Hannover Re

Hannover Life Re of Australasia Ltd

ABN 37 062 395 484

Annual Report

Year Ended 31 December 2024

somewhat different

Annual Report 2024

Company Particulars

Head Office

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Telephone: (02) 9251 6911
Facsimile: (02) 9251 6862
E-mail: hlra@hlra.com.au
Website: www.hannover-re.com

Directors

P. R. Gaydon, BCom, CA, MAICD, Chairman
C.J. Chèvre, MSc, Deputy Chairman
S.G. Everingham, B.Ec LLM (Tax), CPA, GAICD
A. Maerkert, PhD (Math), Actuary (DAV)
R.J. Wylie, BA
G. Obertopp, Actuary (DAV), Managing Director

Executive

G. Obertopp, Actuary (DAV), Managing Director
P. Berry, BEc, FIAA, General Manager, Retail Business
S. Carmichael, BA, Chief Risk & Compliance Officer
J. Song, BCom, FIAA, FNZSA – Chief & Appointed Actuary
A. Sworden, BBus, DFP, Chief Operating Officer - appointed 1 October 2024.
D. Tallack, BEc, CPA, AGIA, General Manager (Finance) & Company Secretary
J. Walters, FIAA, FSAI, General Manager, Group Business

Auditors

PricewaterhouseCoopers

Directors' Report
For the year ended 31 December 2024

The Directors have pleasure in presenting their report together with the financial report of Hannover Life Re of Australasia Ltd (the entity) for the year ended 31 December 2024 and the auditor's report thereon.

Directors

The Directors of the entity at any time during or since the end of the financial year, up to the date of this report are:

Mr Peter Richard Gaydon, BCom, CA, MAICD
Chairman
Independent Non-Executive Director
Age 74

Mr Gaydon was employed by the international accounting firm Ernst & Young for over 40 years and was client service partner to a number of insurance companies in Australia. Mr Gaydon was also involved in insurance industry development activity across Asia and was with Ernst & Young in Japan for almost 6 years. Mr Gaydon is currently a Director of Wood Insurance Holdings Pty Ltd and Magenta Shores Golf Club.

Member of the Board Audit, Board Risk and Board Remuneration Committees.
Director and Chairman since 2016.

Mr Claude Jacques Chèvre, MSc
Deputy Chairman
Non-Executive Director
Age 57

Mr Chèvre is a member of the Executive Board of Hannover Rück SE and a member of various other Boards within the Hannover Re Group of companies.

Member of the Board Remuneration Committee.
Director since 2011 and Deputy Chairman since 2012.

Ms Susan Granville Everingham, B.Ec LLM (Tax), CPA, GAICD
Independent Non-Executive Director
Age 65

Ms Everingham has held a number of senior positions within Henry Davis York, BT Financial Group, Commonwealth Bank and a number of law firms and has had over 35 years' experience in the financial services industry. Ms Everingham currently sits on the Board of Equity Trustees Superannuation Ltd and HTFS Nominees Pty Ltd atf Hub 24 Super Fund.

Chair of the Board Audit and Board Remuneration Committees and member of the Board Risk Committee.
Director since 2017.

Mr Jean Jacques Henchoz, BA PolSc, MBA
Non-Executive Director
Age 60

Mr Henchoz is Chair of the Executive Board of Hannover Rück SE and a member of various other Boards within the Hannover Re Group of companies.
Director since 2019 and resigned 14 March 2025.

Dr Andreas Maerkert, PhD (Math), Actuary (DAV)
Non-Executive Director
Age 53

Dr Maerkert is the Chief Risk Officer for the Hannover Re Group and Managing Director of the division Group Risk Management. He has been with Hannover Re since 2004 in various roles including oversight for Hannover Re's economic capital model and capital allocation.
Director since 15 March 2025.

Mr Gerd Obertopp, Actuary (DAV)
Managing Director
Age 64

Mr Obertopp has been in the Reinsurance industry for over 35 years and has previously been Managing Director of entities in the Hannover Re Group in South Africa and Hong Kong.
Managing Director since 2015.

Mr Robert John Wylie, BA
Independent Non-Executive Director
Age 75

Mr Wylie has previously held a number of senior positions within the insurance industry and has had over 42 years' experience in the financial services industry. Mr Wylie has extensive experience as a Director.

Chair of the Board Risk Committee and member of the Board Audit Committee.
Director since 2017.

Company Secretary

Mr David Tallack BEc, CPA, AGIA has held the position of Company Secretary since 2006. Mr Tallack is a member of Governance Institute of Australia and holds a Graduate Diploma of Applied Corporate Governance.

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the entity during the financial year are:

Director	Directors' Meetings		Board Audit Committee Meetings		Board Risk Committee Meetings		Board Remuneration Committee	
	A	B	A	B	A	B	A	B
*# Mr P Gaydon	3	3	2	2	4	4	2	2
# Mr C Chèvre	3	3	-	-	-	-	2	2
*# Ms S Everingham	3	3	2	2	4	4	2	2
Mr JJ Henchoz	3	3	-	-	-	-	-	-
* Mr R Wylie	2	3	2	2	4	4	-	-
Mr G Obertopp	3	3	2	2	4	4	2	2

A - number of meetings attended
B - number of meetings held during the time the Director held office during the year
* - member of Board Audit and Board Risk Committee
# - member of Board Remuneration Committee

Directors' Report
For the year ended 31 December 2024

Principal activities

The principal activities of the entity during the course of the financial year were the transaction of life reinsurance and life insurance business. The entity provides risk carrying and associated services to insurance offices transacting life and disability insurance risk business. It also provides risk carrying and associated services to retail policyholders via direct marketed distribution arrangements.

Review and results of operations

The entity recorded net income before tax for the 2024 financial year of $19.9m (2023: $19.2m).

The Operating Profit (EBIT) for 2024 was marginally higher than the prior year. Higher investment income, from higher interest rates and bond yields, was largely offset by a deterioration in claims experience, as reflected in the lower Insurance Service Result (Net).

The 2024 net income is after recognition of an income tax expense that is substantially lower than the nominal tax rate of 30%. This lower tax charge is due to the entity being taxed gross of retrocession on profits from its Australian morbidity business.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the entity that occurred during the financial year under review that are not otherwise dealt with in this report or financial statements.

Dividends

The entity did not declare a dividend for 2024 (2023: nil).

Events subsequent to reporting date

At a meeting of the Board of Directors on 20 March 2025, the Board approved the transfer of AUD 10.45m of tax losses from the Australian Reinsurance Statutory Fund to the Australian Statutory Fund at a fair value of AUD 3.13m, with an effective date of 31 December 2024.

The transfer was reflected in Note 23 *Disaggregated information of life insurance business by statutory fund*.

Except for the event listed above, there has not arisen in the interval between the end of the financial year and the date of issuance of the financial statements any other item, transactions, or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

Likely developments

The entity will continue to pursue its objective of providing insurance and reinsurance products to clients and policyholders in a manner that generates beneficial outcomes for those clients and policyholders. The entity will also continue to seek appropriate returns on shareholders' equity and long term growth in its business consistent with increased profits on a year to year basis.

Environmental regulation

The operations of the entity are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any States or Territories. The entity has not incurred any liability (including rectification costs) under any environmental legislation.

Directors' Report
For the year ended 31 December 2024

Indemnification and insurance of Directors and Officers

Indemnification

In accordance with the entity's Constitution, the entity has agreed to indemnify all current and past Directors and Officers of the entity to the fullest extent permitted by the law, against a liability incurred by that person as a Director or Officer of the entity including, without limitation, legal costs and expenses incurred in defending an action. No such insurance cover has been provided for the benefit of any external auditor of the entity.

Insurance Premiums

Since the end of the previous financial year, the entity has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts for current and former Directors and Officers including Executive Officers of the entity. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' Liability insurance contract, as such disclosure is prohibited under the terms of the contract.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included after the Corporate Governance Statement and forms part of the Directors' Report for the financial year.

Rounding off

The entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor

PricewaterhouseCoopers, Chartered Accountants, continue in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors.

P. R. Gaydon
Chairman

Sydney
20 March 2025

Corporate Governance Statement
For the year ended 31 December 2024

This Statement outlines the main corporate governance practices in place throughout the financial year, unless otherwise stated.

Board of Directors

Role of the Board

The Board, acting in accordance with the *Life Insurance Act 1995* and the *Insurance (Prudential Supervision) Act 2010* (jointly "the Life Acts"), has a duty to take reasonable care and use due diligence in relation to the interests of the owners and prospective owners of policies referrable to the Statutory Funds of the entity.

The Board needs to be mindful of its duty to act in the interest of policyholders as well as act in interests of the entity's shareholder.

To fulfil these roles, the Board is responsible for the overall Corporate Governance of the entity including:

- approving the entity's strategic direction;
- establishing goals for management and monitoring the achievement of these goals;
- internal controls and management information systems;
- appraising and monitoring financial and other reporting;
- capital management;
- promoting and monitoring the entity's risk culture; and
- risk management, including tax risk management.

Composition of the Board

The names of the Directors of the entity are set out in the Directors' Report. The Board currently comprises six Directors (of which three are independent Non-Executive Directors) with a broad range of expertise and experience appropriate to the entity's business and the industry which it operates in. In accordance with the entity's Constitution, at least one third of Directors (or the number nearest one third) retire from office at each annual general meeting. Retiring Directors may nonetheless be available for re-election at that annual general meeting, provided that their term of office has been no longer than ten years in total unless the Shareholder has invited the Director to extend their tenure.

Board Processes

To assist it in the execution of its responsibilities, the Board has established a Board Charter and Board Audit, Board Risk, Board Fit & Proper and Board Remuneration Committees with their own Charters.

The Board delegates the operation and administration of the entity to the Managing Director who is accountable to the Board.

The full Board currently holds three scheduled meetings each year, plus any other meetings at such other times as may be necessary to address any specific significant matters that may arise. The agenda for meetings include financial reports, technical and investment reports and any legal and statutory matters if required. The Board Book is circulated in advance and Executives are available to be involved in Board discussions.

Recognition and Management of Risk

The Board has established a framework for identifying areas of significant business risk and maintaining appropriate and adequate controls and monitoring procedures, in addition to ensuring compliance with legal and regulatory requirements. The framework is documented in the Board's Risk Management Strategy. The Board is responsible for reviewing and overseeing the Risk Management Strategy and ensuring the appropriate corporate risk culture governance structure. The Risk Management Strategy operates within the context of the Board's documented risk appetite.

Adequacy of Capital

The Board is responsible for ensuring that the entity, and each statutory fund, has adequate capital to meet its obligations under a wide range of circumstances. The Board has adopted a Target Capital position and an Internal Capital Adequacy Assessment Process (ICAAP) that is documented in the Board's ICAAP Summary Statement.

Board Audit Committee

The responsibilities of the Board Audit Committee (Audit Committee) include reviewing compliance with the entity's accounting policies and internal control framework and the industry's regulatory environment and advising the Board of Directors on the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report. In addition, the performance of the auditors and the adequacy of the internal audit plans are reviewed by the Audit Committee.

The Audit Committee has a documented Charter approved by the Board. The Chairperson may not be the Chairperson of the Board.

The Managing Director, the General Manager (Finance) & Company Secretary, Chief Actuary & Appointed Actuary, Internal Audit and Appointed Auditor are invited to Audit Committee meetings. The Appointed Auditor and the Internal Auditor meet at least once a year with the Audit Committee without management being present.

Board Risk Committee

The Board Risk Committee (Risk Committee) is responsible for assisting the Board of Directors through its oversight of the implementation and operation of the entity's Risk Management Framework.

The Risk Committee has a documented Charter approved by the Board. The Chairperson may not be the Chairperson of the Board.

The Managing Director, Chief Risk & Compliance Officer, Chief Operating Officer, General Manager (Finance) & Company Secretary, Chief Actuary & Appointed Actuary, Deputy Chief Actuary, Head of Human Resources, Head of Data Insights, Appointed Auditor and Internal Auditor are invited to the Risk Committee meetings.

Board Remuneration Committee

The Board Remuneration Committee (Remuneration Committee) is responsible for conducting regular reviews of the Remuneration Policy, making recommendations to the Board on changes to the Remuneration Policy and making annual recommendations to the Board on the remuneration of the Managing Director, direct reports to the Managing Director and any other person whose activities may, in the Board's opinion, affect the financial soundness of the entity.

The Remuneration Committee has a documented Charter approved by the Board. The Remuneration Committee is selected from the Non-Executive Directors of the Board with a minimum of three members. The Chairperson of the Remuneration Committee must be an independent Director with the majority of members being independent Directors.

Remuneration of the Board

All Directors' remuneration is determined on a bi-annual basis by the shareholder.

Fit and Proper Policy

The Board has adopted a Fit and Proper Policy under which the Board assesses annually the responsible persons (including individual Directors) and the accountable persons under the Financial Accountability Regime (FAR) of the entity for their fitness and proprietary in holding their responsible and accountable person positions.

Financial supervision

The Life Acts govern the principal activities of the entity and identify responsibilities of the Board with respect to operations. In addition, the entity is required to comply with the provisions of the *Corporations Act 2001*. The Board seeks to discharge its responsibilities in a number of ways:

- a rolling three year Strategy and an annual business plan and budget is reviewed and approved by the Board;
- three Board meetings are held to monitor performance against budget and financial benchmarks;
- Directors are responsible for ensuring financial statements that are presented to the parent entity and regulatory bodies are prepared in accordance with Australian Accounting Standard AASB 17 *Insurance Contracts*, the *Financial Sector (Collection of Data) Act 2001* and the *Corporations Act 2001*;
- the entity's Appointed Actuary is responsible for investigating the financial condition of the entity including the valuation of policy liabilities, solvency and capital adequacy requirements in accordance with the standards applied by the Australian Prudential Regulation Authority (APRA) and for providing advice to Executive Management and the Board as required under Prudential Standards and the Life Acts;
- Investment Guidelines are approved by the Board. Investment management decisions in accordance with the requirements of the Guidelines are delegated to an external investment manager in accordance with an Investment Management Agreement; and
- adoption of various policies such as the Risk Appetite Statement, Risk and Capital Management Guideline, Target Capital, ICAAP Summary Statement, Recovery Plan, Remuneration Policy, Tax Risk Management Policy, Information Security Management System and Fit & Proper Policy.

Ethical standards

Code of Conduct

The entity has adopted a Code of Conduct that requires all Directors, managers and employees to act with the utmost integrity and objectivity in their dealings with business partners, regulators, the community and employees, striving at all times to enhance the reputation and performance of the entity.

Conflict of Interest

Directors are required to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the entity. Details of Director related entity transactions with the entity are set out in the notes to the financial report.

Auditor's Independence Declaration

As lead auditor for the audit of Hannover Life Re of Australasia Ltd for the year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

SK Fergusson
Partner
PricewaterhouseCoopers

Sydney
20 March 2025

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Statement of Comprehensive Income
For the year ended 31 December 2024

In AUD'000	Notes	2024	2023
Insurance revenue (gross)	7	1,243,442	1,131,311
Insurance service expenses (gross)	7	(1,178,737)	(1,039,736)
Insurance result (gross)		**64,705**	**91,575**
Reinsurance revenue (retroceded)	7	958,788	889,231
Reinsurance expenses (retroceded)	7	(1,077,981)	(1,026,481)
Results from reinsurance contracts (retroceded)		**(119,193)**	**(137,250)**
Insurance service result (net)		**(54,488)**	**(45,675)**
Finance income or (expenses) from insurance contracts issued (gross)	11	25,497	(18,707)
Finance income or (expenses) from reinsurance contracts (retroceded)	12	37,028	(123,309)
Insurance finance result (net)		**62,525**	**(142,016)**
Investment income		143,046	123,953
Change in fair value of financial instruments	10	(86,102)	125,245
Net realised loss on financial instruments		(780)	(7,499)
(Loss) or gain from change in fair value of inflation swaps		(4,452)	3,577
Other investment expenses		(4,510)	(4,319)
Net income from financial instruments		**47,202**	**240,957**
Other income	8	6,453	6,116
Other expenses	8	(39,358)	(37,435)
Net other expenses		**(32,905)**	**(31,319)**
Operating profit (EBIT)		**22,334**	**21,947**
Financing costs	16 & 20	(2,424)	(2,724)
Net income before taxes		**19,910**	**19,223**
Income tax benefit or (expense)	18	14,736	(35,289)
Net income or (loss)		**34,646**	**(16,066)**
Not reclassifiable to the statement of income			
Defined benefit plan reserve movement	14	1,062	(165)
Income tax on defined benefit plan reserve movement	18	(319)	49
Income and expense recognised directly in equity that cannot be reclassified		**743**	**(116)**
Reclassifiable to the statement of income			
Foreign currency translation reserve movement	21	(864)	(143)
Income and expense recognised directly in equity that can be reclassified		**(864)**	**(143)**
Total recognised income and expense		**34,525**	**(16,325)**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position
as at 31 December 2024

In AUD'000	Notes	2024	2023(1)
Assets			
Cash and cash equivalents	9	130,690	144,166
Financial assets at fair value through profit or loss (FVPL)	10 & 22	3,738,093	3,627,500
Total investments and cash under own management		**3,868,783**	**3,771,666**
Reinsurance contract assets	12	-	28,526
Other assets	13	320,311	287,405
Defined benefit pension asset	14	1,946	884
Plant and equipment	15	3,483	3,603
Right of use assets	16	5,127	18,958
Intangible assets	17	1,837	2,416
Current tax asset		170	-
Deferred tax assets	18	34,200	19,478
Total assets		**4,235,857**	**4,132,936**
Liabilities			
Liabilities for incurred claims (LIC)	11	1,610,984	1,508,811
Liabilities for remaining coverage (LRC)	11	872,140	844,355
Liabilities from insurance contracts issued		**2,483,124**	**2,353,166**
Reinsurance contract liabilities	12	550,386	651,667
Other liabilities	19	550,853	476,458
Current tax liability	18	-	19,610
Lease liability	16	11,813	26,879
Subordinated loans	20	47,000	47,000
Total liabilities		**3,643,176**	**3,574,780**
Net assets		**592,681**	**558,156**
Shareholder's equity			
Share capital	21	150,000	150,000
Other Reserve	21	60,000	60,000
Cumulative other comprehensive income			
Defined benefit reserve	21	(4,841)	(5,584)
Foreign currency translation	14 & 21	3,246	4,110
Total of cumulative other comprehensive income		**(1,595)**	**(1,474)**
Retained earnings		**384,276**	**349,630**
Total shareholder's equity		**592,681**	**558,156**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

(1) Refer to note 1 - Basis of presentation on page 17.

Statement of Changes in Equity
For the year ended 31 December 2024

In AUD'000	Share capital	Other reserve	Cumulative other comprehensive income: Defined benefit reserve	Cumulative other comprehensive income: Foreign currency translation	Retained earnings	Total shareholder's equity
Balance at 1 January 2023	150,000	60,000	(5,468)	4,253	365,696	574,481
Net (loss)	-	-	-	-	(16,066)	**(16,066)**
Income and expense recognised directly in equity	-	-	(116)	(143)	-	**(259)**
Total recognised income and expense	**-**	**-**	**(116)**	**(143)**	**(16,066)**	**(16,325)**
Balance at 31 December 2023	150,000	60,000	(5,584)	4,110	349,630	558,156
Net income	-	-	-	-	34,646	**34,646**
Income and expense recognised directly in equity	-	-	743	(864)	-	**(121)**
Total recognised income and expense	**-**	**-**	**743**	**(864)**	**34,646**	**34,525**
Balance at 31 December 2024	150,000	60,000	(4,841)	3,246	384,276	592,681

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 31 December 2024

In AUD'000	Notes	2024	2023
Cash flow from operating activities			
Net income or (loss)		34,646	(16,066)
Add/(less) non-cash items:			
Amortisation component of investment income		(38,050)	(25,466)
Change in fair value of financial instruments		86,102	(125,245)
Net realised loss on financial instruments		780	7,499
Loss or (gain) from change in fair value of inflation swaps		4,452	(3,577)
Depreciation, amortisation and write-offs		3,819	5,821
Lease financing costs		845	1,145
Net cash inflow or (outflow) from operating activities before change in assets & liabilities		**92,594**	**(155,889)**
Change in assets and liabilities:			
Insurance contracts issued		129,958	373,877
Reinsurance contracts held		(72,755)	(106,739)
Other receivables		(37,358)	(148,054)
Other payables		74,395	156,214
Defined benefit pension asset		(1,062)	165
Deferred tax assets		(15,041)	15,719
Current tax asset		(170)	-
Current tax liability		(19,610)	19,063
Net cash inflow from operating activities		**150,951**	**154,356**
Cash flow from investing activities			
Payments for financial assets at FVPL		(1,368,612)	(1,124,214)
Proceeds from sale of financial assets at FVPL		1,207,936	975,607
Proceeds from maturity of inflation swaps		588	343
Payments for plant & equipment		(399)	(271)
Payments for system development costs		(655)	(548)
Net cash outflow from investing activities		**(161,142)**	**(149,083)**
Cash flow from financing activities			
Lease payments		(4,139)	(4,350)
Net cash outflow from financing activities		**(4,139)**	**(4,350)**
Cash and cash equivalents at the beginning of the year		**144,166**	**143,098**
Change in cash and cash equivalents		(14,330)	923
Effects of exchange rate changes on the opening balance of cash and cash equivalents		854	145
Cash and cash equivalents at the end of the year	9	**130,690**	**144,166**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the financial statements 2024

1. Summary of material accounting policies

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

Basis of presentation

The entity is incorporated and domiciled in Australia. The registered office of the entity is Tower 1, Level 33, 100 Barangaroo Avenue, Sydney NSW 2000, Australia. The entity is a public company limited by shares. The entity is a for-profit entity for the purpose of preparing financial statements. The financial statements include the financial results and position of the entity's New Zealand branch.

These financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The financial statements are prepared in accordance with the fair value basis of accounting with certain exceptions as described in the accounting policies below.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial period amounts and other disclosures. For the 2023 comparative, the reinsurance contract asset and liabilities have been reclassified to present portfolios that are assets and portfolios that are liabilities. As a result, on the statement of financial position, reinsurance contract assets were reduced by $312,284 (in '000) and reinsurance contract liabilities reduced by the same amount. This reclassification did not change net assets.

The preparation of the financial statements in conformity with AASB requires management to make judgements and estimates that affect reported amounts. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements have been disclosed in Note 2 *Major discretionary decision and estimates*.

The financial statements are presented in Australian Dollars, which is the entity's functional currency. The entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

The financial statements are prepared on a liquidity basis as this provides more reliable and relevant information.

The financial statements were authorised for issue by the Board of Directors on 20 March 2025. The Directors have the power to amend and reissue the financial statements.

Principles for life insurance business

The life insurance operations of the entity are conducted within separate statutory funds as required by the *Life Insurance Act 1995* (Life Act) and are reported in aggregate with the shareholder's fund in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The life insurance operations of the entity comprises the insurance and reinsurance of individual and group death, total and permanent disability, trauma, income protection and annuity business in Australia and New Zealand.

Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The insured benefit is not linked to the market value of the investments held by the entity, and the financial risks are substantially borne by the entity.

The life insurance operations consist of non-investment linked business only. All business written by the entity is non-participating and all net income and losses from non-participating business are allocated to the shareholder.

Monies held in the statutory funds are subject to the distribution and transfer restrictions and other requirements of the *Life Insurance Act 1995* and the *Insurance (Prudential Supervision) Act 2010.*

Classification of contracts

A contract is to be classified as a insurance contract issued or as a reinsurance contract held pursuant to AASB 17 *Insurance Contracts* (AASB 17) if a significant insurance risk is thereby assumed or transferred. These contract types are treated according to the same rules, irrespective of whether the contracts were issued, acquired in connection with a merger or acquired as part of a transfer of contracts that do not constitute business operations. Contracts that may take the legal form of an insurance contract but do not transfer any significant insurance risk are classified as investment contracts. The recognition and measurement of such contracts follows the rules for the recognition of financial instruments according to AASB 9 *Financial Instruments* (AASB 9).

Financial instruments

Financial instruments are recognised and derecognised on acquisition or sale at the fulfilment date pursuant to AASB 9.

Financial assets

Financial assets are split into following categories on acquisition according to their cash flow characteristics and respective purpose: (i) amortised cost (AC) and (ii) fair value through profit or loss (FVPL).

Derivatives are recognised at FVPL and reported in the Statement of Financial Position under Note 13 *Other Assets* (that are "in the money") and Note 19 *Other Liabilities* (that are "out the money").

Debt instruments are classified as financial instruments at fair value through profit or loss (FVPL) as the financial asset is held within a business model whose objective is collecting cash flows and selling the instrument, and the contractual cash flows meet the SPPI criterion of being solely payments of principal and interest on the principal amounts outstanding. Financial assets classified in the FVPL category are measured at fair value, with all changes in fair value recognised in Statement of Comprehensive Income. Premiums and discounts are spread across the maturity using the effective interest rate method. All the entity's investments fall under the business model with the objective of collecting cash flows and selling, because the investments are predominantly used to cover underwriting risks and sales are therefore influenced by the servicing of these obligations.

All securities measured at FVPL are carried at the fair value on the closing date. All unrealised gains or losses from measurements are recognised in Statement of Comprehensive Income similar to realised gains and losses and reported in the net income from financial instruments.

Valuation models

Financial instrument	Parameter	Pricing model
Fixed-income securities	Yield curve	Present value method
Inflation swaps	Australian CPI	Present value method

Financial liabilities

Financial liabilities are classified either as financial instruments at fair value through profit or loss or as financial instruments measured at amortised cost.

Establishment of the fair value of financial instruments carried as assets or liabilities

The fair value of a financial instrument corresponds to the amount that the entity would receive or pay if it were to sell or settle the financial instrument on the balance date. Where market prices are listed on markets for financial assets, their bid price is used. Financial liabilities are valued at ask price. In other cases, the fair values are established on the basis of the market conditions prevailing on balance date for financial assets with similar credit rating, duration and return characteristics or using recognised models. Financial assets, for which no publicly available prices or observable market data can be used as inputs (financial instruments belonging to fair value hierarchy level 3), are for the most part measured on the basis of valuations drawn up by independent experts.

Netting of financial instruments

Financial assets and liabilities are only netted and recognised at an appropriate net amount if a corresponding legal claim (reciprocity, similarity and maturity) exists or is expressly agreed by contract, or in other words, if the intention exists to offset such items on a net basis or to effect this offsetting simultaneously.

Cash and cash equivalents

Cash and cash equivalents are carried at face value. Cash collateral received on derivative positions are shown under other liabilities.

Reinsurance recoverables on technical reserves

Shares of our retrocessionaires in the technical reserves are calculated according to the contractual conditions on the basis of the gross technical reserves. An appropriate impairment is taken to allow for objective substantial indications of credit risks that are based on an event after initial recognition and suggest impairment, insofar as this can be reliably measured.

Deferred tax assets

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets are also recognised on tax loss carry-forwards and tax credits. Insofar as the deferred taxes refer to items carried directly in equity, the resulting deferred taxes are also recognised directly in equity. Value adjustments are taken on deferred tax assets as soon as realisation of the receivable no longer appears likely. Deferred taxes are measured according to the Australian and New Zealand tax regulations that are applicable or have been adopted as at the closing date.

Deferred tax assets may only be netted with deferred tax liabilities if an enforceable right exists to net actual tax refund claims with actual taxes owing, if the deferred tax assets and deferred tax liabilities refer to income taxes that are levied by the same tax authority. In this regard, there must be an intention – in every future period in which the discharge or realisation of substantial amounts of deferred tax liabilities / deferred tax assets is to be expected – either to bring about the settlement of the actual taxes owing and refund claims on a net basis or to discharge the liabilities at the same time as the claims are realised.

Right-of-use assets from lease contracts

Right-of-use assets are measured at amortised cost in the amount of the initial measurement of the lease liability, adjusted for prepaid lease payments, lease incentives received, initial direct costs incurred and probable restoration costs.

Right-of-use assets are amortised on a straight-line basis over the term of the lease contract.

Other assets

Other assets are accounted for at amortised cost.

Technical reserves, General measurement model – initial measurement

The entity applies the general measurement model to all insurance contracts upon recognition. On initial recognition the entity measures a group of insurance contracts issued as the sum of:

- the fulfilment value, which is comprised of estimates of expected future cash flows, an adjustment that reflects the time value of money and the associated financial risks as well as a risk adjustment for non-financial risks, and
- the contractual service margin (CSM).

In the recognition of the corresponding technical reserves, a fundamental distinction is made between a pre-claims phase (liability for remaining coverage; LRC) and a claims phase after occurrence of the insured event (liability for incurred claims; LIC). The distinction is made according to an insured event yet to have occurred, which includes an unknown period of claim payments triggered by multiple insured events as LRC, and an insured event that has already occurred, which includes a single payment on an insured event as LIC.

Fulfilment value – cash flows

Components of the cash flows to be included are, among others, premiums, costs for acquisition and management of the contracts as well as for settlement of incurred claims. In this context, the cash flows included in the measurement model at each balance sheet date always constitute the entity's current estimate and expectation in connection with the fulfilment of obligations.

Time value of money – discounting

The entity discounts all cash flows with currency-specific, risk-free yield curves that are adjusted to reflect the respective characteristics of the cash flows and the liquidity of the underlying insurance contracts (bottom-up approach). An illiquidity premium is applied, based on risk-adjusted spreads of corporate and government bonds. These adjustments, which take the form of a supplementary illiquidity premium per currency, satisfy the following requirements / assumptions:

- the illiquidity of the underlying insurance contracts is defined through the predictability of the resulting cash flows, since the harder it is to predict a cash flow, the less it lends itself to coverage with illiquid assets.
- all characteristics of an insurance contract (or a group of insurance contracts) can be fully described and measured through the characteristics of its resulting cash flows.

The uncertainties in cash flows that may be caused by volatility in financial market parameters are captured in the estimation of expected future cash flows, instead of implicitly reflecting them through adjustment of the risk-free and completely illiquid yield curve in the illiquidity premium.

The illiquidity premiums are estimated on the basis of liquidity premiums for financial assets observable on the market that are adjusted to reflect the illiquidity characteristics of the cash flows on the liabilities side. The illiquidity premiums used in this context are based on risk-adjusted spreads of corporate and government bonds.

Risk adjustment for non-financial risks

The non-financial risk adjustment for a group of insurance contracts reflects the amount of compensation needed to carry the uncertainty surrounding the amount and timing of the cash flows that arise out of non-financial risks – such as the insurance risk itself, the cost risk and in particular the risk associated with policyholder behaviour. The entity uses a "pricing margin approach" to determine the risk adjustment. The compensation for the uncertainty of the cash flows is considered within the premium calculations. The loadings on the cash flows determined here form the risk adjustment pursuant to AASB 17. The confidence level for risk adjustment for non-financial risks at the balance sheet date is 62% (2023: 61%).

Contractual service margin (CSM)

The contractual service margin defers a profit expected at the time of acquisition and spreads it according to provision of the service across the coverage period. Specifically, this means:

- If the present value of the expected cash inflows exceeds the present value of the expected cash outflows plus the risk adjustment, an expected profit exists that is recognised in the contractual service margin. Initial balance sheet recognition of contracts expected to be profitable thus has no effect on profit or loss.
- Subsequent measurement of the contractual service margin reflects the rendering of an insurance contract service. The insurance contract service consists of the benefit paid in case of occurrence of an insured event. An amount is released from the CSM to profit or loss in the corresponding reporting periods as a service fee for rendering of this service and recognised in the Statement of Comprehensive Income as part of the insurance revenue. Coverage units are used to measure this service in a reporting period.
- These coverage units are based on the quantities of benefits provided at the end of the reporting period relative to those expected to be provided over the entire contract duration in order to determine the service rendered for the period. We select the coverage units for each insurance transaction in such a way that they optimally reflect the service provided.

Loss component

For groups of contracts where the sum of the present value of expected future cash outflows and the risk adjustment exceeds the present value of the expected future cash inflows, the expected loss is recognised at the time of acquisition directly in Statement of Comprehensive Income as a loss component.

General measurement model – subsequent measurement

The value of a group of insurance contracts at balance date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

- The liability for remaining coverage consists of the fulfilment value relating to future payments allocated to the group of contracts at this time as well as the CSM for the group at the closing date.
- The liability for incurred claims consists of the fulfilment value for incurred claims plus expenditures not yet paid, including claims already incurred but not yet reported and claims which have been reported but not yet admitted.

The fulfilment value plus the estimates of current assumptions made by the entity in earlier financial statements is updated at the end of each reporting period based on current estimates of the amount, timing and uncertainty of expected future cash flows and discount rates. The entity carries the insurance finance income and expenses to the Statement of Comprehensive Income.

Changes in cash flows

Changes that relate to future payments which adjusts the CSM include, amongst others:

- Changes to estimates of the present value of expected future cash flows in the LRC;
- Variances between an investment component that is expected to be payable in the period and the actual investment component that becomes payable is determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the beginning of the period, plus any insurance finance income or expenses in relation to the expected payment before it becomes payable;
- Changes to the risk adjustment for non-financial risks that relate to future services;
- Experience-based adjustments due to premiums booked in the period that relate to future services, and associated cash flows such as acquisition costs and premium-based taxes.

The following changes do not result in an adjustment of the CSM and are therefore recognised directly in the Statement of Comprehensive Income:

- Changes in the fulfilment value due to the effects of the time value of money, the financial risks and changes in this regard;
- Changes in the fulfilment value in connection with the LIC;
- Experience-based adjustments due to premiums booked in the period that do not relate to future services, and associated cash flows such as acquisition costs and premium-based taxes.

Changes in cash flows (continued)

The CSM of each group of contracts is calculated on each balance date as explained below. The value of the CSM at the balance date corresponds to the value at the start of the year, adjusted for:

- the CSM of new contracts added to the group in the financial year;
- the interest accretion on the value of the CSM with the interest rate determined on initial recognition (locked-in rate);
- changes in the fulfilment value connected with cash flows that relate to the fulfilment of future services.

These are recognised through adjustment of the CSM for as long as the CSM is available. If an increase in the fulfilment value exceeds the CSM, the excess amount is recognised in insurance service expenses and a loss component is recognised. The release of the CSM through insurance revenue was calculated after allowance for all adjustments.

Retrocession contracts

The entity applies the general measurement model to all retrocession contracts held upon recognition. The accounting policies described above are also applied as a general principle to retrocession contracts held. Retroceded business is additionally subject to the following special recognition and measurement principles. As with business assumed, the rules refer in each case to the aggregation level of a group of contracts.

The entity reports reinsurance contracts held at the earlier of the following points in time:

- At the beginning of the coverage period of the contracts held, or
- At the time when a group of onerous underlying assumed contracts is recognised.

In the case of ceded reinsurance contracts with pro-rata coverage (all proportional reinsurance), recognition does not take place until the date on which the underlying assumed contracts are recognised if this date falls after the inception of the coverage period of the ceded contracts.

On each balance date the entity estimates the future cash flows and their discounting based on current assumptions. The assumptions are consistent with the assumptions chosen for measurement of the underlying issued insurance contracts.

The risk adjustment for non-financial risk with respect to business retroceded is determined as the part of the risks effectively transferred to the retrocessionaire. In this regard, the entity strives for consistency with the determination of the risk adjustment for non-financial risks for the underlying gross business.

In contrast to the recognition of issued retrocession contracts, the contractual service margin for ceded retrocession contracts can be positive or negative.

In the case of prospective retrocession contracts, both net profit and net costs are to be deferred on acquisition of the retrocession across the coverage period. Changes in fulfilment values are offset against the contractual service margin, insofar as these changes relate to future services. If, however, the changes in estimates are attributable to measurement adjustments to the underlying contracts recognised in Statement of Comprehensive Income, the effect is recognised on the measurement of the ceded retrocession contracts directly in Statement of Comprehensive Income. This facilitates consistent mapping of the gross insurance contracts with the ceded retrocession contracts. The contractual service margin is spread across the remaining duration of the coverage period in the context of subsequent measurement on the basis of coverage units.

In contrast, in the case of retroactive retrocession contracts relating to insured events that occurred prior to acquisition of the retrocession, net costs from acquisition of retrocession are expensed in Statement of Comprehensive Income. Expected net profits, on the other hand, are spread across the run-off period of the underlying contracts in a contractual service margin by selecting appropriate coverage units.

Loss-recovery component

The entity establishes a loss-recovery component if a loss is reported for ceded gross insurance contracts on account of onerous contracts. The loss component to be expensed for the gross insurance contracts is thereby opposed with a loss-recovery component recognised in income proportionate to the expected relief. In this way, allowance is also made in the Statement of Financial Position for an effective retrocession and as a result only a non-retroceded loss from the gross insurance contracts remains in Statement of Comprehensive Income in the respective period. Reversals of the loss-recovery component cause the contractual service margin to be adjusted, provided these reversals do not involve changes in the fulfilment values of the group of ceded retrocession contracts. In the context of subsequent measurement, the loss-recovery component is adjusted for changes in the loss component of the underlying insurance contracts.

Derecognition and contract modification

Contracts are derecognised when they are extinguished or their terms and condition are changed in such a way as to fundamentally impact the economic characteristics of the contractual properties. If this is not the case, the contract modification results in a change in the estimated fulfilment values.

Investment components

The investment component of an insurance contract is defined as the amount that an entity must repay to the policyholder even if the insured event does not occur. Investment components are not included in the insurance revenue or in the insurance service expenses.

Deferred tax liabilities

In accordance with AASB 12 *Income Taxes* deferred tax liabilities must be recognised on temporary differences arising between the tax bases of assets and liabilities that will lead to additional tax charges in the future.

Other liabilities

Non-technical provisions are established according to a realistic estimate of the amount required and shown under the Statement of Financial Position item “Other liabilities”. Allocation to such provisions is conditional upon the entity currently having a legal or actual obligation that results from a past event and in respect of which utilisation is probable and the amount can be reliably estimated.

Lease liability

Lease liabilities are initially measured at the present value of essentially all lease payments that are not variable or dependent on an index or interest rate. The discount factor used is the implicit interest rate of the lease contract or the lessee’s incremental borrowing rate.

Shareholder's equity

Shareholder’s equity includes share capital which is comprised of the amounts paid in by the parent entity in respect of its shares. In addition to the other reserve of the entity and the allocations from net income, the retained earnings consist of reinvested profits generated by the entity in previous periods. In the event of a retrospective change of accounting policies, the adjustment for previous periods is recognised in the opening balance sheet value of the retained earnings and comparable items of the earliest reported period. Translation differences resulting from the currency translation of separate financial statements of the entity’s foreign branch are similarly recognised in other comprehensive income under cumulative foreign currency translation adjustments.

Translation of foreign operations

The Statement of Comprehensive Income and Statement of Financial position of the entity's New Zealand branch, that has New Zealand dollars as its functional currency, are translated into Australian dollars as follows:

- Income, expenses and other current period movements in the Statement of Comprehensive income are translated at the exchange rate at the beginning of each month; and
- Statement of Financial Position items are translated at the closing balance date rates of exchange.

Exchange differences arising from the translation of the foreign operations are taken to equity and recognised in other comprehensive income. When a foreign operation is sold in whole or part and retained profits are repatriated, exchange differences on translation from the New Zealand branch's functional currency to the entity's functional currency of Australian dollars are reclassified out of other comprehensive income and recognised in profit or loss as part of the gain or loss on sale.

Insurance revenue

The entity books insurance revenue when it renders services in connection with groups of insurance contracts. In this context, the insurance revenue of the reporting period represents the sum of the changes in the liability for remaining coverage resulting from the rendering of services in this period for which the entity expects a consideration. The insurance revenue is defined in such a way as to bring about comparability with revenue reporting in other industries and derives from the following revenue sources:

- Expenditures incurred in the reporting period for insured losses and other insurance services (excluding repayments of investment components and amounts allocable to a potential loss component).
- Changes in the risk adjustment for non-financial risks in relation to services in the current reporting period.
- CSM release, measured by the coverage units provided.
- Other amounts, including experience-based adjustments to premium received for services in the current or in past periods.

No insurance revenue is recognised in the amount of the investment components because this involves those parts of the premium that are always paid back to the cedant, irrespective of whether or not the insured event occurs. This includes most commissions paid to cedants. The reduction of the revenue by the amount of the investment components has no influence on the insurance service result because the insurance service expenses are also correspondingly reduced.

Insurance service result

The insurance service expenses include, in particular, the incurred claims (excluding repayments of investment components) as well as the management and acquisition expenses. The acquisition expenses are allocated systematically to the respective periods of the coverage duration and recognised in the same amount as insurance revenue and as insurance service expenses. Within the insurance service result, the profit components from contracts retroceded are shown as separate items distinct from the gross insurance revenue and gross insurance service expenses from issued business.

Insurance finance income and expenses

In the insurance finance result, the insurance finance income and expenses include the effects from the discounting of:

- the present value of net cash flows,
- the risk adjustment for non-financial risks; and
- the contractual service margin.

The finance income and expenses are recognised in the Statement of Comprehensive Income.

Taxes

The taxes are comprised of the actual tax charge on corporate profits of the entity, to which the applicable local tax rates are applied, as well as changes in deferred tax assets and liabilities. Income and expenses arising out of interest or penalties payable to the tax authorities are shown under other income / expenses.

Subordinated loans

Subordinated loans are initially measured at fair value net of transaction costs directly attributable to the transaction and are subsequently measured at amortised cost. Fair value of subordinated loans is disclosed in the Note 10 *Fair value hierarchy*.

Plant and equipment

Plant and equipment are initially recorded at cost and depreciated on a straight line basis over their estimated useful lives. The depreciation is charged to the Statement of Comprehensive Income.

Depreciation rates and methods are reviewed annually. When changes are made, adjustments are reflected prospectively in current and future reporting periods.

Contracts without substantial insurance risk transfer

The entity has contracts of insurance that do not involve the transfer of substantial insurance risk. These contracts are dealt with in accordance with AASB 15 *Revenue from Contracts with Customers* and any premium received or claims paid in relation to these contracts are not reported as insurance revenue.

Basis of expense apportionments

Apportionments under Part 6, Division 2 of the *Life Insurance Act 1995* have been made as set out below.

Expenses are apportioned between statutory funds as follows:

- Expenses directly identifiable to a particular fund are apportioned to that fund;
- All expenses which are staff related are allocated in proportion to the estimated time involved in each fund;
- Other expenses are allocated in proportion to appropriate cost drivers.

All expenses, excluding investment management fees which are directly identifiable, have been apportioned between directly attributable and non-directly attributable having regard to the objective when incurred. Expenses identifiable as directly attributable, such as initial commission, have been allocated in accordance with accounts received from cedants. All other expenses have been apportioned between directly attributable and non-directly attributable according to appropriate cost drivers and an analysis of the time spent by each employee.

All expenses relate to non-participating business as the entity only writes this category of business.

Derivatives and hedging activities

Derivatives are irrevocably elected for initial recognition at fair value through profit or loss on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The entity designates derivatives as fair value hedges to hedge inflation risk associated with the settlement cash flows of recognised indexed policy liabilities and latest inflation assumptions applied to highly probable forecast transactions.

At inception of the hedge relationship, the entity documents the economic relationship between hedging instruments and hedged items, including whether changes in the fair values of the hedging instruments are expected to offset changes in the indexed cash flows of hedged items and inflation assumptions of highly probable forecast transactions. The entity documents its risk management objective and strategy for undertaking its hedge transactions.

Derivative financial instruments' fair values at the reporting date are disclosed in Note 10 *Financial value hierarchy*.

Collateral furnished or received is recognised per counterparty up to at most the amount of the respective net liability or net asset.

Initial Recognition of Insurance and Reinsurance Contracts

Before a contract is recognised pursuant to AASB 17, the entity performs an assessment whether the contract contains components that are to be separated and recognised separately according to the provisions applicable in accordance with other accounting standards.

Out of the three measurement models in AASB 17, the basis adopted by the entity being the "general measurement model" (GMM). The "variable fee approach" (VFA) is a variant of the general measurement model for insurance contracts with a direct surplus participation and is not applicable to life insurance business. The "premium allocation approach" (PAA) is a simplified method that can be used by insurers and reinsurers when certain criteria are met. The entity's portfolio contains contracts that qualify for the general measurement model. For operational reasons and in order to achieve consistent and comparable presentation and measurement within the portfolio of insurance and reinsurance contracts, the entity applies the general measurement model to its entire business.

The general measurement model measures receivables and payables from insurance and reinsurance business by the fulfilment cash flows plus the contractual service margin.

As a general principle, insurance contracts are grouped together and measured on an aggregated level. For this purpose, the entity defines as a first step portfolios containing contracts with similar risks that are managed together. In a second step, the entity split these portfolios into groups of contracts according to profitability criteria and annual cohorts. With regard to the profitability expected at the time of initial recognition, a distinction is made between:

- onerous contracts,
- contracts where there is no significant probability of them becoming onerous in subsequent periods; and
- the remaining contracts.

These distinct insurance contracts are allocated to separate groups of contracts. Contracts issued within a calendar year are combined into annual cohorts. Under AASB 17 there is a requirement to group contracts into such annual cohorts.

AASB Amendments and Interpretations

The following amendments to existing standards were applicable for the first time in the reporting period. These amendments did not have any significant implications for the financial statements:

Published	Title	Initial application to annual periods beginning on or after the following date:
March 2020	AASB 2020 - 1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current [AASB 101]*	1 January 2024
November 2022	AASB 2022 – 5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback [AASB 16]*	1 January 2024
December 2022	AASB 2022 - 6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants [AASB 101 and AASB Practice Statement 2*]	1 January 2024
June 2023	AASB 2023 - 1 *Amendments to Australian Accounting Standards – Supplier Finance [AASB 7 and AASB 107*]	1 January 2024

Standards or changes in standards that have not yet entered into force or are not yet applicable

Certain amendments to accounting standards have been published by AASB that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the entity. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

Published	Title	Initial application to annual periods beginning on or after the following date:
October 2023	AASB 2023 – 5 *Amendments to Australian Accounting Standards – Lack of Exchangeability [AASB 1, AASB 121 and AASB 1060]*	1 January 2025
July 2024	AASB 2024 – 2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments [AASB 7 and AASB 9]*	1 January 2026
September 2024	AASB 2024 - 3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11 [AASB 1, AASB 7, AASB 9, AASB 10 and AASB 107]*	1 January 2026
December 2014	AASB 2014 – 10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 and AASB 128]*	1 January 2028
November 2024	AASB 2024 – 4 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 [AASB 10 and AASB 128]*	1 January 2028

2. Major discretionary decision and estimates

In the financial statements, it is necessary to make estimates and assumptions which affect the assets and liabilities shown in the balance sheet, the information on contingent claims and liabilities as at the balance date and the disclosure of income and expenses during the reporting period.

Discretionary decisions, estimates and assumptions are of considerable significance when it comes to the classification, aggregation level and measurement of the assets and liabilities from insurance contracts issued or reinsurance contracts held. Depending on the assessment of the transfer a significant insurance risk, contracts are classified either as insurance or investment contracts. An appropriate aggregation level is necessary to identify contract portfolios by separating groups of contracts that are onerous upon initial recognition from those that do not have a significant probability of subsequently becoming onerous. In addition, assumptions are made and estimation uncertainties exist regarding the measurement of insurance and retrocession contracts. In measuring such contracts, the measurement method is to be defined that is used for estimating the risk adjustments for non-financial risks and the quantity of services to be rendered under a contract. Changes in material assumptions relating to discount rates (including illiquidity premiums), loss experience or future cash flows and differences between interest on credit balances and discount rates could result in significant changes in fulfilment values in the following financial year or in adjustment of the contractual service margin.

The calculation of reserves and assets is crucially dependent on actuarial projections of the covered business. So-called model points are defined according to the type of business covered. The main distinguishing criteria include, among others, the age, sex and (non-)smoker status of the insured, premium rate, policy period, period of premium payment and amount of insurance. The portfolio development is simulated for each model point, in which regard the key input parameters are either predefined (e. g. allowance for costs, amount of premium, actuarial interest rate) or need to be estimated (e. g. mortality or morbidity rates, lapse rates). These assumptions are heavily dependent on the sales channel, quality of the cedant's underwriting and claims handling, type of insurance and other framework conditions of the reinsurance treaty. The superimposition of numerous model points gives rise to a projection, which incorporates assumptions concerning the portfolio composition and the commencement of covered policies within the year. Such assumptions are estimated at the inception of a reinsurance treaty and subsequently adjusted to the actual development.

The entity makes estimates and assumptions that affect the reported amounts of assets and liabilities at year end. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where critical accounting estimates are applied are noted below.

Receivables and payables for life insurance contracts

The entity has a process for allocating the quarterly technical estimates to life insurance contracts. The process allocates, at a granular level, the estimates to the receivables and payables of life insurance contracts after taking account of the actual transactions.

Recoverability of deferred tax assets

The entity assesses the recoverability of deferred tax assets at each reporting date. In making this assessment, the entity considers in particular the future business plans, history of generating taxable profits, whether the unused tax losses resulted from identifiable causes which are unlikely to recur and if any tax planning opportunities exist in the year in which the taxable losses can be utilised.

Provisions & contingent liabilities

In the process of determining a provision, or contingent liability, significant judgement is applied based on all available information, facts and circumstances. The nature of provisions and contingent liabilities are such, that as further information comes to light, the ultimate outcome could be significantly different from the original adopted position.

3. Actuarial assumptions and methods

The effective date of the actuarial report on life insurance contract liabilities and solvency reserves is 31 December 2024. The actuarial report dated 20 March 2025 was prepared by Appointed Actuary, Mr Jun Song BCom, FIAA, FNZSA. The actuarial report indicates that Mr Song is satisfied as to the accuracy of the data upon which life insurance contract liabilities have been determined.

The life insurance contract liabilities for life insurance contracts are valued in accordance with AASB 17 *Insurance Contracts*, APRA Prudential Standard LPS 340 *Valuation of Policy Liabilities*, and the relevant actuarial standards and guidance.

The profit carrier used for the major product groups in order to achieve the systematic release of Contractual Service Margin and Risk Adjustment was as follows:

Major Product Groups	Profit Carrier
Individual and group death insurance	Claims incurred
Disability insurance	Claims incurred

Disclosure of assumptions

The assumptions used to value life insurance contract liabilities are best estimates of expected future experience determined in accordance with AASB 17 and APRA Prudential Standard LPS 340. The key assumptions are as follows:

- Discount rates: The discount rates assumed (including illiquidity premium) are risk free rates based on current observable objective rates that relate to the nature, structure and term of the future obligations. Discount rates assumed are:

		2024				
Country	Currency	1 Year	5 Years	10 Years	20 Years	30 Years
Australian business	AUD	4.8% p.a.	4.6% p.a.	4.8% p.a.	5.% p.a.	4.9% p.a.
New Zealand business	NZD	3.8% p.a.	3.8% p.a.	4.2% p.a.	4.6% p.a.	4.6% p.a.

		2023				
Country	Currency	1 Year	5 Years	10 Years	20 Years	30 Years
Australian business	AUD	4.6% p.a.	4.2% p.a.	4.5% p.a.	4.7% p.a.	4.3% p.a.
New Zealand business	NZD	5.4% p.a.	4.1% p.a.	4.2% p.a.	4.4% p.a.	4.5% p.a.

Disclosure of assumptions (continued)

- Inflation rates: The inflation rates are primarily relevant to the determination of the outstanding life insurance contract liabilities. The assumptions have been based on current inflation rates and the outlook for inflation over the term of the liabilities. The assumed inflation rates are:

Country	2024	2023
Australian business	2.5% to 2.8% p.a.	2.8% to 3.2% p.a.
New Zealand business	2.5% to 2.7% p.a.	2.3% to 2.5% p.a.

- Future expenses: The life insurance contract liabilities include an allowance for the directly attributable proportion of total expenses. The future maintenance expenses are assumed to be a set percentage of future premium income and claim payments. Future investment expenses have been assumed to be at the same percentage of assets under management as currently applies.

- Rates of taxation: Policy liabilities have been determined on a gross of taxation basis. The rates of taxation that apply to the entity are shown in Note 18 *Income tax*.

- Mortality and morbidity: Assumed mortality and morbidity claim rates were based on various published tables, primarily those most recently published by the Council of Australian Life Insurers, adjusted in light of recent industry experience and the entity's own experience. For disability income claims, adjustments were made to the tabular claim termination assumptions based on the entity's own experience, as follows. Claim termination rates as percentage of tabular termination assumptions:

Country	2024	2023
Australian business	10% to 250% of ADI 2014-2018	35% to 250% of ADI 2014-2018
New Zealand business	60% to 105% of ADI 2014-2018	60% to 113% of ADI 2014-2018

  A possible deterioration in mortality and morbidity rates could increase estimates of future cash outflows and thus decrease the CSM. A sensitivity analysis is included below.

- Rates of discontinuance: Assumed policy discontinuance rates are based on recent actual discontinuance experience. Assumed rates may vary by sub-grouping within a category and vary according to the length of time tranches of business have been in force. Future rates of discontinuance for the major categories of business were assumed to be in the order of 1% - 46% p.a. (2023: 2% - 46% p.a.).

  Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM, depending on the product specifics. A sensitivity analysis is included below.

Processes used to select assumptions

- Discount rates: Cash flows are discounted with currency-specific, risk-free yield curves that are adjusted to reflect the respective characteristics of the cash flows and the liquidity of the underlying insurance contracts (bottom-up approach).
- Expense level: The current level of expense rates is taken as an appropriate expense base.
- Tax: Current tax legislation and rates are assumed to continue unaltered.
- Mortality and morbidity: An appropriate base table of mortality or morbidity is chosen for the type of product being written. An investigation into the actual experience of the entity is performed and statistical methods and judgement are used to adjust the rates reflected in the table to a best estimate of mortality or morbidity. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table.
- Discontinuance: An investigation into the actual experience of the entity is performed and statistical methods are used to determine appropriate discontinuance rates. An allowance is then made for any trends in the data to arrive at a best estimate of future discontinuance rates.

Sensitivity analysis

The valuations included in the reported results and the entity's best estimate of future performance are calculated using certain assumptions about the variables such as discount rates, discontinuance rates, mortality, morbidity and inflation. A movement in any key variable will impact the performance of the entity.

The table below illustrates how changes in key assumptions would impact the reported profit after tax and equity of the entity before and after risk mitigation by retrocession contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. It assumes the assumption is changed at balance date and shows the impact on the reported profit after tax. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. Further no allowance has been made for future management actions which may be implemented.

In AUD'000	Change in Variable	Impact upon net income after tax and equity 2024 Gross insurance	Impact upon net income after tax and equity 2024 Net insurance
Worsening of mortality claim incidence rates	+10%	(99,620)	(7,764)
Worsening of morbidity claim incidence rates	+10%	(85,647)	+11,726
Worsening of income protection claim termination rates	-20%	(35,308)	+3,250
Deterioration in unreported claims development [1]	+10%	(65,312)	+5,679
Discontinuance	+10%	(4,439)	(667)
Expenses	+10%	(4,706)	(4,706)

(1) This relates to the cost of incurred but not reported claims.

In AUD'000	Change in Variable	Impact upon net income after tax and equity 2023 Gross insurance	Impact upon net income after tax and equity 2023 Net insurance
Worsening of mortality claim incidence rates	+10%	(98,403)	(7,669)
Worsening of morbidity claim incidence rates	+10%	(84,601)	+11,583
Worsening of income protection claim termination rates	-20%	(34,877)	+3,210
Deterioration in unreported claims development [1]	+10%	(62,564)	+5,440
Discontinuance	+10%	(4,385)	(659)
Expenses	+10%	(4,648)	(4,648)

(1) This relates to the cost of incurred but not reported claims.

The sensitivity results shown above are based on the European Solvency II sensitivity analysis performed on the equivalent data of underlying insurance contracts, assumptions and market variables as of balance date. The Solvency II sensitivities have been used as they are readily available and have historically been used globally across the entity for valuation and underwriting management purposes. The Solvency II sensitivity analysis produce projected cashflows that are consistent with AASB 17 projected cashflows with a key difference being small differences in discount rate assumptions.

4. Risk Management policies and procedures

The financial condition and operating results of the entity are affected by a number of key financial and non-financial risks. The entity's objectives and policies in respect of managing these risks are set out in the following section.

The Board of Directors is responsible for the entity's risk management framework and is responsible for the oversight of its operation by management. This framework, which is documented in a formal risk management strategy, is established to identify and manage the risks faced by the entity, to set appropriate risk limits and to ensure risks and controls are monitored. The framework operates within the context of the Board's appetite for risk, which is documented in a Risk Appetite Statement.

The entity's Chief Risk and Compliance Officer co-ordinates with the executive team, the development, implementation, continuous improvement and monitoring of the Risk Management and Compliance Management Frameworks.

The risk management framework is reviewed at least annually and amended as required. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive risk and control culture and environment in which all employees understand their roles and obligations.

The Board Risk Committee, a sub-committee of the Board, is responsible for oversight of the implementation and operation of the entity's risk and compliance frameworks.

The Board Audit Committee, a sub-committee of the Board, is responsible for monitoring the entity's risk management framework and reporting to the Board. It provides independent assurance to the Board that the risk management framework is appropriate, consistently implemented and operating effectively.

The Board Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes regular reviews and tests of risk management controls and procedures, the results of which are reported to the Committee.

Capital risk

The Board's ICAAP Summary Statement outlines the Internal Capital Adequacy Assessment Process (ICAAP) of the entity. The objectives of the ICAAP are to enable the entity to maintain adequate capital and to meet all regulatory capital requirements on a continuous basis. The ICAAP also sets out certain actions and procedures for monitoring compliance with its regulatory capital requirements and capital targets.

Risks arising from financial instruments

Credit risk

Credit risk is the risk of financial loss to the entity if a cedant, outwards reinsurer or counterparty to a financial instrument fails to meet its contractual financial obligations, and arises principally from the entity's receivables from customers, outwards reinsurance receivables and issuers of investment securities.

- The entity aims to limit its exposure to credit risk by only retroceding with financial entities with strong credit ratings. All of the entity's outwards retrocession exposures are to retrocession entities that at the valuation date had a credit rating of at least AA- (Standard & Poor's) with the exception of one reinsurer (A+), whom the entity has immaterial exposure to. Given these high credit ratings, management does not expect a reinsurer to fail to meet its obligations.

- The entity aims to limit its exposure to credit risk by only reinsuring with financial entities with strong credit ratings. All of the entity's outwards reinsurance exposures are to reinsurers that at the valuation date had a credit rating of at least AA- (Standard & Poor's) with the exception of one reinsurer (A+), whom the entity has immaterial exposure to. Given these high credit ratings, management does not expect a reinsurer to fail to meet its obligations.

- The entity's Investment Guidelines, approved by the Board, contain credit rating based limits on exposures to securities and issuers. Compliance with the Investment Policy is monitored daily by the entity's investment managers and reported regularly to the Investment Strategy Committee. The Committee is responsible for setting strategy within the framework of the Investment Guidelines and reporting to the Board on strategy, performance and compliance.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The entity maintains a float of cash to meet obligations. The entity also has access to more liquid national government or semi government bonds within the entity's fixed interest portfolio, the sale proceeds of which would be available to the entity.

Market risk

Market risk is the risk that changes in components of market prices, such as interest rates, credit spreads and currency risk, will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

- Interest rate risk: The entity has a portfolio of fixed interest security assets and a portfolio of life insurance contract liabilities. Both of these portfolios are subject to change in carrying value due to changes in interest rates. The entity manages these interest rate risks by approximately matching the duration of the fixed interest portfolio and the insurance contract liability portfolio.

- Credit spread risk: The movements in credit spreads can impact the value of the investments and therefore impact reported profit or loss. This risk is managed by investing in high quality, liquid fixed interest debt instruments.

- Currency risk: The entity has a New Zealand branch whose assets and liabilities are denominated in New Zealand dollars. On translation of the New Zealand branch into the reporting currency (Australian dollars) of the entity, exchange rate variations on Statement of Financial Position items are recognised in a foreign currency translation reserve within equity. The entity is exposed to currency risk on the translation of Statement of Comprehensive Income items and the settlement of monetary balances between the Australian and New Zealand businesses.

- Inflation risk: An inflation risk exists as the insurance contract liabilities could develop differently than assumed at the time when the reserve was constituted due to inflation. In order to partially hedge inflation risks the entity holds inflation-linked bonds and derivatives in its portfolio.

Insurance risks

Insurance risk is the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations.

Controls over insurance risk include the use of underwriting procedures, established processes over setting of premium rates and policy charges and regular monitoring of retrocession arrangements. Controls are also maintained over claims management practices to ensure the timely payment of insurance claims in accordance with policy obligations.

Methods to limit or transfer insurance risk exposures are:

- Outwards retrocession: The entity's outwards retrocession agreements are designed to provide some protection against volatility of profit from claims fluctuations and deteriorating experience and to provide financial support by way of capital relief. Outwards retrocession contracts are analysed to assess the impact on the entity's exposure to risk.

- Underwriting procedures: The entity has formal Underwriting Guidelines which document the entity's underwriting framework including the types of business that the entity may write, underwriting authorities and limits. The Company also has documented underwriting procedures for underwriting decisions. Such procedures include limits to delegated authorities and signing powers. The underwriting process is regularly reviewed by the entity's internal auditors to assess the adequacy and effectiveness of controls over the underwriting process. Where underwriting authority is delegated to a cedant, the entity has a program for auditing the cedant's underwriting processes.

- Claims management: Strict claims management procedures and controls are in place to ensure the accurate and timely payment of claims in accordance with policy conditions. The entity has in place a program to assist cedants manage their claim portfolios.

Insurance risks (continued)

- Pricing: The entity adopts standard pricing processes and controls. In specified circumstances, particularly for large or non-standard risks, advice is provided by the Appointed Actuary specific to that quotation and is considered by the entity.

- Experience analysis: Experience studies are performed at a client and product level to determine the adequacy of pricing and valuation assumptions. The results are used to determine prospective changes in pricing and valuation.

- Management reporting: The entity reports quarterly financial and operational results including, mortality and morbidity claim experience, policy discontinuance, and exposure for portfolios of contracts (gross and net of retrocession). This information includes the entity's gross and net results which are compared against the entity's business plan.
- Concentration of insurance risk: The demographics, insured event, industry, geographical location and currency of policyholders is spread with the expectation that the risk concentration is minimal.

Sensitivity to insurance risks

The nature of the terms of the life insurance contracts written is such that certain external variables can be identified on which related cash flows for claim payments depend. The table below provides an overview of the key variables upon which the amount of related cash flows is dependent.

Type of contract	Detail of contract workings	Nature of compensation for claims	Key variables that affect the timing and uncertainty of future cash flows
Non-participating life insurance contracts with fixed terms (Term Life and Disability)	Benefits paid on death or ill health that are fixed and not at the discretion of the issuer	Benefits, defined by the insurance contract, are determined by the contract and are not directly affected by the performance of underlying assets or the performance of the contracts as a whole	- Mortality - Morbidity - Interest rates - Inflation rates - Lapse rates - Expenses

Tax risk management and related policies

The entity's Board does not sanction or support any activities which seek to aggressively structure its tax affairs. The entity's tax outcomes are determined by the nature of its business and it pays taxes accordingly. The entity has a framework to ensure that all tax requirements are met.

The entity's tax strategy is focused on integrity in compliance and reporting. The strategy is implemented through the entity's Tax Risk Management Policy. This policy is approved by the Board and supported by business processes.

In conducting the entity's activities (both in Australia and New Zealand), the entity:
- does not shift to and/or accumulate profits in low or zero tax jurisdictions;
- does not use the secrecy rules of jurisdictions to hide assets or income; and
- pays tax where the underlying economic activity occurs.

The entity is subject to transfer pricing obligations under Australia's Country-by-Country (CbC) regime and lodges relevant reports and statements with the Australian Taxation Office within 12 months after the end of income tax year. In compliance with both Australian filing requirements and the OECD BEPS Action Plan, the CbC Report contains details about the entity's international related party dealings, revenue, profits and taxes paid by jurisdiction. Under intergovernmental exchange of information agreements, this CbC Report is available to overseas tax authorities.

5. Disclosure on asset restrictions

Investments held in the statutory funds can only be used within the restrictions imposed under the *Life Insurance Act 1995*. The main restrictions are that the assets in a fund can only be used to meet the liabilities and expenses of that fund, to acquire investments to further the business of the fund or as distributions when Prudential Capital Requirements are met. Shareholders can only receive a distribution when the Prudential Capital Requirements are met.

6. Capital requirements

The capital adequacy requirements are the amounts required under APRA prudential standards to provide protection against the impact of adverse experience.

The Capital Base and Prescribed Capital Amount as at 31 December 2024 for each fund have been determined in accordance with LPS 110 as follows:

	2024				
In AUD'000	Australian Reinsurance Statutory Fund	Australian Statutory Fund	Overseas Statutory Fund	Shareholder Fund	Total.
Capital Base					
Net assets [1] [2]	419,270	107,433	45,382	20,596	592,681
Regulatory adjustments to net assets	(180,866)	6,054	(13,305)	-	(188,117)
Tier 2 capital	22,000	25,000	-	-	47,000
Intangible Assets	-	(1,946)	-	(1,837)	(3,783)
Total Capital Base	**260,404**	**136,541**	**32,077**	**18,759**	**447,781**
Prescribed Capital Amount (PCA)					
Insurance risk charge	65,738	7,638	6,225	-	79,601
Asset risk charge	41,067	23,117	2,520	103	66,807
Asset concentration risk charge	-	-	-	-	-
Operational risk charge	61,489	13,419	3,161	-	78,069
Less aggregation benefit	(22,615)	(4,999)	(1,578)	-	(29,192)
Combined stress scenario adjustment	36,081	11,038	-	44	47,163
Total PCA	**181,760**	**50,213**	**10,328**	**147**	**242,448**
Capital adequacy multiple (Capital Base/PCA)	**1.43**	**2.72**	**3.11**	**127.61**	**1.85**

(1) No Additional Tier 1 Capital was held and hence net assets are comprised solely of Common Equity Tier 1 Capital.
(2) Net assets reported above are after the transfer of tax losses between the Statutory Funds as disclosed in Note 29 *Events after the reporting date*.

6. Capital requirements (continued)

The Capital Base and Prescribed Capital Amount at 31 December 2023 for each fund have been determined in accordance with LPS 110 as follows:

	2023				
In AUD '000	Australian Reinsurance Statutory Fund	Australian Statutory Fund	Overseas Statutory Fund	Shareholder Fund	Total
Capital Base					
Net assets [1] [2]	379,405	119,292	39,371	20,088	558,156
Regulatory adjustments to net assets	(146,003)	(30,389)	(4,203)	-	(180,595)
Tier 2 capital	22,000	25,000	-	-	47,000
Intangible Assets	-	(884)	-	(2,416)	(3,300)
Total Capital Base	**255,402**	**113,019**	**35,168**	**17,672**	**421,261**
Prescribed Capital Amount (PCA)					
Insurance risk charge	66,469	9,446	5,298	-	81,213
Asset risk charge	44,402	19,411	1,984	30	65,827
Asset concentration risk charge	-	-	-	-	-
Operational risk charge	59,964	12,882	3,006	-	75,852
Less aggregation benefit	(23,864)	(5,633)	(1,265)	-	(30,762)
Combined stress scenario adjustment	37,288	9,953	1,666	14	48,921
Total PCA	**184,259**	**46,059**	**10,689**	**44**	**241,051**
Capital adequacy multiple (Capital Base/PCA)	**1.39**	**2.45**	**3.29**	**401.64**	**1.75**

(1) No Additional Tier 1 Capital was held and hence net assets are comprised solely of Common Equity Tier 1 Capital. Further 2022 net assets were determined under AASB 1038 *Life Insurance Contracts* as required by APRA prudential standards at the balance date.

(2) Net assets reported above are after the transfer of retained profits and tax losses between the Statutory Funds and the Shareholder Fund as disclosed in Note 29 *Events after the reporting date*.

7. Insurance service revenue / expenses gross and retroceded

In AUD'000	Notes	2024	2023
Insurance revenue (gross)			
Amounts relating to changes in liabilities for remaining coverage:			
Expected incurred claims and directly attributable expenses		1,047,967	968,815
Change in risk adjustment for non-financial risk for risk expired		108,168	43,736
CSM recognised for services provided		91,415	106,774
Experience adjustment in premiums		(4,108)	11,986
Total insurance revenue (gross)	11	**1,243,442**	**1,131,311**
Insurance services expenses (gross)			
Incurred claims and directly attributable expenses		(1,147,311)	(1,016,501)
Losses on onerous contracts		(31,426)	(23,235)
Total insurance services expenses (gross)	11	**(1,178,737)**	**(1,039,736)**
Reinsurance revenue (retroceded)			
Incurred claims recovery		969,801	873,751
Losses recovery or reversal of losses recovery on onerous contracts		(11,013)	15,480
Total reinsurance revenue (retroceded)	12	**958,788**	**889,231**
Reinsurance expenses (retroceded)			
Amounts relating to the changes in the remaining coverage:			
Expected incurred claims and directly attributable expenses recovery		(941,542)	(877,705)
Changes in the risk adjustment for non-financial risk for the risk expired		(85,684)	(35,687)
CSM recognised for the services received		(65,005)	(82,499)
Experience adjustments arising from ceded premiums		14,250	(30,590)
Total reinsurance expenses (retroceded)	12	**(1,077,981)**	**(1,026,481)**

8. Other Income / Expenses

In AUD'000	2024	2023
Other income		
Income from services	2,531	3,130
Other interest income	3,220	2,386
Claims handling service fee	-	(32)
Sundry income	702	632
Total other income	**6,453**	**6,116**
Other expenses		
Expenses not directly attributable to insurance service results	39,358	37,435
Total other expenses	**39,358**	**37,435**

9. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank and investments in money market instruments. Cash and cash equivalents as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

In AUD'000	2024	2023
Cash and cash equivalents		
Bank balances	130,690	144,166
Cash and cash equivalents in the statement of cash flows	**130,690**	**144,166**

10. Financial value hierarchy

The table below analyses assets that are revalued and carried at fair value in the Statement of Financial Position, by valuation method. It also includes subordinated loans which are carried at amortised cost in the Statement of Financial Position and fair value is disclosed for information purpose. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs are not based on observable market data.

There were no transfers between the Levels during the current and prior year.

	2024			
AUD'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Investments	-	3,738,093	-	**3,738,093**
Derivatives*	-	2,468	-	**2,468**
Financial liabilities				
Subordinated loans**	-	37,565	-	**37,565**

	2023			
AUD'000	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	-	3,627,500	-	**3,627,500**
Derivatives*	-	6,920	-	**6,920**
Financial liabilities				
Subordinated loans**	-	36,143	-	**36,143**

* This represents over the counter zero coupon inflation swaps with a total notional value of $299m carried at FVPL (2023: $367m carried at FVPL).

** The subordinated loans are priced based on similar instruments ranging A to A- by S&P ratings in the bond market using market quoted prices.

	2024	2023
	Level 2	
AUD'000	**Carrying amount**	
Investments - Balance as at 1 January	**3,627,500**	**3,336,476**
Purchased	1,368,612	1,124,214
Matured or sold	(1,208,716)	(983,449)
Accrued interest & amortisation	36,799	25,014
Remeasurements	(86,102)	125,245
Total change for the year	**110,593**	**291,024**
Investments - Balance as at 31 December	**3,738,093**	**3,627,500**

11. Liabilities from insurance contracts issued (gross)

Movement in carrying amount of the liabilities for remaining coverage and incurred claims

	2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
In AUD'000	Excluding loss component	Loss component		
Opening balance as at 1 January	**(818,208)**	**(26,147)**	**(1,508,811)**	**(2,353,166)**
Changes in the statement of comprehensive income				
Insurance revenue	**1,243,442**	-	-	**1,243,442**
Incurred claims and directly attributable expenses	213,263	3,904	(1,376,161)	(1,158,994)
Adjustments to liabilities for incurred claims (past service)	-	-	(19,743)	(19,743)
Losses and reversal of losses on onerous contracts	35,330	(35,330)	-	-
Insurance service expenses	**248,593**	**(31,426)**	**(1,395,904)**	**(1,178,737)**
Insurance service result - gross	**1,492,035**	**(31,426)**	**(1,395,904)**	**64,705**
Finance (income) / expenses from insurance contracts	35,057	(656)	(8,904)	25,497
Total changes in the statement of comprehensive income	**1,527,092**	**(32,082)**	**(1,404,808)**	**90,202**
Actual experience in the statement of comprehensive income which is not in the movement of liabilities for incurred claims	-	-	32,466	32,466
Effect of movements in exchange rates	(2,394)	8	677	(1,709)
Cash flows				
Premiums	(1,520,409)	-	-	(1,520,409)
Claims and directly attributable expenses	-	-	1,269,492	1,269,492
Cash flows total	**(1,520,409)**	-	**1,269,492**	**(250,917)**
Closing balance as at 31 December	**(813,919)**	**(58,221)**	**(1,610,984)**	**(2,483,124)**

	2023			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
In AUD'000	Excluding Loss component	Loss component		
Opening balance as at 1 January	**(657,622)**	**(2,828)**	**(1,318,839)**	**(1,979,289)**
Changes in the statement of comprehensive income				
Insurance revenue	**1,131,311**	-	-	**1,131,311**
Incurred claims and directly attributable expenses	242,024	977	(1,248,349)	(1,005,348)
Adjustments to liabilities for incurred claims (past service)	-	-	(34,388)	(34,388)
Losses and reversal of losses on onerous contracts	24,212	(24,212)	-	-
Insurance service expenses	**266,236**	**(23,235)**	**(1,282,737)**	**(1,039,736)**
Insurance service result - gross	**1,397,547**	**(23,235)**	**(1,282,737)**	**91,575**
Finance (income)/expenses from insurance contracts	10,454	(97)	(29,064)	(18,707)
Total changes in the statement of comprehensive income	**1,408,001**	**(23,332)**	**(1,311,801)**	**72,868**
Actual experience in the statement of comprehensive income which is not in the movement of liabilities for incurred claims	-	-	30,753	30,753
Effect of movements in exchange rates	5	13	170	188
Cash flows				
Premiums	(1,568,592)	-	-	(1,568,592)
Claims and directly attributable expenses	-	-	1,090,906	1,090,906
Cash flows total	**(1,568,592)**	-	**1,090,906**	**(477,686)**
Closing balance as at 31 December	**(818,208)**	**(26,147)**	**(1,508,811)**	**(2,353,166)**

11. Liabilities from insurance contracts issued (gross) (continued)

Movement in carrying amount by measurement component

In AUD'000	Estimates of the present value of future cash flows (2024)	Risk adjustment for non-financial risk (2024)	CSM (contractual service margin) (2024)	Total (2024)
Opening balance as at 1 January	**(1,148,831)**	**(397,333)**	**(807,002)**	**(2,353,166)**
Changes in the statement of comprehensive income				
Changes that relate to ***current services***				
CSM recognised for services provided	-	-	91,415	91,415
Change in risk adjustment for non-financial risk for risk expired	-	108,168	-	108,168
Experience adjustments and change in estimates	(79,097)	(708)	-	(79,805)
	(79,097)	**107,460**	**91,415**	**119,778**
Changes that relate to ***future services***				
Contracts initially recognised in the year	73,339	(22,411)	(50,928)	-
Changes in estimates that adjust the CSM	(35,349)	(23,688)	59,037	-
Changes in estimates that result in losses on onerous contracts	(35,330)	-	-	(35,330)
	2,660	**(46,099)**	**8,109**	**(35,330)**
Changes that relate to ***past services***				
Adjustments to liabilities for incurred claims	(19,811)	68	-	(19,743)
	(19,811)	**68**	**-**	**(19,743)**
Insurance service result - gross	**(96,248)**	**61,429**	**99,524**	**64,705**
Finance (income)/expenses from insurance contracts issued	59,582	(15,139)	(18,946)	25,497
Total changes in the statement of comprehensive income	**(36,666)**	**46,290**	**80,578**	**90,202**
Actual experience in the statement of comprehensive income which is not in the movement of liabilities for incurred claims	32,466	-	-	32,466
Effect of movements in exchange rates	(2,225)	184	332	(1,709)
Cash flows				
Premiums	(1,520,409)	-	-	(1,520,409)
Claims and directly attributable expenses	1,269,492	-	-	1,269,492
Total cash flows	**(250,917)**	**-**	**-**	**(250,917)**
Closing balance as at 31 December	**(1,406,173)**	**(350,859)**	**(726,092)**	**(2,483,124)**

11. Liabilities from insurance contracts issued (gross) (continued)

In AUD'000	2023 Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM (contractual service margin)	Total
Opening balance as at 1 January	**(732,314)**	**(389,430)**	**(857,545)**	**(1,979,289)**
Changes in the statement of comprehensive income				
Changes that relate to ***current services***				
CSM recognised for services provided	-	-	106,774	106,774
Change in risk adjustment for non-financial risk for risk expired	-	43,736	-	43,736
Experience adjustments and change in estimates	(30)	(305)	-	(335)
	(30)	**43,431**	**106,774**	**150,175**
Changes that relate to ***future services***				
Contracts initially recognised in the year	85,810	(26,026)	(59,784)	-
Changes in estimates that adjust the CSM	(7,052)	(11,204)	18,256	-
Changes in estimates that result in losses on onerous contracts	(24,212)	-	-	(24,212)
	54,546	**(37,230)**	**(41,528)**	**(24,212)**
Changes that relate to ***past services***				
Adjustments to liabilities for incurred claims	(34,319)	(69)	-	(34,388)
	(34,319)	**(69)**	**-**	**(34,388)**
Insurance service result - gross	**20,197**	**6,132**	**65,246**	**91,575**
Finance (income)/expenses from insurance contracts issued	10,212	(14,079)	(14,840)	(18,707)
Total changes in the statement of comprehensive income	**30,409**	**(7,947)**	**50,406**	**72,868**
Actual experience in the statement of comprehensive income which is not in the movement of liabilities for incurred claims	30,753	-	-	30,753
Effect of movements in exchange rates	7	44	137	188
Cash flows				
Premiums	(1,568,592)	-	-	(1,568,592)
Claims and directly attributable expenses	1,090,906	-	-	1,090,906
Total cash flows	**(477,686)**	**-**	**-**	**(477,686)**
Closing balance as at 31 December	**(1,148,831)**	**(397,333)**	**(807,002)**	**(2,353,166)**

Contracts initially recognised

In AUD'000	2024 Profitable contracts issued	Onerous contracts issued	Total	2023 Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows	(781,235)	(11,403)	(792,638)	(694,013)	(20,025)	(714,038)
Estimates of present value of cash inflows	852,888	13,041	865,929	776,672	22,257	798,929
Risk adjustment for non-financial risk	(22,081)	(330)	(22,411)	(25,607)	(419)	(26,026)
CSM	(49,572)	(1,356)	(50,928)	(57,052)	(2,732)	(59,784)
Increase in insurance contract liabilities from contracts recognised in the year	**-**	**(48)**	**(48)**	**-**	**(919)**	**(919)**

11. Liabilities from insurance contracts issued (gross) (continued)

Amounts determined on transition to AASB 17

Insurance revenue and the CSM by transition method

	2024			
In AUD'000	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New Contracts	Total
Insurance revenue	**285,877**	**514,953**	**442,612**	**1,243,442**
CSM as at 1 January	**(356,993)**	**(365,450)**	**(84,559)**	**(807,002)**
Changes that relate to current service				
CSM recognised for services provided	36,736	27,468	27,211	91,415
Changes that relate to future service				
Contracts initially recognised in the year	-	-	(50,928)	(50,928)
Changes in estimates that adjust the CSM	(4,808)	80,894	(17,049)	59,037
	31,928	**108,362**	**(40,766)**	**99,524**
Finance (income)/expenses from insurance contracts issued	(4,352)	(8,999)	(5,595)	(18,946)
Effect of movements in exchange rates	-	331	1	332
Total amounts recognised in statement of comprehensive income	**27,576**	**99,694**	**(46,360)**	**80,910**
CSM as at 31 December	**(329,417)**	**(265,756)**	**(130,919)**	**(726,092)**

	2023			
In AUD'000	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New Contracts	Total
Insurance revenue	**285,763**	**522,376**	**323,172**	**1,131,311**
CSM as at 1 January	**(423,307)**	**(392,050)**	**(42,188)**	**(857,545)**
Changes that relate to current service				
CSM recognised for services provided	32,982	50,554	23,238	106,774
Changes that relate to future service				
Contracts initially recognised in the year	-	-	(59,784)	(59,784)
Changes in estimates that adjust the CSM	37,732	(16,832)	(2,644)	18,256
	70,714	**33,722**	**(39,190)**	**65,246**
Finance (income)/expenses from insurance contracts issued	(4,400)	(7,258)	(3,182)	(14,840)
Effect of movements in exchange rates	-	136	1	137
Total amounts recognised in statement of comprehensive income	**66,314**	**26,600**	**(42,371)**	**50,543**
CSM as at 31 December	**(356,993)**	**(365,450)**	**(84,559)**	**(807,002)**

11. Liabilities from insurance contracts issued (gross) (continued)

Maturities of remaining contractual net cash flows and contractual service margin

	2024	
In AUD'000	**Remaining Contractual net cash flows**	**Contractual service margin**
Due in one year	81,807	(78,675)
Due after one through two years	(230,995)	(72,956)
Due after two through three years	(172,510)	(59,954)
Due after three through four years	(131,376)	(51,454)
Due after four through five years	(108,128)	(48,914)
Due after five through ten years	(613,148)	(210,941)
Due after ten through twenty years	(1,251,256)	(273,952)
Due after twenty years	(870,521)	(154,640)
Discounting	1,539,095	225,394
Total	**(1,757,032)**	**(726,092)**

	2023	
In AUD'000	Remaining Contractual net cash flows	Contractual service margin
Due in one year	42,818	(79,976)
Due after one through two years	(169,969)	(68,837)
Due after two through three years	(137,215)	(61,373)
Due after three through four years	(113,280)	(55,475)
Due after four through five years	(74,229)	(52,034)
Due after five through ten years	(437,369)	(228,819)
Due after ten through twenty years	(1,114,548)	(314,477)
Due after twenty years	(895,537)	(202,913)
Discounting	1,353,165	256,902
Total	**(1,546,164)**	**(807,002)**

12. Reinsurance contracts assets and liabilities

Movement in carrying amount of the liabilities for remaining coverage and incurred claims

	2024			
	Remaining coverage component		Incurred claims	Total
In AUD'000	Excluding Loss recovery component	Loss recovery component		
Opening balance as at 1 January	**(980,539)**	**16,588**	**340,810**	**(623,141)**
Changes in the statement of comprehensive income:				
Recoveries of incurred claims and other insurance service expenses	(161,408)	(2,891)	1,131,209	966,910
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(8,122)	-	(8,122)
Reinsurance revenue	**(161,408)**	**(11,013)**	**1,131,209**	**958,788**
Reinsurance expenses	**(1,077,981)**	**-**	**-**	**(1,077,981)**
Results from reinsurance contracts (retroceded)	**(1,239,389)**	**(11,013)**	**1,131,209**	**(119,193)**
Finance (income)/expenses from reinsurance contracts held	39,152	417	(2,541)	37,028
Total changes in the statement of comprehensive income	**(1,200,237)**	(10,596)	**1,128,668**	**(82,165)**
Effect of movements in exchange rates	1,462	49	37	1,548
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses	1,270,438	-	-	1,270,438
Recoveries from reinsurance	-	-	(1,117,066)	(1,117,066)
Cash flows total	**1,270,438**	**-**	**(1,117,066)**	**153,372**
Closing balance as at 31 December	**(908,876)**	**6,041**	**352,449**	**(550,386)**

	2023			
	Remaining coverage component		Incurred claims	Total
In AUD'000	Excluding loss. recovery component	Loss recovery component		
Opening balance as at 1 January	**(991,467)**	**1,059**	**260,528**	**(729,880)**
Changes in the statement of comprehensive income:				
Recoveries of incurred claims and other insurance service expenses	(166,514)	(2,798)	1,040,265	870,953
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	18,278	-	18,278
Reinsurance revenue	**(166,514)**	**15,480**	**1,040,265**	**889,231**
Reinsurance expenses	**(1,026,481)**	**-**	**-**	**(1,026,481)**
Results from reinsurance contracts (retroceded)	**(1,192,995)**	**15,480**	**1,040,265**	**(137,250)**
Finance (income)/expenses from reinsurance contracts held	(146,221)	54	22,858	(123,309)
Total changes in the statement of comprehensive income	**(1,339,216)**	**15,534**	**1,063,123**	**(260,559)**
Effect of movements in exchange rates	242	(5)	(5)	232
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses	1,349,902	-	-	1,349,902
Recoveries from reinsurance	-	-	(982,836)	(982,836)
Cash flows total	**1,349,902**	**-**	**(982,836)**	**367,066**
Closing balance as at 31 December	**(980,539)**	**16,588**	**340,810**	**(623,141)**

12. Reinsurance contracts assets and liabilities (continued)

Movement in carrying amount by measurement component

In AUD'000	2024 Estimates of present value of future cash flows	Risk adjustment for non financial risk	CSM	Total
Opening balance as at 1 January	**(1,560,350)**	**321,442**	**615,767**	**(623,141)**
Changes in the statement of comprehensive income:				
Changes that relate to ***current services***				
CSM recognised for services received	-	-	(65,005)	(65,005)
Change in risk adjustment for non-financial risk for risk expired	-	(171,859)	-	(171,859)
Experience adjustments and change in estimates	40,127	86,175	-	126,302
	40,127	**(85,684)**	**(65,005)**	**(110,562)**
Changes that relate to ***future services***				
Contracts initially recognised in the year	(55,471)	20,474	34,997	-
Changes in estimates that adjust the CSM	71,643	20,741	(92,384)	-
Changes in estimates that relate to losses and reversal of losses underlying onerous contracts	(8,122)	-	-	(8,122)
	8,050	**41,215**	**(57,387)**	**(8,122)**
Changes that relate to ***past services***				
Changes to incurred claims component	(1,563)	1,008	46	(509)
	(1,563)	**1,008**	**46**	**(509)**
Net expenses from reinsurance contracts	**46,614**	**(43,461)**	**(122,346)**	**(119,193)**
Finance (income)/expenses from reinsurance contracts	13,462	10,580	12,986	37,028
Total changes in the statement of comprehensive income	**60,076**	**(32,881)**	**(109,360)**	**(82,165)**
Effect of movements in exchange rates	1,935	(136)	(251)	1,548
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses	1,270,438	-	-	1,270,438
Recoveries from reinsurance	(1,117,066)	-	-	(1,117,066)
Cash flows total	**153,372**	**-**	**-**	**153,372**
Closing balance as at 31 December	**(1,344,967)**	**288,425**	**506,156**	**(550,386)**

12. Reinsurance contracts assets and liabilities (continued)

	2023			
In AUD'000	Estimates of present value of future cash flows	Risk adjustment for non financial risk	CSM	Total
Opening balance as at 1 January	**(1,733,755)**	**311,408**	**692,467**	**(729,880)**
Changes in the statement of comprehensive income:				
Changes that relate to ***current services***				
CSM recognised for services received	-	-	(82,499)	(82,499)
Change in risk adjustment for non-financial risk for risk expired	-	(71,414)	-	(71,414)
Experience adjustments and change in estimates	(58,227)	35,727	-	(22,500)
	(58,227)	**(35,687)**	**(82,499)**	**(176,413)**
Changes that relate to ***future services***				
Contracts initially recognised in the year	(65,678)	23,922	41,756	-
Changes in estimates that adjust the CSM	37,394	9,408	(46,802)	-
Changes in estimates that relate to losses and reversal of losses underlying onerous contracts	18,278	-	-	18,278
	(10,006)	**33,330**	**(5,046)**	**18,278**
Changes that relate to ***past services***				
Changes to incurred claims component	19,935	956	(6)	20,885
	19,935	**956**	**(6)**	**20,885**
Net expenses from reinsurance contracts	**(48,298)**	**(1,401)**	**(87,551)**	**(137,250)**
Finance (income)/expenses from reinsurance contracts	(145,688)	11,467	10,912	(123,309)
Total changes in the statement of comprehensive income	**(193,986)**	**10,066**	**(76,639)**	**(260,559)**
Effect of movements in exchange rates	325	(32)	(61)	232
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses	1,349,902	-	-	1,349,902
Recoveries from reinsurance	(982,836)	-	-	(982,836)
Cash flows total	**367,066**	**-**	**-**	**367,066**
Closing balance as at 31 December	**(1,560,350)**	**321,442**	**615,767**	**(623,141)**

12. Reinsurance contracts assets and liabilities (continued)

Contracts recognised

In AUD'000	2024 Contracts originated in a net gain	Contracts originated not in a net gain	Total
Estimates of present value of cash inflows	713,000	-	713,000
Estimates of present value of cash outflows	(768,471)	-	(768,471)
Risk adjustment for non-financial risk	20,474	-	20,474
CSM	34,997	-	34,997
Losses recognised on initial recognition (or increase in reinsurance contract assets from contracts recognised during the year)	-	-	-

In AUD'000	2023 Contracts originated in a net gain	Contracts originated not in a net gain	Total
Estimates of present value of cash inflows	634,632	-	634,632
Estimates of present value of cash outflows	(700,310)	-	(700,310)
Risk adjustment for non-financial risk	23,922	-	23,922
CSM	41,756	-	41,756
Losses recognised on initial recognition (or increase in reinsurance contract assets from contracts recognised during the year)	-	-	-

12. Reinsurance contracts assets and liabilities (continued)

Amounts determined on transition to AASB 17

CSM by transition method - Reinsurance contracts held

	2024			
In AUD'000	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts	Total
CSM as at 1 January	**368,994**	**206,266**	**40,507**	**615,767**
Changes that relate to current service				
CSM recognised for services received	(36,147)	(13,565)	(15,247)	(64,959)
Changes that relate to future service				
Contracts initially recognised in the year	-	-	34,997	34,997
Changes in estimates that adjust the CSM	7,334	(102,805)	3,087	(92,384)
	(28,813)	**(116,370)**	**22,837**	**(122,346)**
Net finance expenses from reinsurance contracts	4,499	5,032	3,455	12,986
Effect of movements in exchange rates	-	(251)	-	(251)
Total amounts recognised in statement of comprehensive income	**(24,314)**	**(111,589)**	**26,292**	**(109,611)**
CSM as at 31 December	**344,680**	**94,677**	**66,799**	**506,156**

	2023			
In AUD'000	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts	Total
CSM as at 1 January	**438,164**	**245,863**	**8,440**	**692,467**
Changes that relate to current service				
CSM recognised for services received	(32,295)	(42,240)	(7,970)	(82,505)
Changes that relate to future service				
Contracts initially recognised in the year	-	-	41,756	41,756
Changes in estimates that adjust the CSM	(41,430)	(1,831)	(3,541)	(46,802)
	(73,725)	**(44,071)**	**30,245**	**(87,551)**
Net finance expenses from reinsurance contracts	4,555	4,535	1,822	10,912
Effect of movements in exchange rates	-	(61)	-	(61)
Total amounts recognised in statement of comprehensive income	**(69,170)**	**(39,597)**	**32,067**	**(76,700)**
CSM as at 31 December	**368,994**	**206,266**	**40,507**	**615,767**

12. Reinsurance contracts assets and liabilities (continued)

Maturities of remaining contractual net cash flows and contractual service margin

	2024	
In AUD'000	**Remaining contractual net cash flows**	**Contractual service margin**
Due in one year	(248,071)	57,726
Due after one through two years	(132,271)	53,128
Due after two through three years	(112,610)	42,222
Due after three through four years	(102,066)	35,668
Due after four through five years	(94,153)	33,881
Due after five through ten years	(333,755)	146,015
Due after ten through twenty years	(322,619)	186,315
Due after twenty years	(94,981)	81,695
Discounting	383,984	(130,494)
Total	**(1,056,542)**	**506,156**

	2023	
In AUD'000	Remaining contractual net cash flows	Contractual service margin
Due in one year	(339,205)	57,126
Due after one through two years	(145,732)	51,105
Due after two through three years	(117,859)	46,841
Due after three through four years	(106,297)	42,625
Due after four through five years	(99,241)	40,024
Due after five through ten years	(373,250)	177,807
Due after ten through twenty years	(348,052)	243,393
Due after twenty years	(103,647)	132,225
Discounting	394,375	(175,379)
Total	**(1,238,908)**	**615,767**

13. Other assets

In AUD'000	**2024**	2023
Other assets		
Payments for contracts issued and retroceded	295,773	259,530
Derivative financial instruments	2,468	6,920
Advances to cedants and distributors	19,865	18,750
Security deposit	2,205	2,205
	320,311	**287,405**

Payments for contracts issued and retroceded

This line item represents cash payments that were not yet allocated to the technical liabilities from insurance contracts issued and insurance contracts retroceded at the reporting date. These will be allocated to specific insurance contracts and insurance contracts retroceded upon posting and matching of actual life insurance and reinsurance revenues.

13. Other assets (continued)

Derivative financial instruments

Derivatives are used for hedging purposes and not as speculative investments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The entity's inflation risk arises from long tailed CPI-indexed Disability Income Insurance benefit payments to policyholders. The entity manages part of this exposure by entering into zero coupon inflation swaps which transact to pay fixed and swaps to receive floating Australian CPI with settlement upon maturity. The entity also uses inflation linked bonds to hedge inflation risk.

The entity has the following derivative financial instruments used for hedging:

In AUD'000	2024	2023
Current assets		
Inflation swaps – FVPL	400	1,064
Non-current assets		
Inflation swaps – FVPL	2,068	5,856
	2,468	**6,920**

14. Defined benefit plan

Plan characteristics

The entity makes contributions to a defined benefit plan (the Plan) that provides retirement, death and invalidity benefits to members based on the member's salary and years of service. The Plan provides an indexed pension benefit on retirement. Part or all the pension benefit may be converted to an account based pension or with the approval of the Plan trustees, the pension benefit may be commuted to a lump sum. The Plan is a sub account of the Mercer Superannuation Trust (MST). The entity is the Principal Employer of the Plan.

Defined benefit plan obligations and assets

The cost of the defined benefit obligation is recognised in the profit or loss and other comprehensive income (OCI). Member service costs and interest on the net defined benefit plan obligation are recognised in profit or loss. Remeasurements, being actuarial gains and losses, and differences between expected net interest income and the actual return are recognised in OCI.

The defined benefit obligation of the Plan as at 31 December 2024 was $5,598,000 (2023: $6,881,000). The assets of the Plan are invested in unit linked products within MST. The assets of the Plan as at 31 December 2024 were $7,544,000 (2023: $7,765,000). The net defined benefit asset at this date was $1,946,000 (2023: $884,000).

The entity contributes as a participating employer on a defined contribution basis to the Mercer Superannuation Trust (the default fund) and, where applicable, funds chosen by individual employees. In addition, the entity contributes the minimum pursuant to the Superannuation Guarantee Charge on behalf of Non-Executive Directors. The amount recognised as expense for defined benefit plan was $52,064 for the year ended 31 December 2024 (2023: $207,438).

15. Plant and equipment

In AUD'000	2024	2023
Fixtures, Fittings & Equipment		
Cost		
Balance as at 1 January	6,498	6,620
Acquisitions	399	271
Disposals	(361)	(393)
Balance as at 31 December	**6,536**	**6,498**
Accumulated Depreciation		
Balance as at 1 January	2,895	2,768
Depreciation charge for the year	519	520
Disposals	(361)	(393)
Balance as at 31 December	**3,053**	**2,895**
Carrying Amounts		
As at 1 January	3,603	3,852
As at 31 December	**3,483**	**3,603**
Straight line depreciation rate	5% - 40%	5% - 40%

The plant and equipment comprise of non-current fixed assets at reporting date.

16. Lease

AASB 16 lease recognition

This note provides information for leases where the entity is a lessee. In October 2017, the entity entered into a 7 year non-cancellable lease for office space in Tower 1, Level 33, 100 Barangaroo Avenue, Sydney with commencement date of 1 February 2018 and expiry date of 31 January 2025 and an option to extend for further 5 years subject to a market review process using comparable rents. The lease liability includes the option period.

On 5 May 2024, the entity entered into a new lease agreement for a 5-year lease term from 1 February 2025 to 31 January 2030. The term extension option in the original lease agreement was not exercised. The new lease agreement required determination of a new lease liability and right to use asset for the 5-year lease term starting from 1 February 2025 to 31 January 2030. The present value of lease commitment is disclosed in this note for the year ending 31 December 2024.

The costs of the lease arrangement are shared with a related Australian entity.

In AUD'000	2024	2023
The statement of financial position shows the following amounts relating to lease:		
Right of use assets		
Office space	5,127	18,958
Lease liability		
Current portion	1,997	3,513
Non-current portion	9,816	23,366
Total	**11,813**	**26,879**
The statement of comprehensive income includes the following amounts relating to lease:		
Depreciation charge of right of use assets	2,062	3,116
Interest expenses (included in Financing costs)	845	1,145

17. Intangible assets

In AUD'000	2024	2023
System Development Costs		
Cost		
Balance as at 1 January	8,084	10,691
Acquisitions	655	548
Written off as fully amortised	(3,250)	(3,155)
Balance as at 31 December	**5,489**	**8,084**
Accumulated amortisation		
Balance as at 1 January	5,668	6,638
Amortisation	1,234	1,813
Written off as fully amortised	(3,250)	(2,783)
Balance as at 31 December	**3,652**	**5,668**
Carrying Amounts		
As at 1 January	2,416	4,053
As at 31 December	**1,837**	**2,416**
Straight line depreciation rate	5% - 40%	5% - 40%

The intangible assets are all non-current assets at reporting date.

18. Income tax

In AUD'000	2024	2023
Current tax (benefit)/expense		
Current year	-	19,610
Prior year	(10)	1
	(10)	**19,611**
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences		
- Current year	(14,871)	21,344
- Prior year	145	(5,666)
	(14,726)	**15,678**
Total income tax (benefit)/ expense disclosed in statement of comprehensive income	**(14,736)**	**35,289**
Reconciliation between tax (benefit)/expense and pre-tax net income		
Net income before tax	19,910	19,223
Prima facie income tax (benefit)/expense calculated at 30% (2023: 30%) on the income for the year ended 31 December:	5,973	5,767
(Decrease)/increase in income tax expense due to:		
- (Non-assessable)/non-deductible retrocession	(20,605)	28,529
- Other	(47)	884
(Decrease)/increase in income tax expense due to:		
- Over provision from prior year	135	1
- Difference in New Zealand tax rate	(192)	108
Income tax (benefit)/expense on pre-tax net income	**(14,736)**	**35,289**
Deferred tax expense/(benefit) recognised directly in equity through OCI		
Related to movement in defined benefit provision	**319**	**(49)**

18. Income tax (continued)

During 2024 the entity had not made an election under Section 148 of the *Income Tax Assessment Act 1936* (ITAA) and accordingly was taxed on the basis of revenues gross of overseas reinsurance on Accident and Disability business. In New Zealand, business is subject to tax in accordance with the Income Tax Act 2007 at a rate of 28% (2023: 28%).

Recognised deferred tax (assets) and liabilities

	Assets		Liabilities		Net Tax Asset	
In AUD'000	**2024**	2023	**2024**	2023	**2024**	2023
Employee benefits	(1,676)	(1,685)	-	-	(1,676)	(1,685)
Life insurance contract liabilities	(29,629)	(13,542)	-	-	(29,629)	(13,542)
Other items	2,862	3,570	-	-	2,862	3,570
Tax value of loss carry-forward recognised	(5,757)	(7,821)	-	-	(5,757)	(7,821)
Net deferred tax (assets)	**(34,200)**	**(19,478)**	**-**	**-**	**(34,200)**	**(19,478)**

	2024				
In AUD'000	**Opening balance**	**Exchange Movement in Equity**	**Recognised in Income**	**Recognised in Equity**	**Closing balance**
Movements in temporary differences during the year					
Employee benefits	(1,685)	-	(310)	319	(1,676)
Life insurance contract liabilities	(13,542)	(315)	(15,772)	-	(29,629)
Other items	3,570	-	(708)	-	2,862
Tax value of loss carry-forward recognised	(7,821)	-	2,064	-	(5,757)
	(19,478)	**(315)**	**(14,726)**	**319**	**(34,200)**

	2023				
In AUD'000	Opening balance	Exchange Movement in Equity	Recognised in Income	Recognised in Equity	Closing balance
Movements in temporary differences during the year					
Employee benefits	(1,543)	-	(93)	(49)	(1,685)
Life insurance contract liabilities	(363)	41	(13,220)	-	(13,542)
Other items	3,453	-	117	-	3,570
Tax value of loss carry-forward recognised	(36,695)	-	28,874	-	(7,821)
	(35,148)	**41**	**15,678**	**(49)**	**(19,478)**

19. Other liabilities

In AUD'000	**2024**	2023
Other liabilities		
Receipts for contracts issued and retroceded	541,130	464,242
Annual leave liability - current	2,482	2,412
Long service leave liability – non current	3,184	2,735
Other long term employee benefit liabilities – non current	1,867	1,354
Margin deposits for derivative financial instruments	2,190	5,715
	550,853	**476,458**

Receipts for contracts issued and retroceded

This line item represents cash receipts that were not yet allocated to the technical liabilities from insurance contracts issued and insurance contracts retroceded at the reporting date. These will be allocated to specific insurance contracts and insurance contracts retroceded upon posting and matching of actual life insurance and reinsurance revenues.

20. Subordinated loans

On 15 June 2021, Hannover Rück SE issued $47m of subordinated loans with a 12 years' maturity to the entity. Interest is payable quarterly in arrears at a fixed rate of 3.36% per annum.

The loans are redeemable at the option of the entity, subject to written approval of APRA, from 15 June 2026 or at any time in the event of certain tax and regulatory events.

The loans must be written off or converted into Common Equity Tier 1 Capital if APRA determines the entity to be non-viable.

The interest expense on loans for the year was $1,579,200 (2023: $1,579,200).

21. Shareholder's equity

In AUD'000	2024	2023
Share capital		
Ordinary shares on issue at 31 December	150,000	150,000
Number of ordinary shares issued and fully paid	148,200,002	148,200,002

The ordinary shares of the entity were issued to the Parent Entity and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the entity. All shares rank equally with regard to the entity's residual assets.

The movement below represents changes to the other reserve, foreign currency translation reserve and defined benefit reserve:

In AUD'000	2024	2023
Reserves		
Opening balance as at 1 January	**58,526**	**58,785**
Net defined benefit liability	743	(116)
Foreign currency translation	(864)	(143)
Closing balance as at 31 December	**58,405**	**58,526**

- Other reserve: This reserve relates to capital that in addition to contributed equity is not available to be distributed to the shareholder as retained profits. There was no change in other reserve during the current and prior year.
- Defined benefit reserve: The reserve relates to the portion of the net defined benefit plan asset/liability that does not flow through profit and loss in accordance with Australian Accounting Standards.
- Foreign currency translation reserve: The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the New Zealand branch to the presentation currency of the entity i.e. Australian dollars.

22. Financial instrument risks

The entity has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk
- liquidity risk

These risks were discussed in Note 4 – Risk management policies and procedures. Further quantitative disclosures are below.

Management determines concentrations by reference to the inherent risks of the financial assets that are actively monitored and managed.

Credit risk exposure

At balance date, the entity had exposure to credit risk on the following financial instruments:

In AUD'000	2024	2023
Cash	130,690	144,166
Financial assets at FVPL – debt securities	3,738,093	3,627,500
Other assets	320,311	287,405
Credit risk exposure to financial assets at FVPL by Issuing Sector		
Government	1,374,365	1,401,651
Semi-Government – Government Guaranteed	287,902	215,958
Semi-Government	379,347	268,541
Government Agency	60,587	83,067
Government Agency – Government Guaranteed	265,882	406,906
Sovereign supranational	243,459	433,635
Sovereign supranational – Foreign Government Guaranteed	20,261	89,878
Corporate	1,106,290	727,864
	3,738,093	**3,627,500**
Financial assets at FVPL by credit rating of issuer		
AAA	2,595,135	2,730,240
AA	716,429	547,089
A	271,490	229,190
BBB	155,039	120,981
Total	**3,738,093**	**3,627,500**

Cash & cash equivalents are held with financial institutions with a credit rating of A and above during the current and prior year. Outstanding Premium disclosed within Trade and Other Receivables are due from parties regulated by APRA or Reserve Bank of New Zealand.

22. Financial instrument risks (continued)

Market risk sensitivity

The entity has sensitivity to the following market risks:

In AUD'000	2024	2023
Interest rate risk		
At balance date the entity held the following interest sensitive financial instruments:		
Investment assets – debt securities	3,738,093	3,627,500
A change of 100 basis points in interest rates at balance date would have increased/(decreased) equity and income/(loss) by the amounts:		
- plus 100 basis points will (decrease) income and equity by	(252,684)	(255,560)
- minus 100 basis points will increase income and equity by	289,843	295,951
Net insurance contracts liability balance	3,413,226	2,976,307
A change of 100 basis points in interest rates at balance date would have increased/(decreased) equity and income/(loss) by the amounts:		
- plus 100 basis points will increase income and equity by	213,690	216,341
- minus 100 basis points will (decrease) income and equity by	(258,522)	(251,624)
Currency risk	**NZD'000**	**NZD'000**
At the balance date the entity's exposure to foreign currency risk was as follows based on notional amounts:		
Total assets denominated in New Zealand dollars	174,525	161,315
Total liabilities denominated in New Zealand dollars	124,527	118,444
In AUD'000		
A 10% strengthening in the value of the Australian dollar at the balance date would (decrease) equity and (decrease) income by the amounts shown below:		
- Strengthening of the Australian dollar against the NZD will (decrease) equity by	(8,330)	(6,455)
- Strengthening of the Australian dollar against the NZD will increase/(decrease) income by	(1,005)	549

A 10% weakening of the Australian dollar against the New Zealand dollar would have had the equal but opposite effect to the amounts shown above.

The Statement of Comprehensive Income is translated into the currency of the entity at a monthly exchange rate. The Statement of Financial Position is translated at the exchange rate at balance date (2024: NZD $1 = AUD $0.907, 2023: NZD $1 = AUD $0.929).

22. Financial instrument risks (continued)

Liquidity risk

The following are the contractual maturities of financial instruments at the reporting date.

	2024						
Years	**1**	**2**	**3**	**4**	**5**	**>5**	**Total**
In AUD'000							
Assets							
Cash and cash equivalents	130,690	-	-	-	-	-	130,690
Financial assets at FVPL	443,710	424,065	265,121	271,472	177,912	2,155,813	3,738,093
Derivatives	400	253	668	52	186	909	2,468
Other assets	320,311	-	-	-	-	-	320,311
Liabilities							
Other liabilities	550,853	-	-	-	-	-	550,853
Current tax liability	-	-	-	-	-	-	-
Lease liability	1,997	2,071	2,278	2,499	2,735	233	11,813
Subordinated loans	1,579	1,579	1,579	1,579	1,579	52,529	60,424

	2023						
Years	1	2	3	4	5	>5	Total
In AUD'000							
Assets							
Cash and cash equivalents	144,166	-	-	-	-	-	144,166
Financial assets at FVPL	427,985	346,448	380,261	243,037	179,271	2,050,500	3,627,502
Derivatives	1,064	874	696	1,046	426	2,814	6,920
Other assets	287,405	-	-	-	-	-	287,405
Liabilities							
Other liabilities	476,458	-	-	-	-	-	476,458
Current tax liability	19,610	-	-	-	-	-	19,610
Lease liability	4,524	4,705	4,894	5,089	5,293	5,965	30,470
Subordinated loans	1,579	1,579	1,579	1,579	1,579	54,108	62,003

23. Disaggregated information of life insurance business by fund

In AUD'000	2024				
	Australian Statutory Fund	Australian Reinsurance Statutory Fund	Overseas Statutory Fund	Shareholder's Fund	Total
Financial assets at FVPL	500,657	3,097,996	127,763	11,677	**3,738,093**
Other assets	113,420	348,197	27,228	8,919	**497,764**
Reinsurance contract liabilities	68,052	423,363	58,971	-	**550,386**
Liabilities from insurance contracts issued	320,807	2,143,925	18,392	-	**2,483,124**
Other liabilities	117,785	459,636	32,245	-	**609,666**
Retained earnings	9,840	357,273	42,141	(24,978)	**384,276**
Total equity	107,432	419,272	45,382	20,595	**592,681**
Insurance service result (net)	(29,339)	(22,808)	(2,341)	-	**(54,488)**
Insurance finance result (net)	1,865	51,177	9,483	-	**62,525**
Net income from financial instruments	16,597	23,849	6,238	518	**47,202**
Net other income / (expenses)	(6,448)	(22,941)	(3,730)	214	**(32,905)**
Operating profit/(loss) (EBIT)	(17,325)	29,277	9,650	732	**22,334**
Net income	(12,606)	39,866	6,874	512	**34,646**

In AUD'000	2023				
	Australian Statutory Fund	Australian Reinsurance Statutory Fund	Overseas Statutory Fund	Shareholder's Fund	Total
Financial assets at FVPL	455,701	3,037,878	122,393	11,528	**3,627,500**
Other assets	62,860	377,286	26,778	9,986	**476,910**
Reinsurance contract (assets)/liabilities	(28,526)	584,939	66,728	-	**623,141**
Liabilities from insurance contracts issued	301,336	2,040,613	11,217	-	**2,353,166**
Other liabilities	126,461	410,208	31,853	1,425	**569,947**
Retained earnings	22,444	317,406	35,268	(25,488)	**349,630**
Total equity	119,290	379,404	39,373	20,089	**558,156**
Insurance service result (net)	(5,574)	(44,679)	4,578	-	**(45,675)**
Insurance finance result (net)	(19,993)	(107,293)	(14,730)	-	**(142,016)**
Net income from financial instruments	21,875	211,963	6,658	461	**240,957**
Net other expenses	(9,507)	(19,824)	(2,357)	369	**(31,319)**
Operating (loss) (EBIT)	(13,199)	40,167	(5,851)	830	**21,947**
Net income	(4,865)	(7,438)	(4,344)	581	**(16,066)**

24. Auditor's remuneration

In AUD'000	2024	2023
Audit services performed by auditors of the entity – PricewaterhouseCoopers:		
- Audit and review of the financial reports	688,824	690,682
- Other regulatory audit services	90,741	76,742
Other Assurance Services	-	328,350
	779,565	**1,095,774**

25. Directors' and Executive disclosures (key management personnel)

The following were specified Directors and Executives of Hannover Life Re of Australasia Ltd for the entire reporting period, unless otherwise stated.

Non-Executive Independent Directors	Non-Executive Non-Independent Directors	Executive Directors
Mr P. R. Gaydon (Chairman)	Mr C. J. Chèvre (Deputy Chairman)	Mr G. Obertopp
Ms S. G. Everingham	Mr J. J Henchoz	
Mr R. J. Wylie		

Executive Management
G. Obertopp, Actuary (DAV), Managing Director
P. Berry, BEc, FIAA, General Manager, Retail Business
S. Carmichael, BA, Chief Risk & Compliance Officer
J. Song, BCom, FIAA, FNZSA – Chief & Appointed Actuary
A. Sworden, BBus, DFP, Chief Operating Officer – appointed 1 October 2024
D. Tallack, BEc, CPA, AGIA, General Manager (Finance) & Company Secretary
J. Walters, FIAA, FSAI, General Manager, Group Business
M. Wilson, BA (Hons), MSc, MBA, Chief Operating Officer – transferred within the Group, 1 October 2024

In addition to their salaries, the entity contributes to post employment benefit plans for the entity's Australian resident Non-Executive Directors and Executive Management.

Transactions with key management personnel

The key management personnel compensations included in Note 8 *Other expenses* are as follows:

In AUD	2024	2023
Short term employee benefits	4,765,676	4,376,998
Post employment benefits	245,992	222,172
Other long term benefits	396,152	306,907
	5,407,820	**4,906,077**

Director related transactions

Apart from the details disclosed in this note, no Director has entered into a material contract with the entity since the end of the previous financial year and there were no material contracts involving Directors' interests at year end.

26. Non-Director related parties

Related party transactions

The following related party transactions occurred during the financial year.

- Reinsurance arrangements with related parties: The entity has reinsurance arrangements through related parties of the Hannover Re Group of Companies. During the reporting period the entity restructured these retrocession arrangements to simplify administration and accommodate Group systems.

- Investment management services: Ampega Asset Management GmbH (formerly Talanx Asset Management GmbH), a related party of the Hannover Re Group of Companies provides investment management services to the entity.

- Other services rendered by/to related parties: Payments are made to Hannover Rück SE for the entity's share of various project and line costs incurred by the Hannover Re Group. Further, income is received by entity for various secondment services provided to Hannover Rück SE and the recovery of shared expenses from Australian branches of Hannover Rück SE and HDI Global Specialty.

Transactions with related parties

The value of transactions during the year with related parties and the aggregate amounts receivable from and payable to related parties are as follows:

In AUD	2024	2023
Transactions during the year		
Reinsurance revenue (retroceded)	956,155,000	870,094,000
Reinsurance expenses (retroceded)	(1,074,679,000)	(1,005,651,000)
Finance income/(expenses) from reinsurance contracts (retroceded)	36,116,000	(126,129,000)
Payments for services	(12,497,195)	(7,475,414)
Income from services	2,531,069	3,128,844
Investment management fees	(4,302,764)	(4,088,032)
Interest on subordinated loans	(1,421,280)	(1,421,280)
Payables – Current		
Amounts due to related party	44,555,743	130,099,222
Interest payable on subordinated loans	355,320	355,320
Subordinated loans – Non-Current		
Amounts due to related party	47,000,000	47,000,000

All transactions with related parties were conducted at arm's length. All outstanding balances are due and payable on business terms of credit.

Parent entities

The immediate parent entity is Hannover Rück Beteiligung Verwaltungs-GmbH, a wholly owned subsidiary of Hannover Rück SE. The ultimate parent entity is Haftpflichtverband der Deutschen Industrie V.a.G. (HDI). These parent entities are incorporated in Germany and have their headquarters in Hannover, Germany.

27. Reconciliation of reported results with Life Act results

In respect of the entity's life insurance contracts business, there are no differences between the valuation requirements adopted as per relevant accounting standards in these financial statements and those of the *Life Insurance Act 1995*. Consequently, the entity's net loss/income and retained profits reported in these financial statements are the same under the *Life Insurance Act 1995*.

28. Contingencies and commitments

As security for the entity's technical liabilities in respect of one cedant, a financial institution has furnished surety for our entity in the form of a letter of credit. The total amount as at the balance sheet date was AUD 22 million (2022: AUD 22 million).

Apart from the above, there were no other contingencies or commitments from the current or prior periods that require disclosure.

29. Events after the reporting date

2024

At a meeting of the Board of Directors on 20 March 2025, the Board approved the transfer of AUD 10.45m of tax losses from the Australian Reinsurance Statutory Fund to the Australian Statutory Fund at a fair value of AUD 3.13m, with an effective date of 31 December 2024.

The transfer was reflected in Note 23 *Disaggregated information of life insurance business by statutory fund*.

Except for the event listed above, there has not arisen in the interval between the end of the financial year and the date of issuance of the financial statements any other item, transactions, or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

2023

The Board of Directors resolved on 16 February 2024 to transfer retained profits of AUD 65m from Australian Statutory Fund to the Australian Reinsurance Statutory Fund with an effective date of 31 December 2023.

Retained profits of AUD 1.4m were also transferred from the Shareholder Fund to Australian Reinsurance Statutory Fund on 20 March 2024 with effect from 31 December 2023.

At a meeting of the Board of Directors on 20 March 2024, the Board approved the transfer of AUD 29.77m of tax losses from the Australian Statutory Fund to the Australian Reinsurance Statutory Fund at a fair value of AUD 28.54m, with an effective date of 31 December 2023.

These transfers are reflected in Note 23 *Disaggregated information of life insurance business by statutory fund*.

30. Pillar Two Legislation

Pillar Two legislation, from the OECD/G20's Two-Pillar solution, has been enacted in Australia with an effective date of 1 January 2024, implementing key elements of Pillar 2 of the OECD/G20 Two-Pillar solution. Under the legislation, the entity is liable to pay a top-up tax for the difference between the effective tax rate calculated in accordance with Pillar Two and a 15% minimum tax rate. At the time of preparation of these financial statements, the ultimate parent entity's assessment of exemptions available under the Transitional Safe Harbour Rules for Australia and New Zealand jurisdictions are not complete. It is expected that any additional current tax expense related to Pillar Two income taxes will not be material.

The entity has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income tax legislation, in accordance with AASB 112 *Income Taxes* as amended by AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules.*

Consolidated Entity Disclosure Statement
For the year ended 31 December 2024

The entity does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

Hannover Re

Directors' Declaration

For the year ended 31 December 2024

In the opinion of the directors of Hannover Life Re of Australasia Ltd (the Company):

(a) the financial statements and notes, set out on pages 12 to 60 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) the consolidated entity disclosure statement set out on page 61 is true and correct; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Peter Gaydon — Sydney

Chairman — 20 March 2025

Independent auditor's report

To the members of Hannover Life Re of Australasia Ltd.

Our opinion

In our opinion:

The accompanying financial report of Hannover Life Re of Australasia Ltd. (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 31 December 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

SK Fergusson
Partner

Sydney
20 March 2025

Hannover Re

Appointed Actuary's Section 78 Report

To the Directors of Hannover Life Re of Australasia Ltd

In respect of the Financial Statements 31 December 2024

This report is prepared under sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010 (the Act) which requires that a licensed insurer must ensure that the actuarial information contained in, or used in the preparation of, the insurer's financial statements is reviewed by the Appointed Actuary. This report is in respect of the financial statements of Hannover Life Re of Australasia Ltd (the Company) for the 12 month period ending on 31 December 2024.

(a) This report has been prepared by Jun Song BCom, FIAA, FNZSA; Appointed Actuary to Hannover Life Re of Australasia Ltd.
(b) I have undertaken a review of the financial statements of the Company as required by Section 77 of the Act. My review has been carried out in accordance with the Interim Solvency Standard 2023 (as modified by the licence conditions of the Company) (the Life Solvency Standard) and in accordance with the New Zealand Society of Actuaries' Professional Standards.
(c) The actuarial information reviewed was:
    (i) information relating to the Company's claims, discontinuance, discount and inflation actuarial assumptions;
    (ii) information relating to the Company's calculation of insurance service revenue, insurance service expense, reinsurance expenses, liability for remaining coverage, liability for incurred claims, contractual service margin and risk adjustment.
    (iii) information relating to assessments of the probability of uncertain future events occurring (sensitivity analysis) and the financial implications for the Company if those events do occur; and
    (iv) information relating to the capital and solvency position of the Company.

    There were no restrictions or limitations placed on my work.

(d) Other than my relationship with the Company as Appointed Actuary, I am an employee of Hannover Life Re of Australasia Ltd. I do not have any other relationship with, or interest in, the Company.
(e) I obtained all of the information and explanations that I required.
(f) In my opinion and from an actuarial perspective:
    (i) the actuarial information included in the financial statements of the Company was appropriately included in those financial statements, and
    (ii) the actuarial information used in the preparation of the financial statements of the Company was used appropriately.

(g) As at 31 December 2024, the solvency margins that apply to Hannover Life Re of Australasia Ltd and its statutory funds under conditions imposed under section 21(2)(b) and (c) of the Act are the solvency margins calculated in accordance with the Australian equivalent of the New Zealand solvency requirements. In my opinion and from an actuarial perspective, Hannover Life Re of Australasia Ltd and its statutory funds maintained those solvency margins as at 31 December 2024.

Jun Song
Appointed Actuary
17 March 2025