General Reinsurance Life Australia Ltd.

(ABN 73 002 166 869)

Financial Report
for the Financial Year ended
31 December 2024

A Berkshire Hathaway Company

CONTENTS

DIRECTORS' REPORT

The Directors present their report together with the annual financial report for the financial year ended 31 December 2024 and the auditor's report thereon. In order to comply with the Corporations Act 2001, the Directors report as follows:

Directors

The Directors of the company during or since the end of the financial year are:

Kathryn J McCann (commenced as Chairperson 19 August 2016)
Keith Scott (commenced 1 January 2017, resigned 4 June 2024)
Stephen Ferguson (commenced 18 November 2021)
Andrew Gifford (commenced 1 July 2020)
James Louw (commenced 6 May 2020)
Ben Walsh (commenced 5 June 2024)

Name and qualifications	*Experience and special responsibilities*
Kathryn J McCann B.App.Sci (Computing Science), MBA, MAICD - Chair of the Board - Non-Executive Director - Member of Board Audit Committee - Member of Board Risk Committee - Member of Board Remuneration Committee	Ms McCann has over 34 years' experience in the finance and business management industry. She is a director of General Reinsurance Life Australia Ltd. She holds a Master of Business Administration degree and held the position of Principal of a major management consulting firm up to 2002. A Director since August 2006 and a member of the Board Audit Committee since November 2006. She was appointed as Chair of the Board effective 19 August 2016.
Keith Scott FAICD, FCII, MA (Cantab) - Non-Executive Director - Chair of Board Risk Committee - Chair of Board Remuneration Committee - Member of Board Audit Committee	Mr Scott has over 23 years' board level experience across the Australian and Asian insurance markets following extensive international executive reinsurance experience with Swiss Re. He was appointed to the Board in January 2017 and also holds the positions of Independent Director at Insurance Manufacturers of Australia Pty Limited and Non Executive Director of Blue Life Insurance Company Limited (Hong Kong). He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Insurance Institute, London. He resigned from the Board on 4 June 2024.
Stephen Ferguson CA, BCom-Accg, GAICD - Non-Executive Director - Chair of Board Audit Committee - Member of Board Risk Committee - Member of Board Remuneration	Mr Ferguson's executive experience over a period of 31 years has included consulting for a diverse range of industries including banking, capital markets, retail and consumer products, superannuation, insurance, and chartered accounting. He has held many roles in the Audit and Assurance function of Ernst & Young, the last 5 years of that time as Asia Pacific Financial Services Accounts Leader - Deputy Managing Partner. He was appointed to the Board on 18 November 2021 and is the chair of the Board Audit Committee. Mr Ferguson is currently the Chair and holds a Director role at Bank Australia and also holds Director roles at QBE, Parkinson's Australia Inc, and at a Not-For-Profit organisation BackTrack Youth Works helping vulnerable youth find opportunities in learning, training, and employment.
Andrew Gifford B.A., JD	Mr Gifford is a member of the Bar of the State of Illinois and is an authorised house counsel in the State of Connecticut. Prior to joining the Gen Re group in 2012, Mr. Gifford was a partner with the law firms Locke Lord Bissell & Liddell LLP and DLA Piper LLP where he handled a wide range of matters, including litigation, for financial and professional services firms. At Gen Re, Mr Gifford has held various roles in the Global Legal Department and is currently Gen Re's Global General Counsel and Corporate Secretary. He is also a director for various Gen Re group entities, including the group holding company General Re Corporation and the group's largest regulated entity General Reinsurance Corporation, and sits on the group Audit and Risk Committees. Mr. Gifford is a graduate of the University of Michigan Law School where he received a Juris Doctorate degree.
Ben Walsh BCom (Hons), MBA (Melb), FANZIIF, MAICD - Non-Executive Director - Chair of Board Risk Committee - Chair of Board Remuneration - Member of Board Audit Committee	Mr Walsh's executive experience over a period of 31 years has included a diverse range of industries including actuarial & investment consulting, general insurance broking, superannuation and life & health insurance. He has held many international and local executive roles with Marsh & McLennan Companies (Chief Country Officer, Australia, 2018-2020), Mercer (Chief Executive Officer & Managing Director, Australia & New Zealand, 2015-2020) and AIA Australia (Chief Insurance & Investments Officer, 2020-2022). He has 20 years' Board experience having been a Board Chair, Director and Committee member for a number of Trustee, Corporate, Industry, Philanthropy and Community Sport Boards and Committees. He holds a Master of Business Administration degree, is a Fellow of the Australian and New Zealand Institute of Insurance and Finance, and is a Member of the Australian Institute of Company Directors. He was appointed to the Board, and to the Chair of the Risk and Remuneration Committees, on 5 June 2024.

DIRECTORS' REPORT (continued)

Directors (continued)

Name and qualifications	*Experience and special responsibilities*
James Louw BSc, FIA – Managing Director	Mr Louw has worked for the Gen Re Group since 2001 in various capacities. He joined Gen Re Life Australia in 2008, and was previously the Regional Chief Actuary. He was appointed to the Board as Managing Director effective 6 May 2020.

Meetings of directors

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the directors of the company during the financial year ended 31 December 2024 are:

Director	*Directors' Meetings*		*Board Audit Committee*		*Board Remuneration Committee*		*Board Risk Committee*	
	A	B	A	B	A	B	A	B
Kathryn J McCann	4	4	4	4	5	5	4	4
Keith Scott	2	2	2	2	2	2	2	2
Stephen Ferguson	4	4	4	4	5	5	4	4
James Louw	4	4	4	4	5	5	4	4
Andrew Gifford	4	4	4	4	5	5	4	4
Ben Walsh	3	2	3	2	3	2	3	2

A - The number of meetings attended.
B - The number of meetings held during the time the Director held office during the year.

Company secretaries

Particulars of the qualifications and experience of each Company Secretary during or since the end of the financial year are set out hereunder:

Nicholas Thayer (appointed 9 September 2022)
Peter Keller (appointed 19 October 2022)

Name and qualifications	*Experience and special responsibilities*
Nicholas Thayer B.Com, CA	Mr Thayer has been employed by Gen Re for 18 years. He is currently the Corporate General Manager for Australia and New Zealand, and previously held roles as the Global Internal Audit Director and International Audit Manager in Germany. Prior to joining Gen Re he worked in various roles within the financial services industry in London.
Peter Keller Diploma (Mathematics and Business Administration)	Mr Keller has been employed by Gen Re for 4 years. He is currently the Chief Risk and Compliance Officer for Australia and New Zealand. Prior to joining Gen Re he worked in various risk and compliance roles within the financial services industry in Sydney, London and in Germany.

Principal activities

The principal activity of the company is reinsurance underwriting.

There has been no significant change in the nature of this activity during the year.

Review of operations

Operating Results
The net profit of the company for the year, after provision for income tax, amounted to $9,093,000 compared with the 2023 profit of $7,579,000.

Dividends
No dividend was declared or paid during 2024 (2023: $NIL).

DIRECTORS' REPORT (continued)

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements or notes thereto.

Events subsequent to balance date

In the interval between the end of the financial year and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Indemnification of officers and auditors

The Board of General Re Corporation (incorporated in the USA) has, by resolution, provided indemnification to each of the Directors of the company, as per the By-Laws of General Re Corporation.

The company has not otherwise during or since the end of the financial year, except to the extent permitted by law and noted above, indemnified or agreed to indemnify, an officer or auditor of the company or of any state body corporate against liability incurred as such an officer or auditor.

Likely developments

There are no future developments in the normal operations of the company that require comment in this report other than the comments made under the Review of Operations. The directors do not consider there are any likely developments which will impact the operations of the company.

Environmental regulation

This company is not subject to significant environmental regulation as the company operates solely in the financial services sector.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts have been rounded off to the nearest thousand dollars in the Directors' report and financial report in accordance with that Instrument, unless stated otherwise.

Acknowledgements

The Directors wish to place on record their appreciation of the support given to our company by clients. In addition, the Directors take this opportunity to formally thank management and staff for their efforts throughout the year.

Auditor's independence declaration

The auditor's Independence Declaration is contained on page 6.

Approval

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001 on 25 March 2025.

On behalf of the Directors:

Kate McCann

K.J. McCann
Chair

J. Louw
Managing Director

Sydney, 25 March 2025

Deloitte.

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25 March 2025

The Directors
General Reinsurance Life Australia Ltd
Level 20, 1 O'Connell Street
SYDNEY NSW 2000

Dear Board Members

Auditor's Independence Declaration to General Reinsurance Life Australia Ltd.

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of General Reinsurance Life Australia Ltd**.**

As lead audit partner for the audit of the financial report of General Reinsurance Life Australia Ltd. for the year ended 31 December 2024**,** I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Gaudreault

David Gaudreault
Partner
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 $'000	2023 $'000
Insurance revenue		602,433	560,891
Insurance service expense		(570,128)	(546,901)
Insurance service result from gross reinsurance contracts issued	15	**32,305**	**13,990**
Allocation of retroceded reinsurance premiums		(214,581)	(187,417)
Amounts recovered for reinsurers for claims incurred		159,107	189,078
Net (expense)/income from retroceded reinsurance contracts held	15	**(55,474)**	**1,661**
Insurance service result		**(23,169)**	**15,651**
Interest income		45,999	30,458
Net investment gain		4,155	8,734
Investment expenses		(742)	(679)
Net investment income	7(b)	**49,412**	**38,513**
Net finance expenses from gross reinsurance contracts issued		(6,075)	(28,659)
Net finance income from retroceded reinsurance contracts held		(2,742)	(1,356)
Net insurance finance expense	15	**(8,817)**	**(30,015)**
Other income and expense	7(a)	(14,725)	(13,057)
Profit before income tax		**2,701**	**11,092**
Income tax benefit/(expense)	8(a)	6,392	(3,513)
Profit after income tax		**9,093**	**7,579**
Items that may be reclassified subsequently to profit/loss		-	-
Items that will not be reclassified subsequently to profit/loss		-	-
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the shareholders of the company		**9,093**	**7,579**

This Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Contributed Equity	Retained Earnings	Total
		$'000	$'000	$'000
For the financial year ended 31 December 2024				
Balance at 1 January 2024		169,632	81,796	251,428
Total comprehensive income for the year		-	9,093	9,093
Balance at 31 December 2024	5	**169,632**	**90,889**	**260,521**
For the financial year ended 31 December 2023				
Balance at 1 January 2023		169,632	74,217	243,849
Total comprehensive income for the year		-	7,579	7,579
Balance at 31 December 2023	5	**169,632**	**81,796**	**251,428**

This Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 $'000	2023 $'000
Assets			
Cash and cash equivalents	9	57,240	97,946
Investments	11	1,552,518	1,530,910
Other assets	10	8,507	10,291
Retroceded reinsurance contract assets	15	355,958	320,212
Gross reinsurance contract assets	15	22,980	32,809
Current tax assets		2,841	2,358
Deferred tax assets	8(b)	2,488	6,129
Total assets		**2,002,532**	**2,000,655**
Liabilities			
Other payables	12	257,336	221,320
Reinsurance funds held	13	301,426	421,426
Gross reinsurance contract liabilities	15	1,176,404	1,102,796
Provisions	14	1,075	910
Deferred tax liabilities	8(b)	5,770	2,775
Total liabilities		**1,742,011**	**1,749,227**
Net assets		**260,521**	**251,428**
Equity			
Contributed equity	17	169,632	169,632
Retained earnings		90,889	81,796
Total equity		**260,521**	**251,428**

This Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Premiums received		624,424	734,853
Retroceded reinsurance paid		(224,788)	(210,853)
Claims paid		(489,082)	(491,925)
Reinsurance recoveries received		130,825	121,280
Reinsurance funds (paid)/received		(120,000)	8,857
Other income received		-	1
Payments from/(to) cedants, employees and suppliers		16,843	(61,573)
Interest received		8,337	13,011
Investment expenses paid		(742)	(679)
Income tax paid		(6,547)	(24,324)
Net cash (used in)/provided by operating activities	20	**(60,730)**	**88,648**
Cash flows from investing activities			
Payments for purchase of investments		(1,512,746)	(515,074)
Proceeds from sale/maturity of investments		1,532,957	447,190
Net cash provided by/(used in) investing activities		**20,211**	**(67,884)**
Cash flows from financing activities			
Capital injection		-	-
Net cash provided by financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents during the financial year		(40,519)	20,764
Cash and cash equivalents at beginning of financial year		97,946	77,617
Exchange fluctuations on cash and cash equivalents held in foreign currencies		(187)	(435)
Cash and cash equivalents at end of financial year	9	**57,240**	**97,946**

This Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

This general purpose financial report has been prepared in accordance with applicable Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board ('AASB'), the *Corporations Act 2001* and complies with other requirements of the law. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

These financial statements are presented in Australian Dollars ($), which is the company's functional currency. All financial information presented in Australian Dollars has been rounded to the nearest thousands, except where otherwise indicated.

The financial statements were authorised for issue by the Directors on 25 March 2025.

Basis of preparation

The financial report has been prepared in accordance with the historical cost convention, except for financial assets which are stated at fair value and reinsurance contracts liabilities, retroceded reinsurance contract liabilities, reinsurance contract assets and retroceded reinsurance contracts assets which have been inflation adjusted and discounted as required by Australian Accounting Standards.

Material accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The following material accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of Life Insurance contract business

The life insurance operations of the company are conducted within separate funds as required by the Life Insurance Act 1995 (the Life Act) and are reported in aggregate with the shareholder's fund in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows of the company. The life insurance operations of the company comprise the selling and administration of life reinsurance.

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 benefits are payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness.

The company has a stop loss retrocession in place with the parent entity, which is linked to the market value of investments held by the company, with the intent to offset the effects of changes in discount rate on policy liabilities. Life insurance contract business written by the company is non-participating and all profits and losses are allocated to the Shareholders. All products sold meet the definition of a life insurance contract.

(b) Reinsurance contracts issued

Separating components from reinsurance contracts

The company assesses its reinsurance contracts to determine whether they contain distinct components which must be accounted for under another accounting standard rather than AASB 17. After separating any distinct components, an entity must apply AASB 17 to all remaining components of the reinsurance contract. The company has not identified any distinct components that require separation.

Level of aggregation

AASB 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. For level of aggregation purposes, no group may contain contracts issued more than one year apart.

The company has defined portfolios of insurance and reinsurance contracts issued based on its product lines due to the fact that the products are subject to similar risks and are managed together. The company has developed a model to calculate if any contract is onerous at inception and subsequently each quarter. Onerous contract losses are measured based on an estimation of fulfilment cash flows and are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Reinsurance contracts issued (continued)

Recognition

The company recognises groups of reinsurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous

The company groups only contracts issued within a one year period meeting the recognition criteria by the reporting date.

Retroceded reinsurance contracts held are accounted for separately from underlying gross reinsurance contracts issued and are assessed on an individual contract basis.

Contract boundary

The company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the company can compel the policyholder to pay the premiums, or in which the company has a substantive obligation to provide the policyholder with services.

A substantive obligation to provide insurance contract services ends when the company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk.

Measurement of reinsurance contracts issued - general measurement model

Reinsurance contracts issued – initial measurement

The general measurement model measures a group of reinsurance contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the company considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

The company estimates expected future cash flows for a group of reinsurance contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the company includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs
- Claim handling costs
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries
- Transaction-based taxes
- An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period.

The Best Estimate Liability ('BEL') cashflows are discounted in SAS using a centrally provided yield curve that is risk-free in nature and inclusive of an implied illiquidity premium. The illiquidity premium is determined using APRA's approach within LPS112. Single risk-free discount rates are based on government bond rates and consideration of the term of the liabilities.

The Contractual Service Margin (CSM) is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the company will recognise as it provides services in the future. The company measures the CSM on initial recognition at an amount that, unless the group of reinsurance contracts is onerous, results in no income or expenses arising from:

- Initial recognition of the fulfilment cash flows
- Derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows
- Any cash flows arising from the contracts in the group at that date

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Reinsurance contracts issued (continued)

Measurement of reinsurance contracts issued - general measurement model (continued)

Reinsurance contracts issued – initial measurement (continued)

For groups of contracts assessed as onerous, the company has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the company for the liability for remaining coverage for an onerous group depicting the losses recognised.

The liability for remaining coverage is the company's obligation to investigate and pay valid claims for insured events that have not yet occurred and at initial recognition, comprises all remaining expected future cash inflows and cash outflows under an insurance contract plus the CSM for that contract.

The liability for incurred claims is the company's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses. At initial recognition of a group of reinsurance contracts, the liability for incurred claims is usually nil as no insured events have occurred.

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss or such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM).
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

The company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the company comprised the fulfilment cash flows related to past service allocated to the group at that date.

Presentation

The company has presented separately in the statement of financial position the carrying amount of groups of reinsurance contracts issued that are assets, groups of reinsurance contracts issued that are liabilities, groups of reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related groups of reinsurance contracts issued.

The company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Reinsurance contracts issued (continued)

Presentation (continued)
The company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The company separately presents income or expenses from reinsurance contracts held from the expenses or income from reinsurance contracts issued.

Insurance revenue
The company's insurance revenue depicts the provision of coverage and other services arising from a group of insurance contracts at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts. The total consideration for a group of reinsurance contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

For management judgement applied to the amortisation of CSM, please refer to Note 2.

Loss components
The company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of reinsurance contracts is initially recognised in the year).

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

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The company systematically allocates expected total insurance finance income or expenses over the duration of the group of reinsurance contracts to profit or loss using discount rates determined on initial recognition of the group of reinsurance contracts.

Net income or expense from reinsurance contracts held
The company presents separately on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

(c) Retroceded reinsurance contracts held

The measurement of retroceded reinsurance contracts held follows the same principles as those for reinsurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.
- The company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.
- The company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(d) Basis of expense apportionment

Expenses are incurred in relation to the acquisition and maintenance of life insurance policies.

Apportionment under Part 6, Division 2 of the Life Act has been made as follows:
- Expenses directly identifiable with the Statutory Funds and the Shareholder's Fund have been recorded in the appropriate fund as incurred.
- Statutory Funds and the Shareholder's Fund on a predetermined rate based on the estimated time spent on matters relating to each fund.

(e) Assets backing policy liabilities

The company has determined that all assets held within its statutory funds are assets backing reinsurance contract liabilities on the basis that all assets of the company are available for the settlement of claims if required.

Restrictions on assets

Investments held in the life insurance statutory funds can only be used within the restrictions imposed under the Life Act. 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.

(f) Investments

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at fair value through profit or loss ('FVPL'), transaction costs are added to this amount.

Measurement categories

The company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following: amortised cost, fair value through other comprehensive income ('FVOCI') or FVPL. At 31 December 2024, the company did not hold any assets classified FVOCI.

Financial instruments measured at amortised cost

Financial instruments are held at amortised cost if both of the following conditions are met:
- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of asset sales are also important aspects of the company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the company's original expectations, the company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process the company assesses the contractual terms to identify whether they meet the SPPI test.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(f) Investments (continued)

Measurement categories (continued)

Financial instruments measured at amortised cost (continued)

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets measured at fair value through profit or loss

The company's investments are required to be measured at fair value through profit or loss, with all investments managed and assessed on a fair value basis to optimise returns within risk appetites and investment strategy parameters and limits. They are therefore initially recognised at fair value, determined as the cost of acquisition excluding transaction costs, and are remeasured to fair value through profit or loss at each reporting date. The election of measuring investments at fair value at initial recognition is to eliminate any accounting mismatch between the investments the duration of insurance liabilities.

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate.

Subsequent measurement

Financial instruments measured at amortised cost

After initial measurement, financial instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired. After initial measurement, financial instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

Financial assets measured at fair value through profit or loss

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

(g) Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the date of the transactions. Amounts receivable and payable in foreign currencies are translated at the rates of exchange ruling at balance sheet date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the Statement of Profit or Loss and Other Comprehensive Income in the financial year in which the exchange rates change, as exchange gains or losses.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

Tax consolidation

The company is a member of a multiple entry consolidated (MEC) group for Australian income tax purposes with the Provisional Head Entity being General Reinsurance Australia Ltd. The consolidated group was formed on 2 August 2016 with an effective date of 1 January 2015. All entities that form part of the MEC group have signed tax funding and tax sharing agreements with the head entity.

The company accounts for its own current and deferred tax amounts. These tax amounts are measured under the 'Separate taxpayer within group' approach. This approach adjusts for transactions and events occurring within the tax consolidation group that do not give rise to a tax consequence for the group or that have different tax consequences at the group level.

When recognising deferred taxes in the separate financial statements of each entity in the tax consolidated group, temporary differences are measured by reference to the carrying amounts of assets and liabilities in the entity's statement of financial position. Deferred taxes are transferred to the head entity only as and when they are utilised by the Provisional Head Entity.

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) commonly controlled tax consolidated entity.

The company operates a Taxation Governance Framework which governs the taxation risk appetite, the associated risks, controls and procedures, and the reporting and oversight of taxation matters for the company. This framework operates across all entities that form part of the MEC group.

(i) Accounts payable

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition.

(j) Provision for employment entitlements

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. They are discounted to their present value using a market-determined, risk-adjusted discount rate.

Salaries and annual leave

Liabilities for salaries and annual leave are recognised, and are measured, as the net present value of expected future cash flows in respect of employees' services up to balance sheet date.

Long service leave

A liability for long service leave is recognised, and is measured, as the present value of expected future payments to be made in respect of services provided by employees up to balance sheet date. Consideration is given to expected future wage and salaries levels, experience of employee departures and periods of service.

(k) Superannuation

The company makes contributions on behalf of employees to their accumulation superannuation funds. The contributions are recognised as an expense over the period of services provided by the employees.

(l) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of applicable goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the acquisition cost of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the taxation authorities is classified as operating cash flows.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(m) Accounting standards and amendments issued but not yet effective

At the date of authorisation of the financial report, the following AASB Standards and amendments were issued but not yet effective and have not been applied in preparing the company's financial statements. Assessment of the impact of the initial application of the following Standards and Interpretations is still to be completed.

Standard	*Effective for annual reporting periods beginning on or after*	*Expected to be initially applied in the financial year ending*
AASB 2023-5 "Amendments to Australian Accounting Standards - Lack of Exchangeability"	1 January 2025	31 December 2025
AASB 18 "Presentation and Disclosure in Financial Statements"	1 January 2027	31 December 2027
AASB 2024-2 "Amendments to Australian Accounting Standards - Classification and measurement of financial instruments"	1 January 2025	31 December 2025
AASB 2024-3 "Annual improvements Volume 11"	1 January 2026	31 December 2026
AASB S1 "General requirements for disclosure of sustainability-related financial information"	1 January 2025*	31 December 2025
AASB S2 "Climate-related disclosures"	1 January 2025*	31 December 2025

The company expects to adopt these standards where applicable for the annual reporting periods beginning on or after the operative dates set out above.

* Adoption of AASB S2 "Climate-related disclosures" is mandatory effective 1 January 2025. Adoption of AASB S1 "General requirements for disclosure of sustainability-related financial information" is voluntary.

AASB 2023-5 "Amendments to Australian Accounting Standards - Lack of Exchangeability"

AASB 2023-5 amends AASB 121 The Effects of Changes in Foreign Exchange Rates and AASB 1 First-time Adoption of Australian Accounting Standards to improve the usefulness of information provided to users of financial statements. The amendments require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable.

The amendments are not expected to have a material impact on the company's financial statements.

AASB 18 "Presentation and Disclosure in Financial Statements"

AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the "management-defined performance measure" to financial statements and requires the classification of transactions presented within the statement of profit or loss within one of five categories – operating, investing, financing, income taxes, and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information.

The impact on the company's financial statements is being assessed.

AASB 2024-2 "Amendments to Australian Accounting Standards - Classification and measurement of financial instruments"

Amends AASB 9 Financial Instruments to introduce an option to derecognise financial liabilities settled through electronic transfer before the settlement date, clarifies how contractual cash flows should be assessed for financial assets with environmental, social and governance (ESG) and similar features, includes additional guidance in respect of non-recourse features and contractually linked instruments and amends specific disclosure requirements.

The impact on the company's financial statements is being assessed.

AASB 2024-3 "Annual improvements Volume 11"

These amendments to AASB Accounting Standards include clarifications, simplifications, corrections and changes aimed at improving the consistency of several AASB Accounting Standards:

- AASB 1 First-time Adoption of Australian Accounting Standards: hedge accounting by a first-time adopter
- AASB 7 Financial Instruments: Disclosures: gain or loss on derecognition, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures
- AASB 9 Financial Instruments: derecognition of lease liabilities and transaction price
- AASB 10 Consolidated Financial Statements: determination of a 'de facto agent'
- AASB 107 Statement of Cash Flows: cost method.

The amendments are not expected to have a material impact on the company's financial statements.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(m) Accounting standards and amendments issued but not yet effective (continued)

AASB S1 "General requirements for disclosure of sustainability-related financial information"
Sets out overall principles for sustainability reporting:

- Includes a requirement to identify and disclose material information about all sustainability-related risks and opportunities, not only climate-related risks and opportunities, that could reasonably be expected to affect an entity's prospects (subject to a transitional
- Provides guidance on how to develop disclosures for a topic to which no IFRS Sustainability Disclosure Standard applies.

The impact on the company's financial statements is being assessed.

AASB S2 "Climate-related disclosures"
Sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

- Climate-related risks to which the entity is exposed, which are climate-related physical risks and climate-related transition risks
- Climate-related opportunities available to the entity.

The impact on the company's financial statements is being assessed.

Other than those detailed, other standards issued but not effective relate either to types of transactions which the company has not entered or public sector entities. These standards will not have a material impact on the company's financial statements or financial disclosures.

(n) Climate-related matters

Entities which lodge financial reports under Chapter 2M of the Corporations Act are required to prepare sustainability reports, subject to size thresholds (based on their levels of assets, revenues and employees) and a phased in approach. There are three groups first reporting from financial years beginning on or after 1 January 2025 (Group 1), 1 July 2026 (Group 2) and 1 July 2027 (Group 3). The company meets the Group 1 requirements and is in scope from 1 January 2025.

The company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the company due to both physical and transition risks. Even though the company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the company is closely monitoring relevant changes and developments, such as new climate-related legislation.

(o) Consolidated entity disclosure statement

Subsection 295(3A)(a) of the Corporations Act 2001 does not apply to the company as the company is not required to prepare consolidated financial statements by Australian Accounting Standards.

(p) Financial statement references

Throughout the financial statements the following references will be used:

- Shareholders Fund	**S/H Fund**
- Statutory Fund 1	**Stat-F 1**
- Statutory Fund 2	**Stat-F 2**
- Both statutory funds	**Stat-Funds**

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The company makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates are applied are described below.

(a) Life reinsurance contract liabilities

Life reinsurance contract liabilities are computed by suitably qualified personnel on the basis of actuarial methods, with due regard to relevant actuarial principles as required by Prudential Standard LPS 340 – Valuation of Policy Liabilities, issued by the Australian Prudential Regulation Authority (APRA) and AASB 17 - Insurance Contracts. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(a) Life reinsurance contract liabilities (continued)

The key factors that affect the estimation of these liabilities and related assets are:

- the level of expenses of the company
- mortality and morbidity experience on life insurance products
- discontinuance experience, which affects the company's ability to recover the cost of acquiring new business over the lives of the contracts
- future interest rates
- delays in notification of claim events

(b) Assets arising from reinsurance contracts

Assets arising from retrocession reinsurance contracts are also computed using the above methods where applicable. All retrocession reinsurance contracts are with the parent company and the recoverability of such assets is not considered to be impaired by any counterparty or credit risk.

(c) Recoverability of deferred tax assets

Determining whether deferred tax assets are recognised requires an estimation of future taxable profits against which the assets can be released. This estimation process is based on relevant available information pertaining to the business and the exercise of management judgement.

Recognition therefore involves judgements and estimations regarding the future financial performance of the company and reflects a prudent regard, where considered appropriate, for the inherent uncertainties associated with making such estimations and judgements in relation to deferred tax assets.

Details of the carrying amount of the deferred tax asset are set out in Note 8.

3 ACTUARIAL ASSUMPTIONS AND METHODS

Kathryn Pollastrini, the company's Appointed Actuary, is a Fellow of the Institute of Actuaries of Australia. Ms Pollastrini is satisfied as to the accuracy of the data upon which reinsurance contracts have been determined.

The amount of policy liabilities has been determined in accordance with the methods and assumptions disclosed in this financial report and with the life insurance prudential standards of the Australian Prudential Regulation Authority ("APRA") as required under the Life Insurance Act 1995.

(a) Policy liabilities

Australian Accounting Standard 17 ("AASB 17") related to Insurance Contracts became effective 1 January 2023. The Life Prudential Standard 340 ("LPS 340") was updated by APRA in response. LPS 340 governs the valuation of policy liabilities of the company.

The company values the policy liabilities for each group of insurance contracts using the General Measurement Model ("GMM") as required under AASB 17 and in line with the Gen Re Group approach. To model using GMM, the company uses a SAS software package that requires projected future cashflows to be provided as input, along with other key assumptions, to produce the policy liabilities.

Policy liabilities under AASB 17 consist of two components, namely:

(i) **The Liability for Remaining Coverage ("LRC")** which includes the Best Estimate Liabilities, Risk Adjustment and Contractual Services Margin.

- **Best Estimate Liabilities ("BEL")**: Calculated by taking the discounted value of expected future cashflows, both inward and outward to the company. These cashflows are those directly related to the fulfilment of the company's insurance contracts and include the outstanding premium reserves.
- **Risk Adjustment ("RA")**: AASB 17 requires that the present value of future cash flows be adjusted to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The Risk Adjustment is calculated as a multiplicative loading that applies to the present value of future claims within the LRC and is modelled as a separate cash flow. The sum of the discounted expected future cash flows and the risk adjustment is taken as the fulfilment cashflows.
- **Contractual Services Margin ("CSM")**: At initial recognition of a contract, the Contractual Services Margin is defined as the net difference between the fulfilment cash inflows and outflows and is floored by zero. The purpose of establishing a positive CSM is to ensure the recognition of unearned profits is deferred into future periods when the insurance services are provided. AASB 17 uses the metric of coverage units to allocate profits, as represented by the CSM, to the current, past, or future periods. It is a measure for the service provided under the group of insurance contracts reflecting the quantity of benefits and expected coverage duration of that group. If a contract's CSM is floored at zero, the insurance contract is onerous and the net outflow is recognised immediately. The CSM is locked-in for each contract at the rate that prevailed when the contract was written.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

(a) Policy liabilities (continued)

(ii) **The Liability for Incurred Claims ("LIC")** includes Best Estimate Liabilities and Risk Adjustment.

- **Best Estimate Liabilities ("BEL")**: Calculated by taking the discounted value of expected future cashflows, including claim payments, accruals and experience refund accruals for past incurred periods.
- **Risk Adjustment ("RA")**: The Risk Adjustment is calculated as a multiplicative loading that applies to the present value of future claims within the LIC.

AASB 17 requires insurance contracts to be aggregated following certain principles. There are three levels of aggregation:

(i) **Portfolio level**, consisting of insurance contracts covering similar risks which are managed together. This is defined as treaty level for the company.

(ii) **Cohort** level, where the portfolio is divided into annual cohorts.

(iii) **Group level**, which subdivides the cohorts into different profitability groups at initial recognition. The Gen Re group determines if a cohort is onerous by doing an Onerous Contract Test.

The general principle which the company adopts is to consider the treaty and underwriting year as a group of insurance contracts which is the primary unit of account under AASB 17. It is noted that this includes retrocession treaties. There is aggregation across both lump sum and disability income business.

(b) Regulatory capital requirements

These are amounts required to meet the life insurance prudential standards specified by the Life Insurance Act 1995 to provide protection to the policy owners against the impact of fluctuations and unexpected adverse experience of the business.

The methods and bases adopted for determining the regulatory capital requirements are in accordance with APRA Prudential Standard LPS 110 Capital Adequacy, and its associated Prudential Standards LPS 112 Capital Adequacy: Measurement of Capital, LPS 114 Capital Adequacy: Asset Risk Charge, LPS 115 Capital Adequacy: Insurance Risk Charge, LPS 117 Capital Adequacy: Asset Concentration Risk Charge, and LPS 118 Capital Adequacy: Operational Risk Charge. The Prudential Standards were updated in line with the changes for AASB17 and the new standards have been effective since 1 July 2023.

(c) Disclosure of assumptions

(i) **Discount rates**

For Australia and New Zealand, the BEL cashflows are discounted in SAS using a locally constructed yield curve that is risk-free in nature and inclusive of an implied illiquidity premium. The illiquidity premium is determined using APRA's approach within LPS112.

Where a single discount rate is used in the calculation of the risk free BEL for LAGIC capital calculations, the following has been assumed:

Australia: Allowance for future interest rates of 4.3% pa (2023: 3.9%)
New Zealand: Allowance for future interest rates of 4.4% pa (2023: 4.3%)

The single risk-free discount rates are based on government bond rates and consider the term of the liabilities.

(ii) **Inflation rates**

Active Life

Australia: Allowance for future inflation of 3.0% pa (2023: 3.0%) is assumed
New Zealand: Allowance for future inflation of 2.5% pa (2023: 3.0%) is assumed

Open claims: Allowance for future inflation per annum is assumed to follow a curve for Australia, starting at 3.5% for Australia (2023: 4.5%), and tending to the long term assumption of 3% (2023: followed a higher curve in the short term but tended to the same long term assumption). For New Zealand, a flat rate of 2.5% is assumed for 2024 (2023: curve starting at 5% and reducing to long term assumption of 3%).

Some contract terms set a minimum level of policy indexation and this is used to index policy benefits where it exceeds the assumed inflation rate.

(iii) **Future expenses and indexation**

The allowance for future expenses was based on the company's experience in 2024, with allowance for one-offs and anticipated changes in business volumes in 2025, as the best available estimate for 2025. Expenses are assumed to remain a stable percentage of in-force premiums over the life of the business. Benefits and premiums are assumed to increase by the rate of inflation, or by some other factor, where specified for the policies being reinsured. A 0.5% expense margin is applied to the disability income claims payments.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

(c) Disclosure of assumptions (continued)

(iv) **Directly attributable expenses**

Only costs that are directly attributable are deemed insurance cash flows which become a component of the CSM and therefore affect both insurance revenue and insurance service expenses. Directly attributable expenses are allocated to each group of insurance contracts. All other expenses are deemed overhead and would be recognised in the profit and loss outside of the insurance result.

The company applies a percentage adjustment to projected maintenance expenses as the key input assumption. This rate is 75% for the 2024 year-end (and is unchanged from the prior year-end assumption).

(v) **Rates of taxation**

Policy liabilities have been calculated gross of tax given that the business is taxed on a profits basis.

(vi) **Mortality and morbidity**

Mortality, TPD and Trauma:	Tables derived from the 2014-2018 Australian Lump Sum Tables are used with adjustments to set an incidence basis appropriate for the company's book of business.
Disability:	Tables derived from the ADI 2014-18 tables with adjustments to incidence rates and termination rates of claim.

Different claim rates are used for Australian business and Overseas business.

Adjustments made to the base table are made after consideration of the:
(i) type of product being written (policy terms, underwriting/claims approach, target market), and
(ii) actual experience investigations undertaken by the company.

(vii **Rate of discontinuance**

Future rates of discontinuance for the major classes of business vary by policy duration, premium rate type, ceding company and age. Overall they are assumed to be in the order of:

Lump-sum Risk (Australia):	4% - 50% per annum (2023: 4% - 50%)
Lump-sum Risk (Overseas):	5% - 50% per annum (2023: 5% - 50%)
Disability Income (Australia):	5% - 41% per annum (2023: 5% - 41%)
Disability Income (Overseas):	5% - 45% per annum (2023: 5% - 45%)

Rates are based on actual company experience and market data as obtained from client companies.

(vii **Surrender Values**

There are currently no policies that provide a surrender value.

(ix) **Claim Delay**

Significant delays are incurred between the date of the event resulting in a claim and the claim being reported to the company. The company establishes IBNR reserves to estimate the cost of these claims based on the expected level of claims and the average delay in reporting. Overall they are assumed to be in the order of:

Lump Sum Risk (Aust):	5 - 21 months	(2023: 3 – 25 months)
Lump-sum Risk (Overseas):	4 - 25 months	(2023: 4 – 25 months)
Disability Income (Aust):	6 - 7 months	(2023: 6 - 7 months)
Disability Income (Overseas):	6 months	(2023: 6 months)

The above is based on actual experience of the company, and other data obtained from client companies.

(d) Sensitivity analysis

Variable	Impact of movement in underlying variable
Interest rates	A reduction in interest rates would result in an increase in policy liabilities and an increase in the value of assets backing those policy liabilities. As the assets currently have a shorter average duration than the liabilities a reduction in interest rates would decrease profit and shareholder equity. Additional losses from a reduction in interest rates would be reduced by the Stop loss retrocession recovery.
Inflation rates	An increase in inflation rates would result in an increase in policy liabilities and therefore a reduction in profit and shareholder equity. The liability cashflows allow for the underlying inflation caps, where applicable, across different treaties.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

(d) Sensitivity analysis (continued)

Variable	Impact of movement in underlying variable
Expense rates	Expenses as a proportion of inforce premium are relatively small and therefore any reasonable deviation on the level of expenses will have little impact on profit and shareholder equity.
Mortality rates	Higher mortality rates would lead to increased claim costs/policy liabilities, reduced insurance profit and shareholder equity. Lower mortality rates would increase insurance profit and shareholder equity.
Morbidity rates	Higher incidence and duration of claim would lead to increased claim costs/policy liabilities, reduced insurance profit and shareholders equity. Lower morbidity incidence rates would increase insurance profit and shareholder equity. Lower morbidity termination rates would lead to increased claim costs/policy liabilities, reduced insurance profit and shareholders equity. Higher morbidity termination rates would increase insurance profit and shareholder equity.
Discontinuance	Higher discontinuance rates may impact on the recoverability of deferred acquisition costs within the LRC and therefore would impact on profit and shareholder equity if deferred acquisition costs were required to be written down to what would be recoverable. Lower discontinuance rates decrease profit and shareholder equity which is offset by an increase in future profit shown in the CSM.

Under AASB 17, the impacts from the assumption changes below, also include the impact of the change in discount rate on future cashflows which are updated to reflect the sensitivities.

To the extent that future profit can absorb the effect of higher claims costs then the impact on the policy liability from assumption changes will be reduced and the CSM balance will also decrease. Retrocession arrangements can also reduce the expected impacts that changes in assumptions may have. In some cases, the results are impacted by the different discount rates on the CSM (locked-in) and PVFCF (current) components resulting in counterintuitive impacts.

The table below illustrates how changes in key assumptions would have impacted the reported profit, retained earnings and CSM balances of the company as at year end (after tax and retrocession).

2024	Profit $'000	Retained Profits $'000	CSM $'000
Current value	9,093	90,889	117,086
Real Interest Rate +1%	28,817	110,613	117,086
Real Interest Rate -1%	6,555	88,351	117,086
Inflation rates +1%	3,994	85,789	120,917
Inflation rates -1%	25,197	106,992	115,505
Expenses +10%	8,323	90,118	107,625
Expenses -10%	9,864	91,659	126,547
Mortality/Morbidity/Incidence +10%	3,619	85,414	11,701
Mortality/Morbidity/Incidence -10%	18,018	99,814	275,381
Termination Rates +10%	17,608	99,404	128,953
Termination Rates -10%	5,146	86,941	104,162
Discontinuance Rates +10%	9,204	91,000	85,364
Discontinuance Rates -10%	7,507	89,302	152,894
Claim Reporting Delay +10%	4,737	86,533	117,086
Claim Reporting Delay -10%	23,733	105,528	117,086

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

(d) Sensitivity analysis (continued)

2023	Profit $'000	Retained Profits $'000	CSM $'000
Current value	7,579	81,796	123,329
Real Interest Rate +1%	34,633	108,850	123,329
Real Interest Rate -1%	(618)	73,599	123,329
Inflation Rate +1%	(638)	73,579	126,751
Inflation Rate -1%	29,622	103,839	122,203
Expenses +10%	6,922	81,139	114,344
Expenses –10%	8,183	82,400	132,389
Mortality/Incidence +10%	(4,550)	69,667	11,406
Mortality/Incidence –10%	12,067	86,284	311,431
Termination rates +10%	56,592	130,809	138,483
Termination rates -10%	(4,589)	69,628	105,001
Discontinuances +10%	5,785	80,002	95,350
Discontinuances -10%	6,106	80,323	165,657
Claim Reporting Delay +10%	1,023	75,240	123,329
Claim Reporting Delay -10%	31,835	106,052	123,329

4 RISK MANAGEMENT POLICIES AND PROCEDURES

Insurance contracts – Risk management policies and procedures

The financial condition and operating results of the company are affected by a number of financial and non-financial risks. Financial risks include interest rate risk, currency risk, credit risk and liquidity risk. The non-financial risks are insurance risk, compliance risk and operational risk.

Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The company's objective is to satisfactorily manage these risks within current resources. Various procedures are put in place to control and mitigate the risks faced by the company depending on the nature of the risk.

In accordance with Prudential Standards LPS 110 Capital Adequacy, CPS 220 Risk Management and LPS 230 Reinsurance issued by the Australian Prudential Regulation Authority (APRA), the Board and senior management of the company have developed, implemented and maintain a sound and prudent Internal Capital Adequacy Assessment Process (ICAAP), Risk Management Strategy (RMS) and Risk Appetite Statement (RAS).

The ICAAP is reviewed on an annual basis, unless circumstances necessitate a more frequent review.

The ICAAP Summary Statement and RMS identify the company's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the company. Annually, the Board:

- Reviews and approves the company's RAS;
- Reviews and approves the company's RMS and ICAAP, and assesses their effectiveness; and
- Certifies to APRA that adequate strategies are in place to monitor those risks, and that the company has systems in place to ensure compliance with legislative and prudential requirements.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

4 RISK MANAGEMENT POLICIES AND PROCEDURES (continued)

Objectives in managing risks arising from insurance contracts and policies for mitigating those risks (continued)

Key aspects of the processes established in the RMS to mitigate risks include:

- The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- Actuarial models, using information from the management information systems, are used to calculate premiums and monitor claims patterns. Past experience and statistical methods are used as part of the process.
- Documented procedures are followed for underwriting and accepting reinsurance risks.
- Reinsurance is used to limit the company's exposure to negative claims experience.
- The company's investment portfolio is prudently managed with respect to key criteria such as the average duration and credit quality.
- The mix of assets in which the company invests is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match the maturity dates of assets with the expected pattern of claim payments.
- The diversification of business over classes within the reinsurance portfolio, separate geographical segments and large numbers of uncorrelated individual risks also reduce variability in loss experience.

Financial risks

Financial risks are controlled by the majority of investments being in government bonds in the same currency as the underlying policy liabilities, the balance of investments being held in cash assets. This significantly reduces any interest rate, currency, credit and liquidity risk that the company may incur.

(a) Liquidity risk

Underwriting reinsurance contracts exposes the company to liquidity risk through the obligation to make payments of unknown amounts on unknown dates. The assets backing insurance liabilities consist of government securities and other quality securities which can generally be readily sold or exchanged for cash.

The company also has the option to request additional capital injections from the Parent, General Reinsurance AG (GRAG), following board approval.

(b) Interest rate risk

Fixed interest rate instruments expose the company to fair value interest rate risk. The company's risk management approach is to minimise interest rate risk by actively managing investment portfolios. The company invests in high quality, liquid interest-bearing bonds and cash and actively manages the duration of the fixed interest portfolio. The claims provision is discounted to present value by reference to risk-free interest rates therefore exposed to potential underwriting result volatility as a result of interest rate movements.

(c) Credit risk

Financial assets or liabilities arising from insurance and reinsurance contracts are stated in the Statement of Financial Position at the amount that best represents the maximum credit risk exposure at balance sheet date. There are no significant concentrations of credit risk, except for related party transactions.

(d) Terms and conditions of reinsurance business

The terms and conditions attaching to reinsurance contracts affect the level of insurance risk accepted by the company. All reinsurance contracts are subject to pre-determined capacity limits and underwriting guidelines and authorities. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements. Reinsurance contracts written in Australia and New Zealand are subject to substantially the same terms and conditions.

(e) Concentration of insurance risk

The company's exposure to concentrations of insurance risk is mitigated by a portfolio diversified into two major classes of business (individual and group) written out of Australia and New Zealand. The portfolio is controlled and monitored through the company's Risk Management Strategy and Framework. This includes identifying and mitigating the concentrations of insurance risk by reviewing the type of insured event and also the geographical area of the risk.

Non-financial risks

Non-financial risks are controlled through the use of:

i) medical and non-medical underwriting procedures and authorities
ii) claims management procedures and authorities
iii) product development/review procedures and authorities
iv) treaty underwriting procedures and authorities
v) underwriting and claim peer reviews of clients
vi) charging adequate premium rates for the business
vii) quarterly monitoring of profitability overall and by client
viii) reinsurance agreement terms and conditions
ix) non-guaranteed reinsurance rates
x) retrocession arrangements to limit the effect of adverse claims experience, via stop-loss and surplus retrocession

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

5 SUMMARY OF SHAREHOLDERS INTEREST

The total interests of the shareholder in the profit after income tax and net assets of the company are as follows:

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Retained profit/(loss) at the beginning of the year	88,091	(6,295)	81,796	80,524	(6,307)	74,217
Profit/(loss) after tax	9,088	5	9,093	7,567	12	7,579
Retained profit/(loss) at the end of the year	**97,179**	**(6,290)**	**90,889**	**88,091**	**(6,295)**	**81,796**
Contributed equity	160,100	9,532	169,632	160,100	9,532	169,632
Total shareholder's interest*	**257,279**	**3,242**	**260,521**	**248,191**	**3,237**	**251,428**

* *Shareholder's access to the retained profits and shareholder's contributed equity is restricted to the extent these monies within the Statutory Funds are required to meet solvency and capital adequacy requirements under the Life Insurance Prudential Standards.*

6 RECONCILIATION OF THE LIFE INSURANCE ACT 1995 OPERATING PROFIT AND RETAINED PROFIT OF THE STATUTORY FUNDS

(a) Allocation of profits after tax

As the company does not have any participating business, all profit after tax is allocated to the shareholder.

(b) Distribution of retained profits

Distribution of profits to the shareholder is governed by the requirements of Section 62 of the Life Act and APRA LPS 110 and also requires the approval of the Appointed Actuary. The company has complied with the applicable provisions of Part 4 Division 6 of the Life Act and the provisions governing distribution of profit in its constitution.

(c) Sources of profit

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Retained profit/(loss) at the beginning of the year	88,091	(6,295)	81,796	80,524	(6,307)	74,217
Life Insurance Act profit/(loss) after tax						
- Non-participating business	9,088	5	9,093	7,567	12	7,579
Components of shareholders retained profit/(loss)	**97,179**	**(6,290)**	**90,889**	**88,091**	**(6,295)**	**81,796**

7 PROFIT FROM ORDINARY ACTIVITIES

(a) General and administration expenses

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Employee benefits	(12,866)	-	(12,866)	(12,821)	-	(12,821)
Exchange (losses)/gains	(118)	-	(118)	193	-	193
Other expenses	(1,741)	-	(1,741)	(429)	-	(429)
	(14,725)	**-**	**(14,725)**	**(13,057)**	**-**	**(13,057)**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

7 PROFIT FROM ORDINARY ACTIVITIES (continued)

(b) Net investment income

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Interest income	45,988	11	45,999	30,444	14	30,458
Interest paid on reinsurance deposits	-	-	-	-	-	-
Investment expenses	(733)	(9)	(742)	(679)	-	(679)
Net investment gain						
- Changes in fair values	13,519	5	13,524	10,827	4	10,831
- Foreign exchange loss	(3,745)	-	(3,745)	(592)	-	(592)
- Realised loss	(5,623)	(1)	(5,624)	(1,505)	-	(1,505)
Investment gain	4,151	4	4,155	8,730	4	8,734
	49,406	**6**	**49,412**	**38,495**	**18**	**38,513**

(c) Remuneration of auditors

	Stat-Funds 2024 $	S/H Fund 2024 $	Total 2024 $	Stat-Funds 2023 $	S/H Fund 2023 $	Total 2023 $
Audit and review of the financial statements and regulatory compliance	485,342	-	485,342	729,980	-	729,980
Other regulatory and assurance services	-	-	-	75,000	-	75,000
Remuneration of auditors	**485,342**	**-**	**485,342**	**804,980**	**-**	**804,980**

The auditor of the company is Deloitte Touche Tohmatsu.

8 INCOME TAX

In June 2023, the AASB issued AASB 2023-2 "Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules" which clarify that AASB 112 "Income Taxes" applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements Qualified Domestic Minimum Top-up Taxes. The company has adopted these amendments. However, they are not yet applicable for the current reporting year. No deferred tax has been recognised in relation to Pillar Two.

(a) Income tax expense

	2024 $'000	2023 $'000
Tax expense comprises:		
Current tax expense	13,046	11,944
Deferred tax relating to temporary differences	(6,654)	(15,457)
Income tax expense/(benefit) relating to gains from ordinary activities	**6,392**	**(3,513)**

The prima facie income tax expense on the pre-tax accounting profit reconciles to the income tax expense shown in the Statement of Profit or Loss and Other Comprehensive Income, as follows:

	2024 $'000	2023 $'000
Profit before income tax	**2,701**	**11,092**
Income tax expense calculated at 30% (2023: 30%) of operating profit	(810)	(3,328)
Adjustment for Permanent differences:		
- Non-deductible expenses	(827)	(765)
- New Zealand tax rate differential	131	255
- New Zealand income sourced in Australia	-	(8,078)
Prior year over provision	8,301	8,314
Foreign exchange loss	(403)	89
Total income tax benefit/(expense)	**6,392**	**(3,513)**

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

8 INCOME TAX (continued)

(b) Deferred tax

	2024 $'000	2023 $'000
At 31 December the deferred tax asset comprises:		
Investments	(532)	3,536
Employee benefits	1,550	1,397
Prepaid expenses	(64)	(59)
Accruals and other liabilities	1,534	1,255
	2,488	**6,129**
At 31 December the deferred tax liability comprises:		
Insurance provisions	**5,770**	**2,775**

The tax balances and reconciliation above are based on the current corporate tax rates of 30% (2023: 30%) applicable in Australia and 28% (2023: 28%) in New Zealand on taxable profits under Australian and New Zealand Income Tax Law respectively.

The Directors have recognised a deferred tax asset on the basis of forecasts showing that there will be taxable profits in the future for these to be utilised against.

	Opening balance $'000	Charged to income $'000	Closing balance $'000
2024 Temporary differences			
Tax losses	-	-	-
Insurance provisions	(2,775)	(2,995)	(5,770)
Investments	3,536	(4,068)	(532)
Employee benefits	1,397	153	1,550
Prepaid expenses	(59)	(5)	(64)
Accruals and other liabilities	1,255	279	1,534
	3,354	**(6,636)**	**(3,282)**
2023 Temporary differences			
Tax losses	16,530	(16,530)	-
Insurance provisions	(5,658)	2,883	(2,775)
Investments	6,105	(2,569)	3,536
Employee benefits	1,049	348	1,397
Prepaid expenses	(53)	(6)	(59)
Accruals and other liabilities	787	468	1,255
	18,760	**(15,406)**	**3,354**

	2024 $'000	2023 $'000
Presented in the Statement of Financial Position as follows:		
Deferred tax asset	2,488	6,129
Deferred tax liability	5,770	2,775

General Reinsurance Life Australia Limited transferred $13,319,471 losses to General Reinsurance Australia Ltd. (2023: $40,676,092) and will be reimbursed the tax value thereof.

Losses of General Reinsurance Life Australia Ltd. - New Zealand Branch of NZ$6,206,827 (2023: $Nil) have been utilised by General Reinsurance Australia Ltd. - New Zealand Branch, for New Zealand tax purposes, and the branch will be reimbursed the tax value thereof.

9 CASH AND CASH EQUIVALENTS

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Cash on hand and at bank	56,884	356	57,240	97,907	39	97,946
Of which is held as reinsurance collateral from General Re Life Corporation	-	-	-	-	-	-

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

10 OTHER ASSETS

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Sundry assets	217	-	217	199	-	199
Due from related entities:			-			-
- General Reinsurance Australia Ltd	8,290	-	8,290	9,734	-	9,734
- General Reinsurance AG*	-	-	-	358	-	358
Other assets	**8,507**	**-**	**8,507**	**10,291**	**-**	**10,291**

11 INVESTMENTS

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Insurance activities, at fair value:						
Fixed interest securities	1,552,402	116	1,552,518	1,530,492	418	1,530,910

12 OTHER PAYABLES

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Accruals	248,038	-	248,038	207,429	-	207,429
Due to related entities:						
- General Reinsurance Life Corporation*	7,115	-	7,115	13,891	-	13,891
- General Reinsurance Corporation	2,183	-	2,183	-	-	-
Other payables	**257,336**	**-**	**257,336**	**221,320**	**-**	**221,320**

All balances are expected to be realised within 12 months.

** The balances relate to the operation of the retrocession contracts in place*

13 REINSURANCE FUNDS HELD

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Reinsurance funds held	301,426	-	301,426	421,426	-	421,426

Reinsurance funds held reduced due to return of collateral to General Reinsurance Life Corporation during the financial period ended 31 December 2024.

14 PROVISIONS

	Opening balance $'000	Payments $'000	Provision $'000	Closing balance $'000
Statutory Funds only				
Employee entitlements	**910**	**(474)**	**639**	**1,075**
Payable within 12 months				682
Payable after 12 months				393
				1,075

Employee entitlements contains the provision for annual leave and long service leave and represents the present value of the best estimate of future expenses based on current employee records.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS

	2024 $'000	2023 $'000
Carrying value of:		
Gross		
Reinsurance contract liabilities	1,176,404	1,102,796
Reinsurance contract assets	(22,980)	(32,809)
Total gross reinsurance contracts	**1,153,424**	**1,069,987**
Retroceded		
Reinsurance contract assets	355,958	320,212
Reinsurance contract liabilities	-	-
Total retroceded reinsurance contracts	**355,958**	**320,212**

Reconciliation of reinsurance contracts by remaining coverage and incurred claims

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
Gross	Excluding loss component	Loss component		
2024	$'000	$'000	$'000	$'000
Reinsurance contract liabilities	(484,598)	3,895	1,583,499	1,102,796
Reinsurance contract assets	(64,949)	87	32,053	(32,809)
Balance as at 1 January	**(549,547)**	**3,982**	**1,615,552**	**1,069,987**
Insurance revenue	(602,433)	-	-	(602,433)
Insurance service expense				
Incurred claims and other expenses	25,654	-	635,736	661,390
Losses and reversals of losses on onerous contracts	-	15,019	-	15,019
Changes to liabilities for incurred claims	-	-	(106,281)	(106,281)
Insurance service expense	25,654	15,019	529,455	570,128
Insurance service result	**(576,779)**	**15,019**	**529,455**	**(32,305)**
Net finance expenses from gross reinsurance contracts issued				
Investment components	(141)	-	132	(9)
Insurance finance income or expenses from insurance contracts recognised in profit or loss	(4,466)	(2)	12,171	7,703
Effect of movements in exchange rates	1,971	-	(3,590)	(1,619)
Net finance expenses from gross reinsurance contracts issued	**(2,636)**	**(2)**	**8,713**	**6,075**
Total changes in the statement of profit or loss	**(579,415)**	**15,017**	**538,168**	**(26,230)**
Cash flows				
Premiums received	624,424	-	-	624,424
Claims and other expenses paid	(25,675)	-	(489,082)	(514,757)
Insurance acquisition cash flows	-	-	-	-
Total cash flows	**598,749**	**-**	**(489,082)**	**109,667**
Other movements	-	-	-	-
Balance as at 31 December	**(530,212)**	**18,999**	**1,664,637**	**1,153,424**
Reinsurance contract liabilities	(505,648)	18,842	1,663,210	1,176,404
Reinsurance contract assets	(24,564)	157	1,427	(22,980)
Balance as at 31 December	**(530,212)**	**18,999**	**1,664,637**	**1,153,424**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by remaining coverage and incurred claims (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
Gross (continued)	Excluding loss component	Loss component		
2023	$'000	$'000	$'000	$'000
Reinsurance contract liabilities	(585,281)	2,660	1,432,211	849,590
Reinsurance contract assets	(116,517)	39	79,279	(37,199)
Balance as at 1 January	**(701,798)**	**2,699**	**1,511,490**	**812,391**
Insurance revenue	(560,891)	-	-	(560,891)
Insurance service expense				
Incurred claims and other expenses	17,400	(284)	602,552	619,668
Losses and reversals of losses on onerous contracts	-	1,564	-	1,564
Changes to liabilities for incurred claims	-	-	(74,331)	(74,331)
Insurance service expense	17,400	1,280	528,221	546,901
Insurance service result	**(543,491)**	**1,280**	**528,221**	**(13,990)**
Net finance expenses from gross reinsurance contracts issued				
Investment components	(175)	-	156	(19)
Insurance finance income or expenses from insurance contracts recognised in profit or loss	(21,868)	3	51,418	29,553
Effect of movements in exchange rates	331	-	(1,206)	(875)
Net finance expenses from gross reinsurance contracts issued	**(21,712)**	**3**	**50,368**	**28,659**
Total changes in the statement of profit or loss	**(565,203)**	**1,283**	**578,589**	**14,669**
Cash flows				
Premiums received	734,853	-	-	734,853
Claims and other expenses paid	(17,400)	-	(474,526)	(491,926)
Insurance acquisition cash flows	-	-	-	-
Total cash flows	**717,453**	**-**	**(474,526)**	**242,927**
Other movements	-	-	-	-
Balance as at 31 December	**(549,547)**	**3,982**	**1,615,552**	**1,069,987**
Reinsurance contract liabilities	(484,598)	3,895	1,583,499	1,102,796
Reinsurance contract assets	(64,949)	87	32,053	(32,809)
Balance as at 31 December	**(549,547)**	**3,982**	**1,615,552**	**1,069,987**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by remaining coverage and incurred claims (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
Retroceded	**Excluding loss component**	**Loss component**		
2024	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract assets	(271,625)	-	591,837	320,212
Reinsurance contract liabilities	-	-	-	-
Balance as at 1 January	**(271,625)**	**-**	**591,837**	**320,212**
Allocation of reinsurance premiums: amounts relating to the changes in the assets for remaining coverage	(214,704)	123	-	(214,581)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the period	-	-	159,107	159,107
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	-
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	-	-	-
Amounts recoverable from reinsurers	**-**	**-**	**159,107**	**159,107**
Net income or expense from retroceded reinsurance contracts	**(214,704)**	**123**	**159,107**	**(55,474)**
Net finance income from retroceded reinsurance contracts held				
Reinsurance investment components	-	-	-	-
Effect of changes in non-performance risk of reinsurers	131	-	292	423
Cost of retroactive cover on retroceded reinsurance contracts	-	-	-	-
Reinsurance finance income	(5,725)	-	2,394	(3,331)
Effect of movements in exchange rates	148	-	18	166
Net finance income from retroceded reinsurance contracts held	**(5,446)**	**-**	**2,704**	**(2,742)**
Total changes in the statement of profit or loss	**(220,150)**	**123**	**161,811**	**(58,216)**
Cash flows				
Premiums paid	224,788	-	-	224,788
Amounts received	-	-	(130,825)	(130,825)
Total cash flows	**224,788**	**-**	**(130,825)**	**93,963**
Other movements	-	-	-	-
Balance as at 31 December	**(266,987)**	**123**	**622,822**	**355,958**
Reinsurance contract assets	(266,987)	123	622,822	355,958
Reinsurance contract liabilities	-	-	-	-
Balance as at 31 December	**(266,987)**	**123**	**622,822**	**355,958**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by remaining coverage and incurred claims (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
Retroceded (continued)	Excluding loss component	Loss component		
2023	$'000	$'000	$'000	$'000
Reinsurance contract assets	(276,604)	-	506,939	230,335
Reinsurance contract liabilities	-	-	-	-
Balance as at 1 January	**(276,604)**	**-**	**506,939**	**230,335**
Allocation of reinsurance premiums: amounts relating to the changes in the assets for remaining coverage	(187,417)	-	-	(187,417)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred in the period	-	-	189,078	189,078
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	-
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	-	-	-
Amounts recoverable from reinsurers	**-**	**-**	**189,078**	**189,078**
Net income or expense from retroceded reinsurance contracts	**(187,417)**	**-**	**189,078**	**1,661**
Net finance income from retroceded reinsurance contracts held				
Reinsurance Investment components	-	-	-	-
Effect of changes in non-performance risk of reinsurers	23	-	(6)	17
Cost of retroactive cover on retroceded reinsurance contracts	-	-	-	-
Reinsurance finance income	(18,486)	-	17,108	(1,378)
Effect of movements in exchange rates	6	-	(1)	5
Net finance income from retroceded reinsurance contracts held	**(18,457)**	**-**	**17,101**	**(1,356)**
Total changes in the statement of profit or loss	**(205,874)**	**-**	**206,179**	**305**
Cash flows				
Premiums paid	210,853	-	-	210,853
Amounts received	-	-	(121,280)	(121,280)
Total cash flows	**210,853**	**-**	**(121,280)**	**89,573**
Other movements	-	-	-	-
Balance as at 31 December	**(271,625)**	**-**	**591,837**	**320,212**
Reinsurance contract assets	(271,625)	-	591,837	320,212
Reinsurance contract liabilities	-	-	-	-
Balance as at 31 December	**(271,625)**	**-**	**591,837**	**320,212**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component

Gross	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
2024	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract liabilities	521,390	163,276	418,130	1,102,796
Reinsurance contract assets	(46,926)	6,279	7,838	(32,809)
Balance as at 1 January	**474,464**	**169,555**	**425,968**	**1,069,987**
Changes that relate to current services				
CSM recognised for services provided	-	-	(60,259)	(60,259)
Risk adjustment recognised for the risk expired	-	(2,820)	-	(2,820)
Experience adjustments	122,593	-	-	122,593
Changes that relate to current services	122,593	(2,820)	(60,259)	59,514
Changes that relate to future services				
Contracts initially recognised in the period	(1,952)	297	1,655	-
Changes in estimates that adjust the CSM	8,079	(24,637)	16,558	-
Changes in estimates that do not adjust the CSM	7,120	1,568	5,766	14,454
Changes that relate to future services	13,247	(22,772)	23,979	14,454
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(78,189)	(28,092)	-	(106,281)
Changes that relate to past services	(78,189)	(28,092)	-	(106,281)
Insurance service result	**57,651**	**(53,684)**	**(36,280)**	**(32,313)**
Insurance finance income or expenses from insurance contracts recognised in profit or loss	(12,194)	6,457	13,440	7,703
Effect of movements in exchange rates	208	(719)	(1,109)	(1,620)
Total changes in the statement of profit or loss	**45,665**	**(47,946)**	**(23,949)**	**(26,230)**
Cash flows				
Premiums received	624,424	-	-	624,424
Claims and other expenses paid	(514,757)	-	-	(514,757)
Total cash flows	109,667	-	-	109,667
Other movements	-	-	-	-
Balance as at 31 December	**629,796**	**121,609**	**402,019**	**1,153,424**
Reinsurance contract liabilities	656,243	120,650	399,511	1,176,404
Reinsurance contract assets	(26,447)	959	2,508	(22,980)
Balance as at 31 December	**629,796**	**121,609**	**402,019**	**1,153,424**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component (continued)

Gross (continued)	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
2023	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract liabilities	192,599	152,836	504,154	849,589
Reinsurance contract assets	(52,410)	7,278	7,934	(37,198)
Balance as at 1 January	**140,189**	**160,114**	**512,088**	**812,391**
Changes that relate to current services				
CSM recognised for services provided	-	-	(60,564)	(60,564)
Risk adjustment recognised for the risk expired	-	261	-	261
Experience adjustments	136,581	-	-	136,581
Changes that relate to current services	136,581	261	(60,564)	76,278
Changes that relate to future services				
Contracts initially recognised in the period	(21,601)	8,084	13,635	118
Changes in estimates that adjust the CSM	46,449	7,854	(54,303)	-
Changes in estimates that do not adjust the CSM	3,476	(2,953)	-	523
Changes that relate to future services	28,324	12,985	(40,668)	641
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(79,316)	(11,612)	-	(90,928)
Changes that relate to past services	(79,316)	(11,612)	-	(90,928)
Insurance service result	**85,589**	**1,634**	**(101,232)**	**(14,009)**
Insurance finance income or expenses from insurance contracts recognised in profit or loss	5,989	8,039	15,525	29,553
Effect of movements in exchange rates	(231)	(232)	(412)	(875)
Total changes in the statement of profit or loss	**91,347**	**9,441**	**(86,119)**	**14,669**
Cash flows				
Premiums received	734,853	-	-	734,853
Claims and other expenses paid	(491,925)	-	-	(491,925)
Total cash flows	242,928	-	-	242,928
Other movements	-	-	-	-
Balance as at 31 December	**474,464**	**169,555**	**425,968**	**1,069,987**
Reinsurance contract liabilities	521,390	163,276	418,130	1,102,796
Reinsurance contract assets	(46,926)	6,279	7,838	(32,809)
Balance as at 31 December	**474,464**	**169,555**	**425,968**	**1,069,987**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component (continued)

Retroceded	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
2024	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract assets	(26,637)	44,211	302,638	320,212
Reinsurance contract liabilities	-	-	-	-
Balance as at 1 January	**(26,637)**	**44,211**	**302,638**	**320,212**
Changes that relate to current services				
CSM recognised for services provided	-	-	(38,569)	(38,569)
Risk adjustment recognised for the risk expired	-	(341)	-	(341)
Experience adjustments	138,914	-	-	138,914
Changes that relate to current services	138,914	(341)	(38,569)	100,004
Changes that relate to future services				
Contracts initially recognised in the period	(2,941)	345	2,596	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	123	123
Changes in estimates that adjust the CSM	(1,937)	(6,291)	8,228	-
Changes in estimates that do not adjust the CSM	19	-	-	19
Changes that relate to future services	(4,859)	(5,946)	10,947	142
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	(148,522)	(7,099)	-	(155,621)
Changes that relate to past services	(148,522)	(7,099)	-	(155,621)
Reinsurance finance income	(14,480)	1,107	10,047	(3,326)
Effect of changes in non-performance risk of reinsurers	423	-	-	423
Effect of movements in exchange rates	171	(1)	(5)	165
Total changes in the statement of profit or loss	**(28,353)**	**(12,280)**	**(17,580)**	**(58,213)**
Cash flows				
Premiums paid	224,788	-	-	224,788
Amounts received	(130,825)	-	-	(130,825)
Total cash flows	93,963	-	-	93,963
Other movements	-	-	-	-
Balance as at 31 December	**38,973**	**31,929**	**285,056**	**355,958**
Reinsurance contract assets	38,973	31,929	285,056	355,958
Reinsurance contract liabilities	-	-	-	-
Balance as at 31 December	**38,973**	**31,929**	**285,056**	**355,958**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reconciliation of reinsurance contracts by measurement component (continued)

Retroceded (continued)	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
2023	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract assets	(190,068)	44,125	376,278	230,335
Reinsurance contract liabilities	-	-	-	-
Balance as at 1 January	**(190,068)**	**44,125**	**376,278**	**230,335**
Changes that relate to current services				
CSM recognised for services provided	-	-	(42,374)	(42,374)
Risk adjustment recognised for the risk expired	-	471	-	471
Experience adjustments	158,442	-	-	158,442
Changes that relate to current services	158,442	471	(42,374)	116,539
Changes that relate to future services				
Contracts initially recognised in the period	(4,314)	250	4,064	-
Changes in estimates that adjust the CSM	47,407	(98)	(47,309)	-
Changes in estimates that do not adjust the CSM	13	-	-	13
Changes that relate to future services	43,106	152	(43,245)	13
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	(112,001)	(2,888)	-	(114,889)
Changes that relate to past services	(112,001)	(2,888)	-	(114,889)
Reinsurance finance income	(15,709)	2,354	11,977	(1,378)
Effect of changes in non-performance risk of reinsurers	17	-	-	17
Effect of movements in exchange rates	3	(1)	4	6
Total changes in the statement of profit or loss	**73,858**	**88**	**(73,638)**	**308**
Cash flows				
Premiums paid	210,853	-	-	210,853
Amounts received	(121,280)	-	-	(121,280)
Total cash flows	89,573	-	-	89,573
Other movements	-	-	-	-
Balance as at 31 December	**(26,637)**	**44,211**	**302,638**	**320,212**
Reinsurance contract assets	(26,637)	44,211	302,638	320,212
Reinsurance contract liabilities	-	-	-	-
Balance as at 31 December	**(26,637)**	**44,211**	**302,638**	**320,212**

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Reinsurance contracts initially recognised in the period

The following tables summarise the effect on the measurement components arising from the initial recognition of reinsurance contracts in the period:

Gross 2024	Non-onerous $'000	Onerous $'000	Total $'000
Estimate of present value of future cash outflows	11,255	-	11,255
Estimates of present value of future cash inflows	(13,207)	-	(13,207)
Risk adjustment	297	-	297
CSM	1,655	-	1,655
Losses recognised on initial recognition	**-**	**-**	**-**
2023			
Estimate of present value of future cash outflows	206,743	28,598	235,341
Estimates of present value of future cash inflows	(227,317)	(29,626)	(256,943)
Risk adjustment	6,938	1,146	8,084
CSM	13,636	-	13,636
Losses recognised on initial recognition	**-**	**118**	**118**
Retroceded **2024**			
Estimate of present value of future cash outflows	(10,158)	-	(10,158)
Estimates of present value of future cash inflows	13,099	-	13,099
Risk adjustment	(345)	-	(345)
CSM	(2,596)	-	(2,596)
Losses recognised on initial recognition	**-**	**-**	**-**
2023			
Estimate of present value of future cash outflows	(5,306)	-	(5,306)
Estimates of present value of future cash inflows	9,620	-	9,620
Risk adjustment	(250)	-	(250)
CSM	(4,064)	-	(4,064)
Losses recognised on initial recognition	**-**		**-**

Contractual Service Margin

The following tables set out when the company expects to recognise the remaining CSM in profit or loss after the reporting date:

	2024 $'000	2023 $'000
Gross reinsurance contracts issued		
Not later than one year	41,836	49,484
Later than one year but not later than two years	34,450	39,650
Later than two years but not later than three years	31,679	32,529
Later than three years but not later than four years	29,067	29,300
Later than four years but not later than five years	25,726	26,672
Later than five years but not later than ten years	101,468	102,142
Later than ten years	137,794	146,191
	402,020	**425,968**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

15 REINSURANCE CONTRACTS (continued)

Contractual Service Margin (continued)

Retroceded reinsurance contracts held	2024 $'000	2023 $'000
Not later than one year	(24,031)	(28,666)
Later than one year but not later than two years	(22,138)	(25,261)
Later than two years but not later than three years	(20,373)	(22,660)
Later than three years but not later than four years	(18,773)	(20,383)
Later than four years but not later than five years	(17,406)	(18,590)
Later than five years but not later than ten years	(71,091)	(72,406)
Later than ten years	(111,244)	(114,675)
	(285,056)	**(302,641)**

Maturity profile of the reinsurance contracts

The following tables set out the expected maturity of the present value of future cash flows within the company's reinsurance contract assets and liabilities:

Gross reinsurance contracts issued

Not later than one year	225,408	131,472
Later than one year but not later than five years	153,484	107,859
Later than five years	372,513	404,688
	751,405	**644,019**

Retroceded reinsurance contracts held

Not later than one year	62,319	47,902
Later than one year but not later than five years	(64,927)	(101,759)
Later than five years	73,510	71,431
	70,902	**17,574**

16 APRA CAPITAL ADEQUACY

These are amounts required to meet the prudential standards specified in the Life Act to provide protection against the impact of fluctuations and unexpected adverse circumstances on the company.

The company is required to maintain its APRA solvency margin to meet the requirements of APRA and the Reserve Bank of New Zealand. The company has complied with all externally imposed capital requirements throughout the year.

The following information refers to APRA’s capital adequacy requirements. The calculation of capital and some other balances are based on different methodologies from those used to prepare these financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2024

16 APRA CAPITAL ADEQUACY (continued)

2024	Statutory Fund 1	Statutory Fund 2	Shareholder Fund	Total
	$'000	$'000	$'000	$'000
Capital base/Common Equity Tier 1 Capital				
Tier 1 Capital	209,843	50,438	238	260,519
Premium liability deficit net of tax	(50,644)	(13,562)	-	(64,206)
Excess deferred tax assets over liabilities	(2,487)	-	-	(2,487)
Capital base	156,712	36,876	238	193,826
Prescribed Capital Amount (PCA)				
Asset Risk Charge	14,356	3,598	3	17,957
Insurance Risk Charge	-	-	-	-
Asset Concentration Risk Charge	-	-	-	-
Operational Risk Charge	14,870	3,141	-	18,011
Aggregation Benefit	-	-	-	-
Combined Stress Scenario Adjustment	-	-	1	1
PCA	**29,226**	**6,739**	**4**	**35,969**
Capital in excess of PCA	**127,486**	**30,137**	**234**	**157,857**
PCA coverage ratio	**5.3621**	**5.4720**	**59.5000**	**5.3887**

General Reinsurance Life Australia Ltd has a "AA+" credit rating from Standard & Poor's as at 31 December 2024.

2023	Statutory Fund 1	Statutory Fund 2	Shareholder Fund	Total
	$'000	$'000	$'000	$'000
Capital base/Common Equity Tier 1 Capital				
Tier 1 Capital	201,286	49,907	234	251,427
Premium liability deficit net of tax	(56,446)	(11,532)	-	(67,978)
Excess deferred tax assets over liabilities	(6,128)	-	(2)	(6,130)
Capital base	**138,712**	**38,375**	**232**	**177,319**
Prescribed Capital Amount (PCA)				
Asset Risk Charge	15,104	3,393	4	18,501
Insurance Risk Charge	-	-	-	-
Asset Concentration Risk Charge	-	-	-	-
Operational Risk Charge	15,230	2,957	-	18,187
Aggregation Benefit	-	-	-	-
Combined Stress Scenario Adjustment	-	-	-	-
PCA	**30,334**	**6,350**	**4**	**36,688**
Capital in excess of PCA	**108,378**	**32,025**	**228**	**140,631**
PCA coverage ratio	**4.5728**	**6.0433**	**58.0000**	**4.8332**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

17 CONTRIBUTED EQUITY

	Stat-Funds 2024 $'000	S/H Fund 2024 $'000	Total 2024 $'000	Stat-Funds 2023 $'000	S/H Fund 2023 $'000	Total 2023 $'000
Ordinary shares fully paid	160,100	9,532	169,632	160,100	9,532	169,632

	Stat-Funds 2024 Number of shares	S/H Fund 2024 Number of shares	Total 2024 Number of shares	Stat-Funds 2023 Number of shares	S/H Fund 2023 Number of shares	Total 2023 Number of shares
Issued ordinary number of shares	-	8,681,608	8,681,608	-	8,681,608	8,681,608

Ordinary shares carry voting rights of 1 vote per share and rights to dividends. There are no authorised shares.

18 CONTINGENT ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

There were no outstanding contingencies at the end of the year (2023: NIL).

19 RELATED PARTIES

Ultimate controlling entity
The ultimate controlling entity is Berkshire Hathaway Inc., incorporated in the United States of America.

Parent entity
The parent entity is General Reinsurance AG ('GRAG'), incorporated in Germany.

Directors
The names of each person holding the position of Director of General Reinsurance Life Australia Ltd. during the financial year were:

Kathryn J McCann
Keith Scott
Stephen Ferguson
James Louw
Andrew Gifford
Ben Walsh

	2024 $'000	2023 $'000
Related party balances (owing)/receivable at reporting date		
General Reinsurance Life Corporation	(70,409)	(31,003)
General Reinsurance AG	(13,455)	(13,770)
General Reinsurance Australia Ltd	8,292	9,732
Management charges paid to related entities		
General Reinsurance Australia Ltd	3,330	4,675
General Reinsurance Corporation	5,498	5,002
General Reinsurance AG	4,296	3,663
General Reinsurance SA	1,684	1,909
New England Asset Management, Inc.	611	562
Management charges received from related entities		
General Reinsurance Australia Ltd	21	-

Retrocessions
The company is a party to retrocession agreements with related parties. These agreements are entered into under normal commercial terms and conditions. Details of transactions are listed below.

Related party: General Reinsurance AG

	2024 $'000	2023 $'000
Retrocession premiums	(14,408)	(14,394)
Claim recoveries	648	250
Reinsurance recoverable	(457)	(520)

Related party: General Reinsurance Life Corporation

	2024 $'000	2023 $'000
Retrocession premiums	(218,367)	(191,016)
Claim recoveries	183,984	188,828

Intercompany balances are at no interest and are due on demand.

Prior year comparatives (2023) required amendment.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

20 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of net operating cash flows to net profit	2024 $'000	2023 $'000
Net profit after income tax	9,093	7,579
Unrealised foreign exchange gain on cash balances	187	435
Unrealised exchange variance on investments	4,315	1,213
Realised capital losses	5,624	1,505
Unrealised movement in fair value of investments	(49,537)	(31,210)
Change in operating assets and liabilities		
Decrease in gross reinsurance contracts	83,436	257,597
(Increase) in retroceeded reinsurance contracts	(35,746)	(89,877)
Decrease/(increase) in other assets	30,025	(7,022)
Movement in tax accounts	6,153	11,656
Increase/(decrease) in payables, outstanding liabilities and provisions	5,720	(72,085)
(Decrease)/increase in reinsurance funds held *	(120,000)	8,857
Net cash (used in)/provided by operating activities	**(60,730)**	**88,648**

* Reinsurance funds held reduced due to return of collateral of $120,000,000 to General Reinsurance Life Corporation during the financial period ended 31 December 2024.

21 FINANCIAL INSTRUMENTS

(a) Credit Risk Exposure

Financial assets or liabilities arising from insurance and reinsurance contracts are stated in the Statement of Financial Position at the amount that best represents the maximum credit risk exposure at balance sheet date. There are no significant concentrations of credit risk, except for related party transactions.

(b) Interest Rate Risk

Fixed interest rate instruments expose the company to fair value interest rate risk. The company monitors its exposure to interest rate risk. The company invests in high quality, liquid interest-bearing bonds and cash and actively manages the duration of the fixed interest portfolio in line with investment guidelines set by the Board. The claims provision is discounted to present value by reference to risk-free interest rates and therefore exposed to potential underwriting result volatility as a result of interest rate movements.

(c) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the company approximates to their carrying value. The net fair value of other monetary financial assets and financial liabilities is based upon market prices.

(d) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 of the financial statements.

(e) Capital risk management

The company manages its capital to ensure that while maximising the return to stakeholders through the optimisation of equity, it will continue operating as a going concern.

The capital structure of the company consists of cash and cash equivalents (as disclosed in Note 9) and equity, comprising issued capital and retained earnings (as disclosed in Note 5 and the Statement of Changes in Equity respectively).

The company's capital is managed through its ICAAP. The ICAAP is reviewed internally on an annual basis. Independent reviews are performed every three years.

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(f) Categories of financial instruments

	Note	2024 $'000	2023 $'000
Financial assets			
Financial assets at fair value through profit or loss (i)			
Fixed interest securities	11	1,552,518	1,530,910
Amortised cost			
Cash and cash equivalents	9	57,240	97,946
Financial liabilities			
Amortised cost			
Accruals	12	248,038	207,429
Due to related entities	12	7,115	13,891

(i) Financial assets carried at fair value through profit or loss have been designated as such upon initial recognition. None of the receivables are designated as 'fair value through profit or loss'.

(g) Financial risk management objectives

It is ultimately the responsibility of the Board to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Board has explicitly allocated to the Managing Director, the function of overseeing the establishment and maintenance of risk-based systems and controls across the company. The Chief Risk Officer (CRO) reviews, monitors and reports on the RMS to the Managing Director and the Board Risk Committee.

As part of the overall governance framework the Board and senior management of the company have developed, implemented and maintain a sound and prudent RMS. The RMS identifies the company's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the company. Annually, the Board certifies to APRA that adequate strategies have been put in place to monitor those risks, that the company has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to compliance with the RMS.

(h) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy cedants and bond issuers as a means of mitigating the risk of financial loss from defaults. The company's overall strategy in respect of credit risk management remains unchanged from 2023.

(i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations under the reinsurance contracts it has entered into. Ultimate responsibility for liquidity risk management rests with the Board of directors, which has implemented appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining appropriate levels of financial assets that are readily realisable and by continuously monitoring forecast and actual cash flows in order to match the maturity profiles of assets and liabilities. As required by APRA Prudential Standard CPS 220, the company has developed and implemented a Risk Management Strategy. The company's overall strategy in liquidity risk management remains unchanged from 2023.

The following tables summarise the maturity profile of the company's financial liabilities. The tables have been drawn up on the basis of undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

The tables below include both interest and principal cash flows.

2024	Weighted average interest rate %	Less than 1 year $'000	1-5 years $'000	5+ years $'000	Total $'000
Financial liabilities					
Non-interest bearing:					
Payables	-	257,336	-	-	257,336
Employee entitlements	-	682	393	-	1,075
		258,018	**393**	**-**	**258,411**
2023					
Financial liabilities					
Non-interest bearing:					
Payables	-	221,320	-	-	221,320
Employee entitlements	-	592	318	-	910
		221,912	**318**	**-**	**222,230**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(j) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The company has put in place policies and procedures to mitigate its exposure to market risk. There has been no change to the company's exposure to the different elements of market risk or the manner in which it manages and measures these risks.

Interest rate risk management

The company’s activities expose it to the financial risk of changes in interest rates. Fixed interest rate instruments expose the company to interest rate risk. The company’s Investment Manager closely monitors the company’s exposures to interest rate risk.

The company’s exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

	Weighted average interest rate	Less than 1 year	1-5 years	5+ years	Total
2024	**%**	**$’000**	**$’000**	**$’000**	**$’000**
Non-interest bearing:					
Receivables	-		-	-	-
Reinsurance recoverable	-		-	-	-
Other insurance receivables	-	217	-	-	217
Variable interest rate instruments:					
Cash	4.42	57,240	-	-	57,240
Fixed interest rate instruments:					
Government securities	3.96	46,017	1,506,228	-	1,552,245
		103,474	**1,506,228**	**-**	**1,609,702**
2023					
Non-interest bearing:					
Receivables	-		-	-	-
Reinsurance recoverable	-		-	-	-
Other insurance receivables	-	199	-	-	199
Variable interest rate instruments:					
Cash	4.69	97,946	-	-	97,946
Fixed interest rate instruments:					
Government securities	4.19	53,041	1,477,868	-	1,530,909
		151,186	**1,477,868**	**-**	**1,629,054**

The company’s sensitivity to movements in interest rates in relation to the value of interest-bearing financial assets is shown below.

	+100bps ($’000s)		**-100bps ($’000s)**	
	2024	**2023**	**2024**	**2023**
Effect of 100 basis point increase or decrease on profit (+/-)	(16,287)	(9,867)	16,563	9,997

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(j) Market risk (continued)

Foreign currency risk management

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is mainly exposed to fluctuations in the New Zealand dollar (NZD) exchange rate through its branch in New Zealand. The company's financial assets are primarily denominated in the same currencies as its reinsurance contract liabilities, which mitigates the foreign currency exchange risk for the overseas operations in New Zealand. The company’s overall strategy in respect of foreign currency risk management remains unchanged from 2023.

The carrying amount of the company’s material foreign currency denominated monetary assets and monetary liabilities in Australian dollars at the reporting date is as follows:

	Net Assets	
	2024	**2023**
	$’000	**$’000**
New Zealand	50,438	66,794

Foreign currency sensitivity

The following table details the company’s sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to management and represents their assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity when the Australian dollar strengthens against the respective currency.

		10% increase impact on Profit or Loss		10% decrease impact on Profit or Loss	
		2024	**2023**	**2024**	**2023**
		$’000	**$’000**	**$’000**	**$’000**
Assets	New Zealand dollar	17,934	20,547	(16,302)	(18,679)
Liabilities	New Zealand dollar	(12,889)	(13,869)	11,717	12,607

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; that the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and the market participants are independent, knowledgeable, able and willing to transact an exchange. Non-performance risk (credit risk) is considered in valuing liabilities. The carrying value of the company’s cash and cash equivalents, receivables, reinsurance recoverable, other payables, provisions and other liabilities are deemed to be reasonable estimates of their fair value.

Investments

The estimated fair values for fixed maturity securities were generally based on quoted market prices or estimated from independent pricing services. Where quoted market prices are not available, fair values are estimated using present value or valuation techniques. Considerable judgment may be required in interpreting market data used to develop the estimates for fair value. As a result the estimated fair values presented may not be representative of the actual amount that could be realized in a current market transaction. The use of different market assumptions and models may have a material effect on the estimated fair values. The fair value of investments on the Statement of Financial Position was determined by reviewing available financial information of the investee and by performing other financial analyses in consultation with external advisors.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL INSTRUMENTS (continued)

(j) Market risk (continued)

Investments (continued)

A framework exists for measuring fair values using a hierarchy for observable independent market inputs and unobservable market assumptions. The hierarchy consists of three levels, ranging from the category deemed to be most reliable to a category where fair value is measured using significant unobservable inputs because of the lack of observable market prices for the instrument, or Levels 1 through 3, respectively. A description of the inputs used in the valuation of assets and liabilities under the three levels follows:

- Level 1 – Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets.
- Level 2 – Inputs include directly or indirectly observable inputs other than Level 1 inputs such as quoted prices for similar assets prices for similar assets or liabilities exchanged in active or inactive markets; quoted prices for identical assets or liabilities exchanged in inactive markets; other inputs that are considered in fair value determinations of the assets or liabilities, such as interest rates and yield curves that are observable at commonly quoted intervals; volatilities, prepayment speeds, loss severities, credit risks and default rates and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Fair values for the company's investments in fixed maturity securities are primarily based on market prices and market data available for instruments with similar characteristics since active markets are not common for many instruments. Pricing evaluations are based on yield curves for instruments with similar characteristics such as credit rating, estimated duration and yields for other instruments of the issuer or entities in the same industry sector.
- Level 3 – Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities or related observable inputs that can be corroborated at the measurement date. Measurements of non-exchange traded derivative contracts and certain other investments carried at fair value are based primarily on valuation models, discounted cash flow models or other valuation techniques that are believed to be used by market participants. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities.

Financial assets and liabilities

Financial assets and liabilities measured at fair value in the financial statements as at 31 December 2024 and 2023 and are summarized in the following table by the type of inputs applicable to the level of the fair value measurement (in thousands).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2024				
Fixed maturity bonds				
Australian and New Zealand Governments	1,552,518	-	-	1,552,518

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2023				
Fixed maturity bonds				
Australian and New Zealand Governments	1,530,910	-	-	1,530,910

22 KEY MANAGEMENT PERSONNEL REMUNERATION

The compensation of the specified Directors and specified executives, being the key management personnel of the company, is set out below:

	2024 $'000	2023 $'000
Short-term employee benefits	1,528	1,346
Other long-term benefits	98	-
	1,626	1,346

Prior year comparatives (2023) required amendment.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

22 KEY MANAGEMENT PERSONNEL REMUNERATION (continued)

CPS511 Remuneration Disclosure Statement

Introduction

This remuneration disclosure is made in accordance with the requirements of APRA's Prudential Standard CPS 511, which mandates disclosure of compensation practices and governance for General Reinsurance Life Australia Ltd. as a non-significant financial institution.

Remuneration Governance Framework

The Board of General Reinsurance Life Australia Ltd. has established a Remuneration Committee whose charter sets out the responsibilities for overseeing the adherence to relevant compensation policies. The Committee ensures that the compensation outcomes align with the entity's strategic objectives, risk appetite, and regulatory requirements (including CPS 511 and the Financial Accountability Regime Act). The Committee meets at least four times per year.

Key Components of Remuneration

1. Fixed remuneration: This includes base salary and benefits, which are reviewed annually to ensure competitiveness and alignment with market standards.
2. Variable remuneration: All variable compensation awards are evaluated considering financial results of the company and the performance of eligible persons. Awards are paid in cash and, depending on a person’s position, a proportion of the award may be subject to deferral for a period of at least four years.

Performance and Risk Adjustment

For all persons registered with APRA as Responsible Persons, and / or Accountable Persons under the Financial Accountability Regime Act, compensation outcomes are reviewed and adjusted based on personal performance, including against non-financial objectives. The Remuneration Committee reviews all performance outcomes for these individuals to ensure that they are consistent with strategic objectives, risk appetite, and regulatory requirements. This may include addressing any instances of misconduct or material risk failures under applicable company policies.

23 ADDITIONAL COMPANY INFORMATION

Principal Place of Business and Registered Office

Level 20
1 O'Connell Street
SYDNEY 2000

Number of Employees

At 31 December 2024 the company had 39 employees (2023: 40).

Type of Company

The company operates as a for profit unlisted public company.

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(b) in the Directors' opinion, the attached financial statements and notes thereto are prepared in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and the performance of the entity.

(c) in the Directors' opinion, the financial statements and notes thereto are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

(d) in the Directors' opinion, the consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001 on 25 March 2025.

On behalf of the directors:

K.J. McCann
Chair

J. Louw
Managing Director

Sydney, 25 March 2025

Deloitte.

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Independent Auditor's Report to the Members of General Reinsurance Life Australia Ltd

Opinion

We have audited the financial report of General Reinsurance Life Australia Ltd. (the "Company") which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- 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; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

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 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Director's 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 we do not express any form of assurance conclusion thereon.

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, 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 the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and 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 has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Deloitte.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Gaudreault

David Gaudreault
Partner
Chartered Accountants

Sydney, 25 March 2025

The people behind the promise®

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