GUARDIAN HOLDINGS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

GUARDIAN HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

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GUARDIAN HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of GUARDIAN HOLDINGS LIMITED (the Company) and its subsidiaries (the Group) and which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act and Insurance Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date.

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

Ian Chinapoo
Group Chief Executive Officer
30 March 2024

Samanta Saugh
Group Chief Financial Officer
30 March 2024

Independent auditor's report

To the Shareholders of Guardian Holdings Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Guardian Holdings Limited (the Company) and its subsidiaries (together 'the Group') as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, 100902, Trinidad, West Indies
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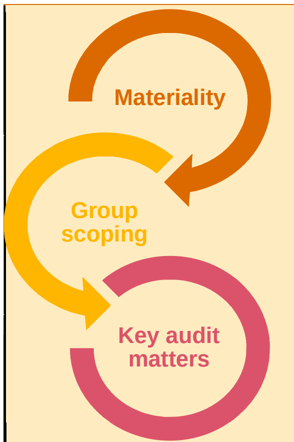
Our audit approach

Overview



- Overall group materiality: TT$72 million, which represents 1% of Net Asset Value plus Contractual Service Margin

- We performed full scope audits for 5 components and audits of certain financial statement line items for a further 8 components.
- Our group audit covered 92% of profit before taxation and 98% of total assets.

- Adoption of IFRS 17 Insurance Contracts
- Valuation of insurance contract liabilities - Estimation of fulfilment cash flows
- Reclassification of financial assets resulting from change in business model

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our group scoping was performed at the legal entity level. The following components were considered individually financially significant and were subject to full scope audits for group audit purposes:

- Fatum Holding N.V.
- Guardian General Insurance Limited
- Guardian General Insurance Jamaica Limited
- Guardian Life of the Caribbean Limited
- Guardian Life Limited

For eight other components, we identified account balances which were considered to be significant in size or audit risk at the financial statement line item level and performed audits over the specified balances. The Group engagement team performed analytical procedures over the remaining components that were not inconsequential. Our group scoping provided coverage of approximately 92% of profit before taxation and 98% of total assets of the Group.

In establishing the overall group audit strategy and plan, we determined the type of work that is needed to be performed at the components by the Group engagement team and by component auditors. Where the work was performed by either PwC or non-PwC network firm component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained. The Group engagement team had regular interaction with the component teams during the audit process.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	TT$72 million
How we determined it	1% of Net Asset Value plus Contractual Service Margin
Rationale for the materiality benchmark applied	We chose Net Asset Value plus Contractual Service Margin as the benchmark because, in our view, it is an appropriate benchmark against which the performance of the Group will be measured by users, especially in light of the significant impact to the income statement industry-wide from the implementation of IFRS 17 Insurance Contracts. This is also a generally accepted benchmark for the insurance industry. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above TT$3 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Adoption of IFRS 17 Insurance Contracts See notes 2.1(a), 2.15, 3(a), 4.1 and 15 to the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances. Effective 1 January 2023, the Group adopted IFRS 17 with a transition date of 1 January 2022 and restated comparative information for 2022 applying the transition provisions of IFRS 17. The adoption of the standard significantly impacted how the Group recognises, measures, presents and discloses insurance contracts. The adoption of IFRS 17 resulted in a TT$2.4 billion reduction in total equity for the Group. Changes in accounting policies resulting from the adoption of IFRS 17 were applied using either the full retrospective approach or by applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was applied to all short-term insurance and reinsurance contracts in force from inception, and to all long-term insurance and reinsurance contracts issued on or after 1 January 2022. The fair value approach was applied to all long-term insurance and reinsurance contracts in force as at 31 December 2021 for which management determined the full retrospective approach would be impractical. These changes required management judgement in developing and implementing accounting policies, including policies specific to transition. We considered this a key audit matter because of the complexity involved in auditing the Group's transition to IFRS 17 particularly as it related to the measurement of the Group's insurance contract liabilities including the transition Contractual Service Margin (transition CSM) included therein. This required the application of significant auditor judgement due to the complexity of the models, in the determination of key assumptions, specifically the discount rate and risk adjustment relating to the measurement of the insurance contract liabilities, and in the development of fair value assumptions used in the determination of the transition CSM.	Our approach to addressing the matter, with the assistance of our actuarial experts and risk assurance specialists, included the following procedures, amongst others: ● Evaluated the accounting policies and the elections involved in transition. ● Assessed the appropriateness and consistency of key assumptions, including discount rate and risk adjustment, used in the measurement of insurance contract liabilities and transition CSM, by comparing to published industry studies, market data, entity specific facts and circumstances, our knowledge of the products and the requirements of IFRS 17. ● Tested, on a sample basis, data inputs by tracing them to underlying support and documentation such as executed policyholder insurance contracts. ● Tested the methodology and calculations of the IFRS 17 insurance contract liabilities and transition CSM by checking the accuracy of the calculation logic within the newly implemented models. ● Assessed the disclosures within the consolidated financial statements against the requirements of IFRS 17. Based on the results of our audit procedures, management's application of its accounting policies relating to the adoption of IFRS 17 was, in our view, not unreasonable.

Valuation of insurance contract liabilities - Estimation of fulfilment cash flows
 	
See notes 2.1(a), 2.15, 3(a), 4.1 and 15 to the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances.
 	
At 31 December 2023, insurance contract liabilities totalled TT$22.2 billion or 72% of the Group's total liabilities. Insurance contract liabilities consist of:
- Fulfilment cash flows (FCFs) which are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. FCFs comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk (risk adjustment).
- Contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.
 	
Measurement of the FCFs requires management judgments in estimating the probability-weighted mean of expected future cash flows on a present value basis, in addition to applying a risk adjustment.
 	
Estimates of expected cash flows incorporate best estimate assumptions for mortality, morbidity, longevity, expenses, and policyholder behaviour, as well as assumptions for discount rates and the risk adjustment. The assumptions are reviewed and updated at least annually by the Appointed Actuaries.
 	
We considered this a key audit matter due to the judgement applied by management when determining the FCFs and the corresponding high degree of auditor judgment and effort required in evaluating the assumptions described above.
	Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures, amongst others:
	● Obtained an understanding of management's end-to-end process and controls supporting the determination of FCFs.
	● Tested the accuracy and completeness of a sample of the data used in the estimates of future cash flows.
	● Assessed the reasonableness of management's best-estimate assumptions for mortality and policyholder behaviour (lapse and surrenders), economic assumptions for discount rates, and the adjustment for non-financial risk by:
	  - Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17.
	  - Evaluating the Group's internal experience studies for appropriateness by considering published industry studies, market data and component specific facts and circumstances.
	● Evaluated a sample of actuarial models used in management's determination of the FCFs by:
	  - Assessing the appropriateness of the model of product features.
	  - Assessing the appropriateness of the application of best-estimate assumptions.
	● Assessed the disclosures within the consolidated financial statements against the requirements of IFRS 17.
	
	Based on the results of our audit procedures, management's determination of FCFs was, in our view, not unreasonable.

Reclassification of financial instruments resulting from change in business model See notes 2(9)(b) and 3(f) to the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances. Effective 1 January 2023, the Group's Jamaican life insurance subsidiary changed its business model where certain financial assets backing its life and annuity portfolios, previously measured at amortised cost and fair value through other comprehensive income, were reclassified to the fair value through profit or loss category which represents how these financial assets are managed. The change in business model was determined by management as a result of external and internal changes, which were significant to the Group's Jamaican life insurance operations and demonstrable to external parties in accordance with IFRS 9 Financial Instruments. This change was supported by the implementation of several strategies which materially affected the operations of the life insurance entity, were demonstrable to external parties, and resulted in material changes to risk management, solvency, and investment strategy of the Jamaican entity. The Group recognised a net fair value gain of TT$174 million in the consolidated statement of income as a result of the business model change. We considered this a key audit matter due to the judgement applied by management when determining a change in business model, which in turn led to a high degree of auditor judgment and effort in evaluating the factors described above.	Our approach to addressing the matter, with the assistance of our technical accounting specialists, included the following procedures, amongst others: • Obtained and reviewed management's position paper on the rationale for the change in business model. • Assessed whether the criteria for a business model change described in the relevant IFRS was met, including consideration of relevant internal and external changes outlined by management. • Tested the fair value of the financial instruments reclassified by assessing the method, assumptions and inputs for a sample of instruments. • Tested management's adjusting entries to effect this change. • Assessed the disclosures within the consolidated financial statements against the requirements in the relevant standards. Based on the results of our audit procedures, management's determination of a change in business model and the resulting reclassifications of financial instruments were, in our view, not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the supplemental information showing the USD translation of the primary statements appended to the consolidated financial statements (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sean Ramirez.

PricewaterhouseCoopers

Port of Spain,
Trinidad, West Indies
30 March 2024

GUARDIAN HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Expressed in Trinidad and Tobago Dollars

	Notes	31 December 2023 $'000	Restated 31 December 2022 $'000	Restated 1 January 2022 $'000
Assets				
Property, plant and equipment	**5**	707,850	756,153	679,813
Right-of-use assets	**6**	60,000	42,480	82,485
Investment properties	**7**	1,554,950	1,590,437	1,645,434
Intangible assets	**8**	686,385	668,440	664,611
Investment in associated companies	**9**	308,775	313,095	298,174
Investment securities	**10**	25,089,815	23,493,672	23,662,746
Loans and receivables	**11**	1,979,838	1,795,310	1,486,236
Properties for development and sale	**12**	167,423	96,122	101,482
Pension plan assets	**13**	92,994	111,909	61,610
Deferred tax assets	**14**	159,348	139,297	174,554
Reinsurance contract assets	**15**	721,646	840,729	768,120
Insurance contract assets	**15**	103,003	104,537	45,676
Taxation recoverable		200,388	191,600	183,043
Cash and cash equivalents	**16**	2,955,965	3,609,114	3,806,464
Total assets		34,788,380	33,752,895	33,660,448
Equity and liabilities				
Share capital	**17**	1,970,043	1,970,043	1,970,043
Reserves	**18**	(519,878)	(834,065)	(804,013)
Retained earnings		2,399,555	1,791,904	1,423,468
Equity attributable to owners of the company		3,849,720	2,927,882	2,589,498
Non-controlling interest in subsidiary	**19**	11,930	11,155	8,997
Total equity		3,861,650	2,939,037	2,598,495
Liabilities				
Insurance contract liabilities	**15**	22,201,811	21,617,885	21,792,493
Reinsurance contract liabilities	**15**	130,377	437,408	254,843
Financial liabilities	**20**	3,269,983	3,305,274	3,521,703
Lease liabilities	**6**	68,012	54,288	96,245
Investment contract liabilities	**21**	2,023,612	2,021,560	1,992,053
Third party interests in mutual funds	**22**	1,686,258	1,563,727	1,599,412
Pension plan liabilities	**13**	17,433	40,294	38,459
Post-retirement medical benefit obligations	**23**	122,876	106,438	123,191
Deferred tax liabilities	**14**	287,432	252,324	272,412
Provision for taxation		186,483	274,000	275,541
Other liabilities	**24**	932,453	1,140,660	1,095,601
Total liabilities		30,926,730	30,813,858	31,061,953
Total equity and liabilities		34,788,380	33,752,895	33,660,448

The accompanying notes form an integral part of these consolidated financial statements. On 30 March 2024, the Board of Directors of Guardian Holdings Limited authorised these consolidated financial statements for issue.

Director: Ian P. Chinapoo   **Director:**

GUARDIAN HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Trinidad and Tobago Dollars

	Notes	2023 $'000	Restated 2022 $'000
Insurance revenue	**15**	5,439,385	4,865,340
Insurance service expenses	**15**	(3,684,312)	(3,369,871)
Net expenses from reinsurance contracts held	**15**	(1,053,315)	(819,256)
Insurance service result		701,758	676,213
Investing activities			
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	**25**	791,611	911,265
Investment income from financial assets measured at fair value through profit or loss	**25**	567,020	358,468
Net realised gains	**26**	3,455	34,928
Gain on reclassification of financial assets measured at amortised cost to fair value through profit or loss		231,169	–
Loss on reclassification of financial assets measured at fair value through other comprehensive income to fair value through profit or loss		(57,577)	–
Net fair value gains/(losses)	**27**	209,533	(530,055)
Fee income	**28**	84,730	75,407
Other income	**29**	147,030	77,339
Net impairment gains/(losses) on financial assets	**30**	2,197	(3,135)
Investment contract benefits	**21**	(64,869)	(60,936)
Net income from investing activities		1,914,299	863,281
Finance expenses from insurance contracts issued	**15**	(787,051)	(15,817)
Finance (expenses)/income from reinsurance contracts held	**15**	(795)	2,224
Net insurance finance expenses		(787,846)	(13,593)
Net insurance and investment result		1,828,211	1,525,901
Fee and commission income from brokerage activities		155,893	156,462
Net income from all activities		1,984,104	1,682,363
Other operating expenses	**31**	(900,176)	(892,867)
Other finance charges	**32**	(176,779)	(203,377)
Operating profit		907,149	586,119
Share of after tax profits of associated companies	**9**	15,259	19,594
Profit before taxation		922,408	605,713
Taxation	**33**	(221,412)	(129,637)
Profit for the year		700,996	476,076
Profit attributable to non-controlling interest		(5,178)	(4,364)
Profit attributable to owners of the company		695,818	471,712
Earnings per share			
- Basic and diluted	**34**	$ 3.00	$ 2.03

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

GUARDIAN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Trinidad and Tobago Dollars

	Notes	Other reserves 2023 $'000	Other reserves 2022 Restated $'000	Retained earnings 2023 $'000	Retained earnings 2022 Restated $'000	Non-controlling interest 2023 $'000	Non-controlling interest 2022 Restated $'000	Total 2023 $'000	Total 2022 Restated $'000
Profit for the year		–	–	695,818	471,712	5,178	4,364	700,996	476,076
Other comprehensive income/(loss)									
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations		(38,246)	(8,010)	–	–	(64)	(31)	(38,310)	(8,041)
Net fair value gains/(losses) on debt securities at fair value through other comprehensive income		51,754	(487,301)	–	–	–	–	51,754	(487,301)
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	31	(14,023)	(2,959)	–	–	–	–	(14,023)	(2,959)
Net gains on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal		–	(660)	–	–	–	–	–	(660)
Cumulative loss on debt securities reclassified from fair value through other comprehensive income to fair value through profit or loss		57,577	–	–	–	–	–	57,577	–
Finance income from insurance contracts issued	15	298,910	447,809	–	–	–	–	298,910	447,809
Finance income from reinsurance contracts held	15	256	776	–	–	–	–	256	776
Taxation relating to components of other comprehensive income		(40,523)	(16,737)	–	–	–	–	(40,523)	(16,737)
Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss		315,705	(67,082)	–	–	(64)	(31)	315,641	(67,113)
Items that will not be reclassified subsequently to profit or loss:									
(Losses)/gains on property revaluation		(5,746)	65,286	–	–	–	–	(5,746)	65,286
Remeasurement of pension plans	13	–	–	(1,237)	41,341	–	–	(1,237)	41,341
Remeasurement of post-retirement medical benefit obligations	23	–	–	(15,282)	18,500	–	–	(15,282)	18,500
Share of other comprehensive income of associated companies	9	3,339	–	(191)	49	–	–	3,148	49
Taxation relating to components of other comprehensive income		(1,121)	(19,489)	(2,236)	(4,876)	–	–	(3,357)	(24,365)
Net other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss		(3,528)	45,797	(18,946)	55,014	–	–	(22,474)	100,811
Other comprehensive income/(loss) for the year, net of tax		312,177	(21,285)	(18,946)	55,014	(64)	(31)	293,167	33,698
Total comprehensive income/(loss) for the year, net of tax		312,177	(21,285)	676,872	526,726	5,114	4,333	994,163	509,774

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

GUARDIAN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Trinidad and Tobago Dollars

	Share capital $'000	Reserves (Note 18) $'000	Retained earnings $'000	Equity attributable to owners of the company $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2023 - restated	1,970,043	(834,065)	1,791,904	2,927,882	11,155	2,939,037
Recognition of deferred tax credits (Note 14)	–	–	104,485	104,485	–	104,485
	1,970,043	(834,065)	1,896,389	3,032,367	11,155	3,043,522
Total comprehensive income	–	312,177	676,872	989,049	5,114	994,163
Transfer to/from retained earnings	–	2,010	(2,010)	–	–	–
Dividends (Note 35)	–	–	(171,696)	(171,696)	(4,339)	(176,035)
Balance at 31 December 2023	1,970,043	(519,878)	2,399,555	3,849,720	11,930	3,861,650
Balance at 1 January 2022 - as previously reported	1,970,043	(799,010)	3,803,348	4,974,381	8,997	4,983,378
Restatement under IFRS 17 (Note 2.1)	–	(5,003)	(2,379,880)	(2,384,883)	–	(2,384,883)
Balance at 1 January 2022 - restated	1,970,043	(804,013)	1,423,468	2,589,498	8,997	2,598,495
Total comprehensive income/(loss)	–	(21,285)	526,726	505,441	4,333	509,774
Transfer to/from retained earnings	–	(8,767)	8,767	–	–	–
Dividends (Note 35)	–	–	(167,057)	(167,057)	(2,175)	(169,232)
Balance at 31 December 2022 - restated	1,970,043	(834,065)	1,791,904	2,927,882	11,155	2,939,037

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

GUARDIAN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Trinidad and Tobago Dollars

	Notes	2023 $'000	Restated 2022 $'000
Cash flows from operating activities			
Profit before taxation		922,408	605,713
Adjustment for specific items included on the accruals basis:			
- Other finance charges	32	176,779	203,377
- Investment income		(1,389,124)	(1,298,484)
Adjustment for non-cash items	36	(269,105)	666,891
Interest received		1,271,283	1,199,601
Dividends received		106,212	87,948
Operating profit before changes in operating assets/liabilities		818,453	1,465,046
Change in insurance contract assets/liabilities		995,669	193,056
Change in reinsurance contract assets/liabilities		(190,167)	109,141
Net increase in investment contracts		23,021	17,633
Purchase of investment securities		(10,694,492)	(8,306,660)
Proceeds from sale of investment securities		9,435,507	7,354,701
Purchase of/additions to investment properties		(6,378)	(69,288)
Proceeds from sale of investment property		22,473	229,529
Additions to properties for development and sale		(16,067)	(334)
Proceeds from sale of properties for development and sale		28,712	–
Net increase in loans and receivables		(199,870)	(320,660)
Net (increase)/decrease in other operating assets/liabilities		(231,840)	18,483
Cash (used in)/provided by operating activities		(14,979)	690,647
Interest paid		(200,818)	(242,407)
Net taxation paid		(243,112)	(167,124)
Net cash (used in)/provided by operating activities		(458,909)	281,116
Cash flows from investing activities			
Acquisition of brokerage portfolios		–	(25,297)
Acquisition of insurance portfolio		–	(1,680)
Purchase of property, plant and equipment	5	(48,386)	(63,702)
Proceeds from sale of property, plant and equipment		1,229	1,917
Purchase of intangible assets	8	(24,290)	(24,079)
Net cash used in investing activities		(71,447)	(112,841)
Cash flows from financing activities			
Proceeds from borrowings and repurchase agreements		365,603	683,403
Repayments of borrowings and repurchase agreements		(391,546)	(890,468)
Payment of principal portion of lease liabilities		(18,658)	(15,765)
Dividends paid to equity holders of the company	35	(171,696)	(167,057)
Dividends paid to non-controlling interest		(4,339)	(2,175)
Redemptions from mutual funds		(827,179)	(855,522)
Subscriptions to mutual funds		941,462	885,931
Net cash used in financing activities		(106,353)	(361,653)
Net decrease in cash and cash equivalents	16	(636,709)	(193,378)

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

1. Incorporation and principal activities of the Group

Guardian Holdings Limited (the 'Company' and 'GHL') is a public limited liability holding company, which was incorporated in Trinidad and Tobago on 8 November 1982. The address of its registered office is 1 Guardian Drive, Westmoorings S.E., Trinidad and Tobago. Guardian Holdings Limited and its subsidiaries (the 'Group') constitute a diversified financial services group engaged in underwriting all classes of long-term and short-term insurance business, insurance brokerage operations, the provision of pension and asset management services and property development.

The Company is 61.77% (2022: 61.77%) owned by NCB Global Holdings Limited ('NCBGH' and the 'Parent'), a limited liability holding company, which was incorporated in Trinidad and Tobago in December 2017. NCBGH is 100% owned by NCB Financial Group Limited ('NCBFG'). NCBFG was incorporated in Jamaica in April 2016 and is the financial holding company for the NCB Group. NCBFG is 49.58% (2022: 52.72%) owned by AIC (Barbados) Limited and the ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., a director of the Company. The NCB Financial Group provides a diversified range of financial services through its subsidiaries and associates.

The ordinary shares of GHL and NCBFG are listed on the Trinidad and Tobago Stock Exchange and the Jamaica Stock Exchange.

2. Material accounting policies

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

2.1 Basis of preparation

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards (previously referred to as International Financial Reporting Standards).

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

(a) New standards and amendments/revisions to published standards and interpretations effective in 2023

The following amendments to published standards took effect for the Group's accounting periods beginning on or after 1 January 2023:

IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Amendments - Disclosure of accounting policies

These amendments now require entities to disclose material accounting policies and not significant accounting policies, and explain that accounting policies may be material because of their nature even if the related amounts are immaterial. While immaterial accounting policy information can be disclosed, they should not obscure material accounting policy information. The amendments further clarify that accounting policies are material if they are needed to understand other material information in the financial statements. The amendments also explain how material accounting policy information can be identified, inclusive of examples.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amendments - Definition of Accounting Estimates

These amendments introduced a definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. These amendments had no impact on the consolidated financial statements of the Group as the new definitions are consistent with how the Group has distinguished changes in accounting estimates from changes in accounting policies.

IAS 12 - Income Taxes - Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This is a narrow-scope amendment related to the recognition of deferred tax when an entity accounts for transactions, such as leases or decommissioning obligations, by recognizing both an asset and a liability. The scope of the recognition exemption in IAS 12.15 and IAS 12.24 (recognition exemption) was narrowed so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. This amendment is expected to reduce diversity in the reporting and align the accounting for deferred tax on such transactions with the general principle in IAS 12 of recognizing deferred tax for temporary differences.

These amendments had no impact on the consolidated financial statements of the Group as the Group has no affected taxable and deductible temporary differences.

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2023 (continued)

IAS 12 Income Taxes - Amendments - International Tax Reform - Pillar Two Model Rules

These amendments clarify the application of IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The Amendments introduce a mandatory, temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 17 Insurance Contracts - New Standard

Effective 1 January 2023, the Group retrospectively adopted IFRS 17, in accordance with the transition provisions laid out by the standard. As stated in the IASB's Project Summary, IFRS 17 is the first comprehensive IFRS to establish the accounting for insurance contracts. IFRS 4 was always meant to be an interim standard, as it did not require insurers to account for insurance contracts in any one specific way and its disclosure requirements were relatively limited. The introduction of IFRS 17 was therefore meant to significantly increase the transparency and consistency of the measurement and reporting of insurance balances and transactions across the industry and reporting territories. In achieving this, the standard's impact was not limited to changes in financial reporting, but also triggered the reconfiguration of other business areas such as product design, budgeting and forecasting, and the collection and storage of data. The fundamental shift in how the finance, actuarial, and information technology teams collaborate cannot be overstated.

IFRS 17 has introduced many new concepts, the three most significant of which are arguably level of aggregation, measurement models, and the contractual service margin ("CSM"). The level of aggregation requirements define how entities can aggregate insurance contracts for measurement and disclosure purposes. This has significant implications for revealing the profitability or onerosity of groups of contracts, with consequential impact to the income statement. The 3 main measurement models allowed by IFRS 17 are the general measurement model ("GMM"), the variable fee approach ("VFA"), and the premium allocation approach ("PAA"). Each model has different implications for the level of data granularity required, data tracking, and degree of financial disclosure. Finally, the CSM may have the most significant and widespread impact of all, targeting insurers' pattern of profitability recognition. While a substantial degree of judgement is still involved, the clear impact of this concept is that the profitability of certain insurance contracts that may have been front-loaded under IFRS 4 are now far more evenly distributed over the lives of those contracts. This has resulted in profits previously recognised under IFRS 4 being clawed back into the insurance liability via the CSM. While any reduced profitability for new insurance contracts may be offset by the re-recognition of profitability for old contracts previously clawed back, the impact on net equity is significant.

Beyond the introduction of new concepts and their impacts, there is the dramatic increase in disclosure requirements under IFRS 17. There is now a high degree of transparency in how the insurance contract liability changes from year to year, visible by line of business. These disclosures are expected to provide new insights into the health and structure of insurers' business.

In transitioning to IFRS 17, GHL applied allowed alternative transition methods where the full retrospective approach was impracticable. The fair value approach was applied to all long-term insurance and reinsurance contracts in force as at 31 December 2021. The full retrospective approach was applied to all short-term insurance and reinsurance contracts in force from inception, and to all long-term insurance and reinsurance contracts issued on 1 January 2022 and after.

For the long-term portfolios mentioned above, the transition approach was determined at the level of a group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17. For the full retrospective approach, the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 had always been applied. For the fair value approach, the pre-transition fulfilment cash flows ("FCF") and experience are not considered.

No insurance acquisition cash flows assets were created upon transition relating to other insurance contracts issued or expected to be issued for any line of business.

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2023 (continued)

IFRS 17 Insurance Contracts - New Standard (continued)

The Group has determined that it would be impracticable to apply the full retrospective approach where any of the following conditions existed:

a. The effects of the full retrospective application were not determinable, for example:

   i. Some reasonable and supportable information about actual historical cash flows might have been available from the Group's systems, but in many cases such information was only available at higher levels or different levels of aggregation compared to the groups required by IFRS 17. This lack of information makes it impracticable to accurately calculate the FCF on a retrospective basis and to segregate groups based on profitability.
   ii. The information necessary to estimate the effect of contracts derecognised before the transition date on allocation of the CSM between past and future periods on the transition date was not available in many cases. This was particularly challenging for large portfolios of long-term contracts for which terms and circumstances (for example, size and number of contracts issued in prior reporting periods) often change.

b. The full retrospective application required assumptions that would have been made in an earlier period, for example:

   i. For contracts with direct participation features, the Group's expectations regarding the policyholder's share of underlying assets at contract inception would not have been possible to recreate without the use of hindsight.
   ii. Difficulties in retrieving relevant reliable information existed where assumptions developed at the date of initial recognition were not on an IFRS 17 basis (such as discount rates, risk adjustment for non-financial risk or expenses).
   iii. Changes in assumptions have not been historically documented on an ongoing basis.
   iv. The older the in force contracts (such as term life products), the more challenging it would have been to retrieve data from the past on assumptions.

c. The full retrospective application required significant estimates of amounts, and it was impossible to distinguish objectively between information about those estimates that provided evidence of circumstances that (i) existed on the date at which those amounts were to be recognised, measured or disclosed; and (ii) would have been available when the consolidated financial statements for that prior period were authorised for issue, and other information, for example:

   i. The Group had limited or no information required for the allocation of acquisition cash flows to respective groups of insurance contracts issued or expected to be issued and other overhead expenses to respective groups under IFRS 17. Systems have not been tracking or allocating acquisition costs, because previous accounting policies did not require this.
   ii. The Group has not historically been accumulating information about the changes in estimates that would have been recognised in profit or loss for each accounting period, because they did not relate to future service, and the extent to which changes in the FCF would have been allocated to the loss component.

The Group did not recognise any insurance acquisition cash flow assets at the transition date.

<u>Full Retrospective Approach</u>

The Group has determined that reasonable and supportable information was available for all contracts in force from 1 January 2022. In addition, for insurance contracts originated by the Group that are eligible for the PAA, the Group has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable and, hence, the only available option for property and casualty contracts issued by the Group.

Accordingly, the Group has: identified, recognised and measured each group of insurance contracts and each insurance acquisition cash flows asset in this category as if IFRS 17 had always applied (except that a retrospective impairment test has not been performed); derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2023 (continued)

IFRS 17 Insurance Contracts - New Standard (continued)

Fair Value Approach

After making reasonable efforts to gather necessary historical information, the Group has determined that, for certain groups of contracts, such information was not available or was not available in a form that would enable it to be used without undue cost and effort. It was therefore impracticable to apply the full retrospective approach, and the fair value approach was used for these groups. The Group applied significant judgement in determining the transition amounts under this approach.

Judgements in applying the fair value approach

The Group applied the fair value approach to insurance contracts that were originated on 31 December 2021 and prior. Applying the fair value approach, the Group determined the CSM to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13, 'Fair Value Measurement' (IFRS 13), and its FCF at the transition date. The Group did not apply the deposit floor when measuring insurance contracts when using the fair value approach on transition.

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

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

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

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

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

Definition and classification

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

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

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2023 (continued)

IFRS 17 Insurance Contracts - New Standard (continued)

Fair Value Approach (continued)

Judgements in applying the fair value approach (continued)

Aggregation of contracts	Groups of contracts include contracts issued more than one year apart.
Discount rates	The discount rates at the dates of initial recognition were determined at the transition date, as described in note 3 (b). The determination of an appropriate market discount rate to calculate the fair value at initial recognition included the application of the Group's own credit risk. This was calculated as a percentage of the Group's FCF. It was incorporated as a reduction to the Group's FCF, to derive the adjusted fulfilment cash flows (AFCF). The Group also included its reported Capital Adequacy requirements as of 31 December, 2021 to determine the Cost of Capital (COC). The COC was then calculated as the discounted value of the base solvency at the hurdle rate and applying a cost of capital factor. The Target Available Capital was calculated as the base solvency buffer, net of diversification benefit, multiplied by the target capital ratio (175%). This was further reduced by the Risk Adjustment for territories where the Capital regime is based solely on the Best Estimate Liability, though for the others, the Risk Adjustment reduction was not applied. The COC was then calculated as the discounted value of the base solvency at the hurdle rate and applying a cost of capital factor.
FCF	The FCF were estimated prospectively as at the transition date, and were determined as the present value of the Group's cash flows, consistent with the typical actuarial approach to determining the best estimate liability and risk adjustment. The ratios of Capital Adequacy risk components to the FCF were used to estimate the Group's risk components for the life of the business. The base solvency was calculated as the sum of the risk components. The Target Available Capital was calculated as the base solvency buffer net of diversification benefit multiplied by the target capital ratio, less Risk Adjustment.
CSM	The CSM (for insurance contracts issued) were estimated to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13 as described above, and its FCF at the transition date. All relevant sources of required profit were considered, particularly for blocks of business that have significant additional capital considerations. The profit margin was calculated as the sum of COC, Risk Provision release and the other sources of profit, with each item in the profit margin calculation discounted at the hurdle rate.

The Group did not recognise any insurance acquisition cash flow assets at the transition date. The Group disaggregated insurance finance income or expenses between profit or loss and other comprehensive income for all groups of insurance contracts measured under the GMM.

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2023 (continued)

IFRS 17 Insurance Contracts - New Standard (continued)

Restatement under IFRS 17

The initial application of IFRS 17 resulted in a reduction of total equity of $2.385 billion as at 1 January 2022. The opening IFRS 17 statement of financial position and related adjustments are presented below:

	As previously reported 31 Dec 2021	IFRS 17 Initial application adjustments 1 Jan 2022	Restated 1 Jan 2022
Assets	**$'000**	**$'000**	**$'000**
Intangible assets	808,844	(144,233)	664,611
Loans and receivables	1,941,965	(455,729)	1,486,236
Deferred tax assets	95,953	78,601	174,554
Reinsurance contract assets	1,100,732	(332,612)	768,120
Insurance contract assets	–	45,676	45,676
Deferred acquisition costs	130,988	(130,988)	–
Other assets	30,499,199	22,052	30,521,251
Total assets	34,577,681	(917,233)	33,660,448
Equity and liabilities			
Share capital	1,970,043	–	1,970,043
Reserves	(799,010)	(5,003)	(804,013)
Retained earnings	3,803,348	(2,379,880)	1,423,468
Equity attributable to owners of the company	4,974,381	(2,384,883)	2,589,498
Non-controlling interest in subsidiary	8,997	–	8,997
Total equity	4,983,378	(2,384,883)	2,598,495
Insurance contract liabilities	19,503,373	2,289,120	21,792,493
Reinsurance contract liabilities	427,191	(172,348)	254,843
Investment contract liabilities	2,645,659	(653,606)	1,992,053
Other liabilities	7,018,080	4,484	7,022,564
Total liabilities	29,594,303	1,467,650	31,061,953
Total equity and liabilities	34,577,681	(917,233)	33,660,448

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2023 (continued)

IFRS 17 Insurance Contracts - New Standard (continued)

Restatement under IFRS 17 (continued)

The initial application adjustments arise principally from:

- The introduction of the CSM. Refer to Note 2.15(f).
- The measurement of the Risk Adjustment, which is similar to the Margins for Adverse Deviation previously estimated under IFRS 4, but with some differences in measurement under IFRS 17. Refer to Note 2.15(f).
- Changes in the determination of Discount Rates under IFRS 17. Refer to Note 3(b).
- Other measurement changes, such as the manner in which contracts are aggregated for measurement purposes and how contract boundaries are defined. Refer to Note 2.15(d) and 2.15(f).
- Presentation changes, resulting in several assets and liabilities being reclassified from other areas of the financial statements, and now included within insurance contract liabilities or reinsurance contract assets.

Redesignation of Financial Assets

As the Group had applied IFRS 9 to annual reporting periods before the initial application of IFRS 17, the Group was eligible to redesignate eligible financial assets.

A financial asset is eligible only if it is held in respect of activity connected with contracts within the scope of IFRS 17. The Group carried out an assessment of its financial assets, splitting these into those contractually linked to insurance contracts (e.g., its equity-linked and unit-linked portfolios), those in the general fund which support other insurance portfolios, and other investments which may support non-insurance contracts (e.g., investment contract liabilities) or which are used for general investment purposes.

The Group did not opt for any redesignation of financial assets.

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

The following is a list of new IFRS, interpretations and amendments issued that are not yet effective as at 31 December 2023 and have not been early adopted by the Group. The Group expects to implement these standards when they become effective.

Effective 1 January 2024:

- IAS 7, 'Statement of Cash Flows' and IFRS 7, 'Financial Instruments: Disclosures' - Amendments - Supplier finance arrangements.
- IAS 1, 'Presentation of Financial Statements' - Amendments - Classification of liabilities as current or non-current.
- IAS 1, 'Presentation of Financial Statements' - Amendments - Non-current liabilities with covenants.
- IFRS 16, 'Leases' - Amendments - Lease liability in a sale and lease back.

Effective 1 January 2025:

- IFRS 1, 'First-time Adoption of International Financial Reporting Standards' and IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Amendments - Lack of exchangeability.

The Group is currently evaluating the impact of these amendments, however they are not expected to have a material impact on the Group's consolidated financial statements.

2. Material accounting policies (continued)

2.2 Consolidation

(a) Subsidiaries

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

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

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

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

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

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

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

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.7). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income.

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

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

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

A listing of the Group's principal subsidiaries is set out in Note 41.

2. Material accounting policies (continued)

2.2 Consolidation (continued)

(b) Associated companies

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

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

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

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

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

A listing of the Group's associates is set out in Note 41.

(c) Mutual funds

The Group manages a series of mutual funds through its trust and asset management subsidiaries, Guardian Group Trust Limited and Guardian Asset Management and Investment Services Limited. These funds invest mainly in equity securities, debt securities and cash and cash equivalents.

As at the consolidated statement of financial position date, the Group has determined that it controls, as defined in note 2.2 (a), specific funds. Similar to the Group's consolidation of its subsidiaries, the assets and liabilities of these funds have been consolidated in the financial statements on a line-by-line basis. The carrying value of the total investments and cash held by the funds are recorded as investment securities and cash and cash equivalents respectively on the consolidated statement of financial position. Interests held by external parties in the funds that are consolidated are recorded as third party interest in mutual funds on the consolidated statement of financial position.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. For management purposes, the Group is organised into business units based on their products and services and has four main reportable operating segments:

(i) Life, health and pension;
(ii) Property and casualty;
(iii) Insurance brokerage; and
(iv) Asset management.

All other activities of the Group that do not fall into the segments above are aggregated and reported under 'Other including consolidation adjustments'. These activities include the following: the Group's property development in Martinique, the Group's investment in RGM Limited, the Group's shared services subsidiary and the activities of the Company.

2. Material accounting policies (continued)

2.4 Foreign currency translation

(a) Translation of transactions in foreign currencies

The financial results of Group companies are prepared in the currency in which they conduct their ordinary course of business, which is referred to as functional currency.

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

(b) Translation to the presentation currency

In preparing the consolidated financial statements, the results and financial position of all the Group entities are translated from their respective functional currencies to Trinidad and Tobago dollars, the presentation currency, as follows:

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

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

2.5 Property, plant and equipment

Freehold properties comprise mainly offices occupied by the Group and are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the consolidated statement of comprehensive income. Decreases that offset previous increases of the same asset are charged to the consolidated statement of comprehensive income. All other decreases are charged to the consolidated statement of income.

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

Freehold building	-	straight-line method, 2% per annum
Leasehold property	-	over the period of the lease
Air-conditioning equipment	-	straight-line method, 10 - 20% per annum
Motor vehicles	-	straight-line method, 20% per annum
Other plant, machinery, office furniture & equipment	-	straight-line method, 10 - 40% per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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

2. Material accounting policies (continued)

2.6 Investment properties

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

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

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

Properties under construction that are intended for sale, are classified as properties for development and sale. These balances are carried at the lower of cost and net realisable values (Note 2.8).

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is reported in the consolidated statement of financial position. Goodwill on acquisition of associates is included in investments in associates. Goodwill has an indefinite useful life and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Customer-related intangibles

Customer-related intangibles comprise renewal rights and relationships when a business is acquired. They are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, customer-related intangibles are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the intangibles over their useful lives. The remaining useful lives of customer-related intangibles range from 1 to 10 years.

(c) Brands

Brands acquired through direct purchase are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives. The remaining useful life of brands is 2 years.

(d) Computer software and website development costs

Acquired computer software licenses and website development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are also recognised as intangible assets. These costs are amortised using the straight line method over their estimated useful lives. The remaining useful lives of computer software and website development costs range from 1 to 10 years.

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

2. Material accounting policies (continued)

2.8 Properties for development and sale

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. An external valuation specialist was engaged in determining the net realisable value for the office and retail shops, and a discounted cash flow model was used as there is a lack of comparable data because of the nature of the properties. For the residential units, data from binding sales transactions are used to assess the net realisable value.

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

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

2.9 Financial assets

(a) Initial recognition and measurement

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

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

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

(b) Classification and subsequent measurement

Debt instruments

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

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

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

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

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

2. Material accounting policies (continued)

2.9 Financial assets (continued)

(b) Classification and subsequent measurement (continued)

Debt instruments (continued)

Business model assessment

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

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

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

The solely payment of principal and interest (SPPI) test

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

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

Equity instruments

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

(c) Derecognition of financial assets

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. Material accounting policies (continued)

2.9 Financial assets (continued)

(c) Derecognition of financial assets (continued)

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

(d) Modifications of financial assets

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

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

2.10 Impairment of assets

(a) Financial assets

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

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

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

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

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

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

- Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the consolidated statement of income.
- Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in the consolidated statement of income with the corresponding entry recognised in other comprehensive income.

Significant increase in credit risk

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

2. Material accounting policies (continued)

2.10 Impairment of assets (continued)

(a) Financial assets (continued)

Significant increase in credit risk (continued)

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

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

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

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

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

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

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

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

Definition of default

The Group considers a financial asset to be in default when:

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

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

2. Material accounting policies (continued)

2.10 Impairment of assets (continued)

(a) Financial assets (continued)

Write-off

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

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

Measurement of expected credit losses

The measurement of expected credit losses is a function of:

(i) Probability of default (PD)- an estimate of the likelihood of default over a given time horizon;
(ii) Loss given default (LGD) - an estimate of the loss arising in the case where a default occurs at a given time; and
(iii) Exposure at default (EAD) - an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

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

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

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

- A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- When a financial instrument has shown a significant increase in credit risk since initial recognition, the Group records an allowance for life-time ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit-impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Group records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- Purchased or credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate.

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

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

2. Material accounting policies (continued)

2.10 Impairment of assets (continued)

(b) Non-financial assets

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

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

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

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

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

Goodwill and intangible assets are tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.11 Fair value measurement

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

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

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

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

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

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

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

2. Material accounting policies (continued)

2.11 Fair value measurement (continued)

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This level consists mainly of various freehold and investment properties, various unquoted equity securities, and the unquoted, illiquid Series G Government of Barbados debt securities. Freehold and investment properties are fair valued by professional external valuators. Unquoted equity securities are held either at cost, being the fair value of the consideration paid on acquisition, or at fair value based on valuation ratios such as book value per share or based on indicative prices provided by external investment managers or based on recent transaction prices. The Series G debt securities are valued using a discounted cash flow model that incorporates expected cash flows and a risk adjusted yield curve issued by the Central Bank of Barbados.

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

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

2.12 Offsetting financial instruments

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

2.13 Cash and cash equivalents

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

2.14 Share capital

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts

(a) Summary of measurement approaches

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

Contracts issued	Product Classification	Measurement model
Traditional Life and Interest Sensitive without Guarantees		
Traditional life and critical illness contracts - participating; non-participating; interest sensitive non-participating	Insurance contracts	General Measurement Model
Individual Life Personal Accident	Insurance contracts	General Measurement Model
Group Life Term (5-year contract duration)	Insurance contracts	General Measurement Model
Annuities		
Group annuity contracts - defined benefits; defined contribution; savings benefits	Insurance contracts	General Measurement Model
Traditional annuity contracts - deferred benefit; immediate benefit; lifestyle; non-participating	Insurance contracts	General Measurement Model
Individual annuity lifestyle	Insurance contracts with direct participation features	Variable Fee Approach
Unit linked life and interest sensitive with guarantees		
Unit and Equity Linked contracts - annuity; critical illness; life	Insurance contracts with direct participation features	Variable Fee Approach
Unit and Equity Linked contracts - life & critical illness Evolution series	Insurance contracts with direct participation features	Variable Fee Approach
Short term Group life and Health contracts		
Group life; individual and group health	Insurance contracts	Premium Allocation Approach
Property and Casualty		
Property; motor; casualty such as employers' liability and public liability; marine; accident; engineering; bonding and crime	Insurance contracts	Premium Allocation Approach
Long term reinsurance contracts		
Individual life and critical illness reinsurance contracts	Reinsurance contracts held	General Measurement Model
Individual Life Personal Accident Reinsurance contracts	Reinsurance contracts issued	General Measurement Model
Short-term reinsurance contracts - Life, Health & Pensions		
Group life; health	Reinsurance contracts held	Premium Allocation Approach
Short-term reinsurance contracts - Property & Casualty		
Property; motor; casualty; marine; accident; engineering; bonding and crime	Reinsurance contracts held	Premium Allocation Approach

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(b) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. The Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more, on a present value basis, than the benefits payable if the insured event did not occur'.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation features issued by the Group fall under this category. Refer to Note 21. The Group does not have any investment contracts with discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets.

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

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

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

Investment components in most Traditional Life, Critical Illness, and Annuity products comprise cash surrender values less policy loans and applicable surrender fees. These are not considered significant.

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

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

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

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

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held or issued and insurance contracts with or without direct participation features, unless specifically stated otherwise.

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(c) Aggregation bases for disclosure purposes

Insurance contracts are classified into five main categories.

(i) Property and casualty insurance contracts

These contracts are principally property, motor, casualty (employers' liability, public liability), and marine contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the respective country's road traffic legislation, which in certain instances stipulate unlimited coverage for third party liability. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties, which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

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

(ii) Short-term group life and health insurance contracts

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

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

Claims and loss adjustment expenses arise, are estimated, and charged similarly to that of the property and casualty insurance contracts.

(iii) Traditional life and interest sensitive without guarantees

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

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(c) Aggregation bases for disclosure purposes (continued)

(iv) Unit linked life and interest sensitive with guarantees

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

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

The Jamaican life insurance subsidiary issues interest-sensitive policies. The liability for the interest-sensitive policies is determined as the sum of the liability for the insured risk (as determined above for unit-linked policies) and the liability for the accumulated cash values. The entire liability for the interest-sensitive policies is recorded in insurance contracts. For the Trinidad and Tobago life insurance subsidiary, the insurance contracts prescribe no fixed terms.

(v) Annuities

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

(d) Unit of account

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

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

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

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

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

Some individual and group health products, unit-linked annuity products, defined benefit annuity products, and Lifestyle individual annuity products have break-even profitability or are loss making, and therefore were allocated to groups of contracts that were onerous or remaining at initial recognition. All other contracts issued are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous at initial recognition.

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(d) Unit of account (continued)

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

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts into quarterly and annual cohorts in line with how this was defined for insurance contracts. These portfolios then were further disaggregated as follows:

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

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance, by treaty and sub-divided by line of business. This information is used as a basis for price negotiations with reinsurers as well as setting retention amounts. The Group's assessment of the performance of the treaties have concluded that some reinsurance contracts held are in a net cost position without a significant possibility of a net gain arising subsequently while other reinsurance contracts have a net gain at initial recognition.

Transition approaches that were applied by the Group on adoption of IFRS 17 with respect to contracts aggregation requirements are included in Note 2.1(a).

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

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

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

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

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

(e) Recognition and derecognition

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(e) Recognition and derecognition (continued)

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

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

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

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

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

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

<u>Accounting for contract modification and derecognition</u>

An insurance contract is derecognised when it is:

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

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

(a) If the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

(i) Is not in scope of IFRS 17;
(ii) Results in different separable components;
(iii) Results in a different contract boundary; or
(iv) Belongs to a different group of contracts.

(b) The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

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

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(e) Recognition and derecognition (continued)

Accounting for contract modification and derecognition (continued)

(b) Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:

(i) If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.

(ii) If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less than the premium charged by the third party.

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

(c) Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

(b) If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

(c) If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(f) Measurement

Fulfilment cash flows

Fulfilment cash flows within contract boundary

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

The estimates of future cash flows:

(a) Are based on a probability weighted mean of the full range of possible outcomes;

(b) Are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and

(c) Reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. Refer to Note 3(b).

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

<u>Fulfilment cash flows</u> (continued)

Fulfilment cash flows within contract boundary (continued)

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

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

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

(a) The Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
(b) Both of the following criteria are satisfied:
    (i) The Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
    (ii) the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

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

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

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

Fulfilment cash flows (continued)

Contract boundary (continued)

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

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

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

Insurance acquisition costs

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

(a) To that group; and
(b) To groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

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

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

Risk adjustment for non-financial risk

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

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

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

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

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

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

Contractual service margin (continued)

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

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

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section below).

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

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

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

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

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

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

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

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

(a) The LRC, comprising:

(i) The FCF related to future service allocated to the group at that date; and
(ii) The CSM of the group at that date; and

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

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

(b) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

(a) The remaining coverage, comprising:

(i) The FCF related to future service allocated to the group at that date; and
(ii) The CSM of the group at that date; and

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

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

(a) Changes that relate to current or past service are recognised in profit or loss; and

(b) Changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

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

(a) Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

(b) Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

(c) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and

(d) Changes in the risk adjustment for non-financial risk that relate to future service.

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

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

(a) Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof.

(b) Changes in the FCF relating to the LIC;

(c) Experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and

(d) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

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

Changes in fulfilment cash flows (continued)

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

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

(a) Changes in the Group's share of the fair value of the underlying items; and

(b) Changes in the FCF that do not vary based on the returns of underlying items:

(i) Changes in the effect of the time value of money and financial risks including the effect of financial guarantees;

(ii) Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

(iii) Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

(iv) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and

(v) Changes in the risk adjustment for non-financial risk that relate to future service.

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

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

(a) Changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;

(b) Changes in the FCF that do not vary based on the returns of underlying items;

(i) Changes in the FCF relating to the LIC; and

(ii) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

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

Changes to the contractual service margin

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

(a) The effect of any new contracts added to the group.

(b) For contracts measured under the GMM, interest accrued on the carrying amount of the CSM.

(c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

(d) The effect of any currency exchange differences.

(e) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

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

Changes to the contractual service margin (continued)

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

(a) The effect of any new contracts added to the group.

(b) Interest accreted on the carrying amount of the CSM.

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

(d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.

(e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.

(f) The effect of any currency exchange differences.

(g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

Income referred to in (c) above is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

For the purposes of (c)–(e) above, when underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

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

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

Interest accretion on the CSM:

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

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

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

Release of the CSM to profit or loss:

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

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

Changes to the contractual service margin (continued)

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA. The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Group expects these amounts to include an investment return that is achieved by the Group by performing investment activities to generate that investment return.

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

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

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

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. In instances where multiple services are provided to a policyholder, the coverage units are calculated based on each rider, but aggregated to produce the total contract's coverage units. The coverage units are determined at each reporting period-end prospectively by considering:

(a) The quantity of benefits provided by contracts in the group;

(b) The expected coverage duration of contracts in the group; and

(c) The likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs at the basis for the quantity of benefits.

The Group determines coverage units as follows:

(a) For products under the "Traditional life and interest sensitive without guarantees" category, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;

(b) For products under the "Unit linked life and interest sensitive with guarantees" category, coverage units are based on the fixed death benefits amounts (during the insurance coverage period) plus policyholders' account values;

(c) For products under the "Annuities" category that are in the accumulation phase, coverage units are based on policy size (i.e., the value of the accumulated funds). When they are in the annuitisation phase, coverage units are based on the annuity payout. The coverage units were summed (weights are 50%/50%).

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

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

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

Changes to the contractual service margin (continued)

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

Onerous contracts - Loss component:

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

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

(a) Expected incurred claims and expenses for the period;

(b) Changes in the risk adjustment for non-financial risk for the risk expired; and

(c) Finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance services expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Reinsurance contracts held – Loss-recovery component:

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

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

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

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

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

For insurance contracts issued, insurance acquisition cash flows are deferred and recognised over the coverage period of contracts in a group.

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

<u>Initial and subsequent measurement - Groups of contracts measured under the PAA</u> (continued)

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

(a) The LRC; and

(b) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

(a) The remaining coverage; and

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

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

(a) Increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;

(b) Decreased for insurance acquisition cash flows paid in the period;

(c) Decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period;

(d) Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

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

(a) Increased for ceding premiums paid in the period; and

(b) Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

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

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. The health insurance contracts typically have a settlement period of one year and less, and therefore the future cash flows are not adjusted for the time value of money. For property and casualty and group life insurance contracts, future cash flows are adjusted for the time value of money since these insurance contracts sometimes have claims with a settlement period of over one year. Some of these insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (salvage). The Group may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(f) Measurement (continued)

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

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

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

Where applicable, changes in the loss-recovery component are disaggregated between net income from reinsurance contracts held (refer to note 2.15(g)) and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.

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

(g) Amounts recognised in comprehensive income

Insurance service result from insurance contracts issued

Insurance revenue

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

For contracts measured under the GMM and/or the VFA, insurance revenue comprises the following:

► Amounts relating to the changes in the LRC:

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

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

c) Amounts of the CSM recognised in profit or loss for the services provided in the period; and

d) Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(g) Amounts recognised in comprehensive income (continued)

Insurance service result from insurance contracts issued (continued)

Insurance revenue (continued)

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

Insurance service expenses

Insurance service expenses include the following:

(a) Incurred claims and benefits excluding investment components reduced by loss component allocations;

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

(c) Amortisation of insurance acquisition cash flows;

(d) Changes that relate to past service (i.e. changes in the FCF relating to the LIC); and

(e) Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

(f) Insurance acquisition cash flows assets impairment.

For contracts measured under the GMM and/or the VFA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

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

Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

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

(a) Reinsurance expenses;

(b) Incurred claims recovery;

(c) Other incurred directly attributable insurance service expenses;

(d) Changes that relate to past service – changes in the FCF relating to incurred claims recovery;

(e) Effect of changes in risk of reinsurer non-performance;

(f) Amounts relating to accounting for onerous groups of underlying insurance contracts issued:

i. Income on initial recognition of onerous underlying contracts;

ii. Reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and

iii. Reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(g) Amounts recognised in comprehensive income (continued)

Insurance service result from reinsurance contracts held (continued)

Net income (expenses) from reinsurance contracts held (continued)

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

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

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

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

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

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

(c) Amounts of the CSM recognised in profit or loss for the services received in the period; and

(d) Experience adjustments – arising from premiums paid in the period other than those that relate to future service.

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

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

Insurance finance income or expenses

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

(a) The effect of the time value of money and changes in the time value of money; and

(b) The effect of financial risk and changes in financial risk.

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

(a) Interest accreted on the FCF and the CSM; and

(b) The effect of changes in interest rates and other financial assumptions.

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(g) Amounts recognised in comprehensive income (continued)

Insurance finance income or expenses (continued)

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

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

(a) Interest accreted on the LIC; and

(b) The effect of changes in interest rates and other financial assumptions.

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

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

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

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

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

(h) Classification

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

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

2. Material accounting policies (continued)

2.15 Insurance and investment contracts (continued)

(h) Classification (continued)

A number of insurance contracts contain a discretionary participation feature, which entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

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

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

(i) Investment contracts

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

(j) Reinsurance contracts held

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

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

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

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

(l) Insurance finance reserve

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

2.16 Financial liabilities

Financial liabilities in the consolidated statement of financial position comprise borrowings and repurchase agreements.

(a) Borrowings

Borrowings are recognised initially at fair value, plus directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of income.

2. Material accounting policies (continued)

2.16 Financial liabilities (continued)

(a) Borrowings (continued)

The Group derecognises a loan when its contractual obligations are discharged, cancelled or have expired. The Group also derecognises a loan when its terms are modified and the cash flows of the modified borrowing is substantially different, in which case a new loan based on the modified terms is recognised at fair value. On derecognition of the loan, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised.

(b) Repurchase agreements

Securities sold under agreements to repurchase (repurchase agreements) are treated as collateralised financing transactions. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the EIR method.

2.17 Taxation

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

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the consolidated statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

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

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

2.18 Employee benefits

(a) Pension plans

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds. The plans are generally funded by payments from employees and by the relevant Group companies after taking account of the recommendations of the external qualified actuaries.

The plans are governed by trust/fund deeds and rules and are administered in accordance with the laws of the jurisdiction in which the plan resides. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The asset or liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. Plan assets exclude any insurance contracts issued by the Group.

2. Material accounting policies (continued)

2.18 Employee benefits (continued)

(a) Pension plans (continued)

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

The defined benefit plans mainly expose the Group to actuarial risks such as investment risk, interest rate risk and longevity risk.

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

(b) Post-retirement medical benefit obligations

The Group's subsidiaries in Trinidad and Tobago and the Dutch Caribbean provide post-retirement medical benefits to its permanent employees who retire from active service, their spouses and their dependents. The entitlement to these benefits is based on the employee remaining in service up to retirement age or leaving service due to ill health. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans. All actuarial gains and losses are recognised immediately through other comprehensive income in the consolidated statement of comprehensive income. External qualified actuaries carry out a valuation of these obligations.

(c) Cash-based long-term performance incentive plan

The Group operates a cash-based long-term performance incentive plan for eligible executives. Accruals are made annually based on the ultimate expected payments to eligible executives.

(d) Employee share ownership plan ('ESOP')

The employees of subsidiaries incorporated in Trinidad and Tobago have the option to receive their bonuses in cash and/or ordinary shares of the company purchased on the open market, in accordance with the terms outlined in the Trust Deed governing an approved ESOP. The Group recognises an expense within staff costs when bonuses are awarded.

(e) Bonus plans

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

2.19 Provisions

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

2.20 Revenue recognition

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

(a) Insurance revenue

Insurance revenue is recognised in accordance with the requirements of IFRS 17 as laid out in Note 2.15.

2. Material accounting policies (continued)

2.20 Revenue recognition (continued)

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

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

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

(c) Rental Income
Rental income is recognised on an accrual basis.

(d) Realised and unrealised investment gains and losses

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

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

(e) Commission income
Commissions are recognised on the accrual basis.

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

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

2.21 Leases

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

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

The Group as a lessee

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

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

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

2. Material accounting policies (continued)

2.21 Leases (continued)

The Group as a lessee (continued)

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist. The Group does not revalue any of its right-of-use assets.

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

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

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

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

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments. The Group did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2023 (2022: nil).

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

The Group as a lessor

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

2.22 Dividend distributions

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

2.23 Other finance charges

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

2. Material accounting policies (continued)

2.24 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

2.25 Assets under management

The Group provides custody and trustee discretionary investment management services to third parties. Such assets under management represent the managed funds administered by the Trust company.

2.26 Subscriptions and redemptions on mutual funds portfolio

(a) Subscriptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements could be subscribed based on the net asset value per unit of the underlying funds determined on each business day.

(b) Distributions - The net income and net realised capital gains of the various pools of mutual funds are calculated and accrued to the investor daily and distributed monthly. Investors have the option either to receive a cash distribution or to reinvest income distributions into units at the prevailing subscription price as at the date of distribution.

(c) Redemptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements are redeemed at a price per unit based on the net asset value of the underlying funds published on the date that the request is made.

2.27 Comparative information

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

1. In prior years, investment securities of mutual fund unit holders (2022: $1,741,039,000; 2021: $1,762,312,000) and cash and cash equivalents of mutual fund unit holders (2022: $144,389,000; 2021: $304,362,000) were presented separately on the consolidated statement of financial position. In 2023, these figures have been reclassified to investment securities and cash and cash equivalents respectively and the comparatives restated to align with the Group's accounting policy in Note 2.2(c).

The Group will continue to disclose the investment securities of mutual fund unit holders and cash and cash equivalents of mutual fund unit holders balances in the Notes to the consolidated financial statements.

2. In accordance with the transition requirements of IFRS 17, the Group is exempted from disclosing the impact of the adjustment arising from the implementation of IFRS 17 on each financial statement line item affected and on earnings per share for the current period and for each prior period presented. Although exempted, the Group has presented the adjustments to the 31 December 2021 consolidated statement of financial position in Note 2.1.

3. Critical accounting estimates and judgements in applying accounting policies

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

(a) Insurance contracts

Definition and classification

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

Determining whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk requires judgement. Refer to Note 2.15(b) which gives details on how the Group determines the classification of insurance products with investment components as insurance or investment contracts.

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

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

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

Significant judgement is applied to determine whether the proportion to be paid by the Group to life contract policyholders and to direct participating contract policyholders is substantial.

The Group applies the PAA to some insurance contracts with a coverage period of more than one year. The eligibility assessment involved significant judgement on whether the application of the PAA will produce a measurement of the liability for the LRC that would not differ materially from the one that would be produced applying the GMM.

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

Unit of account

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

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

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

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

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

(a) Insurance contracts (continued)

Unit of account (continued)

For insurance contracts issued measured under the PAA, management judgement is required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required. In 2022 and 2023, the Group did not identify any facts or circumstances that might have indicated that a group of contracts measured under the PAA had become onerous. All contracts measured by the Group in 2022 and 2023 under the PAA were determined to be non-onerous on initial recognition.

Measurement - Fulfilment cash flows

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

The Group uses judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to fulfilment of the contract. The Group performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts. Refer to Note 3(d).

Financial performance

The Group applied significant judgements in the following aspects of the determination of the CSM amounts that were recognised in profit or loss in 2023 and 2022:

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

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

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

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

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

(b) Discount rates

A mix of the bottom-up and top-down approaches was applied in the determination of the discount rates for different territories.

The bottom-up approach was used to derive the discount rate for the cash flows of all territories except for the Netherland Antilles. Under this approach, the discount rate is determined as the government yield curve for the relevant territory, which is adjusted for a credit risk premium and an illiquidity premium. The credit risk premium is quantified by finding the average spread between the government yield curve and that of the US Treasury on the assumption that the US Treasury yield curve is risk free. The illiquidity premium is determined by differences in liquidity characteristics between the financial assets used to derive the government yield and the relevant liability cash flows, as illustrated by government bond bid-ask spreads. The government yield curve and the relevant liability are denominated in the same currency as the product being measured for the portfolios denominated in Trinidad & Tobago dollars and Jamaican dollars, with the Trinidad & Tobago curve used as a proxy for portfolios denominated in all other currencies. Given the limited term of the government yield curves, for the unobservable period, the yield curve was interpolated between an ultimate rate and the last observable point using the Smith-Wilson method.

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

(b) Discount rates (continued)

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

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

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

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

	As at 31 December 2023				As at 31 December 2022			
	1 year	**5 years**	**10 years**	**20 years**	**1 year**	**5 years**	**10 years**	**20 years**
Traditional life and sensitive without guarantees								
- Trinidad & Tobago	2.0%	3.8% - 6.8%	7.2% - 7.6%	6.0% - 7.3%	1.1%	3.2% - 6.7%	6.8% - 6.9%	6.8%
- Jamaica	6.4%	8.0%	9.2%	10.5%	4.7%	7.3%	8.1%	10.5%
- Dutch Caribbean	3.6% - 3.7%	4.0% - 4.7%	5.0% - 6.0%	5.6% - 6.2%	3.1%	4.4%	5.5%	5.4%
Annuities								
- Trinidad & Tobago	2.4%	4.2% - 7.2%	7.6% - 7.9%	6.4% - 7.7%	1.5%	3.6% - 7.0%	7.2%	7.2%
- Jamaica	7.2%	8.8%	10.1%	11.4%	5.5%	7.2%	8.9%	11.3%
- Dutch Caribbean	3.6% - 3.7%	4.0% - 4.7%	5.0% - 6.0%	5.6% - 6.2%	3.1%	4.4%	5.5%	5.4%
Unit linked life and sensitive with guarantees								
- Trinidad & Tobago	5.2% - 6.9%	4.5% - 7.7%	5.4% - 7.8%	5.5% - 7.6%	4.9% - 7.1%	4.8% - 7.6%	5.5% - 8.8%	5.5% - 9.1%
- Jamaica	6.0%	7.6%	8.8%	10.1%	4.3%	6.9%	7.7%	10.1%
- Dutch Caribbean	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Property and casualty								
- Trinidad & Tobago	2.5% - 4.7%	5.1% - 6.5%	0.0%	0.0%	1.5% - 3.8%	4.9% - 5.7%	0.0%	0.0%
- Jamaica	7.2%	8.1%	0.0%	0.0%	6.0%	6.5%	0.0%	0.0%
- Dutch Caribbean	4.1%	3.8%	0.0%	0.0%	3.1%	4.1%	0.0%	0.0%

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

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

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is based on a best estimate deterministic scenario that specifies the amount, timing and probability of cash flows.

Expenses related cash flows are determined at a cohort level and are allocated on a systematic basis similar to the activity based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Acquisition cash flows and expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts initiated for the period, and in force for the period, respectively. Claims settlement related expense are allocated based on the number of claims incurred.

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

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

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

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

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

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

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

With the risk margin approach, the risk adjustment is determined by calculating and combining explicit risk margins for non-financial risks as outlined in guidance provided by the Central Bank of Trinidad and Tobago and the Financial Services Commission of Jamaica, with reasonable adjustments applied by long-term insurers in the Dutch Caribbean as may be suitable for their territories. Quantification of the confidence level is done using a quantile technique based on an underlying normal probability distribution assumption for the future cash flows. The Group's weighted average confidence level corresponding to the results of this technique was 77% (2022: 81%). The confidence levels by territory were as follow: Trinidad and Tobago life insurance subsidiaries - 76% (2022: 76%), Jamaican life insurance subsidiary - 75% (2022: 85%), Dutch Caribbean life insurance subsidiaries - 82% (2022: 86%) . Consideration of the amount of diversification benefit is done at the entity level reflecting the diversification in contracts sold across portfolios as this reflects the potential for risk reduction when the entity has a diversified portfolio of insurance contracts.

For insurers in the Property and Casualty Segment, the risk adjustment was calculated on a one-year basis given the short-term nature of the contracts in this segment. These calculations are performed at a Line of Business level, which is effectively equivalent to a portfolio, summed for all territories. The risk adjustment is then allocated to the various territories on a basis proportional to the discounted present value of future cash flows. To determine the variability of the reserves for property and casualty contracts, the Group used the Overdispersed- Poisson (ODP) Bootstrap approach. The ODP Bootstrap approach is widely used in the Property & Casualty industry for estimating loss reserve variability. The Group used this approach to replicate the paid and incurred chain-ladder methods. The various portfolios were analysed using aggregated loss triangles up to a particular accident year that combined the various territories for which valuations are carried out. The confidence level range was 70% to 75%.

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2023 and 2022.

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

(e) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Factors considered by the Group's business units in determining the business model for a group of assets are disclosed in Note 2.9(b).

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

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

The Group recognised as fair value gain of $174 million in the consolidated statement of income as a result of the business model change. The carrying value of the investment securities reclassified from amortised cost and fair value through other comprehensive income to fair value through profit or loss are disclosed in Note 4.2.3(f) (Reclassification line).

(f) Fair valuation of financial assets

The fair value of financial assets that are not traded in an active market is determined by using an internally developed bond valuation model. Assumptions used in this model are validated and periodically reviewed internally by qualified personnel. Where applicable, data is calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions used in valuations could affect reported fair value of financial assets. Key assumptions are based on current market yields. At 31 December 2023, the carrying amount of financial assets that were fair valued using an internally developed bond valuation model was $12.0 billion (2022: $9.3 billion).The following table shows the effect on the profit or loss and fair value reserve to changes in the market yields.

	Effect on fair value reserve		Effect on consolidated income	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
For the Trinidadian subsidiaries:				
1% increase in market yields	(40,776)	(35,676)	(12,828)	(11,811)
1% decrease in market yields	43,020	36,684	14,210	13,114
For the Jamaican subsidiaries:				
2% increase in market yields	(181,870)	(273,865)	(273,449)	(38,897)
2% decrease in market yields	221,080	350,887	356,686	51,764
For the Dutch Caribbean subsidiaries:				
1% increase in market yields	(112,530)	(101,983)	(298)	(378)
1% decrease in market yields	129,690	117,237	309	392

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

(g) Impairment losses on financial assets

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

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

- ► The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- ► The segmentation of financial assets when their ECL is assessed on a collective basis
- ► Development of ECL models, including the various formulas and the choice of inputs
- ► Use of macroeconomic data for internal credit ratings and outlooks, to derive associated probabilities of default as prescribed by external rating agencies such as Standard & Poor's and Moody's
- ► Development of forward-looking scenarios probability weighted based on macroeconomic trends and expectations
- ► Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default

The Group regularly reviews its internal models in the context of actual loss experience and adjusts when necessary.

Forward-looking macroeconomic variables

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

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

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

(h) Taxation

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

(i) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from approved budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amount of impairment provisions on non-financial assets as at 31 December 2023 was $130 million (2022: $108 million).

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

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

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

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

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

(k) Post-employment benefits

In conducting valuation exercises to measure the effect of all post-employment benefit plans throughout the Group, the Group's external actuaries use judgement and assumptions in determining discount rates, salary increases, pension increases and health care costs. These assumptions are detailed in Note 13 and Note 23.

4. Management of Insurance and Financial Risk

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

4.1 Insurance risk

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

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

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

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

4.1.1 Property and Casualty insurance risks

(a) Exposures to risks and how they arise

<u>Property</u>

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding and hurricanes) and their consequences (for example, subsidence claims). The cost of rebuilding properties, of replacement or indemnity for contents and the time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Property and Casualty insurance risks (continued)

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

Casualty

There are several variables that affect the risk arising from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability cover) or members of the public (for public liability cover). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

(b) Objectives, policies and processes for managing risks

Property

For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year. The Group also has the right to re-price the risk on renewal and the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The Group analyses the property exposures using in-house and external modelling tools and purchases sufficient reinsurance protection to cover its perceived liabilities.

The Group's reinsurance arrangements include proportional quota share and surplus arrangements and non-proportional excess of loss placements on a per claimant and a per occurrence basis.

Property insurance risk concentration by product and geography is included in the tables below with reference to the carrying amount of the net insurance contract liabilities arising from these contracts.

	As at 31 December 2023				As at 31 December 2022			
	Business $'000	**Residential $'000**	**Other $'000**	**Total $'000**	**Business $'000**	**Residential $'000**	**Other $'000**	**Total $'000**
Trinidad & Tobago	39,963	38,312	-	78,275	29,246	30,861	-	60,107
Jamaica	134,224	16,533	-	150,757	88,268	9,755	-	98,023
Dutch Caribbean	168,699	224,527	146	393,372	166,303	211,290	218	377,811
Other territories	130,661	124,964	-	255,625	104,852	105,881	-	210,733
	473,547	404,336	146	878,029	388,669	357,787	218	746,674

Casualty

Risk exposures for casualty insurance can be affected by several factors. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (subrogation).

The Group's reinsurance arrangements include non-proportional excess of loss placements on a per claimant and a per occurrence basis.

Casualty insurance risk concentration by product and geography is included in the tables below with reference to the carrying amount of the insurance contract liabilities arising from these contracts.

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Property and Casualty insurance risks (continued)

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

Casualty (continued)

	As at 31 December 2023				As at 31 December 2022			
	Liability cover				Liability cover			
	Employer's $'000	Public $'000	Other $'000	Total $'000	Employer's $'000	Public $'000	Other $'000	Total $'000
Trinidad & Tobago	42,621	8,748	152,870	204,239	58,053	6,511	155,887	220,451
Jamaica	7,293	28,983	101,267	137,543	6,144	24,477	87,975	118,596
Dutch Caribbean	1,655	64,881	-	66,536	1,232	47,616	-	48,848
Other territories	26,932	6,394	246,107	279,433	39,348	5,036	284,765	329,149
	78,501	109,006	500,244	687,751	104,777	83,640	528,627	717,044

(c) Methods used to measure risks

Property

Property claims are analysed separately for subsidence and non-subsidence claims. The development of large losses/catastrophes is analysed separately. Non-subsidence claims can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims and relatively little claims are expected to have occurred without being reported at year end. The longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain.

Casualty

The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a large element of the claims provision relates to claims incurred but not reported.

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a liability for incurred claims, consisting of probability weighted discounted cash flows and a risk adjustment, and a liability for remaining coverage, consisting of the unearned premiums received less acquisition costs.

In calculating the liability, the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

In estimating the liability for incurred claims, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio. The portion of the liability for incurred claims that have not yet been reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. These claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened.

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Casualty insurance risks (continued)

(c) Methods used to measure risks (continued)

Casualty (continued)

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Note 15.12 presents the development of the estimate of ultimate claim cost for claims notified in a given year. This gives an indication of the accuracy of the Group's estimation technique for claims payments.

(d) Changes in assumptions

The Group's assumptions in respect of property and casualty insurance contracts have not significantly changed from the prior year.

(e) Sensitivity analysis

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

	2023				2022			
	Property		Casualty		Property		Casualty	
	Profit or loss impact $'000	Equity impact $'000	Profit or impact $'000	Equity impact $'000	Profit or loss impact $'000	Equity impact $'000	Profit or loss impact $'000	Equity impact $'000
Worsening of unpaid claims and expenses - 5%								
Net insurance contract liabilities	(24,335)	(18,192)	(27,972)	(22,540)	(27,842)	(20,534)	(26,713)	(21,504)
Net reinsurance contract assets	13,629	9,687	12,950	10,517	14,435	9,062	13,051	10,980

4.1.2 Short-term group life and health contracts

(a) Exposures to risks and how they arise

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

(b) Objectives, policies and processes for managing risks

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

Short-duration life insurance risk concentration by geography is included in the tables below with reference to the carrying amount of the net insurance contract liabilities arising from these contracts.

	2023 $'000	2022 $'000
Trinidad & Tobago	69,372	92,168
Jamaica	48,286	59,387
Dutch Caribbean	30,660	31,173
Other territories	12,914	17,400
	161,232	200,128

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.2 Short-term Group life and Health contracts (continued)

(c) Methods used to measure risks

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

(d) Changes in assumptions

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

(e) Sensitivity analysis

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

	2023		2022	
	Profit or loss impact $'000	Equity impact $'000	Profit or loss impact $'000	Equity impact $'000
Worsening of unpaid claims and expenses - 5% increase				
- Net insurance contract liabilities	(4,203)	(3,279)	(5,225)	(3,888)
- Net reinsurance contract assets	3,586	3,023	2,669	2,240

4.1.3 Long-term insurance contracts

(a) Exposures to risks and how they arise

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

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

(b) Objectives, policies and processes for managing risks

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

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

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

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

For the Trinidadian life insurance subsidiaries:

	2023 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefits assured per life	**TT$'000**	**%**	**TT$'000**	**%**
$'000				
0 - 250 (TT$)	21,181,485	23.1%	20,752,740	28.2%
251 - 500 (TT$)	27,042,837	29.5%	24,013,803	32.6%
501 - 1,000 (TT$)	24,129,939	26.3%	18,876,175	25.7%
1,001 - 3,000 (TT$)	13,653,309	14.9%	8,818,309	12.0%
3,001 and over (TT$)	5,574,161	6.2%	1,127,297	1.5%
Total	91,581,731	100.0%	73,588,324	100.0%

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

	2022 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefits assured per life	**TT$'000**	**%**	**TT$'000**	**%**
$'000				
0 - 250 (TT$)	21,423,878	24.3%	20,961,234	30.0%
251 - 500 (TT$)	26,454,051	30.0%	23,277,345	33.3%
501 - 1,000 (TT$)	22,884,291	26.0%	17,431,722	24.9%
1,001 - 3,000 (TT$)	12,116,413	13.8%	7,390,746	10.6%
3,001 and over (TT$)	5,240,289	5.9%	865,475	1.2%
Total	88,118,922	100.0%	69,926,522	100.0%

For the Jamaican life insurance subsidiary:

	2023 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefits assured per life	**TT$'000**	**%**	**TT$'000**	**%**
$'000				
1,000 - 5,000 (J$)	16,395,209	72.0%	16,306,237	74.2%
5,001 - 10,000 (J$)	3,331,779	14.6%	3,170,959	14.4%
10,001 - 15,000 (J$)	803,342	3.5%	707,577	3.2%
15,001 - 20,000 (J$)	676,637	3.0%	577,620	2.6%
20,001 and over (J$)	1,575,057	6.9%	1,239,209	5.6%
Total	22,782,024	100.0%	22,001,602	100.0%

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

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

For the Jamaican life insurance subsidiary (continued):

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

	2022 - Total benefits insured			
	Before reinsurance		**After reinsurance**	
Benefits assured per life	**TT$'000**	**%**	**TT$'000**	**%**
$'000				
1,000 - 5,000 (J$)	15,866,182	74.1%	15,770,726	76.7%
5,001 - 10,000 (J$)	2,891,077	13.5%	2,714,291	13.2%
10,001 - 15,000 (J$)	709,263	3.3%	602,539	2.9%
15,001 - 20,000 (J$)	577,653	2.7%	475,149	2.3%
20,001 and over (J$)	1,368,071	6.4%	1,016,230	4.9%
Total	21,412,246	100.0%	20,578,935	100.0%

For the Dutch Caribbean life insurance subsidiaries:

	2023 - Total benefits insured			
	Before reinsurance		**After reinsurance**	
Benefits assured per life	**TT$'000**	**%**	**TT$'000**	**%**
$'000				
0 - 500 (NAF)	9,313,527	87.8%	9,054,704	94.2%
501 - 1,000 (NAF)	820,339	7.7%	378,823	3.9%
1,001 - 1,500 (NAF)	230,204	2.2%	98,802	1.0%
1,501 - 2,000 (NAF)	137,953	1.3%	63,065	0.7%
More than 2,000 (NAF)	102,190	1.0%	22,650	0.2%
Total	10,604,213	100.0%	9,618,044	100.0%

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

	2022 - Total benefits insured			
	Before reinsurance		**After reinsurance**	
Benefits assured per life	**TT$'000**	**%**	**TT$'000**	**%**
$'000				
0 - 500 (NAF)	9,504,743	88.1%	9,273,950	94.3%
501 - 1,000 (NAF)	779,919	7.2%	375,025	3.8%
1,001 - 1,500 (NAF)	242,972	2.3%	112,681	1.1%
1,501 - 2,000 (NAF)	143,743	1.3%	42,604	0.4%
More than 2,000 (NAF)	117,840	1.1%	32,277	0.4%
Total	10,789,217	100.0%	9,836,537	100.0%

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

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

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

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

For the Trinidadian life insurance subsidiaries:

	Total annuities payable per annum			
	2023		2022	
	TT$'000	%	TT$'000	%
Annuity payable per annum per life				
0 - 5,000 (TT$)	7,276	3.5%	7,192	3.8%
5,001 - 10,000 (TT$)	28,223	13.4%	25,429	13.4%
10,001 - 20,000 (TT$)	49,084	23.4%	43,865	23.2%
More than 20,000 (TT$)	125,298	59.7%	112,694	59.6%
Total	209,881	100.0%	189,180	100.0%

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

For the Jamaican life insurance subsidiary:

	Total annuities payable per annum			
	2023		2022	
	TT$'000	%	TT$'000	%
Annuity payable per annum per life				
0 - 200,000 (J$)	21,246	13.3%	21,187	13.9%
200,001 - 300,000 (J$)	10,434	6.5%	10,086	6.6%
300,001 - 400,000 (J$)	10,325	6.5%	9,607	6.3%
400,001 - 500,000 (J$)	7,819	4.9%	7,467	4.9%
More than 500,000 (J$)	110,232	68.8%	103,974	68.3%
Total	160,056	100.0%	152,321	100.0%

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

For the Dutch Caribbean life insurance subsidiaries:

	Total annuities payable per annum			
	2023		2022	
	TT$'000	%	TT$'000	%
Annuity payable per annum per life				
0 - 10,000 (NAF)	39,447	31.6%	38,666	31.5%
10,001 - 20,000 (NAF)	27,891	22.3%	27,284	22.2%
20,001 - 30,000 (NAF)	17,469	14.0%	16,826	13.7%
30,001 - 40,000 (NAF)	9,879	7.9%	9,982	8.1%
40,001 - 50,000 (NAF)	7,939	6.4%	7,823	6.4%
More than 50,000 (NAF)	22,181	17.8%	22,141	18.1%
Total	124,806	100.0%	122,722	100.0%

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

(c) Methods used to measure risks

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

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

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

(c) Methods used to measure risks (continued)

- **Mortality & morbidity**

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

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

Gender	Smoker Status	Mortality Table	Percentage of table 2023	2022
For the Trinidadian life insurance subsidiaries:				
Male	Non-smoker	CIA9704	100% - 141%	103% - 167%
Male	Smoker	CIA9704	100% - 141%	103% - 167%
Female	Non-smoker	CIA9704	100% - 141%	103% - 167%
Female	Smoker	CIA9704	100% - 141%	103% - 167%
For the Jamaican life insurance subsidiary:				
Male	Non-smoker	CIA9704	67% - 288%	12% - 164%
Male	Smoker	CIA9704	35% - 155%	33% - 192%
Female	Non-smoker	CIA9704	82% - 278%	28% - 142%
Female	Smoker	CIA9704	39% - 160%	35% - 145%
For the Dutch Caribbean life insurance subsidiaries:				
Male	Non-smoker	GBM/V0510(-4/-4)	1%	1%
Male	Smoker	GBM/V0510(-4/-4)	1%	1%
Female	Non-smoker	GBM/V0510(-4/-4)	1%	1%
Female	Smoker	GBM/V0510(-4/-4)	1%	1%

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM. For a sensitivity analysis, refer to Note 4.1 (d).

- **Terminations**

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

- **Policy maintenance expense and inflation**

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

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

	2023	2022
Trinidad and Tobago	2.0%	2.0%
Jamaica	4 .0% - 4.5%	4 .0% - 4.5%
Dutch Caribbean	1.0%	1.0%

- **Tax**

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

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

(d) Sensitivity analysis

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

Traditional life and interest sensitive without guarantees

Trinidadian life insurance subsidiaries	**2023 Impact on profit $'000**	**2023 Impact on equity $'000**	**2022 Impact on profit $'000**	**2022 Impact on equity $'000**
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	(4,824)	(4,101)	(66,511)	(56,535)
- Net Reinsurance contract assets/liabilities	2,036	1,754	21,972	18,675
	(2,788)	(2,347)	(44,539)	(37,860)
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	(3,746)	(6,714)	(35,931)	(35,460)
- Net Reinsurance contract assets/liabilities	331	289	2,059	1,755
	(3,415)	(6,425)	(33,872)	(33,705)
+ 5% Worsening of base renewal expense				
- Net Insurance contract liabilities/assets	(512)	(436)	(6,276)	(5,334)
- Net Reinsurance contract assets/liabilities	2	2	8	7
	(510)	(434)	(6,268)	(5,327)
+1% Worsening of expense inflation rate				
- Net Insurance contract liabilities/assets	(970)	(825)	(11,420)	(9,707)
- Net Reinsurance contract assets/liabilities	2	2	22	19
	(968)	(823)	(11,398)	(9,688)
Jamaican life insurance subsidiary				
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	(3,701)	(2,760)	(4,071)	(3,082)
- Net Reinsurance contract assets/liabilities	281	209	298	226
	(3,420)	(2,551)	(3,773)	(2,856)
+ 5% Improvement in annuitant mortality				
- Net Insurance contract liabilities/assets	(1,130)	(842)	(1,153)	(873)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(1,130)	(842)	(1,153)	(873)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

(d) Sensitivity analysis (continued)

Traditional life and interest sensitive without guarantees (continued)

Jamaican life insurance subsidiary (continued)	**2023 Impact on profit $'000**	**2023 Impact on equity $'000**	**2022 Impact on profit $'000**	**2022 Impact on equity $'000**
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	(148,576)	(110,786)	(162,865)	(123,275)
- Net Reinsurance contract assets/liabilities	903	674	2,613	1,978
	(147,673)	(110,112)	(160,252)	(121,297)
+ 5% Worsening of base renewal expense				
- Net Insurance contract liabilities/assets	(857)	(639)	(971)	(735)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(857)	(639)	(971)	(735)
+1% Worsening of expense inflation rate				
- Net Insurance contract liabilities/assets	(1,781)	(1,328)	(1,918)	(1,452)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(1,781)	(1,328)	(1,918)	(1,452)
Dutch Caribbean life insurance subsidiaries				
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	(411)	(401)	(196)	(192)
- Net Reinsurance contract assets/liabilities	–	–	(4)	(4)
	(411)	(401)	(200)	(196)
+ 10% Improvement in annuitant				
- Net Insurance contract liabilities/assets	(13,890)	(11,653)	(5,080)	(3,962)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(13,890)	(11,653)	(5,080)	(3,962)
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	–	(90,792)	–	(142,783)
- Net Reinsurance contract assets/liabilities	–	(49)	–	(154)
	–	(90,841)	–	(142,937)
+ 10% Worsening of base renewal				
- Net Insurance contract liabilities/assets	(354)	(330)	(305)	(271)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(354)	(330)	(305)	(271)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

(d) Sensitivity analysis (continued)

Annuities **Trinidadian life insurance subsidiaries**	**2023 Impact on profit $'000**	**2023 Impact on equity $'000**	**2022 Impact on profit $'000**	**2022 Impact on equity $'000**
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	249	212	284	241
- Net Reinsurance contract assets/liabilities	–	–	–	–
	249	212	284	241
+ 0.5% Improvement in annuitant				
- Net Insurance contract liabilities/assets	(3,995)	(3,395)	(7,189)	(6,111)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(3,995)	(3,395)	(7,189)	(6,111)
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	(15,906)	(13,600)	(34,609)	(29,474)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(15,906)	(13,600)	(34,609)	(29,474)
+ 5% Worsening of base renewal expense				
- Net Insurance contract liabilities/assets	(1,628)	(1,384)	(1,784)	(1,517)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(1,628)	(1,384)	(1,784)	(1,517)
+1% Worsening of expense inflation rate				
- Net Insurance contract liabilities/assets	(2,903)	(2,468)	(2,907)	(2,471)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(2,903)	(2,468)	(2,907)	(2,471)
Jamaican life insurance subsidiary				
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	2,170	1,618	2,351	1,779
- Net Reinsurance contract assets/liabilities	–	–	–	–
	2,170	1,618	2,351	1,779
+ 0.5% Improvement in annuitant				
- Net Insurance contract liabilities/assets	(1,130)	(842)	(1,153)	(873)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(1,130)	(842)	(1,153)	(873)
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	(119,365)	(89,004)	(134,316)	(101,666)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(119,365)	(89,004)	(134,316)	(101,666)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

(d) Sensitivity analysis (continued)

Annuities (continued)

Jamaican life insurance subsidiary (continued)	**2023 Impact on profit $'000**	**2023 Impact on equity $'000**	**2022 Impact on profit $'000**	**2022 Impact on equity $'000**
+ 5% Worsening of base renewal expense				
- Net Insurance contract liabilities/assets	(290)	(216)	(211)	(159)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(290)	(216)	(211)	(159)
+1% Worsening of expense inflation rate				
- Net Insurance contract liabilities/assets	(622)	(464)	(643)	(487)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(622)	(464)	(643)	(487)
Dutch Caribbean life insurance subsidiaries				
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	2,329	1,838	1,496	1,201
- Net Reinsurance contract assets/liabilities	–	–	–	–
	2,329	1,838	1,496	1,201
+ 0.5% Improvement in annuitant				
- Net Insurance contract liabilities/assets	(9,123)	(7,380)	(7,560)	(5,966)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(9,123)	(7,380)	(7,560)	(5,966)
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	–	(389,722)	–	(454,351)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	–	(389,722)	–	(454,351)
+ 5% Worsening of base renewal expense				
- Net Insurance contract liabilities/assets	(897)	(709)	(750)	(599)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(897)	(709)	(750)	(599)
Unit linked life and interest sensitive without guarantees				
Trinidadian life insurance subsidiaries				
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	(14,698)	(12,493)	(110,335)	(93,785)
- Net Reinsurance contract assets/liabilities	4,093	3,479	36,884	31,352
	(10,605)	(9,014)	(73,451)	(62,433)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Long-term insurance contracts (continued)

(d) Sensitivity analysis (continued)

Unit linked life and interest sensitive without guarantees (continued)

Trinidadian life insurance subsidiaries (continued)	**2023 Impact on profit $'000**	**2023 Impact on equity $'000**	**2022 Impact on profit $'000**	**2022 Impact on equity $'000**
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	(21,112)	(17,945)	(69,458)	(59,040)
- Net Reinsurance contract assets/liabilities	537	456	947	805
	(20,575)	(17,489)	(68,511)	(58,235)
+ 5% Worsening of base renewal expense level				
- Net Insurance contract liabilities/assets	(2,338)	(1,987)	(20,766)	(17,651)
- Net Reinsurance contract assets/liabilities	–	–	3	3
	(2,338)	(1,987)	(20,763)	(17,648)
+1% Worsening of expense inflation rate				
- Net Insurance contract liabilities/assets	(4,365)	(3,710)	(34,210)	(29,079)
- Net Reinsurance contract assets/liabilities	1	1	9	7
	(4,364)	(3,709)	(34,201)	(29,072)
Jamaican life insurance subsidiary				
+ 10% Worsening mortality				
- Net Insurance contract liabilities/assets	(2,773)	(2,068)	(2,734)	(2,070)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(2,773)	(2,068)	(2,734)	(2,070)
-1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	(1,855)	(1,383)	(2,218)	(1,679)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(1,855)	(1,383)	(2,218)	(1,679)
+ 5% Worsening of base renewal expense level				
- Net Insurance contract liabilities/assets	(673)	(502)	(616)	(466)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(673)	(502)	(616)	(466)
+1% Worsening of expense inflation rate				
- Net Insurance contract liabilities/assets	(1,418)	(1,057)	(1,288)	(975)
- Net Reinsurance contract assets/liabilities	–	–	–	–
	(1,418)	(1,057)	(1,288)	(975)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk

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

Risk management is carried out by Executive Investment Committees and Actuarial departments of operating units under policies approved by the Group's Board of Directors. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

4.2.1 Market risk

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

(a) Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The Group's main operations are in the Caribbean and in the Netherlands. The main exposure to risks are in respect to the US dollar, Antillean guilder, Jamaican dollar, Euro and the British pound. The Group's strategy for dealing with foreign exchange risk is to offset, as far as possible, foreign currency liabilities with assets denominated in the same currency.

Each subsidiary has an Executive Investment Committee, which has oversight for the management of currency risk. The Trinidad and Tobago insurance subsidiaries' exposure to currency risk is also mitigated by the requirements of the Insurance Act 2018, which does not allow more than 30% of the assets supporting policyholder liabilities to be held in currencies other than the currency of the liability.

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

	TT	US	NAF	JMD	GBP	Euro	Other	Total
	TT$'000	TT$'000	TT$'000	TT$'000	TT$'000	TT$'000	TT$'000	TT$'000
As at 31 December 2023								
Total assets	11,324,397	8,727,620	5,564,780	6,158,106	136,603	1,197,773	1,679,101	34,788,380
Total liabilities	15,151,908	1,872,634	7,455,304	4,987,232	138,322	468,970	852,360	30,926,730
	(3,827,511)	6,854,986	(1,890,524)	1,170,874	(1,719)	728,803	826,741	3,861,650
As at 31 December 2022								
Total assets	11,176,928	8,648,353	5,293,254	5,717,589	176,093	1,263,965	1,476,713	33,752,895
Total liabilities	14,730,643	2,173,887	7,458,619	5,056,452	137,859	438,060	818,338	30,813,858
	(3,553,715)	6,474,466	(2,165,365)	661,137	38,234	825,905	658,375	2,939,037

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

Change in variables	**US**	**NAF**	**JMD**	**GBP**	**Euro**	**Other**
2023	1.3%	1.3%	-3.6%	-2.1%	-4.0%	0.7% to 7.8%
2022	0.9%	0.9%	-3.9%	-4.4%	-3.9%	-0.4% to 3.5%

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(a) Currency risk (continued)

	US TT$'000	NAF TT$'000	JMD TT$'000	GBP TT$'000	Euro TT$'000	Other TT$'000	Total TT$'000
Impact on statement of income							
2023	63,218	-	16,520	100	4,898	4,025	88,761
2022	62,391	-	17,250	(1,652)	(5,803)	1,332	73,518
Impact on translation reserve							
2023	31,824	10,831	(98,746)	-	(28,183)	15,272	(69,002)
2022	21,693	4,317	(86,621)	(224)	(26,739)	6,515	(81,059)

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

	US TT$'000	NAF TT$'000	JMD TT$'000	GBP TT$'000	Euro TT$'000	Other TT$'000	Total TT$'000
For the year 2023:							
Impact on profit or loss							
- Insurance contract liability measured using VFA	(5,685)	–	–	–	–	(4,775)	(10,460)
- Underlying investment assets	–	–	–	–	–	–	–
- Net impact	(5,685)	–	–	–	–	(4,775)	(10,460)
Impact on net equity							
- Insurance contract liability measured using VFA	(4,832)	–	2,874	–	–	(4,059)	(6,017)
- Underlying investment assets	1,512	–	(23,824)	(2,443)	(4,654)	14,776	(14,633)
- Net impact	(3,320)	–	(20,950)	(2,443)	(4,654)	10,717	(20,650)
For the year 2022:							
Impact on profit or loss							
- Insurance contract liability measured using VFA	(1,058)	–	–	–	–	(1,062)	(2,120)
- Underlying investment assets	–	–	–	–	–	–	–
- Net impact	(1,058)	–	–	–	–	(1,062)	(2,120)
Impact on net equity							
- Insurance contract liability measured using VFA	(899)	–	(643)	–	–	(903)	(2,445)
- Underlying investment assets	798	–	(25,458)	(3,902)	(3,458)	(1,012)	(33,032)
- Net impact	(101)	–	(26,101)	(3,902)	(3,458)	(1,915)	(35,477)

Underlying assets are those assets that are either contractually linked to the relevant insurance contracts or they are specifically used to back insurance contracts.

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

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(b) Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major element of interest rate risk within the Group is the risk that the interest earned on the Group's investments is insufficient to meet the interest rates credited or guaranteed to policyholders. This applies to traditional life insurance policies and the deposit administration plans.

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

The following table presents analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17 and investment assets, as well as the net impact on profit or loss and equity. Insurance and reinsurance contracts measured under the GMM are moderately sensitive to changes in market interest rates due to the discounting of the future expected cash flows. Insurance contracts measured under the VFA are highly sensitive to changes in market interest rates due both to the discounting of the future expected cash flows, but also due to the impact on the expected performance of the underlying assets. The Group’s other financial assets and liabilities are not significantly sensitive to interest rates. For the sensitivity analysis, a 1% movement in interest rates was used for 2023 for the Trinidadian market (2022 - 1%), a 2% movement was used for 2023 for the Jamaican market (2022 - 2%) and a 1% movement for 2023 was used for the Dutch Caribbean (2022 - 1%). The following table shows the estimated effect of an increase or decrease in the above rates on the profit or loss and equity.

	2023				2022			
	Profit or loss		Equity		Profit or loss		Equity	
	Net insurance contract liability $'000	Investment securities $'000	Net insurance contract liability $'000	Investment securities $'000	Net insurance contract liability $'000	Investment securities $'000	Net insurance contract liability $'000	Investment securities $'000
Increase in interest rates	258,219	(275,841)	793,474	(624,010)	317,249	(41,450)	853,764	(464,047)
Decrease in interest rates	(258,239)	359,134	(786,189)	772,373	(317,289)	54,404	(1,023,225)	585,855

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

(c) Other price risk

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

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices at the reporting date.

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(c) Other price risk (continued)

The following table presents analysis of how a possible shift in market equity prices might impact insurance contract balances and financial assets held by the Group, as well as the net impact on profit or loss and equity.

		2023			
		Profit or loss		Equity	
	Change in Equity prices	Net insurance contract liability $'000	Investment securities $'000	Net insurance contract liability $'000	Investment securities $'000
Stock exchanges and markets					
Trinidad and Tobago	2.5%	(36,481)	35,484	(31,009)	30,399
Jamaica	10.0%	(11,327)	78,766	(8,446)	62,318
Dutch Caribbean	1.0%	(74,130)	1,839	(73,809)	1,831
Other	1.0% - 10.5%	–	131,865	–	99,182
		(121,938)	247,954	(113,264)	193,730

		2022			
		Profit or loss		Equity	
	Change in Equity prices	Net insurance contract liability $'000	Investment securities $'000	Net insurance contract liability $'000	Investment securities $'000
Stock exchanges and markets					
Trinidad and Tobago	4.0%	(30,105)	61,852	(25,589)	53,132
Jamaica	10.0%	(11,850)	78,739	(8,970)	62,734
Dutch Caribbean	1.0%	(73,573)	3,515	(73,520)	3,515
Other	2.0% - 8.0%	–	30,417	–	25,346
		(115,528)	174,523	(108,079)	144,727

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

4.2.2 Liquidity risk

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

Certain of the Group's contracts have features that allow them to be terminated at short notice creating a potential liquidity exposure. The Group monitors liquidity on a regular basis. An internally constituted Executive Investment Committee set limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

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

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

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

			Contractual/Expected Undiscounted Cash Flows					
As at 31 December 2023	**Carrying amount $'000**	**On demand $'000**	**1 year $'000**	**2 years $'000**	**3 years $'000**	**4 years $'000**	**5 years $'000**	**Over 5 years $'000**
Traditional life and interest sensitive without guarantees	3,615,380	4,137,324	6,757	23,809	24,620	63,647	86,125	5,483,835
Annuities	15,263,616	12,709,466	572,937	743,868	752,213	875,030	901,751	28,806,693
Unit linked life and interest sensitive with guarantees	1,565,393	2,222,741	(68,957)	(17,941)	9,880	59,234	76,066	5,388,535
Short-term group life and health contracts	171,917	–	133,722	–	–	–	–	–
Reinsurance contract liabilities	130,377	–	49,749	74,817	29,243	13,487	12,358	229,198
Property and casualty	1,585,505	–	866,470	683,613	149,985	27,942	11,234	11,545
Investment contracts	2,023,612	3,051	131,851	95,335	182,827	90,508	77,227	1,445,864
Financial liabilities	3,269,983	–	397,887	1,317,731	467,885	1,006,259	639,061	–
Lease liabilities	68,012	–	16,346	14,822	13,402	12,571	4,959	16,046
Third party interests in mutual funds	1,686,258	1,686,258	1,686,258	–	–	–	–	–
Other liabilities	932,453	–	918,504	–	–	13,949	–	–
	30,312,506	20,758,840	4,711,524	2,936,054	1,630,055	2,162,627	1,808,781	41,381,716
As at 31 December 2022								
Traditional life and interest sensitive without guarantees	3,797,716	4,179,887	11,512	43,937	54,017	56,786	95,437	5,545,256
Annuities	14,870,632	13,322,311	484,370	578,809	770,511	787,887	904,785	27,403,580
Unit linked life and interest sensitive with guarantees	1,275,445	2,026,576	18,555	51,294	58,109	78,650	95,861	3,935,811
Short-term group life and health contracts	209,204	–	197,350	–	–	–	–	–
Reinsurance contract liabilities	437,408	–	180,922	206,642	14,655	32,234	10,370	220,041
Property and casualty	1,464,888	–	787,037	574,488	52,321	49,633	6,139	39,196
Investment contracts	2,021,560	3,226	144,996	93,465	211,236	71,719	72,619	1,427,525
Financial liabilities	3,305,274	–	439,617	234,141	1,285,212	446,411	1,179,238	297,898
Lease liabilities	54,288	–	16,872	12,912	11,744	6,201	3,380	13,065
Third party interests in mutual funds	1,563,727	1,563,727	1,563,727	–	–	–	–	–
Other liabilities	1,140,660	–	1,125,222	15,438	–	–	–	–
	30,140,802	21,095,727	4,970,180	1,811,126	2,457,805	1,529,521	2,367,829	38,882,372

Property and casualty contracts issued, short-term group life and health contracts issued, and reinsurance contracts held have zero amounts payable on demand.

For insurance contracts issued that are traditional life and interest sensitive without guarantees, as well as annuities, the amount payable on demand represents the policyholders' cash surrender values less applicable surrender fees. For insurance contracts that are unit-linked and interest sensitive with guarantees, the amount payable on demand represents the policyholders' fund balances, plus cash surrender values, if any, less applicable surrender fees.

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk

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

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

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

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

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

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

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

(b) Assets bearing credit risk

Below is an analysis of assets bearing credit risk.

	Gross exposure		Net carrying amount	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities measured at fair value through profit or loss (excluding equity instruments)	7,974,832	5,305,549	7,974,832	5,305,549
Investment securities measured at fair value through other comprehensive income	5,644,681	5,863,017	5,644,681	5,863,017
Investment securities measured at amortised cost	7,752,995	8,766,509	7,720,479	8,717,567
Loans and receivables	2,115,104	1,934,781	1,979,838	1,795,310
Cash and cash equivalents	2,971,779	3,625,187	2,955,965	3,609,114
Reinsurance contract assets	721,646	840,729	721,646	840,729
	27,181,037	26,335,772	26,997,441	26,131,286

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of reinsurance and financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings, if available, or to a rating assigned by the investment manager using an approach consistent with that used by Standard and Poor's.

AAA

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

AA

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

A

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

BBB

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

Below BBB

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

Not Rated

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

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

		Lifetime ECL			
Investment securities measured at fair value through other comprehensive income	**12-month ECL $'000**	**Not credit impaired $'000**	**Credit impaired $'000**	**Purchased credit impaired $'000**	**Total $'000**
As at 31 December 2023					
AAA	102,993	–	–	–	102,993
AA	577,626	–	–	–	577,626
A	1,009,086	–	–	–	1,009,086
BBB	1,854,091	–	–	–	1,854,091
Below BBB	1,801,367	93,384	1,384	191,774	2,087,909
Not rated	–	12,339	637	–	12,976
Carrying value	5,345,163	105,723	2,021	191,774	5,644,681

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of reinsurance and financial assets (continued)

Investment securities measured at fair value through other comprehensive income	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Purchased credit impaired $'000	Total $'000
As at 31 December 2022					
AAA	59,129	–	–	–	59,129
AA	458,550	–	–	–	458,550
A	993,281	–	–	–	993,281
BBB	1,786,626	–	–	–	1,786,626
Below BBB	2,272,493	41,582	1,418	233,032	2,548,525
Not rated	–	16,801	105	–	16,906
Carrying value	5,570,079	58,383	1,523	233,032	5,863,017

Investment securities measured at amortised cost	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Purchased credit impaired $'000	Total $'000
As at 31 December 2023					
AAA	20,294	–	–	–	20,294
AA	188,739	–	–	–	188,739
A	132,625	–	–	–	132,625
BBB	6,149,656	–	–	–	6,149,656
Below BBB	1,154,198	43,620	23,189	27,195	1,248,202
Not rated	9,970	1,198	2,311	–	13,479
Gross carrying amount	7,655,482	44,818	25,500	27,195	7,752,995
Loss allowance	(21,204)	(5,566)	(5,746)	–	(32,516)
Net carrying amount	7,634,278	39,252	19,754	27,195	7,720,479
As at 31 December 2022					
AA	33,314	–	–	–	33,314
A	67,505	–	–	–	67,505
BBB	6,083,857	–	–	–	6,083,857
Below BBB	2,451,155	77,334	14,507	27,849	2,570,845
Not rated	5,766	2,907	2,315	–	10,988
Gross carrying amount	8,641,597	80,241	16,822	27,849	8,766,509
Loss allowance	(32,167)	(11,797)	(4,978)	–	(48,942)
Net carrying amount	8,609,430	68,444	11,844	27,849	8,717,567

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of reinsurance and financial assets (continued)

Loans and receivables	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Purchased Credit Impaired $'000	Total $'000
As at 31 December 2023					
A	6,046	83,356	–	–	89,402
BBB	43,661	13	–	–	43,674
Below BBB	675,721	61,543	–	–	737,264
Not rated	537,508	649,616	57,640	–	1,244,764
Gross carrying amount	1,262,936	794,528	57,640	–	2,115,104
Loss allowance	(30,336)	(70,552)	(34,378)	–	(135,266)
Net carrying amount	1,232,600	723,976	23,262	–	1,979,838
As at 31 December 2022					
A	3,261	429	–	–	3,690
BBB	41,687	4,155	–	–	45,842
Below BBB	546,560	183,008	–	–	729,568
Not rated	338,851	744,560	72,270	–	1,155,681
Gross carrying amount	930,359	932,152	72,270	–	1,934,781
Loss allowance	(24,149)	(64,293)	(51,029)	–	(139,471)
Net carrying amount	906,210	867,859	21,241	–	1,795,310

Cash and cash equivalents	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Total $'000
As at 31 December 2023				
AAA	2,802	–	–	2,802
AA	76,872	–	–	76,872
A	441,942	–	–	441,942
BBB	925,901	–	–	925,901
Below BBB	1,357,432	–	–	1,357,432
Not rated	166,830	–	–	166,830
Gross carrying amount	2,971,779	–	–	2,971,779
Loss allowance	(15,814)	–	–	(15,814)
Net carrying amount	2,955,965	–	–	2,955,965

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of reinsurance and financial assets (continued)

Cash and cash equivalents	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Total $'000
As at 31 December 2022				
AA	38,379	–	–	38,379
A	733,898	–	–	733,898
BBB	1,362,956	–	–	1,362,956
Below BBB	1,209,531	–	–	1,209,531
Not rated	280,423	–	–	280,423
Gross carrying amount	3,625,187	–	–	3,625,187
Loss allowance	(16,073)	–	–	(16,073)
Net carrying amount	3,609,114	–	–	3,609,114

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

	AA $'000	A $'000	BBB $'000	Below BBB $'000	Not rated $'000	Total $'000
As at 31 December 2023						
Investment securities at fair value through profit or loss (excluding equities)	205,671	98,636	3,922,397	3,738,570	9,558	7,974,832
Reinsurance contract assets	–	721,052	–	–	594	721,646
	205,671	819,688	3,922,397	3,738,570	10,152	8,696,478
As at 31 December 2022						
Investment securities at fair value through profit or loss (excluding equities)	166,588	18,584	2,955,480	2,155,773	9,124	5,305,549
Reinsurance contract assets	177	840,527	–	–	25	840,729
	166,765	859,111	2,955,480	2,155,773	9,149	6,146,278

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(d) Credit-impaired financial assets and collateral held

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

	Gross exposure $'000	Net carrying amount $'000	Fair value of collateral held $'000
As at 31 December 2023			
Investment securities measured at fair value through other comprehensive income	195,478	192,411	–
Investment securities measured at amortised cost	54,364	46,998	23,724
Loans and receivables	57,640	23,262	61,917
	307,482	262,671	85,641
As at 31 December 2022			
Investment securities measured at fair value through other comprehensive income	236,157	233,137	–
Investment securities measured at amortised cost	48,858	39,305	12,644
Loans and receivables	72,270	21,241	47,754
	357,285	293,683	60,398

(e) Loss allowance

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

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

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Loss allowance (continued)

Investment securities measured at fair value through other comprehensive income	**12-month ECL $'000**	**Lifetime ECL Not credit impaired $'000**	**Lifetime ECL Credit impaired $'000**	**Purchased credit impaired $'000**	**Total $'000**
Year ended 31 December 2023					
Balance at beginning of year	20,956	6,015	3,057	–	30,028
New assets originated or purchased	709	–	–	–	709
Transfer to 12-month ECL	104	(104)	–	–	–
Transfer to lifetime ECL - not credit impaired	(739)	739	–	–	–
Transfer to lifetime ECL - credit impaired	–	(55)	55	–	–
Remeasurements	(12,090)	(2,563)	(79)	–	(14,732)
Balance at end of year	8,940	4,032	3,033	–	16,005

Investment securities measured at fair value through other comprehensive income	**12-month ECL $'000**	**Lifetime ECL Not credit impaired $'000**	**Lifetime ECL Credit impaired $'000**	**Purchased credit impaired $'000**	**Total $'000**
Year ended 31 December 2022					
Balance at beginning of year	21,800	11,182	–	–	32,982
New assets originated or purchased	820	–	–	–	820
Transfer to 12-month ECL	309	(309)	–	–	–
Transfer to lifetime ECL - credit impaired	(201)	–	201	–	–
Remeasurements	(1,778)	(4,857)	2,856	–	(3,779)
Exchange rate adjustments	6	(1)	–	–	5
Balance at end of year	20,956	6,015	3,057	–	30,028

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Loss allowance (continued)

Investment securities measured at amortised cost	**12-month ECL $'000**	**Lifetime ECL Not credit impaired $'000**	**Lifetime ECL Credit impaired $'000**	**Purchased credit impaired $'000**	**Total $'000**
Year ended 31 December 2023					
Balance at beginning of year	32,167	11,797	4,978	–	48,942
Reclassification	(16,517)	–	–	–	(16,517)
New assets originated or purchased	4,841	–	–	–	4,841
Transfer to 12-month ECL	3,381	(3,381)	–	–	–
Transfer to lifetime ECL - not credit impaired	(50)	50	–	–	–
Transfer to lifetime ECL - credit impaired	(100)	–	100	–	–
Remeasurements	(2,310)	(2,898)	671	–	(4,537)
Exchange rate adjustments	(208)	(2)	(3)	–	(213)
Balance at end of year	21,204	5,566	5,746	–	32,516

Investment securities measured at amortised cost	**12-month ECL $'000**	**Lifetime ECL Not credit impaired $'000**	**Lifetime ECL Credit impaired $'000**	**Purchased credit impaired $'000**	**Total $'000**
Year ended 31 December 2022					
Balance at beginning of year	30,687	10,455	8,120	–	49,262
New assets originated or purchased	6,471	–	–	–	6,471
Assets derecognised (excluding write-offs)	(740)	(113)	–	–	(853)
Transfer to 12-month ECL	1,159	(1,159)	–	–	–
Transfer to lifetime ECL - not credit impaired	(1,959)	1,959	–	–	–
Remeasurements	(4,535)	619	(3,075)	–	(6,991)
Amounts recovered	33	–	–	–	33
Exchange rate adjustments	1,051	36	(67)	–	1,020
Balance at end of year	32,167	11,797	4,978	–	48,942

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Loss allowance (continued)

Loans and other receivables	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Purchased credit impaired $'000	Total $'000
Year ended 31 December 2023					
Balance at beginning of year	24,149	64,293	51,029	–	139,471
New assets originated or purchased	2,769	–	–	–	2,769
Transfer to 12-month ECL	102	(102)	–	–	–
Transfer to lifetime ECL - not credit impaired	(103)	178	(75)	–	–
Transfer to lifetime ECL - credit impaired	15	(4)	(11)	–	–
Remeasurements	3,063	9,072	(7,467)	–	4,668
Amounts written-off	(75)	(6,660)	(10,938)	–	(17,673)
Amounts recovered	494	6,150	–	–	6,644
Exchange rate adjustments	(78)	(2,375)	1,840	–	(613)
Balance at end of year	30,336	70,552	34,378	–	135,266

Loans and other receivables	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Purchased credit impaired $'000	Total $'000
Year ended 31 December 2022					
Balance at beginning of year	15,263	75,386	61,125	–	151,774
New assets originated or purchased	3,890	–	–	–	3,890
Assets derecognised (excluding write-offs)	(65)	(159)	–	–	(224)
Transfer to 12-month ECL	583	(561)	(22)	–	–
Transfer to lifetime ECL - not credit impaired	(158)	158	–	–	–
Transfer to lifetime ECL - credit impaired	(75)	–	75	–	–
Remeasurements	5,338	(3,056)	139	–	2,421
Amounts written-off	(589)	(11,909)	(10,110)	–	(22,608)
Amounts recovered	–	1,036	2,653	–	3,689
Exchange rate adjustments	(38)	3,398	(2,831)	–	529
Balance at end of year	24,149	64,293	51,029	–	139,471

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Loss allowance (continued)

Cash and cash equivalents

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

The impairment allowance on cash and cash equivalents as at 31 December 2023 is $15,814,000 (2022: $16,073,000). The Group recognised a net impairment expense of $4,085,000 for the year ended 31 December 2023 (2022: $303,000).

Credit Risk - Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2023 and 2022 are set out below.

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

	2023 Assumptions			2022 Assumptions		
	GDP growth	**Inflation**	**Weights**	**GDP growth**	**Inflation**	**Weights**
Scenario						
Base	Stable	Positive	55% - 70%	Stable	Positive	50% - 65%
Optimistic	Positive	Positive	5% - 35%	Positive	Positive	7.5% - 40%
Pessimistic	Negative	Negative	5% - 20%	Negative	Negative	5% - 25%
Acute pessimistic	Negative	Negative	5%	Negative	Negative	5% - 7.5%

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

Credit Risk - Sensitivity analysis

Set out below are the changes in ECL allowance at the reporting date that would result from a reasonably possible change in the PDs used by the Group.

	Actual PDs applied		Change in PD	Impact on ECL	
	2023	**2022**		**2023 $'000**	**2022 $'000**
Investment securities measured at fair value through other comprehensive income	0.00% - 19.53%	0.00% - 20.26%	+/- 20%	2,296	3,299
Investment securities measured at amortised cost	0.00% - 32.10%	0.01% - 33.12%	+/- 20%	3,799	6,673
Loans and receivables	0.16% - 32.41%	0.21% - 32.57%	+/- 20%	4,024	4,596
Cash and cash equivalents	0.04% - 7.09%	0.00% - 7.47%	+/- 20%	3,556	3,777
				13,675	18,345

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(f) Financial assets subject to ECL

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

		Lifetime ECL		Purchased	
Investment securities measured at fair value through other comprehensive income	**12-month ECL $'000**	**Not credit impaired $'000**	**Credit impaired $'000**	**credit impaired $'000**	**Total $'000**
Year ended 31 December 2023					
Balance at beginning of year	5,570,079	58,383	1,523	233,032	5,863,017
Reclassification	(548,464)	–	–	–	(548,464)
New assets originated or purchased	2,438,770	–	–	6,703	2,445,473
Assets derecognised (excluding write-offs)	(2,103,485)	(8,194)	–	(2,732)	(2,114,411)
Transfer to 12-month ECL	2,966	(2,966)	–	–	–
Transfer to lifetime ECL - not credit impaired	(53,095)	53,095	–	–	–
Transfer to lifetime ECL - credit impaired	–	(352)	352	–	–
Other movements	76,129	5,791	156	(44,426)	37,650
Exchange rate adjustments	(37,737)	(34)	(10)	(803)	(38,584)
Balance at end of year	5,345,163	105,723	2,021	191,774	5,644,681
Year ended 31 December 2022					
Balance at beginning of year	5,802,484	132,077	–	211,383	6,145,944
New assets originated or purchased	2,043,394	–	–	9,996	2,053,390
Assets derecognised (excluding write-offs)	(1,799,790)	(56,482)	–	(504)	(1,856,776)
Transfer to 12-month ECL	11,388	(11,388)	–	–	–
Transfer to lifetime ECL - credit impaired	(13,653)	–	13,653	–	–
Other movements	(489,585)	(5,793)	(12,129)	12,166	(495,341)
Exchange rate adjustments	15,841	(31)	(1)	(9)	15,800
Balance at end of year	5,570,079	58,383	1,523	233,032	5,863,017

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(f) Financial assets subject to ECL (continued)

Investment securities measured at amortised cost	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Purchased credit impaired $'000	Total $'000
Year ended 31 December 2023					
Balance at beginning of year	8,641,597	80,241	16,822	27,849	8,766,509
Reclassification	(1,222,830)	–	–	–	(1,222,830)
New assets originated or purchased	2,062,267	–	–	–	2,062,267
Assets derecognised (excluding write-offs)	(1,844,002)	(15,418)	–	–	(1,859,420)
Transfer to 12-month ECL	24,596	(24,596)	–	–	–
Transfer to lifetime ECL - not credit impaired	(6,114)	6,114	–	–	–
Transfer to lifetime ECL - credit impaired	(9,658)	–	9,658	–	–
Other movements	20,835	(1,524)	750	–	20,061
Exchange rate adjustments	(11,209)	1	(1,730)	(654)	(13,592)
Balance at end of year	7,655,482	44,818	25,500	27,195	7,752,995
Year ended 31 December 2022					
Balance at beginning of year	8,042,997	86,289	16,757	27,870	8,173,913
New assets originated or purchased	2,089,844	–	–	–	2,089,844
Assets derecognised (excluding write-offs)	(1,513,002)	(7,972)	–	–	(1,520,974)
Transfer to 12-month ECL	28,989	(28,989)	–	–	–
Transfer to lifetime ECL - not credit impaired	(29,516)	29,516	–	–	–
Amounts recovered	33	–	–	–	33
Other movements	15,413	1,210	389	–	17,012
Exchange rate adjustments	6,839	187	(324)	(21)	6,681
Balance at end of year	8,641,597	80,241	16,822	27,849	8,766,509

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(f) Financial assets subject to ECL (continued)

Loans and other receivables	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Total $'000
Year ended 31 December 2023				
Balance at beginning of year	930,359	932,152	72,270	1,934,781
New assets originated or purchased	518,246	123,338	–	641,584
Assets derecognised (excluding write-offs)	(167,380)	(179,911)	(2,155)	(349,446)
Transfer to 12-month ECL	28,592	(22,940)	(5,652)	–
Transfer to lifetime ECL - not credit impaired	(38,515)	39,453	(938)	–
Transfer to lifetime ECL - credit impaired	(7,842)	(4,288)	12,130	–
Amounts written-off	(75)	(6,660)	(10,938)	(17,673)
Amounts recovered	494	6,150	–	6,644
Other movements	1,918	(88,705)	(8,827)	(95,614)
Exchange rate adjustments	(2,861)	(4,061)	1,750	(5,172)
Balance at end of year	1,262,936	794,528	57,640	2,115,104
Year ended 31 December 2022				
Balance at beginning of year	824,410	722,750	90,850	1,638,010
New assets originated or purchased	289,253	155,100	–	444,353
Assets derecognised (excluding write-offs)	(155,799)	(35,679)	(9,686)	(201,164)
Transfer to 12-month ECL	13,415	(10,529)	(2,886)	–
Transfer to lifetime ECL - not credit impaired	(34,436)	37,395	(2,959)	–
Transfer to lifetime ECL - credit impaired	(3,962)	(3,515)	7,477	–
Amounts written-off	(589)	(11,909)	(10,110)	(22,608)
Amounts recovered	–	1,036	2,653	3,689
Other movements	81	79,712	(173)	79,620
Exchange rate adjustments	(2,014)	(2,209)	(2,896)	(7,119)
Balance at end of year	930,359	932,152	72,270	1,934,781

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

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

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

	2023 $'000	2022 $'000
Financial services	6,461,978	7,675,068
Manufacturing	343,411	249,299
Real estate	1,093,533	1,218,493
Wholesale and retail trade	189,627	228,056
Public sector	15,140,244	13,273,422
Insurance and reinsurance	1,013,682	1,156,614
Consumers/individuals	858,389	665,099
Transportation storage	434,002	433,636
Utilities	528,015	546,429
Other industries	934,560	685,170
	26,997,441	26,131,286

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.4 Capital management

The Group's principal capital resources include share capital, reserves, retained earnings and borrowings.

The Group's objectives when managing capital are:

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

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

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

The table below summarises the minimum required capital across the main territories in the Group. The Group has complied with these minimum capital requirements. These figures are an aggregate number, being the sum of the statutory capital and surplus for each insurance subsidiary in each country subject to local regulatory requirements (current or prospective), which may differ from jurisdiction to jurisdiction.

	Minimum regulatory capital	
	2023	**2022**
	$'000	**$'000**
Guardian Re (SAC) Limited	54,466	65,294
Guardian General Insurance (OECS) Limited	12,437	12,465
Guardian Life (OECS) Limited	2,612	3,274
Guardian General Insurance Limited	141,446	142,484
Guardian General Insurance Jamaica Limited	196,750	158,368
Guardian Life Limited	871,950	570,118
Trinidad Life Insurance Companies	747,366	733,750
Dutch Caribbean Insurance Companies	639,499	542,401

The Trinidadian trust services subsidiary holds a license under the Financial Institutions Act 2008 and is registered under the Securities Industries Act 2012. Under the Financial Institutions Act, the subsidiary is required to have a minimum paid up share capital of $15 million and to transfer a minimum of 10% of its profit after tax to a Statutory Reserve Fund until the balance in the Fund is not less than the paid up capital of the subsidiary as well as the subsidiary's regulatory capital shall be no less than 10% of its risk weighted assets. Under the Securities Industries Act 2012, the subsidiary is required to have minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with these requirements.

The Trinidadian asset management subsidiary is registered under the Securities Industries Act 2012, and as such, the subsidiary is required to have a minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with this requirement.

5. Property, plant and equipment

	Freehold and leasehold properties $'000	Office furniture, plant and equipment $'000	Motor vehicles $'000	Capital work in progress $'000	Total $'000
Year ended 31 December 2023					
Balance at beginning of year	538,581	128,817	15,591	73,164	756,153
Revaluation loss	(5,746)	–	–	–	(5,746)
Additions	3,131	10,576	6,550	28,129	48,386
Disposals and adjustments	–	(436)	(409)	–	(845)
Transfers	–	–	1,159	(1,159)	–
Re-classification to intangible assets (Note 8)	–	(21,569)	–	(19,435)	(41,004)
Depreciation charge	(14,210)	(22,665)	(5,490)	–	(42,365)
Exchange rate adjustments	(6,123)	110	(253)	(463)	(6,729)
Balance at end of year	515,633	94,833	17,148	80,236	707,850
At 31 December 2023					
Cost or valuation	623,536	591,992	37,386	80,236	1,333,150
Accumulated depreciation	(107,903)	(497,159)	(20,238)	–	(625,300)
Balance at end of year	515,633	94,833	17,148	80,236	707,850
Year ended 31 December 2022					
Balance at beginning of year	479,901	141,300	11,636	46,976	679,813
Revaluation surplus	65,286	–	–	–	65,286
Additions	214	22,368	9,328	31,792	63,702
Disposals and adjustments	–	(1,516)	(1,562)	–	(3,078)
Transfers	5,008	(11)	903	(5,900)	–
Depreciation charge	(13,588)	(33,202)	(4,794)	–	(51,584)
Exchange rate adjustments	1,760	(122)	80	296	2,014
Balance at end of year	538,581	128,817	15,591	73,164	756,153
At 31 December 2022					
Cost or valuation	633,999	625,601	38,272	73,164	1,371,036
Accumulated depreciation	(95,418)	(496,784)	(22,681)	–	(614,883)
Balance at end of year	538,581	128,817	15,591	73,164	756,153

5. Property, plant and equipment (continued)

The following are the dates of the last valuation of properties in the Group:

Guardian Life of the Caribbean Limited	-	September 2023
Bancassurance Caribbean Limited	-	August 2023
Guardian Life Limited	-	December 2022
Guardian General Insurance Limited	-	December 2023
Guardian Shared Services Limited	-	September 2023
Fatum Holding N.V.	-	Between July and September 2022

Valuations were made on the basis of open market value by external independent appraisers, who are accredited in the territory that they serve. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

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

	2023 $'000	2022 $'000
Cost	449,778	449,554
Accumulated depreciation	(226,999)	(220,260)
Net book value	222,779	229,294

6. Leases

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

(a) Right-of-use assets

	Leasehold properties $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Year ended 31 December 2023				
Balance at beginning of year	33,974	58	8,448	42,480
Additions	24,231	–	7,241	31,472
Disposals and adjustments	–	–	(399)	(399)
Modification of lease terms	3,847	–	–	3,847
Depreciation charge	(13,334)	(34)	(4,119)	(17,487)
Exchange rate adjustments	91	–	(4)	87
Balance at end of year	48,809	24	11,167	60,000
At 31 December 2023				
Cost	116,354	428	23,884	140,666
Accumulated depreciation	(67,545)	(404)	(12,717)	(80,666)
Balance at end of year	48,809	24	11,167	60,000

6. Leases (continued)

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

	Leasehold properties $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Year ended 31 December 2022				
Balance at beginning of year	70,150	90	12,245	82,485
Additions	2,005	–	2,122	4,127
Disposals and adjustments	–	–	(205)	(205)
Modification of lease terms	(24,040)	–	(1,714)	(25,754)
Depreciation charge	(14,089)	(33)	(3,979)	(18,101)
Exchange rate adjustments	(52)	1	(21)	(72)
Balance at end of year	33,974	58	8,448	42,480
At 31 December 2022				
Cost	89,420	430	20,304	110,154
Accumulated depreciation	(55,446)	(372)	(11,856)	(67,674)
Balance at end of year	33,974	58	8,448	42,480

(b) Lease liabilities	2023 $'000	2022 $'000
Balance at beginning of year	54,288	96,245
Additions	31,480	4,127
Interest expense (Note 32)	3,894	5,071
Lease payments	(22,667)	(20,677)
Effect of modification to lease terms	937	(30,372)
Exchange rate adjustments	80	(106)
Balance at end of year	68,012	54,288
Current	18,010	14,733
Non-current	50,002	39,555
	68,012	54,288

(c) Amounts recognised in the consolidated statement of income

Interest expense on lease liabilities	3,894	5,071
Depreciation charge of right-of-use assets	17,487	18,101
Expense relating to short-term leases	8,446	8,282
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	2,296	1,687
	32,123	33,141

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

The Group had total cash outflows for leases of $33,409,000 in 2023 (2022: $30,639,000).

7. Investment properties

	2023 $'000	2022 $'000
Investment properties (excluding Pointe Simon)	1,141,735	1,172,316
Pointe Simon	413,215	418,121
	1,554,950	1,590,437

Investment properties (excluding Pointe Simon)

	2023 $'000	2022 $'000
Balance at beginning of year	1,172,316	1,202,938
Additions	591	68,834
Fair value adjustments (Note 27)	76,112	63,166
Disposals	(1,055)	(173,386)
Transfer to properties for development and sale	(87,345)	–
Exchange rate adjustments	(18,884)	10,764
Balance at end of year	1,141,735	1,172,316
Residential properties	284,443	362,998
Commercial properties	857,292	809,318
	1,141,735	1,172,316
Rental income	51,484	45,610
Expenses incurred in respect of investment properties that generated rental income during the year	5,809	3,344
Expenses incurred in respect of investment properties that did not generate rental income during the year	2,669	711

Pointe Simon

Pointe Simon is a mixed-use commercial and residential urban re-development project in Fort de France, Martinique.

	2023 $'000	2022 $'000
Investment property	413,215	418,121
Properties for development and sale	84,527	96,122
	497,742	514,243
Balance at beginning of year	514,243	543,979
Additions	5,783	788
Disposals	(17,195)	–
Fair value adjustment (Note 27)	(16,736)	–
Other movements	(12,262)	–
Exchange rate adjustments	23,909	(30,524)
Balance at end of year	497,742	514,243

The Group has both commercial and residential investment properties in the following territories: Jamaica, Barbados, Trinidad and Tobago, Grenada and Martinique.

Valuations are conducted by external valuators. All valuators are accredited in the territory that they serve, specializing in the valuation of commercial, residential and mixed use properties.

7. Investment properties (continued)

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

Commercial properties are primarily valued using the income and sales comparison approach, the direct capitalisation of income approach, or the profit tests or accounts approach. The income and sales comparison approach involves determining the value of the properties by applying an appropriate valuation model to convert the expected future cash flows into present values. Discount rates applied to this model throughout the Group range from 7.75% to 8.50% (2022: 7.15% to 7.90%) as deemed most appropriate by the valuators in the respective territories.

Both the direct capitalisation of income and profit tests or accounts approach apply a valuation model that converts monthly rental income and expenses into market values through the use of a capitalisation rate. The capitalisation rates within these models, as applied by external professional valuators, range from 7.5% to 10.5% (2022: 8.0% to 10.5%) across the Group.

For some properties, various approaches were considered, including the income approach, the comparison approach, and the cost approach. No one approach was selected to determine the final valuation, instead a reasonable conclusion was drawn from the range of valuations determined.

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

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

	2023 $'000	2022 $'000
Within one year	54,861	67,061
Between one and two years	24,390	24,269
Between two and three years	22,750	23,465
Between three and four years	19,921	21,844
Between four and five years	17,014	19,536
After five years	5,733	23,741
	144,669	179,916

8. Intangible assets

	Goodwill $'000	Customer-related intangibles $'000	Other $'000	Total $'000
Year ended 31 December 2023				
Balance at beginning of year	547,632	26,363	94,445	668,440
Additions	–	–	24,290	24,290
Re-classification from property, plant and equipment (Note 5)	–	–	41,004	41,004
Transfers	(283)	283	–	–
Impairment	–	–	(18,084)	(18,084)
Amortisation	–	(10,513)	(24,119)	(34,632)
Other movements	716	268	–	984
Exchange rate adjustments	4,908	451	(976)	4,383
Balance at end of year	552,973	16,852	116,560	686,385
At 31 December 2023				
Cost	554,099	149,282	245,547	948,928
Accumulated impairment and amortisation	(1,126)	(132,430)	(128,987)	(262,543)
Balance at end of year	552,973	16,852	116,560	686,385

8. Intangible assets (continued)

	Goodwill $'000	Customer-related intangibles $'000	Other $'000	Total $'000
Year ended 31 December 2022				
Balance at beginning of year	530,533	39,483	94,595	664,611
Acquisition of insurance brokerage portfolios (see Note (a) below)	25,318	–	–	25,318
Acquisition of insurance portfolio (see Note (b) below)	549	1,131	–	1,680
Additions	–	–	24,079	24,079
Amortisation	–	(13,029)	(19,617)	(32,646)
Other movements	–	–	(4,729)	(4,729)
Exchange rate adjustments	(8,768)	(1,222)	117	(9,873)
Balance at end of year	547,632	26,363	94,445	668,440
At 31 December 2022				
Cost	548,762	169,621	169,511	887,894
Accumulated impairment and amortisation	(1,130)	(143,258)	(75,066)	(219,454)
Balance at end of year	547,632	26,363	94,445	668,440

Other intangible assets represent brand costs, computer software costs and website development costs.

(a) During 2022, the Group acquired four insurance brokerage portfolios through its subsidiary Thoma Exploitatie B.V., for cash consideration of $25,297,000. The Group recognised goodwill of $25,318,000 on acquisition of these portfolios.

(b) On 1 January 2022, the Group acquired an insurance portfolio through its subsidiaries Fatum Life N.V. and Fatum Life Aruba N.V. for cash consideration of $1,680,000. The Group recognised goodwill of $549,000 and customer-related intangibles of $1,131,000 on acquisition of this portfolio.

Goodwill

Goodwill is assigned to the Group's cash-generating units on acquisition. In accordance with IFRS 3 Business Combinations, all assets that gave rise to goodwill were reviewed for impairment at year end using the higher of the value-in-use method and the fair value method. In each case, the cash flow projections were based on financial budgets for a three-year period, approved by senior management, with a growth assumption applied for later years.

A summary of the goodwill for each cash-generating unit is presented below:

	2023 $'000	2022 $'000
Guardian General Insurance Limited	97,459	97,459
Guardian Insurance Limited	153,977	153,977
Guardian General Insurance Jamaica Limited	6,553	6,578
Vanguard Risk Solutions Limited (formerly Fidelity Insurance (Cayman) Limited)	68,401	68,661
Thoma Exploitatie B.V.	132,235	126,191
Royal & Sun Alliance Insurance (Antilles) N.V.	26,593	26,695
Kruit en Venema Assuradeuren B.V.	10,036	9,578
Fatum Brokers Holding B.V.	57,719	57,944
Other	–	549
	552,973	547,632

The key assumptions used for value-in-use calculations are as follows:

	Discount Rate		Growth Rate	
Cash generating unit	**2023**	**2022**	**2023**	**2022**
Guardian General Insurance Limited	10.5%	10.0%	6.8%	5.9%
Guardian Insurance Limited (Trinidad and Tobago based subsidiaries)	10.0%	10.0%	15.3%	10.1%
Guardian Insurance Limited (Jamaica based subsidiary)	12.3%	12.4%	4.0%	6.4%
Guardian General Insurance Jamaica Limited	12.6%	12.0%	5.0%	1.3%
Vanguard Risk Solutions Limited	10.5%	10.0%	2.5%	11.4%
Thoma Exploitatie B.V.	12.4%	10.6%	2.2%	2.0%
Royal & Sun Alliance Insurance (Antilles) N.V.	12.4%	10.0%	2.2%	2.1%
Kruit en Venema Assuradeuren B.V.	12.4%	10.6%	2.2%	2.0%
Fatum Brokers Holding B.V.	12.4%	10.5%-11.1%	2.2%	2.1%

8. Intangible assets (continued)

Goodwill (continued)

Discount rates: Discount rates represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates: Rates are based on published industry research and management's expected performance of each cash-generating unit.

Based on the results of the above review, no impairment expense was required for goodwill.

9. Investment in associated companies

	2023 $'000	2022 $'000
Balance at beginning of year	313,095	298,174
Share of after tax profits	15,259	19,594
Share of other comprehensive income	3,148	49
Dividends received	(13,622)	(4,385)
Impairment of associated company	(8,641)	–
Exchange rate adjustments	(464)	(337)
Balance at end of year	308,775	313,095

The summarised financial information below, for the Group's principal associates (see Note 41), represents amounts shown in the respective associate's financial statements prepared in accordance with IFRS Accounting Standards (adjusted by the Group for equity accounting purposes).

	RoyalStar Holdings Limited		RGM Limited		EIKM Holdings Ltd	
	2023 $'000	2022 Restated $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Total assets	941,105	907,338	862,214	887,587	514	7,015
Total liabilities	(480,956)	(472,879)	(297,842)	(321,068)	(454)	(160)
Equity	460,149	434,459	564,372	566,519	60	6,855
Group share of net assets	120,651	113,915	188,124	188,840	15	1,714
Goodwill on acquisition	–	–	–	–	8,626	8,626
Impairment of associated company	–	–	–	–	(8,641)	–
Carrying amount of investment	120,651	113,915	188,124	188,840	–	10,340
Revenue	835,428	692,639	61,469	168,682	598	45
Profit/(loss) for the year	31,446	50,922	26,140	21,433	(6,795)	(3,608)
Other comprehensive income/(loss)	12,735	–	(573)	147	–	–
Total comprehensive income/(loss)	44,181	50,922	25,567	21,580	(6,795)	(3,608)
Dividends received during the year	4,384	4,385	9,238	–	–	–

The associated companies had no significant contingent liabilities or capital commitments as at 31 December 2023 or 2022.

10. Investment securities

	2023 Carrying value $'000	2023 Fair value $'000	2022 Carrying value $'000	2022 Fair value $'000
Investment securities	23,416,318	23,553,388	21,752,633	22,040,541
Investment securities of mutual fund unit holders	1,673,497	1,657,646	1,741,039	1,737,598
	25,089,815	25,211,034	23,493,672	23,778,139
Investment securities mandatorily measured at fair value through profit or loss (FVPL-M)	11,724,655	11,724,655	8,913,088	8,913,088
Investment securities measured at fair value through other comprehensive income (FVOCI)	5,644,681	5,644,681	5,863,017	5,863,017
Investment securities measured at amortised cost (AC)	7,720,479	7,841,698	8,717,567	9,002,034
Total investment securities	25,089,815	25,211,034	23,493,672	23,778,139

	Carrying value			Fair value
	FVPL-M 2023 $'000	FVOCI 2023 $'000	AC 2023 $'000	AC 2023 $'000
Equity securities:				
- Listed	3,323,797	–	–	–
- Unlisted	339,045	–	–	–
	3,662,842	–	–	–
Debt securities:				
- Government securities	6,867,022	2,639,935	5,270,305	5,364,173
- Debentures and corporate bonds	982,811	2,798,113	830,596	816,648
	7,849,833	5,438,048	6,100,901	6,180,821
Deposits (more than 90 days)	16,199	122,309	1,519,129	1,527,912
Other	86,981	–	–	–
	103,180	122,309	1,519,129	1,527,912
	11,615,855	5,560,357	7,620,030	7,708,733
Interest receivable	108,800	84,324	132,965	132,965
Loss allowance	–	–	(32,516)	–
	11,724,655	5,644,681	7,720,479	7,841,698
Current	754,567	1,894,095	1,043,116	
Non-current	10,970,088	3,750,586	6,677,363	
	11,724,655	5,644,681	7,720,479	

The loss allowance on investment securities measured at fair value through other comprehensive income is recognised against other comprehensive income and accumulated in the fair value reserve. The total loss allowance accumulated in fair value reserve is $16,005,000 (2022: $30,028,000).

The carrying amount of investment securities that were pledged as collateral for liabilities was $240,267,000 (2022: $192,622,000).

Investment securities are pledged as collateral primarily as part of sales and repurchases and securities borrowing transactions under terms that are usual and customary for such activities. In addition, as part of these transactions, the Group has received collateral that it is permitted to resell or repledge in the absence of default.

Debentures and corporate bonds measured at fair value through profit or loss includes an equity index-linked option, which expires in December 2028. The carrying and fair value of the option was $43,931,000 (2022: $29,708,000) and the Group also recognised a fair value gain of $14,223,000 (2022: fair value loss of $11,354,000) in the consolidated statement of income.

As at 31 December 2023, the fair value of investment securities accepted as collateral that the Group is permitted to sell or repledge in the absence of default was $94,753,000 (2022: $71,434,000). No securities were sold or repledged during the year.

10. Investment securities (continued)

	Carrying value			Fair value
	FVPL-M 2022 $'000	**FVOCI 2022 $'000**	**AC 2022 $'000**	**AC 2022 $'000**
Equity securities:				
- Listed	3,219,394	–	–	–
- Unlisted	309,289	–	–	–
	3,528,683	–	–	–
Debt securities:				
- Government securities	4,469,196	2,576,731	6,114,641	6,377,264
- Debentures and corporate bonds	577,651	2,975,880	785,803	761,779
	5,046,847	5,552,611	6,900,444	7,139,043
Deposits (more than 90 days)	187,684	223,920	1,710,795	1,707,721
Other	78,856	–	–	–
	266,540	223,920	1,710,795	1,707,721
	8,842,070	5,776,531	8,611,239	8,846,764
Interest receivable	71,018	86,486	155,270	155,270
Loss allowance	–	–	(48,942)	–
	8,913,088	5,863,017	8,717,567	9,002,034
Current	554,200	1,280,083	1,255,331	
Non-current	8,358,888	4,582,934	7,462,236	
	8,913,088	5,863,017	8,717,567	

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

	Annuities 2023 $'000	**Unit linked life and interest sensitive with guarantees 2023 $'000**	**Annuities 2022 $'000**	**Unit linked life and interest sensitive with guarantees 2022 $'000**
Equity securities:				
- Listed	1,543,586	575,694	1,516,799	588,052
- Unlisted	56,490	11,251	60,459	10,729
	1,600,076	586,945	1,577,258	598,781
Debt securities:				
- Government securities	3,033,798	1,714,762	2,494,230	1,402,853
- Debentures and corporate bonds	380,165	212,030	324,095	158,157
	3,413,963	1,926,792	2,818,325	1,561,010
Deposits (more than 90 days)	–	4,303	92,132	83,978
Other	–	523	–	525
	–	4,826	92,132	84,503
	5,014,039	2,518,563	4,487,715	2,244,294
Interest receivable	38,351	23,967	38,036	22,864
Loss allowance	–	–	–	–
	5,052,390	2,542,530	4,525,751	2,267,158
Current	–	5,726	92,132	84,602
Non-current	5,052,390	2,536,804	4,433,619	2,182,557
	5,052,390	2,542,530	4,525,751	2,267,159

11. Loans and receivables

	2023 $'000	2022 $'000
Mortgage loans	711,747	506,665
Commercial and other loans	745,403	613,515
Fronting contracts and insurance brokerage receivables	257,543	356,434
Interest receivable	7,624	7,039
Other receivables	392,787	451,128
Loss allowance	(135,266)	(139,471)
	1,979,838	1,795,310
Current	667,129	751,282
Non-current	1,312,709	1,044,028
	1,979,838	1,795,310

The carrying amounts of loans and receivables are reasonable approximations of their fair values. There were no loans and receivables pledged as collateral for liabilities at year end (2022: nil).

12. Properties for development and sale

	2023 $'000	2022 $'000
Pointe Simon (Note 7)	84,527	96,122
The Cambridge and The Camden	82,896	–
	167,423	96,122
Properties carried at net realisable value	84,527	96,122
Properties carried at cost	82,896	–
	167,423	96,122

Properties for development and sale comprise the Group's investment in one component of the Pointe Simon urban re-development project in Fort de France, Martinique and two properties in Jamaica, namely the Cambridge and the Camden.

During 2014, the Group sold the hotel component of the development to a Martinique incorporated company known as Sas Compagnie Hoteliere de la Pointe Simon (CHPS). As part of the sale negotiation, the Group acquired a 24% interest in CHPS for nominal consideration. The Group financed the sale to CHPS and at 31 December 2023 the outstanding balance, included in loans and other receivables, was €9.5 million (2022: €10.1 million). During 2020, the original terms of the loan were modified. The loan has three components, with terms as follows:

1. €9.8 million repayable over 6 years, with a bullet at maturity (December 2026) based on the amount outstanding. Interest is based on EURIBOR 12 Months + 10% margin floored at 1.5%.
2. €0.5 million repayable over 2.5 years. Interest is based on EURIBOR 12 Months + 10% margin floored at 1.5%. This component was fully repaid in June 2023.
3. €0.3 million repayable at maturity (December 2026) or any date prior to maturity. Interest is based on EURIBOR 12 Months + 10% margin floored at 1.5%.

13. Pension plan assets/liabilities

The following information explains the quantification of the assets and liabilities recognised in the consolidated statement of financial position and the net income for the year in accordance with the provisions of IAS 19.

	Pension plan asset		Pension plan liability		Net pension plan asset/(liability)	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Fair value of pension plan assets	531,020	507,383	463,141	445,787	994,161	953,170
Less: Present value of funded obligations	(437,467)	(394,900)	(480,574)	(486,081)	(918,041)	(880,981)
	93,553	112,483	(17,433)	(40,294)	76,120	72,189
Less: Present value of unfunded obligations	(559)	(574)	–	–	(559)	(574)
	92,994	111,909	(17,433)	(40,294)	75,561	71,615

The amount in the consolidated statement of income is made up as follows:	**2023 $'000**	**2022 $'000**
Net interest expense	(140)	2,136
Current service cost	(23,655)	(22,191)
Past service cost	(1,160)	(2,763)
Administration expenses	(1,783)	(1,218)
Total pension cost (Note 31)	(26,738)	(24,036)

The remeasurement of pension plan obligation in other comprehensive income is made up as follows:

Actuarial gains and losses arising during the period from:		
- changes in financial assumptions	1,165	89,382
- experience adjustment	(2,402)	(48,041)
	(1,237)	41,341

The movement in the fair value of pension plan assets of the year is as follows:

Balance at beginning of year	953,170	987,863
Administration expenses	(1,783)	(1,218)
Benefit payments	(44,229)	(44,591)
Company contributions	32,340	31,326
Contributions by plan participants	2,050	1,677
Settlements	2,491	–
Remeasurement arising from experience adjustment	(1,353)	(74,111)
Interest income	54,002	53,419
Exchange rate adjustments	(2,527)	(1,195)
Balance at end of year	994,161	953,170

13. Pension plan assets/liabilities (continued)

The movement in the obligation to plan members over the year is as follows:	2023 $'000	2022 $'000
Balance at beginning of year	881,555	964,712
Current service cost	23,655	22,191
Interest cost	54,142	51,283
Past service cost	1,160	2,763
Contributions by plan participants	2,050	1,677
Remeasurement arising from changes in financial assumptions	(1,165)	(89,382)
Remeasurement arising from experience adjustment	1,049	(26,070)
Settlements	2,491	–
Benefits paid	(44,230)	(44,591)
Exchange rate adjustments	(2,107)	(1,028)
Balance at end of year	918,600	881,555

The principal actuarial assumptions used for accounting purposes were:

	2023	2022
Discount rates	5.6% - 7.6%	5.1% - 10.8%
Future salary increases	0.0% - 5.3%	0.0% - 5.0%
Post-retirement mortality	GAM94/NIS2012	GAM94/NIS2012
Pre-retirement mortality	GAM94/NIS2012	GAM94/NIS2012
Withdrawal from service	Ignored/Yes	Ignored/Yes
Future pension increases	Ignored / 3.5%	Ignored / 3.5%
Proportion of employees opting for early retirement	Ignored	Ignored
Life expectancy of pensioners at the age of 65 - male	17.4 to 18.3 years	17.0 to 18.3 years
Life expectancy of pensioners at the age of 65 - female	21.8 to 22.2 years	21.8 to 22.1 years

The actual return on plan assets was $46,100,000 (2022: $20,674,000).

Pension plan assets are comprised as follows:	2023 $'000	2023 %	2022 $'000	2022 %
Quoted investments				
Equity securities				
- Trinidad and Tobago	137,551	13.8%	144,921	15.2%
- Non-Caribbean	40,368	4.1%	36,549	3.8%
Government securities				
- Trinidad and Tobago	179,653	18.0%	166,138	17.4%
- Non-Caribbean	51,371	5.2%	30,114	3.2%
Corporate bonds				
- Trinidad and Tobago	42,338	4.3%	45,689	4.8%
- Non-Caribbean	131,922	13.3%	139,959	14.7%
Unquoted investments				
Government securities				
- Other Caribbean	81,123	8.2%	84,035	8.8%
Cash and cash equivalents	21,108	2.1%	14,476	1.5%
Property	44,051	4.4%	37,050	3.9%
Other	264,676	26.6%	254,239	26.7%
	994,161	100.0%	953,170	100.0%

The defined benefit plan assets as at 31 December 2023 include investments in the Group's managed mutual funds of $11,069,000 (2022: $10,807,000). Included in the plan's assets is a property with a fair value of $44,051,000 (2022: $37,050,000), which is not occupied by the Group.

Contributions from the defined contribution plan are invested in a deposit administration contract. The deposit administration contract is part of a general fund, which is managed by a Group subsidiary.

The Group's expected contributions to its defined benefit pension plans for the year ending 31 December 2024 are $30,918,000.

The duration of the defined benefit plans obligation at the end of the reporting period is 10 to 21 years (2022: 10 to 20 years).

13. Pension plan assets/liabilities (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2023 is shown below:

	Impact on the net defined benefit obligation	
	Increase	**Decrease**
	$'000	**$'000**
1% increase/decrease in discount rate	(86,629)	106,080
1% increase/decrease in future salary increases	18,308	(16,069)
1% increase/decrease in future pension increases	41,934	(35,894)
Life expectancy increase/decrease by 1 year - male	7,546	(7,774)
Life expectancy increase/decrease by 1 year - female	12,656	(12,968)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

14. Deferred taxation

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

	2023	**2022**
	$'000	**$'000**
Deferred tax assets:		
- To be recovered after more than 12 months	141,155	116,687
- To be recovered within 12 months	18,193	22,610
	159,348	139,297
Deferred tax liabilities:		
- Crystallizing after more than 12 months	(277,923)	(236,088)
- Crystallizing within 12 months	(9,509)	(16,236)
	(287,432)	(252,324)
Net deferred tax liability	(128,084)	(113,027)

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

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

	2023	**2022**
	$'000	**$'000**
Balance at beginning of year	(113,027)	(97,858)
(Charged)/credited to:		
- statement of income (Note 33)	(75,855)	27,114
- other comprehensive income	(43,880)	(41,102)
Other movements: Recognition of deferred tax credits (see Note (a) below)	104,485	–
Exchange rate adjustments	193	(1,181)
Balance at end of year	(128,084)	(113,027)

(a) The Group recognised a deferred tax asset of $104,485,000 as a result of tax credits obtained by the Jamaican life subsidiary effective 1 January 2023. Movements in this deferred tax asset (unused tax credits) is disclosed below.

14. Deferred taxation (continued)

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

	Balance at beginning of year $'000	Credited/(charged) to Statement of income $'000	Credited/(charged) to Other comprehensive income $'000	Other movements $'000	Exchange rate adjustments $'000	Balance at end of year $'000
2023						
Accelerated tax depreciation	(39,037)	15,111	–	–	268	(23,658)
Tax losses carried forward	56,013	(30,090)	–	–	(34)	25,889
Unused tax credits	–	(10,282)	–	104,485	(2,207)	91,996
Investments at fair value through profit or loss	(108,261)	(32,658)	–	12,149	1,180	(127,590)
Investments at fair value through other comprehensive income	28,430	1,663	(873)	(12,149)	(522)	16,549
Allowance for expected credit losses	10,050	(1,134)	1,712	–	(30)	10,598
Intangibles	(6,788)	1,428	–	–	(99)	(5,459)
Revaluation of properties	(41,680)	5	(119)	–	915	(40,879)
Insurance and reinsurance contracts	18,174	(16,459)	(41,362)	–	485	(39,162)
Investment in associated companies	(32,657)	(1,158)	(1,002)	–	133	(34,684)
Other	2,729	(2,281)	(2,236)	–	104	(1,684)
	(113,027)	(75,855)	(43,880)	104,485	193	(128,084)
2022						
Accelerated tax depreciation	(43,059)	4,128	–	–	(106)	(39,037)
Tax losses carried forward	39,049	17,023	–	–	(59)	56,013
Investments at fair value through profit or loss	(132,722)	36,904	–	(11,872)	(571)	(108,261)
Investments at fair value through other comprehensive income	(29,616)	1,470	44,435	11,872	269	28,430
Allowance for expected credit losses	14,327	(4,437)	190	–	(30)	10,050
Intangibles	(9,404)	2,385	–	–	231	(6,788)
Revaluation of properties	(21,078)	(709)	(19,489)	–	(404)	(41,680)
Insurance and reinsurance contracts	78,158	1,722	(61,362)	–	(344)	18,174
Investment in associated companies	(12,884)	(19,828)	–	–	55	(32,657)
Other	19,371	(11,544)	(4,876)	–	(222)	2,729
	(97,858)	27,114	(41,102)	–	(1,181)	(113,027)

There are tax losses relating to subsidiaries that are available for set-off against future chargeable profits of $480,832,000 (2022: $531,172,000). These tax losses expire over varying periods. No deferred tax asset has been recognised on tax losses carried forward of $358,578,000 (2022: $267,882,000), due to the uncertain timing of their recovery. Some of these losses have not yet been agreed with the respective tax authorities.

Deferred tax assets amounting to $7,333,000 (2022: $31,349,000) have been recognised within subsidiaries that have suffered tax losses either in the current or previous tax periods. The Group believes that the deferred tax asset can be recognised based on expectations of future taxable profits.

15. Insurance contracts

15.1 Composition of the consolidated statement of financial position

	Traditional life and interest sensitive without guarantees $'000	Annuities $'000	Unit linked life and interest sensitive with guarantees $'000	Short-term group life and health contracts $'000	Property and casualty $'000	Total $'000
As at 31 December 2023						
Net Insurance contract liabilities						
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	3,554,040	15,263,616	1,554,140	161,232	1,565,780	22,098,808
As represented by:						
- Insurance contract liability	3,615,380	15,263,616	1,565,393	171,917	1,585,505	22,201,811
- Insurance contract asset	(61,340)	–	(11,253)	(10,685)	(19,725)	(103,003)
	3,554,040	15,263,616	1,554,140	161,232	1,565,780	22,098,808
As at 31 December 2022						
Net Insurance contract liabilities						
- Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	3,719,940	14,870,613	1,258,949	200,128	1,463,718	21,513,348
As represented by:						
- Insurance contract liability	3,797,716	14,870,632	1,275,445	209,204	1,464,888	21,617,885
- Insurance contract asset	(77,776)	(19)	(16,496)	(9,076)	(1,170)	(104,537)
	3,719,940	14,870,613	1,258,949	200,128	1,463,718	21,513,348

	2023 $'000	2022 $'000
Insurance contract liability		
Current portion	1,404,802	1,397,198
Non-current portion	20,797,009	20,220,687
	22,201,811	21,617,885
Insurance contract asset		
Current portion	44,799	28,382
Non-current potion	58,204	76,155
	103,003	104,537

15. Insurance contracts (continued)

15.1 Composition of the consolidated statement of financial position (continued)

	Traditional life and interest sensitive without guarantees $'000	Annuities $'000	Unit linked life and interest sensitive with guarantees $'000	Short-term group life and health contracts $'000	Property and casualty $'000	Total $'000
As at 31 December 2023						
Net Reinsurance contract assets						
- Reinsurance contract assets excluding other pre-recognition cash flows	26,733	–	–	77,736	486,800	591,269
As represented by:						
- Reinsurance contract liability	(23,483)	–	–	(2,757)	(104,137)	(130,377)
- Reinsurance contract asset	50,216	–	–	80,493	590,937	721,646
	26,733	–	–	77,736	486,800	591,269
As at 31 December 2022						
Net Reinsurance contract assets						
- Reinsurance contract assets excluding other pre-recognition cash flows	(36,894)	–	–	66,723	373,492	403,321
As represented by:						
- Reinsurance contract liability	(42,516)	–	–	(1,085)	(393,807)	(437,408)
- Reinsurance contract asset	5,622	–	–	67,808	767,299	840,729
	(36,894)	–	–	66,723	373,492	403,321

	2023 $'000	2022 $'000
Reinsurance contract liability		
Current portion	53,029	190,521
Non-current portion	77,348	246,887
	130,377	437,408
Reinsurance contract asset		
Current portion	330,736	575,631
Non-current potion	390,910	265,098
	721,646	840,729

15. Insurance contracts (continued)

15.2 Insurance revenue and expenses

15.2.1 Insurance revenue and insurance service result

For the year ended 31 December 2023	Traditional life and interest sensitive without guarantees $'000	Annuities $'000	Unit linked life and interest sensitive with guarantees $'000	Short-term group life and health contracts $'000	Property and casualty $'000	Total $'000
Insurance revenue						
Amounts relating to the charges in the LRC:						
- Expected incurred claims and other directly attributable expenses	228,074	599,393	235,377	–	–	1,062,844
- Change in the risk adjustment for non-financial risk for the risk expired	32,281	10,181	42,526	–	–	84,988
- CSM recognised for the services provided	82,110	121,564	82,592	–	–	286,266
- Insurance acquisition cash flows recovery	41,754	8,191	31,739	–	–	81,684
Insurance revenue from contracts not measured under the PAA	384,219	739,329	392,234	–	–	1,515,782
Insurance revenue from contracts measured under the PAA	–	–	–	1,180,721	2,742,882	3,923,603
Total insurance revenue	384,219	739,329	392,234	1,180,721	2,742,882	5,439,385
Insurance service expenses						
Incurred claims and other directly attributable expenses	(202,143)	(574,690)	(370,692)	(1,009,987)	(761,876)	(2,919,388)
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	–	44,208	22,901	67,109
Losses on onerous contracts and reversal of those losses	(36,420)	(90,053)	(36,308)	–	–	(162,781)
Insurance acquisition cash flows amortisation	(41,754)	(8,191)	(31,739)	(120,783)	(466,785)	(669,252)
Total insurance service expenses	(280,317)	(672,934)	(438,739)	(1,086,562)	(1,205,760)	(3,684,312)

15. Insurance contracts (continued)

15.2 Insurance revenue and expenses (continued)

15.2.1 Insurance revenue and insurance service result (continued)

For the year ended 31 December 2023 (continued)	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Short-term group life and health contracts $'000**	**Property and casualty $'000**	**Total $'000**
Net income (expenses) from reinsurance contracts held						
Amounts relating to the changes in the remaining coverage:						
- Expected incurred claims and other directly attributable expenses recovery	(60,321)	–	–	–	–	(60,321)
- Change in the risk adjustment for non-financial risk for the risk expired	(4,374)	–	–	–	–	(4,374)
- CSM recognised for the services received	(3,242)	–	–	–	–	(3,242)
- Experience adjustments – arising from premiums received in the period other than those that relate to future service	19	–	–	–	–	19
Reinsurance expenses - contracts not measured under the PAA	(67,918)	–	–	–	–	(67,918)
Reinsurance expenses - contracts measured under the PAA	–	–	–	(89,055)	(1,398,213)	(1,487,268)
Other incurred directly attributable expenses	(3,188)	–	–	(1,746)	(8,805)	(13,739)
Incurred claims recovery	224,834	–	–	68,799	255,802	549,435
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	–	–	–	(1,772)	(32,459)	(34,231)
Income on initial recognition of onerous underlying contracts	540	–	–	–	–	540
Reinsurance contracts held under the GMM: Changes in the FCF of reinsurance contracts held from onerous underlying contracts	(134)	–	–	–	–	(134)
Total net income (expenses) from reinsurance contracts held	154,134	–	–	(23,774)	(1,183,675)	(1,053,315)
Total insurance service result	258,036	66,395	(46,505)	70,385	353,447	701,758

15. Insurance contracts (continued)

15.2 Insurance revenue and expenses (continued)

15.2.1 Insurance revenue and insurance service result (continued)

For the year ended 31 December 2022	Traditional life and interest sensitive without guarantees $'000	Annuities $'000	Unit linked life and interest sensitive with guarantees $'000	Short-term group life and health contracts $'000	Property and casualty $'000	Total $'000
Insurance revenue						
Amounts relating to the charges in the LRC:						
- Expected incurred claims and other directly attributable expenses	207,756	553,089	209,928	–	–	970,773
- Change in the risk adjustment for non-financial risk for the risk expired	29,906	12,158	47,180	–	–	89,244
- CSM recognised for the services provided	60,382	133,400	81,750	–	–	275,532
- Insurance acquisition cash flows recovery	8,849	1,252	1,303	–	–	11,404
Insurance revenue from contracts not measured under the PAA	306,893	699,899	340,161	–	–	1,346,953
Insurance revenue from contracts measured under the PAA	–	–	–	1,061,607	2,456,780	3,518,387
Total insurance revenue	306,893	699,899	340,161	1,061,607	2,456,780	4,865,340
Insurance service expenses						
Incurred claims and other directly attributable expenses	(210,277)	(535,684)	(263,855)	(900,252)	(716,306)	(2,626,374)
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	–	34,689	(154,106)	(119,417)
Losses on onerous contracts and reversal of those losses	(34,200)	(66,110)	5,400	–	–	(94,910)
Insurance acquisition cash flows amortisation	(8,849)	(1,252)	(1,303)	(92,989)	(424,777)	(529,170)
Total insurance service expenses	(253,326)	(603,046)	(259,758)	(958,552)	(1,295,189)	(3,369,871)

15. Insurance contracts (continued)

15.2 Insurance revenue and expenses (continued)

15.2.1 Insurance revenue and insurance service result (continued)

For the year ended 31 December 2022 (continued)	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Short-term group life and health contracts $'000**	**Property and casualty $'000**	**Total $'000**
Net income (expenses) from reinsurance contracts held						
Amounts relating to the changes in the remaining coverage:						
- Expected incurred claims and other directly attributable expenses recovery	(57,782)	–	–	–	–	(57,782)
- Change in the risk adjustment for non-financial risk for the risk expired	(4,574)	–	–	–	–	(4,574)
- CSM recognised for the services received	(82)	–	–	–	–	(82)
Reinsurance expenses - contracts not measured under the PAA	(62,438)	–	–	–	–	(62,438)
Reinsurance expenses - contracts measured under the PAA	–	–	–	(93,174)	(1,153,617)	(1,246,791)
Other incurred directly attributable expenses	(4,242)	–	–	(2,278)	(9,665)	(16,185)
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–	–
Incurred claims recovery	68,363	–	–	71,121	197,160	336,644
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	–	–	–	(1,253)	170,838	169,585
Income on initial recognition of onerous underlying contracts	(71)	–	–	–	–	(71)
Total net income (expenses) from reinsurance contracts held	1,612	–	–	(25,584)	(795,284)	(819,256)
Total insurance service result	55,179	96,853	80,403	77,471	366,307	676,213

15. Insurance contracts (continued)

15.2 Insurance revenue and expenses (continued)

15.2.2 Amounts determined on transition to IFRS 17

For insurance contracts measured under the GMM and/or the VFA, an analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables. Insurance contracts measured under the PAA are not included in these tables because the Group applied the full retrospective approach to such contracts (refer to Note 2.1(a)).

	2023			
Insurance contracts issued	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Total $'000**
Insurance revenue				
- New contracts and contracts measured under the full retrospective approach at transition	110,403	18,783	64,637	193,823
- Contracts measured under the fair value approach at transition	273,816	720,546	327,597	1,321,959
	384,219	739,329	392,234	1,515,782
CSM as at 31 December				
- New contracts and contracts measured under the full retrospective approach at transition	251,210	163,891	192,309	607,410
- Contracts measured under the fair value approach at transition	481,452	1,779,455	611,456	2,872,363
	732,662	1,943,346	803,765	3,479,773

Reinsurance contracts held	**Long-term business $'000**
CSM as at 31 December	
- New contracts and contracts measured under the full retrospective approach at transition	1,707
- Contracts measured under the fair value approach at transition	46,402
	48,109

15. Insurance contracts (continued)

15.2 Insurance revenue and expenses (continued)

15.2.2 Amounts determined on transition to IFRS 17 (continued)

	2022			
Insurance contracts issued	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Total $'000**
Insurance revenue				
- New contracts and contracts measured under the full retrospective approach at transition	37,952	40,197	35,694	113,843
- Contracts measured under the fair value approach at transition	268,941	659,702	304,467	1,233,110
	306,893	699,899	340,161	1,346,953
CSM as at 31 December				
- New contracts and contracts measured under the full retrospective approach at transition	114,117	89,991	105,050	309,158
- Contracts measured under the fair value approach at transition	458,072	1,394,291	651,131	2,503,494
	572,189	1,484,282	756,181	2,812,652

Reinsurance contracts held	**Long-term business $'000**
CSM as at 31 December	
- New contracts and contracts measured under the full retrospective approach at transition	538
- Contracts measured under the fair value approach at transition	(5,020)
	(4,482)

On transition to IFRS 17, for certain groups of insurance contracts in the Annuities Segment and in the Unit linked life and interest sensitive with guarantees Segment, the Group determined the cumulative insurance finance income and expenses recognised in OCI at 1 January 2022 using the fair value approach (see Note 2.1(a)). The movement in the fair value reserve for the debt investments at FVOCI related to those groups of contracts was as follows:

	2023 $'000	2022 $'000
Balance at beginning of year	(364,455)	59,208
Net change in fair value	114,800	(460,962)
Related income tax	2,377	39,010
Exchange rate adjustments	3,776	(1,711)
Balance at end of year	(243,502)	(364,455)

15. Insurance contracts (continued)

15.2.3 Expected recognition of the contractual service margin

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

	Insurance contracts issued			
Number of years until expected to be recognised	Traditional life and interest sensitive without guarantees $'000	Annuities $'000	Unit linked life and interest sensitive with guarantees $'000	Total CSM for insurance contracts issued $'000
As at 31 December 2023				
Up to 1 year	90,705	150,076	92,440	333,221
1 to 3 years	151,659	278,297	155,554	585,510
3 to 5 years	122,448	250,621	122,365	495,434
5 to 10 years	254,176	536,149	198,705	989,030
More than 10 years	113,674	728,203	234,701	1,076,578
Total	732,662	1,943,346	803,765	3,479,773
As at 31 December 2022				
Up to 1 year	68,081	132,095	85,720	285,896
1 to 3 years	115,844	247,195	145,657	508,696
3 to 5 years	94,790	223,697	115,275	433,762
5 to 10 years	196,974	501,902	191,441	890,317
More than 10 years	96,500	379,393	218,088	693,981
Total	572,189	1,484,282	756,181	2,812,652

	Long-term business - Reinsurance contracts held	
	2023 $'000	2022 $'000
Number of years until expected to be recognised		
Up to 1 year	(6,272)	555
1 to 3 years	(9,982)	1,110
3 to 5 years	(7,294)	1,101
5 to 10 years	(10,395)	2,713
More than 10 years	(14,166)	(997)
Total	(48,109)	4,482

15. Insurance contracts (continued)

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

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

	2023			
	LRC			
	Excluding loss component $'000	Loss component $'000	LIC $'000	Total $'000
Opening insurance contract liabilities	2,927,369	31,405	838,942	3,797,716
Opening insurance contract assets	(111,105)	3,465	29,864	(77,776)
Net balance at 1 January	2,816,264	34,870	868,806	3,719,940
Insurance revenue	(384,219)	–	–	(384,219)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	(5,597)	207,740	202,143
Losses on onerous contracts and reversal of those losses	–	36,420	–	36,420
Insurance acquisition cash flows amortisation	41,754	–	–	41,754
Insurance service expenses	41,754	30,823	207,740	280,317
Insurance service result	(342,465)	30,823	207,740	(103,902)
Finance (income) expenses from insurance contracts issued	(23,560)	1,680	–	(21,880)
Total amounts recognised in comprehensive income	(366,025)	32,503	207,740	(125,782)
Investment components	(343,786)	–	343,786	–
Cash flows				
Premiums received	671,438	–	–	671,438
Claims and other directly attributable expenses paid	–	–	(485,872)	(485,872)
Insurance acquisition cash flows	(189,440)	–	–	(189,440)
Total cash flows	481,998	–	(485,872)	(3,874)
Exchange rate adjustments	(33,417)	(277)	(2,550)	(36,244)
Net balance as at 31 December	2,555,034	67,096	931,910	3,554,040
Closing insurance contract liabilities	2,659,460	62,442	893,478	3,615,380
Closing insurance contract assets	(104,426)	4,654	38,432	(61,340)
Net balance as at 31 December	2,555,034	67,096	931,910	3,554,040

15. Insurance contracts (continued)

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

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

	2022			
	LRC			
	Excluding loss component $'000	Loss component $'000	LIC $'000	Total $'000
Opening insurance contract liabilities	3,092,564	–	798,028	3,890,592
Opening insurance contract asset	–	–	–	–
Net balance at 1 January	3,092,564	–	798,028	3,890,592
Insurance revenue	(306,893)	–	–	(306,893)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	422	209,855	210,277
Losses on onerous contracts and reversal of those losses	–	34,200	–	34,200
Insurance acquisition cash flows amortisation	8,849	–	–	8,849
Insurance service expenses	8,849	34,622	209,855	253,326
Insurance service result	(298,044)	34,622	209,855	(53,567)
Finance (income) expenses from insurance contracts issued	(146,894)	275	–	(146,619)
Total amounts recognised in comprehensive income	(444,938)	34,897	209,855	(200,186)
Investment components	(311,783)	–	311,783	–
Cash flows				
Premiums received	634,246	–	–	634,246
Claims and other directly attributable expenses paid	–	–	(451,559)	(451,559)
Insurance acquisition cash flows	(166,631)	–	–	(166,631)
Total cash flows	467,615	–	(451,559)	16,056
Exchange rate adjustments	12,806	(27)	699	13,478
Net balance as at 31 December	2,816,264	34,870	868,806	3,719,940
Closing insurance contract liabilities	2,927,369	31,405	838,942	3,797,716
Closing insurance contract assets	(111,105)	3,465	29,864	(77,776)
Net balance as at 31 December	2,816,264	34,870	868,806	3,719,940

15. Insurance contracts (continued)

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

15.3.2 Reconciliation of the measurement components of insurance contract balances

	2023			
	Present value of future cash flows $'000	**Risk adjustment for non-financial risk $'000**	**Contractual service margin $'000**	**Total $'000**
Opening insurance contract liabilities	3,138,691	164,653	494,372	3,797,716
Opening insurance contract asset	(197,029)	41,436	77,817	(77,776)
Net balance at 1 January	2,941,662	206,089	572,189	3,719,940
Changes that relate to current service				
CSM recognised for the services provided	–	–	(82,110)	(82,110)
Change in the risk adjustment for non-financial risk for the risk expired	–	(32,281)	–	(32,281)
Experience adjustments – relating to insurance service expenses	(25,931)	–	–	(25,931)
	(25,931)	(32,281)	(82,110)	(140,322)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(43,762)	(2,156)	45,918	–
Changes in estimates that result in onerous contract losses or reversal of losses	39,433	(4,264)	–	35,169
Contracts initially recognised in the period	(217,786)	36,159	182,878	1,251
	(222,115)	29,739	228,796	36,420
Insurance service result	(248,046)	(2,542)	146,686	(103,902)
Finance (income) expenses from insurance contracts issued	(45,027)	3,279	19,868	(21,880)
Total amounts recognised in comprehensive income	(293,073)	737	166,554	(125,782)
Cash flows				
Premiums received	671,438	–	–	671,438
Claims and other directly attributable expenses paid	(485,872)	–	–	(485,872)
Insurance acquisition cash flows	(189,440)	–	–	(189,440)
Total cash flows	(3,874)	–	–	(3,874)
Exchange rate adjustments	(28,808)	(1,355)	(6,081)	(36,244)
Net balance as at 31 December	2,615,907	205,471	732,662	3,554,040
Closing insurance contract liabilities	2,877,486	152,015	585,879	3,615,380
Closing insurance contract assets	(261,579)	53,456	146,783	(61,340)
Net balance as at 31 December	2,615,907	205,471	732,662	3,554,040

15. Insurance contracts (continued)

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

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

	2022			
	Present value of future cash flows $'000	**Risk adjustment for non-financial risk $'000**	**Contractual service margin $'000**	**Total $'000**
Opening insurance contract liabilities	3,259,694	215,513	415,385	3,890,592
Opening insurance contract asset	–	–	–	–
Net balance at 1 January	3,259,694	215,513	415,385	3,890,592
Changes that relate to current service				
CSM recognised for the services provided	–	–	(60,382)	(60,382)
Change in the risk adjustment for non-financial risk for the risk expired	–	(29,906)	–	(29,906)
Experience adjustments – relating to insurance service expenses	2,521	–	–	2,521
	2,521	(29,906)	(60,382)	(87,767)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(40,367)	(6,197)	46,572	8
Changes in estimates that result in onerous contract losses or reversal of losses	31,957	(202)	–	31,755
Contracts initially recognised in the period	(186,232)	31,703	156,966	2,437
	(194,642)	25,304	203,538	34,200
Insurance service result	(192,121)	(4,602)	143,156	(53,567)
Finance (income) expenses from insurance contracts issued	(151,629)	(6,414)	11,424	(146,619)
Total amounts recognised in comprehensive income	(343,750)	(11,016)	154,580	(200,186)
Cash flows				
Premiums received	634,246	–	–	634,246
Claims and other directly attributable expenses paid	(451,559)	–	–	(451,559)
Insurance acquisition cash flows	(166,631)	–	–	(166,631)
Total cash flows	16,056	–	–	16,056
Exchange rate adjustments	9,662	1,592	2,224	13,478
Net balance as at 31 December	2,941,662	206,089	572,189	3,719,940
Closing insurance contract liabilities	3,138,691	164,653	494,372	3,797,716
Closing insurance contract assets	(197,029)	41,436	77,817	(77,776)
Net balance as at 31 December	2,941,662	206,089	572,189	3,719,940

15. Insurance contracts (continued)

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

15.3.3 Impact of contracts recognised for the year

	Non-onerous contracts originated $'000	Onerous contracts originated $'000	Total $'000
31 December 2023			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	76,965	1,665	78,630
- Claims and other directly attributable expenses	361,988	3,729	365,717
Estimates of the present value of future cash outflows	438,953	5,394	444,347
Estimates of the present value of future cash inflows	(657,733)	(4,400)	(662,133)
Risk adjustment for non-financial risk	35,902	257	36,159
CSM	182,878	–	182,878
Increase in insurance contract liabilities from contracts recognised in the period	–	1,251	1,251
31 December 2022			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	59,552	1,969	61,521
- Claims and other directly attributable expenses	307,489	12,403	319,892
Estimates of the present value of future cash outflows	367,041	14,372	381,413
Estimates of the present value of future cash inflows	(555,197)	(12,448)	(567,645)
Risk adjustment for non-financial risk	31,190	513	31,703
CSM	156,966	–	156,966
Increase in insurance contract liabilities from contracts recognised in the period	–	2,437	2,437

15. Insurance contracts (continued)

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

15.3.4 Amounts determined on transition to IFRS 17

	New contracts and contracts measured under the full retrospective approach $'000	Contracts measured under the fair value approach $'000	Total $'000
31 December 2023			
Insurance revenue	110,403	273,816	384,219
CSM as at 1 January	114,117	458,072	572,189
Changes that relate to current			
CSM recognised for the services provided	(23,581)	(58,529)	(82,110)
Changes that relate to future			
Changes in estimates that adjust the CSM	(26,182)	72,100	45,918
Contracts initially recognised in the period	182,878	–	182,878
	133,115	13,571	146,686
Finance expenses from insurance contracts issued	5,314	14,554	19,868
Total amounts recognised in comprehensive income	138,429	28,125	166,554
Exchange rate adjustments	(1,336)	(4,745)	(6,081)
CSM as at 31 December	251,210	481,452	732,662
31 December 2022			
Insurance revenue	37,952	268,941	306,893
CSM as at 1 January	–	415,385	415,385
Changes that relate to current			
CSM recognised for the services provided	(7,095)	(53,287)	(60,382)
Changes that relate to future			
Changes in estimates that adjust the CSM	(37,702)	84,274	46,572
Contracts initially recognised in the period	156,966	–	156,966
	112,169	30,987	143,156
Finance expenses from insurance contracts issued	1,598	9,826	11,424
Total amounts recognised in comprehensive income	113,767	40,813	154,580
Exchange rate adjustments	350	1,874	2,224
CSM as at 31 December	114,117	458,072	572,189

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

15. Insurance contracts (continued)

15.4 Long term business - Reinsurance contracts held

15.4.1 Reconciliation of the remaining coverage and incurred claims

	2023			
	Remaining coverage			
	Excluding loss-recovery component $'000	Loss-recovery component $'000	Incurred claims $'000	Total $'000
Opening reinsurance contract assets	4,484	–	1,138	5,622
Opening reinsurance contract liabilities	(78,671)	–	36,155	(42,516)
Net balance as at 1 January	(74,187)	–	37,293	(36,894)
Net income (expenses) from reinsurance contracts held				
- Reinsurance expenses	(67,937)	–	–	(67,937)
- Other incurred directly attributable expenses	–	–	(3,188)	(3,188)
- Incurred claims recovery	–	(21)	224,855	224,834
- Income on initial recognition of onerous underlying contracts	–	540	–	540
- Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	–	19	–	19
- Changes in the FCF of reinsurance contracts held from onerous underlying contracts	–	(134)	–	(134)
Net income (expenses) from reinsurance contracts held	(67,937)	404	221,667	154,134
Finance income from reinsurance	(2,550)	–	–	(2,550)
Total amounts recognised in comprehensive income	(70,487)	404	221,667	151,584
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	93,011	–	2,976	95,987
Recoveries from reinsurance	–	–	(184,394)	(184,394)
Total cash flows	93,011	–	(181,418)	(88,407)
Exchange rate adjustments	647	(2)	(195)	450
Net balance as at 31 December	(51,016)	402	77,347	26,733
Closing reinsurance contract assets	(16,550)	10	66,756	50,216
Closing reinsurance contract liabilities	(34,466)	392	10,591	(23,483)
Net balance as at 31 December	(51,016)	402	77,347	26,733

15. Insurance contracts (continued)

15.4 Long term business - Reinsurance contracts held (continued)

15.4.1 Reconciliation of the remaining coverage and incurred claims (continued)

	2022			
	Remaining coverage			
	Excluding loss-recovery component $'000	Loss-recovery component $'000	Incurred claims $'000	Total $'000
Opening reinsurance contract assets	–	–	–	–
Opening reinsurance contract liabilities	(111,118)	–	35,045	(76,073)
Net balance as at 1 January	(111,118)	–	35,045	(76,073)
Net income (expenses) from reinsurance contracts held				
- Reinsurance expenses	(62,438)	–	–	(62,438)
- Other incurred directly attributable expenses	–	–	(4,242)	(4,242)
- Incurred claims recovery	–	72	68,291	68,363
- Income on initial recognition of onerous underlying contracts	–	(71)	–	(71)
Net income (expenses) from reinsurance contracts held	(62,438)	1	64,049	1,612
Finance income (expenses) from reinsurance contracts held	2,131	–	–	2,131
Total amounts recognised in comprehensive income	(60,307)	1	64,049	3,743
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	97,548	–	4,097	101,645
Recoveries from reinsurance	–	–	(65,990)	(65,990)
Total cash flows	97,548	–	(61,893)	35,655
Exchange rate adjustments	(310)	(1)	92	(219)
Net balance as at 31 December	(74,187)	–	37,293	(36,894)
Closing reinsurance contract assets	4,484	–	1,138	5,622
Closing reinsurance contract liabilities	(78,671)	–	36,155	(42,516)
Net balance as at 31 December	(74,187)	–	37,293	(36,894)

15. Insurance contracts (continued)

15.4 Long term business - Reinsurance contracts held (continued)

15.4.2 Reconciliation of the measurement components of reinsurance contract balances

	2023			
	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Opening reinsurance contract assets	4,423	–	1,199	5,622
Opening reinsurance contract liabilities	(66,984)	30,149	(5,681)	(42,516)
Net balance as at 1 January	(62,561)	30,149	(4,482)	(36,894)
Changes that relate to current service				
- CSM recognised for the services received	–	–	(3,242)	(3,242)
- Change in the risk adjustment for non-financial risk for the risk expired	–	(4,374)	–	(4,374)
- Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	161,325	–	–	161,325
	161,325	(4,374)	(3,242)	153,709
Changes that relate to future				
- Changes in estimates that adjust the CSM	(56,723)	1,494	55,229	–
- Contracts initially recognised in the period	22	(135)	113	–
- CSM adjustment for income on initial recognition of onerous underlying contracts	–	–	540	540
- Changes in the FCF of reinsurance contracts held from onerous underlying contracts	(114)	(20)	–	(134)
- Experience adjustments – arising from ceded premiums paid in the period that relate to future service	–	–	19	19
	(56,815)	1,339	55,901	425
Net income (expenses) from reinsurance contracts held	104,510	(3,035)	52,659	154,134
Finance income (expenses) from reinsurance contracts held	(4,189)	1,404	235	(2,550)
Total amounts recognised in comprehensive income	100,321	(1,631)	52,894	151,584
Cash flows				
- Premiums paid net of ceding commissions and other directly attributable expenses paid	95,987	–	–	95,987
- Recoveries from reinsurance	(184,394)	–	–	(184,394)
Total cash flows	(88,407)	–	–	(88,407)
Exchange rate adjustments	573	180	(303)	450
Net balance as at 31 December	(50,074)	28,698	48,109	26,733
Closing reinsurance contract assets	(25,220)	27,936	47,500	50,216
Closing reinsurance contract liabilities	(24,854)	762	609	(23,483)
Net balance as at 31 December	(50,074)	28,698	48,109	26,733

15. Insurance contracts (continued)

15.4 Long term business - Reinsurance contracts held (continued)

15.4.2 Reconciliation of the measurement components of reinsurance contract balances (continued)

	2022			
	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Opening reinsurance contract assets	–	–	–	–
Opening reinsurance contract liabilities	(110,065)	33,992	–	(76,073)
Net balance as at 1 January	(110,065)	33,992	–	(76,073)
Changes that relate to current service				
- CSM recognised for the services received	–	–	(82)	(82)
- Change in the risk adjustment for non-financial risk for the risk expired	–	(4,574)	–	(4,574)
- Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	6,339	–	–	6,339
	6,339	(4,574)	(82)	1,683
Changes that relate to future				
- Changes in estimates that adjust the CSM	4,233	169	(4,402)	–
- Contracts initially recognised in the period	(84)	84	–	–
- CSM adjustment for income on initial recognition of onerous underlying contracts	–	–	(71)	(71)
	4,149	253	(4,473)	(71)
Net income (expenses) from reinsurance contracts held	10,488	(4,321)	(4,555)	1,612
- Finance income from reinsurance contracts held	1,678	420	33	2,131
Total amounts recognised in comprehensive income	12,166	(3,901)	(4,522)	3,743
Cash flows				
- Premiums paid net of ceding commissions and other directly attributable expenses paid	101,645	–	–	101,645
- Recoveries from reinsurance	(65,990)	–	–	(65,990)
Total cash flows	35,655	–	–	35,655
Exchange rate adjustments	(317)	58	40	(219)
Net balance as at 31 December	(62,561)	30,149	(4,482)	(36,894)
Closing reinsurance contract assets	4,423	–	1,199	5,622
Closing reinsurance contract liabilities	(66,984)	30,149	(5,681)	(42,516)
Net balance as at 31 December	(62,561)	30,149	(4,482)	(36,894)

15. Insurance contracts (continued)

15.4 Long term business - Reinsurance contracts held (continued)

15.4.3 Impact of contracts recognised in the year

	Contracts originated not in a net gain $'000	Contracts originated in a net gain $'000	Total $'000
31 December 2023			
Estimates of the present value of future cash outflows	(96)	(2,110)	(2,206)
Estimates of the present value of future cash inflows	143	2,085	2,228
Risk adjustment for non-financial risk	(11)	(124)	(135)
CSM	(36)	149	113
Increase in reinsurance contract assets from contracts recognised in the period	–	–	–
31 December 2022			
Estimates of the present value of future cash outflows	(84)	–	(84)
Risk adjustment for non-financial risk	84	–	84
Increase in reinsurance contract assets from contracts recognised in the period	–	–	–

15. Insurance contracts (continued)

15.4 Long term business - Reinsurance contracts held (continued)

15.4.4 Amounts determined on transition to IFRS 17

	New contracts and contracts measured under the full retrospective approach $'000	Contracts measured under the fair value approach $'000	Total $'000
31 December 2023			
CSM as at 1 January	538	(5,020)	(4,482)
Changes that relate to current service			
- CSM recognised for the services received	(79)	(3,163)	(3,242)
Changes that relate to future service			
- Changes in estimates that adjust the CSM	576	54,653	55,229
- Contracts initially recognised in the period	113	–	113
- Adjustment for income on initial recognition of onerous underlying contracts	540	–	540
- Experience adjustments – arising from ceded premiums paid in the period that relate to future service	–	19	19
	1,150	51,509	52,659
Finance income from reinsurance contracts held	26	209	235
Total amounts recognised in comprehensive income	1,176	51,718	52,894
Exchange rate adjustments	(7)	(296)	(303)
CSM as at 31 December	1,707	46,402	48,109
31 December 2022			
CSM as at 1 January	–	–	–
Changes that relate to current service			
- CSM recognised for the services received	(26)	(56)	(82)
Changes that relate to future service			
- Changes in estimates that adjust the CSM	634	(5,036)	(4,402)
- Adjustment for income on initial recognition of onerous underlying contracts	(71)	–	(71)
	537	(5,092)	(4,555)
Finance income from reinsurance contracts held	3	30	33
Total amounts recognised in comprehensive income	540	(5,062)	(4,522)
Exchange rate adjustments	(2)	42	40
CSM as at 31 December	538	(5,020)	(4,482)

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

15. Insurance contracts (continued)

15.5 Unit linked life and Interest sensitive with guarantees - Insurance contracts issued

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

	2023			
	LRC			
	Excluding loss component $'000	Loss component $'000	LIC $'000	Total $'000
Opening insurance contract liabilities	1,116,653	706	158,086	1,275,445
Opening insurance contract assets	(74,914)	–	58,418	(16,496)
Net balance as at 1 January	1,041,739	706	216,504	1,258,949
Insurance revenue	(392,234)	–	–	(392,234)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	(1,324)	372,016	370,692
Losses on onerous contracts and reversal of those losses	–	36,308	–	36,308
Insurance acquisition cash flows	31,739	–	–	31,739
Insurance service expenses	31,739	34,984	372,016	438,739
Insurance service result	(360,495)	34,984	372,016	46,505
Finance expenses from insurance contracts issued	121,590	21	–	121,611
Total amounts recognised in comprehensive income	(238,905)	35,005	372,016	168,116
Investment components	(311,463)	–	311,463	–
Cash flows				
Premiums received	938,828	–	–	938,828
Claims and other directly attributable expenses paid	–	–	(644,174)	(644,174)
Insurance acquisition cash flows	(167,236)	–	–	(167,236)
Total cash flows	771,592	–	(644,174)	127,418
Exchange rate adjustments	1,721	(324)	(1,740)	(343)
Net balance as at 31 December	1,264,684	35,387	254,069	1,554,140
Closing insurance contract liabilities	1,275,937	35,387	254,069	1,565,393
Closing insurance contract assets	(11,253)	–	–	(11,253)
Net balance as at 31 December	1,264,684	35,387	254,069	1,554,140

15. Insurance contracts (continued)

15.5 Unit linked life and Interest sensitive with guarantees - Insurance contracts issued (continued)

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

	2022			
	LRC			
	Excluding loss component $'000	Loss component $'000	LIC $'000	Total $'000
Opening insurance contract liabilities	1,061,822	–	173,591	1,235,413
Opening insurance contract assets	(92,846)	–	51,636	(41,210)
Net balance as at 1 January	968,976	–	225,227	1,194,203
Insurance revenue	(340,161)	–	–	(340,161)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	6,108	257,747	263,855
Losses on onerous contracts and reversal of those losses	–	(5,400)	–	(5,400)
Insurance acquisition cash flows	1,303	–	–	1,303
Insurance service expenses	1,303	708	257,747	259,758
Insurance service result	(338,858)	708	257,747	(80,403)
Finance income from insurance contracts issued	(3,834)	–	–	(3,834)
Total amounts recognised in comprehensive income	(342,692)	708	257,747	(84,237)
Investment components	(325,810)	–	325,810	–
Cash flows				
Premiums received	902,884	–	–	902,884
Claims and other directly attributable expenses paid	-	–	(592,964)	(592,964)
Insurance acquisition cash flows	(160,640)	–	–	(160,640)
Total cash flows	742,244	–	(592,964)	149,280
Exchange rate adjustments	(979)	(2)	684	(297)
Net balance as at 31 December	1,041,739	706	216,504	1,258,949
Closing insurance contract liabilities	1,116,653	706	158,086	1,275,445
Closing insurance contract assets	(74,914)	–	58,418	(16,496)
Net balance as at 31 December	1,041,739	706	216,504	1,258,949

15. Insurance contracts (continued)

15.5 Unit linked life and Interest sensitive with guarantees - Insurance contracts issued (continued)

15.5.2 Reconciliation of the measurement components of insurance contract balances

	2023			
	Present value of future cash flows $'000	**Risk adjustment for non-financial risk $'000**	**Contractual service margin $'000**	**Total $'000**
Opening insurance contract liabilities	481,474	176,282	617,689	1,275,445
Opening insurance contract assets	(242,588)	87,600	138,492	(16,496)
Net balance as at 1 January	238,886	263,882	756,181	1,258,949
Changes that relate to current				
- CSM recognised for the services provided	–	–	(82,592)	(82,592)
- Change in the risk adjustment for non-financial risk for the risk expired	–	(42,526)	–	(42,526)
- Experience adjustments – relating to insurance service expenses	135,315	–	–	135,315
	135,315	(42,526)	(82,592)	10,197
Changes that relate to future				
- Changes in estimates that adjust the CSM	(61,775)	(28)	61,803	–
- Changes in estimates that result in onerous contract losses or reversal of losses	33,488	2,648	–	36,136
- Contracts initially recognised in the period	(107,404)	35,816	71,760	172
	(135,691)	38,436	133,563	36,308
Insurance service result	(376)	(4,090)	50,971	46,505
Finance expenses from insurance contracts issued	121,611	–	–	121,611
Total amounts recognised in comprehensive income	121,235	(4,090)	50,971	168,116
Cash flows				
Premiums received	938,828	–	–	938,828
Claims and other directly attributable expenses paid	(644,174)	–	–	(644,174)
Insurance acquisition cash flows	(167,236)	–	–	(167,236)
Total cash flows	127,418	–	–	127,418
Exchange rate adjustments	10,432	(7,388)	(3,387)	(343)
Net balance as at 31 December	497,971	252,404	803,765	1,554,140
Closing insurance contract liabilities	509,224	252,404	803,765	1,565,393
Closing insurance contract assets	(11,253)	–	–	(11,253)
Net balance as at 31 December	497,971	252,404	803,765	1,554,140

15. Insurance contracts (continued)

15.5 Unit linked life and Interest sensitive with guarantees - Insurance contracts issued (continued)

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

	2022			
	Present value of future cash flows $'000	**Risk adjustment for non-financial risk $'000**	**Contractual service margin $'000**	**Total $'000**
Opening insurance contract liabilities	406,419	184,940	644,054	1,235,413
Opening insurance contract assets	(164,349)	102,437	20,702	(41,210)
Net balance as at 1 January	242,070	287,377	664,756	1,194,203
Changes that relate to current				
- CSM recognised for the services provided	–	–	(81,750)	(81,750)
- Change in the risk adjustment for non-financial risk for the risk expired	–	(47,180)	–	(47,180)
- Experience adjustments – relating to insurance service expenses	53,927	–	–	53,927
	53,927	(47,180)	(81,750)	(75,003)
Changes that relate to future				
- Changes in estimates that adjust the CSM	(72,279)	(14,202)	86,481	–
- Changes in estimates that result in onerous contract losses or reversal of losses	(2,321)	(3,079)	–	(5,400)
- Contracts initially recognised in the period	(125,046)	39,787	85,259	–
	(199,646)	22,506	171,740	(5,400)
Insurance service result	(145,719)	(24,674)	89,990	(80,403)
Finance income from insurance contracts issued	(3,834)	–	–	(3,834)
Total amounts recognised in comprehensive income	(149,553)	(24,674)	89,990	(84,237)
Cash flows				
Premiums received	902,884	–	–	902,884
Claims and other directly attributable expenses paid	(592,964)	–	–	(592,964)
Insurance acquisition cash flows	(160,640)	–	–	(160,640)
Total cash flows	149,280	–	–	149,280
Exchange rate adjustments	(2,911)	1,179	1,435	(297)
Net balance as at 31 December	238,886	263,882	756,181	1,258,949
Closing insurance contract liabilities	481,474	176,282	617,689	1,275,445
Closing insurance contract assets	(242,588)	87,600	138,492	(16,496)
Net balance as at 31 December	238,886	263,882	756,181	1,258,949

15. Insurance contracts (continued)

15.5 Unit linked life and Interest sensitive with guarantees - Insurance contracts issued (continued)

15.5.3 Impact of contracts recognised for the year

	Non-onerous contracts originated $'000	Onerous contracts originated $'000	Total $'000
31 December 2023			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	140,757	27,327	168,084
- Claims and other directly attributable expenses	413,770	43,193	456,963
Estimates of the present value of future cash outflows	554,527	70,520	625,047
Estimates of the present value of future cash inflows	(657,627)	(74,824)	(732,451)
Risk adjustment for non-financial risk	31,340	4,476	35,816
CSM	71,760	–	71,760
Increase in insurance contract liabilities from contracts recognised in the period	–	172	172
31 December 2022			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	162,596	–	162,596
- Claims and other directly attributable expenses	446,165	–	446,165
Estimates of the present value of future cash outflows	608,761	–	608,761
Estimates of the present value of future cash inflows	(733,807)	–	(733,807)
Risk adjustment for non-financial risk	39,787	–	39,787
CSM	85,259	–	85,259
Increase in insurance contract liabilities from contracts recognised in the period	–	–	–

15. Insurance contracts (continued)

15.5 Unit linked life and Interest sensitive with guarantees - Insurance contracts issued (continued)

15.5.4 Amounts determined on transition to IFRS 17

	New contracts and contracts measured under the full retrospective approach $'000	Contracts measured under the fair value approach $'000	Total $'000
31 December 2023			
Insurance revenue	64,637	327,597	392,234
CSM as at 1 January	105,050	651,131	756,181
Changes that relate to current			
CSM recognised for the services provided	(14,726)	(67,866)	(82,592)
Changes that relate to future			
Changes in estimates that adjust the CSM	32,253	29,550	61,803
Contracts initially recognised in the	71,760	–	71,760
Total amounts recognised in comprehensive income	89,287	(38,316)	50,971
Exchange rate adjustments	(2,028)	(1,359)	(3,387)
CSM as at 31 December	192,309	611,456	803,765
31 December 2022			
Insurance revenue	35,694	304,467	340,161
CSM as at 1 January	–	664,756	664,756
Changes that relate to current			
CSM recognised for the services provided	(5,041)	(76,709)	(81,750)
Changes that relate to future			
Changes in estimates that adjust the CSM	24,084	62,397	86,481
Contracts initially recognised in the	85,259	–	85,259
Total amounts recognised in comprehensive income	104,302	(14,312)	89,990
Exchange rate adjustments	748	687	1,435
CSM as at 31 December	105,050	651,131	756,181

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

15. Insurance contracts (continued)

15.6 Annuities - Insurance contracts issued

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

	2023			
	LRC			
	Excluding loss component $'000	Loss component $'000	LIC $'000	Total $'000
Opening insurance contract liabilities	14,561,336	65,912	243,384	14,870,632
Opening insurance contract assets	–	–	(19)	(19)
Net balance as at 1 January	14,561,336	65,912	243,365	14,870,613
Insurance revenue	(739,329)	–	–	(739,329)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	(10,660)	585,350	574,690
Losses on onerous contracts and reversal of those losses	–	90,053	–	90,053
Insurance acquisition cash flows amortisation	8,191	–	–	8,191
Insurance service expenses	8,191	79,393	585,350	672,934
Insurance service result	(731,138)	79,393	585,350	(66,395)
Finance income (expenses) from insurance contracts issued	269,470	89,505	–	358,975
Total amounts recognised in comprehensive income	(461,668)	168,898	585,350	292,580
Investment components	(726,142)	–	726,142	–
Cash flows				
Premiums received	1,533,865	–	–	1,533,865
Claims and other directly attributable expenses paid	–	–	(1,316,229)	(1,316,229)
Insurance acquisition cash flows	(46,858)	–	–	(46,858)
Total cash flows	1,487,007	–	(1,316,229)	170,778
Exchange rate adjustments	(69,103)	(584)	(668)	(70,355)
Net balance as at 31 December	14,791,430	234,226	237,960	15,263,616
Closing insurance contract liabilities	14,791,430	234,226	237,960	15,263,616
Closing insurance contract assets	–	–	–	–
Net balance as at 31 December	14,791,430	234,226	237,960	15,263,616

15. Insurance contracts (continued)

15.6 Annuities - Insurance contracts issued (continued)

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

	2022			
	LRC			
	Excluding loss component $'000	Loss component $'000	LIC $'000	Total $'000
Opening insurance contract liabilities	14,729,311	–	205,415	14,934,726
Opening insurance contract assets	–	–	–	–
Net balance as at 1 January	14,729,311	–	205,415	14,934,726
Insurance revenue	(699,899)	–	–	(699,899)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	(776)	536,460	535,684
Losses on onerous contracts and reversal of those losses	–	66,110	–	66,110
Insurance acquisition cash flows amortisation	1,252	–	–	1,252
Insurance service expenses	1,252	65,334	536,460	603,046
Insurance service result	(698,647)	65,334	536,460	(96,853)
Finance (income) expenses from insurance contracts issued	(302,996)	398	–	(302,598)
Total amounts recognised in comprehensive income	(1,001,643)	65,732	536,460	(399,451)
Investment components	(832,464)	–	832,464	–
Cash flows				
Premiums received	1,716,620	–	–	1,716,620
Claims and other directly attributable expenses paid	–	–	(1,330,836)	(1,330,836)
Insurance acquisition cash flows	(57,916)	–	–	(57,916)
Total cash flows	1,658,704	–	(1,330,836)	327,868
Exchange rate adjustments	7,428	180	(138)	7,470
Net balance as at 31 December	14,561,336	65,912	243,365	14,870,613
Closing insurance contract liabilities	14,561,336	65,912	243,384	14,870,632
Closing insurance contract assets	–	–	(19)	(19)
Net balance as at 31 December	14,561,336	65,912	243,365	14,870,613

15. Insurance contracts (continued)

15.6 Annuities - Insurance contracts issued (continued)

15.6.2 Reconciliation of the measurement components of insurance contract balances

	2023			
	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Opening insurance contract liabilities	13,191,661	194,689	1,484,282	14,870,632
Opening insurance contract assets	(19)	–	–	(19)
Net balance as at 1 January	13,191,642	194,689	1,484,282	14,870,613
Changes that relate to current				
- CSM recognised for the services	–	-	(121,564)	(121,564)
- Change in the risk adjustment for non-financial risk for the risk expired	–	(10,181)	–	(10,181)
- Experience adjustments – relating to insurance service expenses	(24,703)	-	–	(24,703)
	(24,703)	(10,181)	(121,564)	(156,448)
Changes that relate to future				
- Changes in estimates that adjust the CSM (see Note (a) below)	(476,231)	(5,735)	481,963	(3)
- Changes in estimates that result in onerous contract losses or reversal of losses	74,825	(7,380)	–	67,445
- Contracts initially recognised in the period	(47,754)	7,561	62,804	22,611
	(449,160)	(5,554)	544,767	90,053
Insurance service result	(473,863)	(15,735)	423,203	(66,395)
Finance expenses (income) from insurance contracts issued	328,284	(3,179)	33,870	358,975
Total amounts recognised in comprehensive income	(145,579)	(18,914)	457,073	292,580
Cash flows				
Premiums received	1,533,865	–	–	1,533,865
Claims and other directly attributable expenses paid	(1,316,229)	–	–	(1,316,229)
Insurance acquisition cash flows	(46,858)	–	–	(46,858)
Total cash flows	170,778	–	–	170,778
Exchange rate adjustments	(78,387)	6,041	1,991	(70,355)
Net balance as at 31 December	13,138,454	181,816	1,943,346	15,263,616
Closing insurance contract liabilities	13,138,454	181,816	1,943,346	15,263,616
Closing insurance contract assets	–	–	–	–
Net balance as at 31 December	13,138,454	181,816	1,943,346	15,263,616

(a) Adjustment to the CSM in 2023 within the annuities category was primarily driven by model refinements within the period.

15. Insurance contracts (continued)

15.6 Annuities - Insurance contracts issued (continued)

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

	2022			
	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Opening insurance contract liabilities	13,255,979	209,843	1,468,904	14,934,726
Opening insurance contract assets	–	–	–	–
Net balance as at 1 January	13,255,979	209,843	1,468,904	14,934,726
Changes that relate to current				
- CSM recognised for the services	–	–	(133,400)	(133,400)
- Change in the risk adjustment for non-financial risk for the risk expired	–	(12,158)	–	(12,158)
- Experience adjustments – relating to insurance service expenses	(17,405)	–	–	(17,405)
	(17,405)	(12,158)	(133,400)	(162,963)
Changes that relate to future				
- Changes in estimates that adjust the CSM	66,194	(2,010)	(64,192)	(8)
- Changes in estimates that result in onerous contract losses or reversal of losses	49,386	(647)	–	48,739
- Contracts initially recognised in the period	(177,933)	8,781	186,531	17,379
	(62,353)	6,124	122,339	66,110
Insurance service result	(79,758)	(6,034)	(11,061)	(96,853)
Finance (income) expenses from insurance contracts issued	(316,850)	(9,821)	24,073	(302,598)
Total amounts recognised in comprehensive income	(396,608)	(15,855)	13,012	(399,451)
Cash flows				
Premiums received	1,716,620	–	–	1,716,620
Claims and other directly attributable expenses paid	(1,330,836)	–	–	(1,330,836)
Insurance acquisition cash flows	(57,916)	–	–	(57,916)
Total cash flows	327,868	–	–	327,868
Exchange rate adjustments	4,403	701	2,366	7,470
Net balance as at 31 December	13,191,642	194,689	1,484,282	14,870,613
Closing insurance contract liabilities	13,191,661	194,689	1,484,282	14,870,632
Closing insurance contract assets	(19)	–	–	(19)
Net balance as at 31 December	13,191,642	194,689	1,484,282	14,870,613

15. Insurance contracts (continued)

15.6 Annuities - Insurance contracts issued (continued)

15.6.3 Impact of contracts recognised for the year

	Non-onerous contracts originated $'000	Onerous contracts originated $'000	Total $'000
31 December 2023			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	20,718	5,800	26,518
- Claims and other directly attributable expenses	415,857	169,480	585,337
Estimates of the present value of future cash outflows	436,575	175,280	611,855
Estimates of the present value of future cash inflows	(505,484)	(154,125)	(659,609)
Risk adjustment for non-financial risk	6,105	1,456	7,561
CSM	62,804	–	62,804
Increase in insurance contract liabilities from contracts recognised in the period	–	22,611	22,611
31 December 2022			
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	24,520	10,556	35,076
- Claims and other directly attributable expenses	606,102	169,441	775,543
Estimates of the present value of future cash outflows	630,622	179,997	810,619
Estimates of the present value of future cash inflows	(823,830)	(164,722)	(988,552)
Risk adjustment for non-financial risk	6,677	2,104	8,781
CSM	186,531	–	186,531
Increase in insurance contract liabilities from contracts recognised in the period	–	17,379	17,379

15. Insurance contracts (continued)

15.6 Annuities - Insurance contracts issued (continued)

15.6.4 Amounts determined on transition to IFRS 17

	New contracts and contracts measured under the full retrospective approach $'000	Contracts measured under the fair value approach $'000	Total $'000
31 December 2023			
Insurance revenue	18,783	720,546	739,329
CSM as at 1 January	89,991	1,394,291	1,484,282
Changes that relate to current			
- CSM recognised for the services provided	(5,968)	(115,596)	(121,564)
Changes that relate to future			–
- Changes in estimates that adjust the CSM	14,845	467,118	481,963
- Contracts initially recognised in the period	62,804	–	62,804
	71,681	351,522	423,203
Finance expenses from insurance contracts issued	2,714	31,156	33,870
Total amounts recognised in comprehensive income	74,395	382,678	457,073
Exchange rate adjustments	(495)	2,486	1,991
CSM as at 31 December	163,891	1,779,455	1,943,346
31 December 2022			
Insurance revenue	40,197	659,702	699,899
CSM as at 1 January	–	1,468,904	1,468,904
Changes that relate to current			
- CSM recognised for the services provided	(2,048)	(131,352)	(133,400)
Changes that relate to future			–
- Changes in estimates that adjust the CSM	(96,864)	32,672	(64,192)
- Contracts initially recognised in the period	186,531	–	186,531
	87,619	(98,680)	(11,061)
Finance expenses from insurance contracts issued	2,347	21,726	24,073
Total amounts recognised in comprehensive income	89,966	(76,954)	13,012
Exchange rate adjustments	25	2,341	2,366
CSM as at 31 December	89,991	1,394,291	1,484,282

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

15. Insurance contracts (continued)

15.7 Short-term group life and health - Insurance contracts issued

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

	2023				
	LRC	LRC	LIC	LIC	
	Excluding loss component $'000	Loss component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening insurance contract liabilities	99,085	–	96,553	13,566	209,204
Opening insurance contract assets	(66,730)	–	54,901	2,753	(9,076)
Net balance as at 1 January	32,355	–	151,454	16,319	200,128
Insurance revenue	(1,180,721)	–	–	–	(1,180,721)
Insurance service expenses					
Incurred claims and other directly attributable expenses	–	–	967,195	42,792	1,009,987
Changes that relate to past service					
– changes in the FCF relating to the LIC	–	–	–	(44,208)	(44,208)
Insurance acquisition cash flows amortisation	120,783	–	–	–	120,783
Insurance service expenses	120,783	–	967,195	(1,416)	1,086,562
Insurance service result	(1,059,938)	–	967,195	(1,416)	(94,159)
Finance (income) expenses from insurance contracts issued	–	–	–	–	–
Total amounts recognised in comprehensive income	(1,059,938)	–	967,195	(1,416)	(94,159)
Cash flows					
Premiums received	1,119,390	–	–	–	1,119,390
Claims and other directly attributable expenses paid	–	–	(950,286)	–	(950,286)
Insurance acquisition cash flows	(112,936)	–	–	–	(112,936)
Total cash flows	1,006,454	–	(950,286)	–	56,168
Exchange rate adjustment	4,130	–	(4,956)	(79)	(905)
Net balance as at 31 December	(16,999)	–	163,407	14,824	161,232
Closing insurance contract liabilities	12,207	–	145,741	13,969	171,917
Closing insurance contract assets	(29,206)	–	17,666	855	(10,685)
Net balance as at 31 December	(16,999)	–	163,407	14,824	161,232

15. Insurance contracts (continued)

15.7 Short-term group life and health - Insurance contracts issued (continued)

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

	2022				
	LRC	LRC	LIC	LIC	
	Excluding loss component $'000	Loss component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening insurance contract liabilities	64,853	–	152,655	15,667	233,175
Opening insurance contract assets	(128)	–	(3,815)	–	(3,943)
Net balance as at 1 January	64,725	–	148,840	15,667	229,232
Insurance revenue	(1,061,607)	–	–	–	(1,061,607)
Insurance service expenses					
Incurred claims and other directly attributable expenses	–	–	864,889	35,363	900,252
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	–	(34,689)	(34,689)
Insurance acquisition cash flows amortisation	92,989	–	–	–	92,989
Insurance service expenses	92,989	–	864,889	674	958,552
Insurance service result	(968,618)	–	864,889	674	(103,055)
Finance (income) expenses from insurance contracts issued	–	–	–	–	–
Total amounts recognised in comprehensive income	(968,618)	–	864,889	674	(103,055)
Cash flows					
Premiums received	1,042,531	–	–	–	1,042,531
Claims and other directly attributable expenses paid	–	–	(862,477)	–	(862,477)
Insurance acquisition cash flows	(106,777)	–	–	–	(106,777)
Total cash flows	935,754	–	(862,477)	–	73,277
Exchange rate adjustment	494	–	202	(22)	674
Net balance as at 31 December	32,355	–	151,454	16,319	200,128
Closing insurance contract liabilities	99,085	–	96,553	13,566	209,204
Closing insurance contract assets	(66,730)	–	54,901	2,753	(9,076)
Net balance as at 31 December	32,355	–	151,454	16,319	200,128

15. Insurance contracts (continued)

15.8 Short-term group life and health - Reinsurance contracts held

15.8.1 Reconciliation of the remaining coverage and incurred claims

	2023				
	Remaining coverage		Incurred claims		
	Excluding loss-recovery component $'000	Loss-recovery component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening reinsurance contract assets	6,986	–	55,333	5,489	67,808
Opening reinsurance contract liabilities	(1,748)	–	631	32	(1,085)
Net balance as at 1 January	5,238	–	55,964	5,521	66,723
Net income (expenses) from reinsurance contracts held					
- Reinsurance expenses	(89,055)	–	–	–	(89,055)
- Other incurred directly attributable expenses	–	–	(1,746)	–	(1,746)
- Incurred claims recovery	–	–	67,556	1,243	68,799
- Changes that relate to past service – changes in the FCF relating to incurred claims recovery	–	–	–	(1,772)	(1,772)
Net income (expenses) from reinsurance contracts held	(89,055)	–	65,810	(529)	(23,774)
Finance income (expenses) from reinsurance contracts held	–	–	–	–	–
Total amounts recognised in comprehensive income	(89,055)	–	65,810	(529)	(23,774)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	87,682	–	1,334	–	89,016
Recoveries from reinsurance	–	–	(54,336)	–	(54,336)
Total cash flows	87,682	–	(53,002)	–	34,680
Exchange rate adjustments	554	–	(428)	(19)	107
Net balance as at 31 December	4,419	–	68,344	4,973	77,736
Closing reinsurance contract assets	9,745	–	65,721	5,027	80,493
Closing reinsurance contract liabilities	(5,326)	–	2,623	(54)	(2,757)
Net balance as at 31 December	4,419	–	68,344	4,973	77,736

15. Insurance contracts (continued)

15.8 Short-term group life and health - Reinsurance contracts held (continued)

15.8.1 Reconciliation of the remaining coverage and incurred claims (continued)

	2022				
	Remaining coverage		Incurred claims		
	Excluding loss-recovery component $'000	Loss-recovery component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening reinsurance contract assets	5,528	–	27,933	5,153	38,614
Opening reinsurance contract liabilities	(4,672)	–	3,773	–	(899)
Net balance as at 1 January	856	–	31,706	5,153	37,715
Net income (expenses) from reinsurance contracts held					
- Reinsurance expenses	(93,174)	–	–	–	(93,174)
- Other incurred directly attributable expenses	–	–	(2,278)	–	(2,278)
- Incurred claims recovery	–	–	69,483	1,638	71,121
- Changes that relate to past service – changes in the FCF relating to incurred claims recovery	–	–	–	(1,253)	(1,253)
Net income (expenses) from reinsurance contracts held	(93,174)	–	67,205	385	(25,584)
Finance income (expenses) from reinsurance contracts held	–	–	–	–	–
Total amounts recognised in comprehensive income	(93,174)	–	67,205	385	(25,584)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	97,582	–	1,834	–	99,416
Recoveries from reinsurance	–	–	(44,723)	–	(44,723)
Total cash flows	97,582	–	(42,889)	–	54,693
Exchange rate adjustment	(26)	–	(58)	(17)	(101)
Net balance as at 31 December	5,238	–	55,964	5,521	66,723
Closing reinsurance contract assets	6,986	–	55,333	5,489	67,808
Closing reinsurance contract	(1,748)	–	631	32	(1,085)
Net balance as at 31 December	5,238	–	55,964	5,521	66,723

15. Insurance contracts (continued)

15.9 Property and casualty - Insurance contracts issued

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

	2023				
	LRC	LRC	LIC	LIC	
	Excluding loss component $'000	Loss component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening insurance contract liabilities	424,241	–	953,703	86,944	1,464,888
Opening insurance contract assets	(1,170)	–	–	–	(1,170)
Net balance as at 1 January	423,071	–	953,703	86,944	1,463,718
Insurance revenue	(2,742,882)	–	–	–	(2,742,882)
Insurance service expenses					
Incurred claims and other directly attributable expenses	–	–	732,711	29,165	761,876
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	21,066	(43,967)	(22,901)
Insurance acquisition cash flows amortisation	466,785	–	–	–	466,785
Insurance service expenses	466,785	–	753,777	(14,802)	1,205,760
Insurance service result	(2,276,097)	–	753,777	(14,802)	(1,537,122)
Finance expenses from insurance contracts issued	–	–	29,435	–	29,435
Total amounts recognised in comprehensive income	(2,276,097)	–	783,212	(14,802)	(1,507,687)
Cash flows					
Premiums received	2,790,460	–	–	–	2,790,460
Claims and other directly attributable expenses paid	–	–	(911,190)	–	(911,190)
Insurance acquisition cash flows	(282,395)	–	–	–	(282,395)
Total cash flows	2,508,065	–	(911,190)	–	1,596,875
Exchange rate adjustment	(3,106)	–	14,842	1,138	12,874
Net balance as at 31 December	651,933	–	840,567	73,280	1,565,780
Closing insurance contract liabilities	658,145	–	849,479	77,881	1,585,505
Closing insurance contract assets	(6,212)	–	(8,912)	(4,601)	(19,725)
Net balance as at 31 December	651,933	–	840,567	73,280	1,565,780

15. Insurance contracts (continued)

15.9 Property and casualty - Insurance contracts issued (continued)

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

	2022				
	LRC	LRC	LIC	LIC	
	Excluding loss component $'000	Loss component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening insurance contract liabilities	464,865	–	926,668	107,054	1,498,587
Opening insurance contract assets	(523)	–	–	–	(523)
Net balance as at 1 January	464,342	–	926,668	107,054	1,498,064
Insurance revenue	(2,456,780)	–	–	–	(2,456,780)
Insurance service expenses					
Incurred claims and other directly attributable expenses	–	–	703,037	13,269	716,306
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	185,490	(31,384)	154,106
Insurance acquisition cash flows amortisation	424,777	–	–	–	424,777
Insurance service expenses	424,777	–	888,527	(18,115)	1,295,189
Insurance service result	(2,032,003)	–	888,527	(18,115)	(1,161,591)
Finance expenses from insurance contracts issued	–	–	21,058	–	21,058
Total amounts recognised in comprehensive income	(2,032,003)	–	909,585	(18,115)	(1,140,533)
Cash flows					
Premiums received	2,357,477	–	–	–	2,357,477
Claims and other directly attributable expenses paid	–	–	(850,766)	–	(850,766)
Insurance acquisition cash flows	(359,170)	–	–	–	(359,170)
Total cash flows	1,998,307	–	(850,766)	–	1,147,541
Exchange rate adjustments	(7,575)	–	(31,784)	(1,995)	(41,354)
Net balance as at 31 December	423,071	–	953,703	86,944	1,463,718
Closing insurance contract liabilities	424,241	–	953,703	86,944	1,464,888
Closing insurance contract assets	(1,170)	–	–	–	(1,170)
Net balance as at 31 December	423,071	–	953,703	86,944	1,463,718

15. Insurance contracts (continued)

15.10 Property and casualty - Reinsurance contracts held

15.10.1 Reconciliation of the remaining coverage and incurred claims

	2023				
	Remaining coverage		Incurred claims		
	Excluding loss-recovery component $'000	Loss-recovery component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening reinsurance contract assets	128,940	–	594,554	43,805	767,299
Opening reinsurance contract liabilities	(393,807)	–	–	–	(393,807)
Net balance as at 1 January	(264,867)	–	594,554	43,805	373,492
Net income/(expenses) from reinsurance contracts held					
- Reinsurance expenses	(1,398,213)	–	–	–	(1,398,213)
- Other incurred directly attributable expenses	–	–	(8,805)	–	(8,805)
- Incurred claims recovery	–	–	231,858	23,944	255,802
- Changes that relate to past service – changes in the FCF relating to incurred claims recove	–	–	(5,523)	(26,936)	(32,459)
Net income/(expenses) from reinsurance contracts held	(1,398,213)	–	217,530	(2,992)	(1,183,675)
Finance income from reinsurance contracts held	–	–	2,011	–	2,011
Total amounts recognised in comprehensive income	(1,398,213)	–	219,541	(2,992)	(1,181,664)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	1,548,949	–	3,043	–	1,551,992
Recoveries from reinsurance	–	–	(269,199)	–	(269,199)
Total cash flows	1,548,949	–	(266,156)	–	1,282,793
Exchange rate adjustments	8,142	–	2,856	1,181	12,179
Net balance as at 31 December	(105,989)	–	550,795	41,994	486,800
Closing reinsurance contract assets	(1,897)	–	550,840	41,994	590,937
Closing reinsurance contract liabilities	(104,092)	–	(45)	–	(104,137)
Net balance as at 31 December	(105,989)	–	550,795	41,994	486,800

15. Insurance contracts (continued)

15.10 Property and casualty - Reinsurance contracts held (continued)

15.10.1 Reconciliation of the remaining coverage and incurred claims (continued)

	2022				
	Remaining coverage		Incurred claims		
	Excluding loss-recovery component $'000	Loss-recovery component $'000	Present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening reinsurance contract assets	234,691	–	431,707	63,108	729,506
Opening reinsurance contract liabilities	(177,871)	–	–	–	(177,871)
Net balance as at 1 January	56,820	–	431,707	63,108	551,635
Net income/(expenses) from reinsurance contracts held					
- Reinsurance expenses	(1,153,617)	–	–	–	(1,153,617)
- Other incurred directly attributable expenses	–	–	(9,665)	–	(9,665)
- Incurred claims recovery	–	–	184,372	12,788	197,160
- Changes that relate to past service – changes in the FCF relating to incurred claims recove	–	–	197,463	(26,625)	170,838
Net income/(expenses) from reinsurance contracts held	(1,153,617)	–	372,170	(13,837)	(795,284)
Finance income from reinsurance contracts held	–	–	869	–	869
Total amounts recognised in comprehensive income	(1,153,617)	–	373,039	(13,837)	(794,415)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	827,694	–	4,144	–	831,838
Recoveries from reinsurance	–	–	(189,766)	–	(189,766)
Total cash flows	827,694	–	(185,622)	–	642,072
Exchange rate adjustment	4,236	–	(24,570)	(5,466)	(25,800)
Net balance as at 31 December	(264,867)	–	594,554	43,805	373,492
Closing reinsurance contract assets	128,940	–	594,554	43,805	767,299
Closing reinsurance contract liabilities	(393,807)	–	–	–	(393,807)
Net balance as at 31 December	(264,867)	–	594,554	43,805	373,492

15. Insurance contracts (continued)

15.11 Investment income and insurance finance expenses

For the year ended 31 December 2023	Traditional life and interest sensitive without guarantees $'000	Annuities $'000	Unit linked life and interest sensitive with guarantees $'000	Short-term group life and health contracts $'000	Property and casualty $'000	Other $'000	Total $'000
Net investment income/(expenses) - underlying assets							
- Investment income	330,747	649,386	127,080	1,589	–	–	1,108,802
- Net realised losses on financial assets	(9,540)	(11,788)	(702)	(14)	–	–	(22,044)
- Net impairment losses on financial assets	(10,137)	(11,283)	–	(84)	–	–	(21,504)
- Net fair value gains/(losses) (includes net gain on reclassification of financial assets)	133,702	370,399	6,662	388	–	–	511,151
- Other income	4,212	23,652	1,263	327	–	–	29,454
	448,984	1,020,366	134,303	2,206	–	–	1,605,859
Net investment income/(expenses) - other investments							
- Investment income	–	–	–	7,585	63,685	178,559	249,829
- Net realised gains on financial assets	–	–	–	–	2,055	10,542	12,597
- Net impairment gains/(losses) on financial assets	–	–	–	(299)	(215)	10,192	9,678
- Net realised gains on other assets	–	–	–	–	–	12,902	12,902
- Net fair value (losses)/gains	–	–	–	(106)	(9,735)	1,460	(8,381)
- Other income/(loss)	–	–	–	95	(9,603)	2,205	(7,303)
	–	–	–	7,275	46,187	215,860	269,322
Net investment income/(expenses) - other							
- Fee income	22,033	1,556	222	3,576	33,948	23,395	84,730
- Other income	25	2	–	817	11,826	112,209	124,879
- Net loss on third party interests in mutual funds	–	–	–	–	–	(40,111)	(40,111)
- Investment contract benefits	–	–	–	–	–	(64,869)	(64,869)
- Net fair value adjustments to properties	2,875	–	–	–	(413)	27,335	29,797
	24,933	1,558	222	4,393	45,361	57,959	134,426
Total net investment income	473,917	1,021,924	134,525	13,874	91,548	273,819	2,009,607

Underlying assets are those assets that are either contractually linked to the relevant insurance contracts or they are specifically used to back insurance contracts.

15. Insurance contracts (continued)

15.11 Investment income and insurance finance expenses (continued)

For the year ended 31 December 2023 (continued)	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Short-term group life and health contracts $'000**	**Property and casualty $'000**	**Other $'000**	**Total $'000**
Finance income/(expenses) from insurance contracts issued							
- Changes in fair value of underlying assets of contracts measured under the VFA	–	(315,161)	(121,611)	–	–	–	(436,772)
- Interest accreted	(93,790)	(319,045)	–	–	(28,767)	–	(441,602)
- Effect of changes in interest rates and other financial assumptions	115,693	275,231	–	–	(668)	–	390,256
- Foreign exchange differences	(23)	–	–	–	–	–	(23)
	21,880	(358,975)	(121,611)	–	(29,435)	–	(488,141)
Finance income/(expenses) from reinsurance contracts held							
- Interest accreted	(2,780)	–	–	–	2,039	–	(741)
- Effect of changes in interest rates and other financial assumptions	230	–	–	–	(28)	–	202
- Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	–	–	–	–	–	–	–
	(2,550)	–	–	–	2,011	–	(539)
Net insurance finance income/(expenses)	19,330	(358,975)	(121,611)	–	(27,424)	–	(488,680)
Summary of the amounts recognised in profit or loss							
- Net investment income - underlying assets	421,235	937,695	134,303	2,312	–	13,193	1,508,738
- Net investment income - other investments	–	–	–	7,275	48,485	215,379	271,139
- Net investment income/(expenses) - other	24,933	1,558	222	4,393	45,361	57,959	134,426
- Finance expenses from insurance contracts issued	(90,278)	(545,727)	(121,611)	–	(29,435)	–	(787,051)
- Finance income/(expenses) from reinsurance contracts held	(2,806)	–	–	–	2,011	–	(795)
	353,084	393,526	12,914	13,980	66,422	286,531	1,126,457

15. Insurance contracts (continued)

15.11 Investment income and insurance finance expenses (continued)

For the year ended 31 December 2023 (continued)	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Short-term group life and health contracts $'000**	**Property and casualty $'000**	**Other $'000**	**Total $'000**
Summary of the amounts recognised in OCI							
- Net investment income - underlying assets	27,749	82,671	–	(106)	–	(13,193)	97,121
- Net investment income - other investments	–	–	–	–	(2,298)	481	(1,817)
- Finance income from insurance contracts issued	112,158	186,752	–	–	–	–	298,910
- Finance income from reinsurance contracts held	256	–	–	–	–	–	256
	140,163	269,423	–	(106)	(2,298)	(12,712)	394,470
Summary of the amounts recognised							
- Insurance service result	258,036	66,395	(46,505)	70,385	353,447	–	701,758
- Net investment income	473,917	1,021,924	134,525	13,874	91,548	273,819	2,009,607
- Finance income/(expenses) from insurance contracts issued	21,880	(358,975)	(121,611)	–	(29,435)	–	(488,141)
- Finance income/(expenses) from reinsurance contracts held	(2,550)	–	–	–	2,011	–	(539)
Net insurance and investment result	751,283	729,344	(33,591)	84,259	417,571	273,819	2,222,685
For the year ended 31 December 2022							
Net investment income/(expenses) - underlying assets							
- Investment income	294,083	394,738	315,266	1,594	–	–	1,005,681
- Net realised losses on financial assets	(13,675)	(12,721)	(16,274)	(88)	–	–	(42,758)
- Net impairment gains/(losses) on financial assets	(12,856)	(6,313)	9,416	51	–	–	(9,702)
- Net fair value losses	(261,102)	(324,094)	(288,030)	(1,443)	–	–	(874,669)
- Other income/(loss)	4,112	(9,033)	(3,646)	(18)	–	–	(8,585)
	10,562	42,577	16,732	96	–	–	69,967

15. Insurance contracts (continued)

15.11 Investment income and insurance finance expenses (continued)

For the year ended 31 December 2022 (continued)	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Short-term group life and health contracts $'000**	**Property and casualty $'000**	**Other $'000**	**Total $'000**
Net investment income/(expenses) - other investments							
- Investment income	–	–	–	10,329	51,436	202,287	264,052
- Net realised gains/(losses) on financial assets	–	–	–	–	(343)	21,227	20,884
- Net impairment gains/(losses) on financial assets	–	–	–	824	3,568	(784)	3,608
- Net realised gains on other assets	–	–	–	–	–	56,142	56,142
- Net fair value losses	–	–	–	(198)	(14,739)	(142,219)	(157,156)
- Other income/(loss)	–	–	–	83	(4,365)	(8,899)	(13,181)
	–	–	–	11,038	35,557	127,754	174,349
Net investment income/(expenses) - other							
- Fee income	23,076	2,075	2,157	3,075	25,080	19,944	75,407
- Other income/(loss)	(607)	(31)	–	887	12,675	86,181	99,105
- Net loss on third party interests in mutual funds	–	–	–	–	–	(14,394)	(14,394)
- Investment contract benefits	–	–	–	–	–	(60,936)	(60,936)
- Net fair value adjustments to properties	51	–	–	–	225	28,587	28,863
	22,520	2,044	2,157	3,962	37,980	59,382	128,045
Total net investment income	33,082	44,621	18,889	15,096	73,537	187,136	372,361

15. Insurance contracts (continued)

15.11 Investment income and insurance finance expenses (continued)

For the year ended 31 December 2022 (continued)	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Short-term group life and health contracts $'000**	**Property and casualty $'000**	**Other $'000**	**Total $'000**
Finance income/(expenses) from insurance contracts issued							
- Changes in fair value of underlying assets of contracts measured under the VFA	–	113,305	3,834	–	–	–	117,139
- Interest accreted	(70,381)	(213,480)	–	–	(21,130)	–	(304,991)
- Effect of changes in interest rates and other financial assumptions	216,971	402,773	–	–	72	–	619,816
- Effect of changes in FCF at current rates from when CSM is unlocked at locked-in rates	–	–	–	–	–	–	–
- Foreign exchange differences	29	–	–	–	–	–	29
	146,619	302,598	3,834	–	(21,058)	–	431,993
Finance income/(expenses) from reinsurance							
- Interest accreted	(1,750)	–	–	–	831	–	(919)
- Effect of changes in interest rates and other financial assumptions	3,881	–	–	–	38	–	3,919
- Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	–	–	–	–	–	–	–
	2,131	–	–	–	869	–	3,000
Net insurance finance expenses	148,750	302,598	3,834	–	(20,189)	–	434,993
Summary of the amounts recognised in profit or loss							
- Net investment income - underlying assets	220,958	250,316	16,732	294	–	42,534	530,834
- Net investment income - other investments	–	–	–	11,038	45,797	147,568	204,403
- Net investment income/(expenses) - other	22,520	2,044	2,157	3,962	37,980	59,382	128,045
- Finance income/(expenses) from insurance contracts issued	(33,033)	34,440	3,834	–	(21,058)		(15,817)
- Finance income from reinsurance contracts held	1,355	–	–	–	869		2,224
	211,800	286,800	22,723	15,294	63,588	249,484	849,689

15. Insurance contracts (continued)

15.11 Investment income and insurance finance expenses (continued)

For the year ended 31 December 2022 (continued)	**Traditional life and interest sensitive without guarantees $'000**	**Annuities $'000**	**Unit linked life and interest sensitive with guarantees $'000**	**Short-term group life and health contracts $'000**	**Property and casualty $'000**	**Other $'000**	**Total $'000**
Summary of the amounts recognised in OCI							
- Net investment income - underlying assets	(210,396)	(207,739)	–	(198)	–	(42,534)	(460,867)
- Net investment income - other investments	–	–	–	–	(10,240)	(19,814)	(30,054)
- Finance income from insurance contracts issued	179,652	268,158	–	–	–	–	447,810
- Finance income from reinsurance contracts held	776	–	–	–	–	–	776
	(29,968)	60,419	–	(198)	(10,240)	(62,348)	(42,335)
Summary of the amounts recognised							
- Insurance service result	55,179	96,853	80,403	77,471	366,307	–	676,213
- Net investment income	33,082	44,621	18,889	15,096	73,537	187,136	372,361
- Finance income/(expenses) from insurance contracts issued	146,619	302,598	3,834	–	(21,058)	–	431,993
- Finance income from reinsurance contracts held	2,131	–	–	–	869	–	3,000
Net insurance and investment result	237,011	444,072	103,126	92,567	419,655	187,136	1,483,567

15. Insurance contracts (continued)

15.12 Claims development tables - short-term insurance contracts (non-life)

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. Claims development tables are disclosed on an accident year basis (where the reference is to the actual date of the event that caused the claim), with the exception of international property and casualty claims, which is disclosed by underwriting year account.

	Total $'000
Insurance claims - gross	
- By accident year	886,369
- By underwriting year	155,739
Total liability	1,042,108
Insurance claims - net	
- By accident year	309,635
- By underwriting year	66,998
Total liability	376,633

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

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

15. Insurance contracts (continued)

15.12 Claims development tables - short-term insurance contracts (non-life) (continued)

Insurance claims - gross **Accident year**	**2016** **$'000**	**2017** **$'000**	**2018** **$'000**	**2019** **$'000**	**2020** **$'000**	**2021** **$'000**	**2022** **$'000**	**2023** **$'000**	**Total** **$'000**
Estimate of ultimate claims costs:									
- at end of accident year	1,235,152	3,214,822	1,290,751	2,025,529	1,261,711	1,368,522	1,608,904	1,699,681	
- one year later	1,171,561	3,407,229	1,122,078	1,770,495	1,206,308	2,802,906	1,404,181		
- two years later	1,159,022	3,091,265	1,113,693	1,760,758	1,205,840	2,885,661			
- three years later	1,151,913	3,076,132	1,112,756	1,796,817	1,191,252				
- four years later	1,139,455	3,087,756	1,106,466	1,750,313					
- five years later	1,137,049	3,052,622	1,106,342						
- six years later	1,179,162	2,446,584							
- seven years later	1,174,044								
Cumulative gross claims	1,174,044	2,446,584	1,106,342	1,750,313	1,191,252	2,885,661	1,404,181	1,699,681	13,658,058
Cumulative payments to date	(1,157,852)	(2,410,424)	(1,081,157)	(1,702,757)	(1,150,963)	(2,813,003)	(1,285,907)	(1,233,893)	(12,835,956)
Gross cumulative claims liabilities - 2016 to 2023	16,192	36,160	25,185	47,556	40,289	72,658	118,274	465,788	822,102
Liability in respect of prior years									53,129
Effect of discounting									(54,264)
Effect of the risk adjustment margin for non-financial risk									65,402
Gross LIC for contracts originated									886,369

Insurance claims - gross **Underwriting year**	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate claims costs:									
- at end of underwriting year	22,538	23,317	17,938	9,523	19,785	108,112	–	–	
- one year later	25,702	28,549	20,336	14,943	26,064	126,753	–		
- two years later	24,150	27,468	19,080	13,841	26,353	121,942			
- three years later	23,579	26,971	18,778	12,753	21,652				
- four years later	23,035	26,588	18,717	11,867					
- five years later	22,834	26,219	18,616						
- six years later	22,794	26,178							
- seven years later	22,747								
Cumulative gross claims	22,747	26,178	18,616	11,867	21,652	121,942	–	–	223,002
Cumulative payments to date	(22,726)	(26,219)	(18,616)	(11,887)	(25,332)	(122,900)	–	–	(227,680)
Gross cumulative claims liabilities - 2016 to 2023	21	(41)	–	(20)	(3,680)	(958)	–	–	(4,678)
Liability in respect of prior years									143,948
Effect of discounting									(4,960)
Effect of the risk adjustment margin for non-financial risk									21,429
Gross LIC for contracts originated									155,739

15. Insurance contracts (continued)

15.12 Claims development tables - short-term insurance contracts (non-life) (continued)

Insurance claims - net **Accident year**	**2016** **$'000**	**2017** **$'000**	**2018** **$'000**	**2019** **$'000**	**2020** **$'000**	**2021** **$'000**	**2022** **$'000**	**2023** **$'000**	**Total** **$'000**
Estimate of ultimate claims costs:									
- at end of accident year	892,300	1,527,776	973,883	1,075,555	874,940	919,325	1,102,086	1,201,722	
- one year later	825,068	1,451,564	883,627	1,230,566	844,541	860,731	1,026,060		
- two years later	798,766	1,439,228	874,327	1,222,447	849,036	869,776			
- three years later	814,051	1,432,418	869,258	1,216,961	837,498				
- four years later	798,041	1,433,743	865,246	1,209,759					
- five years later	795,200	1,439,553	862,181						
- six years later	790,878	1,430,766							
- seven years later	788,447								
Cumulative gross claims	788,447	1,430,766	862,181	1,209,759	837,498	869,776	1,026,060	1,201,722	8,226,209
Cumulative payments to date	(777,061)	(1,424,487)	(850,163)	(1,189,685)	(822,835)	(842,262)	(981,642)	(1,064,940)	(7,953,075)
Gross cumulative claims liabilities - 2016 to 2023	11,386	6,279	12,018	20,074	14,663	27,514	44,418	136,782	273,134
Liability in respect of prior years									32,397
Effect of discounting									(25,436)
Effect of the risk adjustment margin for non-financial risk									29,540
Gross LIC for contracts originated									309,635

Insurance claims - net **Underwriting year**	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate claims costs:									
- at end of underwriting year	22,538	23,317	17,938	9,523	19,785	108,112	–	–	
- one year later	25,702	28,549	20,336	14,943	26,064	126,755	–		
- two years later	24,150	27,468	19,080	13,841	26,353	126,983			
- three years later	23,579	26,971	18,778	12,753	21,652				
- four years later	23,035	26,588	18,717	11,867					
- five years later	22,834	26,219	18,616						
- six years later	22,794	26,178							
- seven years later	22,747								
Cumulative gross claims	22,747	26,178	18,616	11,867	21,652	126,983	–	–	228,043
Cumulative payments to date	(22,726)	(26,219)	(18,616)	(11,887)	(25,332)	(125,895)	–	–	(230,675)
Gross cumulative claims liabilities - 2016 to 2023	21	(41)	–	(20)	(3,680)	1,088	–	–	(2,632)
Liability in respect of prior years									62,316
Effect of discounting									(3,042)
Effect of the risk adjustment margin for non-financial risk									10,356
Gross LIC for contracts originated									66,998

16. Cash and cash equivalents

	2023 $'000	2022 $'000
Cash and cash equivalents	2,853,887	3,464,725
Cash and cash equivalents of mutual fund unit holders	102,078	144,389
	2,955,965	3,609,114
Cash at bank and in hand	2,390,345	3,037,911
Short-term deposits (90 days or less)	581,434	587,276
Cash and cash equivalents	2,971,779	3,625,187
Loss allowance	(15,814)	(16,073)
Net cash and cash equivalents	2,955,965	3,609,114
At beginning of year	3,609,114	3,806,464
Net impairment loss	(4,085)	(303)
Exchange rate adjustments	(12,355)	(3,669)
	3,592,674	3,802,492
At end of year	2,955,965	3,609,114
Net decrease in cash used in cash flow	(636,709)	(193,378)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash and cash equivalents include deposits pledged with regulatory authorities in countries in which the Group is authorised to conduct business, as security for its policyholders. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Group. Cash and cash equivalents pledged as at 31 December 2023 was $29,680,000 (2022: $41,740,000).

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

17. Share capital

	2023 $'000	2022 $'000
Authorised		
An unlimited number of ordinary shares of no par value		
An unlimited number of preferred shares of no par value		
Issued and fully paid		
232,024,923 ordinary shares of no par value (2022: 232,024,923 ordinary shares)	1,970,043	1,970,043

	Number of shares (thousands)	Share capital $'000	Total $'000
Balance at 1 January 2023	232,021	1,970,043	1,970,043
Movement in unallocated shares	–	–	–
Balance at 31 December 2023	232,021	1,970,043	1,970,043
Balance at 1 January 2022	232,021	1,970,043	1,970,043
Movement in unallocated shares	–	–	–
Balance at 31 December 2022	232,021	1,970,043	1,970,043

The number of shares in the table above is net of unallocated shares, which are units acquired by the Group's Employee Share Ownership Plan that are held in trust for future distribution to employees.

18. Reserves

	Fair value reserve $'000	Property revaluation reserve $'000	Statutory reserve $'000	Translation reserve $'000	Insurance finance reserve $'000	Total $'000
Balance at 1 January 2023	(340,942)	260,988	22,974	(1,159,305)	382,220	(834,065)
Other comprehensive income/(loss)	96,147	(3,528)	–	(38,246)	257,804	312,177
Transfer to/from retained earnings	–	–	2,010	–	–	2,010
Balance at 31 December 2023	(244,795)	257,460	24,984	(1,197,551)	640,024	(519,878)
Balance at 1 January 2022 - as previously reported	105,353	223,958	22,974	(1,151,295)	–	(799,010)
Restatement under IFRS 17	–	–	–	–	(5,003)	(5,003)
Balance at 1 January 2022 - restated	105,353	223,958	22,974	(1,151,295)	(5,003)	(804,013)
Other comprehensive income/(loss)	(446,295)	45,797	–	(8,010)	387,223	(21,285)
Transfer to/from retained earnings	–	(8,767)	–	–	–	(8,767)
Balance at 31 December 2022	(340,942)	260,988	22,974	(1,159,305)	382,220	(834,065)

19. Non-controlling interest in subsidiary

	2023 $'000	2022 $'000
Non-controlling interest in subsidiary	11,930	11,155

At the end of the year, the non-controlling interest balance represents a 32.3% shareholding in Vanguard Risk Solutions Limited.

20. Financial liabilities

	2023 $'000	2022 $'000
Non-current portion of financial liabilities		
Medium-term borrowings (Note 20.1)	3,030,487	3,001,642
Repurchase agreements	17,899	25,230
	3,048,386	3,026,872
Current portion of financial liabilities		
Medium-term borrowings	53,491	144,759
Short-term borrowings	5,482	–
Repurchase agreements	153,983	122,742
Total current portion of borrowings and repurchase agreements (Note 20.1)	212,956	267,501
Interest payable	8,641	10,901
	221,597	278,402
Total	3,269,983	3,305,274

20. Financial liabilities (continued)

The fair value of medium-term borrowings amounted to $3,216,653,000 (2022: $3,282,150,000). The fair value of medium-term borrowings is determined by applying a discounted cash flow model for the remaining term to maturity using a current yield curve for a similar debt instrument. For short-term debt, the carrying amounts approximate their fair value.

The repurchase agreements represent the normal activities of the asset management operations. The carrying amount of the repurchase agreements approximate their fair value.

The Group has not made any defaults of principal, interest or other breaches with respect to their borrowings during the year (2022 - Nil).

20.1 Borrowings and repurchase agreements	**2023 $'000**	**2022 $'000**
Company	2,825,295	2,878,206
Subsidiaries	436,047	416,167
	3,261,342	3,294,373
Current	212,956	267,501
Non-current	3,048,386	3,026,872
	3,261,342	3,294,373

The movements in borrowings and repurchase agreements are summarized below:

Balance at beginning of year	3,294,373	3,491,038
Proceeds from borrowings and repurchase agreements	366,575	686,262
Repayment of borrowings and repurchase agreements	(391,546)	(890,468)
Transaction costs on new borrowings capitalised	(972)	(2,859)
Amortisation of transaction costs, premium and discounts during the year	3,447	4,169
Exchange rate adjustments	(10,535)	6,231
Balance at end of year	3,261,342	3,294,373

Details of major borrowings outstanding as at 31 December 2023 are as follows:

Company

Facility 1 - $1.02 billion

This is a secured fixed rate 5-year bond ending in December 2025. Interest is charged at 5% per annum and is paid semi-annually. The principal is payable at maturity.

Facility 2 - $880 million

This is a secured fixed rate 6-year bond ending in December 2027. Interest is charged at 5% per annum and is paid semi-annually. The principal is payable at maturity.

Facility 3 - $680.5 million

This is a secured fixed rate 6-year loan ending in December 2028. The loan is drawn in tranches with $583,675,906 drawn in December 2022 and the remaining $96,824,094 drawn in January 2023. Interest is charged at 4.83% per annum and is paid semi-annually. Principal and interest was repaid via first payment on 21 June 2023 of TT$47,027,285, then 10 semi-annual payments of $47,500,000 commencing December 2023, with a balloon payment of $301,481,685 paid at maturity.

20. Financial liabilities (continued)

20.1 Borrowings and repurchase agreements (continued)

Company (continued)

Facility 4 - J$13.4 billion

This is an unsecured fixed rate bond comprising of five series where interest is payable quarterly and principal is payable at maturity. Series A interest is charged at 5.75% and was repaid in September 2022, Series B interest is charged at 6.50% ending in September 2025, Series C interest is charged at 6.75% ending in September 2026, Series D interest is charged at 7.0% ending in September 2027 and Series E interest is charged at 8.75% ending in September 2030.

Facilities 1, 2 and 3 are secured by a debenture creating a charge over the fixed and floating assets of Guardian Holdings Limited.

Subsidiary

Loan 1 - US$40 million

This is an unsecured fixed rate 5-year loan ending in June 2026. Interest is charged at 3.75% and is payable semi-annually. The principal is payable at maturity. Several of the Group's subsidiaries are guarantors on this loan.

21. Investment contract liabilities

	2023 $'000	2022 $'000
The movements in the liabilities arising from investment contracts are summarised below:		
Balance at beginning of year	2,021,560	1,992,053
Contributions received	169,726	179,945
Benefits paid	(180,411)	(180,858)
Investment return from underlying assets	64,869	60,936
Asset management fees charged	(4,056)	(6,760)
Other movements	(31,596)	(31,886)
Exchange rate adjustments	(16,480)	8,130
Balance at end of year	2,023,612	2,021,560

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

22. Third party interests in mutual funds

	2023 $'000	2022 $'000
Balance at beginning of year	1,563,727	1,599,412
Share of net income	40,111	14,394
Unrealised losses	(6,752)	(56,893)
Net change in mutual fund holder balances	114,283	30,409
Distributions	(25,111)	(23,595)
Balance at end of year	1,686,258	1,563,727

23. Post-retirement medical benefit obligations

The amounts recognised in the consolidated statement of financial position are as follows:

	2023 $'000	2022 $'000
Present value of obligations	122,876	106,438
The amount in the consolidated statement of income is made up as follows:		
Interest cost	5,309	5,615
Current service cost	2,122	2,548
Cost for the year (Note 31)	7,431	8,163

23. Post-retirement medical benefit obligations (continued)

	2023 $'000	2022 $'000
The movement in the liability is as follows:		
Balance at beginning of year	106,438	123,191
Remeasurement of obligation (actuarial losses/(gains))	15,282	(18,500)
Employer contributions	(5,983)	(6,220)
Expense as per above	7,431	8,163
Exchange rate adjustments	(292)	(196)
Balance at end of year	122,876	106,438

	2023	2022
The principal actuarial assumptions used were as follows:		
Discount rate	4.9% - 9.0%	5.1% - 13.0%
Healthcare cost escalation	3.7% - 9.0%	2.6% - 8.5%
Retiree premium escalation:		
Existing retirees	0.0% - 6.3%	0.0% - 6.0%
Future retirees	0.0% - 6.3%	0.0% - 6.0%
Pre-retirement mortality	NISTT2012	NISTT2012
Post-retirement mortality	GAM94	GAM94

A quantitative sensitivity analysis for significant assumptions as at 31 December 2023 is shown below:

	Impact on the obligation	
	Increase $'000	Decrease $'000
1% increase/decrease in discount rate	(15,714)	19,800
1% increase/decrease in medical cost trend rate	19,829	(16,006)

Expected contributions to post-employment benefit plans for the year ending 31 December 2024 are $6,051,000.

24. Other liabilities

	2023 $'000	2022 $'000
Fronting contracts and insurance brokerage related payables	270,927	365,220
Accrued expenses	237,676	268,762
Deposits and premiums received in advance	6,142	5,581
Accounts payable	417,708	501,097
	932,453	1,140,660
Current	918,503	1,125,223
Non-current	13,950	15,437
	932,453	1,140,660

The carrying amounts of other liabilities approximate their fair value.

25. Investment income

	2023 $'000	2022 $'000
Interest income from:		
- Fair value through other comprehensive income investment securities	313,695	359,505
- Amortised cost investment securities	387,462	468,331
- Loans and receivables	73,701	70,516
- Cash and cash equivalents	16,753	12,913
	791,611	911,265
Interest income from fair value through profit or loss debt securities	504,923	303,656
Dividend income from fair value through profit or loss equity securities	92,590	83,563
Investment expenses	(30,493)	(28,751)
	567,020	358,468
Total investment income	1,358,631	1,269,733

26. Net realised gains/(losses)

Investment securities measured mandatorily at fair value through profit or loss	(17,950)	(37,427)
Investment securities measured at fair value through other comprehensive income	8,314	15,876
Investment securities measured at amortised cost	189	337
Gain on disposal of properties	12,902	56,142
	3,455	34,928

27. Net fair value gains/(losses)

Net fair value gains/(losses) on:		
- Investment securities measured mandatorily at fair value through profit or loss	190,268	(578,827)
Net loss on third party interests in mutual funds	(40,111)	(14,394)
Fair value adjustment on investment properties, other than Pointe Simon (Note 7)	76,112	63,166
Fair value adjustment on Pointe Simon (Note 7)	(16,736)	–
	209,533	(530,055)

28. Fee income

Policy administration and asset management services:		
- Investment contracts without a discretionary participation feature	31,916	30,287
Fronting contracts fee income	33,948	25,080
Other	18,866	20,040
	84,730	75,407

29. Other income/(loss)

	2023 $'000	2022 $'000
Rental income	81,820	74,816
Foreign exchange gains/(losses)	36,146	(30,533)
Other income	29,064	33,056
	147,030	77,339

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

Investment securities measured at fair value through other comprehensive income	14,023	2,959
Investment securities measured at amortised cost	(304)	520
Loans and receivables	(7,437)	(6,311)
Cash and cash equivalents	(4,085)	(303)
	2,197	(3,135)

31. Other operating expenses

Staff cost	791,996	800,460
Depreciation and amortisation	94,484	102,331
Auditors' remuneration	29,949	15,743
Directors' fees	13,414	12,538
Impairment of intangible asset (Note 8)	18,084	-
Impairment of associated company (Note 9)	8,641	-
Other expenses	668,502	717,128
	1,625,070	1,648,200
Represented by:		
Insurance service expenses		
Amounts attributed to insurance acquisition cash flows incurred during the year	299,336	305,782
Other directly attributable expenses	425,558	449,551
	724,894	755,333
Other operating expenses	900,176	892,867
	1,625,070	1,648,200
Staff cost includes:		
Wages, salaries and bonuses	557,354	569,686
Health and medical	18,826	18,185
Staff training	6,159	4,873
National insurance	55,003	50,754
Pension costs - defined contribution plans	25,810	29,583
Pension costs - defined benefit plans (Note 13)	26,738	24,036
Post-retirement medical benefit obligations (Note 23)	7,431	8,163
Termination benefits	7,990	15,587
Other	86,685	79,593
	791,996	800,460

Expenses attributed to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Group in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope and reinsurance contracts held. These expenses are recognised in the consolidated statement of income or loss based on IFRS 17 measurement requirements. Refer to Note 2.15(f) and Note 15.2.1.

32. Other finance charges

	2023 $'000	2022 $'000
Interest on borrowings and repurchase agreements	172,885	198,306
Interest on leasing arrangements (Note 6)	3,894	5,071
	176,779	203,377

33. Taxation

	2023 $'000	2022 $'000
Current tax	143,842	231,026
Business levy	3,017	2,125
Prior year taxation adjustment	(1,302)	(76,400)
Deferred tax (Note 14)	75,855	(27,114)
	221,412	129,637

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

	2023 $'000	2022 $'000
Profit before taxation	922,408	605,713
Prima facie tax calculated at domestic corporation tax rate of 30%	276,722	181,714
Effect of different tax rate of life insurance companies	(25,612)	(55,977)
Effect of different tax rate in other countries	(50,350)	(28,798)
Income not subject to tax	(468,538)	(352,742)
Expenses not deductible for tax purposes	421,248	370,580
Net adjustment to recognised and unrecognised tax losses	(726)	–
Tax reliefs and deductions	(16,006)	(14,562)
Business levy	3,017	2,125
Prior year taxation adjustment	(1,302)	(76,400)
Tax on dividend	17,237	15,556
Other	65,722	88,141
Tax charge for the year	221,412	129,637

34. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding at the consolidated statement of financial position date.

	2023 $'000	2022 $'000
Net profit attributable to ordinary shareholders	695,818	471,712
	Number of shares ('000)	
Weighted average number of ordinary shares in issue (thousands)	232,021	232,021
	$	**$**
Basic and diluted earnings per ordinary share	3.00	2.03

35. Dividends

	2023 $'000	2022 $'000
Final dividend for 2022 - 52¢ per share (2021 - 52¢ per share)	120,651	120,652
Interim dividend for 2023 - 22¢ per share (2022 - 20¢ per share)	51,045	46,405
	171,696	167,057

On 30 March 2024, the Board of Directors declared a final dividend of 53 cents per share (2022 - 52 cents), a total dividend to be paid of $123 million (2022: $121 million). These consolidated financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2024.

36. Adjustment for non-cash items in operating profit

	2023 $'000	2022 $'000
Share of profit from associated companies (Note 9)	(15,259)	(19,594)
Gain on reclassification of financial assets measured at amortised cost to fair value through profit or loss	(231,169)	–
Loss on reclassification of financial assets measured at fair value through other comprehensive income to fair value through profit or loss	57,577	–
Net fair value (gains)/losses on financial assets (Note 27)	(190,268)	578,827
Third party share of net income of mutual funds (Note 22)	40,111	14,394
Net realised losses on financial assets	9,447	21,214
Impairment (gains)/losses on financial assets (Note 30)	(2,197)	3,135
Net loss for the year on post-employment benefits	34,169	32,199
Depreciation and amortisation (Note 31)	94,484	102,331
(Gain)/loss on disposal of property, plant & equipment	(387)	1,007
Change in fair value of investment properties, other than Pointe Simon (Note 7)	(76,112)	(63,166)
Change in fair value adjustment on Pointe Simon (Note 7)	16,736	–
Impairment of intangible asset (Note 8)	18,084	–
Impairment of associated company (Note 9)	8,641	–
Gain on disposal of properties	(12,902)	(56,142)
Foreign exchange (gains)/losses	(17,520)	52,314
Other non-cash (income)/expense	(2,540)	372
	(269,105)	666,891

37. Fair value measurement

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
At 31 December 2023				
Assets measured at fair value:				
Freehold properties	–	–	503,947	503,947
Investment properties	–	–	1,554,950	1,554,950
Investment securities at fair value through profit or loss:				
Equity securities	3,272,979	59,606	330,257	3,662,842
Government securities	432,635	6,434,387	–	6,867,022
Debentures & corporate bonds	117,298	865,513	–	982,811
Deposits (more than 90 days)	–	16,199	–	16,199
Other	804	79,048	7,129	86,981
Investment securities at fair value through other comprehensive income:				
Equity securities	–	–	–	–
Government securities	397,395	2,140,139	102,401	2,639,935
Debentures & corporate bonds	262,790	2,535,323	–	2,798,113
Deposits (more than 90 days)	21,835	100,474	–	122,309
	4,505,736	12,230,689	2,498,684	19,235,109

37. Fair value measurement (continued)

At 31 December 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Assets measured at fair value:				
Freehold properties	–	–	523,525	523,525
Investment properties	–	–	1,590,437	1,590,437
Investment securities at fair value through profit or loss:				
Equity securities	3,153,424	64,100	311,159	3,528,683
Government securities	392,979	4,076,217	–	4,469,196
Debentures & corporate bonds	83,842	493,809	–	577,651
Deposits (more than 90 days)	–	187,684	–	187,684
Other	5,431	66,210	7,215	78,856
Investment securities at fair value through other comprehensive income:				
Government securities	387,463	2,091,161	98,107	2,576,731
Debentures & corporate bonds	223,302	2,752,578	–	2,975,880
Deposits (more than 90 days)	116,628	107,292	–	223,920
	4,363,069	9,839,051	2,530,443	16,732,563

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

Reconciliation of movements in level 3 assets measured at fair value

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

			Investment securities			
	Freehold properties $'000	Investment properties $'000	Equity securities $'000	Govern-ment securities $'000	Other $'000	Total $'000
At 31 December 2023						
Balance at beginning of year	523,525	1,590,437	311,159	98,107	7,215	2,530,443
Total gains or losses:						
in profit or loss	(10,481)	67,254	5,907	–	(70)	62,610
in other comprehensive income	(5,746)	–	–	867	–	(4,879)
Purchases	2,736	6,378	18,442	–	–	27,556
Sales	–	(22,473)	(6,123)	–	–	(28,596)
Other movements	–	(87,345)	–	3,862	–	(83,483)
Transfers out of level 3	–	–	(1,546)	–	–	(1,546)
Exchange rate adjustment	(6,087)	699	2,418	(435)	(16)	(3,421)
Balance at end of year	503,947	1,554,950	330,257	102,401	7,129	2,498,684

37. Fair value measurement (continued)

Reconciliation of movements in level 3 assets measured at fair value (continued)

			Investment securities			
	Freehold properties $'000	Investment properties $'000	Equity securities $'000	Government securities $'000	Other $'000	Total $'000
At 31 December 2022						
Balance at beginning of year	460,834	1,645,435	307,319	92,517	7,445	2,513,550
Total gains or losses:						
in profit or loss	(9,004)	115,823	(7,209)	–	(19)	99,591
in other comprehensive income	65,286	–	–	1,673	–	66,959
Purchases	412	69,288	13,973	4,161	–	87,834
Sales	–	(229,529)	(29,784)	–	–	(259,313)
Other movements	4,190	3,485	–	–	–	7,675
Transfers into level 3	–	–	34,205	–	–	34,205
Transfers out of level 3	–	–	(3,211)	–	–	(3,211)
Exchange rate adjustment	1,807	(14,065)	(4,134)	(244)	(211)	(16,847)
Balance at end of year	523,525	1,590,437	311,159	98,107	7,215	2,530,443

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

	2023 $'000	2022 $'000
Total gains or losses recognised in consolidated statement of income		
Insurance service expenses	(7,817)	(6,986)
Net realised gains	4,222	56,142
Net fair value gains	68,869	52,453
Other operating expenses	(2,664)	(2,018)
	62,610	99,591
Total gains or losses recognised in consolidated statement of comprehensive income		
Net fair value gains on debt securities at fair value through other comprehensive income	867	1,673
(Losses)/gains on property revaluation	(5,746)	65,286
	(4,879)	66,959

37. Fair value measurement (continued)

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

	2023 $'000	2022 $'000
Assets measured at fair value:		
Investment properties	63,032	59,681
Investment securities:		
Equity securities	5,907	(7,209)
Other	(70)	(19)
	68,869	52,453

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

The Group's equity securities classified as level 3 would increase/decrease in value by $16,543,000 (2022: $15,550,000) should there be a 5% increase/decrease in value.

The Series G Government of Barbados debt securities classified as level 3 were valued using a yield of 6.99% (2022: 7.57%). A 1% increase/decrease in this yield would result in a decrease/increase in the fair value of these assets of $15,517,000 and $18,998,000 respectively (2022: $8,717,000 and $26,839,000).

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

At 31 December 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	386,181	4,971,704	6,288	5,364,173
Debentures & corporate bonds	91,146	725,502	–	816,648
Deposits (more than 90 days)	20,270	1,500,497	7,145	1,527,912
	497,597	7,197,703	13,433	7,708,733
Liabilities for which fair values are disclosed:				
Medium-term borrowings	–	3,216,653	–	3,216,653
At 31 December 2022				
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	286,613	6,084,408	6,243	6,377,264
Debentures & corporate bonds	4,357	757,328	94	761,779
Deposits (more than 90 days)	20,018	1,680,542	7,161	1,707,721
	310,988	8,522,278	13,498	8,846,764
Liabilities for which fair values are disclosed:				
Medium-term borrowings	–	3,282,150	–	3,282,150

38. Segment information

The segment results for the year ended 31 December 2023 are as follows:

	Life, health and pension business $'000	Property and casualty business $'000	Insurance brokerage business $'000	Asset management $'000	Other including consolidation adjustments $'000	Total $'000
Insurance revenue	2,696,503	2,742,882	–	–	–	5,439,385
Insurance service expenses	(2,503,407)	(1,249,487)	–	–	68,582	(3,684,312)
Net income/(expenses) from reinsurance contracts held	130,338	(1,183,792)	–	–	139	(1,053,315)
Insurance service result	323,434	309,603	–	–	68,721	701,758
Investing activities						
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	666,722	66,061	1,364	99,161	(41,697)	791,611
Investment income from financial assets measured at fair value through profit or loss	557,194	2,378	–	10,372	(2,924)	567,020
Net realised gains/(losses)	(13,364)	2,055	–	12,313	2,451	3,455
Gain on reclassification of financial assets measured at amortised cost to fair value through profit or loss	231,169	–		–	–	231,169
Loss on reclassification of financial assets measured at fair value through other comprehensive income to fair value through profit or loss	(57,577)	–		–	–	(57,577)
Net fair value gains/(losses)	266,463	(7,862)	–	(27,084)	(21,984)	209,533
Fee income	40,884	33,948	–	16,129	(6,231)	84,730
Other income	85,150	4,482	440	2,161	54,797	147,030
Net impairment gains/(losses) on financial assets	(10,451)	367	862	2,556	8,863	2,197
Investment contract benefits	(64,869)	–	–	–	–	(64,869)
Net income/(loss) from investing activities	1,701,321	101,429	2,666	115,608	(6,725)	1,914,299
Finance expenses from insurance contracts issued	(757,616)	(29,435)	–	–	–	(787,051)
Finance income/(expenses) from reinsurance contracts held	(2,807)	2,012	–	–	–	(795)
Net insurance finance expenses	(760,423)	(27,423)	–	–	–	(787,846)
Net insurance and investment result	1,264,332	383,609	2,666	115,608	61,996	1,828,211
Fee and commission income from brokerage activities	–	–	228,134	–	(72,241)	155,893
Net income/(loss) from all activities	1,264,332	383,609	230,800	115,608	(10,245)	1,984,104
Other operating expenses	(359,410)	(134,562)	(191,048)	(61,642)	(153,514)	(900,176)
Other finance charges	(1,562)	(3,354)	(965)	(5,209)	(165,689)	(176,779)
Operating profit/(loss)	903,360	245,693	38,787	48,757	(329,448)	907,149
Share of after tax profits of associated companies	–	8,245	–	–	7,014	15,259
Profit/(loss) before taxation	903,360	253,938	38,787	48,757	(322,434)	922,408
Taxation	(130,656)	(41,718)	(6,971)	(7,963)	(34,104)	(221,412)
Profit/(loss) for the year	772,704	212,220	31,816	40,794	(356,538)	700,996
Depreciation and amortisation	38,269	12,091	23,281	2,271	18,572	94,484
Impairment of non-financial assets	–	–	18,084	–	8,641	26,725

Inter-segment revenues are eliminated upon consolidation and reflected in the other including consolidation adjustments column.

38. Segment information (continued)

The segment results for the year ended 31 December 2022 are as follows:

	Life, health and pension business $'000	Property and casualty business $'000	Insurance brokerage business $'000	Asset management $'000	Other including consolidation adjustments $'000	Total $'000
Insurance revenue	2,408,560	2,456,780	–	–	–	4,865,340
Insurance service expenses	(2,098,407)	(1,334,265)	–	–	62,801	(3,369,871)
Net expenses from reinsurance contracts held	(23,994)	(795,401)	–	–	139	(819,256)
Insurance service result	286,159	327,114	–	–	62,940	676,213
Investing activities						
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	810,160	52,001	1,361	94,380	(46,637)	911,265
Investment income from financial assets measured at fair value through profit or loss	329,323	2,736	–	8,220	18,189	358,468
Net realised gains/(losses)	17,856	(343)	–	27,387	(9,972)	34,928
Net fair value gains/(losses)	(493,208)	(4,249)	–	(42,510)	9,912	(530,055)
Fee income	41,686	25,080	–	26,749	(18,108)	75,407
Other income	34,988	10,299	410	9,239	22,403	77,339
Net impairment gains/(losses) on financial assets	(7,212)	3,576	(1,402)	3,166	(1,263)	(3,135)
Investment contract benefits	(60,936)	–	–	–	–	(60,936)
Net income/(loss) from investing activities	672,657	89,100	369	126,631	(25,476)	863,281
Finance income/(expenses) from insurance contracts issued	5,241	(21,058)	–	–	–	(15,817)
Finance income from reinsurance contracts held	1,355	869	–	–	–	2,224
Net insurance finance income/(expenses)	6,596	(20,189)	–	–	–	(13,593)
Net insurance and investment result	965,412	396,025	369	126,631	37,464	1,525,901
Fee and commission income from brokerage activities	–	–	221,336	–	(64,874)	156,462
Net income/(loss) from all activities	965,412	396,025	221,705	126,631	(27,410)	1,682,363
Other operating expenses	(399,787)	(159,173)	(175,866)	(84,190)	(73,851)	(892,867)
Other finance charges	(2,759)	(3,952)	(912)	(4,755)	(190,999)	(203,377)
Operating profit/(loss)	562,866	232,900	44,927	37,686	(292,260)	586,119
Share of after tax profits of associated companies	–	13,352	–	–	6,242	19,594
Profit/(loss) before taxation	562,866	246,252	44,927	37,686	(286,018)	605,713
Taxation	(69,863)	(57,568)	(6,856)	(10,703)	15,353	(129,637)
Profit/(loss) for the year	493,003	188,684	38,071	26,983	(270,665)	476,076
Depreciation and amortisation	38,475	12,755	26,331	2,386	22,384	102,331

38. Segment information (continued)

The segment assets and liabilities are as follows:

Year ended 31 December 2023	Life, health and pension business $'000	Property and casualty business $'000	Insurance brokerage business $'000	Asset management $'000	Other including consolidation adjustments $'000	Total $'000
Assets						
Intangible assets	193,464	16,931	171,569	–	304,421	686,385
Investment in associated companies	–	120,651	–	–	188,124	308,775
Investment securities	21,965,205	1,352,464	35,380	2,026,448	(289,682)	25,089,815
Loans and receivables	1,492,546	277,814	77,928	23,579	107,971	1,979,838
Properties for development and sale	82,896	–	–	–	84,527	167,423
Reinsurance contract assets	130,709	590,937	–	–	–	721,646
Insurance contract assets	83,278	19,725	–	–	–	103,003
Other assets	4,261,745	1,216,972	248,856	305,242	(301,320)	5,731,495
Total assets	28,209,843	3,595,494	533,733	2,355,269	94,041	34,788,380
Liabilities						
Insurance contract liabilities	20,619,466	1,541,628	–	–	40,717	22,201,811
Reinsurance contract liabilities	26,240	104,137	–	–	–	130,377
Other liabilities	2,807,238	440,978	195,749	2,100,136	3,050,441	8,594,542
Total liabilities	23,452,944	2,086,743	195,749	2,100,136	3,091,158	30,926,730
Capital expenditure	47,447	7,850	2,152	211	37,457	95,117
Year ended 31 December 2022						
Assets						
Intangible assets	162,048	6,578	198,471	–	301,343	668,440
Investment in associated companies	–	113,915	–	–	199,180	313,095
Investment securities	20,492,700	1,163,921	35,530	2,086,508	(284,987)	23,493,672
Loans and receivables	1,265,844	305,910	91,418	28,221	103,917	1,795,310
Properties for development and sale	–	–	–	–	96,122	96,122
Reinsurance contract assets	73,430	767,299	–	–	–	840,729
Insurance contract assets	103,367	1,170	–	–	–	104,537
Other assets	4,927,546	1,533,913	237,221	354,046	(611,736)	6,440,990
Total assets	27,024,935	3,892,706	562,640	2,468,775	(196,161)	33,752,895
Liabilities						
Insurance contract liabilities	20,143,548	1,424,216	–	–	50,121	21,617,885
Reinsurance contract liabilities	43,600	393,808	–	–	–	437,408
Other liabilities	2,972,645	597,638	252,247	2,219,029	2,717,006	8,758,565
Total liabilities	23,159,793	2,415,662	252,247	2,219,029	2,767,127	30,813,858
Capital expenditure	112,038	19,590	31,797	70	20,906	184,401

Capital expenditure consists of additions of property, plant and equipment, investment properties, intangible assets, investment in associated companies, properties for development and sale and acquisition of subsidiaries and insurance brokerage portfolios.

38. Segment information (continued)

	Total revenue from external customers		Non current assets	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trinidad and Tobago	2,275,148	1,587,640	1,109,508	1,131,317
Jamaica	2,097,610	1,534,358	1,154,639	1,109,103
Barbados	74,016	158,964	41,092	47,005
Dutch Caribbean	1,316,055	1,144,243	310,006	311,121
Other Countries	1,809,420	1,523,949	870,138	868,181
	7,572,249	5,949,154	3,485,383	3,466,727

The total revenue information above consists of insurance revenue, investment income, net realised gains/losses, net fair value gains/losses, fee income, other income and commission income from brokerage activities. Revenue is based on locations of the customer and there are no transactions with a single customer that amount to more than 10% of total revenue.

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, investment properties, intangible assets, investment in associated companies and properties for development and sale.

39. Contingent liabilities

Legal proceedings

Group companies are defendants and plaintiffs in various legal actions. In the opinion of the Directors, after taking legal advice, the outcome of such actions will not give rise to any material loss.

40. Commitments

Capital commitments

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

	2023	2022
	$'000	$'000
Property development	15,708	27,729
Property renovations	7,675	7,215
Intangible asset - insurance system upgrade	4,900	11,183
	28,283	46,127

Credit commitments

Loan commitments not yet disbursed by the Group	175,197	231,868

41. Related party disclosures

The consolidated financial statements include the financial statements of GHL and its subsidiaries and associated companies listed in the following table.

Name	Country of Incorporation	Percentage of interest held 2023	2022
Guardian General Insurance Limited	Trinidad and Tobago	100.0	100.0
Guardian Life of the Caribbean Limited	Trinidad and Tobago	100.0	100.0
Guardian Group Trust Limited	Trinidad and Tobago	100.0	100.0
Guardian Asset Management and Investment Services Limited	Trinidad and Tobago	100.0	100.0
Bancassurance Caribbean Limited	Trinidad and Tobago	100.0	100.0
Laevulose Inc. Limited	Trinidad and Tobago	100.0	100.0
Fatum Holding N.V.	Curacao	100.0	100.0
Fatum Accident & Health N.V.	Curacao	100.0	100.0
Fatum General Insurance Aruba N.V.	Aruba	100.0	100.0
Fatum General Insurance N.V.	Curacao	100.0	100.0
Fatum Life Aruba N.V.	Aruba	100.0	100.0
Fatum Life N.V.	Curacao	100.0	100.0
Thoma Exploitatie B.V.	Netherlands	100.0	100.0
Vanguard Risk Solutions Limited	Cayman Islands	67.7	67.7
Guardian Life Limited	Jamaica	100.0	100.0
Guardian General Insurance Jamaica Limited	Jamaica	100.0	100.0
Guardian Resorts (Jamaica) Limited	Jamaica	100.0	100.0
Guardian Re (SAC) Limited	Bermuda	100.0	100.0
Guardian General Insurance (OECS) Limited	Grenada	100.0	100.0
Guardian Life (OECS) Limited	Grenada	100.0	100.0

Associated companies	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held 2023	2022
RoyalStar Holdings Limited	Property and Casualty Insurer	Bahamas	26.2%	26.2%
RGM Limited	Property Development & Facilities Management	Trinidad and Tobago	33.3%	33.3%
EIKM Holdings Limited	Distribution and sale of pharmaceutical products	Trinidad and Tobago	25.0%	25.0%
Sas Compagnie Hoteliere de la Pointe Simon	Hotel Operations	Martinique	24.0%	24.0%

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

41. Related party disclosures (continued)

The following transactions were carried out with related parties:	**2023 $'000**	**2022 $'000**
(a) Premiums received from:		
- Key management personnel	192	166
- Other related parties	31,731	37,273
(b) Claims paid to:		
- Other related parties	3,023	2,752
(c) Commissions paid to:		
- Other related parties	36,301	28,724
(d) Interest income from:		
- Key associates	20,260	10,200
- Parent company	450	2,462
- Other related parties	12,043	9,548
(e) Interest expense charged by related parties	19,554	20,240
(f) Dividend income from:		
- Key associates	13,622	4,385
- Parent company	292	–
- Other related parties	4,923	3,949
(g) Dividend paid to parent company	106,062	103,195
(h) Financial assets of:		
- Key associates	330,280	327,164
- Parent company	247,431	283,888
- Other related parties	585,077	684,347
(i) Key management personnel compensation:		
- Salaries and other short-term employee benefits	140,766	113,240
- Termination benefits	988	–
- Post-employment benefits	16,554	13,492
- Other long-term benefits	12,197	6,098
(j) Insurance contracts and other liabilities		
- Other related parties	37,489	36,356
(k) Borrowings from related parties	276,416	281,067
(l) Loans to related parties:		
Loans to key management of the Group:		
Balance at beginning of year	28,514	29,365
Loans advanced during the year	5,730	6,936
Loan repayments received	(8,450)	(7,787)
Interest charged	1,288	974
Interest received	(1,288)	(974)
Exchange rate adjustments	(12)	–
Balance at end of year	25,782	28,514

41. Related party disclosures (continued)

	2023 $'000	2022 $'000
Loans to key associates:		
Balance at beginning of year	75,304	84,089
Loan repayments received	(7,588)	(1,820)
Interest charged	2,540	1,168
Interest received	(2,494)	(3,412)
Exchange rate adjustments	3,472	(4,721)
Balance at end of year	71,234	75,304
Loans to other related parties:		
Balance at beginning of year	501	503
Loans advanced during the year	196	–
Loan repayments received	(698)	–
Interest charged	13	31
Interest received	(13)	(31)
Exchange rate adjustments	1	(2)
Balance at end of year	–	501

There was no provision for doubtful debts at the reporting date and no bad debt expense in the year (2022: Nil).

Financial assets of key associates comprise multiple corporate bonds plus interest receivable and preference shares issued by RGM to the Group. The preference shares held by the Group are cumulative, non-convertible and redeemable. The corporate bonds carry fixed interest rates and principal and interest are payable semi-annually. All bonds are secured by mortgages on various properties.

Financial assets of other related parties comprise debt, equity and other investments issued by entities controlled by related parties, in the ordinary course of business.

Borrowings from related parties consist of an affiliated company's participation in Series A, B, C and D of the Group's J$13.4 billion bond. Details of the bond are disclosed in Note 20.

Loans to key management and other related parties of the Group are secured and settlement occurs in cash. The details of the loan advanced to CHPS are disclosed in Note 12.

42. Assets under management

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

	Carrying Amount	
	2023 $'000	2022 $'000
Amounts not included in the consolidated statement of financial position		
Cash and short-term investments	466,253	435,266
Investments	5,143,528	4,615,437
Interest and other receivables	10,180	42,540
	5,619,961	5,093,243

43. Pledged assets

The Group has deposited certain assets with the regulatory authorities in the countries in which it is authorised to conduct business as security for its policyholders. The type and values of these assets are in accordance with the legal requirements of the countries concerned. The carrying value of pledged assets is:

	2023 $'000	2022 $'000
Statutory deposits/funds	505,862	445,371

SUPPLEMENTAL INFORMATION
FINANCIALS EXPRESSED IN US DOLLARS
31 DECEMBER 2023

The Group's Consolidated Statement of Financial Position, Consolidated Statement of Income and Consolidated Statement of Comprehensive Income expressed in US dollars appears below. The purpose of this publication is to provide readers of the Group's Annual Report, a number of whom are from jurisdictions outside of Trinidad and Tobago, with a quick and convenient overview of the Group's financial performance, referenced against a major international currency. The exchange rate used for this purpose is TT$6.71585 to US$1.00.

Consolidated Statement of Financial Position

	2023 US$'000	2022 US$'000
Assets		
Property, plant and equipment	105,400	112,592
Right-of-use assets	8,934	6,325
Investment properties	231,534	236,818
Intangible assets	102,204	99,532
Investment in associated companies	45,977	46,620
Investment securities	3,735,911	3,498,243
Loans and receivables	294,801	267,324
Properties for development and sale	24,930	14,313
Pension plan assets	13,847	16,663
Deferred tax assets	23,727	20,742
Reinsurance contract assets	107,454	125,186
Insurance contract assets	15,337	15,566
Taxation recoverable	29,838	28,530
Cash and cash equivalents	440,148	537,402
Total assets	5,180,042	5,025,856
Equity and liabilities		
Share capital	293,342	293,342
Reserves	(77,410)	(124,193)
Retained earnings	357,297	266,817
Equity attributable to owners of the company	573,229	435,966
Non-controlling interest in subsidiary	1,776	1,661
Total equity	575,005	437,627
Liabilities		
Insurance contract liabilities	3,305,883	3,218,935
Reinsurance contract liabilities	19,413	65,131
Financial liabilities	486,905	492,160
Lease liabilities	10,127	8,084
Investment contract liabilities	301,319	301,013
Third party interests in mutual funds	251,086	232,841
Pension plan liabilities	2,596	6,000
Post-retirement medical benefit obligations	18,296	15,849
Deferred tax liabilities	42,799	37,571
Provision for taxation	27,769	40,799
Other liabilities	138,844	169,846
Total liabilities	4,605,037	4,588,229
Total equity and liabilities	5,180,042	5,025,856

SUPPLEMENTAL INFORMATION
FINANCIALS EXPRESSED IN US DOLLARS
31 DECEMBER 2023
Consolidated Statement of Income

	2023 US$'000	2022 US$'000
Insurance revenue	809,932	724,456
Insurance service expenses	(548,600)	(501,779)
Net expenses from reinsurance contracts held	(156,840)	(121,988)
Insurance service result	104,492	100,689
Investing activities		
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	117,872	135,689
Investment income from financial assets measured at fair value through profit or loss	84,430	53,376
Net realised gains	514	5,201
Gain on reclassification of financial assets measured at amortised cost to fair value through profit or loss	34,421	–
Loss on reclassification of financial assets measured at fair value through other comprehensive income to fair value through profit or loss	(8,573)	–
Net fair value gains/(losses)	31,200	(78,926)
Fee income	12,616	11,228
Other income	21,893	11,516
Net impairment gains/(losses) on financial assets	327	(467)
Investment contract benefits	(9,659)	(9,073)
Net income from investing activities	285,041	128,544
Finance expenses from insurance contracts issued	(117,193)	(2,355)
Finance (expenses)/income from reinsurance contracts held	(118)	331
Net insurance finance expenses	(117,311)	(2,024)
Net insurance and investment result	272,222	227,209
Fee and commission income from brokerage activities	23,213	23,297
Net income from all activities	295,435	250,506
Other operating expenses	(134,037)	(132,949)
Other finance charges	(26,323)	(30,283)
Operating profit	135,075	87,274
Share of after tax profits of associated companies	2,272	2,918
Profit before taxation	137,347	90,192
Taxation	(32,968)	(19,303)
Profit for the year	104,379	70,889
Profit attributable to non-controlling interest	(771)	(650)
Profit attributable to owners of the company	103,608	70,239
Earnings per share		
- Basic	0.45	0.30

SUPPLEMENTAL INFORMATION
FINANCIALS EXPRESSED IN US DOLLARS
31 DECEMBER 2023
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	**2022**
	US$'000	**US$'000**
Profit for the year	104,379	70,889
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(5,704)	(1,198)
Net fair value gain/(losses) on debt securities at fair value through other comprehensive income	7,706	(72,560)
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income	(2,088)	(441)
Net gains on debt securities at fair value through other comprehensive income reclassified to profit or loss on disposal	–	(98)
Cumulative loss on debt securities reclassified from fair value through other comprehensive income to fair value through profit or loss	8,573	-
Finance income from insurance contracts issued	44,508	66,679
Finance income from reinsurance contracts held	38	116
Taxation relating to components of other comprehensive income	(6,034)	(2,492)
Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss	46,999	(9,994)
Items that will not be reclassified subsequently to profit or loss:		
(Losses)/gains on property revaluation	(856)	9,721
Remeasurement of pension plans	(184)	6,156
Remeasurement of post-retirement medical benefit obligations	(2,276)	2,755
Share of other comprehensive income of associated companies	469	7
Taxation relating to components of other comprehensive income	(500)	(3,628)
Net other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss	(3,347)	15,011
Other comprehensive income for the period, net of tax	43,652	5,017
Total comprehensive income for the period, net of tax	148,031	75,906
Comprehensive income attributable to non-controlling interest	(761)	(645)
Comprehensive income attributable to owners of the company	147,270	75,261