General Reinsurance Life Australia Ltd.

(ABN 73 002 166 869)

Financial Report for the Financial Year ended 31 December 2022

A Berkshire Hathaway Company

CONTENTS

DIRECTORS' REPORT

The Directors present their report together with the annual financial report for the financial year ended 31 December 2022 and the auditor's report thereon. In order to comply with the Corporations Act 2001, the Directors report as follows:

Directors

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

Kathryn J McCann (commenced as Chairperson 19 August 2016)
Keith Scott (commenced 1 January 2017)
Stephen Ferguson (commenced 18 November 2021)
Andrew Gifford (commenced 1 July 2020)
James Louw (commenced 6 May 2020)

Name and qualifications	*Experience and special responsibilities*
Kathryn J McCann B.App.Sci (Computing Science), MBA, MAICD - Chair of the Board - Non-Executive Director - Member of Board Audit Committee - Member of Board Risk Committee - Member of Board Remuneration Committee	Ms McCann has over 32 years' experience in the finance and business management industry. She is a director of Astro Japan Property Group Limited and General Reinsurance Life Australia Ltd. She holds a Master of Business Administration degree and held the position of Principal of a major management consulting firm up to 2002. Director since August 2006 and a member of the Board Audit Committee since November 2006. She was appointed as Chair of the Board effective 19 August 2016.
Keith Scott FAICD, FCII, MA (Cantab) - Non-Executive Director - Chair of Board Risk Committee - Chair of Board Remuneration Committee - Member of Board Audit Committee	Mr Scott has over 21 years' board level experience across the Australian and Asian insurance markets following extensive international executive reinsurance experience with Swiss Re. He was appointed to the Board in January 2017 and also holds the positions of Independent Director at Insurance Manufacturers of Australia Pty Limited and Non Executive Director of Blue Life Insurance Company Limited (Hong Kong). He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Insurance Institute, London.
Stephen Ferguson CA, BCom-Accg, GAICD - Non-Executive Director - Chair of Board Audit Committee - Member of Board Risk Committee - Member of Board Remuneration	Mr Ferguson's executive experience over a period of 29 years has included consulting for a diverse range of industries including banking, capital markets, retail and consumer products, superannuation, insurance, and chartered accounting. He has held many roles in the Audit and Assurance function of Ernst & Young, the last 5 years of that time as Asia Pacific Financial Services Accounts Leader - Deputy Managing Partner. He was appointed to the Board on 18 November 2021 and is the chair of the Board Audit Committee. Mr Ferguson currently also holds Director roles at Bank Australia, Parkinson's Australia Inc, and is CFO for a Not-For-Profit organisation BackTrack Youth Works helping vulnerable youth find opportunities in learning, training, and employment.
Andrew Gifford B.A., JD	Mr Gifford is a member of the Bar of the State of Illinois and is an authorised house counsel in the State of Connecticut. Prior to joining the Gen Re group in 2012, Mr. Gifford was a partner with the law firms Locke Lord Bissell & Liddell LLP and DLA Piper LLP where he handled a wide range of matters, including litigation, for financial and professional services firms. At Gen Re, Mr Gifford has held various roles in the Global Legal Department and is currently Gen Re's Global General Counsel and Corporate Secretary. He is also a director for various Gen Re group entities, including the group holding company General Re Corporation and the group's largest regulated entity General Reinsurance Corporation, and sits on the group Audit and Risk Committees. Mr. Gifford is a graduate of the University of Michigan Law School where he received a Juris Doctorate degree.
James Louw BSc, FIA – Managing Director	Mr Louw has worked for the Gen Re Group since 2001 in various capacities. He joined Gen Re Life Australia in 2008, and was previously the Regional Chief Actuary. He was appointed to the Board as Managing Director effective 6 May 2020.

DIRECTORS' REPORT (continued)

Meetings of directors

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the directors of the company during the financial year ended 31 December 2022 are:

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

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

Company secretaries

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

Nicholas Thayer (appointed 9 September 2022)
Peter Keller (appointed 19 October 2022)
Scott Unterrheiner (appointed 14 November 2017, resigned 19 October 2022)

Name and qualifications	*Experience and special responsibilities*
Nicholas Thayer B.Com, CA	Mr Thayer has been employed by Gen Re for 16 years. He is currently the Corporate General Manager for Australia and New Zealand, and previously held roles as the Global Internal Audit Director and International Audit Manager in Germany. Prior to joining Gen Re he worked in various roles within the financial services industry in London.
Peter Keller Diploma (Mathematics and Business Administration)	Mr Keller has been employed by Gen Re for 2 years. He is currently the Chief Risk and Compliance Officer for Australia and New Zealand. Prior to joining Gen Re he worked in various risk and compliance roles within the financial services industry in Sydney, London and in Germany.
Scott Unterrheiner B.Com, CA	Mr Unterrheiner was employed by Gen Re for 10 years. While employed at Gen Re, he was the Chief Financial Officer for Australia and New Zealand, and previously held roles as the Asia Pacific Chief Risk Officer, and Finance Manager for Australia and New Zealand. Prior to joining Gen Re he worked in various roles within the financial services industry in both Sydney and London.

Principal activities

The principal activity of the company is reinsurance underwriting.

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

Review of operations

Operating Results
The net profit of the company for the year, after provision for income tax, amounted to $4,096,000 compared with the 2021 profit of $6,487,000.

Dividends
No dividend was declared or paid during 2022 (2021: $NIL).

State of affairs

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

DIRECTORS' REPORT (continued)

Events subsequent to balance date

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

Indemnification of officers and auditors

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

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

Likely developments

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

Environmental regulation

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

Rounding of amounts to nearest thousand dollars

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

Acknowledgements

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

Auditor's independence declaration

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

Approval

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001 on 21 March

On behalf of the Directors:

Kate McCann

K.J. McCann
Chair

J. Louw
Managing Director

Sydney, 21 March 2023

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
General Reinsurance Life Australia Ltd.
Level 20, 1 O'Connell Street
Sydney NSW 2000

21 March 2023

Dear Board Members

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

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

As lead audit partner for the audit of the financial report of General Reinsurance Life Australia Ltd. for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Gaudreault

David Gaudreault
Partner
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Premium revenue		660,239	591,406
Outwards reinsurance expense		(278,255)	(281,989)
Net premium revenue	7(a)	**381,984**	**309,417**
Claims expense		(409,857)	(377,724)
Reinsurance and other recoveries		141,144	144,037
Net claims incurred	7(b)	**(268,713)**	**(233,687)**
Other income	7(a)	3,772	3,448
Change in life insurance contract policy liabilities	19(a)	(7,452)	(4,287)
Policy acquisition costs	7(c)	(71,497)	(47,020)
General and administration expenses	7(d)	(22,474)	(16,837)
Net underwriting profit		**15,620**	**11,034**
Interest income		15,553	8,317
Net investment losses		(23,780)	(9,429)
Investment expenses		(651)	(576)
Net investment income	7(e)	**(8,878)**	**(1,688)**
Profit before income tax		**6,742**	**9,346**
Income tax expense on profit	8(a)	(2,646)	(2,859)
Profit after income tax	9	**4,096**	**6,487**
Items that may be reclassified subsequently to profit/loss		-	-
Items that will not be reclassified subsequently to profit/loss		-	-
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the shareholders of the company		**4,096**	**6,487**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Contributed Equity	Retained Earnings	Total
		$'000	$'000	$'000
For the financial year ended 31 December 2022				
Balance at 1 January		169,632	110,491	280,123
Equity issued		-	-	-
Total comprehensive income for the year		-	4,096	4,096
Balance at 31 December	5	**169,632**	**114,587**	**284,219**
For the financial year ended 31 December 2021		$'000	$'000	$'000
Balance at 1 January		169,632	104,004	273,636
Equity issued		-	-	-
Total comprehensive loss for the year		-	6,487	6,487
Balance at 31 December	5	**169,632**	**110,491**	**280,123**

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Assets			
Cash and cash equivalents	10	77,617	57,380
Investments	14	1,436,845	1,409,854
Receivables	11	79,339	46,784
Other assets	13	13,050	15,483
Reinsurance recoverable	12	53,943	60,081
Deferred tax assets	8(b)	8,709	1,492
Life insurance contract policy liabilities ceded under reinsurance	19(a)	173,342	176,264
Total assets		**1,842,845**	**1,767,338**
Liabilities			
Outstanding claims	15	168,701	98,591
Other payables	16	61,102	96,801
Reinsurance funds held	17	412,569	379,353
Provisions	18	3,360	1,612
Current tax liabilities	8(a)	1,392	3,558
Deferred tax liabilities	8(b)	6,524	5,513
Life insurance contract policy liabilities	19(a)	904,978	901,787
Total liabilities		**1,558,626**	**1,487,215**
Net assets		**284,219**	**280,123**
Equity			
Contributed equity	22	169,632	169,632
Retained earnings		114,587	110,491
Total equity		**284,219**	**280,123**

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Premiums received		556,566	494,206
Outwards reinsurance paid		(300,514)	(249,919)
Claims paid		(340,126)	(387,217)
Reinsurance recoveries received		165,330	183,930
Other income received		6,463	4,522
Payments (to)/from cedants, employees and suppliers		(21,286)	119,734
Interest received		56,819	46,192
Investment expenses paid		(651)	(576)
Income tax paid		(10,651)	(6,007)
Net cash provided by operating activities	25	**111,950**	**204,865**
Cash flows from investing activities			
Payments for purchase of investments		(964,505)	(1,057,824)
Proceeds from sale/maturity of investments		872,469	540,585
Net cash used in investing activities		**(92,036)**	**(517,239)**
Cash flows from financing activities			
Capital injection		-	-
Net cash provided by financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents during the financial year		19,914	(312,374)
Cash and cash equivalents at beginning of financial year		57,380	369,499
Exchange fluctuations on cash and cash equivalents held in foreign currencies		323	255
Cash and cash equivalents at end of financial year	10	**77,617**	**57,380**

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

This general purpose financial report has been prepared in accordance with applicable Accounting Standards and Interpretations, the Corporations Act 2001 and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

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

The financial statements were authorised for issue by the Directors on 21 March 2023.

Basis of preparation

The financial report has been prepared in accordance with the historical cost convention, except for financial assets which are stated at fair value and provisions for outstanding claims and life insurance contract liabilities which have been inflation adjusted and discounted as required by the Accounting Standard AASB 1038 "Life Insurance Contracts".

Prior period reclassifications

A number of prior year balances have been reclassified in the prior year comparative (2021). These relate to the following points:

- Certain reclassifications to align the presentation of the company with AASB reporting requirements.
- Correction of matters that are not deemed to be material.

These changes have not resulted in changes in net profit, net assets and net cash flow.

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. There have been no significant changes to accounting policies during the financial year. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of Life Insurance contract business

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

Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). Insurance contracts include those where the insured benefits are payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness.

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

(b) Outstanding claims

Provision is made for the estimated cost of all unsettled lump sum claims.

The outstanding claims liability includes a margin that relates to the inherent uncertainty in the central estimate. The margin has been actuarially determined based on past experience and industry practice to ensure realistic provisioning for outstanding claims.

The outstanding claims liability includes the effect of inflation on the ultimate claim amount and is discounted for investment income using a risk free rate. The details of discount and inflation rates applied are included in Note 3(c).

Reserves for claims incurred but not reported and claims considered likely to arise are included in the actuarial valuation of policy liabilities as discussed in Note 3.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Basis of expense apportionment

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

Policy acquisition costs are the fixed and variable costs of acquiring new business. They include commission and similar distribution costs. The actual acquisition costs incurred are recorded in Note 7(c).

Apportionment under Part 6, Division 2 of the Life Act has been made as follows:

- Expenses directly identifiable with the Statutory Funds and the Shareholder's Fund have been recorded in the appropriate fund as incurred.
- Statutory Funds and the Shareholder's Fund on a predetermined rate based on the estimated time spent on matters relating to each fund.

(d) Policy liabilities

Policy liabilities consist of life insurance contract liabilities.

The value of life insurance contract liabilities is calculated using the Margin on Services methodology. Under this methodology, planned profit margins and an estimate of future liabilities are calculated separately for each related product group using best estimate assumptions at each reporting date. Profit margins are released over each reporting period in line with the services that have been provided. The balance of the planned profits is deferred by including them in the value of policy liabilities. Further details of the actuarial assumptions used in these calculations are set out in Note 3.

(e) Assets backing policy liabilities

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

Restrictions on assets

Investments held in the life insurance statutory funds can only be used within the restrictions imposed under the Life Act. The main restrictions are that the assets in a fund can only be used to meet the liabilities and expenses of that fund, to acquire investments to further the business of the fund, or as distributions.

(f) Outwards reinsurance

Premiums ceded to reinsurers are recognised as an expense in accordance with the recognition (or earning) pattern of reinsurance services rendered. Accordingly, a portion of outward reinsurance premiums is treated as a prepayment at balance date, where appropriate.

(g) Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid and outstanding claims are recognised as revenue. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as for outstanding claims liability.

(h) Premiums

Inward reinsurance premiums comprise amounts charged to the ceding company, excluding amounts collected on behalf of third parties. The earned portion of premiums received and receivable is recognised as revenue in Profit or Loss over the period of indemnity. Premiums in relation to unclosed business have been brought to account and are based on historical data.

Refunds of premiums arising under contractual obligations are accounted for as a reduction in premium income.

(i) Unearned premiums

Unearned premium represents the portion of premium that relates to the unexpired terms of contracts. Unearned premiums are earned during the period to which the premiums relate.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(j) Investments

Financial assets are classified at fair value through Profit or Loss. Initial recognition and subsequent measurement is at fair value. Unrealised gains and losses on subsequent measurement to fair value are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Fair value is determined as follows:

- Cash and cash equivalents are carried at face value of the amounts deposited or drawn. The carrying amounts of cash and cash equivalents approximate to their fair value. For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand.
- Level 1 fixed interest securities are carried at fair value represented by the quoted market value at balance date.

(k) Deferred acquisition costs

The company adopts the practice of deferring to the following accounting periods, expenses and levies directly related to premium income. The costs incurred in acquiring specific life insurance contracts include commission payments and similar distribution costs. The policy liabilities takes into account the deferral and future recovery of acquisition costs, resulting in policy liabilities being lower than otherwise determined, with those costs being amortised over the period that they will be recoverable. The deferred amounts are recognised in the Statement of Financial Position as a reduction in life contract policy insurance liabilities and are amortised through the Statement of Profit or Loss and Other Comprehensive Income over the expected duration of the relevant policies.

The acquisition costs deferred are determined as the lesser of actual costs incurred and the allowance for the recovery of those costs from the premiums or policy charges (as appropriate for each policy class), subject to an overall limit that the value of future profits at inception cannot be negative (acquisition losses are recognised at inception to the extent the latter situation arises).

(l) Foreign currency

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

(m) Income tax

Current tax

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

Deferred tax

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

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

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

Tax consolidation

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

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

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(m) Income tax (continued)

Tax consolidation (continued)

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

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

(n) Receivables and revenue recognition

Receivables are recognised as follows:

- Premium receivables are recognised in accordance with AASB 1038 "*Life Insurance Contracts*".
- Income receivable on financing and investment activities is accrued using the effective interest method.
- Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(o) Accounts payable

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

(p) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Examples of evidence that may indicate a review of collectability are bankruptcy of counterparties, disputes with counterparties or non-collection for over 180 days.

(q) Provision for employment entitlements

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

Salaries and annual leave

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

Long service leave

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

(r) Superannuation

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(s) Goods and services tax

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

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

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

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

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

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

Standard	*Effective for annual reporting periods beginning on or after*	*Expected to be initially applied in the financial year ending*
AASB 9 'Financial Instruments' and the relevant amending standards	1 January 2018*	31 December 2018*
AASB 17 'Insurance Contracts'	1 January 2018*	31 December 2018*
*AASB 2020-5 "Amendments to Australian Accounting Standards – Insurance Contracts"	*Defers the application of AASB 17 and AASB 9 (eligible insurers only) to 1 January 2023	31 December 2023
AASB 2021-2 "Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates"	1 January 2023	31 December 2023
AASB 2021-5 "Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	1 January 2023	31 December 2023
AASB 2022-1 "Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information"	1 January 2023	31 December 2023

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

AASB 9 'Financial Instruments' and the relevant amending standards
AASB 9 was issued during 2014 and replaces existing accounting requirements for financial instruments. Accounting standards currently permit deferral of adoption of AASB 9 to 1 January 2021; however, the International Accounting Standards Board has decided to extend this to 1 January 2023 for companies also adopting AASB 17.

The company has elected to apply this temporary exemption as it meets the following relevant criteria:

- the carrying amount of the company's insurance liabilities within the scope of AASB 1038 (being outstanding claims and Life insurance contract policy liabilities) exceed 80% of the carrying amount of the Company's total liabilities; and
- the company does not engage in any significant activity unconnected with insurance, on the basis that its business is almost exclusively in the nature of issuing reinsurance protection and deriving a return from the investment of insurance premiums.

The following information is provided to assist users in comparing the company's financial statements with entities which have adopted AASB 9:

Impact on financial assets
The company's investments are currently designated as fair value through profit or loss on initial recognition and are subsequently remeasured to fair value at each reporting date, reflecting the company's business model for managing and evaluating the investment portfolio. Adoption of AASB 9 does not result in any changes to accounting for these investments.

Financial assets within the scope of AASB 1038, such as premiums receivable and reinsurance and other recoveries on paid claims, which together form the majority of the carrying value of the company's trade and other receivables, as well as reinsurance recoverable are outside the scope of AASB 9 and are unaffected by the new requirements. Trade and other receivables also includes other financial assets with a relatively small carrying value which are measured at amortised cost, all of which are receivable within 12 months. The application of AASB 9 will not materially impact these balances.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES (continued)

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

AASB 9 'Financial Instruments' and the relevant amending standards (continued)

Impact on financial liabilities

Financial liabilities within the scope of AASB 1038, such as outstanding claims and Life insurance contract policy liabilities, are outside the scope of AASB 9 and are therefore unaffected by the new requirements. Trade and other payables also includes other financial liabilities measured at amortised cost arising from the company's activities, the accounting for which is materially unchanged by AASB 9.

Except for AASB 17, the company anticipates that the application of the new standards and amendments to Australian Accounting Standards listed above will have no material impact on the financial statements.

AASB 17 'Insurance Contracts'

In July 2017, the AASB issued AASB 17 Insurance Contracts (AASB 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure of insurance contracts and replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. AASB 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

Implementation of AASB 17 is effective for reporting periods beginning on or after 1 January 2023. The company will first report using AASB 17 for the year ending 31 December 2023, providing comparatives for 2022.

Measurement of insurance contracts

Measurement models

The core of AASB 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features, the variable fee approach.
- A simplified approach, the premium allocation approach, for short-duration contracts.

The company has elected to use the general model for all treaties it enters.

Level of aggregation of insurance contracts

AASB 17 requires insurance contracts to be grouped to determine the level of detail which reinsurance and retrocession assets and liabilities are aggregated on the balance sheet. This is the basis for determining contract groups and ultimately onerous (loss making) contracts. The level of aggregation used by the company is at a treaty level. The company has developed a model to calculate if any treaty is onerous at transition and subsequently each quarter. Onerous contract losses are measured based on an estimation of fulfilment cash flows and are recognised in profit or loss.

Risk adjustment

The measurement of insurance contract liabilities will include a risk adjustment which replaces the risk margin under AASB 1038. The risk adjustment under AASB 17 is defined as the compensation required for bearing the uncertainty that arises from non-financial risk. The company will use the confidence level approach to determine a risk adjustment that is calibrated to the 75% confidence interval and intends to apply a loading of cost of claims. Similar to the risk margin, the risk adjustment includes the benefit of diversification. AASB 17 requires the disclosure of the confidence level that corresponds to the risk adjustment used in the measurement of insurance contract liabilities.

Discount rates

AASB 17 requires estimates of future cash flows to be discounted to reflect the time value of money and financial risks related to those cash flows but does not prescribe a methodology for determining the discount rates used. The company will use Australian Government or New Zealand Government Bond rates by cashflow duration (i.e. risk free yield with no adjustment for illiquidity).

Transition

AASB 17 will be applied retrospectively to all of the company's insurance contracts on transition except to the extent that it is impracticable to do so, in which case either a modified retrospective or fair value approach may be applied.

Implementation progress

The company's implementation project is nearing completion. Final testing of valuation and disclosure tools will be completed during 2023. Specific accounting policies determined and implemented into the data transition, calculation engines, and reporting tools have been selected. The company has responded to all requests for information from regulators.

Disclosures

Corresponding with the change in valuation methodology, adoption of AASB 17 will significantly impact the disclosures and layout of the financial statements. The AASB 17 profit or loss will present an insurance service result, being insurance revenue less insurance service expense, no longer showing premium revenue, claims expense and acquisition costs required by AASB 1038. The AASB 17 statement of financial position will apportion between insurance, and reinsurance, contracts that are assets and liabilities, changing from reinsurance recoveries, claims liabilities, unearned premium disclosures under AASB 1038.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES (continued)

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

AASB 17 'Insurance Contracts' (continued)

Financial impact

The company's advice from regulators is generally that capital adequacy and risk based capital calculations will be recalibrated to result in the same overall capital requirements.

The financial impact expected from the change in accounting standards are known and understood in principle, final communication from regulators and taxation authorities is required to quantify their impact. Until final tax guidance is provided, and completion of the implementation project, it is not practical to quantify the financial impact of AASB 17 on the opening retained earnings as at 1 January 2022.

AASB 2021-2 "Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates"

Amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investor users of the financial statement and clarify the distinction between accounting policies and accounting estimates.

- AASB 7 Financial Instruments: Disclosure, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies.
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates.
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

These changes will not have a material impact on the company's financial position or financial statement disclosures.

AASB 2021-5 "Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities from a Single Transaction"

Amends AASB 112 Income Taxes to specify how companies should account for deferred tax on transactions such as leases. The amendment applies to annual reporting periods beginning on or after 1 January 2023.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendment clarifies that the initial recognition exception does not apply to transactions where both the asset and liability are recognised in a single transaction. Accordingly, deferred tax is required to be recognised on such transactions. That is, deferred tax amounts will be recognised in respect if each separate part of the overall transaction, e.g. in respect of each of the right-of-use asset and lease liability.

The Standard amends AASB 1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in AASB 112.

The assessment of the impact of this change in accounting policy has not been finalised, but it is expected the total impact on net assets will not be material.

AASB 2022-1 "Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information"

Amends AASB 17 to add a transition option referred to as 'a classification overlay' relating to comparative information about financial assets presented on initial application of AASB 17 and AASB 9 Financial Instruments at the same time. The amendments relate to financial assets for which comparative information presented on initial application of AASB 17 and AASB 9 has not been restated for AASB 9. Applying the transition option would permit an entity to present comparative information about such a financial asset as if the classification and measurement requirements of AASB 9 had been applied to that financial asset. This enables insurers to reduce potentially significant accounting mismatches between financial assets and insurance contract liabilities in the comparative period (or periods), to improve the usefulness of the comparative information in the general purpose financial statements.

The company will not change the valuation of financial instruments on adoption of AASB 17. This change will have no impact on the company's financial position or financial statement disclosures.

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF ACCOUNTING POLICIES (continued)

(u) Financial statement references

Throughout the financial statements the following references will be used:

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

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Life insurance contract liabilities

Life insurance contract liabilities are computed by suitably qualified personnel on the basis of actuarial methods, with due regard to relevant actuarial principles as required by Prudential Standard LPS 340 – Valuation of Policy Liabilities, issued by the Australian Prudential Regulation Authority (APRA) and AASB 1038 - Life Insurance Contracts. The methodology takes into account the risks and uncertainties of the particular classes of life insurance business written.

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

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

(b) Assets arising from reinsurance contracts

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

(c) Recoverability of deferred tax assets

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

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

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

3 ACTUARIAL ASSUMPTIONS AND METHODS

Elizabeth Baker, the company's Appointed Actuary, is a Fellow of the Institute of Actuaries of Australia. Ms Baker is satisfied as to the accuracy of the data upon which policy liabilities have been determined.

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

(a) Policy liabilities

The policy liabilities have been determined in accordance with applicable accounting and actuarial standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038 Life Insurance Contracts and LPS 340 Valuation of Policy Liabilities.

Life insurance contract liabilities have been calculated in a way that allows for the systematic release of planned margins as services are provided to policyholders and premiums are received, referred to as the Margin on Services method. Under this method, policy liabilities equal the amount, which together with future premiums and investment earnings will:

(i) meet the expected payment of future benefits and expenses; and
(ii) provide for the systematic release of profit as policy services are provided and income is received or recognised.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

(a) Policy liabilities (continued)

The major product groups are individual lump sum risk business, individual disability income business, group life business and group salary continuance business. The profit carrier used in order to achieve the systematic release of planned margins was inforce premium.

Policy liabilities for the majority of the business have been calculated on a projection basis, with the residual business being calculated by the accumulation method as permitted under LPS 340. The result of using this method rather than the projection method required under AASB1038 is not materially different and achieves the principles of the standard.

Policy liabilities under the accumulation method have been calculated as the sum of the provisions for:

(i) Unearned premium,
(ii) Level premium reserves for policies written on a level premium basis,
(iii) Capitalised losses, where applicable,
(iv) plus/minus a provision which adjusts the policy liability to give effect to the requirement for the systematic release of planned surplus and mostly represents recoverable deferred first and/or second year policy costs not matched by the corresponding premium income.

The amortisation of these costs was established by financial model projections of representative policy portfolios, allowing for the release of future profits in proportion to a "profit carrier" as required under LPS 340.

In addition to the policy liabilities calculated under the projection and accumulation method were reserves for:

(i) Incurred but not reported claims (IBNR),
(ii) Accumulated experience rebates, where applicable,
(iii) Reserves for expected future payments on reported disability income claims.

Reserving assumptions have been adjusted to allow for the potential short term impacts of COVID-19. The main assumption impacted is termination rates for claims in payment. The impact of COVID-19 on policy liabilities is $600,000 after retrocession.

(b) Regulatory capital requirements

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

The methods and bases adopted for determining the regulatory capital requirements are in accordance with APRA Prudential Standard LPS 110 Capital Adequacy, and its associated Prudential Standards LPS 112 Capital Adequacy: Measurement of Capital, LPS 114 Capital Adequacy: Asset Risk Charge, LPS 115 Capital Adequacy: Insurance Risk Charge, LPS 117 Capital Adequacy: Asset Concentration Risk Charge, and LPS 118 Capital Adequacy: Operational Risk Charge.

(c) Disclosure of assumptions

(i) Discount rates

Australia: Allowance for future interest rates of 4.00% pa (2021: 1.60%) is assumed
New Zealand: Allowance for future interest rates of 4.40% pa (2021: 2.35%) is assumed

Policy liabilities are determined on the basis of using risk-free discount rates based on government bond rates and consideration of the term of the liabilities.

(ii) Inflation rates

Australia: Allowance for future inflation of 3.00% pa (2021: 2.40%) is assumed
New Zealand: Allowance for future inflation of 3.00% pa (2021: 2.00%) is assumed

Open claims: Allowance for future inflation pa (2021: flat at 2.00%) is assumed to follow a curve, starting at 8.00% for Australia and 7.50% for New Zealand, and tending to the long term assumption of 3.00%.

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

(iii) Future expenses and indexation

The allowance for future expenses was based on the company's experience in 2022, with allowance for one-offs and anticipated changes in business volumes in 2022, as the best available estimate for 2022. Expenses are assumed to remain a stable percentage of in-force premiums over the life of the business. Benefits and premiums are assumed to increase by the rate of inflation, or by some other factor, where specified for the policies being reinsured. A 0.5% expense margin is applied to the disability income claims payments.

(iv) Rates of taxation

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

(c) Disclosure of assumptions (continued)

(v) Mortality and morbidity

Mortality: Tables derived from the IA95-97 Insured Lives Tables for Australia and the NZ10 Insured Lives Tables for the New Zealand branch with allowance for subsequent improvements in mortality, subdivided into smoker and non-smoker classes and adjusted to the classes of life insurance written.

Disability: Tables derived from the ADI 2014-18 tables with adjustments to incidence rates and termination rates of claim.

Trauma: Trauma claims were derived from various studies of the incidence of the individual trauma conditions.

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

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

(vi) Rate of discontinuance

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

Lump-sum Risk (Australia):	4% - 50% per annum (2021: 4% - 50%)
Lump-sum Risk (Overseas):	5% - 50% per annum (2021: 5% - 50%)
Disability Income (Australia):	5% - 41% per annum (2021: 5% - 41%)
Disability Income (Overseas):	5% - 45% per annum (2021: 5% - 45%)

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

(vii) Surrender Values

There are currently no policies that provide a surrender value.

(viii Claim Delay

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

Lump Sum Risk (Aust):	3 - 25 months	(2021: 3 – 25 months)
Lump Sum Risk (O'seas):	4 - 25 months	(2021: 4 – 25 months)
Disability Income (Aust):	6 - 7 months	(2021: 6 - 7 months)
Disability Income (O'seas):	6 months	(2021: 6 months)

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

(d) Sensitivity analysis

The policy liability is derived based on the best estimate of various variables – interest rates, inflation rates, expenses, mortality and morbidity and discontinuance rates. The movement in any assumption can have an impact on the policy liability, profit and shareholder equity positions.

Variable	Impact of movement in underlying variable
Interest rates	A reduction in interest rates would result in an increase in policy liabilities and an increase in the value of assets backing those policy liabilities. As the assets currently have a shorter average duration than the liabilities a reduction in interest rates would decrease profit and shareholder equity.
Inflation rates	An increase in inflation rates would result in an increase in policy liabilities and therefore a decrease in profit and shareholder equity. To the extent that higher inflation will be accompanied by higher interest rates, the policy liabilities will reduce, there will be a decrease in the value of assets backing those policy liabilities and there would be an increase in profit and shareholder equity.
Expense rates	Expenses as a proportion of inforce premium are relatively small and therefore any reasonable deviation on the level of expenses will have little impact on profit and shareholder equity.
Mortality rates	Higher mortality rates would lead to increased claim costs/policy liabilities, reduced profit and shareholder equity. Lower mortality rates would increase profit and shareholder equity.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

3 ACTUARIAL ASSUMPTIONS AND METHODS (continued)

(d) Sensitivity analysis (continued)

Variable	Impact of movement in underlying variable
Morbidity rates	Higher incidence and duration of claim would lead to increased claim costs/policy liabilities, reduced profit and shareholders equity. Lower morbidity incidence rates would increase profit and shareholder equity. Lower morbidity termination rates would lead to increased claim costs/policy liabilities, reduced profit and shareholders equity. Higher morbidity incidence rates would decrease profit and shareholder equity.
Discontinuance	Higher discontinuance rates may impact on the recoverability of deferred acquisition costs and therefore would impact on profit and shareholder equity if deferred acquisition costs were required to be written down to what would be recoverable. Lower discontinuance rates would increase profit and shareholder equity if there are capitalised losses that can be recovered, otherwise they will have no impact on profit or shareholder equity. There are currently no capitalised losses.

To the extent that future profit margins can absorb the effect of higher claims costs and premium rates are reviewable, then changes in assumptions have little, if any, impact on the policy liability apart from IBNR reserves. Retrocession arrangements can also reduce the expected impact that changes in assumptions may have.

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

	Profit $'000	Retained earnings $'000
Current value	4,096	114,587
Real Interest Rate +1%	25,978	136,469
Real Interest Rate -1%	(10,422)	100,069
Inflation rates +1% *	4,897	115,388
Inflation rates -1% *	1,120	111,611
Expenses +10%	3,836	114,327
Expenses -10%	4,356	114,847
Mortality/Morbidity/Incidence +10%	(16,438)	94,053
Mortality/Morbidity/Incidence -10%	19,334	129,825
Termination Rates +10%	(16,282)	94,209
Termination Rates -10%	19,238	129,729
Discontinuance Rates +10%	4,096	114,587
Discontinuance Rates -10%	4,096	114,587
Claim Reporting Delay +10%	(11,142)	99,349
Claim Reporting Delay -10%	19,334	129,825

** It has been assumed this will be accompanied by an increase/decrease in interest rates of +/-1%.*

4 RISK MANAGEMENT POLICIES AND PROCEDURES

Insurance contracts – Risk management policies and procedures

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

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

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

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

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

4 RISK MANAGEMENT POLICIES AND PROCEDURES (continued)

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

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

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

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

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

Financial risks

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

(a) Liquidity risk

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

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

(b) Interest rate risk

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

(c) Credit risk

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

(d) Terms and conditions of reinsurance business

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

(e) Concentration of insurance risk

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

4 RISK MANAGEMENT POLICIES AND PROCEDURES (continued)

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

Non-financial risks

Non-financial risks are controlled through the use of:

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

5 SUMMARY OF SHAREHOLDERS INTEREST

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

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Retained profit/(loss) at the beginning of the year	116,793	(6,302)	110,491	110,304	(6,300)	104,004
Profit/(loss) after tax	4,101	(5)	4,096	6,489	(2)	6,487
Retained profit/(loss) at the end of the year	**120,894**	**(6,307)**	**114,587**	**116,793**	**(6,302)**	**110,491**
Contributed equity	160,100	9,532	169,632	160,100	9,532	169,632
Total shareholder's interest*	**280,994**	**3,225**	**284,219**	**276,893**	**3,230**	**280,123**

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

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

(a) Allocation of profits after tax

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

(b) Distribution of retained profits

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

(c) Sources of profit

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Retained profit/(loss) at the beginning of the year	116,793	(6,302)	110,491	110,304	(6,300)	104,004
Life Insurance Act profit/(loss) after tax						
- Non-participating business	4,101	(5)	4,096	6,489	(2)	6,487
Components of shareholders retained profit/(loss)	**120,894**	**(6,307)**	**114,587**	**116,793**	**(6,302)**	**110,491**

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

7 PROFIT FROM ORDINARY ACTIVITIES

(a) Revenues from operating activities

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Premium revenue						
Gross written premiums	660,239	-	660,239	591,406	-	591,406
Outwards reinsurance expense	(278,255)	-	(278,255)	(281,989)	-	(281,989)
Net premium revenue	**381,984**	**-**	**381,984**	**309,417**	**-**	**309,417**
Other income						
Commission income	4,338	-	4,338	4,371	-	4,371
Exchange gains/(losses)	(566)	-	(566)	(923)	-	(923)
Other revenue	-	-	-	-	-	-
	3,772	**-**	**3,772**	**3,448**	**-**	**3,448**

(b) Net claims incurred

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Gross claims incurred* - death and disability	(409,857)	-	(409,857)	(377,724)	-	(377,724)
Reinsurance and other recoveries	141,144	-	141,144	144,037	-	144,037
Net claims incurred - undiscounted	**(268,713)**	**-**	**(268,713)**	**(233,687)**	**-**	**(233,687)**

** Movements in Disability Income (individual and group) claims reserves are excluded from gross claims incurred and disclosed in note 19(a).*

(c) Policy acquisition costs

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Premium discount	(71,443)	-	(71,443)	(45,921)	-	(45,921)
Experience rebate	(54)	-	(54)	(1,099)	-	(1,099)
	(71,497)	**-**	**(71,497)**	**(47,020)**	**-**	**(47,020)**

(d) General and administration expenses

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Employee benefits	(10,263)	-	(10,263)	(6,677)	-	(6,677)
Other expenses	(12,211)	-	(12,211)	(10,160)	-	(10,160)
	(22,474)	**-**	**(22,474)**	**(16,837)**	**-**	**(16,837)**

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

7 PROFIT FROM ORDINARY ACTIVITIES (continued)

(e) Net investment income

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Interest income	15,549	4	15,553	8,315	2	8,317
Interest paid on reinsurance deposits	-	-	-	-	-	-
Investment expenses	(651)	-	(651)	(575)	(1)	(576)
Net investment loss						
- Changes in fair values	(19,315)	(10)	(19,325)	(11,666)	(2)	(11,668)
- Foreign exchange gain	20	-	20	1,373	-	1,373
- Realised (loss)/gain	(4,475)	-	(4,475)	866	-	866
Investment loss	(23,770)	(10)	(23,780)	(9,427)	(2)	(9,429)
	(8,872)	**(6)**	**(8,878)**	**(1,687)**	**(1)**	**(1,688)**

(f) Remuneration of auditors

	Stat-Funds 2022 $	S/H Fund 2022 $	Total 2022 $	Stat-Funds 2021 $	S/H Fund 2021 $	Total 2021 $
Audit and review of the financial statements and regulatory compliance	**358,820**	**-**	**358,820**	**339,416**	**-**	**339,416**

The auditor of the company is Deloitte Touche Tohmatsu.

8 INCOME TAX

(a) Income tax expense

	2022 $'000	2021 $'000
Tax expense comprises:		
Current tax expense	(8,728)	(3,524)
Deferred tax relating to temporary differences	6,082	665
Income tax expense relating to gains from ordinary activities	**(2,646)**	**(2,859)**

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

	2022 $'000	2021 $'000
Profit before income tax	**6,742**	**9,346**
Income tax expense calculated at 30% (2021: 30%) of operating profit	(2,023)	(2,804)
Adjustment for Permanent differences:		
- Non-deductible expenses	(588)	(545)
- New Zealand tax rate differential	169	277
Prior year under provision	8	-
Foreign exchange loss	(212)	213
Total income tax expense	**(2,646)**	**(2,859)**

(b) Deferred tax
At 31 December the deferred tax asset comprises:

	2022 $'000	2021 $'000
Tax losses	-	-
Insurance provisions	821	763
Investments	6,105	252
Employee benefits	1,049	499
Prepaid expenses	(53)	(62)
Accruals and other liabilities	787	40
	8,709	**1,492**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

8 INCOME TAX (continued)

(b) Deferred tax (continued)

	2022 $'000	2021 $'000
At 31 December the deferred tax liability comprises:		
Insurance provisions	**6,524**	**5,513**

The tax balances and reconciliation above are based on the current corporate tax rates of 30% (2021: 30%) applicable in Australia and 28% (2020: 28%) in New Zealand on taxable profits under Australian and New Zealand Income Tax Law respectively.

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

	Opening balance $'000	Charged to income $'000	Closing balance $'000
2022 Temporary differences			
Tax losses	-	-	-
Insurance provisions	(4,750)	(953)	(5,703)
Investments	252	5,853	6,105
Employee benefits	499	550	1,049
Prepaid expenses	(62)	9	(53)
Accruals and other liabilities	40	747	787
	(4,021)	**6,206**	**2,185**
2021 Temporary differences			
Tax losses	374	(374)	-
Insurance provisions	(4,638)	(112)	(4,750)
Investments	(2,384)	2,636	252
Employee benefits	592	(93)	499
Prepaid expenses	(38)	(24)	(62)
Accruals and other liabilities	40	-	40
	(6,054)	**2,033**	**(4,021)**

	2022 $'000	2021 $'000
Presented in the Statement of Financial Position as follows:		
Deferred tax asset	8,709	1,492
Deferred tax liability	6,524	5,513

General Reinsurance Australia Ltd. purchased $nil losses from General Reinsurance Life Australia Ltd. (2021: $nil).

During the financial period, $nil losses were purchased by General Reinsurance Australia Ltd. - New Zealand Branch from General Reinsurance Life Australia Ltd. - New Zealand Branch (2021: $nil).

9 COMPONENTS OF PROFITS

Components of profit related to the movement in life insurance contract policy liabilities

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Planned margins of revenue over expenses released	16,314	-	16,314	9,870	-	9,870
Difference between actual and assumed experience	(10,238)	-	(10,238)	516	-	516
Reversal of capital losses	-	-	-	-	-	-
Investment earnings/(costs) on assets in excess of life insurance policy liabilities	(1,975)	(5)	(1,980)	(3,897)	(2)	(3,899)
Profit/(loss) for the year	**4,101**	**(5)**	**4,096**	**6,489**	**(2)**	**6,487**

The difference between actual and assumed experience includes a reserve established in 2020 for COVID-19 impacts. The profit impact of the COVID-19 reserve was $600,000 after retrocession.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

10 CASH AND CASH EQUIVALENTS

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Cash on hand and at bank	77,584	33	77,617	57,353	27	57,380
Of which is held as reinsurance collateral from General Re Life Corporation	16,157	-	16,157	-	-	-

11 RECEIVABLES

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Premiums receivable	79,339	-	79,339	46,784	-	46,784
Less: Provision for doubtful debts	-	-	-	-	-	-
	79,339	**-**	**79,339**	**46,784**	**-**	**46,784**

All balances are expected to be realised within 12 months.

12 REINSURANCE RECOVERABLE

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Reinsurance recoverable	53,943	-	53,943	60,081	-	60,081

All balances are expected to be realised within 12 months.

13 OTHER ASSETS

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Sundry assets	194	-	194	11,537	-	11,537
Due from related entities:			-			-
- General Reinsurance Australia Ltd	12,856	-	12,856	3,946	-	3,946
Other assets	**13,050**	**-**	**13,050**	**15,483**	**-**	**15,483**

14 INVESTMENTS

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Insurance activities, at fair value:						
Fixed interest securities	1,436,436	409	1,436,845	1,409,434	420	1,409,854

15 OUTSTANDING CLAIMS

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Outstanding claims	168,701	-	168,701	98,591	-	98,591

All balances are expected to be realised within 12 months.

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

16 OTHER PAYABLES

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Accruals	7,829	-	7,829	18,569	-	18,569
Due to related entities:						
- General Reinsurance Life Corporation*	40,764	-	40,764	66,060	-	66,060
- General Reinsurance AG*	12,508	-	12,508	11,863	-	11,863
- General Reinsurance Australia Ltd	-	1	1	-	309	309
Other payables	**61,101**	**1**	**61,102**	**96,492**	**309**	**96,801**

All balances are expected to be realised within 12 months.
** The balances relate to the operation of the retrocession contracts in place*

17 REINSURANCE FUNDS HELD

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Reinsurance funds held	412,569	-	412,569	379,353	-	379,353

18 PROVISIONS

	Opening balance $'000	Payments $'000	Provision $'000	Closing balance $'000
Statutory Funds only				
Employee entitlements	**1,612**	**(309)**	**2,057**	**3,360**
Payable within 12 months				3,102
Payable after 12 months				258
				3,360

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

19 POLICY LIABILITIES

(a) Reconciliation of movements in life insurance contract policy liabilities

	2022 $'000	2021 $'000
Life insurance contract policy liabilities		
Gross life insurance contract policy liabilities at 1 January	901,787	829,729
Unrealised exchange difference on opening balance in the New Zealand branch	(1,339)	1,381
Change in life insurance contract policy liabilities reflected in the statement of profit or loss and other comprehensive income	4,530	70,677
Gross life insurance contract policy liabilities at 31 December	904,978	901,787
Reinsurer's share of life insurance liabilities		
Opening balance at 1 January	(176,264)	(109,874)
Change in life insurance contract policy liabilities ceded under reinsurance reflected in the statement of profit or loss and other comprehensive income	2,922	(66,390)
Reinsurer's share of life insurance liabilities at 31 December	(173,342)	(176,264)
Change in net life insurance contract policy liabilities reflected in the statement of profit or loss and other comprehensive income	7,452	4,287
Total net life insurance contract policy liabilities	**731,636**	**725,523**
Maturity profile of net policy liabilities at 31 December		
1 year or less	24,474	(2,573)
Within 1 to 5 years	285,644	179,595
Over 5 years	421,518	548,501
	731,636	**725,523**

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

19 POLICY LIABILITIES (continued)

	2022 $'000	2021 $'000
(b) Components of net life insurance contract policy liabilities		
Future policy benefits	2,728,284	2,916,616
Future expenses	216,895	249,409
Future charges for acquisition costs	(101,994)	(93,108)
Future premiums in excess of charges for acquisition costs	(2,216,873)	(2,438,664)
Best estimate liability	626,312	634,253
Shareholder profit margins	105,324	91,270
Gross insurance contract liabilities	904,978	901,787
Policy liabilities ceded under reinsurance	(173,342)	(176,264)
Total net life insurance contract policy liabilities	**731,636**	**725,523**

20 APRA CAPITAL ADEQUACY

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

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

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

2022	Statutory Fund 1 $'000	Statutory Fund 2 $'000	Shareholder Fund $'000	Total $'000
Capital base/Common Equity Tier 1 Capital				
Tier 1 Capital	223,189	62,070	238	285,497
Premium liability deficit net of tax	(110,756)	(37,563)	-	(148,319)
Excess deferred tax assets over liabilities	(8,707)	-	(3)	(8,710)
	103,726	**24,507**	**235**	**128,468**
Prescribed Capital Amount (PCA)				
Asset Risk Charge	10,682	3,548	8	14,238
Insurance Risk Charge	-	4,891	-	4,891
Asset Concentration Risk Charge	-	-	-	-
Operational Risk Charge	14,708	2,865	-	17,573
Aggregation Benefit	-	(1,847)	-	(1,847)
Combined Stress Scenario Adjustment	-	-	-	-
	25,390	**9,457**	**8**	**34,855**
Capital in excess of PCA	**78,336**	**15,050**	**227**	**93,613**
PCA coverage ratio	**4.0853**	**2.5914**	**29.3750**	**3.6858**

General Reinsurance Life Australia Ltd has a "AA+" credit rating from Standard & Poor's as at 31 December 2022.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

20 APRA CAPITAL ADEQUACY (continued)

2021	Statutory Fund 1	Statutory Fund 2	Shareholder Fund	Total
	$'000	$'000	$'000	$'000
Capital base/Common Equity Tier 1 Capital				
Tier 1 Capital	222,509	57,374	238	280,121
Premium liability deficit net of tax	(108,699)	(14,386)	-	(123,085)
Excess deferred tax assets over liabilities	(1,492)	-	-	(1,492)
	112,318	**42,988**	**238**	**155,544**
Prescribed Capital Amount (PCA)				
Asset Risk Charge	6,250	2,844	6	9,100
Insurance Risk Charge	-	-	-	-
Asset Concentration Risk Charge	-	-	-	-
Operational Risk Charge	14,250	2,723	-	16,973
Aggregation Benefit	-	-	-	-
Combined Stress Scenario Adjustment	-	-	-	-
	20,500	**5,567**	**6**	**26,073**
Capital in excess of PCA	**91,818**	**37,421**	**232**	**129,471**
PCA coverage ratio	**5.4789**	**7.7219**	**39.6667**	**5.9657**

21 DISAGGREGATED INFORMATION OF LIFE INSURANCE BUSINESS BY FUND

	Statutory Fund 1	Statutory Fund 2	Shareholder Fund	Total
	2022	2022	2022	2022
	$'000	$'000	$'000	$'000
Investments	1,260,951	175,485	409	1,436,845
Other assets	194	12,856	-	13,050
Net life insurance contract policy liabilities	624,652	106,984	-	731,636
Other liabilities	56,029	5,072	1	61,102
Retained earnings/(losses)	66,187	54,693	(6,293)	114,587
Net premium revenue	309,568	72,416	-	381,984
Other income/(expense)	4,492	(720)	-	3,772
Investment expense	(8,417)	(454)	(7)	(8,878)
Net claims expense	213,718	54,995	-	268,713
Other expenses	90,947	10,476	-	101,423
Profit/(loss) before tax	978	5,771	(7)	6,742
Profit/(loss) after tax	680	3,421	(5)	4,096
	2021	2021	2021	2021
	$'000	$'000	$'000	$'000
Investments	1,249,524	159,910	420	1,409,854
Other assets	4,205	11,278	-	15,483
Net life insurance contract policy liabilities	603,781	121,742	-	725,523
Other liabilities	94,085	2,407	309	96,801
Retained earnings/(losses)	65,512	51,273	(6,294)	110,491
Net premium revenue	245,795	63,622	-	309,417
Other Income/(expense)	4,092	(644)	-	3,448
Investment income/(expense)	(971)	(715)	(2)	(1,688)
Net claims expense	188,792	44,895	-	233,687
Other expenses	63,298	4,846	-	68,144
Profit/(loss) before tax	(3,174)	12,522	(2)	9,346
Profit/(loss) after tax	(2,223)	8,712	(2)	6,487

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

21 DISAGGREGATED INFORMATION OF LIFE INSURANCE BUSINESS BY FUND (continued)

Disclosure on asset restrictions, managed assets and trustee activities

Investments held in the Statutory Funds ('Fund') can only be used within the restrictions imposed under the Life Act. The main restrictions are that the assets in a Fund can only be used to meet the liabilities and expenses of that Fund; to acquire investments to further the business of the Fund; or as distributions when solvency and capital adequacy requirements are not met. Participating policyholders can receive a distribution when solvency requirements are met, whilst shareholders can only receive a distribution when the higher level of capital adequacy requirements are met.

22 CONTRIBUTED EQUITY

	Stat-Funds 2022 $'000	S/H Fund 2022 $'000	Total 2022 $'000	Stat-Funds 2021 $'000	S/H Fund 2021 $'000	Total 2021 $'000
Ordinary shares fully paid	160,100	9,532	169,632	160,100	9,532	169,632

	Stat-Funds 2022 Number of shares	S/H Fund 2022 Number of shares	Total 2022 Number of shares	Stat-Funds 2021 Number of shares	S/H Fund 2021 Number of shares	Total 2021 Number of shares
Issued ordinary number of shares	-	8,681,608	8,681,608	-	8,681,608	8,681,608

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

23 CONTINGENT ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

There were no outstanding contingencies at the end of the year (2021: NIL).

24 RELATED PARTIES

Ultimate controlling entity

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

Parent entity

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

Directors

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

Kathryn J McCann
Keith Scott
Stephen Ferguson
James Louw
Andrew Gifford

	2022 $'000	2021 $'000
Related party balances (owing)/receivable at reporting date		
General Reinsurance Life Corporation	(40,764)	(11,863)
General Reinsurance AG	(12,508)	(66,060)
General Reinsurance Australia Ltd	12,856	3,897
Management charges paid to related entities		
General Reinsurance Australia Ltd	2,532	1,584
General Reinsurance Corporation	3,114	1,651
General Reinsurance AG	2,143	1,840
General Reinsurance SA	1,074	582
New England Asset Management, Inc.	540	467

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

24 RELATED PARTIES (continued)

Retrocessions

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

Related party: General Reinsurance AG	**2022** **$'000**	**2021** **$'000**
Retrocession premiums	(12,743)	(12,090)
Claim recoveries	213	2,541
Related party: General Reinsurance Life Corporation		
Retrocession premiums	(236,914)	(306,846)
Claim recoveries	140,931	141,496
Reinsurance recoverable	53,438	59,563

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

25 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of net operating cash flows to net profit

Net profit after income tax	4,096	6,487
Unrealised foreign exchange gain on cash balances	(323)	(255)
Unrealised exchange variance on investments	1,961	(1,684)
Realised capital losses/(gains)	4,475	(867)
Unrealised movement in fair value of investments	50,436	54,166
Change in operating assets and liabilities		
(Increase)/decrease in receivable	(32,554)	4,479
Decrease in reinsurance recoverable	6,138	46,027
(Increase) in other assets	(746)	(8,408)
Increase/(decrease) in outstanding claims	70,111	(12,427)
Movement in tax accounts	(8,372)	2,166
Increase in life insurance contract policy liabilities	6,113	5,667
Increase/(decrease) in payables, outstanding liabilities and provisions	5,704	(26,149)
Increase in reinsurance funds held	4,911	135,663
Net cash provided by operating activities	**111,950**	**204,865**

26 FINANCIAL INSTRUMENTS

(a) Credit Risk Exposure

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

(b) Interest Rate Risk

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

(c) Net fair value of financial assets and liabilities

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

(d) Significant accounting policies

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

26 FINANCIAL INSTRUMENTS (continued)

(e) Capital risk management

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

The capital structure of the company consists of cash and cash equivalents (as disclosed in Note 10) and equity, comprising issued capital and retained earnings (as disclosed in Note 5 and the Statement of Changes in Equity respectively).

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

(f) Categories of financial instruments

	Note	2022 $'000	2021 $'000
Financial assets			
Cash and cash equivalents	10	77,617	57,380
Financial assets at fair value through profit or loss (i)			
Fixed interest securities	14	1,436,845	1,409,854
Loans and receivables			
Premiums receivable	11	79,339	46,784
Reinsurance recoverable	12	53,943	60,081
Financial liabilities			
Amortised cost			
Accruals	16	7,829	18,569
Due to related entities	16	53,273	78,232

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

(g) Financial risk management objectives

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

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

(h) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy cedants and bondholders as a means of mitigating the risk of financial loss from defaults. The company's overall strategy in respect of credit risk management remains unchanged from 2021.

	Note	2022 $'000	2021 $'000
Financial assets			
Cash and cash equivalents	10	77,617	57,380
Financial assets at fair value through profit or loss			
Fixed interest securities	14	1,436,845	1,409,854
Loans and receivables			
Premiums receivable	11	79,339	46,784
Reinsurance recoverable	12	53,943	60,081
		1,647,744	1,574,099

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

26 FINANCIAL INSTRUMENTS (continued)

(i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations under the reinsurance contracts it has entered into. Ultimate responsibility for liquidity risk management rests with the Board of directors, which has implemented appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining appropriate levels of financial assets that are readily realisable and by continuously monitoring forecast and actual cash flows in order to match the maturity profiles of assets and liabilities. As required by APRA Prudential Standard CPS 220, the company has developed and implemented a Risk Management Strategy. The company's overall strategy in liquidity risk management remains unchanged from 2021.

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

The tables below include both interest and principal cash flows.

	Weighted average interest rate	Less than 1 year	1-5 years	5+ years	Total
2022	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Non-interest bearing:					
Payables	-	61,102	-	-	61,102
Employee entitlements	-	3,102	258	-	3,360
Outstanding claims	-	168,701	-	-	168,701
		232,905	**258**	**-**	**233,163**
2021					
Financial liabilities					
Non-interest bearing:					
Payables	-	96,801	-	-	96,801
Employee entitlements	-	1,403	209	-	1,612
Outstanding claims	-	98,591	-	-	98,591
		196,795	**209**	**-**	**197,004**

(j) Market risk

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

Interest rate risk management

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

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

	Weighted average interest rate	Less than 1 year	1-5 years	5+ years	Total
2022	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Non-interest bearing:					
Receivables	-	79,339	-	-	79,339
Reinsurance recoverable	-	53,943	-	-	53,943
Other insurance receivables	-	194	-	-	194
Variable interest rate instruments:					
Cash	0.02	77,617	-	-	77,617
Fixed interest rate instruments:					
Government securities	3.57	4,273	1,432,531	-	1,436,804
		215,366	**1,432,531**	**-**	**1,647,897**

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

26 FINANCIAL INSTRUMENTS (continued)

(j) Market risk (continued)

Interest rate risk management (continued)

	Weighted	Less than 1	1-5 years	5+ years	Total
2021	%	$'000	$'000	$'000	$'000
Non-interest bearing:					
Receivables	-	46,784	-	-	46,784
Reinsurance recoverable	-	60,081	-	-	60,081
Other insurance receivables	-	11,537	-	-	11,537
Variable interest rate instruments:					
Cash	0.02	57,380	-	-	57,380
Fixed interest rate instruments:					
Government securities	0.55	-	1,409,854	-	1,409,854
		175,782	**1,409,854**	**-**	**1,585,636**

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

	+100bps ($'000s)		-100bps ($'000s)	
	2022	2021	2022	2021
Effect of 100 basis point increase or decrease on profit (+/-)	(18,608)	(17,074)	18,993	17,443

Foreign currency risk management

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

The company is mainly exposed to fluctuations in the New Zealand dollar (NZD) exchange rate through its branch in New Zealand. The company's financial assets are primarily denominated in the same currencies as its reinsurance contract liabilities, which mitigates the foreign currency exchange risk for the overseas operations in New Zealand. The company's overall strategy in respect of foreign currency risk management remains unchanged from 2021.

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

	Net Assets	
	2022	2021
	$'000	$'000
New Zealand	60,794	57,374

Foreign currency sensitivity

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

		10% increase impact on Profit or Loss		10% decrease impact on Profit or Loss	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Assets	New Zealand dollar	19,584	19,139	(17,803)	(17,400)
Liabilities	New Zealand dollar	(13,396)	(13,402)	12,366	12,184

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

26 FINANCIAL INSTRUMENTS (continued)

(j) Market risk (continued)

Fair value of financial instruments

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

Investments

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

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

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

Financial assets and liabilities

Financial assets and liabilities measured at fair value in the financial statements as at 31 December 2022 and 2021 and are summarized in the following table by the type of inputs applicable to the level of the fair value measurement (in thousands).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2022				
Fixed maturity bonds				
Obligations of Australian and New Zealand Governments	1,436,845	-	-	1,436,845

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2021				
Fixed maturity bonds				
Obligations of Australian and New Zealand Governments	1,409,854	-	-	1,409,854

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

27 KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2022 $'000	2021 $'000
Short-term employee benefits	1,103	1,210
Other long-term benefits	14	58
	1,117	1,268

28 ADDITIONAL COMPANY INFORMATION

Principal Place of Business and Registered Office
Level 20
1 O'Connell Street
SYDNEY 2000

Number of Employees
At 31 December 2022 the company had 37 employees (2021: 28).

Type of Company
The company operates as a for profit unlisted public company.

DIRECTORS' DECLARATION

The Directors declare that:

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

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

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

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001 on 25 March 2022.

On behalf of the directors:

Kate McCann

K.J. McCann
Chair

J. Louw
Managing Director

Sydney, 21 March 2023

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

Opinion

We have audited the financial report of General Reinsurance Life Australia Ltd. (the "Company") which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Director's report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

Deloitte.

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Gaudreault

David Gaudreault
Partner
Chartered Accountants

Sydney, 21 March 2023

The people behind the promise®

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