BF&M LIFE INSURANCE COMPANY LIMITED
(Incorporated in Bermuda)

Consolidated financial statements
31 December 2023

BF&M LIFE INSURANCE COMPANY LIMITED
Responsibility for financial reporting
For the year ended 31 December 2023

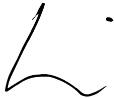
The management of BF&M Life Insurance Company Limited ("the Group") is responsible for the preparation of the consolidated financial statements contained in this report. These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards'.

Management has established and maintains a system of financial reporting and internal controls to provide reasonable assurance that transactions are properly authorised and recorded. These controls include the careful selection, training, and supervision of qualified employees, the establishment of well-defined responsibilities, and the communication of policies relating to good conduct and business practice. Internal controls are reviewed and evaluated by the Group's internal audit function.

The Audit, Compliance, and Corporate Risk Management Committee of BF&M Limited, primarily composed of directors who are not officers or employees of the Group, reviews the consolidated financial statements on behalf of the Board of Directors before the statements are submitted to the shareholder.

The shareholder's independent auditors, PricewaterhouseCoopers Ltd. have audited the consolidated financial statements of the Group in accordance with International Standards on Auditing and have expressed their opinion in their report to the Group's shareholder. The auditors have unrestricted access to and meet periodically with the Audit, Compliance, and Corporate Risk Management Committee to review its findings regarding internal controls over the financial reporting process, auditing matters and reporting issues.

These consolidated financial statements have been authorised for issue by the Board of Directors on April 30, 2024. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.



Abigail Clifford, B.A., M.Sc.
Director

Michelle Jackson, MBA, M.Sc.
Director

Independent auditor's report

To the Board of Directors and Shareholder of BF&M Life Insurance Company Limited

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the consolidated financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

PricewaterhouseCoopers Ltd., Chartered Professional Accountants, P.O. Box HM 1171, Hamilton HM EX, Bermuda
T: +1 (441) 295 2000, F:+1 (441) 295 1242, www.pwc.com/bermuda

Responsibilities of management for the consolidated financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Ltd.

Chartered Professional Accountantsq

Hamilton, Bermuda

April 30, 2024

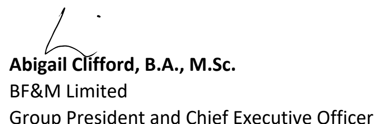
BF&M LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Financial Position
As at 31 December 2023
(In thousands of Bermuda dollars)

	Notes	31 December 2023 $	31 December 2022 Restated * $	1 January 2022 Restated * $
ASSETS				
Cash and cash equivalents	**7**	33,678	26,581	37,455
Regulatory assets	**8**	4,857	4,716	4,644
Investments	**9**	584,201	565,802	619,687
Other assets	**10**	7,700	11,687	11,849
Amounts due from affiliates	**24**	12,163	-	6,034
Reinsurance contracts held assets	**19**	6,105	4,310	2,257
Property and equipment	**13**	32	61	87
Intangible assets	**14**	2,561	3,750	4,967
Total general fund assets		651,297	616,907	686,980
Segregated funds assets	**15**	1,353,193	1,128,491	1,349,792
Total assets		2,004,490	1,745,398	2,036,772
LIABILITIES				
Other liabilities	**16**	17,875	21,236	32,516
Amounts due to affiliates	**24**	-	5,414	-
Reinsurance contracts held liabilities	**19**	5,578	5,479	7,234
Retirement benefit obligations	**17**	(73)	(50)	97
Investment contract liabilities	**18**	324,434	298,217	308,081
Insurance contract liabilities	**19**	195,875	182,935	228,879
Total general fund liabilities		543,689	513,231	576,807
Segregated funds liabilities	**15**	1,353,193	1,128,491	1,349,792
Total liabilities		1,896,882	1,641,722	1,926,599
EQUITY				
Share capital	**20**	2,500	2,500	2,500
Contributed surplus		10,930	10,622	10,274
Accumulated other comprehensive loss	**23**	(274)	(314)	(494)
Retained earnings		94,452	90,868	97,893
Total shareholder's equity		107,608	103,676	110,173
Total equity		107,608	103,676	110,173
Total liabilities and equity		2,004,490	1,745,398	2,036,772

*Restated, see Note 3(A) and (B)

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

Approved by the Board of Directors



Abigail Clifford, B.A., M.Sc.
BF&M Limited
Group President and Chief Executive Officer

Michelle Jackson, MBA, M.Sc.
BF&M Limited
Group Head of Life, Health and Pensions

BF&M LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Income
For the year ended 31 December 2023
(In thousands of Bermuda dollars except for per share amounts)

	Notes	2023 $	2022 Restated * $
Insurance revenue	11	130,187	119,708
Insurance service expenses		(129,080)	(105,906)
Net expenses from reinsurance contracts held		(2,438)	(3,114)
Insurance service result		(1,331)	10,688
Investment result	12	35,091	(58,536)
Change in investment contract liabilities	12	(5,883)	19,709
Net investment income (loss)		29,208	(38,827)
Net finance income (expenses) from insurance contracts issued	12	(9,282)	36,623
Net finance income (expenses) from reinsurance contracts held	12	(303)	2,319
Net insurance finance result		(9,585)	38,942
Other (income)	21	(11,194)	(9,880)
Participating policyholders' net loss		862	(259)
Other operating expenses	22	18,648	19,714
Commission and acquisition expense			
Amortisation expense		89	253
Net income for the year		9,887	975

*Restated, see Note 3(A) and (B)

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

BF&M LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023
(in thousands of Bermuda dollars)

	2023 $	2022 Restated * $
Net income for the year	9,887	975
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligations	40	180
Total other comprehensive income for the year	40	180
Comprehensive income	9,927	1,155

*Restated, see Note 3(A) and (B)

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

BF&M LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023
(in thousands of Bermuda dollars)

	Notes	2023 $	2022 Restated * $
Share capital	**20**	2,500	2,500
Balance - beginning and end of year		2,500	2,500
Contributed surplus			
Balance - beginning of year		10,622	10,274
Shares issued under equity incentive plan		308	348
Balance - end of year		10,930	10,622
Accumulated other comprehensive loss			
Balance - beginning of year		(314)	(494)
Other comprehensive income for the year		40	180
Balance - end of year		(274)	(314)
Retained earnings			
Balance - beginning of year		90,868	107,332
Impact of initial application of IFRS 17		-	(9,439)
Impact of initial application of IFRS 9		(303)	-
Restated balance - beginning of year		90,565	97,893
Net income for the year		9,887	975
Cash dividends		(6,000)	(8,000)
Balance - end of year		94,452	90,868
Total shareholder's equity		107,608	103,676

*Restated, see Note 3(A) and (B)

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

BF&M LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Cash Flows
For the year ended 31 December 2023
(In thousands of Bermuda dollars)

	2023	2022 Restated *
	$	$
Cash flows from operating activities		
Net income for the year	**9,887**	**975**
Adjustments for:		
Investment income	(19,650)	(16,621)
Net realised loss on sale of investments	(839)	1,065
Change in fair value of investments	(17,981)	72,882
Amortisation of Bond premiums	(177)	450
Provision for losses on investments	(2,367)	(11,768)
Amortisation of property and equipment	21	(377)
Amortisation of intangible assets	1,156	(5,719)
Compensation expense related to shares and options	308	348
Changes in assets and liabilities		
Regulatory assets	(141)	(72)
Other assets	4,215	824
Amounts due to/from affiliates	(17,577)	11,448
Reinsurance contracts held	(1,696)	(3,808)
Insurance contracts issued	12,940	(45,944)
Investment contract liabilities	26,217	(9,864)
Other liabilities	(3,361)	(11,279)
Retirement benefit obligations	17	32
Cash used for operations	**(9,028)**	**(17,428)**
Interest received	19,039	15,555
Dividends received	383	404
Net cash generated from / (used for) operating activities	**10,394**	**(1,469)**
Cash flows from investing activities		
Purchase of investments	(201,469)	(165,233)
Proceeds from sales of investments	204,131	156,489
Acquisition of property and equipment	8	403
Acquisition of intangible assets	(34)	(109)
Proceeds from sales of intangible assets	67	7,045
Net cash generated from / (used for) investing activities	**2,703**	**(1,405)**
Cash flows from financing activities		
Cash dividends paid	(6,000)	(8,000)
Net cash used for financing activities	**(6,000)**	**(8,000)**
Decrease in cash and cash equivalents	7,097	(10,874)
Cash and cash equivalents - beginning of year	26,581	37,455
Cash and cash equivalents - end of year	33,678	26,581

*Restated, see Note 3(A) and (B)

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

1. NATURE OF THE COMPANY AND ITS BUSINESS

BF&M Life Insurance Company Limited (the "Group" or the "Company") is a wholly-owned subsidiary of BF&M Limited ("BF&M" or "the Parent"). The Company was incorporated in Bermuda on 13 November 1990 and is registered as a Dual – Class D and Class 3B insurer under The Bermuda Insurance Act 1978, amendments thereto and related regulations ("the Act") and writes group and individual life, accident and health, pension and annuity business. The address of its registered office is 112 Pitts Bay Road, Pembroke, HM08, Bermuda.

The Group's principal business is insurance. It determines and charges a premium to policyholders which, taken as a pool with all other policyholders, is expected to cover underwriting costs and claims which may take a number of years to settle. The business risks of insurance reside in determining the premium, settlement of claims, and estimation of claim costs and management of investment funds. The Group is involved in life, health and long- term disability insurance, annuities and the management and investment of pension plans.

The Company has a branch which operates in the Bahamas. The Company has been authorised to transact life, health and annuity insurance business in the Bahamas from 10 December 2006 through the branch. At this time the branch only maintains individual life and accident insurance.

The Company established a wholly-owned subsidiary in the Cayman Islands called Island Heritage Retirement Trust Company Ltd. ("IHRT"). IHRT was incorporated on 20 February 2017 and was formed to develop and administer pension related business in the Cayman Islands.

On 20 January 2023, Island Heritage Insurance Company, Ltd. (a wholly-owned subsidiary of BF&M), acting on behalf of the Company, received regulatory approval from the Cayman Islands Monetary Authority ("CIMA") for the expansion of its group life and disability insurance offerings in the Cayman Islands.

On April 30, 2024 the Board of Directors approved the consolidated financial statements and authorised them for issue. The Board of Directors has the power to amend the consolidated financial statements after issue.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

A. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards' ("IFRS") as issued and adopted by the International Accounting Standards Board ("IASB").

B. BASIS OF PREPARATION

i) Basis of measurement

The consolidated financial statements have been compiled on the going concern basis.

The consolidated statement of financial position is presented in order of liquidity.

ii) Critical estimates, judgments and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amount of the asset or liability affected. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Key sources of estimation uncertainty and areas where significant judgments have been made are listed below and discussed throughout the notes to these consolidated financial statements including:

• The actuarial assumptions used in the valuation of life and health insurance contract liabilities are discussed in Note 19E and sensitivities are disclosed in Note 4C.

• The determination of the fair value on adoption of IFRS 17 for certain long-duration insurance and reinsurance contracts as described in Note 3A(ii).

• Management exercises judgment in determining whether credit risk on financial assets carried at amortised cost has increased significant since initial recognition and in choosing appropriate models and assumptions for the measurement of expected credit loss allowances, including the incorporation of estimated or forecast information. Refer to Note 2H and Note 4B.

• In the determination of the fair value of financial instruments, the Group's management exercises judgment in the determination of fair valu inputs, particularly those items categorised within level 3 of the fair value hierarchy. Refer to Note 6.

• The actuarial assumptions used in determining the liability and expense of the Group's retirement benefit obligations. Management reviews previous experience of its plan members and market conditions for the year. Refer to Note 17.

• Management uses independent qualified appraisal services to assist in determining the fair value of properties providing collateral for mortgages, for purposes of evaluating possible impairment. This fair value assessment requires judgments and estimates on future cash flows and general market conditions. Refer to Notes 6 and 4B.

• Management considers the synergies and future economic benefits to be realised in the initial recognition and measurement of intangible assets as well as evaluating recoverable amounts. The assessment of the carrying value of intangible assets relies upon the use of forecasts and future results. Refer to Note 2J and Note 14.

C. CONSOLIDATION

A subsidiary is an entity over which the Group has control. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date control is transferred to the Group and deconsolidated on the date control ceases. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

D. DETERMINATION OF FAIR VALUE

Except in applying the fair value approach on adoption of IFRS 17 (as described in Note 3(A)(ii), fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is typically based on alternative valuation techniques such as discounted cash flows and other techniques. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and inputs. For bonds and fixed income securities, broker quotes are typically used when external public vendor prices are not available. Judgment is also applied in adjusting external observable data for items including liquidity and credit factors. A description of the fair value methodologies and assumptions by type of asset is included in Note 6.

E. FOREIGN CURRENCY TRANSLATION

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). All amounts in the consolidated financial statements are in thousands of Bermuda dollars, which is the Group's presentation currency (the "presentation currency").

ii) Transactions and balances

Monetary assets and liabilities, including insurance and reinsurance contract assets and liabilities, denominated in currencies other than the functional currency of the Group are translated into the functional currency using the rate of exchange prevailing at the consolidated statement of financial position date. Income and expenses are translated at rates of exchange in effect on the transaction dates. Foreign exchange gains and losses are expensed on the consolidated statement of income.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets classified as available for sale are included in other comprehensive income.

iii) Group companies

The financial statements of foreign operations are translated from their respective functional currency to Bermuda dollars, the Group's presentation currency. Assets and liabilities are translated at rates of exchange at the balance sheet date, and income and expenses are translated using the average rates of exchange. The accumulated gains or losses arising from translation of functional currencies to the presentation currency are included in other comprehensive income on the consolidated statement of comprehensive income.

The Cayman Islands operation's functional currency is the United States dollar, which is on par with the Bermuda dollar. As a result there are no unrealised translation gains and losses to be reported.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid financial assets with original maturities of three months or less and are readily convertible to known amounts of cash and which are subject to an insignificant change in value, and bank overdrafts.

G. REGULATORY ASSETS

Regulatory deposits are held with Regulators as a legal requirement in order to provide services in the respective territories.

H. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Financial assets and financial liabilities

i) Recognition and initial measurement

Financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

As explained in Note 3B, IFRS 9 has been adopted by the Group in the reporting period. The Group has elected to apply the classification overlay to comparative information, including financial instruments that were derecognised prior to 1 January 2022.

Classification of financial assets

On initial recognition, financial assets are classified as measured at amortised cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification assigned depends on the contractual cash flow characteristics of the assets, how the assets are managed (i.e., the applicable business model), and whether the Group has made an election in order to reduce an accounting mismatch which would otherwise arise.

Assets at amortised cost comprise financial assets with contractual terms that give rise solely to interest and principal ("SPPI") cash flows, and which are held in a business model whose objective is to hold the assets to collect their cash flows. They are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is also recognised in the consolidated statement of income.

All other financial assets are measured at FVTPL, either mandatorily (such as for equity instruments that are not plan assets) or by designation, where such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise were it to be measured at FVOCI or amortised cost. Net gains and losses on assets measured at FVTPL, including any interest or dividend income and foreign exchange gains and losses, are recognised in the consolidated statement of income.

Financial assets at FVTPL by the Group comprise certain debt instruments that are held to support insurance contract liabilities, and regulatory assets.

Debt instruments supporting insurance contract liabilities are held at FVTPL. The objective of the Group's business model is to fund the associated liabilities by applying techniques such as cash flow and duration matching. Financial risk changes on such liabilities flow through the consolidated statement of income.

Regulatory assets are held to fulfil requirements imposed by regulators and since there is moderate turnover in this portfolio, and the performance of the portfolio is evaluated on a total return basis, these assets are classified as at FVTPL.

Business model assessment
The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and how information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- how risks are assessed and managed;
- how investment managers are compensated; and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are SPPI
Key to determining whether financial assets meet the criteria for classification at amortised cost is assessing whether the contractual cash flows are SPPI. In performing this assessment. the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows. Where the contractual terms deviate from a basic lending arrangement, the SPPI criterion would not be met, and such a financial asset would be measured at FVTPL.

Classification of financial liabilities
The Group classifies its financial liabilities as either FVTPL or amortised cost.

The Group's investment contract liabilities and segregated funds liabilities are held at FVTPL on initial recognition since the related assets are managed and their performance is evaluated on a fair value basis. For investment contract liabilities, net gains and losses, including any interest expenses and foreign exchange gains and losses, on these financial liabilities are recognised in the consolidated statement of income.

All other financial liabilities are measured at amortised cost.

Interest on financial instruments
Interest income and expenses are recognised in the consolidated statement of income using the effective interest rate method for financial instruments measured at amortised cost. If a financial asset is not credit-impaired, the gross carrying amount is used to calculate interest income. When a financial asset becomes credit impaired, interest income is calculated on the carrying amount net of
the allowance for expected credit losses ("ECL").

If the financial instrument was derecognised before 1 January 2023, interest income was calculated using the effective interest method for financial assets and financial liabilities measured at amortised cost and available-for-sale financial assets.

iii) Impairment
a) Impairment policy from 1 January 2023
As discussed in Note 3B, the Group adopted IFRS 9's ECL requirements on 1 January 2023. See Note 2(H)(iii)(b) below for the impairment policy applied to the reporting period ended 31 December 2022.
The Group recognises allowances for ECL on financial assets measured at amortised cost and the carrying amount of such assets in the statements of financial position are net of the allowances for ECL.

The Group measures loss allowances at an amount equal to the lifetime ECL allowance, except in the following cases, for which the amount recognised is the 12-month allowance for ECL:
- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

Financial instruments for which the 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. The 12-month ECL is estimated based on default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are estimated based on all possible default events over the expected life of the financial
instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as “Stage 3 financial instruments”.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash
shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The Group’s ECL model is detailed in Note 4B.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets measured at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event; or
- the debtor entering bankruptcy or other financial reorganisation becoming probable.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Write-off
The gross carrying amount of a financial asset, and the related allowance for ECL, is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

b) Impairment policy applicable for the year-ended 31 December 2022
For financial assets to which the impairment provisions of IFRS 9 are applicable, the Group elected, as permitted by IFRS 9 and 17, to continue measuring the loss allowance under IAS 39 in the 2022 reporting period, and accordingly applied the following impairment policies:

The Group reviewed the carrying value of its financial assets, except those classified as FVTPL, at 31 December 2022 for evidence of impairment and reversal of previously recognised impairment losses. These assets were considered impaired if there is objective evidence of impairment as a result of one or more loss events that had an impact that could be reliably estimated on the estimated future cash flows of the asset and the financial assets carrying value exceeds the present value of the estimated future cash flows.

Objective factors that were considered when determining whether the financial asset or group of financial assets were impaired included, but were not limited to the following: (i) failure to make scheduled payments of capital and/or interest; (ii) adverse changes in the payment pattern of the borrower; (iii) renegotiation of terms or granting of concessions to the borrower; and (iv) significant deterioration in the fair value of the security underlying the financial asset.
For assets carried at amortised cost, the amount of the loss was measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (including any net proceeds from the expected realisation of collateral), discounted at the financial asset’s original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account, and the loss was recognised within the investment result in the consolidated statement of income. When an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, the decrease in impairment loss was reversed within the investment result in the consolidated statement of income.

iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated statement of income.

Financial liabilities

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

I. PROPERTY AND EQUIPMENT

All assets classified as property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures relating to ongoing maintenance of property and equipment are expensed as incurred in operating expenses on the consolidated statement of income.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at the following rates:

Furniture and equipment	5 years – 10 years
Motor vehicles	5 years
Computer hardware	3 years – 5 years

The assets' residual values and useful lives and method of depreciation are reviewed at the end of each reporting period and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered impaired and it is written down immediately to its recoverable amount. In the event of improvement in the estimated recoverable amount, the related impairment may be reversed.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in commissions and other income on the consolidated statement of income.

J. LEASES

Payments associated with short-term leases with a lease term of 12 months or less and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of income.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The probability of renewal (or termination) is assessed using several factors such as: suitability and location of the asset; comparison to market rates; historical lease durations; costs and business disruption to replace the lease assets; and any other relevant factors.

J. INTANGIBLE ASSETS

Intangible assets consist of finite life intangible assets. These assets include the following:

i) Finite life intangible assets

Intangible assets have been determined to have finite lives and are amortised on a straight-line basis over varying periods of up to 10 years, being the estimated expected lives. The estimated life is re-evaluated when there is objective evidence of impairment (refer to Note 2L(b)). For assets that are not yet in use the impairment is assessed on an annual basis. Finite life intangible assets include the following:

a) Customer lists

These assets, which comprise customer lists, customer relationships and contracts acquired from the purchase of rights were initially measured at fair value. Subsequently, these assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over 5 years, being the expected life of the business assumed.

b) Software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as internally generated intangible assets when:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software development include employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are expensed when incurred. Capitalised software development costs for projects in use are amortised on a straight-line basis over their useful lives, which range from 5 to 10 years.

K. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group's non-financial assets comprise of property and equipment, and intangible assets. Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Non- financial assets that are subject to amortisation are reviewed for impairment whenever there is objective evidence of impairment. Objective evidence includes, but is not limited to the following: (i) adverse economic, regulatory or environment conditions that may restrict future cash flows and asset usage and/or recoverability, (ii) the likelihood of accelerated obsolescence arising from the development of new technologies and products and (iii) the disintegration of the active market(s) to which the asset is related. If objective evidence of impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised in amortisation on the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market conditions of the time value of money and the risks specific to the asset. Assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (cash-generating units), except where the value in use of an asset can be estimated as being close to its fair value less costs to sell where fair value can be reliably determined.

L. INSURANCE AND REINSURANCE CONTRACTS AND INVESTMENT CONTRACTS

The Group issues contracts that transfer insurance risk or both insurance and financial risk.

Insurance contracts issued are those contracts where the Group (the insurer) has accepted significant insurance risk from another party, the policyholder or ceding company, by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. In addition, the Group considers the proportion of premiums received to the benefit payable if the insured event did occur. Insurance contracts can also transfer financial risk. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held.

Insurance contracts issued include term, whole life and universal life insurance contracts, group life insurance policies, health insurance contracts and life contingent annuities. Whole life contracts may be participating or non-participating contracts. Life insurance contracts issued that contain participating features do not meet the definition of contracts with direct participation features set out in IFRS 17 *Insurance Contracts* since a specified pool of underlying assets is not clearly identified.

Term certain annuities issued expose the Group to financial risk primarily and are therefore classified as investment contracts and accounted for under IFRS 9 *Financial Instruments* (see Note 2(H)).

Short-duration group life and health contracts issued, and the related reinsurance contracts held, automatically qualify for measurement under the premium allocation approach ("PAA") set out in IFRS 17 since the coverage periods (after also considering cancellation clauses) are 12 months or less. Long-duration life and annuity contracts are measured using the general measurement principles (collectively, the "GMM") of IFRS 17.

i) Aggregation and recognition of insurance and reinsurance contracts

a) Insurance contracts issued

Insurance contracts are aggregated into groups for IFRS 17 measurement purposes. Contracts are first assigned to portfolios by aggregating together those subject to similar risks that are also managed together. Portfolios are then subdivided into annual cohorts (i.e., by year of issue).

The Group has not identified any contracts that were onerous at initial recognition or at the date of transition to IFRS 17, however there is a risk that some groups of contracts included in a particular cohort may become onerous subsequently due to adverse experience. Hence, all contracts are included in a single "remaining" profitability group and loss component accounting is currently not applicable.

The Group's main portfolios are:

• Long-duration under the GMM: Annuity and Individual Life contracts

• Short-duration under the PAA: Group Life and Group Health contracts.

Various contracts contain investment components which are non-distinct. The identification of and accounting for such components is discussed in Note 23(D).

An insurance contract issued by the Group is recognised from the earliest of:

• the beginning of its coverage period; or

• when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder.

b) Reinsurance contracts held

Reinsurance contracts held are allocated into portfolios based on the direct risks covered. Some reinsurance contracts provide cover for underlying contracts that are included in different direct portfolios. These contracts are subdivided based on the underlying direct risks covered and allocated into portfolios on this basis since the covers were combined into one contract merely for administrative convenience. The different covers do not lapse together and can be priced and sold separately in the market.

Groups of reinsurance contracts held are initially recognised on the following date:

• Contracts providing proportionate coverage: The date on which any underlying insurance contract is initially recognised.

• Others: The beginning of the coverage period of the group of reinsurance contracts.

ii) Measurement of contracts under the GMM

a) Insurance contracts issued - Initial measurement

On initial recognition, the Group measures a group of insurance contracts issued as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin ("CSM").

The risk adjustment for non-financial risk is the compensation required by the Group for bearing uncertainty that arises from non-financial risk.

The CSM represents the unearned profit that the Group will recognise as it provides services under those contracts. The CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

b) Insurance contracts - Subsequent measurement

The carrying amount of a group of insurance contracts issued at each reporting date is the sum of the LRC and the liability for incurred claims ("LIC").

After initial recognition, the LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date (see below).

The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid.

The fulfilment cash flows of groups of insurance contracts issued are measured at the reporting date using current estimates of future cash flows (Note 19D(i)(a)), current discount rates (Note 19D(i)(c)) and current estimates of the risk adjustment for non-financial risk (Note 19D(i)(d)).

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

• the CSM of any new contracts that are added to the group in the year;

• interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;

• changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition;

• the amount recognised as insurance revenue because of the services provided in the year (see (v)).

c) Reinsurance contracts held - GMM

To measure groups of reinsurance contracts held that cover the underlying insurance risks that are measured using GMM, the Group applies accounting policies and assumptions that are consistent with those applied to the associated insurance contracts issued.

iii) Measurement of contracts under the PAA

The Group uses the PAA to simplify the measurement of groups of short-duration life and health contracts.

a) Insurance contracts issued

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows at that date. For certain life and health group insurance contracts, the Group expenses insurance acquisition cash flows when incurred.

Subsequently, the Group measures the carrying amount of the LRC at the end of each reporting period as: (a) the LRC balance at beginning of the period; plus (b) premiums received in the period; minus (c) directly attributable acquisition costs net of related amortization (unless expensed as incurred); minus (d) amount recognised as insurance revenue for the period; minus (e) investment component paid or transferred to the LIC.

Since the Group expects that the period between providing each part of the services and the related premium due dates will be less than a year, the Group has chosen not to adjust the PAA LRC to reflect the time value of money and the effect of financial risk.

The Group measures the LIC at the amount of fulfilment cash flows required to settle incurred claims, whether reported or not yet reported. The future cash flows are discounted (at current market rates) to reflect the time value of money and the effect of financial risk, unless they are expected to be paid in one year or less from the date the claims are incurred.

During the reporting period, no facts and circumstances were identified that would indicate that any groups of contracts are onerous.

b) Reinsurance contracts held

The Group applies the same accounting policies to measure groups of reinsurance contracts held that cover the risks of insurance contracts measured under the PAA, adapted where necessary to reflect features that differ from those of insurance contracts.

iv) Contract derecognition

The Group derecognises a contract when it is extinguished - i.e., when the specified obligations in the contract expire or are discharged or cancelled.

v) Presentation

Portfolios of insurance contracts issued that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position.

The Group disaggregates amounts recognised in the consolidated statement of income into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) net insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts issued, and on a net basis as “net expenses from reinsurance contracts held” in the insurance service result and net reinsurance finance income or expenses in the consolidated statement of income.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and net insurance/ reinsurance finance income or expenses by applying a systematic allocation method.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

a) Insurance revenue from contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations - i.e., as it provides services. For contracts not measured under the PAA, insurance revenue comprises the following items:

- A release of the CSM, measured based on coverage units provided (see ‘Release of the CSM’ below).
- A release of the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses previously reserved for that were released in the year, which are measured at the amounts expected at the beginning of the year.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue, and an equal amount as insurance service expenses.

Release of the CSM: The amount of the CSM that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in insurance revenue the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date. Time value of money is not considered for the purposes of the CSM amortization.

Services provided under insurance contracts issued include insurance coverage and, in certain cases, investment services related to non-distinct investment components, both of which are incorporated into the determination of coverage units.

b) Insurance revenue from contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period on the following bases:

• certain group life and health contracts: the pattern of the expected release from risk; and

• other contracts: the passage of time.

c) Insurance service expenses

Insurance service expenses arising from insurance contracts issued are recognised in the consolidated statement of income generally as they are incurred. Insurance service expenses exclude repayments of investment components, and comprise the following items:

• Incurred claims and other costs associated with policy maintenance;

• Insurance acquisition cash flows incurred and amortised; and

• Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk, and changes thereon.

d) Net income/expenses from reinsurance contracts held

Net income/ expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in the consolidated statement of income as it receives services under the reinsurance contracts held. For contracts not measured under PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration. These services include expected recoveries, a release of the reinsurance risk adjustment, and a release of the reinsurance CSM.

For contracts measured under PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

e) Net insurance and reinsurance finance income and expenses

Net insurance and reinsurance finance income and expenses comprises changes in the carrying amounts of insurance and
reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. For contracts measured under GMM this primarily includes interest accreted on the FCF and the CSM and the effect of changes in interest rates and other financial assumptions. For contracts measured under the PAA this primarily includes interest accretion on LIC and the effect of changes in interest rates and other financial assumptions.

The Group presents net insurance finance income or expenses and net reinsurance finance income or expenses separately in the consolidated statement of income.

vi) Transition

With the exception of certain long-duration life contracts, at 1 January 2022, the Group applied the full retrospective approach to identify and measure groups of contracts on transition to IFRS 17.

The Group has applied the fair value approach on transition for annuity contracts issued prior to January 1, 2021, and for all individual life contracts in force at the date of transition since this line of business was discontinued in 2022.

The general approach to transition and the methodologies applied in applying the fair value approach to transition are explained in Note 3(A)(ii).

vii) Investment contracts

Investment contracts are those contracts that do not transfer significant insurance risk but do transfer financial risk from the policyholder. The Group issues contracts that in some instances contain a discretionary participation feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, a dividend. Dividends are paid on the policy anniversary and as long as the policy is in force. These contracts are referred to as participating contracts. IFRS allows the non-guaranteed, or participating, elements of such contracts to be classified as either a liability or as equity, depending on the nature of the obligation to the policyholder. The contracts issued by the Group contain constructive obligations to the policyholder with respect to the DPF of the contracts. The Group has therefore elected to classify these features as a liability.

Investment contracts with DPFs are accounted for in accordance with IFRS 17 and investment contracts without discretionary participating features are accounted for in accordance with IFRS 9. The Group's investment contracts include pension plans with a guaranteed minimum rate of return and annuities that do not transfer insurance risk. All investment contracts issued are non-participating.

Liabilities for investment contracts have been designated at FVTPL. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in investment contract liabilities are recorded as a change in investment contract benefits expense in the consolidated statement of income. These liabilities are derecognised when the obligation of the contract is discharged, cancelled or expired.

M. SERVICE CONTRACTS

Contracts issued by the Group that do not transfer significant insurance or financial risk from the customer are referred to as service contracts. These contracts are primarily for the provision of pension administration and investment management services. Fee income earned from these contracts is described in the Revenue Recognition accounting policy, Note 2P. Deferred acquisition costs arising from service contracts are amortised over the expected life of the contracts up to a maximum of 10 years. Where the cost of meeting the obligations of the contract exceed the economic benefits expected to be received under it, a provision is recognised.

N. SEGREGATED FUNDS ASSETS AND LIABILITIES

Segregated funds assets and liabilities relates to contracts issued by the Group where the benefit amount to the policyholder is directly linked to the fair value of the investment held in the particular segregated fund. The underlying assets are registered in the name of the Group and the segregated fund policyholder has no direct access to the specific assets. The contractual arrangements are such that the segregated fund policyholder bears the risk and rewards of the fund's investment performance. There is also no insurance risk to the Group with these contracts. Segregated funds net assets are recorded at fair value. The fair value of the segregated funds net liabilities is equal to the segregated funds net assets. Investment income earned by the segregated funds and expenses incurred by the segregated funds offset and are not separately presented in the consolidated statement of income and are disclosed in Note 12. Fee income earned on the management of these contracts is included in commission and other income in the consolidated statement of income.

O. EMPLOYEE BENEFITS

The Parent operates various post-employment benefit schemes, including both defined benefit pension plans and post- employment medical benefit plans.

i) Pension obligations

A defined contribution plan is a pension plan under which the Parent pays fixed contributions into a separate entity. With respect to the Group's defined contribution plans, the Group pays contributions into the plan and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

A defined benefit plan is a pension plan in which the Group is obligated to pay a specified benefit based on a predetermined formula. The net liability recognised in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. When the calculation results in a surplus, the asset recognised is limited to the present value of the future economic benefit available in the form of future refunds from the plan or reductions in future contributions to the plan (the asset limit). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market interest rates of high-quality debt instruments.

Re-measurement of the net defined benefit asset or liability consists of actuarial gains and losses, the change in effect from asset limits and the return on plan assets, excluding amounts included in net interest on the net defined benefit asset or liability, and are charged or credited to other comprehensive income in the period in which they arise. Current service costs, past services cost, any gains or losses from curtailments and interest on the net defined benefit liability (asset) are recognised immediately in the consolidated statement of income.

ii) Other post-employment benefit obligations

In addition to pension benefits, the Parent provided post-retirement benefits for health care to qualified employees of the Group who retired prior to 1 January 2012. The entitlement to these benefits was conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits were accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

iii) Share-based compensation

BF&M has an Equity Incentive Plan under which subsidiaries of BF&M receive services from employees as consideration for equity instruments of BF&M (equity settled transactions). Share grants are issued to employees equal to the fair value of the shares on the grant date. The amount of the benefit of these share grants is amortised over the vesting period as operating expense in the consolidated statement of income. Where share grants are forfeited due to failure by the employee to satisfy the service conditions, any expense previously recognised in relation to such shares is reversed effective the date of forfeiture.

If BF&M grants share options to employees that vest in the future if service conditions are met, then the fair value of the options will be calculated at the date the options are granted. This fair value will be charged to the consolidated statement of income equally over the vesting period with adjustments made at each accounting date to reflect the best estimate of the number of options that will eventually vest. Expenses previously recognised related to share options are not reversed on forfeit.

The grant by BF&M of its equity instruments to employees of its subsidiary undertakings is treated as a capital contribution by both BF&M and the subsidiaries. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in additional paid in capital with a corresponding charge to operating expenses.

iv) Employee share purchase plan

BF&M operates an employee share purchase plan that allows its employees and those of its subsidiary undertakings to purchase BF&M's common shares at below-market rates, subject to certain restrictions. Shares are offered at a discount to the shares' fair market value, as determined by the market share price on the date of purchase. Employees may purchase shares up to a maximum percentage of their gross salary. Consistent with the accounting treatment of the share-based compensation, the discount is accounted for as a contribution to capital in the subsidiaries with a corresponding charge to operating expense in the period in which the shares are purchased.

P. REVENUE RECOGNITION

Revenue arising from the management of service contracts, pension administrative services and investment advisory and management services offered by the Group is included within other income in the consolidated statement of income. Revenue is recognised at the point in time when services are rendered.

The majority of the revenue from service contracts is comprised of variable consideration and is recognised when it is highly probable that a significant reversal in the amount of the revenue recognised will not occur.

Q. SHARE CAPITAL

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

R. DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholder is recognised as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Group's Board of Directors.

3. NEW AND REVISED ACCOUNTING STANDARDS

The Group has initially applied IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group has restated certain comparative amounts related to insurance and reinsurance contracts, and presented a third consolidated statement of financial position as at 1 January 2022.

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 2 to all periods presented in these consolidated financial statements.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below.

A. IFRS 17 *INSURANCE CONTRACTS*

IFRS 17 became effective for the Group beginning on 1 January 2023, and is to be applied retrospectively, unless impracticable. For certain groups of long-duration contracts, full retrospective application was impracticable, and the fair value method was used instead (see section (ii) below). The standard replaced IFRS 4 Insurance Contracts and therefore replaced the Canadian Asset Liability Method ("CALM") and, for long-duration contracts, materially changed the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's consolidated financial statements. Changes to measurement principles for short-duration contracts (measured under the PAA) were minimal. For contracts measured under the PAA, the differences between the two standards arise mainly due to application of discounting and risk adjustment methodologies.

i) Recognition, measurement, and presentation of insurance contracts

The key measurement differences resulting from adoption for contracts measured using the GMM are as follows:

- New business gains on long-duration contracts are recorded in the consolidated statements of financial position (in the CSM component of the insurance contract liability) and amortised into income as services are provided, rather than being recognised in income immediately. New business losses are recorded in the consolidated statement of income immediately.
- Under IFRS 17, the discount rate used to estimate the present value of insurance contract liabilities is based on the characteristics of those liabilities. Under CALM, the rates of returns for current and projected assets supporting insurance contract liabilities were used to discount the liabilities.
- Implicit margins or provisions for adverse deviation, which were previously recorded under CALM, are removed and instead an explicit risk adjustment for non-financial risk is established.
- Under IFRS 17, only attributable expenses are included in reserves.

In addition, there are significant changes to how insurance and reinsurance contracts are presented and disclosed in the consolidated financial statements. The following outlines some of the key presentation and disclosure changes:

- Consolidated statement of financial position: Portfolios of insurance and reinsurance contracts issued are presented separately from portfolios of reinsurance contracts held, and portfolios in an asset position are further presented separately from portfolios in a liability position.
- Consolidated statement of income: The Group separately presents insurance revenue, insurance service expense, net insurance finance income or expenses, income or expenses from reinsurance contracts held and net reinsurance finance income or expenses. Insurance revenue is recorded as performance obligations are fulfilled, hence gross premiums written are not presented. Under IFRS 17, investment components of insurance contracts, which are viewed as refundable deposits, are excluded from insurance revenue and insurance service expenses.

The Group's full accounting policy for insurance and reinsurance contracts is detailed in Note 2 (L).

ii) Transition

a) General principles

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach unless impracticable. Under the full retrospective approach, on 1 January 2022, the Group:

• identified, recognised, and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;

• derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included deferred acquisition costs for insurance contracts, policyholder loans, insurance receivables and insurance payables. Under IFRS 17, they are included in the measurement of the insurance contracts; and

• recognised any resulting net difference within retained earnings in equity.

The Group has applied the transition provisions in IFRS 17 and, as permitted by IFRS 17.C3(a), has not disclosed the impact of the adoption of IFRS 17 on earnings per share. The effects of adopting IFRS 17 on the consolidated financial statements on 1 January 2022 are presented in the consolidated statement of changes in equity. Additional information regarding the quantitative effects of the measurement and presentation changes are shown in (iii) below.

b) Fair value approach

The Group has applied the fair value approach on transition for annuity contracts issued prior to January 1, 2021, and for all individual life contracts in force at the date of transition since this line of business was discontinued in 2022. The fair value approach in IFRS 17 was applied to identify, recognise, and measure these groups of contracts on 1 January 2022 because it was impracticable to apply the full retrospective approach.

The Group considered the full retrospective approach impracticable for these contracts because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations or other reasons or would have required assumptions about what management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight.

Under the fair value approach, the Group determined the CSM of the LRC at the transition date as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. A single cohort was used for each in-force portfolio on transition.

In determining the fair value, the Group has applied the requirements of IFRS 13 *Fair Value Measurement* , except for the demand deposit floor requirement. The Group used the income approach to fair value determination, in which future cash flows are discounted to a single amount that reflects current market expectations about those future amounts.

In determining the fair value of the in-force contracts, the Group applied the requirements of IFRS 13 Fair Value Measurement, except for the demand deposit floor requirement. The determination of fair value required the use of estimates and assumptions that necessitated the application of judgment by management. The Group used the "adjusted fulfilment cash flows approach" for fair value determination. This approach identifies amounts that a market participant would require, in addition to the insurance contracts' fulfilment cash flows, to take over the obligations of the Group. The estimates and assumptions were compared to a market participant's perspective where such market information was reasonably available without undertaking an extensive and exhaustive search.

iii) Effect of adoption of IFRS 17

Caption Under IFRS 4	Caption Under IFRS 17	As of 31 December 2021 *	Measurement adjustments	Presentation adjustments	Transition CSM and adjustments to Participating Policyholders' accounts	As of 1 January 2022 *
Insurance receivables and other assets	Other assets	18,131	-	(6,785)	-	11,346
Investments	Investments	623,994	-	(4,307)	-	619,687
Deferred acquisition costs	Other assets	503	-	-	-	503
Reinsurance assets	Reinsurance contracts held assets	(5,998)	409	7,846	-	2,257
Other liabilities	Other liabilities	39,731	-	(7,215)	-	32,516
Investment contract liabilities	Investment contract liabilities	308,075	-	6	-	308,081
Insurance contract liabilities	Insurance contract liabilities	222,302	(9,485)	(2,216)	18,278	228,879
N/A	Reinsurance contracts held liabilities	-	609	6,180	445	7,234
Retained earnings	Retained earnings	107,332	9,285	-	(18,724)	97,893

* As of 31 December 2021, the Group had a line of business (assets totaling $79,200 and liabilities totaling $89,500) that met the criteria for classification as Held for Sale under IFRS 5. Subsequently in 2022, as previously reported, the Group concluded that this line of business would no longer be subject to sale, and its presentation as Held for Sale was therefore discontinued as of 31 December 2022. As such, in presenting the consolidated statement of financial position as of 1 January 2022 and to compare the financial periods more appropriately under IFRS 17, the Group has not presented this line of business as Held for Sale. Furthermore, the “As of 31 December 2021” column in the table above also does not reflect this line of business as Held for Sale.

B. IFRS 9 *FINANCIAL INSTRUMENTS*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. However, the Group elected to apply the temporary exemption from IFRS 9 which was available for insurance companies, and thus the initial application date of IFRS 9 was deferred until IFRS 17 was adopted.

As allowed under IFRS 17, the Group has elected to present comparative information on financial instruments as if the requirements of IFRS 9 (excluding the revised impairment requirements) were applicable from 1 January 2022 (the "classification overlay"). The classification of financial assets as of 1 January 2022 was based on the Group's expected business model as at that date.

For financial assets to which the impairment provisions of IFRS 9 are applicable, the Group has elected, as permitted by IFRS 9 and 17, to continue measuring the loss allowance under IAS 39 in 2022, however applied the expected credit loss allowance measurement model in IFRS 9 from 1 January 2023.

i) Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 2(H).

IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

iii) Transition

Applying the classification overlay explained above resulted in immaterial valuation differences as of January 1, 2022. As of 1 January 2023, adjustments were made to the measurement of certain financial assets and liabilities due to the adoption the IFRS 9 impairment requirements. Such adjustments were recognised in opening retained earnings of the current period.

Consequential amendments to IFRS 7 disclosures were made to align with the classification categories of IFRS 9.

iv) Effect of initial application: Classification of financial assets and financial liabilities

The first table below (and the accompanying notes) depicts the effect of applying the classification overlay on 1 January 2022. The second table reconciles the effect of the adoption of the new loss allowance measurement principles which were applied on 1 January 2023.

	Notes	Previous Classification Under IAS 39	New Classification Under IFRS 9	IAS 39 carrying amount at 12/31/2021 $	Presentation adjustments $	Carrying amount at 1/1/2022 applying the classification overlay $
Financial assets						
Cash and cash equivalents	(a)	Loans and receivables	Amortised Cost	37,455	-	37,455
Regulatory assets	(c)	FVTPL	FVTPL	4,644	-	4,644
Fixed income securities	(c)	FVTPL	FVTPL	543,699	-	543,699
Equity investments	(d)	FVTPL	FVTPL	40,769	-	40,769
Mortgages	(a)	Loans and receivables	Amortised Cost	34,896	-	34,896
Policyholder loans		Loans and receivables	N/A - included in IFRS 17 insurance contract Liabilities	4,307	(4,307)	-
Residential properties foreclosed	(b)	Available-for-sale	Amortised Cost	323	-	323
Segregated fund assets		FVTPL	FVTPL	1,349,792	-	1,349,792
Financial Liabilities						
Investment contract Liabilities		FVTPL	FVTPL	308,081	-	308,081
Segregated fund Liabilities		FVTPL	FVTPL	1,349,792	-	1,349,792

	Previous Classification Under IAS 39	New Classification Under IFRS 9	Carrying amount at 12/31/2022, as restated after applying the classification overlay $	Effect of changes to loss allowance determination $	Carrying amount at 1/1/2023 under IFRS 9 $
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised Cost	26,581	-	26,581
Regulatory assets	FVTPL	FVTPL	4,716	-	4,716
Fixed income securities (other)	FVTPL	FVTPL	462,728	-	462,728
Equity investments	FVTPL	FVTPL	68,845	-	68,845
Mortgages	Loans and receivables	Amortised Cost	33,906	(303)	33,603
Residential properties foreclosed	Available-for-sale	Amortised Cost	323	-	323
Segregated fund assets	FVTPL	FVTPL	1,128,491	-	1,128,491
Financial Liabilities					
Investment contract Liabilities	FVTPL	FVTPL	298,217	-	298,217
Segregated fund Liabilities	FVTPL	FVTPL	1,128,491	-	1,128,491

The Group's accounting policies related to the classification of financial instruments under IFRS 9 are set out in Note 2H. The application of these policies resulted in the reclassifications set out in the first table shown above and explained below:

a) On transition to IFRS 9, the Group has classified its loans and receivables and held-to-maturity investments as amortised cost. These instruments meet the SPPI criterion, were not actively traded and were held with the intention to collect cash flows and without the intention to sell.
b) Residential properties foreclosed were previously classified as available-for-sale with changes being recorded in OCI. Under IFRS 9, these exposures are considered as mortgages that are credit-impaired, and, as such, continue to be measured at amortised cost and subject to the impairment requirements of IFRS 9.
c) Fixed income and regulatory assets instruments previously held at FVTPL under IAS 39 continue to be held at FVTPL under IFRS 9 (see Note 2(H)(ii)).
d) Under IFRS 9, all equity instruments, except equity and fund instruments within plan assets, are measured mandatorily at FVTPL. Previously, these instruments were designated at FVTPL in order to reduce the accounting mismatch between these assets and the insurance contract liabilities these assets are held to fund.

v) Effect of initial application

As at 31 December 2022/ 1 January 2023, the adoption of IFRS 9's ECL methodology resulted in a $303 increase in the loss allowance, from $2,366 under IAS 39 to $2,669 under IFRS 9.

The impact of transition to IFRS 9 on retained earnings is as follows:

	31 December 2022/ 1 January 2023 $
Balance as of 31 December 2022 under IAS 39, restated following the adoption of IFRS 17	91,171
Recognition of IFRS 9 ECLs	(303)
Balance as of 1 January 2023 following the adoption of IFRS 9	90,868
Total change in equity due to application of IFRS 9	(303)

C. OTHER NEW AND REVISED ACCOUNTING STANDARDS EFFECTIVE 1 JANUARY 2023

In addition to IFRS 17 and IFRS 9, the Group has also applied the following relevant amendments for the first time for its annual reporting period commencing 1 January 2023:

(i) Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Making Materiality Judgments were issued in February 2021 and became effective prospectively from 1 January 2023. The amendments address the process of selecting accounting policy disclosures which should be based on an assessment of the materiality of the policy to the Group's consolidated financial statements. Adoption of these amendments did not have a significant impact on the Group's consolidated financial statements.

(ii) Amendments to IAS 8 – Accounting Policies, Changes to Accounting Estimates and Errors were issued in February 2021 and became effective prospectively from 1 January 2023. The amendments include new refinements of the definition of "accounting estimate" and "change in accounting estimate". Adoption of these amendments did not have a significant impact on the Group's consolidated financial statements.

D. NEW AND REVISED ACCOUNTING STANDARDS NOT APPLICABLE OR NOT YET EFFECTIVE

(i) Amendments to IAS 12 – Income Taxes related to the OECD's International Pillar Two Tax Reform were issued in May 2023. The OECD aims to establish a global minimum tax ("GMT") for large international companies. In response to the OECD's reforms, in December 2023, a 15 per cent corporate income tax ("CIT") was enacted in Bermuda. The Group is not presently in scope of the requirements since CIT is applicable only to multinational enterprise groups with annual revenues of €750 million or more. Other jurisdictions in which the Group operates, including the Cayman Islands and the Bahamas, have not yet announced or enacted final local rules. Accordingly, the IAS 12 amendments related to the GMT are not currently applicable to the Group.

4. MANAGEMENT OF FINANCIAL AND INSURANCE RISK

A. RISK MANAGEMENT AND OBJECTIVES

The Group's primary objective in undertaking risk management activity is to manage risk exposures in line with risk appetite, minimising its exposure to unexpected financial loss and limiting the potential for deviation from anticipated outcomes. In this respect, a framework of limits and qualitative statements, aligned with the Group's risk appetite, is in place for material exposures. Key management recognises the critical importance of having efficient and effective risk management systems in place.

A significant part of the Group's business involves the acceptance and management of risk. The Group is exposed to insurance, market, credit, liquidity, and operational risks, and operates a formal risk management framework to ensure that all significant risks are identified and managed.

The Group seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board of Directors. The Group has established a risk management function with terms of reference from the Board of Directors, its committees, and the associated executive management committees. This is supplemented with an organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. The key control techniques for the major categories of risk exposure are summarised in the following sections.

Risks are usually grouped by risk type: (i) financial, including credit, liquidity, and market; and (ii) insurance, including life and health insurance and short-term insurance risk. Risks falling within these types may affect a number of key metrics including those relating to consolidated statement of financial position strength, liquidity, and profit. The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Assets which relate to certain life insurance and investment contracts are managed for the account and risk of the Group's customers. They are segregated and managed to meet specific investment objectives of the policyholders. The assets back the insurance liabilities and the financial liabilities arising from these contracts. The fair value of the liabilities reflects the fair value of the assets.

B. FINANCIAL RISKS

i) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations and arises principally from the Group's reinsurance contract assets and financial assets. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures – e.g., individual obligor default risk, country risk and sector risk.

The following policies and procedures are in place to manage this risk:

• Holding a diversified investment portfolio that focuses on quality of investment. The portfolio is monitored and reviewed regularly by management's Investment Committee and by the Board of Director's Finance, Compensation, and Corporate Governance Committee;

• Investment guidelines are in place that require the purchase of only investment-grade assets and minimise undue concentration of assets in any single issuer, industry group, asset class or credit rating, unless required by local law or regulation;

• Investment guidelines specify collateral requirements for mortgages and loans and receivables which include the underlying property or other security;

• Transacting business with well-established reinsurance companies with strong credit ratings; and

• Transacting business with well-established financial institutions and diversification of holdings where possible.

• Developing and maintaining the Group's processes for measuring ECL. This includes processes for
determining and monitoring of significant increases in credit risk, such as identifying past-due amounts, placing at-risk exposures on credit watchlists, and scrutinising the borrower's financial position.

a) Maximum exposure to credit risk

The following table summarises the Group's maximum exposure to credit risk related to financial assets. The maximum credit exposure is the carrying value of the asset net of any allowances for losses.

	2023 $	2022 $
Cash and cash equivalents	33,678	26,581
Regulatory assets	4,857	4,716
Fixed income securities – at FVTPL	493,531	462,728
Mortgages and loans	32,177	34,229
Other assets	7,700	11,687
Reinsurance contracts held assets	6,105	4,310
Total	578,048	544,251

b) Concentrations of credit risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries.

The following table provides details of the carrying value of fixed income securities by industry sector and geographic distribution:

	2023 $	2023 $	2022 $	2022 $
Assets held in:	Investments	Regulatory Assets	Investments	Regulatory Assets
Fixed income securities issued or guaranteed by:				
Financials	83,458		80,107	
Government	54,951	4,857	65,900	4,716
U.S. Treasury and other agencies	55,022		62,104	
Utilities and energy	59,426		56,601	
Consumer staples and discretionary	51,317		69,672	
Telecom	-		9,879	
Computer technology products and services	17,910		6,709	
Industrials and materials	35,004		34,883	
Other	136,443		76,873	
Total fixed income securities	**493,531**	**4,857**	**462,728**	**4,716**
Comprising:				
- at FVTPL	**493,531**	**4,857**	**462,728**	**4,716**

	2023 $	2023 $	2022 $	2022 $
Assets held in:	Investments	Regulatory Assets	Investments	Regulatory Assets
United States	461,621		419,512	
Canada	4,553		4,091	
Northern Europe	15,020		16,389	
Asia-Pacific	3,193		2,202	
United Kingdom	5,768		11,396	
Caribbean	1,866	4,857	9,138	4,716
Other	1,510		-	
Total fixed income securities	493,531	4,857	462,728	4,716
Comprising:				
-at FVTPL	493,531	4,857	462,728	4,716

The carrying value of mortgages by geographic location is shown in the following table:

	2023 $	2022 $
Bermuda	32,177	34,229
Total mortgages	**32,177**	**34,229**

c) Credit quality of financial assets

The following tables set out information about the credit quality of debt investments, without taking into account collateral or other credit enhancements, at gross carrying amounts.

As of 31 December 2023

	AAA $	AA $	A $	BBB $	BB and lower $	Not rated $	Total $
Cash and cash equivalents							
-Stage 1	11,909	10,684	1,294	9,791	-	-	**33,678**
Regulatory assets							
-Held at FVTPL and not subject to ECL	-	-	4,857	-	-	-	4,857
Fixed income securities							
-Held at FVTPL and not subject to ECL	62,398	160,070	185,373	85,342	348	-	493,531
-Stage 1	-	-	-	-	-	-	-
-Stage 2	-	-	-	-	-	-	-
Mortgages *							
-Stage 1	-	-	-	-	-	30,837	**30,837**
-Stage 2	-	-	-	-	-	-	-
-Stage 3	-	-	-	-	-	1,340	**1,340**
Total	**74,307**	**170,754**	**191,524**	**95,133**	**348**	**32,177**	**564,243**

*Includes residential properties foreclosed and pending imminent sale which are all in Stage 3.

**Other assets subject to ECL requirements comprise trade/contract receivables for which the ECL model is simplified and the ECL allowance is always based on lifetime ECLs.

For 2022, ECL allowances were not required hence financial assets are not categorised by stage in the table below.

	AAA $	AA $	A $	BBB $	BB and lower $	Not rated $	Total $
Cash and cash equivalents	6,082	-	9,695	10,804	-	-	**26,581**
Regulatory assets	-	-	4,716	-	-	-	**4,716**
Fixed income securities	58,360	169,063	158,922	75,964	419	-	**462,728**
Mortgages *	-	-	-	-	-	34,229	**34,229**
Total	**64,442**	**169,063**	**173,333**	**86,768**	**419**	**34,229**	**528,254**

*Includes residential properties foreclosed and pending imminent sale.

The Group's reinsurance panel consists of three reinsurance companies, excluding facultative and fronting policies, the majority of which are rated A or better by A.M. Best. Any exceptions to this are approved by the Group Security Committee.

As disclosed in Note 2(H), certain financial liabilities are held at FVTPL. All credit risk changes in these liabilities are presented within net income on the consolidated statement of income since to present such changes in OCI would create an accounting mismatch between the liabilities and the assets supporting them. The changes in fair value of these financial liabilities that are attributable to changes in credit risk were insignificant in both 2023 and 2022.

d) Credit quality enhancements

The credit quality of mortgages and other loans is enhanced by the assignment of collateral. Mortgages comprise first mortgages on real property situated in Bermuda and are registered under The Mortgage Registration Act 1976 and The Trustee Act 1975. Other loans are secured by collateral assignments. The collateral cannot be alienated in absence of default.

The following table quantifies the extent to which collateral mitigates credit risk on mortgages that are in Stage 3:

	%
31 December 2023	
Mortgages and other loans *	
-Stage 3	**132%**
31 December 2022	
Mortgages and other loans *	
Total - IAS 39	**114%**

*Includes residential properties foreclosed and pending imminent sale which are all in Stage 3 in 2023.

e) Amounts arising from ECL on financial assets

The ECL allowance model is introduced in Note 2(H)(iii).

Stage 1 financial assets

Financial assets that have not had a significant increase in credit risk since initial recognition and fixed income securities that have low credit risk (i.e., with an external credit rating agency rating of "BBB" or better) at the reporting date are included in Stage 1.

ECL measurement in Stage 1

The loss allowance for Stage 1 financial assets is equal to the 12-month ECL. 12-month ECLs represent the portion of lifetime ECLs that result from default events possible within 12 months of the reporting date.

For Stage 1 mortgages, the 12-month ECL is calculated as the reporting date balance (including accrued interest) multiplied by the applicable ECL rate as described below.

Other financial assets in Stage 1 are low credit risk assets which are externally rated and the ECL allowance for these assets is measured using default rates published by a credit rating agency.

Movement from Stage 1 to Stage 2

Financial assets are moved from Stage 1 to Stage 2 when a significant increase in credit risk ("SICR") occurs. Financial assets with low credit risk at the reporting date are assumed to not have undergone a SICR. Additionally, trade/contract receivables follow a simplified model whereby the loss allowance is always based on lifetime ECLs and SICR assessments are not performed.

When determining whether a SICR has occurred, the Group considers reasonable and supportable qualitative and quantitative information that is relevant and available without undue cost or effort.

For financial assets other than mortgages and trade/contract receivables, reports issued by rating agencies are reviewed for indications of deterioration such as rating downgrades and negative outlook reports.

For mortgages, given the size and nature of the Bermudian market and the constraints on the availability of relevant, timely macroeconomic information and of external sources of credit quality information, emphasis is placed on past-due information. Where available, qualitative information that comes to light is also incorporated using management judgment.

Notwithstanding the above, the Group considers that a SICR occurs when an asset is more than 30 days past due.

ECL measurement for Stage 2 assets and trade/contract receivables

For trade/ contract receivables, the loss allowance is based on lifetime ECLs. For these balances, the group makes use of provision matrices incorporating the ageing of receivables and historical credit loss rates to calculate the ECL allowance on a collective basis.

The lifetime ECL allowance for Stage 2 mortgages is calculated by multiplying the applicable ECL rate as described below by the expected outstanding balance (including accrued interest) at each future year end for the remaining lifetime of the mortgage and discounting the resulting sum to arrive at the present value.

For other financial assets in Stage 2, the lifetime ECL allowance is measured using externally published default rates for individual exposures.

Movement from Stage 2 to Stage 3

Financial assets are moved to Stage 3 when they become credit impaired or are considered to be in default, which is defined as when it is unlikely that full payment will be received. Factors considered in this determination are set out in Note 2(H)(iii). Notwithstanding the foregoing, it is presumed that financial assets that are more than 90 days past due are credit impaired.

ECL measurement for Stage 3 assets

The loss allowance for Stage 3 financial assets is also based on lifetime ECLs.

For Stage 3 mortgages, lifetime ECLs are calculated as the difference between the present value of expected net cash flows (usually sale proceeds after costs to sell) discounted at the mortgage contract interest rate, and the net carrying amount of the mortgage. Market fluctuations will impact the expected value of sale proceeds and can significantly impact the estimate of the ECL allowance. Management estimates that sales will occur within 12 months. An additional impairment of between $nil and $nil could be incurred if the sales occurred within 18-24 months. A 10% drop in the collateral value supporting Stage 3 mortgages would result in an increase in the ECL allowance of $nil (2022 – an increase in the IAS 39 impairment charge of $nil).

Incorporation of forward-looking information

The ECL rates are derived from a combination of historical averages (10 year and 3 year) and scenario assumptions. Separate historical rates and scenarios are calculated for commercial and residential mortgages. A weighted average ECL is calculated from a best case, most likely, and worst-case scenarios for both commercial and residential mortgages, where the scenario assumptions are partly based on the historical loss rates. Management has determined that actual experienced historical loss rates combined with the current status of the mortgage book is the best methodology for estimating scenarios and future ECL rates. See above under Stage 1 regarding assessment of macroeconomic information.

Loss allowance

The following tables show the reconciliation from the opening balance to the closing balance of the loss allowance by class of financial instruments. Transfers due to changes in credit risk are determined in accordance with the accounting policy set out in Note 2(H) and above. None of the Group's financial assets are purchased or originated credit-impaired and there are no instruments for which there has been a significant increase in credit risk that are not accounted for as Stage 2 or Stage 3 financial assets.

	2023				2022 – IAS 39
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Total
Mortgages *					
Balance at 1 January	32,161	173	1,590	33,924	35,218
Additions due to new originations	1,244	-	-	1,244	6,335
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	(173)	173	-	-
Net remeasurements	-	-	-	-	-
Derecognition due to repayments	(2,568)	-	(423)	(2,991)	(7,324)
Write-offs, net of recoveries **	-	-	-	-	-
Balance at 31 December	30,837	-	1,340	32,177	34,229

*Includes residential properties foreclosed and pending imminent sale.

** The contractual amount outstanding on financial assets that were written off during the period but are still subject to enforcement activities is $nil.

The Group also holds an allowance for ECL for trade/contract receivables (within other assets) amounting to $nil at the end of 2023 (2022 (IAS 39): $nil). None of these receivables are credit impaired.

The following table provides an explanation of how significant changes in the gross carrying amounts of financial instruments contributed to changes in the loss allowance:

	Increase (decrease) in gross carrying amount	Increase (decrease in loss allowance)		
		Stage 1	Stage 2	Stage 3
During the year ended 31 December 2023				
Mortgages *				
Sale of property underlying defaulted mortgage	(2,787)	-	-	(2,367)

*Includes residential properties foreclosed and pending imminent sale.

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations as they become due. The following policies and procedures are in place to manage this risk:

- Management maintains levels of cash and short-term deposits, which are sufficient to fulfil the Group's short-term obligations;
- Short-term cash flow needs are adequately met by operating cash flows and proceeds from mortgage and loan repayments;
- The Group closely manages operating liquidity through cash flow matching of assets and liabilities on its life insurance, annuities, and pensions business. Investments in various types of assets occur with a view to matching them to the liabilities of various durations;
- Investments are graded internally on a liquidity level (1 to 4) and the Group looks to maintain adequate levels in highly liquid (1 and 2) securities;
- The ability of the Group's subsidiaries in certain jurisdictions to pay dividends and transfer funds is regulated. The Group maintains appropriate dividend and capital policies to ensure movement of cash flow through the Group as needed;
- Arrangements with reinsurers are made to ensure that recoverables are received in a timely fashion in the event of a liquidity crisis.

The maturity profile of financial assets at 31 December 2023 is as follows:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total	Effective interest rate ranges
	$	$	$	$	$	
Mortgages *	2,412	4,519	4,398	20,848	32,177	4.5% to 9.0%
Regulatory assets	4,857	-	-	-	4,857	
Fixed income securities -- at amortised cost					-	
Fixed income securities – at FVTPL	70,661	80,405	110,158	232,307	493,531	0.46% - 8.55%
Total	77,930	84,924	114,556	253,155	530,565	
Percent of total	15.2%	16.1%	22.1%	46.6%	100.0%	

*Includes residential properties foreclosed and pending imminent sale. The timing of the realisation of sale proceeds could differ from current expectations.

The maturity profile of financial assets at 31 December 2022 was as follows:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total	Effective interest rate ranges
	$	$	$	$	$	
Mortgages *	2,868	4,590	4,501	22,270	34,229	4.50% - 9.00%
Regulatory assets	4,716	-	-	-	4,716	
Fixed income securities	82,054	104,303	103,758	172,613	462,728	0.46% - 7.54%
Total	89,638	108,893	108,259	194,883	501,673	
Percent of total	17.9%	21.7%	21.6%	38.8%	100.0%	

*Includes residential properties foreclosed and pending imminent sale which are all in Stage 3.

The maturity profile of non-insurance liabilities at 31 December 2023 is as follows:

	Within 1 year	1-5 years	Over 5 years	Total
	$	$	$	$
Investment contract liabilities	102,258	222,119	57	324,434
Other liabilities	17,875	-	-	17,875
Total	**120,133**	**222,119**	**57**	**342,309**

The maturity profile of non-insurance liabilities at 31 December 2022 was as follows:

	Within 1 year	1-5 years	Over 5 years	Total
	$	$	$	$
Investment contract liabilities	95,529	202,628	60	298,217
Other liabilities	21,236	-	-	21,236
Total	**116,765**	**202,628**	**60**	**319,453**

The following table provides a maturity analysis of the Group's insurance and reinsurance contract liabilities, which reflects the dates on which the cash flows are expected to occur.

	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	Total
31 December 2023							
Insurance contract liabilities	23,162	1,396	1,296	1,204	1,135	167,682	195,875
Reinsurance contracts held liabilities	6,117	(133)	(114)	(98)	(87)	(107)	5,578
Total	29,279	1,263	1,182	1,106	1,048	167,575	201,453
31 December 2022 (restated)							
Insurance contract liabilities	18,422	1,254	1,165	1,087	1,009	159,998	182,935
Reinsurance contracts held liabilities	6,984	(73)	(63)	(54)	(47)	(1,268)	5,479
Total	25,406	1,181	1,102	1,033	962	158,730	188,414

Certain insurance contract liabilities measured under GMM have provisions which enables the holder to demand payment upon cancellation, the total value of such features is approximately $41,000.

The expected maturity profile of insurance and reinsurance contract liabilities presented above is significantly affected by the insurance risk assumptions set out in Note 4(C).

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk), and market prices (price risk).

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has operations in several jurisdictions and revenue and expenses are denominated in several local currencies. The Group is not significantly exposed to foreign exchange risk because of the following:

- The majority of the Group's assets, liabilities, and earnings are denominated in Bermuda, Cayman, Bahamian or United States dollars;
- The Bermuda, Cayman and Bahamian dollars are pegged to the United States dollar; and
- The Bermuda dollar is at par with the United States dollar.

The Group regularly monitors currency translation fluctuations. Generally, the Group looks to match the currency of its local assets to the currency of the local liabilities they support or to the United States dollar as the currency of the liabilities is generally pegged to the United States dollar. This achieves the objective of mitigating risk of loss arising from movements in currency. Policies written in currencies that are not pegged to the United States dollar are not material and the Group considers the currency risk minimal.

b) Interest rate risk

Interest rate risk is price volatility produced by changes in the overall level of interest rates. Change in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved. The Group manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Utilisation of a formal process for managing the matching of assets and liabilities;
- Investing in assets that are suitable for the products sold;
- Investing in fixed income assets that closely match the life liability product cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

The sensitivity analysis for interest rate risk illustrates how the values of interest-sensitive assets and certain liabilities would have fluctuated because of changes in interest rates at the reporting date, and the consequential immediate impact such fluctuations would have had on net income.

Assets are notionally segmented to correspond to the different liability categories of the Group.

If interest rates on fixed income investments supporting GMM actuarial liabilities shifted parallel by 100 basis points higher/lower, the immediate impact to net income and equity would have been ($12,622) / $14,733 (2022 – ($14,393)/ $14,393) lower/higher. This impact was calculated using a discounted cash flow method.

c) Price risk
Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting the market.

The Group’s price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities. None of the Group’s equity and fund investments are linked with or notionally allocated to supporting the Group’s insurance contract liabilities hence such liabilities do not carry price risk.

The Group’s price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector, and market.

A 10% increase/decrease in the value of the Group’s equity and fund portfolio would increase/decrease the Group’s comprehensive income by $5,849 (2022 - $6,884) and the Group’s other components of equity by $5,849 (2022 - $6,884). The price risk sensitivity impact was calculated by using the ending balances in equity and funds at a 10% increase/decrease.

C. INSURANCE RISK

Insurance risk is any risk other than financial risk that is transferred from the holder of the contract to the issuer. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Insurance risk is implicit in the Group’s insurance business and arises as a consequence of the type and volume of business written and the concentration of risk in particular policies or groups of policies subject to the same risks.

Insurance risk in the Group arises through its exposure to mortality and morbidity risks and exposure to worse than anticipated operating experience on factors such as persistency levels and management and administration expenses.

Management of insurance risks
The Group has developed an insurance risk policy and guidelines on the practical application of this policy. Individual insurance risks are managed at a business unit level but are also monitored at the Group level.

The impact of insurance risk is monitored by the business units as part of the control cycle of business management. Exposure is monitored through the assessment of liabilities and the asset liability management framework process. At the Group level the overall exposure to insurance risk is measured through management reporting, stress testing, and Bermuda Solvency Capital Requirement (“BSCR”) analysis.

The Board of Directors considers the reinsurance coverage across the life and health businesses. It confirms that guidance and procedures are in place for each of the major components of life insurance risk, and that the businesses mitigate against any insurance risk within the parameters for the overall Group risk appetite.

The Board of Directors has also developed guidance for business units on management of a number of areas of insurance risk to ensure best practice is shared throughout the Group and common standards are adopted.

The individual life and health insurance risks are managed as follows:

- Mortality and morbidity risks are mitigated by use of reinsurance. The Group companies select reinsurers, from those approved by the Group, based on local factors, but assess the overall programme to manage Group-wide risk exposures and monitor that the aggregation of risk ceded to individual reinsurers is within the Group appetite for credit risk. In the case of default by a reinsurer, this does not release the Group from its liability to the insured policyholders.

- Longevity risk: Whilst individual Group companies are responsible for reserving and pricing for annuity business, the Group monitors the exposure to this risk and the capital implications to manage the impact on the Group-wide exposure and the capital funding that Group companies may require as a consequence.

- Persistency risk: Where possible the financial impact of lapses is reduced through appropriate product design. Group companies also implement specific initiatives to improve retention of policies which may otherwise lapse.

- Product design and pricing risk arises from poorly designed or inadequately priced products and can lead to both financial loss and reputational damage to the Group. Guidelines have been developed to support the Group companies through the complete cycle of the product development process, financial analysis and pricing.

- Expense risk is primarily managed by the Group companies through the assessment of profitability and frequent monitoring of expense levels.

Concentration risk

The following table shows life and health insurance liabilities by geographic area.

31 December 2023		Long-duration life and annuities	Short-duration life and health	Total
Territory		$	$	$
Bermuda				
	Gross	167,271	20,197	187,468
	Net	172,222	14,747	186,969
Bahamas				
	Gross	8,407	-	8,407
	Net	8,379	-	8,379
Total				
	Gross	**175,678**	**20,197**	**195,875**
	Net	**180,601**	**14,747**	**195,348**

31 December 2022		Long-duration life and annuities	Short-duration life and health	Total
Territory		$	$	$
Bermuda				
	Gross	159,372	16,348	175,720
	Net	164,318	12,038	176,356
Bahamas				
	Gross	7,215	-	7,215
	Net	7,748	-	7,748
Total				
	Gross	**166,587**	**16,348**	**182,935**
	Net	**172,066**	**12,038**	**184,104**

Assumptions and methodology

The nature of life and health insurance business is such that a number of assumptions are made in compiling these consolidated financial statements. Assumptions are made about investment returns, mortality rates, lapse rate, morbidity, expenses, and premium payment patterns in connection with the in-force policies for each business unit. Assumptions are best estimates based on historic and expected experience of the business. The estimate of the ultimate liability arising from life and health insurance contracts is a significant accounting estimate.

The valuation of liabilities was performed based on requirements in IFRS 17. Note 19D sets out a broad definition of future cash flows, the policy for discounting those cash flows and how those cash flows were adjusted for non-financial risk, however the underlying actuarial assumptions fundamental to the valuation (being mortality, morbidity, investment return, expenses, policyholder behaviour, policyholder dividend levels) are discussed below. In some instances, approximations are used due to the nature of liabilities. The approximations are not expected to change the results materially.

a) Mortality/ Longevity

Mortality refers to the rates at which death is expected to occur for defined classes of insureds. Management reviews the Group's mortality experience annually, however the portfolio of business is too small to form the basis for any internally produced mortality assumption. Therefore, the Group's mortality assumption is based on industry experience. The assumed mortality rates for life insurance contracts do not reflect any future improvement. For life contingent annuities, the assumed mortality assumption includes future mortality improvement, the effect of which is to increase insurance contract liabilities, based on prescribed minimum mortality improvement rates promulgated by the Canadian Actuarial Standards Board ("ASB").

For life products, a higher mortality would be financially adverse to the Group. For annuity products, a lower mortality would be financially adverse.

b) Morbidity

Morbidity refers to the likelihood that an insured will contract or develop any number of illnesses. The Group's portfolio of group and individual health business is large enough for an internal analysis of lag and is used, along with an analysis of experience, as the basis for setting annually renewable premiums. A very small block of individual disability business assumes industry standard morbidity rates when setting assumptions. Morbidity also refers to both the rates of accident or sickness and the rates of recovery therefrom. An increase in medical claim rates would increase the actuarial liabilities.

c) *Expenses*

Actuarial liabilities provide for administrative policy-related expenses. These include the costs of premium collection, claims adjudication and processing, related consulting services, preparation and mailing of policy statements and related indirect expenses and overheads. A unit expense study is performed to determine an appropriate estimate of expenses by liability type. An inflation assumption is incorporated in the estimate of future expenses.

d) *Lapse*

The best estimate lapse assumption is based on a combination of industry studies, the Group's lapse experience and pricing assumptions for newer products.

Policyholders may allow their policies to terminate prior to the end of the contractual period by choosing not to continue to pay premiums or by exercising one of the non-forfeiture options contained in the contract. Assumptions for termination experience on life insurance are based on industry studies and the Group's experience. Termination rates vary by plan, policy duration and method of premium payment. For universal life policies, it is also necessary to set assumptions about premium cessation occurring prior to termination of the policy.

e) *Premium payment patterns*

Universal life liabilities are sensitive to the amount of discretionary premium received from the policyholders. A premium persistency assumption is made for all universal life products and can vary by plan, age and policy duration.

f) *Policyholder dividends*

Future policyholder dividends are included in the determination of actuarial liabilities for participating policies, with the assumption that future policyholder dividends will change to reflect the experience of the respective participating accounts consistent with the participating policyholder dividend policies

g) *Sensitivity test analysis*

There is considerable judgment required by management in making assumptions in the measurement of insurance and investment contract liabilities. Application of different assumptions may result in a different measure of the liabilities. Therefore, sensitivity testing is widely used to measure the capital required and volatility in earnings due to exposure to life and health insurance risks. This assessment is taken at both business unit level and at Group level where the impact of aggregation of similar risks can be measured. This enables the Group to determine whether action is required to reduce risk, or whether that risk is within the overall risk appetite.

The Group uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of its capital requirements, and to manage its capital more efficiently. Sensitivities to economic and operating experience are regularly produced on all of the Group's financial performance measurements to inform the Group's decision making and planning processes, and as part of the framework for identifying and quantifying the risks to which each of its business units, and the Group as a whole, are exposed.

The table below analyses how the CSM, net income and equity would have increased (decreased) if changes in risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Change in assumption	Increase in fulfilment cash flows		Effect on CSM		Effect on net income		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
31 December 2023									
Mortality rate - life products	-3%.	697	258	(702)	(104)	4	(154)	4	(154)
Mortality rate - annuity products	+3%.	780	780	(1,028)	(1,028)	248	248	248	248
Morbidity - medical claims	+1%.	1,016	1,016	-	-	(1,016)	(1,016)	(1,016)	(1,016)
Expenses	+10%.	1,259	1,272	(1,554)	(1,568)	295	296	295	296
Termination rate	+10%.	603	737	(1,265)	(1,507)	662	771	662	771
31 December 2022 (restated)									
Mortality rate - life products	-3%.	768	311	(787)	(148)	18	(163)	18	(163)
Mortality rate - annuity products	+3%.	709	709	(863)	(863)	153	153	153	153
Morbidity - medical claims	+1%.	848	848	-	-	(848)	(848)	(848)	(848)
Expenses	+10%.	1,268	1,275	(1,472)	(1,476)	204	201	204	201
Termination rate	+10%.	697	771	(1,552)	(1,935)	855	1,165	855	1,165

5. CAPITAL MANAGEMENT AND REGULATORY COMPLIANCE

The Group's policy is to maintain a strong capital base. The Group manages its capital to ensure its continued ability to provide an adequate return to the shareholder, exceed insurance regulatory capital requirements, provide flexibility to take advantage of growth opportunities, maintain a strong credit rating, and to support the risks associated with the business of the Group. The Group's capital base is defined as Shareholder's Equity as disclosed on the consolidated statement of financial position.

The Bermuda Monetary Authority ("BMA") is the regulator of the Company. Under the laws and regulations of Bermuda, the Company must maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As at 31 December 2023 and 31 December 2022, the Company exceeded the minimum requirement.

Management monitors the adequacy of the Group's capital from the perspective of the Bermuda insurance regulations and the Bermuda Companies Act (1981) as well as the regulatory requirements of the other jurisdictions in which the Group operates. The Group's practice is to maintain its capitalisation at a level that will exceed the relevant minimum regulatory capital requirements.

The Group's investment policies emphasise the preservation of capital and the maintenance of a diversified investment portfolio, which together serve to minimise the risk that investment activities pose to the Group's capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder or issue new shares.

Under The Insurance Act 1978 (Bermuda) ("the Act"), amendments thereto and the Insurance Account Rules 2016 ("the Legislation"), the Group is required annually to prepare and file a statutory financial return, a capital and solvency return and audited financial statements prepared under Generally Accepted Accounting Principles. In addition, BF&M submits a quarterly financial return. The Bermuda Solvency and Capital Requirement ("BSCR") is the prescribed form of capital and solvency return in Bermuda. The BSCR includes a standardised model for assessing the minimum capital required to be held by a company based on a measure of risk associated with an insurance company's assets, liabilities, premiums and catastrophe risk exposure. The BMA requires all Groups and insurers to maintain their minimum statutory capital and surplus at a level which is 120% of the amount calculated in accordance with the BSCR.

The Act also requires the Company to meet minimum liquidity ratios whereby defined relevant assets of its Class 3B operations must exceed 75% of defined relevant liabilities.

The Act limits the maximum amount of annual dividends and distributions that may be paid by the Group. The Company is prohibited from declaring or paying any dividend of more than 25% of its total statutory capital and surplus, as shown in the previous year statutory balance sheet, unless at least seven days before payment of the dividend the Company files with the BMA an affidavit that it will continue to meet its minimum capital requirement as described above. In addition, the Company must obtain the BMA's prior approval before reducing its total statutory capital, as shown in the previous financial year statutory balance sheet, by 15% or more.

In addition, The Bermuda Companies Act (1981) limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and share premium accounts.

6. FAIR VALUE MEASUREMENTS

A. FAIR VALUE METHODOLOGIES AND ASSUMPTIONS

Management has assessed that the carrying values of cash and cash equivalents, regulatory assets, financial assets within other assets and financial liabilities within other liabilities approximate their fair values.

The fair value of fixed income securities which are carried at FVTPL is determined using quoted prices in active markets for identical or similar securities. When quoted prices in active markets are not available, fair value is determined using market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices, and reference data including market research publications. In limited circumstances, non-binding broker quotes are used.

The fair value of equity and fund securities is determined using quoted prices in active markets for identical or similar securities. When quoted prices in active markets are not available, fair value is determined using equity valuation models, which include discounted cash flow analysis and other techniques that involve benchmark comparison. Valuation inputs primarily include projected future operating cash flows and earnings, dividends, market discount rates, and earnings multiples of comparable companies.

For disclosure purposes, the fair values of mortgages classified as amortised cost are determined by discounting the expected future cash flows using a current market interest rate applicable to financial instruments with a similar yield, credit quality and maturity characteristics. Valuation inputs typically include benchmark yields and risk-adjusted spreads from current lending activities or loan issuances. For impaired mortgages, fair value reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

Fair values for residential properties foreclosed pending sale are assessed annually and reviewed quarterly for material changes. The fair value is assessed using the most recently available reports from qualified external appraisal services. Values are estimated using 1) the income approach to estimate the present value of discounted projected future cash flows using current rental values, assessed rental values or market rental values at a market discount rate; or 2) determined having regard to recent market transactions for similar properties in similar locations or where such information is not readily available, other valuation techniques such as the income capitalisation model are used. The methodologies and inputs used in these models are in accordance with real estate industry valuation standards. Valuation inputs include estimated rental value, rental growth rates, vacancy rates, discount rates, future operating expenses and terminal growth rates. Changes in valuation inputs can have a significant impact on fair value assessed.

The fair value of investments for accounts of segregated fund holders is determined using quoted prices in active markets or independent valuation information provided by investment managers. The fair value of direct investments within investments for accounts of segregated fund holders, such as short-term securities and government and corporate debt securities, is determined according to valuation methodologies and inputs described above in the respective asset type sections.

Liabilities for investment contracts are held at FVTPL. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in investment contract liabilities are recorded as a change in investment contract benefits expense in the consolidated statement of income. These liabilities are derecognised when the obligation of the contract is discharged, cancelled or expired.

B. FAIR VALUE HIERARCHY

The Group categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Groups valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

i. Level 1

Fair value is based on quoted market prices for identical assets and liabilities in an active market at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price.

ii. Level 2

Fair value inputs for level 2 are inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. These inputs include the following:

- Quoted prices for similar assets and liabilities in an active market.
- Quoted prices for identical or similar assets in a market that is not active, the prices are not current, or price quotations vary substantially over time or for which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves.

iii. Level 3

If one or more of the significant inputs is not based on observable market data, the financial assets are included in level 3. Where estimates are used, these are based on a combination of independent third party evidence and internally developed models using market observable data where possible. A transfer from level 2 to level 3 would occur primarily due to decreased observability of inputs in the valuation methodology. Conversely, transfers out of level 3 would primarily occur due to increased observability of inputs.

C. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents the Group's assets and liabilities measured at fair value in the consolidated statement of financial position, categorised by level under the fair value hierarchy:

31 December 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
At FVTPL:				
Fixed income securities	61,959	431,573	-	493,532
Segregated fund assets	1,271,286	81,907	-	1,353,193
Regulatory assets	4,857	-	-	4,857
Equity investments	27,140	31,353	-	58,493
Total assets measured at fair value on a recurring basis	**1,365,242**	**544,833**	**-**	**1,910,075**
Liabilities				
At FVTPL:				
Investment contract liabilities	-	324,434	-	324,434
Segregated fund liabilities	-	1,353,193	-	1,353,193
Total liabilities measured at fair value on a recurring basis	**-**	**1,677,627**	**-**	**1,677,627**

31 December 2022 (restated)	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
At FVTPL:				
Fixed income securities	63,542	399,186	-	462,728
Segregated fund assets	1,046,538	81,953	-	1,128,491
Regulatory assets	4,716	-	-	4,716
Equity investments	22,672	46,173	-	68,845
Total assets measured at fair value on a recurring basis	**1,137,468**	**527,312**	**-**	**1,664,780**
Liabilities				
At FVTPL:				
Investment contract liabilities	-	298,217	-	298,217
Segregated fund liabilities	-	1,128,491	-	1,128,491
Total liabilities measured at fair value on a recurring basis	**-**	**1,426,708**	**-**	1,426,708

D. ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

For assets and liabilities not measured at fair value in the consolidated statement of financial position, the following table discloses fair value information categorised by level in the preceding hierarchy:

31 December 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets classified as amortised cost:				
Cash and cash equivalents	33,678	-	-	33,678
Fixed income securities	-	-	-	-
Mortgages *	-	-	29,450	29,450
Total assets not measured at fair value but for which fair value is disclosed	**33,678**	**-**	**29,450**	**63,128**

31 December 2022 (restated)	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets classified as amortised cost:				
Cash and cash equivalents	26,581	-	-	26,581
Fixed income securities	-	-	-	-
Mortgages *	-	-	32,837	32,837
Total assets not measured at fair value but for which fair value is disclosed	**26,581**	**-**	**32,837**	**59,418**

*Includes residential properties foreclosed and pending imminent sale.

7. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank and in hand	31,252	22,587
Short-term bank deposits	2,426	3,994
Total	33,678	26,581

8. REGULATORY ASSETS

	2023 $	2022 $
Total regulatory assets	4,857	4,716

Regulatory assets represent fixed amounts placed on deposit with banks to satisfy licensing criteria of the Insurance Commission of the Bahamas. These deposits cannot be removed nor the amounts reduced without the prior written consent of the relevant regulator.

9. FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and financial liabilities are set out below:

	31 December 2023			31 December 2022		
	FVTPL	**Amortised Cost**	**Total Carrying amount**	FVTPL	Amortised Cost	Total Carrying amount
	$	**$**	**$**	$	$	$
Financial assets						
Cash and cash equivalents		33,678	33,678		26,581	26,581
Regulatory assets	4,857	-	4,857	4,716	-	4,716
Recognised within Investments:						
Fixed income securities	493,531	-	493,531	462,728	-	462,728
Equity investments	58,493	-	58,493	68,845	-	68,845
Mortgages *	-	32,177	32,177	-	34,229	34,229
Segregated fund assets	1,353,193	-	1,353,193	1,128,491	-	1,128,491
Total	1,910,074	65,855	1,975,929	1,664,780	60,810	1,725,590
Financial liabilities						
Investment contract liabilities	324,434	-	324,434	298,217	-	298,217
Segregated fund liabilities	1,353,193	-	1,353,193	1,128,491	-	1,128,491
	1,677,627	-	1,677,627	1,426,708	-	1,426,708

*Includes residential properties foreclosed and pending imminent sale.

10. OTHER ASSETS *

	As at December 31	
	2023	**2022**
	$	**$**
Other receivables and prepayments	3,486	7,767
Accrued investment income	3,958	3,554
Other deferred costs	256	366
Total	**7,700**	**11,687**

* Financial assets presented within Other assets are classified as and held at amortised cost.

11. INSURANCE REVENUE

The table below analyses the Group's insurance revenue in the consolidated statement of income.

The Group disaggregates information in Notes 11, 12 and 19 to provide disclosures in respect of the following major insurance product lines separately:

- Long-duration life and annuities under the GMM
- Short-duration life and health under the PAA.

These reporting levels were determined based on how the Group is managed.

	2023		
	Long-Duration Life and Annuities under the GMM	**Short-Duration Life and Health under the PAA**	**Total**
	$	**$**	**$**
CSM recognised for services provided	1,561	-	1,561
Change in risk adjustment for non-financial risk for risk expired	657	-	657
Expected insurance service expenses incurred:	7,150	-	7,150
Claims	5,980	-	5,980
Expenses	1,170	-	1,170
Recovery of insurance acquisition cash flows	-	-	-
Experience adjustments not related to future service	1	-	1
Restatements and other changes	-	-	-
Total revenue from contracts not measured under the PAA	**9,369**	**-**	**9,369**
Revenue from contracts measured under the PAA	**-**	**120,818**	**120,818**
Total insurance revenue	**9,369**	**120,818**	**130,187**

	2022		
	Long-Duration Life and Annuities under the GMM	**Short-Duration Life and Health under the PAA**	**Total**
	$	**$**	**$**
CSM recognized for services provided	1,353	-	1,353
Change in risk adjustment for non-financial risk for risk expired	672	-	672
Expected insurance service expenses incurred:	6,982	-	6,982
Claims	5,790	-	5,790
Expenses	1,192	-	1,192
Recovery of insurance acquisition cash flows	1	-	1
Experience adjustments not related to future service	-	-	-
Restatements and other changes	-	-	-
Total revenue from contracts not measured under the PAA	**9,008**	**-**	**9,008**
Revenue from contracts measured under the PAA	**-**	**110,700**	**110,700**
Total insurance revenue	**9,008**	**110,700**	**119,708**

12. NET INVESTMENT INCOME AND NET INSURANCE FINANCIAL RESULT

The Group disaggregates information in this note according to the major product lines mentioned in Note 11. This note also discloses net investment income on non-insurance business and categorises these amounts under "Other".

2023	Long-Duration Life and Annuities under the GMM $	Short-Duration Life and Health under the PAA $	Other $	Total $
Net investment return				
Interest income on financial assets not measured at FVTPL (calculated using the effective interest rate method)	1,914	-	366	2,280
Net gains on FVTPL financial assets	9,703	791	25,891	36,385
Net gains on derecognition of financial assets held at amortised cost	-	-	-	-
Dividend income	-	-		-
Fee income on financial assets not measured at FVTPL	-	-		-
Net credit impairment loss reversal on financial assets	-	-	104	104
Less: Crediting interest on guaranteed contracts for the account of customers	-	-	(3,678)	(3,678)
Total net investment return	**11,617**	**791**	**22,683**	**35,091**
Net finance expenses from insurance contracts issued				
Interest accreted	(10,587)	(155)	-	(10,742)
Effect of changes in interest rates and other financial assumptions	1,498	(38)	-	1,460
Total net finance expense from insurance contracts issued	**(9,089)**	**(193)**	**-**	**(9,282)**
Net finance income from reinsurance contracts held				
Interest accreted	(542)	55	-	(487)
Effect of changes in interest rates and other financial assumptions	161	23	-	184
Total net finance expense from reinsurance contracts held	**(381)**	**78**	**-**	**(303)**
Movement in investment contract liabilities			(5,883)	**(5,883)**
Total net investment income and net insurance financial result	**2,147**	**676**	**16,800**	**19,623**
Represented by:				
Amounts recognised in the consolidated statement of income:				
- Within net investment income	11,617	791	22,683	35,091
- Within net insurance finance result	(9,470)	(115)	(5,883)	(15,468)
Total net investment income and net insurance financial result	**2,147**	**676**	**16,800**	**19,623**

2022	Long-Duration Life and Annuities under the GMM $	Short-Duration Life and Health under the PAA $	Other $	Total $
Net investment return				
Interest income on financial assets not measured at FVTPL (calculated using the effective interest rate method)	2,043	-	356	2,399
Net gains on FVTPL financial assets	(41,886)	388	(19,082)	(60,580)
Net gains on derecognition of financial assets held at amortised cost	-	-	-	-
Dividend income	-	-	405	405
Fee income on financial assets not measured at FVTPL	-	-	-	-
Net credit impairment loss reversal on financial assets	-	-	1,291	1,291
Less: Crediting interest on guaranteed contracts for the account of customers	-	-	(2,051)	(2,051)
Total net investment return	(39,843)	388	(19,081)	(58,536)
Net finance expenses from insurance contracts issued				
Interest accreted on insurance contracts issued	(7,375)	(64)	-	(7,439)
Effect of changes in interest rates and other financial assumptions on insurance contracts issued	43,888	174	-	44,062
Total net finance expense from insurance contracts issued	36,513	110	-	36,623
Net finance income from reinsurance contracts held				
Interest accreted on reinsurance contracts held	(308)	17	-	(291)
Effect of changes in interest rates and other financial assumptions on reinsurance contracts held	2,676	(66)	-	2,610
Total net finance expense from reinsurance contracts held	2,368	(49)	-	2,319
Movement in investment contract liabilities			19,709	19,709
Total net investment income and net insurance financial result	**(962)**	**449**	**628**	**115**
Represented by:				
Amounts recognised in the consolidated statement of income:				
- Within net investment income	(39,843)	388	(19,081)	(58,536)
- Within net insurance and reinsurance finance result	38,881	61	19,709	58,651
Total net investment income and net insurance financial result	**(962)**	**449**	**628**	**115**

13. PROPERTY AND EQUIPMENT

A. Property and equipment comprises:

	Furniture, equipment and leasehold improvements $	Computer hardware $	Motor vehicles $	Total $
At 1 January 2022				
Cost	244	416	11	671
Accumulated amortisation/depreciation	(163)	(410)	(11)	(584)
Net book value	**81**	**6**	**-**	**87**
Year ended 31 December 2022				
Additions	-	-	-	-
Disposals	-	(403)	-	(403)
Disposals – accumulated amortisation	-	403	-	403
Depreciation charge	(23)	(3)	-	(26)
Closing net book value	**58**	**3**	**-**	**61**
At 31 December 2022				
Cost	244	13	11	268
Accumulated depreciation	(186)	(10)	(11)	(207)
Net book value	**58**	**3**	**-**	**61**
Year ended 31 December 2023				
Additions	-	-	-	-
Disposals	(8)	-	-	(8)
Disposals – accumulated amortisation	(62)	(3)	-	(65)
Depreciation charge	43	1	-	44
Closing net book value	**31**	**1**	**-**	**32**
At 31 December 2023				
Cost	173	10	11	194
Accumulated depreciation	(142)	(9)	(11)	(162)
Net book value	**31**	**1**	**-**	**32**

B. Leases:

i) Amounts recognised in the consolidated statement of income:

	2023 $	2022 $
Expense relating to short-term leases (included in operating expense)	51	89

Total cash outflow for leases in 2023 was $44 (2022: $82).

14. INTANGIBLE ASSETS

	Finite Life		
	Customer Lists	Software Development Costs	Total
	$	$	$
At 1 January 2022			
Cost	2,508	20,880	23,388
Accumulated amortisation	(1,766)	(16,655)	(18,421)
Net book value	742	4,225	4,967
Year ended 31 December 2022			
Additions	-	109	109
Disposals	-	(7,045)	(7,045)
Disposals – accumulated amortisation	-	-	-
Amortisation	(360)	6,079	5,719
Closing net book value	**382**	**3,368**	**3,750**
At 31 December 2022			
Cost	2,508	13,944	16,452
Accumulated amortisation	(2,126)	(10,576)	(12,702)
Net book value	**382**	**3,368**	**3,750**
Year ended 31 December 2023			
Additions	-	34	34
Disposals	-	(67)	(67)
Disposals – accumulated amortisation	-	(1,275)	(1,275)
Amortisation	(195)	314	119
Closing net book value	**187**	**2,374**	**2,561**
At 31 December 2023			
Cost	2,508	12,635	15,143
Accumulated amortisation	(2,321)	(10,261)	(12,582)
Net book value	**187**	**2,374**	**2,561**

Software development costs

Costs associated with the development of information systems are deferred, to the extent that the cost satisfies the criteria under IAS 38 – Intangible assets, until such time that management determines that a component is available for use in the manner expected and then it is amortised over its expected useful life. Annually, the Group reviews its software development costs available for use, for evidence of impairment. Annually the group re- evaluates its digital strategy and to identifiy software which would no longer align with the group's strategy. As a result, the Group impaired software development costs of $nil in 2023 (2022: $nil). For significant software development costs not available for use, management performs an impairment assessment annually in accordance with IAS 36, using the methodology described in Note 2(K).

Customer lists

Customer lists are assessed for impairment as per the accounting policy described in Note 2(K). The Group has determined that there is an impairment of $nil in 2023 (2022: $nil).

15. SEGREGATED FUNDS

The Group's segregated funds net assets were comprised entirely of mutual funds for both the 2023 and 2022 years.

Segregated funds – statement of changes in net assets	2023 $	2022 $
Segregated funds assets – beginning of year	1,128,491	1,349,792
Additions:		
Pension contributions	154,420	159,887
Net realised and unrealised gains/(losses)	200,289	(248,996)
Total additions	354,709	(89,109)
Deductions:		
Payments to policyholders and their beneficiaries	(118,348)	(120,736)
Management fees	(11,659)	(11,456)
Total deductions	(130,007)	(132,192)
Net addition (reduction) to segregated funds	224,702	(221,301)
Segregated funds assets – end of year	1,353,193	1,128,491

16. OTHER LIABILITIES *

	As at December 31	
	2023	**2022**
	$	**$**
Payables and accrued expenses	17,875	21,236
Total	**17,875**	**21,236**

* Financial liabilities included within Other liabilities are classified as and held at amortised cost.

17. RETIREMENT BENEFIT OBLIGATION

Through BF&M, the Group sponsors two pension plans and a post retirement medical plan for its Bermuda employees. The Group sponsors a percentage of the BF&M plan and the allocation is based on an average headcount of employees.

A. Defined contribution plan

BF&M has established a defined contribution pension plan for eligible qualifying employees. Contributions by the Group to the defined contribution plan are subject to certain vesting requirements and are generally a set percentage of an employee's annual income and matched against employee contributions. The cost of the defined contribution pension plan is not reflected in the tables below. An expense of $304 (2022 - $298) equating to the service cost for the year for these employees was reported during the year.

B. Post-retirement medical plan

BF&M also sponsors a post-retirement medical benefit plan for its Bermuda employees. The main benefit provided is for health care. Prior to 1 January 2012, the Group paid 50% of the total premiums paid to the insurer and the pensioner paid the balance. Retirees after 31 December 2011 pay 100% of their premiums if they want to continue to be covered by the plan. This change reduced the number of current employees who will be prospectively entitled to benefits.

Cash contributions to the plan by the Group during 2023 were $90 (2022 - $93).

C. Defined benefit pension plan

Through BF&M, the Group sponsors a defined benefit pension plan for eligible employees in Bermuda. The plan is closed to new entrants for employees hired after 1999. The defined benefit plan is administered by a separate Fund that is legally separated from the Group. Responsibility for governance of the plan including investment and contributions lies jointly with the Group and the Trustees of the pension fund.

Under the plan, the pension amount at retirement is based on an employee's final average earnings. The scheme is generally funded through payments determined by periodic actuarial calculations. Cash contributions to the plan by the Group during 2023 were $nil (2022 – $nil).

The Group measures the fair value of assets and the accrued benefit obligations as of 31 December. The most recent actuarial valuation of the plans assets and the present value of the defined benefit obligation was carried out as of 31 December 2021.

The following table provides summaries of the defined benefit pension and post-retirement medical plans' estimated financial position at 31 December 2023 and 2022.

	2023 $	2022 $
Defined benefit pension plan	(165)	(220)
Medical benefit plan	92	170
Total Retirement benefit obligations	**(73)**	**(50)**

	Defined benefit pension plan		Medical benefit plan	
	2023	2022	2023	2022
Change in benefit obligation	$	$	$	$
Balance - beginning of year	13,475	16,369	170	473
Current service cost	68	94	-	-
Interest expense	643	454	33	23
Actuarial gains and losses due to changes in:				
Experience	48	(115)	1	(126)
Economic assumption changes	(540)	(3,181)	(22)	(107)
Changes in asset ceiling, excluding amounts included in interest expense	981	837	-	-
Benefits paid	(974)	(983)	(90)	(93)
Total benefit obligation - end of year	**13,701**	**13,475**	**92**	**170**
Change in plan assets				
Fair value - beginning of year	13,695	16,745	-	-
Interest income	1,170	(2,044)	-	-
Employer contributions	-	-	90	93
Plan expenses	(26)	(23)	-	-
Benefits paid	(973)	(983)	(90)	(93)
Total fair value of plan assets - end of year	**13,866**	**13,695**	**-**	**-**
Net defined benefit asset (liability) recognised in Consolidated Statement of Financial Position	**165**	**220**	**(92)**	**(170)**

Amounts recognised in respect of these defined benefit plans:

	Defined benefit pension plan		Medical benefit plan	
	2023	2022	2023	2022
Net benefit cost recognised in Consolidated Statement of Income	$	$	$	$
Current service cost	68	94	-	-
Interest expense	643	454	33	23
Expected return on plan assets	(777)	(510)	-	-
Administrative expense	26	23	-	-
Interest on Effect of Asset Ceiling	115	41	-	-
Total net benefit cost	**75**	**102**	**33**	**23**
Re-measured effects recognised in OCI				
Return on plan assets (excluding amounts included in interest income)	(392)	2,554	-	-
Actuarial gains and losses due to change in:	-	-	-	-
Experience	48	(115)	-	-
Financial assumptions	(540)	(3,181)	1	(126)
Adjustments for restrictions on the defined benefit	866	795	(23)	(107)
Total re-measurement effect	**(18)**	**53**	**(22)**	**(233)**

The service cost and the net-interest expense for the year is included in pension costs in operating expenses in the consolidated statement of income. The re-measurement on the net defined benefit liability is included in the consolidated statement of comprehensive income as part of other comprehensive income.

Asset allocation

The asset allocation and fair values of the plan assets by major category for the defined benefit pension plan is as follows:

	2023		
	Quoted	Unquoted	Total
	$	$	$
Equity and fund investments	3,544	-	3,544
Fixed income instruments	10,430	-	10,430
Real estate	-	171	171
Other	-	(279)	(279)
Total asset allocation	**13,974**	**(108)**	**13,866**

	2022		
	Quoted	Unquoted	Total
	$	$	$
Equity and fund investments	6,175	-	6,175
Fixed income instruments	7,086	-	7,086
Real estate	-	240	240
Other	-	194	194
Total asset allocation	**13,261**	**434**	**13,695**

Risk

Through its defined benefit pension plans and post-employment medical plan, the Group is exposed to a number of risks, the most significant which are detailed below:

Changes in bond yields – a decrease in corporate bonds yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bonds holdings.

Life expectancy – The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particular significant where inflationary increases results in higher sensitivity to changes in life expectancy.

Inflation risk – The pension obligation is linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with equities inflation, meaning that an increase in inflation will also increase the deficit of the plan.

As the Group's defined benefit plan is closed to new entrants, the volatility associated with future service accruals for active members has been limited and will decline over time.

Actuarial assumptions

The significant weighted-average assumptions as of 31 December 2023 and 2022 are:

	Defined benefit pension plan		Medical benefit plan	
	2023	2022	2023	2022
	%	%	%	%
Benefit cost during the year:				
Discount rate	5.25	4.80	5.00	4.50
Rate of compensation increase	3.50	3.30	-	-
Medical claims inflation	-	-	5.00	5.00
Defined benefit obligation at end of year:				
Discount rate	5.25	4.80	5.00	4.50
Compensation increase	4.50	4.30	-	-
Medical claims inflation	-	-	5.00	5.00

The expected return on assets assumption for pension cost purposes is the weighted average of expected long- term asset return assumptions by asset class and is selected from a range of possible future asset returns.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. As the defined benefit plan is closed to new entrants, these assumptions translate into an average life expectancy in years for a pensioner who retired at age 65:

	Defined benefit pension plan		Medical benefit plan	
	2023	2022	2023	2022
	in years	in years	in years	in years
Male	20.61	20.53	20.61	20.53
Female	22.58	22.54	22.58	22.54

Significant judgment is used in setting the assumptions used to calculate the Group's retirement benefit obligations. The sensitivity analyses have been determined based on reasonably possible changes of the significant assumptions occurring at the end of the reporting period. Changes in trend rate assumptions by 1% either direction will change the retirement benefit obligation as follows:

	Defined benefit pension plan		Medical benefit plan	
	Increase	Decrease	Increase	Decrease
	2023	2023	2023	2023
	$	$	$	$
Discount rate	924	1,088	6	6
Compensation increase	36	36	n/a	n/a
Average life expectancy	324	596	6	6

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

For the funded plan, the Group ensures that the investment positions are managed with an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. The Group's ALM objective is to match assets to the pensions obligation by investing in long-term fixed interest securities with maturities that match the benefits payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the process used to manage its risk from previous periods. Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets.

The funding requirements are based on a local actuarial measurement framework. In this framework the discount rate is set on a risk-free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increase should be paid immediately to the fund.

Expected contributions to post-employment benefit plans for the year ending 2024 are $85.

The weighted average duration of the defined benefit obligation is 9.24 years.

The weighted average duration of the medical obligation is 6.31 years.

Future benefit payments

The following table sets forth the expected future benefit payments of the defined pension and medical plan.

	2024	2025	2026	2027	2028-2037
	$	$	$	$	$
Defined benefit pension	1,048	1,081	1,185	1,191	14,852
Medical benefit plan	85	74	61	48	129
Total future payments	**1,133**	**1,155**	**1,246**	**1,239**	**14,981**

18. INVESTMENT CONTRACT LIABILITIES

The composition of investment contract liabilities and the movement in liabilities are shown below:

Composition of investment contract liabilities	2023 $	2022 $
Guaranteed interest pension	323,522	297,112
Term certain annuities	912	1,105
Total Investment contract liabilities	**324,434**	**298,217**

Investment contract liabilities carried at fair value	2023 $	2022 $
At 1 January	298,217	308,075
Contributions	58,959	48,900
Net investment (loss) / income	9,466	(17,742)
Benefits paid	(33,193)	(37,457)
Management fees deducted	(220)	(4)
Net transfers out	(8,795)	(3,555)
Total at 31 December	**324,434**	**298,217**

19. INSURANCE AND REINSURANCE CONTRACTS

The table below analyses the carrying amounts of insurance contracts issued and reinsurance contracts held within the consolidated statement of financial position.

	Note	Long-Duration Life and Annuities under the GMM $	Short-Duration Life and Health under the PAA $	Total $
31 December 2023				
Insurance contracts				
Insurance contract liabilities	A	175,678	20,197	195,875
Reinsurance contracts held				
Reinsurance contracts held assets	A	(655)	(5,450)	(6,105)
Reinsurance contracts held liabilities	A	5,578	-	5,578
31 December 2022 (Restated)				
Insurance contracts				
Insurance contract liabilities	A	166,587	16,348	182,935
Reinsurance contracts held				
Reinsurance contracts held assets	A	-	(4,310)	(4,310)
Reinsurance contracts held liabilities	A	5,479	-	5,479
1 January 2022 (Restated)				
Insurance contracts				
Insurance contract liabilities	A	212,155	16,724	228,879
Reinsurance contracts held				
Reinsurance contracts held assets	A	-	(2,257)	(2,257)
Reinsurance contracts held liabilities	A	7,234	-	7,234

A. Movements in insurance and reinsurance contract balances

The disclosures in this note are for the net insurance contract asset or liability and the net reinsurance held contract asset or liability. Certain reconciliations or other disclosures that are provided for GMM contracts are not required for PAA contracts.

Included within insurance contract liabilities in the consolidated statement of financial position, however excluded from the reconciliations in Note 19 A (i)(a), are amounts in respect of policyholders’ surplus which are disclosed in Note 19 A (i)(c).

i. Long-Duration Life and Annuities under the GMM

a. Insurance contracts

Analysis by remaining coverage and incurred claims

	2023			2022		
	Liabilities for remaining coverage Excluding loss component $	Liabilities for incurred claims $	Total $	Liabilities for remaining coverage Excluding loss component $	Liabilities for incurred claims $	Total $
Opening insurance contract liabilities	**158,477**	**7,547**	**166,024**	**202,667**	**8,665**	**211,332**
Insurance revenue – full retrospective approach	**(175)**	**-**	**(175)**	**(170)**	**-**	**(170)**
CSM recognized for services provided	(60)	-	(60)	(54)	-	(54)
Change in risk adjustment for non-financial risk for risk expired	(3)	-	(3)	(3)	-	(3)
Expected insurance service expenses incurred:	**(112)**	**-**	**(112)**	**(113)**	**-**	**(113)**
Claims	(103)	-	(103)	(103)	-	(103)
Expenses	(9)	-	(9)	(10)	-	(10)
Recovery of insurance acquisition cash flows	-	-	-	-	-	-
Insurance revenue – fair value approach	**(9,079)**	**-**	**(9,079)**	**(8,805)**	**-**	**(8,805)**
CSM recognized for services provided	(1,445)	-	(1,445)	(1,289)	-	(1,289)
Change in risk adjustment for non-financial risk for risk expired	(653)	-	(653)	(669)	-	(669)
Expected insurance service expenses incurred:	**(6,981)**	**-**	**(6,981)**	**(6,847)**	**-**	**(6,847)**
Claims	(5,829)	-	(5,829)	(5,668)	-	(5,668)
Expenses	(1,152)	-	(1,152)	(1,179)	-	(1,179)
Recovery of insurance acquisition cash flows	-	-	-	-	-	-
Insurance revenue – post transition	**(144)**	**-**	**(144)**	**(34)**	**-**	**(34)**
CSM recognized for services provided	(55)	-	(55)	(11)	-	(11)
Change in risk adjustment for non-financial risk for risk expired	(1)	-	(1)	-	-	-
Expected insurance service expenses incurred:	**(87)**	**-**	**(87)**	**(22)**	**-**	**(22)**
Claims	(73)	-	(73)	(18)	-	(18)
Expenses	(14)	-	(14)	(4)	-	(4)
Recovery of insurance acquisition cash flows	(1)	-	(1)	(1)	-	(1)
Total insurance revenue – all transition methods	**(9,398)**	**-**	**(9,398)**	**(9,009)**	**-**	**(9,009)**

Analysis by remaining coverage and incurred claims (Continued)	2023			2022		
	Liabilities for remaining coverage Excluding loss component $	Liabilities for incurred claims $	Total $	Liabilities for remaining coverage Excluding loss component $	Liabilities for incurred claims $	Total $
Insurance service expenses						
Incurred insurance service expenses:	-	**8,950**	8,950	-	**6,698**	6,698
Claims	-	7,722	7,722	-	5,390	5,390
Expenses	-	1,228	1,228	-	1,308	1,308
Other movements related to current service	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	1	-	1	1	-	1
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	(829)	(829)	-	(885)	(885)
Total insurance service expenses	**1**	**8,121**	**8,122**	**1**	**5,813**	**5,814**
Investment components	**(8,758)**	**8,758**	**-**	**(9,145)**	**9,145**	**-**
Total insurance service result	**(18,155)**	**16,879**	**(1,276)**	**(18,153)**	**14,958**	**(3,195)**
Insurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	8,934	155	9,089	(36,674)	161	(36,513)
Total insurance finance income or expense	**8,934**	**155**	**9,089**	**(36,674)**	**161**	**(36,513)**
Total changes in the consolidated statement of income	**(9,221)**	**17,034**	**7,813**	**(54,827)**	**15,119**	**(39,708)**
Cash flows (actual cashflows in the period)						
Premiums and premium tax received	15,879	-	15,879	10,684	-	10,684
Claims and other insurance service expenses paid, including investment components	-	(15,323)	(15,323)	-	(16,237)	(16,237)
Insurance acquisition cash flows	(47)	-	(47)	(47)	-	(47)
Total cash flows	**15,832**	**(15,323)**	**509**	**10,637**	**(16,237)**	**(5,600)**
			-			-
Closing insurance contract liabilities	**165,088**	**9,258**	**174,346**	**158,477**	**7,547**	**166,024**

Analysis by measurement component - contracts not measured under the PAA

	2023					
			CSM			
	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	Full retrospective approach $	Fair value approach $	Post transition $	Total $
Opening insurance contract liabilities	**138,737**	**6,656**	**1,115**	**18,933**	**583**	166,024
Changes that relate to current services	1,673	(561)	(60)	(1,445)	(55)	(448)
CSM recognized for services provided	-	-	(60)	(1,445)	(55)	(1,560)
Change in risk adjustment for non-financial risk for risk expired	-	(561)	-	-	-	(561)
Experience adjustments not related to future service	1,673	-	-	-	-	1,673
Restatement and other changes	-	-	-	-	-	-
Changes that relate to future services	(4,062)	(14)	126	2,312	1,636	(2)
Contracts initially recognised in the year	(1,752)	137	-	-	1,614	(1)
Changes in estimates that adjust the CSM	(2,310)	(151)	126	2,312	22	(1)
Changes that relate to past services	(729)	(97)	-	-	-	(826)
Changes in estimates in LIC fulfilment cash flows	70	-	-	-	-	70
Experience adjustments in claims and other insurance service expenses in LIC	(799)	(97)	-	-	-	(896)
Total insurance service result	**(3,118)**	**(672)**	**66**	**867**	**1,581**	**(1,276)**
Insurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	9,088	515	11	(605)	80	9,089
Total insurance finance income or expense	**9,088**	**515**	**11**	**(605)**	**80**	**9,089**
Total changes in the consolidated statement of income	**5,970**	**(157)**	**77**	**262**	**1,661**	**7,813**
Cash flows (actual cashflows in the period)						
Premiums and premium tax received	15,879	-	-	-	-	15,879
Claims and other insurance service expenses paid, including investment components	(15,323)	-	-	-	-	(15,323)
Insurance acquisition cash flows	(47)	-	-	-	-	(47)
Total cash flows	**509**	**-**	**-**	**-**	**-**	**509**
						-
Closing insurance contract liabilities	**145,216**	**6,499**	**1,192**	**19,195**	**2,244**	**174,346**

Analysis by measurement component - contracts not measured under the PAA

			2022			
			CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Full retrospective approach	Fair value approach	Post transition	Total
	$	$	$	$	$	$
Opening insurance contract liabilities	**182,680**	**9,182**	**1,025**	**18,445**	**-**	211,332
Changes that relate to current services	(382)	(575)	(54)	(1,289)	(11)	(2,311)
CSM recognized for services provided	-	-	(54)	(1,289)	(11)	(1,354)
Change in risk adjustment for non-financial risk for risk expired	-	(575)	-	-	-	(575)
Experience adjustments not related to future service	(382)	-	-	-	-	(382)
Restatement and other changes	-	-	-	-	-	-
Changes that relate to future services	(1,071)	294	128	63	586	-
Contracts initially recognised in the year	(663)	74	-	-	589	-
Changes in estimates that adjust the CSM	(408)	220	128	63	(3)	-
Changes that relate to past services	(793)	(91)	-	-	-	(884)
Changes in estimates in LIC fulfilment cash flows	(21)	1	-	-	-	(20)
Experience adjustments in claims and other insurance service expenses in LIC	(772)	(92)	-	-	-	(864)
Total insurance service result	**(2,246)**	**(372)**	**74**	**(1,226)**	**575**	**(3,195)**
Insurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	(36,097)	(2,154)	16	1,714	8	(36,513)
Total insurance finance income or expense	**(36,097)**	**(2,154)**	**16**	**1,714**	**8**	**(36,513)**
Total changes in the consolidated statement of income	**(38,343)**	**(2,526)**	**90**	**488**	**583**	**(39,708)**
Cash flows (actual cashflows in the period)						
Premiums and premium tax received	10,684	-	-	-	-	10,684
Claims and other insurance service expenses paid, including investment components	(16,237)	-	-	-	-	(16,237)
Insurance acquisition cash flows	(47)	-	-	-	-	(47)
Total cash flows	**(5,600)**	**-**	**-**	**-**	**-**	**(5,600)**
Closing insurance contract liabilities	**138,737**	**6,656**	**1,115**	**18,933**	**583**	**166,024**

i. Long-Duration Life and Annuities under the GMM

b. Reinsurance contracts held

Analysis by remaining coverage and incurred claims

	2023			2022		
	Remaining coverage component Excluding loss-recovery component $	Incurred claims component $	Total $	Remaining coverage component Excluding loss-recovery component $	Incurred claims component $	Total $
Opening reinsurance contact assets	-	-	-	-	-	-
Opening reinsurance contact liabilities	(5,828)	349	(5,479)	(8,780)	1,546	(7,234)
Net opening balance	**(5,828)**	**349**	**(5,479)**	**(8,780)**	**1,546**	**(7,234)**
Allocation of the premiums paid - fair value approach						
CSM recognized for services provided	(179)	-	(179)	(64)	-	(64)
Change in risk adjustment for non-financial risk for risk transferred	(147)	-	(147)	(111)	-	(111)
Expected recoveries of incurred claims and other insurance service expense	(1,024)	-	(1,024)	(979)	-	(979)
Experience adjustment not related to future service	-	-	-	-	-	-
Restatement and other changes	-	-	-	-	-	-
Total allocation of premiums paid	**(1,350)**	**-**	**(1,350)**	**(1,154)**	**-**	**(1,154)**
Amounts recovered from reinsurance						
Recoveries of incurred claims and other insurance service expense	-	1,025	1,025	-	490	490
Changes related to past service (changes related to incurred claims component)	-	(252)	(252)	-	(277)	(277)
Total amounts recovered from reinsurance	**-**	**773**	**773**	**-**	**213**	**213**
Effect of changes in non-performance risk of reinsurers	**-**	**-**	**-**	**-**	**-**	**-**
Total net expenses from reinsurance	**(1,350)**	**773**	**(577)**	**(1,154)**	**213**	**(941)**
Reinsurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	(381)	-	(381)	2,368	-	2,368
Total reinsurance finance income or expense	**(381)**	**-**	**(381)**	**2,368**	**-**	**2,368**
Total changes in the consolidated statement of income	**(1,731)**	**773**	**(958)**	**1,214**	**213**	**1,427**
Cash flows (actual cashflows in the period)						
Premiums and premium tax paid	1,611	-	1,611	1,738	-	1,738
Amounts recovered	-	(97)	(97)	-	(1,410)	(1,410)
Total cash flows	**1,611**	**(97)**	**1,514**	**1,738**	**(1,410)**	**328**
Net closing balance	**(5,948)**	**1,025**	**(4,923)**	**(5,828)**	**349**	**(5,479)**
Closing reinsurance contact assets	(33)	688	655	-	-	-
Closing reinsurance contact liabilities	(5,915)	337	(5,578)	(5,828)	349	(5,479)
Net closing balance	**(5,948)**	**1,025**	**(4,923)**	**(5,828)**	**349**	**(5,479)**

Analysis by measurement component - Contracts not measured under PAA

	2023				2022			
	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	CSM Fair value approach $	Total $	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	CSM Fair value approach $	Total $
Opening reinsurance contact assets	-	-	-	-	-	-	-	-
Opening reinsurance contact liabilities	(7,388)	1,131	778	(5,479)	(7,913)	1,125	(446)	(7,234)
Net opening balance	**(7,388)**	**1,131**	**778**	**(5,479)**	**(7,913)**	**1,125**	**(446)**	**(7,234)**
Changes that relate to current services	**(32)**	**(113)**	**(179)**	(324)	**(524)**	**(76)**	**(64)**	(664)
CSM recognised for services received	-	-	(179)	(179)	-	-	(64)	(64)
Change in risk adjustment for non-financial risk for risk expired	-	(113)	-	(113)	-	(76)	-	(76)
Experience adjustments not related to future service	(32)	-	-	(32)	(524)	-	-	(524)
Restatement and other changes	-	-	-	-	-	-	-	-
Changes that relate to future services	**(866)**	**11**	**855**	-	**(1,407)**	**53**	**1,354**	-
Contracts initially recognised in the year	-	-	-	-	-	-	-	-
Changes in estimates that adjust the CSM	(866)	11	855	-	(1,407)	53	1,354	-
Changes that relate to past services	**(218)**	**(35)**	**-**	(253)	**(244)**	**(33)**	**-**	(277)
Changes in fulfilment cash flows re LIC	39	-	-	39	-	-	-	-
Experience adjustments in claims and other insurance service expenses in LIC	(257)	(35)	-	(292)	(244)	(33)	-	(277)
Effect of changes in non-performance risk of reinsurance	**-**	**-**	**-**	-	**-**	**-**	**-**	-
Total net expenses from reinsurance	**(1,116)**	**(137)**	**676**	**(577)**	**(2,175)**	**(56)**	**1,290**	**(941)**
Reinsurance finance income or expense								
The effect of and changes in time of time value of money and financial risk	(427)	71	(25)	(381)	2,372	62	(66)	2,368
Total reinsurance finance income or expense	**(427)**	**71**	**(25)**	**(381)**	**2,372**	**62**	**(66)**	**2,368**
Total changes in the consolidated statement of income	**(1,543)**	**(66)**	**651**	**(958)**	**197**	**6**	**1,224**	**1,427**
Cash flows								
Premiums and premium tax paid	1,611	-	-	1,611	1,738	-	-	1,738
Amounts recovered	(97)	-	-	(97)	(1,410)	-	-	(1,410)
Total cash flows	**1,514**	**-**	**-**	**1,514**	**328**	**-**	**-**	**328**
Net closing balance	**(7,417)**	**1,065**	**1,429**	**(4,923)**	**(7,388)**	**1,131**	**778**	**(5,479)**
Closing reinsurance contact assets	618	20	17	655	-	-	-	-
Closing reinsurance contact liabilities	(8,035)	1,045	1,412	(5,578)	(7,388)	1,131	778	(5,479)
Net closing balance	**(7,417)**	**1,065**	**1,429**	**(4,923)**	**(7,388)**	**1,131**	**778**	**(5,479)**

i. Long-Duration Life and Annuities under the GMM

c. Policyholders' surplus

Amounts in respect of policyholders' surplus as set out below are included within insurance contract liabilities in the consolidated statement of financial position, however are excluded from the reconciliations in Note 19 A (i)(a):

Policyholders' surplus reconciliation	**2023** **$**	**2022** **$**
Included within insurance contract liabilities for remaining coverage:		
Total policyholders' surplus	1,332	563
Change in policyholders' surplus		
Balance - beginning of year	563	823
Net income after dividends, prior to shareholder attribution	821	56
Attribution to the shareholder of the Group	(52)	(316)
Total policyholders' surplus - end of year	1,332	563

ii. Short-Duration Life and Health under the PAA

a. Insurance contracts

Analysis by remaining coverage and incurred claims

	2023				2022			
	Liabilities for remaining	Liabilities for incurred claims			Liabilities for remaining	Liabilities for incurred claims		
	Excluding loss component $	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	Total $	Excluding loss component $	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	Total $
Opening insurance contract assets	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	-	-	-	-	(4,366)	19,709	1,381	16,724
Net opening balance	**-**	**-**	**-**	-	**(4,366)**	**19,709**	**1,381**	**16,724**
Insurance revenue								
Full retrospective approach	-	-	-	-	-	-	-	-
Post transition	(120,789)	-	-	(120,789)	(110,700)	-	-	(110,700)
Total insurance revenue - all transition methods	**(120,789)**	**-**	**-**	(120,789)	**(110,700)**	**-**	**-**	(110,700)
Insurance service expenses								
Incurred insurance service expenses:	-	117,891	7,433	125,324	-	97,548	5,884	103,432
Claims	-	110,977	7,433	118,410	-	90,384	5,884	96,268
Expenses	-	6,914	-	6,914	-	7,164	-	7,164
Other movements related to current service	-	-	(6,145)	(6,145)	-	-	(4,914)	(4,914)
Amortisation of insurance acquisition cash flows	1,482	-	-	1,482	1,602	-	-	1,602
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	1,385	(1,088)	297	-	696	(724)	(28)
Total insurance service expenses	**1,482**	**119,276**	**200**	120,958	**1,602**	**98,244**	**246**	100,092
Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total insurance service result	**(119,336)**	**119,315**	**200**	**179**	**(109,098)**	**98,244**	**246**	**(10,608)**
Net reinsurance finance income or expense								
The effect of and changes in time of time value of money and financial risk	-	178	15	193	-	(104)	(6)	(110)
Total net reinsurance finance income or expense	**-**	**178**	**15**	**193**	**-**	**(104)**	**(6)**	**(110)**
Total changes in the consolidated statement of income	**(119,336)**	**119,493**	**215**	**372**	**(109,098)**	**98,140**	**240**	**(10,718)**
Cash flows (actual cashflows in the period)								
Premiums and premium tax received	119,703	-	-	119,703	108,461	-	-	108,461
Claims and other insurance service expenses paid, including investment components	-	(114,744)	-	(114,744)	-	(96,517)	-	(96,517)
Insurance acquisition cash flows	(1,482)	-	-	(1,482)	(1,602)	-	-	(1,602)
Total cash flows	**118,221**	**(114,744)**	**-**	**3,477**	**106,859**	**(96,517)**	**-**	**10,342**
Net closing balance	**(1,115)**	**4,749**	**215**	**3,849**	**(6,605)**	**21,332**	**1,621**	**16,348**

ii. Short-Duration Life and Health under the PAA

b. Reinsurance contracts held

Analysis by remaining coverage and incurred claims

	2023				2022			
	Remaining coverage component	Incurred claims component			Remaining coverage component	Incurred claims component		
	Excluding loss component $	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	Total $	Excluding loss component $	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	Total $
Opening reinsurance contract held assets	(1,203)	5,407	106	4,310	(649)	2,794	112	2,257
Opening reinsurance contract held liabilities	-	-	-	-	-	-	-	-
Net opening balance	**(1,203)**	**5,407**	**106**	**4,310**	**(649)**	**2,794**	**112**	**2,257**
Total allocation of premiums paid	**(8,723)**	-	-	(8,723)	**(7,438)**	-	-	(7,438)
Amounts recovered from reinsurance								-
Recoveries of incurred claims and other insurance service expense	-	7,046	131	7,177	-	5,712	89	5,801
Changes related to past service (changes related to incurred claims component)	-	(255)	(60)	(315)	-	(443)	(93)	(536)
Total amounts recovered from reinsurance	**-**	**6,791**	**71**	**6,862**	**-**	**5,269**	**(4)**	**5,265**
Investment components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-					
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-	-	-
	-	-	-					
Total net expenses from reinsurance	**(8,723)**	**6,791**	**71**	**(1,861)**	**(7,438)**	**5,269**	**(4)**	**(2,173)**
	-	-	-					
Net reinsurance finance income or expense								-
The effect of and changes in time of time value of money and financial risk	-	72	6	78	-	(46)	(2)	(48)
Total net reinsurance finance income or expense	**-**	**72**	**6**	**78**	**-**	**(46)**	**(2)**	**(48)**
Total changes in the consolidated statement of income	**(8,723)**	**6,863**	**77**	**(1,783)**	**(7,438)**	**5,223**	**(6)**	**(2,221)**
Cash flows (actual cashflows in the period)								-
Premiums and premium tax paid	9,032	-	-	9,032	6,884	-	-	6,884
Amounts recovered	-	(6,109)	-	(6,109)	-	(2,610)	-	(2,610)
Total cash flows	**9,032**	**(6,109)**	**-**	**2,923**	**6,884**	**(2,610)**	**-**	**4,274**
Net closing balance	**(894)**	**6,161**	**183**	**5,450**	**(1,203)**	**5,407**	**106**	**4,310**
Closing reinsurance contract held assets	(894)	6,161	183	5,450	(1,203)	5,407	106	4,310
Closing reinsurance contract held liabilities	-	-	-	-	-	-	-	-
Net closing balance	**(894)**	**6,161**	**183**	**5,450**	**(1,203)**	**5,407**	**106**	**4,310**

B. Effect of contracts initially recognised in the year

The following tables summarize the effect on the measurement components arising from the initial recognition of insurance contracts not measured under the PAA during the year:

Long-Duration Life and Annuities under the GMM

a. Insurance contracts

2023	**Profitable contracts issued $**
Claims and other insurance service expenses payable	7,797
Insurance acquisition cash flows	46
Estimates of present value of cash outflows	7,843
Estimates of present value of cash inflows	(9,594)
Risk adjustment for non-financial risk	137
CSM	1,614
Increase in insurance contract liabilities from contracts recognised during the year	-

2022	**Profitable contracts issued $**
Claims and other insurance service expenses payable	3,362
Insurance acquisition cash flows	31
Estimates of present value of cash outflows	3,393
Estimates of present value of cash inflows	(4,056)
Risk adjustment for non-financial risk	74
CSM	589
Increase in insurance contract liabilities from contracts recognised during the year	-

C. Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in the consolidated statement of income after the reporting date for contracts not measured under the PAA:

Long-Duration Life and Annuities under the GMM

Projected recognition of the CSM into net income - as at 31 December 2023 ($)

	All years	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
Insurance contracts issued	22,631	1,490	1,369	1,270	1,178	1,109	4,704	11,511
Reinsurance contracts held	(1,429)	(166)	(144)	(125)	(109)	(98)	(362)	(425)
TOTAL	**21,202**	**1,324**	**1,225**	**1,145**	**1,069**	**1,011**	**4,342**	**11,086**

Projected recognition of the CSM into net income - as at 31 December 2022 ($)

	All years	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
Insurance contracts issued	20,631	1,321	1,241	1,151	1,073	997	4,224	10,624
Reinsurance contracts held	(778)	(86)	(77)	(67)	(58)	(51)	(192)	(247)
TOTAL	**19,853**	**1,235**	**1,164**	**1,084**	**1,015**	**946**	**4,032**	**10,377**

D. Significant judgments and estimates for insurance and reinsurance contracts

i. Fulfilment cash flows
Fulfilment cash flows comprise:
- estimates of future cash flows (see a. below);
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows (see c. below); and
- a risk adjustment for non-financial risk (see d. below).

a. Estimates of future cash flows
In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience.

When estimating future cash flows, the Group considers current expectations of future events that might affect those cash flows, including expected inflation. Estimates of any relevant market variables are consistent with observable market prices when available.

Cash flows include premiums received from policyholders, payments to (or on behalf of) policyholders, insurance acquisition costs, and other directly attributable costs that are incurred in issuing and fulfilling contracts.

Acquisition costs may be internal or external. Internal acquisition costs are derived from cost and time studies.
If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio, but not to a group of contracts, then they are allocated to groups in the

b. Actuarial assumptions
Actuarial assumptions are discussed in Note 4C.

c. Discount rates
Current rates are used to discount expected cash flows occurring after the reporting date.
These discount rates reflect the time value of money and the liquidity characteristics of the future cash flows.

A discount curve is established to align the rates to the expected timing of the future cash flows.
Part of the discount curve is based on available market information (this referred to as the observable period), while the remainder of the curve is determined using extrapolation techniques (this is the unobservable period).

The Group uses a top-down approach to determine the discount curves. Under this approach, the discount rates are determined as the yields implicit in the fair value of a notional reference portfolio of assets, adjusted for expected and unexpected credit losses. The reference portfolio for comprises a mix of fixed income instruments, structured securities and mortgages, with a range of maturities and levels of credit risk.

Within the observable period, interpolation is applied to derive rates for non-available term structures that are reflective of current market conditions. Extrapolation, using the Smith-Wilson method, from the last available term structure is used to derive the ultimate rate of return.

The yields from the reference portfolio were adjusted to remove both expected and unexpected credit risk. These adjustments were estimated using information from observed historical levels of default and external, credible studies of default risk which are published annually.

The following tables provide a summary of the spot discount curves used to present value cash flows that do not vary based on the returns on underlying items for all major products:

As at 31 December 2023:	**1 year**	**5 years**	**10 years**	**30 years**	**Ultimate**
All products	4.80%	4.46%	4.55%	4.94%	4.34%

As at 31 December 2022:	**1 year**	**5 years**	**10 years**	**30 years**	**Ultimate**
All products	4.62%	4.64%	4.84%	4.83%	4.29%

d. Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and is the compensation the Group requires for bearing uncertainties arising from non- financial risks (such as mortality, morbidity, and lapse risk) that affect the amount and timing of cash outflows required to fulfil insurance contracts.

For life insurance, the risk adjustment is determined using a margin approach. This approach utilizes margin percentages to adjust individual best-estimate non-financial assumptions. Where relevant, the percentages determined at the legal entity level are applied to each non-financial assumption to determine the risk adjustment at the contract level.

In determining the risk adjustment, the Group considers both favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion.

Diversification benefits are incorporated into the calculations at the legal entity level.

The Group does not consider the effect of reinsurance in determining the risk adjustment for non-financial risk on underlying insurance contracts - rather the risk adjustment for reinsurance held is included in the measurement of the reinsurance contract asset or liability and represents the risk transferred to the reinsurer.

The risk adjustment for reinsurance held is calculated using the same methodologies as for the underlying contracts.

The RA for insurance contracts issued and reinsurance contracts held corresponds to a confidence level of approximately 80-85% overall.

ii. Contractual service margin

a. Determination of coverage units
See also Note 2 (L).
The Group determines the quantity of the benefits provided under each contract as follows.

Contract type	Basis for determining coverage units
Contracts providing periodic benefits	Periodic benefit payout amounts
Contracts providing lump sum benefits	Actual face value of benefit amounts
Contracts providing both periodic and lump sum benefits	Weighted average sum of the expected present value of the periodic benefit payout amounts

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of the benefits provided by insurance coverage and investment services, the Group generally considers the selling prices for the services had they been offered on a stand-alone basis and adjusts the quantity of benefits for each service in proportion to those stand-alone selling prices. The stand-alone selling price for a service may be evidenced by observable prices when the Group sells that service separately to policyholders with similar characteristics.

An analysis of the expected timing of the allocation of the CSM to the consolidated statement of income is disclosed in Note 19C.

20. EQUITY

	2023 $	2022 $
Authorised, issued and fully paid - 2023 – 2,500,000 (2022 – 2,500,000) common share of par value of $1 each	2,500	2,500

Common shares in issue in the Group rank with any new common shares issued in the Group. All the common shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Group.

21. OTHER INCOME

	2023 $	2022 $
Fee income from service contracts:		
Pension administration asset based income	10,800	9,437
Administrative services and other fees	394	443
Total other income	**11,194**	**9,880**

22. OPERATING EXPENSES

	2023 $	2022 $
Wages and salaries	8,325	8,996
Professional and consulting fees*	1,373	1,615
Post retirement benefit costs	412	423
IT maintenance contracts	24	42
Advertising and business development	300	338
Bank charges and foreign currency purchase tax	324	485
Office rent, building and utilities costs	118	334
Share expense	185	209
Compliance, legal and regulatory	1,193	1,072
Office and administration expenses	63	61
Travel	55	22
Bad debt	186	(34)
Memberships and subscriptions	42	33
Training and development	17	14
Allocation of group expenses	14,019	14,507
Other	42	30
Total operating expenses	**26,678**	**28,147**

	2023	2022
Represented by:		
Insurance service expenses within the consolidated statement of income		
Amounts attributed to insurance acquisition cash flows	1,319	1,390
Other directly attributable insurance service expenses	6,711	7,043
Other operating expenses within the consolidated statement of income	**18,648**	**19,714**
Total operating expenses	26,678	28,147

23. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

	As at December 31	
	2023	2022
	$	$
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of retirement benefit obligation		
Balance - beginning of year	(314)	(494)
Re-measurement of retirement benefit obligation	40	180
Balance - end of year	(274)	(314)

24. RELATED PARTIES

Key management personnel have been defined as the executive team and the Board of Directors of the Group and its Parent. The following transactions were carried out with key management:

A. Sales of insurance contracts and other services

	2023 $	2022 $
Sales of insurance contracts and pension services:		
- Key management	38	84

B. Key management compensation

The following table shows compensation to key management:

	2023 $	2022 $
Salaries and other short-term employee benefits	489	420
Post-employment benefits	23	19
Share based payments	92	75
Total	**604**	**514**

C. Loans to related parties

Loans are extended to key management of the Group and its Parent (and their families) and to companies related to key management. Mortgage terms are typically no more than 20 years in duration and interest rates are consistent with rates charged by the Group to non-related parties.

	2023 $	2022 $
At 1 January	4,301	3,527
Adjustment for changes in key management	(2,246)	-
Loans advances / (repayments)	(178)	271
Interest charges	91	503
Total at 31 December	**1,968**	**4,301**

D. Related party transactions

i) Included in revenue and expenses for the year ended 31 December 2023 are Corporate recharges direct from the Parent company or its subsidiaries of $12,930 (2022 – $14,507). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ii) At the end of the year, the amounts due to or from related parties are:

	2023 $	2022 $
Due from related parties:		
Direct Parent company	12,163	-
	12,163	**-**
Due from related parties:		
Wholly-owned subsidiaries of the Parent company	-	5,414
	-	**5,414**

Included in amounts due to or from the Parent company or wholly-owned subsidiaries of the Parent company at 31 December 2023 are advances to the Parent Company of $12,163 (2022 – $nil) which are interest free and are repayable upon demand. These advances will be forgiven as dividends are declared to the Parent Company.

All remaining amounts due from and to affiliated companies arise during the normal course of business, are non-interest bearing and are repayable upon demand.

25. COMMITMENTS AND CONTINGENCIES

A. Operating Leases

The Group has entered into a commercial lease with a renewable option on office space. The minimum future lease payments payable under non-cancellable leases are as follows:

	2023 $	2022 $
No later than 1 year	-	24
Total	**-**	**24**

B. Contingencies

The Group from time to time subject to legal actions arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty and it is possible that an adverse resolution could have a material effect on the consolidated financial statements of the Group.

26. SUBSEQUENT EVENTS

A. Dividend

On March 21, 2024 the Group declared a dividend to be paid to BF&M in the amount of $5,000.