |  | 40,845 |  | 36,996 |
| Profit after income tax expense for the year |  | 24,813 |  | 21,465 |
| Dividends paid (note 30) |  | (22,037) |  | (17,616) |
|  |  |  |  |  |
| Retained profits at the end of the financial year |  | 43,621 |  | 40,845 |

Note 29. Non-controlling interest

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Issued capital |  | 16,000 |  | 16,000 |
| Retained profits |  | 908 |  | 766 |
|  |  |  |  |  |
|  |  | 16,908 |  | 16,766 |

The non-controlling interest has a 10% (2023: 10%) equity holding in RSM Life Limited.

Note 30. Dividends

Dividends paid during the financial year were as follows:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Final dividend for the year ended 31 December 2023 (2023: 31 December 2022) of 10 cents (﻿2023﻿: 8 cents) per ordinary share |  | 14,691 |  | 11,744 |
| Interim dividend for the year ended 31 December 2024 (﻿2023﻿: ﻿31 December 2023﻿) of 5 cents (﻿2023﻿: 4 cents) per ordinary share |  | 7,346 |  | 5,872 |
|  |  |  |  |  |
|  |  | 22,037 |  | 17,616 |

On [date] the directors declared a final dividend for the year ended 31 December 2024 of 17 cents per ordinary share to be paid on [date], a total estimated distribution of CU24,975,000 based on the number of ordinary shares on issue as at [date].

Note 31. Insurance and reinsurance contracts

Net position

The net position of insurance and reinsurance contracts is as follows:

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Insurance contracts |  |  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (362) |  | (498) |  | (1,319) |  | (345) |  | (2,524) |
| Insurance contract liabilities |  | 46,112 |  | 63,419 |  | 168,131 |  | 44,003 |  | 321,665 |
| Net insurance liabilities |  | 45,750 |  | 62,921 |  | 166,812 |  | 43,658 |  | 319,141 |
|  |  |  |  |  |  |  |  |  |  |  |
| Reinsurance contracts |  |  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,751) |  | (2,408) |  | (6,384) |  | (1,670) |  | (12,213) |
| Reinsurance contract liabilities |  | 857 |  | 1,178 |  | 3,124 |  | 817 |  | 5,976 |
| Net reinsurance assets |  | (894) |  | (1,230) |  | (3,260) |  | (853) |  | (6,237) |

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Insurance contracts |  |  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (307) |  | (423) |  | (1,121) |  | (293) |  | (2,144) |
| Insurance contract liabilities |  | 48,953 |  | 67,326 |  | 178,490 |  | 46,713 |  | 341,482 |
| Net insurance liabilities |  | 48,646 |  | 66,903 |  | 177,369 |  | 46,420 |  | 339,338 |
|  |  |  |  |  |  |  |  |  |  |  |
| Reinsurance contracts |  |  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,767) |  | (2,431) |  | (6,444) |  | (1,686) |  | (12,328) |
| Reinsurance contract liabilities |  | 440 |  | 605 |  | 1,605 |  | 421 |  | 3,071 |
| Net reinsurance assets |  | (1,327) |  | (1,826) |  | (4,839) |  | (1,265) |  | (9,257) |

Reconciliation of remaining coverage and incurred claims - Life risk

The reconciliation of remaining coverage and incurred claims is as follows:

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (325) |  | 11 |  | 7 |  | (307) |
| Insurance contract liabilities |  | 46,538 |  | 1,449 |  | 966 |  | 48,953 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net insurance liabilities |  | 46,213 |  | 1,460 |  | 973 |  | 48,646 |
| Insurance revenue |  | (31,793) |  | - |  | - |  | (31,793) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (504) |  | 21,741 |  | 21,237 |
| Amortisation of insurance acquisition cash flows |  | 2,064 |  | - |  | - |  | 2,064 |
| Changes that relate to past service |  | - |  | (153) |  | - |  | (153) |
| Changes that relate to future service |  | - |  | - |  | 27 |  | 27 |
| Investment components |  | (2,709) |  | - |  | 2,709 |  | - |
| Insurance finance expenses |  | 4,109 |  | 130 |  | 86 |  | 4,325 |
| Exchange differences |  | (1,260) |  | (51) |  | (21) |  | (1,332) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 28,654 |  | - |  | - |  | 28,654 |
| Insurance acquisition cash flows |  | (1,947) |  | - |  | - |  | (1,947) |
| Claims and other expenses paid |  | - |  | - |  | (23,978) |  | (23,978) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net insurance liabilities |  | 43,331 |  | 882 |  | 1,537 |  | 45,750 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (383) |  | 12 |  | 9 |  | (362) |
| Insurance contract liabilities |  | 43,714 |  | 870 |  | 1,528 |  | 46,112 |
|  |  |  |  |  |  |  |  |  |
|  |  | 43,331 |  | 882 |  | 1,537 |  | 45,750 |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (568) |  | 18 |  | 12 |  | (538) |
| Insurance contract liabilities |  | 43,926 |  | 1,387 |  | 925 |  | 46,238 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net insurance liabilities |  | 43,358 |  | 1,405 |  | 937 |  | 45,700 |
| Insurance revenue |  | (29,929) |  | - |  | - |  | (29,929) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (474) |  | 20,188 |  | 19,714 |
| Amortisation of insurance acquisition cash flows |  | 1,827 |  | - |  | - |  | 1,827 |
| Changes that relate to past service |  | - |  | 168 |  | - |  | 168 |
| Changes that relate to future service |  | - |  | - |  | (33) |  | (33) |
| Investment components |  | (2,643) |  | - |  | 2,643 |  | - |
| Insurance finance expenses |  | 3,939 |  | 124 |  | 83 |  | 4,146 |
| Exchange differences |  | 2,589 |  | 237 |  | 6 |  | 2,832 |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 28,926 |  | - |  | - |  | 28,926 |
| Insurance acquisition cash flows |  | (1,854) |  | - |  | - |  | (1,854) |
| Claims and other expenses paid |  | - |  | - |  | (22,851) |  | (22,851) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net insurance liabilities |  | 46,213 |  | 1,460 |  | 973 |  | 48,646 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (325) |  | 11 |  | 7 |  | (307) |
| Insurance contract liabilities |  | 46,538 |  | 1,449 |  | 966 |  | 48,953 |
|  |  |  |  |  |  |  |  |  |
|  |  | 46,213 |  | 1,460 |  | 973 |  | 48,646 |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,804) |  | 12 |  | 25 |  | (1,767) |
| Reinsurance contract liabilities |  | 410 |  | 13 |  | 17 |  | 440 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net reinsurance liabilities/(assets) |  | (1,394) |  | 25 |  | 42 |  | (1,327) |
| Reinsurance expenses |  | 1,813 |  | - |  | - |  | 1,813 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (12) |  | (752) |  | (764) |
| Changes that relate to past service |  | - |  | 15 |  | (1) |  | 14 |
| Changes that relate to future service |  | - |  | 8 |  | (3) |  | 5 |
| Investment components |  | (14) |  | - |  | 14 |  | - |
| Reinsurance finance revenue |  | (1,005) |  | - |  | - |  | (1,005) |
| Exchange differences |  | (31) |  | (8) |  | (3) |  | (42) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (339) |  | - |  | - |  | (339) |
| Amounts received |  | - |  | - |  | 751 |  | 751 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net reinsurance liabilities/(assets) |  | (970) |  | 28 |  | 48 |  | (894) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,783) |  | 5 |  | 27 |  | (1,751) |
| Reinsurance contract liabilities |  | 813 |  | 23 |  | 21 |  | 857 |
|  |  |  |  |  |  |  |  |  |
|  |  | (970) |  | 28 |  | 48 |  | (894) |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,757) |  | 14 |  | 29 |  | (1,714) |
| Reinsurance contract liabilities |  | 358 |  | 14 |  | 21 |  | 393 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net reinsurance liabilities/(assets) |  | (1,399) |  | 28 |  | 50 |  | (1,321) |
| Reinsurance expenses |  | 1,489 |  | - |  | - |  | 1,489 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (9) |  | (717) |  | (726) |
| Changes that relate to past service |  | - |  | 13 |  | (2) |  | 11 |
| Changes that relate to future service |  | - |  | (4) |  | (5) |  | (9) |
| Investment components |  | (12) |  | - |  | 12 |  | - |
| Reinsurance finance revenue |  | (720) |  | - |  | - |  | (720) |
| Exchange differences |  | (25) |  | (3) |  | (2) |  | (30) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (727) |  | - |  | - |  | (727) |
| Amounts received |  | - |  | - |  | 706 |  | 706 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net reinsurance liabilities/(assets) |  | (1,394) |  | 25 |  | 42 |  | (1,327) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,804) |  | 12 |  | 25 |  | (1,767) |
| Reinsurance contract liabilities |  | 410 |  | 13 |  | 17 |  | 440 |
|  |  |  |  |  |  |  |  |  |
|  |  | (1,394) |  | 25 |  | 42 |  | (1,327) |

Reconciliation of remaining coverage and incurred claims - Life savings

The reconciliation of remaining coverage and incurred claims is as follows:

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (467) |  | 25 |  | 19 |  | (423) |
| Insurance contract liabilities |  | 64,760 |  | 1,396 |  | 1,170 |  | 67,326 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net insurance liabilities |  | 64,293 |  | 1,421 |  | 1,189 |  | 66,903 |
| Insurance revenue |  | (9,149) |  | - |  | - |  | (9,149) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (98) |  | 8,441 |  | 8,343 |
| Amortisation of insurance acquisition cash flows |  | 674 |  | - |  | - |  | 674 |
| Changes that relate to past service |  | - |  | 64 |  | - |  | 64 |
| Changes that relate to future service |  | - |  | - |  | (136) |  | (136) |
| Investment components |  | 812 |  | - |  | (812) |  | - |
| Insurance finance expenses |  | 6,203 |  | 87 |  | 62 |  | 6,352 |
| Exchange differences |  | (1,864) |  | (21) |  | (17) |  | (1,902) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 4,614 |  | - |  | - |  | 4,614 |
| Insurance acquisition cash flows |  | (5,228) |  | - |  | - |  | (5,228) |
| Claims and other expenses paid |  | - |  | - |  | (7,614) |  | (7,614) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net insurance liabilities |  | 60,355 |  | 1,453 |  | 1,113 |  | 62,921 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (552) |  | 31 |  | 23 |  | (498) |
| Insurance contract liabilities |  | 60,907 |  | 1,422 |  | 1,090 |  | 63,419 |
|  |  |  |  |  |  |  |  |  |
|  |  | 60,355 |  | 1,453 |  | 1,113 |  | 62,921 |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (540) |  | 21 |  | 17 |  | (502) |
| Insurance contract liabilities |  | 60,136 |  | 1,612 |  | 1,008 |  | 62,756 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net insurance liabilities |  | 59,596 |  | 1,633 |  | 1,025 |  | 62,254 |
| Insurance revenue |  | (7,752) |  | - |  | - |  | (7,752) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (172) |  | 8,784 |  | 8,612 |
| Amortisation of insurance acquisition cash flows |  | 1,344 |  | - |  | - |  | 1,344 |
| Changes that relate to past service |  | - |  | (83) |  | - |  | (83) |
| Changes that relate to future service |  | - |  | - |  | 21 |  | 21 |
| Investment components |  | 702 |  | - |  | (702) |  | - |
| Insurance finance expenses |  | 5,949 |  | 84 |  | 57 |  | 6,090 |
| Exchange differences |  | (1,778) |  | (41) |  | (12) |  | (1,831) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 8,106 |  | - |  | - |  | 8,106 |
| Insurance acquisition cash flows |  | (1,874) |  | - |  | - |  | (1,874) |
| Claims and other expenses paid |  | - |  | - |  | (7,984) |  | (7,984) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net insurance liabilities |  | 64,293 |  | 1,421 |  | 1,189 |  | 66,903 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (467) |  | 25 |  | 19 |  | (423) |
| Insurance contract liabilities |  | 64,760 |  | 1,396 |  | 1,170 |  | 67,326 |
|  |  |  |  |  |  |  |  |  |
|  |  | 64,293 |  | 1,421 |  | 1,189 |  | 66,903 |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,480) |  | 6 |  | 43 |  | (2,431) |
| Reinsurance contract liabilities |  | 562 |  | 17 |  | 26 |  | 605 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net reinsurance liabilities/(assets) |  | (1,918) |  | 23 |  | 69 |  | (1,826) |
| Reinsurance expenses |  | 1,198 |  | - |  | - |  | 1,198 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (12) |  | (571) |  | (583) |
| Changes that relate to past service |  | - |  | 23 |  | 5 |  | 28 |
| Changes that relate to future service |  | - |  | (4) |  | 12 |  | 8 |
| Investment components |  | (23) |  | - |  | 23 |  | - |
| Reinsurance finance revenue |  | (431) |  | - |  | - |  | (431) |
| Exchange differences |  | (18) |  | (4) |  | (3) |  | (25) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (141) |  | - |  | - |  | (141) |
| Amounts received |  | - |  | - |  | 542 |  | 542 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net reinsurance liabilities/(assets) |  | (1,333) |  | 26 |  | 77 |  | (1,230) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,458) |  | 4 |  | 46 |  | (2,408) |
| Reinsurance contract liabilities |  | 1,125 |  | 22 |  | 31 |  | 1,178 |
|  |  |  |  |  |  |  |  |  |
|  |  | (1,333) |  | 26 |  | 77 |  | (1,230) |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,301) |  | 17 |  | 32 |  | (2,252) |
| Reinsurance contract liabilities |  | 398 |  | 15 |  | 23 |  | 436 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net reinsurance liabilities/(assets) |  | (1,903) |  | 32 |  | 55 |  | (1,816) |
| Reinsurance expenses |  | 465 |  | - |  | - |  | 465 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (14) |  | (657) |  | (671) |
| Changes that relate to past service |  | - |  | 17 |  | (8) |  | 9 |
| Changes that relate to future service |  | - |  | (6) |  | 15 |  | 9 |
| Investment components |  | (18) |  | - |  | 18 |  | - |
| Reinsurance finance revenue |  | (308) |  | - |  | - |  | (308) |
| Exchange differences |  | (22) |  | (6) |  | (2) |  | (30) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (132) |  | - |  | - |  | (132) |
| Amounts received |  | - |  | - |  | 648 |  | 648 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net reinsurance liabilities/(assets) |  | (1,918) |  | 23 |  | 69 |  | (1,826) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,480) |  | 6 |  | 43 |  | (2,431) |
| Reinsurance contract liabilities |  | 562 |  | 17 |  | 26 |  | 605 |
|  |  |  |  |  |  |  |  |  |
|  |  | (1,918) |  | 23 |  | 69 |  | (1,826) |

Reconciliation of remaining coverage and incurred claims - Participating

The reconciliation of remaining coverage and incurred claims is as follows:

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,162) |  | 18 |  | 23 |  | (1,121) |
| Insurance contract liabilities |  | 174,232 |  | 2,339 |  | 1,919 |  | 178,490 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net insurance liabilities |  | 173,070 |  | 2,357 |  | 1,942 |  | 177,369 |
| Insurance revenue |  | (26,875) |  | - |  | - |  | (26,875) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | 367 |  | 2,569 |  | 2,936 |
| Amortisation of insurance acquisition cash flows |  | 2,780 |  | - |  | - |  | 2,780 |
| Changes that relate to past service |  | - |  | (146) |  | - |  | (146) |
| Changes that relate to future service |  | - |  | 28 |  | 41 |  | 69 |
| Investment components |  | (13,647) |  | - |  | 13,647 |  | - |
| Exchange differences |  | (799) |  | (48) |  | (36) |  | (883) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 29,906 |  | - |  | - |  | 29,906 |
| Insurance acquisition cash flows |  | (2,367) |  | - |  | - |  | (2,367) |
| Claims and other expenses paid |  | - |  | - |  | (15,977) |  | (15,977) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net insurance liabilities |  | 162,068 |  | 2,558 |  | 2,186 |  | 166,812 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,367) |  | 21 |  | 27 |  | (1,319) |
| Insurance contract liabilities |  | 163,435 |  | 2,537 |  | 2,159 |  | 168,131 |
|  |  |  |  |  |  |  |  |  |
|  |  | 162,068 |  | 2,558 |  | 2,186 |  | 166,812 |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,117) |  | 12 |  | 14 |  | (1,091) |
| Insurance contract liabilities |  | 175,641 |  | 3,641 |  | 1,564 |  | 180,846 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net insurance liabilities |  | 174,524 |  | 3,653 |  | 1,578 |  | 179,755 |
| Insurance revenue |  | (23,194) |  | - |  | - |  | (23,194) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (894) |  | 2,614 |  | 1,720 |
| Amortisation of insurance acquisition cash flows |  | 3,060 |  | - |  | - |  | 3,060 |
| Changes that relate to past service |  | - |  | (315) |  | - |  | (315) |
| Changes that relate to future service |  | - |  | - |  | 55 |  | 55 |
| Investment components |  | (12,366) |  | - |  | 12,366 |  | - |
| Exchange differences |  | (1,354) |  | (87) |  | (30) |  | (1,471) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 34,931 |  | - |  | - |  | 34,931 |
| Insurance acquisition cash flows |  | (2,531) |  | - |  | - |  | (2,531) |
| Claims and other expenses paid |  | - |  | - |  | (14,641) |  | (14,641) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net insurance liabilities |  | 173,070 |  | 2,357 |  | 1,942 |  | 177,369 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,162) |  | 18 |  | 23 |  | (1,121) |
| Insurance contract liabilities |  | 174,232 |  | 2,339 |  | 1,919 |  | 178,490 |
|  |  |  |  |  |  |  |  |  |
|  |  | 173,070 |  | 2,357 |  | 1,942 |  | 177,369 |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,592) |  | 57 |  | 91 |  | (6,444) |
| Reinsurance contract liabilities |  | 1,544 |  | 33 |  | 28 |  | 1,605 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net reinsurance liabilities/(assets) |  | (5,048) |  | 90 |  | 119 |  | (4,839) |
| Reinsurance expenses |  | 2,290 |  | - |  | - |  | 2,290 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (18) |  | (871) |  | (889) |
| Changes that relate to past service |  | - |  | (12) |  | (8) |  | (20) |
| Changes that relate to future service |  | - |  | 37 |  | (23) |  | 14 |
| Investment components |  | (91) |  | - |  | 91 |  | - |
| Exchange differences |  | (28) |  | (6) |  | (3) |  | (37) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (601) |  | - |  | - |  | (601) |
| Amounts received |  | - |  | - |  | 822 |  | 822 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net reinsurance liabilities/(assets) |  | (3,478) |  | 91 |  | 127 |  | (3,260) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,532) |  | 53 |  | 95 |  | (6,384) |
| Reinsurance contract liabilities |  | 3,054 |  | 38 |  | 32 |  | 3,124 |
|  |  |  |  |  |  |  |  |  |
|  |  | (3,478) |  | 91 |  | 127 |  | (3,260) |

|  |  | Remaining coverage |  | Loss component |  | Incurred claims |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,798) |  | 57 |  | 89 |  | (6,652) |
| Reinsurance contract liabilities |  | 1,235 |  | 31 |  | 20 |  | 1,286 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net reinsurance liabilities/(assets) |  | (5,563) |  | 88 |  | 109 |  | (5,366) |
| Reinsurance expenses |  | 1,210 |  | - |  | - |  | 1,210 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (15) |  | (908) |  | (923) |
| Changes that relate to past service |  | - |  | 41 |  | (14) |  | 27 |
| Changes that relate to future service |  | - |  | (22) |  | 47 |  | 25 |
| Investment components |  | (89) |  | - |  | 89 |  | - |
| Exchange differences |  | (47) |  | (2) |  | (5) |  | (54) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (559) |  | - |  | - |  | (559) |
| Amounts received |  | - |  | - |  | 801 |  | 801 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net reinsurance liabilities/(assets) |  | (5,048) |  | 90 |  | 119 |  | (4,839) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,592) |  | 57 |  | 91 |  | (6,444) |
| Reinsurance contract liabilities |  | 1,544 |  | 33 |  | 28 |  | 1,605 |
|  |  |  |  |  |  |  |  |  |
|  |  | (5,048) |  | 90 |  | 119 |  | (4,839) |

Reconciliation of remaining coverage and incurred claims - Non-life (PAA)

The reconciliation of remaining coverage and incurred claims is as follows:

|  |  | Remaining coverage |  | Incurred claims - present value of future cash flows |  | Incurred claims - risk adjustment for non-financial risk |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (367) |  | 41 |  | 33 |  | (293) |
| Insurance contract liabilities |  | 18,118 |  | 26,957 |  | 1,638 |  | 46,713 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net insurance liabilities |  | 17,751 |  | 26,998 |  | 1,671 |  | 46,420 |
| Insurance revenue |  | (131,520) |  | - |  | - |  | (131,520) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | 108,364 |  | (78) |  | 108,286 |
| Amortisation of insurance acquisition cash flows |  | 7,268 |  | - |  | - |  | 7,268 |
| Insurance finance expenses |  | 1,126 |  | 1,712 |  | - |  | 2,838 |
| Exchange differences |  | (487) |  | (14) |  | (22) |  | (523) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 129,656 |  | - |  | - |  | 129,656 |
| Insurance acquisition cash flows |  | (9,103) |  | - |  | - |  | (9,103) |
| Claims and other expenses paid |  | - |  | (109,664) |  | - |  | (109,664) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net insurance liabilities |  | 14,691 |  | 27,396 |  | 1,571 |  | 43,658 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (426) |  | 43 |  | 38 |  | (345) |
| Insurance contract liabilities |  | 15,117 |  | 27,353 |  | 1,533 |  | 44,003 |
|  |  |  |  |  |  |  |  |  |
|  |  | 14,691 |  | 27,396 |  | 1,571 |  | 43,658 |

|  |  | Remaining coverage |  | Incurred claims - present value of future cash flows |  | Incurred claims - risk adjustment for non-financial risk |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (501) |  | 38 |  | 27 |  | (436) |
| Insurance contract liabilities |  | 21,313 |  | 24,650 |  | 1,785 |  | 47,748 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net insurance liabilities |  | 20,812 |  | 24,688 |  | 1,812 |  | 47,312 |
| Insurance revenue |  | (123,382) |  | - |  | - |  | (123,382) |
| Insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | 103,647 |  | (122) |  | 103,525 |
| Amortisation of insurance acquisition cash flows |  | 7,164 |  | - |  | - |  | 7,164 |
| Insurance finance expenses |  | 1,245 |  | 1,476 |  | - |  | 2,721 |
| Exchange differences |  | (514) |  | (12) |  | (19) |  | (545) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 122,510 |  | - |  | - |  | 122,510 |
| Insurance acquisition cash flows |  | (10,084) |  | - |  | - |  | (10,084) |
| Claims and other expenses paid |  | - |  | (102,801) |  | - |  | (102,801) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net insurance liabilities |  | 17,751 |  | 26,998 |  | 1,671 |  | 46,420 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (367) |  | 41 |  | 33 |  | (293) |
| Insurance contract liabilities |  | 18,118 |  | 26,957 |  | 1,638 |  | 46,713 |
|  |  |  |  |  |  |  |  |  |
|  |  | 17,751 |  | 26,998 |  | 1,671 |  | 46,420 |

|  |  | Remaining coverage |  | Incurred claims - present value of future cash flows |  | Incurred claims - risk adjustment for non-financial risk |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,305) |  | (324) |  | (57) |  | (1,686) |
| Reinsurance contract liabilities |  | 386 |  | 13 |  | 22 |  | 421 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net reinsurance assets |  | (919) |  | (311) |  | (35) |  | (1,265) |
| Reinsurance expenses |  | 7,479 |  | - |  | - |  | 7,479 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (12) |  | (3) |  | (15) |
| Exchange differences |  | (6) |  | (1) |  | (2) |  | (9) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (7,150) |  | - |  | - |  | (7,150) |
| Amounts received |  | - |  | 107 |  | - |  | 107 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net reinsurance assets |  | (596) |  | (217) |  | (40) |  | (853) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,374) |  | (232) |  | (64) |  | (1,670) |
| Reinsurance contract liabilities |  | 778 |  | 15 |  | 24 |  | 817 |
|  |  |  |  |  |  |  |  |  |
|  |  | (596) |  | (217) |  | (40) |  | (853) |

|  |  | Remaining coverage |  | Incurred claims - present value of future cash flows |  | Incurred claims - risk adjustment for non-financial risk |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,205) |  | (450) |  | (47) |  | (1,702) |
| Reinsurance contract liabilities |  | 431 |  | 11 |  | 19 |  | 461 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net reinsurance assets |  | (774) |  | (439) |  | (28) |  | (1,241) |
| Reinsurance expenses |  | 6,143 |  | - |  | - |  | 6,143 |
| Amounts recoverable for insurance service expenses: |  |  |  |  |  |  |  |  |
| Incurred claims and other expenses |  | - |  | (7) |  | (6) |  | (13) |
| Exchange differences |  | (8) |  | (3) |  | (1) |  | (12) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (6,280) |  | - |  | - |  | (6,280) |
| Amounts received |  | - |  | 138 |  | - |  | 138 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net reinsurance assets |  | (919) |  | (311) |  | (35) |  | (1,265) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,305) |  | (324) |  | (57) |  | (1,686) |
| Reinsurance contract liabilities |  | 386 |  | 13 |  | 22 |  | 421 |
|  |  |  |  |  |  |  |  |  |
|  |  | (919) |  | (311) |  | (35) |  | (1,265) |

Reconciliation of the measurement components of insurance and reinsurance contracts - Life risk

The reconciliation of the measurement components of insurance and reinsurance contracts is as follows:

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (261) |  | (9) |  | (37) |  | (307) |
| Insurance contract liabilities |  | 42,988 |  | 1,161 |  | 4,804 |  | 48,953 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net insurance liabilities |  | 42,727 |  | 1,152 |  | 4,767 |  | 48,646 |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | (3,825) |  | (3,825) |
| Change in the risk adjustment for non-financial risk |  | - |  | (933) |  | - |  | (933) |
| Experience adjustments |  | 615 |  | - |  | - |  | 615 |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (834) |  | (21) |  | 855 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | (204) |  | (42) |  | - |  | (246) |
| Effects of contracts initially recognised |  | (5,834) |  | 705 |  | 900 |  | (4,229) |
| Insurance finance expenses |  | 3,676 |  | - |  | 649 |  | 4,325 |
| Exchange differences |  | (1,131) |  | (33) |  | (168) |  | (1,332) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 28,654 |  | - |  | - |  | 28,654 |
| Insurance acquisition cash flows |  | (1,947) |  | - |  | - |  | (1,947) |
| Claims and other expenses paid |  | (23,978) |  | - |  | - |  | (23,978) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net insurance liabilities |  | 41,744 |  | 828 |  | 3,178 |  | 45,750 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (308) |  | (11) |  | (43) |  | (362) |
| Insurance contract liabilities |  | 42,052 |  | 839 |  | 3,221 |  | 46,112 |
|  |  |  |  |  |  |  |  |  |
|  |  | 41,744 |  | 828 |  | 3,178 |  | 45,750 |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (476) |  | (18) |  | (44) |  | (538) |
| Insurance contract liabilities |  | 39,404 |  | 1,267 |  | 5,567 |  | 46,238 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net insurance liabilities |  | 38,928 |  | 1,249 |  | 5,523 |  | 45,700 |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | (2,315) |  | (2,315) |
| Change in the risk adjustment for non-financial risk |  | - |  | (802) |  | - |  | (802) |
| Experience adjustments |  | (4,527) |  | - |  | - |  | (4,527) |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (435) |  | 27 |  | 408 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | (118) |  | (12) |  | - |  | (130) |
| Effects of contracts initially recognised |  | (1,541) |  | 612 |  | 450 |  | (479) |
| Insurance finance expenses |  | 3,731 |  | - |  | 415 |  | 4,146 |
| Exchange differences |  | 2,468 |  | 78 |  | 286 |  | 2,832 |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 28,926 |  | - |  | - |  | 28,926 |
| Insurance acquisition cash flows |  | (1,854) |  | - |  | - |  | (1,854) |
| Claims and other expenses paid |  | (22,851) |  | - |  | - |  | (22,851) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net insurance liabilities |  | 42,727 |  | 1,152 |  | 4,767 |  | 48,646 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (261) |  | (9) |  | (37) |  | (307) |
| Insurance contract liabilities |  | 42,988 |  | 1,161 |  | 4,804 |  | 48,953 |
|  |  |  |  |  |  |  |  |  |
|  |  | 42,727 |  | 1,152 |  | 4,767 |  | 48,646 |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,577) |  | (7) |  | (183) |  | (1,767) |
| Reinsurance contract liabilities |  | 497 |  | (12) |  | (45) |  | 440 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net reinsurance assets |  | (1,080) |  | (19) |  | (228) |  | (1,327) |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | 52 |  | 52 |
| Change in the risk adjustment for non-financial risk |  | - |  | (8) |  | - |  | (8) |
| Experience adjustments |  | 692 |  | - |  | - |  | 692 |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (8) |  | 5 |  | 3 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | 31 |  | 6 |  | - |  | 37 |
| Effects of contracts initially recognised |  | 301 |  | (10) |  | 4 |  | 295 |
| Reinsurance finance expenses |  | (901) |  | - |  | (104) |  | (1,005) |
| Exchange differences |  | (33) |  | (2) |  | (7) |  | (42) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (339) |  | - |  | - |  | (339) |
| Amounts received |  | 751 |  | - |  | - |  | 751 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net reinsurance assets |  | (586) |  | (28) |  | (280) |  | (894) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,501) |  | (12) |  | (238) |  | (1,751) |
| Reinsurance contract liabilities |  | 915 |  | (16) |  | (42) |  | 857 |
|  |  |  |  |  |  |  |  |  |
|  |  | (586) |  | (28) |  | (280) |  | (894) |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,528) |  | (18) |  | (168) |  | (1,714) |
| Reinsurance contract liabilities |  | 441 |  | (7) |  | (41) |  | 393 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net reinsurance assets |  | (1,087) |  | (25) |  | (209) |  | (1,321) |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | 41 |  | 41 |
| Change in the risk adjustment for non-financial risk |  | - |  | 3 |  | - |  | 3 |
| Experience adjustments |  | 395 |  | - |  | - |  | 395 |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (5) |  | 2 |  | 3 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | 28 |  | 5 |  | - |  | 33 |
| Effects of contracts initially recognised |  | 288 |  | (3) |  | 8 |  | 293 |
| Reinsurance finance revenue |  | (651) |  | (1) |  | (68) |  | (720) |
| Exchange differences |  | (27) |  | - |  | (3) |  | (30) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (727) |  | - |  | - |  | (727) |
| Amounts received |  | 706 |  | - |  | - |  | 706 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net reinsurance assets |  | (1,080) |  | (19) |  | (228) |  | (1,327) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (1,577) |  | (7) |  | (183) |  | (1,767) |
| Reinsurance contract liabilities |  | 497 |  | (12) |  | (45) |  | 440 |
|  |  |  |  |  |  |  |  |  |
|  |  | (1,080) |  | (19) |  | (228) |  | (1,327) |

Reconciliation of the measurement components of insurance and reinsurance contracts - Life savings

The reconciliation of the measurement components of insurance and reinsurance contracts is as follows:

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (317) |  | (21) |  | (85) |  | (423) |
| Insurance contract liabilities |  | 61,328 |  | 997 |  | 5,001 |  | 67,326 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net insurance liabilities |  | 61,011 |  | 976 |  | 4,916 |  | 66,903 |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | (2,614) |  | (2,614) |
| Change in the risk adjustment for non-financial risk |  | - |  | 317 |  | - |  | 317 |
| Experience adjustments |  | 308 |  | - |  | - |  | 308 |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (1,518) |  | (12) |  | 1,530 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | (218) |  | (66) |  | - |  | (284) |
| Effects of contracts initially recognised |  | 2,069 |  | - |  | - |  | 2,069 |
| Insurance finance expenses |  | 5,717 |  | - |  | 635 |  | 6,352 |
| Exchange differences |  | (1,839) |  | (28) |  | (35) |  | (1,902) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 4,614 |  | - |  | - |  | 4,614 |
| Insurance acquisition cash flows |  | (5,228) |  | - |  | - |  | (5,228) |
| Claims and other expenses paid |  | (7,614) |  | - |  | - |  | (7,614) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net insurance liabilities |  | 57,302 |  | 1,187 |  | 4,432 |  | 62,921 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (362) |  | (35) |  | (101) |  | (498) |
| Insurance contract liabilities |  | 57,664 |  | 1,222 |  | 4,533 |  | 63,419 |
|  |  |  |  |  |  |  |  |  |
|  |  | 57,302 |  | 1,187 |  | 4,432 |  | 62,921 |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (407) |  | (15) |  | (80) |  | (502) |
| Insurance contract liabilities |  | 55,108 |  | 1,574 |  | 6,074 |  | 62,756 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net insurance liabilities |  | 54,701 |  | 1,559 |  | 5,994 |  | 62,254 |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | (2,154) |  | (2,154) |
| Change in the risk adjustment for non-financial risk |  | - |  | (417) |  | - |  | (417) |
| Experience adjustments |  | 122 |  | - |  | - |  | 122 |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (471) |  | (23) |  | 494 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | (177) |  | (85) |  | - |  | (262) |
| Effects of contracts initially recognised |  | 4,853 |  | - |  | - |  | 4,853 |
| Insurance finance expenses |  | 5,481 |  | - |  | 609 |  | 6,090 |
| Exchange differences |  | (1,746) |  | (58) |  | (27) |  | (1,831) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 8,106 |  | - |  | - |  | 8,106 |
| Insurance acquisition cash flows |  | (1,874) |  | - |  | - |  | (1,874) |
| Claims and other expenses paid |  | (7,984) |  | - |  | - |  | (7,984) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net insurance liabilities |  | 61,011 |  | 976 |  | 4,916 |  | 66,903 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (317) |  | (21) |  | (85) |  | (423) |
| Insurance contract liabilities |  | 61,328 |  | 997 |  | 5,001 |  | 67,326 |
|  |  |  |  |  |  |  |  |  |
|  |  | 61,011 |  | 976 |  | 4,916 |  | 66,903 |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,215) |  | (12) |  | (204) |  | (2,431) |
| Reinsurance contract liabilities |  | 674 |  | (21) |  | (48) |  | 605 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net reinsurance assets |  | (1,541) |  | (33) |  | (252) |  | (1,826) |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | 18 |  | 18 |
| Change in the risk adjustment for non-financial risk |  | - |  | (11) |  | - |  | (11) |
| Experience adjustments |  | 402 |  | - |  | - |  | 402 |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (15) |  | 6 |  | 9 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | 37 |  | 6 |  | - |  | 43 |
| Effects of contracts initially recognised |  | 199 |  | - |  | - |  | 199 |
| Reinsurance finance revenue |  | (386) |  | - |  | (45) |  | (431) |
| Exchange differences |  | (21) |  | (3) |  | (1) |  | (25) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (141) |  | - |  | - |  | (141) |
| Amounts received |  | 542 |  | - |  | - |  | 542 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net reinsurance assets |  | (924) |  | (35) |  | (271) |  | (1,230) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,178) |  | (10) |  | (220) |  | (2,408) |
| Reinsurance contract liabilities |  | 1,254 |  | (25) |  | (51) |  | 1,178 |
|  |  |  |  |  |  |  |  |  |
|  |  | (924) |  | (35) |  | (271) |  | (1,230) |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,022) |  | (27) |  | (203) |  | (2,252) |
| Reinsurance contract liabilities |  | 503 |  | (16) |  | (51) |  | 436 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net reinsurance assets |  | (1,519) |  | (43) |  | (254) |  | (1,816) |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | 52 |  | 52 |
| Change in the risk adjustment for non-financial risk |  | - |  | 5 |  | - |  | 5 |
| Experience adjustments |  | (599) |  | - |  | - |  | (599) |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (8) |  | 3 |  | 5 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | 35 |  | (7) |  | - |  | 28 |
| Effects of contracts initially recognised |  | 308 |  | 12 |  | 6 |  | 326 |
| Reinsurance finance revenue |  | (256) |  | - |  | (52) |  | (308) |
| Exchange differences |  | (18) |  | (3) |  | (9) |  | (30) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (132) |  | - |  | - |  | (132) |
| Amounts received |  | 648 |  | - |  | - |  | 648 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net reinsurance assets |  | (1,541) |  | (33) |  | (252) |  | (1,826) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (2,215) |  | (12) |  | (204) |  | (2,431) |
| Reinsurance contract liabilities |  | 674 |  | (21) |  | (48) |  | 605 |
|  |  |  |  |  |  |  |  |  |
|  |  | (1,541) |  | (33) |  | (252) |  | (1,826) |

Reconciliation of the measurement components of insurance and reinsurance contracts - Participating

The reconciliation of the measurement components of insurance and reinsurance contracts is as follows:

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,028) |  | (41) |  | (52) |  | (1,121) |
| Insurance contract liabilities |  | 163,692 |  | 862 |  | 13,936 |  | 178,490 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net insurance liabilities |  | 162,664 |  | 821 |  | 13,884 |  | 177,369 |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | (2,167) |  | (2,167) |
| Change in the risk adjustment for non-financial risk |  | - |  | 312 |  | - |  | 312 |
| Experience adjustments |  | (10,676) |  | - |  | - |  | (10,676) |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (405) |  | (12) |  | 417 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | (76) |  | (8) |  | - |  | (84) |
| Effects of contracts initially recognised |  | (8,641) |  | - |  | - |  | (8,641) |
| Exchange differences |  | (805) |  | (32) |  | (26) |  | (863) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 29,906 |  | - |  | - |  | 29,906 |
| Insurance acquisition cash flows |  | (2,367) |  | - |  | - |  | (2,367) |
| Claims and other expenses paid |  | (15,977) |  | - |  | - |  | (15,977) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net insurance liabilities |  | 153,623 |  | 1,081 |  | 12,108 |  | 166,812 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,202) |  | (50) |  | (67) |  | (1,319) |
| Insurance contract liabilities |  | 154,825 |  | 1,131 |  | 12,175 |  | 168,131 |
|  |  |  |  |  |  |  |  |  |
|  |  | 153,623 |  | 1,081 |  | 12,108 |  | 166,812 |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,038) |  | (12) |  | (41) |  | (1,091) |
| Insurance contract liabilities |  | 163,257 |  | 1,502 |  | 16,087 |  | 180,846 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net insurance liabilities |  | 162,219 |  | 1,490 |  | 16,046 |  | 179,755 |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | (3,154) |  | (3,154) |
| Change in the risk adjustment for non-financial risk |  | - |  | (908) |  | - |  | (908) |
| Experience adjustments |  | (8,802) |  | - |  | - |  | (8,802) |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (502) |  | (43) |  | 545 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | (308) |  | (41) |  | - |  | (349) |
| Effects of contracts initially recognised |  | (6,314) |  | 364 |  | 489 |  | (5,461) |
| Exchange differences |  | (1,388) |  | (41) |  | (42) |  | (1,471) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums received |  | 34,931 |  | - |  | - |  | 34,931 |
| Insurance acquisition cash flows |  | (2,531) |  | - |  | - |  | (2,531) |
| Claims and other expenses paid |  | (14,641) |  | - |  | - |  | (14,641) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net insurance liabilities |  | 162,664 |  | 821 |  | 13,884 |  | 177,369 |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Insurance contract assets |  | (1,028) |  | (41) |  | (52) |  | (1,121) |
| Insurance contract liabilities |  | 163,692 |  | 862 |  | 13,936 |  | 178,490 |
|  |  |  |  |  |  |  |  |  |
|  |  | 162,664 |  | 821 |  | 13,884 |  | 177,369 |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,146) |  | (52) |  | (246) |  | (6,444) |
| Reinsurance contract liabilities |  | 1,722 |  | (25) |  | (92) |  | 1,605 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 - net reinsurance assets |  | (4,424) |  | (77) |  | (338) |  | (4,839) |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | 44 |  | 44 |
| Change in the risk adjustment for non-financial risk |  | - |  | (12) |  | - |  | (12) |
| Experience adjustments |  | 672 |  | - |  | - |  | 672 |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (21) |  | 5 |  | 16 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | 52 |  | 16 |  | - |  | 68 |
| Effects of contracts initially recognised |  | 602 |  | 17 |  | 4 |  | 623 |
| Exchange differences |  | (22) |  | (5) |  | (10) |  | (37) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (601) |  | - |  | - |  | (601) |
| Amounts received |  | 822 |  | - |  | - |  | 822 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 - net reinsurance assets |  | (2,920) |  | (56) |  | (284) |  | (3,260) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,144) |  | (28) |  | (212) |  | (6,384) |
| Reinsurance contract liabilities |  | 3,224 |  | (28) |  | (72) |  | 3,124 |
|  |  |  |  |  |  |  |  |  |
|  |  | (2,920) |  | (56) |  | (284) |  | (3,260) |

|  |  | Present value of future cash flows |  | Risk adjustment for non-financial risk |  | Contractual service margin |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,275) |  | (75) |  | (302) |  | (6,652) |
| Reinsurance contract liabilities |  | 1,381 |  | (14) |  | (81) |  | 1,286 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 - net reinsurance assets |  | (4,894) |  | (89) |  | (383) |  | (5,366) |
| Changes that relate to current service: |  |  |  |  |  |  |  |  |
| Contractual service margin recognised in profit or loss for services provided |  | - |  | - |  | 32 |  | 32 |
| Change in the risk adjustment for non-financial risk |  | - |  | (18) |  | - |  | (18) |
| Experience adjustments |  | (262) |  | - |  | - |  | (262) |
| Changes that relate to future service: |  |  |  |  |  |  |  |  |
| Changes in estimates that adjust the contractual service margin |  | (16) |  | 5 |  | 11 |  | - |
| Changes in estimates that do not adjust the contractual service margin |  | 41 |  | 12 |  | - |  | 53 |
| Effects of contracts initially recognised |  | 507 |  | 21 |  | 6 |  | 534 |
| Exchange differences |  | (42) |  | (8) |  | (4) |  | (54) |
| Cash flows: |  |  |  |  |  |  |  |  |
| Premiums paid |  | (559) |  | - |  | - |  | (559) |
| Amounts received |  | 801 |  | - |  | - |  | 801 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 - net reinsurance assets |  | (4,424) |  | (77) |  | (338) |  | (4,839) |
|  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |
| Reinsurance contract assets |  | (6,146) |  | (52) |  | (246) |  | (6,444) |
| Reinsurance contract liabilities |  | 1,722 |  | (25) |  | (92) |  | 1,605 |
|  |  |  |  |  |  |  |  |  |
|  |  | (4,424) |  | (77) |  | (338) |  | (4,839) |

Assets for insurance acquisition cash flows

The reconciliation of assets for insurance acquisition cash flows is as follows:

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Included in insurance contract assets |  | 135 |  | 48 |  | 153 |  | 4,049 |  | 4,385 |
| Included in insurance contract liabilities |  | 5 |  | - |  | - |  | - |  | 5 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2024 |  | 140 |  | 48 |  | 153 |  | 4,049 |  | 4,390 |
| Amounts incurred during the year |  | 608 |  | 627 |  | 1,795 |  | 3,468 |  | 6,498 |
| Amounts derecognised and included in the measurement of insurance contracts |  | (597) |  | (608) |  | (1,755) |  | (3,267) |  | (6,227) |
| Impairment losses and reversals |  | (8) |  | - |  | - |  | (11) |  | (19) |
| Exchange differences |  | 2 |  | 1 |  | 5 |  | 37 |  | 45 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 |  | 145 |  | 68 |  | 198 |  | 4,276 |  | 4,687 |
|  |  |  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |  |  |
| Included in insurance contract assets |  | 138 |  | 68 |  | 198 |  | 4,276 |  | 4,680 |
| Included in insurance contract liabilities |  | 7 |  | - |  | - |  | - |  | 7 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | 145 |  | 68 |  | 198 |  | 4,276 |  | 4,687 |

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Included in insurance contract assets |  | 141 |  | 45 |  | 157 |  | 3,902 |  | 4,245 |
| Included in insurance contract liabilities |  | 5 |  | - |  | - |  | - |  | 5 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 |  | 146 |  | 45 |  | 157 |  | 3,902 |  | 4,250 |
| Amounts incurred during the year |  | 547 |  | 582 |  | 1,341 |  | 2,974 |  | 5,444 |
| Amounts derecognised and included in the measurement of insurance contracts |  | (551) |  | (581) |  | (1,354) |  | (2,839) |  | (5,325) |
| Impairment losses and reversals |  | (5) |  | - |  | - |  | (16) |  | (21) |
| Exchange differences |  | 3 |  | 2 |  | 9 |  | 28 |  | 42 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 |  | 140 |  | 48 |  | 153 |  | 4,049 |  | 4,390 |
|  |  |  |  |  |  |  |  |  |  |  |
| Representing: |  |  |  |  |  |  |  |  |  |  |
| Included in insurance contract assets |  | 135 |  | 48 |  | 153 |  | 4,049 |  | 4,385 |
| Included in insurance contract liabilities |  | 5 |  | - |  | - |  | - |  | 5 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | 140 |  | 48 |  | 153 |  | 4,049 |  | 4,390 |

The consolidated entity expects to derecognise the assets for insurance acquisition cash flows as follows:

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| 1 year or less |  | 75 |  | 68 |  | 198 |  | 4,276 |  | 4,617 |
| Between 1 and 2 years |  | 27 |  | - |  | - |  | - |  | 27 |
| Between 2 and 3 years |  | 21 |  | - |  | - |  | - |  | 21 |
| Between 3 and 4 years |  | 13 |  | - |  | - |  | - |  | 13 |
| Between 4 and 5 years |  | 5 |  | - |  | - |  | - |  | 5 |
| Between 5 and 6 years |  | 1 |  | - |  | - |  | - |  | 1 |
| Between 6 and 10 years |  | 2 |  | - |  | - |  | - |  | 2 |
| Over 10 years |  | 1 |  | - |  | - |  | - |  | 1 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | 145 |  | 68 |  | 198 |  | 4,276 |  | 4,687 |

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| 1 year or less |  | 74 |  | 48 |  | 153 |  | 4,049 |  | 4,324 |
| Between 1 and 2 years |  | 25 |  | - |  | - |  | - |  | 25 |
| Between 2 and 3 years |  | 19 |  | - |  | - |  | - |  | 19 |
| Between 3 and 4 years |  | 12 |  | - |  | - |  | - |  | 12 |
| Between 4 and 5 years |  | 6 |  | - |  | - |  | - |  | 6 |
| Between 5 and 6 years |  | 1 |  | - |  | - |  | - |  | 1 |
| Between 6 and 10 years |  | 2 |  | - |  | - |  | - |  | 2 |
| Over 10 years |  | 1 |  | - |  | - |  | - |  | 1 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | 140 |  | 48 |  | 153 |  | 4,049 |  | 4,390 |

Effect of contracts initially recognised during the year

The effect of contracts initially recognised during the year are as follows:

|  |  | Profitable contracts issued |  | Onerous contracts issued |  | Profitable contracts acquired |  | Onerous contracts acquired |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Claims and other insurance service expenses |  | 29,361 |  | 908 |  | 754 |  | 129 |  | 31,152 |
| Insurance acquisition cash flows |  | 2,088 |  | 58 |  | 57 |  | 10 |  | 2,213 |
|  |  |  |  |  |  |  |  |  |  |  |
| Estimates of the present value of future cash outflows |  | 31,449 |  | 966 |  | 811 |  | 139 |  | 33,365 |
| Estimates of the present value of future cash inflows |  | (33,130) |  | (877) |  | (850) |  | (105) |  | (34,962) |
| Risk adjustment for non-financial risk |  | 698 |  | 49 |  | 18 |  | 12 |  | 777 |
| Contractual service margin |  | 983 |  | - |  | 21 |  | - |  | 1,004 |
|  |  |  |  |  |  |  |  |  |  |  |
| Losses recognised on initial recognition |  | - |  | 138 |  | - |  | 46 |  | 184 |

|  |  | Profitable contracts issued |  | Onerous contracts issued |  | Profitable contracts acquired |  | Onerous contracts acquired |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Claims and other insurance service expenses |  | 28,243 |  | 885 |  | 308 |  | 112 |  | 29,548 |
| Insurance acquisition cash flows |  | 1,960 |  | 48 |  | 21 |  | 11 |  | 2,040 |
|  |  |  |  |  |  |  |  |  |  |  |
| Estimates of the present value of future cash outflows |  | 30,203 |  | 933 |  | 329 |  | 123 |  | 31,588 |
| Estimates of the present value of future cash inflows |  | (31,838) |  | (895) |  | (347) |  | (87) |  | (33,167) |
| Risk adjustment for non-financial risk |  | 678 |  | 53 |  | 8 |  | 14 |  | 753 |
| Contractual service margin |  | 957 |  | - |  | 10 |  | - |  | 967 |
|  |  |  |  |  |  |  |  |  |  |  |
| Losses recognised on initial recognition |  | - |  | 91 |  | - |  | 50 |  | 141 |

Contractual service margin

The consolidated entity expects to recognise the remaining contractual service margin in profit or loss for contracts not measured under the premium allocation approach (PAA) as follows:

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| 1 year or less |  | 256 |  | 368 |  | 1,030 |  | - |  | 1,654 |
| Between 1 and 2 years |  | 228 |  | 350 |  | 965 |  | - |  | 1,543 |
| Between 2 and 3 years |  | 202 |  | 332 |  | 906 |  | - |  | 1,440 |
| Between 3 and 4 years |  | 179 |  | 322 |  | 854 |  | - |  | 1,355 |
| Between 4 and 5 years |  | 156 |  | 307 |  | 804 |  | - |  | 1,267 |
| Between 5 and 6 years |  | 137 |  | 293 |  | 757 |  | - |  | 1,187 |
| Between 6 and 10 years |  | 374 |  | 1,119 |  | 3,396 |  | - |  | 4,889 |
| Over 10 years |  | 1,646 |  | 1,341 |  | 3,396 |  | - |  | 6,383 |
|  |  |  |  |  |  |  |  |  |  |  |
| Contractual service margin |  | 3,178 |  | 4,432 |  | 12,108 |  | - |  | 19,718 |

|  |  | Life risk |  | Life savings |  | Participating |  | Non-life |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| 1 year or less |  | 373 |  | 405 |  | 1,181 |  | - |  | 1,959 |
| Between 1 and 2 years |  | 328 |  | 383 |  | 1,100 |  | - |  | 1,811 |
| Between 2 and 3 years |  | 281 |  | 363 |  | 1,035 |  | - |  | 1,679 |
| Between 3 and 4 years |  | 252 |  | 351 |  | 969 |  | - |  | 1,572 |
| Between 4 and 5 years |  | 219 |  | 334 |  | 912 |  | - |  | 1,465 |
| Between 5 and 6 years |  | 191 |  | 317 |  | 858 |  | - |  | 1,366 |
| Between 6 and 10 years |  | 578 |  | 1,263 |  | 3,862 |  | - |  | 5,703 |
| Over 10 years |  | 2,545 |  | 1,500 |  | 3,967 |  | - |  | 8,012 |
|  |  |  |  |  |  |  |  |  |  |  |
| Contractual service margin |  | 4,767 |  | 4,916 |  | 13,884 |  | - |  | 23,567 |

Note 32. Financial instruments

Insurance and financial risk management objectives

The consolidated entity's activities expose it to a variety of insurance risks (including underwriting risk, policyholder persistency risk and expense risk) and financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on ensuring compliance with the company constitution. It also seeks to maximise the financial returns and minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Insurance risk

Underwriting risk

The consolidated entity manages its underwriting risk based on the underwriting policy as approved by the Board. The consolidated entity monitors the adequate application of the policy and reviews the trends in pricing, loss ratios and underwriting risks.

The risk under insurance contracts is the possibility that the insured event occurs and the timing and uncertainty of the amount of the resulting claim. However, it can be predicted with a certain disclosed level of reliability. The principal risk that the consolidated entity faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities and the consolidated entity does not have the capital to fund insurance claims. Factors that increase insurance risk include lack of risk diversification in terms of type and risk concentration. These risks can be mitigated by underwriting strategy and reinsurance arrangements.

The consolidated entity actively manages its product mix to ensure that there are no significant concentration risks. The carrying amount of the consolidated entity's insurance contract liabilities (net of reinsurance) by country of issue at the reporting date were as follows:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Internationaland |  | 101,063 |  | 107,289 |
| Neighbourland |  | 115,643 |  | 123,113 |
| Rest of the World |  | 92,746 |  | 98,752 |
|  |  |  |  |  |
|  |  | 309,452 |  | 329,154 |

The carrying amount of the consolidated entity's non-life insurance contract liabilities (net of reinsurance) by product type at the reporting date were as follows:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Motor |  | 9,847 |  | 10,349 |
| Property |  | 15,835 |  | 16,904 |
| Public liability |  | 7,831 |  | 8,360 |
| Employers liability |  | 4,139 |  | 4,418 |
| Specialty |  | 2,711 |  | 2,894 |
| Other |  | 1,970 |  | 2,102 |
|  |  |  |  |  |
|  |  | 42,333 |  | 45,027 |

The following tables detail how the profit before tax and equity would have been affected by changes in the assumptions of the underwriting risk variables.

|  |  | Risk increased | | | | | | Risk decreased | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Effect on profit before tax |  | Effect on equity |  |  |  | Effect on profit before tax |  | Effect on equity |
| Consolidated - 2024 |  | % change |  | CU'000 |  | CU'000 |  | % change |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Life |  |  |  |  |  |  |  |  |  |  |  |  |
| Mortality rate |  | 1% |  | (346) |  | (242) |  | (1%) |  | 381 |  | 267 |
| Morbidity rate |  | 1% |  | (519) |  | (363) |  | (1%) |  | 482 |  | 337 |
| Lapse rates |  | 5% |  | (1,728) |  | (1,210) |  | (5%) |  | 1,804 |  | 1,263 |
| Expenses |  | 5% |  | (1,424) |  | (997) |  | (5%) |  | 1,517 |  | 1,062 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-life |  |  |  |  |  |  |  |  |  |  |  |  |
| Inflation rate |  | 1% |  | (1,042) |  | (729) |  | (1%) |  | 784 |  | 549 |
| Claims |  | 5% |  | (3,967) |  | (2,777) |  | (5%) |  | 3,416 |  | 2,391 |
| Expenses |  | 5% |  | (1,728) |  | (1,210) |  | (5%) |  | 1,460 |  | 1,022 |

|  |  | Risk increased | | | | | | Risk decreased | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Effect on profit before tax |  | Effect on equity |  |  |  | Effect on profit before tax |  | Effect on equity |
| Consolidated - 2023 |  | % change |  | CU'000 |  | CU'000 |  | % change |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Life |  |  |  |  |  |  |  |  |  |  |  |  |
| Mortality rate |  | 1% |  | (326) |  | (228) |  | (1%) |  | 359 |  | 251 |
| Morbidity rate |  | 1% |  | (489) |  | (342) |  | (1%) |  | 454 |  | 318 |
| Lapse rates |  | 5% |  | (1,627) |  | (1,139) |  | (5%) |  | 1,698 |  | 1,189 |
| Expenses |  | 5% |  | (1,341) |  | (939) |  | (5%) |  | 1,428 |  | 1,000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-life |  |  |  |  |  |  |  |  |  |  |  |  |
| Inflation rate |  | 1% |  | (979) |  | (685) |  | (1%) |  | 737 |  | 516 |
| Claims |  | 5% |  | (3,727) |  | (2,609) |  | (5%) |  | 3,209 |  | 2,246 |
| Expenses |  | 5% |  | (1,623) |  | (1,136) |  | (5%) |  | 1,372 |  | 960 |

Policyholder persistency risk

Policyholder persistency risk includes the risk that a policyholder will cancel or lapse a policy, increase or reduce premiums, withdraw deposits or finalise a contract earlier or later than expected. This is largely determined by the behaviour of the policyholder. When policyholders make seemingly rational decisions, the overall underwriting risk is mitigated by such behaviour.

Expense risk

Expense risk is the risk of loss arising from the expense experience being different than expected. It includes unexpected increases (including inflationary) in policy maintenance, claim handling and other costs relating to fulfilment of insurance policies. The risk is managed through budgeting and periodic cost evaluations.

Claims development

The reconciliation of claims development as at 31 December 2024 is as follows:

|  |  | Accident year | | | | | | | | | | | | | | | | | | | |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2015 |  | 2016 |  | 2017 |  | 2018 |  | 2019 |  | 2020 |  | 2021 |  | 2022 |  | 2023 |  | 2024 |  | Total |
|  |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Estimates of undiscounted gross cumulative claims: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At end of accident year |  | 26,914 |  | 27,461 |  | 27,822 |  | 29,310 |  | 29,898 |  | 30,518 |  | 28,967 |  | 29,348 |  | 29,031 |  | 30,751 |  |  |
| 1 year later |  | 26,629 |  | 27,062 |  | 27,586 |  | 28,601 |  | 29,208 |  | 28,511 |  | 28,683 |  | 28,271 |  | 28,187 |  |  |  |  |
| 2 years later |  | 26,303 |  | 26,842 |  | 27,092 |  | 28,279 |  | 28,860 |  | 28,136 |  | 28,085 |  | 27,797 |  |  |  |  |  |  |
| 3 years later |  | 25,961 |  | 26,259 |  | 26,934 |  | 27,964 |  | 28,388 |  | 27,737 |  | 27,714 |  |  |  |  |  |  |  |  |
| 4 years later |  | 25,573 |  | 25,992 |  | 26,695 |  | 27,574 |  | 27,972 |  | 27,586 |  |  |  |  |  |  |  |  |  |  |
| 5 years later |  | 25,556 |  | 25,901 |  | 25,643 |  | 27,226 |  | 27,605 |  |  |  |  |  |  |  |  |  |  |  |  |
| 6 years later |  | 25,242 |  | 27,429 |  | 25,961 |  | 27,043 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 years later |  | 24,974 |  | 25,547 |  | 25,830 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 years later |  | 24,656 |  | 25,391 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 9 years later |  | 24,512 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cumulative gross claims paid |  | (24,343) |  | (25,011) |  | (24,935) |  | (25,565) |  | (26,112) |  | (26,361) |  | (25,338) |  | (25,051) |  | (22,767) |  | (19,280) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross undiscounted liability for incurred claims |  | 169 |  | 380 |  | 895 |  | 1,478 |  | 1,493 |  | 1,225 |  | 2,376 |  | 2,746 |  | 5,420 |  | 11,471 |  | 27,653 |
| Gross undiscounted liability for incurred claims in prior years |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2,657 |
| Effect of discounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (4,495) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Liability for incurred claims |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 25,815 |

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future investment transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months.

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date were as follows:

|  |  | Sell Internationaland currency units | | | | Average exchange rates | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Buy US dollars |  |  |  |  |  |  |  |  |
| Maturity: |  |  |  |  |  |  |  |  |
| 0 - 3 months |  | 121 |  | 89 |  | 0.9123 |  | 0.8132 |
| 3 - 6 months |  | 34 |  | 23 |  | 0.9057 |  | 0.8294 |
|  |  |  |  |  |  |  |  |  |
| Buy Euros |  |  |  |  |  |  |  |  |
| Maturity: |  |  |  |  |  |  |  |  |
| 0 - 3 months |  | 274 |  | 207 |  | 0.6342 |  | 0.5861 |
| 3 - 6 months |  | 86 |  | 49 |  | 0.6355 |  | 0.6082 |
|  |  |  |  |  |  |  |  |  |
| Buy Neighbourland dollars |  |  |  |  |  |  |  |  |
| Maturity: |  |  |  |  |  |  |  |  |
| 0 - 3 months |  | 182 |  | 163 |  | 1.2345 |  | 1.2643 |
| 3 - 6 months |  | 107 |  | 71 |  | 1.2407 |  | 1.2847 |

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

|  |  | Assets | | | | Liabilities | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |  | 2024 |  | 2023 |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| US dollars |  | 35 |  | 18 |  | 64 |  | 69 |
| Euros |  | 7 |  | 21 |  | 82 |  | 74 |
| Neighbourland dollars |  | 45 |  | 32 |  | 61 |  | 52 |
|  |  |  |  |  |  |  |  |  |
|  |  | 87 |  | 71 |  | 207 |  | 195 |

The consolidated entity had net liabilities denominated in foreign currencies of CU120,000 (assets of CU87,000 less liabilities of CU207,000) as at 31 December 2024 (2023: CU124,000 (assets of CU71,000 less liabilities of CU195,000)). Based on this exposure, had the Internationaland currency unit weakened by 10%/strengthened by 5% (﻿2023﻿: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been CU12,000 lower/CU6,000 higher (﻿2023﻿: CU6,000 lower/CU6,000 higher) and equity would have been CU8,000 lower/CU4,000 higher (﻿2023﻿: CU4,000 lower/CU4,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended ﻿31 December 2024﻿ was CU13,000 (﻿2023﻿: loss of CU6,000).

Price risk

The consolidated entity's exposure to equity price risk arises from investments in equity securities to the extent that the consolidated entity is exposed to changes in market prices. The consolidated entity holds equity securities for participating contracts and the underlying assets are held in accordance with the contractual arrangement with policyholders, and the consolidated entity has limited risk management capacity for these underlying assets. However, the financial risk from such equities is primarily passed to policyholders. There are no significant concentrations of equity price risk and the consolidated entity is not exposed to any other significant price risk.

The fair values of the consolidated entity's underlying financial assets for participating contracts at the reporting date were as follows:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Cash and cash equivalents |  | 14,942 |  | 4,051 |
| Financial assets at fair value through profit or loss |  | 75,869 |  | 81,410 |
| Financial assets at fair value through other comprehensive income |  | 17,373 |  | 14,513 |
| Investments accounted for using the equity method |  | 34,192 |  | 30,981 |
| Investment properties |  | 46,900 |  | 47,500 |
|  |  |  |  |  |
|  |  | 189,276 |  | 178,455 |

Interest rate risk

The consolidated entity's main interest rate risk arises from investments in debt securities, which is not a significant exposure as it is minimal compared to total assets.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity actively manages its product mix to ensure that there is no significant concentration of credit risk.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties limits that are set each year by the Board and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

The consolidated entity's maximum exposure to credit risk as at 31 December 2024 for insurance contracts issued was CU2,867,000 (2023: CU2,691,000) and reinsurance contracts held was CU12,213,000 (2023: CU12,328,000).

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Insurance and reinsurance contracts

The following tables detail the consolidated entity's remaining contractual undiscounted net cash flows for its insurance and reinsurance liabilities. The tables have been drawn up based on the undiscounted cash flows of liabilities based on the earliest date on which the liabilities are required to be paid and therefore these totals may differ from their carrying amount in the statement of financial position.

|  |  | 1 year or less |  | Between 1 and 2 years |  | Between 2 and 3 years |  | Between 3 and 4 years |  | Between 4 and 5 years |  | Over 5 years |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Insurance contract liabilities |  | 23,596 |  | 22,463 |  | 21,397 |  | 20,230 |  | 19,166 |  | 147,689 |  | 254,541 |
| Reinsurance contract liabilities |  | 535 |  | 508 |  | 483 |  | 459 |  | 435 |  | 2,933 |  | 5,353 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Remaining contractual undiscounted net cash flows |  | 24,131 |  | 22,971 |  | 21,880 |  | 20,689 |  | 19,601 |  | 150,622 |  | 259,894 |

|  |  | 1 year or less |  | Between 1 and 2 years |  | Between 2 and 3 years |  | Between 3 and 4 years |  | Between 4 and 5 years |  | Over 5 years |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Insurance contract liabilities |  | 24,858 |  | 23,634 |  | 22,407 |  | 21,233 |  | 20,097 |  | 155,779 |  | 268,008 |
| Reinsurance contract liabilities |  | 292 |  | 271 |  | 247 |  | 231 |  | 210 |  | 1,642 |  | 2,893 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Remaining contractual undiscounted net cash flows |  | 25,150 |  | 23,905 |  | 22,654 |  | 21,464 |  | 20,307 |  | 157,421 |  | 270,901 |

The amounts of insurance contract liabilities that are payable on demand are set out below:

|  |  | 2024 | | | | 2023 | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Amount payable on demand |  | Carrying amount |  | Amount payable on demand |  | Carrying amount |
|  |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Life savings |  | 55,687 |  | 63,419 |  | 59,340 |  | 67,326 |
| Participating |  | 151,637 |  | 168,131 |  | 161,688 |  | 178,490 |
|  |  |  |  |  |  |  |  |  |
|  |  | 207,324 |  | 231,550 |  | 221,028 |  | 245,816 |

Financing arrangements

Unused borrowing facilities at the reporting date:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Bank overdraft |  | 5,000 |  | 3,727 |
| Bank loans |  | 40,000 |  | 40,000 |
|  |  | 45,000 |  | 43,727 |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (﻿2023﻿: 4 years).

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

|  |  | Weighted average interest rate |  | 1 year or less |  | Between 1 and 2 years |  | Between 2 and 5 years |  | Over 5 years |  | Remaining contractual maturities |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | % |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-derivatives |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-interest bearing |  |  |  |  |  |  |  |  |  |  |  |  |
| Trade payables |  | - |  | 18,070 |  | - |  | - |  | - |  | 18,070 |
| Other payables |  | - |  | 1,934 |  | - |  | - |  | - |  | 1,934 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest-bearing - fixed rate |  |  |  |  |  |  |  |  |  |  |  |  |
| Lease liability |  | 5.03% |  | 664 |  | 640 |  | 1,774 |  | 1,644 |  | 4,722 |
| Total non-derivatives |  |  |  | 20,668 |  | 640 |  | 1,774 |  | 1,644 |  | 24,726 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives |  |  |  |  |  |  |  |  |  |  |  |  |
| Forward foreign exchange contracts net settled |  | - |  | 122 |  | - |  | - |  | - |  | 122 |
| Total derivatives |  |  |  | 122 |  | - |  | - |  | - |  | 122 |

|  |  | Weighted average interest rate |  | 1 year or less |  | Between 1 and 2 years |  | Between 2 and 5 years |  | Over 5 years |  | Remaining contractual maturities |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | % |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-derivatives |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-interest bearing |  |  |  |  |  |  |  |  |  |  |  |  |
| Trade payables |  | - |  | 15,711 |  | - |  | - |  | - |  | 15,711 |
| Other payables |  | - |  | 1,595 |  | - |  | - |  | - |  | 1,595 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest-bearing - variable |  |  |  |  |  |  |  |  |  |  |  |  |
| Bank overdraft |  | 12.80% |  | 1,355 |  | - |  | - |  | - |  | 1,355 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest-bearing - fixed rate |  |  |  |  |  |  |  |  |  |  |  |  |
| Lease liability |  | 5.03% |  | 684 |  | 660 |  | 1,836 |  | 2,227 |  | 5,407 |
| Total non-derivatives |  |  |  | 19,345 |  | 660 |  | 1,836 |  | 2,227 |  | 24,068 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives |  |  |  |  |  |  |  |  |  |  |  |  |
| Forward foreign exchange contracts net settled |  | - |  | 107 |  | - |  | - |  | - |  | 107 |
| Total derivatives |  |  |  | 107 |  | - |  | - |  | - |  | 107 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Hedge accounting

The effects of hedge accounting on the statement of financial position at the reporting date were as follows:

|  |  | Nominal |  | Carrying |  | Change in |  | Hedging |  | Cost of |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | amount |  | amount |  | fair value |  | reserve |  | reserve |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Forward foreign exchange contracts for purchases at 31 December 2023 |  | 602 |  | 107 |  | (9) |  | (75) |  | (20) |
| Forward foreign exchange contracts for purchases at 31 December 2024 |  | 804 |  | 122 |  | 4 |  | (85) |  | (19) |

Movements in hedging reserves by risk category during the current and previous financial year are set out below:

|  |  | Spot |  | Value of |  | Cost of |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | component |  | options |  | reserve |  | Total |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 January 2023 |  | (76) |  | 46 |  | (18) |  | (48) |
| Change in fair value of hedging instrument recognised in other comprehensive income |  | (73) |  | 64 |  | - |  | (9) |
| Costs of hedging deferred and recognised in other comprehensive income |  | - |  | - |  | (17) |  | (17) |
| Reclassified to the cost of inventory - recognised in other comprehensive income |  | (24) |  | - |  | 14 |  | (10) |
| Reclassified from other comprehensive income to profit or loss |  | (2) |  | - |  | - |  | (2) |
| Deferred tax |  | 29 |  | (19) |  | 1 |  | 11 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2023 |  | (146) |  | 91 |  | (20) |  | (75) |
| Change in fair value of hedging instrument recognised in other comprehensive income |  | (8) |  | 12 |  | - |  | 4 |
| Costs of hedging deferred and recognised in other comprehensive income |  | - |  | - |  | (15) |  | (15) |
| Reclassified to the cost of inventory - recognised in other comprehensive income |  | (20) |  | - |  | 16 |  | (4) |
| Deferred tax |  | 9 |  | (4) |  | - |  | 5 |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2024 |  | (165) |  | 99 |  | (19) |  | (85) |

Note 33. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

|  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2024 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |
| Ordinary shares - Domestic |  | 126,566 |  | 36,184 |  | 1,200 |  | 163,950 |
| Ordinary shares - International |  | 80,149 |  | - |  | - |  | 80,149 |
| Bills of exchange |  | 7,037 |  | 7,697 |  | - |  | 14,734 |
| Debentures |  | 6,817 |  | 9,676 |  | - |  | 16,493 |
| Government bonds |  | 76,528 |  | 87,963 |  | - |  | 164,491 |
| Investment properties |  | - |  | - |  | 46,900 |  | 46,900 |
| Total assets |  | 297,097 |  | 141,520 |  | 48,100 |  | 486,717 |
|  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |
| Forward foreign exchange contracts |  | - |  | 122 |  | - |  | 122 |
| Total liabilities |  | - |  | 122 |  | - |  | 122 |

|  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consolidated - 2023 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |
| Ordinary shares - Domestic |  | 104,147 |  | 30,747 |  | 1,000 |  | 135,894 |
| Ordinary shares - International |  | 95,409 |  | - |  | - |  | 95,409 |
| Bills of exchange |  | 12,699 |  | 6,803 |  | - |  | 19,502 |
| Debentures |  | 8,844 |  | 7,710 |  | - |  | 16,554 |
| Government bonds |  | 95,469 |  | 90,707 |  | - |  | 186,176 |
| Investment properties |  | - |  | - |  | 47,500 |  | 47,500 |
| Total assets |  | 316,568 |  | 135,967 |  | 48,500 |  | 501,035 |
|  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |
| Forward foreign exchange contracts |  | - |  | 107 |  | - |  | 107 |
| Total liabilities |  | - |  | 107 |  | - |  | 107 |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Internationaland Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

|  |  | Ordinary shares at fair value |  | Investment |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | through OCI |  | properties |  | Total |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |
| Balance at 1 January 2023 |  | 850 |  | 46,000 |  | 46,850 |
| Gains recognised in profit or loss |  | - |  | 1,500 |  | 1,500 |
| Gains recognised in other comprehensive income |  | 150 |  | - |  | 150 |
|  |  |  |  |  |  |  |
| Balance at 31 December 2023 |  | 1,000 |  | 47,500 |  | 48,500 |
| Losses recognised in profit or loss |  | - |  | (600) |  | (600) |
| Gains recognised in other comprehensive income |  | 50 |  | - |  | 50 |
| Additions |  | 400 |  | - |  | 400 |
| Disposals |  | (250) |  | - |  | (250) |
|  |  |  |  |  |  |  |
| Balance at 31 December 2024 |  | 1,200 |  | 46,900 |  | 48,100 |

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

|  |  |  |  | Range |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Description |  | Unobservable inputs |  | (weighted average) |  | Sensitivity |
|  |  |  |  |  |  |  |
| Ordinary shares at fair value through other comprehensive income |  | Growth rate |  | 2.5% to 3.5% (3.0%) |  | 0.25% change would increase/decrease fair value by CU3,000 |
|  |  | Discount rate |  | 8.0% to 11.0% (9.5%) |  | 1.00% change would increase/decrease fair value by CU12,000 |
| Investment properties |  | Rental yield |  | 7.5% to 9.0% (8.5%) |  | 0.75% change would increase/decrease fair value by CU352,000 |
|  |  | Rental growth |  | 1.25% to 2.0% (1.75%) |  | 0.25% change would increase/decrease fair value by CU117,000 |
|  |  | Long-term vacancy rate |  | 5.0% to 9.0% (7.5%) |  | 0.75% change would increase/decrease fair value by CU276,000 |
|  |  | Discount rate |  | 4.0% to 6.0% (5.25%) |  | 0.5% change would increase/decrease fair value by CU57,000 |

Note 34. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Short-term employee benefits |  | 1,618 |  | 1,498 |
| Post-employment benefits |  | 107 |  | 101 |
| Long-term benefits |  | 10 |  | 25 |
| Share-based payments |  | 253 |  | 1 |
|  |  |  |  |  |
|  |  | 1,988 |  | 1,625 |

Note 35. Contingent assets

RSM Life Limited, a subsidiary, will be paid a success premium of up to CU3,000,000 by Compdesign Partnership, in which it holds a 35% interest, if the rights to an insurance application are sold to a Swiss based company. The likelihood of this proceeding is highly probable. No asset has been recognised within these financial statements.

Note 36. Contingent liabilities

During the financial year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the consolidated entity will not be found to be at fault and any compensation will be covered by the consolidated entity's insurance policy. Accordingly, no provision has been provided within these financial statements.

The consolidated entity has given bank guarantees as at 31 December 2024 of CU3,105,000 (2023: CU2,844,000) to various landlords.

Note 37. Commitments

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Capital commitments |  |  |  |  |
| Committed at the reporting date but not recognised as liabilities, payable: |  |  |  |  |
| Investment properties |  | 170 |  | 170 |
| Property, plant and equipment |  | 1,165 |  | 1,145 |
| Intangible assets |  | 160 |  | - |

Note 38. Related party transactions

Parent entity

RSM IFRS Insurance Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 39.

Associates

Interests in associates are set out in note 40.

Key management personnel

Disclosures relating to key management personnel are set out in note 34.

Transactions with related parties

The following transactions occurred with related parties:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Payment for goods and services: |  |  |  |  |
| Payment for services from associate |  | 3,397 |  | 3,235 |
| Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example) |  | 81 |  | 68 |

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Payables: |  |  |  |  |
| Trade payables to associate |  | 361 |  | 346 |
| Trade payables to BE Promotions Limited (director-related entity of Brad Example) |  | 7 |  | 6 |

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 39. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

|  |  |  |  | Ownership interest | | |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Principal place of business / |  | 2024 |  | 2023 |
| Name |  | Country of incorporation |  | % |  | % |
|  |  |  |  |  |  |  |
| RSM Insurance Limited |  | Internationaland |  | 100.00% |  | 100.00% |
| RSM Reinsurance Limited |  | Internationaland |  | 100.00% |  | 100.00% |
| RSM Insurance Online Limited |  | Internationaland |  | 100.00% |  | 100.00% |
| RSM Insurance Global Limited |  | Neighbourland |  | 100.00% |  | 100.00% |

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

|  |  |  |  |  |  | Parent | | | | Non-controlling interest | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Principal place of business / |  |  |  | Ownership interest |  | Ownership interest |  | Ownership interest |  | Ownership interest |
|  |  | Country of |  |  |  | 2024 |  | 2023 |  | 2024 |  | 2023 |
| Name |  | incorporation |  | Principal activities |  | % |  | % |  | % |  | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| RSM Life Limited \* |  | Internationaland |  | Life insurance |  | 90.00% |  | 90.00% |  | 10.00% |  | 10.00% |

|  |  |  |
| --- | --- | --- |
| \* |  | the non-controlling interests hold 25% of the voting rights of RSM Life Limited |

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

|  |  | RSM Life Limited | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Summarised statement of financial position |  |  |  |  |
| Current assets |  | 48,800 |  | 50,443 |
| Non-current assets |  | 144,635 |  | 145,638 |
|  |  |  |  |  |
| Total assets |  | 193,435 |  | 196,081 |
|  |  |  |  |  |
| Current liabilities |  | 25,735 |  | 22,452 |
| Non-current liabilities |  | 112,875 |  | 121,493 |
|  |  |  |  |  |
| Total liabilities |  | 138,610 |  | 143,945 |
|  |  |  |  |  |
| Net assets |  | 54,825 |  | 52,136 |
|  |  |  |  |  |
| Summarised statement of profit or loss and other comprehensive income |  |  |  |  |
| Revenue |  | 40,687 |  | 39,167 |
| Expenses |  | (30,664) |  | (31,163) |
|  |  |  |  |  |
| Profit before income tax expense |  | 10,023 |  | 8,004 |
| Income tax expense |  | (3,007) |  | (2,401) |
|  |  |  |  |  |
| Profit after income tax expense |  | 7,016 |  | 5,603 |
|  |  |  |  |  |
| Other comprehensive income |  | 374 |  | 318 |
|  |  |  |  |  |
| Total comprehensive income |  | 7,390 |  | 5,921 |
|  |  |  |  |  |
| Statement of cash flows |  |  |  |  |
| Net cash from operating activities |  | 9,451 |  | 7,284 |
| Net cash used in investing activities |  | (7,962) |  | (7,212) |
| Net cash used in financing activities |  | (2,500) |  | (500) |
|  |  |  |  |  |
| Net decrease in cash and cash equivalents |  | (1,011) |  | (428) |
|  |  |  |  |  |
| Other financial information |  |  |  |  |
| Profit attributable to non-controlling interests |  | 142 |  | 229 |
| Accumulated non-controlling interests at the end of reporting period |  | 16,908 |  | 16,766 |

Significant restrictions

RSM Life Limited cannot offer non-life insurance contracts without the prior consent of the non-controlling interests.

Note 40. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

|  |  |  |  | Ownership interest | | |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Principal place of business / |  | 2024 |  | 2023 |
| Name |  | Country of incorporation |  | % |  | % |
|  |  |  |  |  |  |  |
| Compdesign Partnership |  | Internationaland |  | 35.00% |  | 35.00% |

Summarised financial information

|  |  | Compdesign Partnership | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Summarised statement of financial position |  |  |  |  |
| Current assets |  | 28,994 |  | 26,806 |
| Non-current assets |  | 205,203 |  | 198,240 |
|  |  |  |  |  |
| Total assets |  | 234,197 |  | 225,046 |
|  |  |  |  |  |
| Current liabilities |  | 19,440 |  | 16,486 |
| Non-current liabilities |  | 117,066 |  | 120,043 |
|  |  |  |  |  |
| Total liabilities |  | 136,506 |  | 136,529 |
|  |  |  |  |  |
| Net assets |  | 97,691 |  | 88,517 |
|  |  |  |  |  |
| Summarised statement of profit or loss and other comprehensive income |  |  |  |  |
| Revenue |  | 109,706 |  | 97,951 |
| Expenses |  | (96,601) |  | (87,089) |
|  |  |  |  |  |
| Profit before income tax |  | 13,105 |  | 10,862 |
| Income tax expense |  | (3,931) |  | (3,259) |
|  |  |  |  |  |
| Profit after income tax |  | 9,174 |  | 7,603 |
|  |  |  |  |  |
| Other comprehensive income |  | - |  | - |
|  |  |  |  |  |
| Total comprehensive income |  | 9,174 |  | 7,603 |
|  |  |  |  |  |
| Reconciliation of the consolidated entity's carrying amount |  |  |  |  |
| Opening carrying amount |  | 30,981 |  | 28,320 |
| Share of profit after income tax |  | 3,211 |  | 2,661 |
|  |  |  |  |  |
| Closing carrying amount |  | 34,192 |  | 30,981 |

Contingent liabilities

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Share of bank guarantees |  | 276 |  | 266 |

Commitments

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Committed at the reporting date but not recognised as liabilities, payable: |  |  |  |  |
| Share of capital commitments |  | 175 |  | 74 |

Significant restrictions

Compdesign Partnership must reduce its bank loans to under CU50,000,000 and achieve pre-determined profit targets before any cash dividends can be distributed.

Note 41. Events after the reporting period

Apart from the dividend declared as disclosed in note 30, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 42. Non-cash investing and financing activities

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Additions to the right-of-use assets |  | 520 |  | 623 |
| Leasehold improvements - lease make good |  | 550 |  | - |
| Shares issued under employee share plan |  | 250 |  | - |
|  |  |  |  |  |
|  |  | 1,320 |  | 623 |

Note 43. Changes in liabilities arising from financing activities

|  |  | Lease |
| --- | --- | --- |
|  |  | liability |
| Consolidated |  | CU'000 |
|  |  |  |
| Balance at 1 January 2023 |  | 4,753 |
| Net cash used in financing activities |  | (1,074) |
| Acquisition of leases |  | 623 |
|  |  |  |
| Balance at 31 December 2023 |  | 4,302 |
| Net cash used in financing activities |  | (928) |
| Acquisition of leases |  | 520 |
|  |  |  |
| Balance at 31 December 2024 |  | 3,894 |

Note 44. Earnings per share

|  |  | Consolidated | | |
| --- | --- | --- | --- | --- |
|  |  | 2024 |  | 2023 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Profit after income tax |  | 24,955 |  | 21,694 |
| Non-controlling interest |  | (142) |  | (229) |
|  |  |  |  |  |
| Profit after income tax attributable to the owners of RSM IFRS Insurance Limited |  | 24,813 |  | 21,465 |

|  |  | Number |  | Number |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Weighted average number of ordinary shares used in calculating basic earnings per share |  | 146,882,904 |  | 140,950,685 |
| Adjustments for calculation of diluted earnings per share: |  |  |  |  |
| Options over ordinary shares |  | 565 |  | 385 |
|  |  |  |  |  |
| Weighted average number of ordinary shares used in calculating diluted earnings per share |  | 146,883,469 |  | 140,951,070 |

|  |  | Cents |  | Cents |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Basic earnings per share |  | 16.89 |  | 15.23 |
| Diluted earnings per share |  | 16.89 |  | 15.23 |

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