Good Life Insurance (International) Limited

Selected Illustrative disclosures for IFRS 17 *Insurance Contracts* (general model), IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

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Contents

Abbreviations and key

The following styles of abbreviation are used in these International GAAP® Illustrative disclosures:

12mECL	12 month expected credit loss
AFS	Available for sale
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure
CSM	Contractual service margin
EAD	Exposure at default
ECL	Expected credit loss
EIR	Effective interest rate
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
GAAP	Generally Accepted Accounting Principles/Practice
Good Insurance	Good Insurance (International) Limited and subsidiaries for the year ended 31 December 2017
HTM	Held to maturity
IAS 1.41	International Accounting Standard No. 1, paragraph 41
IAS 1.BC13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IASB	International Accounting Standards Board
IGAAP	EY's International GAAP®
IFIE	Insurance finance income or expenses
IFRS 9.5.4.1	International Financial Reporting Standard No. 9, chapter 5.4, paragraph 1
IFRS 17 Appendix A	International Financial Reporting Standard No. 9, Appendix A
IFRS 17.44	International Financial Reporting Standard No. 17, paragraph 44
IFRS 17.B5	International Financial Reporting Standard No. 17, Appendix B (application guidance), paragraph 5
L&R	Loans and receivables
LGD	Loss given default
LTECL	Lifetime expected credit loss
Note X	Reference to a section of Notes that are not included in this publication, but would otherwise be required in a complete set of financial statements prepared in accordance with IFRS
OCI	Other comprehensive income
PAA	Premium allocation approach
PD	Probability of default
SPPI	Solely payments of principal and interest
VFA	Variable fee approach

Introduction

The purpose of this publication is to provide illustrative disclosures to meet the requirements of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* related to groups of insurance contracts accounted for under the default measurement model described in IFRS 17 (the general model). The disclosures are presented as a series of extracts from a set of financial statements for Good Life Insurance (International) Limited (Good Life, or the Company) for the year ended 31 December 2021. Good Life is a limited liability insurance subsidiary of Good Insurance (International) Limited (Good Insurance). Good Life is a fictitious entity, incorporated in the fictitious country of Euroland. The functional currency of the Company is the euro.

This publication is not a full set of illustrative financial statements in accordance with International Financial Reporting Standards (IFRS). The publication concentrates on the new disclosure requirements arising under IFRS 17 and IFRS 9 that impact on a life insurance entity, and does not include all IFRS 7 disclosures that are not altered by IFRS 9. Furthermore, it does not consider any new disclosures that may be required by the application of IFRS 15 *Revenue from Contracts with Customers* or IFRS 16 *Leases*. The Company adopted both IFRS 17 and IFRS 9 for the first time in the annual reporting period commencing 1 January 2021.

Good Life has two key units that it manages and operates independently. As the Company is not listed, it is not required to make disclosures under IFRS 8 *Operating Segments*. The two units are:

- Life insurance – issues direct life insurance contracts to individual policyholders
- Life reinsurance – issues life risk reinsurance contracts to provide coverage to other insurance entities

In terms of Euroland regulations, the entity is allowed to issue both direct life and life reinsurance contracts and to hold reinsurance contracts. Further information is provided below under 'The preparation approach'.

The illustrative presentation and disclosures presented are those relevant for insurance and reinsurance products issued, and for reinsurance held, accounted for using the general measurement model in IFRS 17. Further publications will illustrate disclosures for groups of contracts accounted for using the premium allocation approach (PAA) and variable fee approach (VFA).

We draw attention to the disclosures presented in Note 12 on insurance and reinsurance contracts that reflect the roll-forward of the net asset or liability for insurance and reinsurance contracts presented in two different ways. These disclosures require significantly more information than is currently presented in IFRS financial statements, and it is expected that these will be one of the areas requiring most effort from preparers as part of their move to implement IFRS 17.

IFRS references are shown on the margin of each page indicating the specific IFRS paragraph that outlines the accounting treatment or disclosure for that particular line item or block of narrative.

We use 'Note X' to refer to a section of Notes that has not been not included in this publication, but would otherwise be required in a complete set of financial statements prepared in accordance with IFRS.

Some disclosures are made in these financial statements merely for illustrative purposes, even though they may relate to items or transactions that are not material for the Company.

Commentaries are provided to explain the basis for the disclosure, or to address alternative disclosures not included in the illustrative financial statements. For a more comprehensive list of disclosure requirements, please refer to EY's Online International GAAP® Disclosure Checklist. For further commentary on IFRS 17, please refer to our publication, 'Applying IFRS 17 – A closer look at the new Insurance Contracts standard' or to the Insurance Contracts Chapter of 'International GAAP 2018®'. If questions arise as to the IFRS requirements, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice.

The standards applied in these illustrative disclosures are those that are relevant for this publication, were in issue as at 15 October 2018 and effective for annual periods beginning on or after 1 January 2021.

The preparation approach

In order to prepare the illustrative disclosures, we have used an internally developed model containing dummy transactions, cash flows, assets and liabilities and have used data modelling to produce the numbers reflected.

All the figures are for illustrative purposes to demonstrate disclosure requirements of IFRS 17 and IFRS 9, and may not be realistic, nor reflect actual market conditions or features of real market insurance products. All modelling has been based on assumptions and terms of simple fictitious products. Further details of the products and disclosure assumptions are detailed below.

In respect of the life insurance products, the disclosures reflect modelling of several groups of contracts. The life insurance unit has:

- A portfolio of immediate annuity contracts, which provide a policyholder with a recurring payment for life beginning immediately after contract issuance

- A portfolio of term life insurance contracts with a surrender option that provide a payment on death of a policyholder, if death occurs within a fixed period of time, or that provide a payment upon surrender of the policy.

IFRS 17 requirements are applied to groups of insurance contracts as described in paragraphs 14-24 of IFRS 17. These groups of insurance contracts are the unit of account for IFRS 17 measurement purposes and reflect portfolio, period of issue and profitability level. Some groups of contracts are assumed to include contracts issued in a foreign currency. Groups of contracts with different levels of profitability (both onerous and non-onerous at initial recognition) were included. Changes in valuation assumptions, including those leading to changing expected profitability of the groups (non-onerous groups become onerous and vice versa), were also modelled. The model contains reinsurance contracts held, which cede some of the risks relating to the life insurance product groups based on a simple quota share arrangement. Additionally, the model assumes experience adjustments and lapses of some of the contracts with the repayment of a surrender value (accounted for as a non-distinct investment component).

In respect of life reinsurance contracts issued, the modelling uses similar assumptions to the direct life insurance issued. The model also includes future cash flow forecasting, including cash flows related to future underlying insurance contracts not yet issued by the customer as cedant. The reinsurance unit has:

- A portfolio of immediate annuity reinsurance contracts, which provides insurers with a recurring payment connected to the life of their policyholders beginning immediately after the insurer has issued a contract
- A portfolio providing reinsurance for term life contracts, which provides insurers with a payment upon death of their policyholder if it occurs within a fixed period of time

Other modelling and disclosure assumptions to note include:

- Premiums received from insurance and reinsurance contracts issued, less payments of reinsurance premiums for reinsurance contracts held, are mostly invested in financial assets taking the form of debt instruments
- Some financial assets are measured at fair value through profit or loss, some through other comprehensive income (where managed to hold and sell), while others are measured at amortised cost
- The disclosures reflect the choice (under IFRS 17.88) to disaggregate insurance finance income and expense (in respect of life insurance issued and corresponding reinsurance held) between profit or loss and other comprehensive income, with the amount recognised in profit or loss determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

In €000	Notes	2021	2020 *restated*	IAS 1.81A, IAS 1.9(d), IAS 1.10(b), IAS 1.51(b)-(e) IAS 1.29, IAS 1.32 IAS 1.104, IAS 1.46, IAS 1.45
Insurance revenue	6	2,581	2,293	IAS 1.82(a)(ii), IFRS 17.83
Insurance service expense	12	(1,541)	(1,411)	IAS 1.82(ab), IFRS 17.84
Insurance service result before reinsurance contracts held		**1,040**	**882**	
Allocation of reinsurance premiums	7	(448)	(546)	IFRS 17.86
Amounts recoverable from reinsurers for incurred claims		279	348	IFRS 17.86
Net expense from reinsurance contracts held	7	**(169)**	**(198)**	IAS 1.82(ac), IFRS 17.82
Insurance service result		**871**	**684**	IFRS 17.80(a)
Interest revenue calculated using the effective interest method		831	622	IAS 1.82(a)(i)
Other interest and similar income		366	299	
Net fair value gains/(losses) on financial assets at fair value through profit or loss		104	(14)	IFRS 7.20(a)(i)
Net fair value gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income		6	-	IAS 1.82(aa)
Impairment loss on financial assets		(5)	(2)	IAS 1.82(ba)
Net foreign exchange (expense) / income		(50)	22	
Total investment income	**8**	**1,252**	**927**	
Insurance finance expenses for insurance contracts issued	8	(742)	(673)	IAS 1.82(bb), IFRS 17.87
Reinsurance finance income for reinsurance contracts held	8	98	119	IAS 1.82(bc), IFRS 17.82
Net insurance financial result		**(644)**	**(554)**	
Other income and expense		(210)	(191)	
Profit before tax		**1,269**	**866**	
Income tax expense		(231)	(172)	IAS 1.82(d), IAS 12.77
Profit for the year		**1,038**	**694**	IAS 1.81A
Other comprehensive income				
OCI to be reclassified to profit or loss in subsequent periods				IAS 1.82A(a)(ii)
Change in fair value of financial assets	8	179	(35)	IFRS 7.20(a)(viii)
Amount reclassified to profit or loss	8	(1)	2	IFRS 7.20(a)(viii)
Debt instruments at fair value through other comprehensive income	8	**178**	**(33)**	
Insurance finance expenses for insurance contracts issued	8	(194)	38	IFRS 17.88(b), 89(b)
Reinsurance finance income for reinsurance contracts held	8	56	(9)	IFRS 17.82
Net insurance financial result		**(138)**	**29**	
Income tax relating to items that may be reclassified		(8)	1	
Total other comprehensive income		**32**	**(3)**	
Total comprehensive income		**1,070**	**691**	

The accounting policies and Notes on pages 11 to 81 form part of, and should be read in conjunction with, these financial statements.

Commentary

IAS 1.10 suggests titles for the primary financial statements, such as 'statement of profit or loss and other comprehensive income' or 'statement of financial position'. Entities are, however, permitted to use other titles, such as 'income statement' or 'balance sheet'. The Company applies the titles suggested in IAS 1 *Presentation of Financial Statements*.

The Company has elected as an accounting policy choice to present a single statement of profit or loss and other comprehensive income rather than two statements - a statement of profit or loss and a statement of comprehensive income. IFRS 17.80 requires entities to disaggregate the amounts recognised in the statement of profit or loss and other comprehensive income (OCI) into: an insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses.

Alternatively the Company could consider a different layout of the statement of profit or loss and other comprehensive income considering the requirement in IAS 1.82(a) to present the total revenue on the face of the statement of profit or loss depending on it's activities and other sources of revenue.

IFRS 17.81 gives entities the option to disaggregate the change in risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. If entities do not make such a disaggregation, they must include the entire change in the risk adjustment for non-financial risk as part of the insurance service result. The Company elected not to disaggregate the change in risk adjustment for non-financial risk and includes the entire change as part of the insurance service result.

IFRS 17.86 allows entities to select one of the following presentation options: to present the income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount; or to present separately the amounts to be recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount. The Company has selected to present the amounts recoverable from the reinsurer and an allocation of the premiums paid separately.

IAS 1.97 requires entities to disclose the nature and amounts of expenses when significant. Therefore, a further breakdown of insurance service expenses and other income and expense may be required in the notes to financial statements; the requirement has not been affected by IFRS 17 or IFRS 9.

IAS 1.82(a), as updated with effect from the date an entity applies IFRS 9, requires the separate disclosure of interest revenue calculated using the effective interest method.

IFRS 17.88 provides an accounting policy choice relating to insurance finance income and expenses, (IFIE). Total insurance finance income and expenses may either be presented in profit or loss as a whole, or it can be disaggregated between profit or loss and OCI in a period. The amount presented in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of insurance contracts.

For groups of contracts to which a company chooses to disaggregate IFIE between profit or loss and OCI, IFRS 17 specifies the mechanism for determining amounts recognised in profit or loss in a period. The standard distinguishes between:

- Contracts with direct participation features for which the entity holds the underlying items

  And

- Other contracts

The amount included in OCI in a period is the difference between total IFIE and the amount recognised in profit or loss. Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contracts arising from:

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

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

The standard allows this choice to be made at a portfolio level

Insurers are likely to identify the assets they hold that relate to different portfolios of insurance contracts. If the related assets are predominantly measured at amortised cost or FVOCI, then they might choose to disaggregate IFIE for the related portfolio of insurance contracts issued or held between profit or loss and OCI. If the related assets are predominantly measured at fair value through profit or loss (FVPL), entities might not choose to disaggregate IFIE between profit or loss and OCI.

For groups of life insurance contracts, the Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts (see Note 5.1.2 for current discount rates). In the event of transfer of a group of insurance contracts or the derecognition of an insurance contract, the IFIE is transferred to profit or loss.

Statement of financial position

In €000	Notes	As at 31 December 2021	As at 31 December 2020 *restated*	As at 1 January 2020 *restated*	IAS 1.10(a) IAS 1.51 (b)(c)
Assets					IAS 1.51(d),(e)
Cash and cash equivalents		180	57	892	IAS 1.54(i)
Equity and debt instruments at fair value through profit or loss	9	6,597	5,452	4,517	IAS 1.54(d), IFRS 7.8(a)
Debt instruments at fair value through other comprehensive income	10	11,356	10,687	9,525	IFRS 7.8(h)
Debt instruments at amortised cost	11	1,036	987	940	
Insurance contract assets	12	102	92	83	IFRS 17.78(a)
Reinsurance contract assets	12	2,880	2,811	2,382	IFRS 17.78(c)
Deferred tax assets		-	-	-	IAS 1.54(o)
Other assets		-	-	-	IAS 1.55
Total assets		**22,151**	**20,086**	**18,339**	
Liabilities					
Current tax liabilities		140	175	22	IAS 1.54(n)
Insurance contract liabilities	12	17,530	16,618	15,730	IFRS 17.78(b)
Reinsurance contract liabilities	12	25	24	22	IFRS 17.78(d)
Deferred tax liabilities		143	46	50	IAS 1.56,IAS 1.54(O)
Other payables		210	190	173	IAS 1.55
Total liabilities		**18,048**	**17,053**	**15,997**	
Equity					
Issued capital		150	150	150	IAS 1.54(r), IAS 1.78(e)
Retained earnings		3,873	2,835	2,141	IAS 1.54(r), IAS 1.78(e)
Fair value reserve		268	126	152	IAS 1.54(r), IAS 1.78(e)
Insurance/reinsurance finance reserve		(188)	(78)	(101)	IAS 1.54(r), IAS 1.78(e)
Total equity		**4,103**	**3,033**	**2,342**	
Total liabilities and equity		**22,151**	**20,086**	**18,339**	

The accounting policies and Notes on pages 11 to 81 form part of, and should be read in conjunction with, these financial statements.

Commentary – Statement of financial position

IAS 1.60 requires entities to present assets and liabilities either in order of their liquidity or by a separate classification on the face of the statement of financial position for current and non-current assets, and current and non-current liabilities, whichever provides information that is most reliable and relevant. The Company has presented its assets and liabilities in order of liquidity, based on expectations regarding recovery or settlement. The split of any lines containing both amounts expected to be recovered or settled within 12 months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the notes (as applicable for the notes included in the scope of this publication).

Under IAS 1.10(f), an entity must present an opening statement of financial position (the third balance sheet) when it changes its accounting policies, makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position.

To apply IFRS 17 retrospectively, at the transition date, entities must identify, recognise and measure each group of insurance contracts as if IFRS 17 had always applied; derecognise any existing balances that would not exist had IFRS 17 always applied; and recognise any resulting net difference in equity.

Statement of changes in equity

For the year ended 31 December 2021

In €000	Notes	Issued capital	Fair value reserve	Insurance / reinsurance finance reserve	Retained Earnings	Total equity	IAS 1.78(e) IAS 1.106
Balance as at 31 December 2019, as previously reported		**150**	**114**	**-**	**2,628**	**2,892**	*IAS 1.106(d)*
Impact of initial application of IFRS 17	1.1.1.3	-	-	(101)	(438)	(539)	
Impact of initial application of IFRS 9	1.1.3	-	38	-	(49)	(11)	
Restated balance as at 1 January 2020		**150**	**152**	**(101)**	**2,141**	**2,342**	
Profit for the year		-	-	-	694	**694**	
Other comprehensive income for the year		-	(26)	23	-	**(3)**	*IFRS 7.20(a)(viii)*
Total comprehensive income		**-**	**(26)**	**23**	**694**	**691**	*IAS 1.106(a)*
Restated balance as at 31 December 2020		**150**	**126**	**(78)**	**2,835**	**3,033**	
		-	-	-	-	-	
Profit for the year		-	-	-	1,038	1,038	
Other comprehensive income for the year		-	142	(110)	-	32	
Total comprehensive income		**-**	**142**	**(110)**	**1,038**	**1,070**	*IAS 1.106 (d)(iii)*
Balance as at 31 December 2021		**150**	**268**	**(188)**	**3,873**	**4,103**	

The accounting policies and Notes on pages 11 to 81 form part of, and should be read in conjunction with, these financial statements.

Commentary – Statement of changes in equity

The Company included lines for the impact of initial recognition of IFRS 17 and IFRS 9 that show the impact of the restatement to opening balances as at the transition date. The statement of changes in equity includes an insurance / reinsurance finance reserve for the impact of changes in market discount rates on the insurance and reinsurance contract assets and liabilities. The Company has presented its statement of changes in equity net of tax, but presentation gross of tax and a corresponding line for related taxation is also acceptable.

Statement of Cash flows

Commentary

For the purpose of this publication, we have not provided an illustrative cash flow statement. The layout of the Statement of cash flow has not been specifically changed by IFRS 17 or IFRS 9. Refer to the Statement of cash flows in EY's *Good Insurance* publication.

Scope of the publication

Please refer to *Appendix 1- Scope of the Publication* for a summary of the disclosures required by IFRS 17 and IFRS 7 covered in this publication.

Notes to the Financial Statements

Notes to the Financial Statements

Commentary

The following accounting policies and notes do not represent a complete set accounting policies, but are a series of extracts relevant for this publication. We use 'Note X' when making reference to a section of Notes that are not included in this publication, but would otherwise be required in a complete set of financial statements prepared in accordance with IFRS.

IAS 1.10(e)
IAS 1.112
IAS 1.113

Entities need to apply judgement to aggregate or disaggregate information so that useful information is not obscured either by the inclusion of a large amount of insignificant detail or by the aggregation of items that have different characteristics. We have chosen below to disaggregate certain information by unit: life insurance and life reinsurance, respectively.

IFRS 17.95

1. Changes in accounting policies and disclosures

1.1. New and amended standards and interpretations

In these financial statements, the Company has applied IFRS 17 and IFRS 9, for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IAS 8.14
IAS 8.28

1.1.1. IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2021.

IAS 8.28(a)

The Company has restated comparative information for 2020 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

IAS 8.28(b)

IAS 8.28(c)

1.1.1.1. Changes to classification, measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

IFRS 17 Appendix A

The Company was previously permitted under IFRS 4 to continue accounting using its previous (Euroland GAAP) accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The key principles of IFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards
- Divides the insurance and reinsurance contracts into groups it will recognise and measure
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information

  Plus

  - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- Recognises profit from a group of insurance contracts over the period the Company provides insurance coverage, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2

1.1.1.2. Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates groups of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately: *IFRS 17.78*

- Groups of insurance and reinsurance contracts issued that are assets
- Groups of reinsurance contracts held that are assets
- Groups of insurance contracts and reinsurance contracts issued that are liabilities
- Groups of reinsurance contracts held that are liabilities

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements (IFRS 17.14-24).

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously the Company reported the following line items: premium income, policyholder claims and benefits, and change in insurance contract liabilities. IFRS 17 requires separate presentation of: *IFRS 17.80*

- Insurance revenue
- Insurance service expense
- Insurance finance income or expense

The Company provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, made when applying the standard

1.1.1.3. Transition

On transition date, 1 January 2020, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied (unless impracticable – refer to Notes 1.1.1.3.2 and 1.1.1.3.3). *IFRS 17.C4*
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity.

Commentary

For the purposes of the transition requirements in IFRS 17, the date of initial application is the beginning of the annual reporting period in which an entity first applies IFRS 17 (i.e., 1 January 2021 for an entity first applying the standard with an annual reporting period ending 31 December 2021). IFRS 17 also refers to the transition date as the beginning of the annual reporting period immediately preceding the date of initial application (i.e., 1 January 2020 for an entity first applying the standard with an annual reporting period ending 31 December 2021). *IFRS 17.C2*

IFRS 17.C3(a) states that an entity is not required to present the quantitative information required by paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. IAS 8.28(f) requires, for the current period and each prior period presented, disclosure of the amount of the accounting policy change adjustment for each financial statement line item affected, and for basic and diluted earnings per share. No detailed reconciliation is required upon transition to IFRS 17. IFRS 17.115 requires an entity to disclose information about the methods used, and significant judgements applied, in determining the transition amounts using the fair value or modified retrospective approach; and how it determined the measurement of insurance contracts at the transition date. *IFRS 17.C3(a)* *IFRS 17.115*

1.1.1.3.1.Full retrospective approach

On transition to IFRS 17, the Company has applied the full retrospective approach unless impracticable. The Company has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2015. *IFRS 17.115* *IFRS 17.C3*

For certain groups of contracts the modified retrospective approach (see Note 1.1.1.3.2) and the fair value approach (see Note 1.1.1.3.3) were applied.

1.1.1.3.2.Modified retrospective approach

IFRS 17.C6

The Company has applied the modified retrospective approach for certain groups of contracts in the immediate annuity portfolio, as prior to transition, it grouped its contracts from multiple cohorts and years into a single unit for accounting purposes. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Company, as obtaining all required historical data for its existing products from the actuarial valuation reports was not possible. Therefore, the Company has used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach.

The Company has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year. *IFRS 17.C10*

The Company has elected to use the simplification in the modified retrospective approach for determining the CSM or loss component of the liability for remaining coverage at the transition date. *IFRS 17.C11*

The Company has used the following procedure to determine the CSM at initial recognition for these contracts: *IFRS 17.C11*

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before transition date *IFRS 17.C12*
- Estimated historical discount rates applied to some cash flows in the period prior to 2015 using an observable market interest curve for that period, adjusted by the average spread between observable market yield curves and the yield curve used to determine current discount rates for the years between 1 January 2015 and 1 January 2020 *IFRS 17.C13(a)*
- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date *IFRS 17.C14*

The CSM at transition date has been further determined by:

- Using the modified discount rates determined at initial recognition to accrete interest on the CSM *IFRS 17.C15*
- Applying the amount of the CSM recognised in profit or loss because of the transfer of services before the transition date, by comparing the remaining coverage units at that date with the coverage units provided under the group of contracts before the transition date.

The Company has elected to disaggregate insurance finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expense recognised in other comprehensive income at the transition date to zero. *IFRS 17. C18(b)*

1.1.1.3.3. Fair value approach

IFRS 17.115
IFRS 17.C20-C24

The Company has applied the fair value approach on transition for certain groups of term-life contracts as, prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of IFRS 13 *Fair Value Measurement*, except for the demand deposit floor requirement. *IFRS 17.B94*

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year. *IFRS 17.C23*

For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to: *IFRS 17.C21-C22*

- Identify groups of insurance contracts

1.1. New and amended standards and interpretations *(continued)*

- Determine whether any contracts are direct participating insurance contracts
- Identify any discretionary cash flows for insurance contracts without direct participation features

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach (Note 5.1.2) at inception. *IFRS 17.C24*

The Company has elected to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expense recognised in other comprehensive income at the transition date to zero.

The Company used the income approach to fair value the insurance contracts at the transition date.

Commentary

Under IFRS 13.62 there are three widely used valuation techniques which are the market approach, the cost approach and the income approach. Entities may choose to disclose the qualitative and quantitative information on the inputs used to derive at the fair value of insurance contracts.

1.1.2. IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to IFRS 4 to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17. *IFRS 9.7.1.1* *IFRS 4.20A*

The Company has applied IFRS 9 retrospectively and restated comparative information for 2020 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 have been recognised in retained earnings as of 1 January 2020 and are disclosed in Note 1.1.3. *IAS 8.28* *IFRS 9.7.2.1* *IFRS 9.7.2.15*

Commentary *IFRS 9.7.2.15*

Comparative information for instruments in the scope of IFRS 9 may only be restated if this is possible without the use of hindsight. For the purposes of these illustrative disclosures it has been assumed that Good Life Insurance was able to restate comparatives without the use of hindsight.

The nature of the changes in accounting policies can be summarised as follows:

1.1.2.1. Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. *IFRS 9.4.1.1* *IFRS 9.4.1.2* *IFRS 9.4.1.4*

The IAS 39 measurement categories for financial assets fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost have been replaced by:

- Financial assets at fair value through profit or loss including equity instruments and derivatives *IFRS 9.4.1.1* *IFRS 9.4.1.4*
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition *IFRS 9.4.1.2A*
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company) *IFRS 9.4.1.4*
- Debt instruments at amortised cost *IFRS 9.4.1.2*

The Company's classification of its financial assets is explained in Note 2.3. The quantitative impact of applying IFRS 9 as at 1 January 2021 is disclosed in Note 1.1.3.

1.1.2.2. Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets held at FVOCI or amortised cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. *IFRS 9.5.5.1*

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments not held at FVPL.

For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL. *IFRS 9.5.5.3 IFRS 9.5.5.5 IFRS 9.Appendix A*

The Company's debt instruments at FVOCI and amortised cost comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Euroland Credit Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL (12mECL) basis. The Company does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are more than 30 days past due. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade. *IFRS 9.B5.5.22-24*

The Company considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. There were no such instances in 2021 or 2020. *IFRS 7.35F(b), IFRS 9.5.5.9 IFRS 9.B5.5.37*

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances related to the Company's debt instruments. The increase in allowance was adjusted to Retained earnings.

As it was possible to do so without the use of hindsight, the Company restated the statement of financial position as at 1 January 2020, resulting in decreases in financial assets and retained earnings amounting to €11,000, respectively. The statement of profit or loss for the year ended 31 December 2020 was also restated, resulting in increases in impairment loss on financial assets and other income and expense amounting to €2,000 and €1,000, respectively.

Details of the Company's impairment methodology are disclosed in Note 2.3.6. The quantitative impact of applying IFRS 9 as at 1 January 2020 is disclosed in Note 1.1.3.

1.1.2.3. Changes in disclosure – IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 *Financial Instruments: Disclosures* was also amended. The Company applied the amended disclosure requirements, together with IFRS 9, for the year beginning 1 January 2021. Changes include transition disclosures as shown in Note 1.1.3. Detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Notes 2.3.6.1 and 5.2.1.

Reconciliations from opening to closing ECL allowances are presented in Notes 3.2.4.4.1 and 3.2.4.4.2.

Commentary

IFRS 7 also requires additional and more detailed disclosures for hedge accounting even for entities opting to continue to apply the hedge accounting requirements of IAS 39.

For the purposes of these illustrative disclosures, it has been assumed that Good Life Insurance does not apply hedge accounting and as such these disclosures have not been included.

1.1.3. Transition disclosures – IFRS 9

The following section sets out the impact of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2020 is, as follows: *IFRS 7.42I IAS 8.28 IAS 1.38*

Notes to the Financial Statements

1.1. New and amended standards and interpretations *(continued)*

In €000		IAS 39 measurement		Re-	Remeasurement		IFRS 9	
Financial assets	**Ref**	**Category**	**Amount**	**classification**	**ECL**	**Other**	**Amount**	**Category**
Cash and balances with banks		L&R[1]	892	-	-		892	AC[2]
Debt instruments at amortised cost			N/A	953	(2)	(11)	940	AC
From: Financial investments – AFS	A			953	(2)	(11)		
		L&R	**892**	**953**	**(2)**	**(11)**	**1,832**	AC
Financial investments – AFS[3]			10,478	(10,478)	-		N/A	
To: Debt instruments at FVOCI	B			(9,525)				
To: Debt instruments at amortised cost	A			(953)				
		AFS	**10,478**	**(10,478)**	**-**		**N/A**	
Debt instruments at fair value through OCI			N/A	9,525			9,525	FVOCI
From: Financial Investments – AFS	B			9,525				
			N/A	**9,525**	**-**	**-**	**9,525**	**FVOCI**
Financial assets at fair value through profit or loss (designated)	C	FVPL (designated)	4,517	(4,517)	-		-	FVPL(designated)
Financial assets at fair value through profit or loss (mandatory)			N/A	4,517	-		4,517	FVPL (mandatory)
		FVPL	**4,517**	**-**	**-**	**-**	**4,517**	**FVPL**
Non-financial assets								
Deferred tax assets	D		237		-	(2)	235	
Total assets			**16,102**	**-**	**(2)**	**9**	**16,109**	

[1]L&R: Loans and receivables
[2]AC: Amortised cost
[3]AFS: Available for sale

A As of 1 January 2020, the Company has classified a portion of its previous AFS portfolio as debt instruments at amortised cost. These instruments met the solely payments of principal and interest (SPPI) criterion, were not actively traded and were held with the intention to collect cash flows and without the intention to sell. The fair value of these instruments that the Company still held at 31 December 2021 was €1,058,000 (31 December 2020: €1,005,000). Their change in fair value over 2021 that would have been recorded in OCI had these instruments continued to be revalued through OCI, would have been €4,000 (2020: €5,000).

B As of 1 January 2020, the Company has assessed its assets backing the life insurance portfolios which had previously been classified as AFS debt instruments. The Company concluded that these instruments are managed within a business model of collecting contractual cash flows and selling the financial assets. Accordingly, the Company has classified these investments as debt instruments measured at FVOCI.

C As at 1 January 2020, the Company has assessed its assets (a portfolio of equity and debt instruments) previously designated at FVPL under IAS 39. Under IFRS 9, all equity instruments are measured mandatorily at FVPL. In respect of debt instruments previously designated FVPL under IAS 39, upon evaluation, as the Company's business model is to manage this portfolio of instruments on a fair value basis, these assets did not meet the criterion for recognition at amortised cost nor FVOCI and as such are mandatorily measured at FVPL.

D The impact of adopting IFRS 9 on deferred tax is set out on the next page and in Note X.

1.1. New and amended standards and interpretations *(continued)*

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

IAS 1.106(b)
IAS 8.28(f)
IAS 1.17(c)
IAS 1.38

In €000	Reserves and retained earnings
Fair value reserve	
Closing balance under IAS 39 (31 December 2019)	114
Reclassification of debt instruments from available-for-sale to amortised cost	(11)
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	59
Deferred tax in relation to IFRS 9 application	(10)
Opening balance under IFRS 9 (1 January 2020)	**152**
Retained earnings	
Closing balance under IAS 39 (31 December 2019)	2,628
Impact of initial application of IFRS 17	(547)
Deferred tax in relation to IFRS 17 application	109
Recognition of IFRS 9 ECLs including those measured at FVOCI (see below)	(61)
Deferred tax in relation to IFRS 9 application	11
Opening balance under IFRS 9 (1 January 2020)	**2,141**
Total change in equity due to application IFRS 9	**(11)**
Total change in equity due to application of IFRS 17	**(438)**

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9. Further details are disclosed in Notes 3.2.4.4.1 and 3.2.4.4.2.

IFRS 7.42P

In €000	Loan loss provision under IAS 39/IAS 37 at 31 December 2019	Re-measurement	ECLs under IFRS 9 at 1 January 2020
Impairment allowance for			
Available-for-sale debt securities per IAS 39/Debt instruments at amortised cost under IFRS 9:	-	2	2
Available-for-sale debt securities per IAS 39/Debt instruments at FVOCI under IFRS 9	-	59	**59**
	-	**61**	**61**

Commentary

The disclosures of the impact of the transition to IFRS 9 on reserves and retained earnings, deferred tax and provisions are not specified by IFRS 9 and IFRS 7. However, providing such disclosures is in line with both IAS 1.106(b) and IAS 8.28(f), which requires entities to disclose the effects of retrospective application. The disclosures are also in line with IAS 1.17(c) and IAS 1.38, which require entities to provide additional disclosures when otherwise the information would be insufficient to enable users to understand the impact of particular transactions and to assist comparability.

On application of IFRS 9, entities are required to revisit the FVPL designations previously made in accordance with IAS 39 and are also given an opportunity to make new designations in accordance with IFRS 9. More specifically, on the date of initial application:

- Any previous designation of a financial asset as measured at FVPL may be revoked in any case, but must be revoked if such designation no longer eliminates, or significantly reduces, an accounting mismatch.
- A financial asset or a financial liability may be designated as measured at FVPL if such designation would now eliminate or significantly reduce an accounting mismatch.
- Any previous designation of a financial liability as measured at FVPL that was made on the basis that it eliminated or significantly reduced an accounting mismatch may be revoked in any case, but must be revoked if such designation no longer eliminates or significantly reduces an accounting mismatch.
- Any investment in a non-derivative equity instrument that meets the definition of definition of Equity under IAS 32 and is not held for trading may be designated as non-recyclable FVOCI. The Company does not make use of this measurement category.

1.1. New and amended standards and interpretations *(continued)*

It should be noted that it is not possible to change the previous designation of a financial liability to being measured at FVPL on the grounds that it is now managed on a fair value basis. (This is because the relevant paragraph of IFRS 9.7.2.10 states that, 'at the date of initial application, an entity: (a) may designate a financial liability as measured at fair value through profit or loss in accordance with paragraph 4.2.2(a)'. IFRS 9.4.2.2(a), however, only allows entities to irrevocably designate a financial liability as measured at FVPL when it eliminates, or significantly reduces, a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, but not when they are managed on a fair value basis. Paragraph (b) of IFRS 9.4.2.2 allows entities to irrevocably designate a financial liability as measured at FVPL when it is managed and its performance is evaluated on a fair value basis. However, IFRS 9.7.2.10.(a) is the applicable paragraph for transition which lists the conditions when the FVPL designation upon initial application is allowed. (It only lists paragraph (a) of IFRS 9.4.2.2 and not (b)). As such, we conclude that the FVPL designation upon transition only allows mitigation of an accounting mismatch that would otherwise arise.

Such designations and revocations should be made based on the facts and circumstances that exist at the date of initial application and classification should be applied retrospectively. (IFRS 9.7.2.8).

Under IAS 39, in certain circumstances, entities may choose to elect to hold equity instruments at cost. The option to hold such investments at cost is no longer available under IFRS 9. The Company did not elect to use that option in the past.

We specifically draw attention to IFRS 7.42M-N that requires the following disclosures when entities reclassify financial assets out of FVPL into FVOCI or amortised cost, and where other financial assets are reclassified to amortised cost:

- The fair value of the financial asset at the year end and the fair value gains and losses that would have been recognised in profit or loss during the period if the assets had not been reclassified
- The EIR determined on the date of initial application and the recognised interest revenue or expense.

We have addressed these disclosures, as relevant, in the narrative part of the transition tables.

For the purpose of this exercise, we assumed the deferred tax balances can be offset in accordance with the requirements of IAS 12 *Income Taxes*.

2. Summary of significant accounting policies

Commentary

A number of accounting policy choices are outlined in IFRS 17. In this publication, when a choice is permitted by IFRS 17, the Company has adopted one of the treatments, as appropriate to the circumstances of the Company. In such cases, the commentary provides details of which policy has been selected, the reasons for this policy selection, and summarises the difference in the disclosure requirements.

2.1. Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk. The Company issues immediate annuity contracts and term life contracts with a surrender value.

IFRS 17 Appendix A

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Company provides reinsurance cover for immediate annuity and term life contracts.

IFRS 17 Appendix A

The Company does not issue any contracts with direct participating features.

Commentary:

The definition of an insurance contract in IFRS 17 is 'a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.'

IFRS 17 Appendix A

The definition of an insurance contract refers to 'insurance risk' which is defined as 'risk, other than financial risk, transferred from the holder of a contract to the issuer'.

IFRS 17.B7
IFRS 17.BC80

This definition determines which contracts are within the scope of IFRS 17 rather than other standards.

The basic definition of an insurance contract is unchanged from IFRS 4, which means that, in many cases, contracts that were insurance contracts under IFRS 4 are expected to be insurance contracts under IFRS 17.

IFRS 17.B18

2.1 Insurance and reinsurance contracts classification *(continued)*

However, there have been clarifications to the related application guidance explaining the definition to require that:

IFRS 17 Appendix A, IFRS 17.B19, IFRS 17.B25

- An insurer should consider the time value of money in assessing whether the additional benefits payable in any scenario are significant
- A contract does not transfer significant insurance risk if there is no scenario with commercial substance in which the insurer can suffer a loss on a present value basis

IFRS 17.B7

- If a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is still deemed to transfer significant insurance risk, if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts. This guidance in IFRS 17.B19 is new compared to that contained in IFRS 4.

Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e., no discernible effect on the economics of the transaction). If an insured event could mean significant additional amounts would be payable in any scenario that has commercial substance, the condition in the previous sentence can be met even if the insured event is extremely unlikely, or even if the expected (i.e., probability-weighted) present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

IFRS 17.B18

The additional amounts described above are determined on a present value basis. If an insurance contract requires payment when an event with uncertain timing occurs and if the payment is not adjusted for the time value of money, there may be scenarios in which the present value of the payment increases, even if its nominal value is fixed.

IFRS 17.B20

No quantitative guidance supports the determination of 'significant' in IFRS 17. This was a deliberate decision because the IASB considered that if quantitative guidance was provided, it would create an arbitrary dividing line that would result in different accounting treatments for similar transactions that fall marginally on different sides of that line. This would therefore create opportunities for accounting arbitrage.

IFRS 4 contained an illustrative example which implied insured benefits must be greater than 101% of the benefits payable if the insured event did not occur for there to be insurance risk in an insurance contract. However, no equivalent example has been included in IFRS 17. It is not disputed in the Basis for Conclusions that a 10% chance of a 10% loss results in a transfer of significant insurance risk and, indeed, the words 'extremely unlikely' and 'a small proportion' suggests that the IASB envisages that significant insurance risk could exist at a different threshold than a 10% probability of a 10% loss.

IFRS 17.BC78

IFRS 4.IG2.E1.3

This lack of a quantitative definition means that insurers must apply their own judgement as to what constitutes significant insurance risk. Although the IASB did not want to create an 'arbitrary dividing line', the practical impact of this lack of guidance is that insurers have to apply their own criteria to what constitutes significant insurance risk. As such, there will likely be inconsistency in practice as to what these dividing lines are, at least at the margins.

IFRS 17.BC77

There is no specific requirement under IFRS 17 for insurers to disclose any thresholds used in determining whether a contract contains significant insurance risk. However, IFRS 17 requires an entity to disclose the significant judgements made in applying IFRS 17 whilst IAS 1 *Presentation of Financial Statements* requires an entity to disclose the judgements that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

IFRS 17 requires the assessment of whether a contract transfers significant insurance risk to be made only once (unless the terms of the contract are modified). The Basis for Conclusions states that this assessment is made at inception.

As the assessment of significant insurance risk is made only once, a contract that qualifies as an insurance contract remains an insurance contract until all rights and obligations are extinguished (i.e., discharged, cancelled or expired), unless the contract is derecognised because of a modification.

IFRS 4 Appendix A, IFRS 17.BC80

The definition of an insurance contract refers to 'insurance risk' which is defined as 'risk, other than financial risk, transferred from the holder of a contract to the issuer'.

IFRS 17.BC 140-145

2.2. Insurance and reinsurance contracts accounting treatment

2.2.1. Separating components from insurance and reinsurance contracts

The Company assesses its life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS rather than IFRS 17. After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include distinct components that require separation. *IFRS 17.10* *IFRS 17.B32*

Some term life contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in IFRS 17. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder even if an insured event does not occur. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are recorded outside of profit or loss. The surrender options are considered non distinct investment components as the Company is unable to measure the value of the surrender option component separately from the life insurance portion of the contract. *IFRS 17.B32* *IFRS 17.B35*

Some life reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The profit commission components have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss. *IFRS 17.B35*

2.2.2. Level of aggregation

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under Euroland GAAP, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart. *IFRS 17.14* *IFRS 17.16, IFRS 17.126*

The Company has defined portfolios of insurance and reinsurance contracts issued based on its product lines, namely immediate annuity and term life contracts due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation. *IFRS 17.61*

The groups of contracts for which the modified retrospective and the fair value approach has been adopted on transition include contracts issued more than one year apart. Please refer to the transition approach applied by the Company in Note 1.1.1.3.

The annuity and term insurance and reinsurance contracts portfolios are divided into:

- A group of contracts that are onerous at initial recognition
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of the remaining contracts in the portfolio

The reinsurance contracts held portfolios are further divided into:

- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition
- A group of the remaining contracts in the portfolio

2.2. Insurance and reinsurance contracts accounting treatment *(continued)*

2.2.3. Recognition

The Company recognises groups of insurance contracts that it issues from the earliest of the following: *IFRS 17.25*

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

The Company recognises a group of reinsurance contracts held: *IFRS 17.62*

- If the reinsurance contracts provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract
- In all other cases, from the beginning of the coverage period of the first contract in the group

The reinsurance contracts held by the Company provide proportionate cover. Therefore the Company does not recognise a proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised. Groups of reinsurance contracts held are recognised when the coverage of the first underlying contract starts. *IFRS 17.BC305a*

The Company adds new contracts to the group when they are issued or initiated. *IFRS 17.28*

Commentary:

The issue date of a contract is when an entity has a contractual obligation to accept risk. The issue date is typically before the beginning of coverage (inception date) and due date for the initial premium. However, IFRS 17 only requires recognition of issued insurance contracts before these dates if facts and circumstances indicate that the contracts in the group are onerous. The recognition requirements for reinsurance contracts held that provide proportionate coverage are meant to simplify recognition and measurement for proportionate reinsurance contracts held. Circumstances in which the first underlying attaching contract is issued shortly after the reinsurance contracts are written will result in similar timing of recognition for proportionate and 'other-than-proportionate' reinsurance contracts. In other cases, there may be a greater difference in the timing of recognition. *IFRS 17.BC 140-145*

2.2.4. Onerous groups of contracts

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on: *1FRS 17.26*

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

2.2.5. Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when: *IFRS 17.34*

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

  Or

- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio *IFRS 17.B64*

2.2. Insurance and reinsurance contracts accounting treatment *(continued)*

- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts. *IFRS 17.B63*

For life contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Company by considering all the risks covered for the policyholder by the Company, the Company considers when underwriting equivalent contracts on the renewal dates for the remaining coverage. The Company reassess contract boundary of each group at the end of each reporting period. *IFRS 17.B64*

2.2.6. Measurement- general model

2.2.6.1. Insurance contracts – initial measurement

The general model measures a group of insurance contracts as the total of: *IFRS 17.32*

- Fulfilment cash flows
- A CSM representing the unearned profit the Company will recognise as it provides service under the insurance contracts in the group

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including: *IFRS 17.B65*

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
  - Payments to policyholders resulting from embedded surrender value options
  - An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including: *IFRS 17.B41*

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts
- Historical data about the Company's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions
- Current pricing information, when available

The measurement of fulfilment cash flows-includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract on a straight line basis. *IFRS 17.B125*

2.2. Insurance and reinsurance contracts accounting treatment *(continued)*

IFRS 17.38

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

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

IFRS 17.47

For groups of contracts assessed as onerous, the Company has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the Company for the liability for remaining coverage for an onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 2.2.6.4.2.

IFRS 17 Appendix A

The liability for remaining coverage is the Company's obligation to investigate and pay valid claims for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the coverage period) and at initial recognition, comprises all remaining expected future cash inflows and cash outflows under an insurance contract plus the CSM for that contract.

IFRS 17 Appendix A

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

2.2.6.2. Insurance contracts – subsequent measurement

2.2.6.2.1.Insurance contracts

IFRS 17.43

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

IFRS 17.44

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

- The effect of any new contracts added to the group (see Note 2.2.3 above)
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss

  Or

  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage (see Note 2.2.6.4.2)
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period (see Note 2.2.6.4.1).

IFRS 17.B72 (b)

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach (Note 5.1.2) at inception.

IFRS 17.B96

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

IFRS 17.B96(a)

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM

- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM) *IFRS 17.B96(b)*
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period *IFRS 17.B96(c)*
- Changes in the risk adjustment for non-financial risk that relate to future service *IFRS 17.B96(d)*

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition (see Note 5.1.2).

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprised the fulfilment cash flows related to past service allocated to the group at that date. *IFRS 17.40*

2.2.6.2.2.Reinsurance contracts

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following: *IFRS 17.63*

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes *IFRS 17.67*
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer *IFRS 17.64*
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition *IFRS 17.65*
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

2.2.6.3. Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when: *IFRS 17.B25*

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) *IFRS 17.74*

  Or

- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract *IFRS 17.72* *IFRS 17.76*

2.2.6.4. Presentation

The Company has presented separately in the statement of financial position the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities. *IFRS 17.78*

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related groups of insurance contracts issued. *IFRS 17.80*

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses. *IFRS 17.81* *IFRS 17.82*

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result. *IFRS 17.100-105*

2.2. Insurance and reinsurance contracts accounting treatment *(continued)*

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

2.2.6.4.1. Insurance revenue

The Company's insurance revenue depicts the provision of coverage and other services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any distinct investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

IFRS 17.83

IFRS 17.B120

IFRS 17.B121

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

For management judgement applied to the amortisation of CSM, please refer to Note 5.1.4.

2.2.6.4.2.Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

IFRS 17.47

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

IFRS 17.50

IFRS 17.51

IFRS 17.52

Commentary

The IASB decided not to provide a specific methodology for the tracking / subsequent measurement of the loss component, leaving it up to the insurance company to select an appropriate method.

2.2.6.4.3.Insurance finance income and expense

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

IFRS 17.87

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

The Company disaggregates insurance finance income or expenses on insurance contracts issued for its immediate annuity and term life portfolios between profit or loss and OCI. The impact of changes in market interest rates on the value of the life insurance and related reinsurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Company's financial assets backing the insurance issued portfolios are predominantly measured at amortised cost or FVOCI. Finance income and expenses on the Company's issued reinsurance contracts is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

IFRS 17.88(b), IFRS 17.118

2.2. Insurance and reinsurance contracts accounting treatment *(continued)*

The Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts, see Note 5.1.2 for current discount rates. *IFRS 17.91(a)*

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Company reclassifies the insurance income finance or expense to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

2.2.6.4.4.Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive, income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income. *IFRS 17.86*

2.3. Financial assets

Commentary

For the purposes of these illustrative financial statements, it has been assumed that the Company has portfolios of non-complex, low risk financial assets.

The following illustrative disclosures are considered appropriate for the Company. Entities will need to ensure that their disclosures are specific to their individual circumstances and address the nature and terms of all relevant financial assets and liabilities held by an entity.

2.3.1. Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.3.2.1.1 and 2.3.2.1.2. *IFRS 9.5.1.1*

Financial instruments are initially recognised on the trade date measured at their fair value (as defined in Note X). Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount. *IFRS 9.5.1.1A*

2.3.2. Measurement categories

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following: *IFRS 9.4.1.1*

- Amortised cost, as explained in Note 2.3.2.1
- FVOCI, as explained in Note 2.3.2.2
- FVPL, as explained in Note 2.3.2.3

2.3.2.1. Debt instruments measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met: *IFRS 9.4.1.2A*

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

2.3.2.1.1.Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. *IFRS 9.B4.1.2*

2.3. Financial assets *(continued)*

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

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as: *IFRS 9.B4.1.2B*

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. *IFRS 9.B4.1.2A*

2.3.2.1.2.The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test. *IFRS 9.4.1.2*

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). *IFRS 9.4.1.3* *IFRS 9. B4.1.7B*

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. *IFRS 9.4.1.3(b)* *IFRS 9.B4.1.9A*

2.3.2.2. Debt instruments measured at fair value through other comprehensive income

The Company applies the new category under IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met: *IFRS 9.4.1.2A*

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under IAS 39. Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

2.3.2.3. Financial assets measured at fair value through profit or loss

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. *IFRS 9.4.1.5*

2.3. Financial assets *(continued)*

2.3.3. Subsequent measurement

2.3.3.1. Debt instruments at amortised cost

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

IFRS 9.5.4.1
IFRS 9.5.4.2

2.3.3.2. Debt instruments at fair value through other comprehensive income

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 2.4.1. The ECL calculation for Debt instruments at FVOCI is explained in Note 2.3.6.2. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

IFRS 9.5.7.10-11

2.3.3.3. Financial assets at fair value through profit or loss

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate, as explained in Note 2.4.2. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

IFRS 9.5.2.1
IFRS 9.5.7.1
IFRS 9.5.7.1A
IFRS 7.B5(e)

2.3.4. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

IFRS 9.4.4.2
IFRS 9.B4.4.1

2.3.5. Derecognition

2.3.5.1. Derecognition other than for substantial modification

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

IFRS 9.3.2.2

- The rights to receive cash flows from the asset have expired

  IFRS 9.3.2.3(a)

  Or

- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

  IFRS 9.3.2.3,(b)
  IFRS 9.3.2.6

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

IFRS 9.3.2.9

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

IFRS 9.3.2.15

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

IFRS 9.3.2.16(a)

2.3. Financial assets *(continued)*

2.3.5.2. Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

IFRS 9.5.4.3
IFRS 9.B5.5.25-26

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

IFRS 9.5.4.3

2.3.6. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

IFRS 9.5.5.1

- Impairment losses on financial instruments Note 3.2.4.4.
- Disclosures for significant judgements and estimates Note 5.2.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

IFRS 9.5.5.1

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

IFRS 9.5.5.3
IFRS 9.5.5.5

The Company's debt instruments comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the *Euroland Credit Agency* and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

IFRS 7.35F(a)
IFRS 7.35G(a)(ii)
IFRS 9.B5.5.22-24
IAS 34.16A(d)

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

IFRS 7.35F(b)
IFRS 9.5.5.9
IFRS 9.B5.5.37

2.3. Financial assets *(continued)*

2.3.6.1. The calculation of ECLs

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive. *IFRS 7.33(b)*

When estimating the ECLs the Company considers four scenarios (a base case, an upside, a mild downside and a more extreme downside). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD — The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information. *IFRS 9.5.5.17* *IFRS 9.B5.5.28*
- EAD — The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD — The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Company allocates its assets subject to ELC calculations into one of these categories, determined as follows:

IFRS 9.5.5.1 *IFRS 9.B5.5.44*

- 12mECL — The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the four scenarios, as explained above.
- LTECL — When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR. *IFRS 9.5.5.3* *IFRS 9.B5.5.44*
- Impairment — For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%. *IFRS 9.5.5.3* *IFRS 9.B5.5.44*

2.3.6.2. Debt instruments measured at fair value through other comprehensive income

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets. *IFRS 9.5.5.2*

2.3.6.3. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as: *IFRS 7.35G(b)*

- GDP growth
- Central Bank base rates

Commentary

The above inputs are general economic indicators that we have chosen for illustrative purposes only. In practice, further indicators such as commodity price inflation rates, currency rates and government budget deficits may be used too.

Commentary

The illustrative disclosure is provided on the assumptions:

- That it is the Company's business model to invest in debt instruments that are quoted and that are graded in the top investment category
- Where the credit risk of any debt instrument deteriorates, the Company will sell the instrument and purchase instruments meeting the required investment grade

Entities will need to ensure that their disclosures adequately reflect the nature of ECL calculations relevant for its financial assets to comply with the requirements IFRS 9.

2.3.7. Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

IFRS 7.35F(e)
IFRS 9.5.4.4

2.4. Recognition of interest income

2.4.1. The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Similar to interest bearing financial assets previously classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

IAS 1.82(a)
IFRS 9 Appendix A

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

IFRS 9.B5.4.1
IFRS 9.B5.4.4

If expectations of fixed rate financial asset's cash flows are revised for reasons other than credit risk, and the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the balance sheet with a corresponding increase or decrease in interest income.

IFRS 9.B5.4.4-7

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

IFRS 9.B5.4.5

2.4.2. Interest and similar income

Interest income comprises amounts calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement.

In its *Interest income calculated using the effective interest method* the Company only includes interest on financial instruments at amortised cost or FVOCI.

IFRS 9.5.4.1
IFRS 9.5.7.11

Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

IFRS 9.5.4.1(b)
IFRS 9.5.4.2

3. Insurance and financial risk

Commentary

The requirements to disclose information relating to the nature, timing and uncertainty of future cash flows that arise from insurance contracts are not new. Many similar insurance and financial (including credit, liquidity and market) risk disclosures were included in IFRS 4, often phrased to the effect that an insurer should make disclosures about insurance contracts, assuming that these were within the scope of IFRS 7. The equivalent disclosures now required by IFRS 17 are more specific to the circumstances of the measurement of insurance contracts in the standard, with no cross reference to IFRS 7.

There are a number of subtle differences between the new and existing disclosures, for example, IFRS 17.128(a)(ii) requires the sensitivity analyses for each type of market risk to be disclosed in a way that explains the relationship between the sensitivities to changes in risk exposures arising from insurance contracts and those arising from financial assets held. In addition, claims development figures must be now discounted, whereas IFRS 4 was silent on this.

In order to reflect overall financial risk disclosure for the Company, relevant disclosures from IFRS 7.31-42 have been presented alongside the IFRS 17 required disclosure in section 3.2 below.

Disclosures relevant to the impairment accounting under IFRS 9 for instruments held by the Company as required by IFRS 7.35A-N are illustrated in Note 3.2.4.3 below.

3.1. Insurance risk

3.1.1. Life insurance contracts and reinsurance contracts

The Company offers term life and immediate annuity contracts, as well as life reinsurance contracts.

The main risks that the Company is exposed to are, as follows: *IFRS 17.121, IFRS 17.124*

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of outwards reinsurance arrangements.

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance held (outward reinsurance) is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Retention limits for non-proportional excess-of-loss reinsurance vary by product line. *IFRS 17.127*

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

For the life insurance and life reinsurance contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Company-wide reinsurance limits of €1,000,000 on any single life insured, and €500,000 on all high risk individuals insured are in place.

For immediate annuity contracts, the most significant factor that could increase the amount and frequency of claims is continued improvement in medical science and social conditions that would increase longevity. The Company reinsures its immediate annuity contracts on a quota-share basis to mitigate its risk.

3.1. Insurance risk *(continued)*

The nature of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

The geographical concentration of the Company's life insurance and reinsurance issued (both before and after reinsurance) contracts is shown below. The disclosure is based on the countries where the business is written.

IFRS 17.127
IFRS 17.125(a)

In €000	2021			2020		
	Insurance and reinsurance issued	Reinsurance held	Net	Insurance and reinsurance issued	Reinsurance held	Net
Direct life insurance contracts issued	7,391	(1,649)	5,741	6,683	(1,562)	5,121
Euroland						
United States	645	(174)	471	988	(247)	741
Total term life contracts	**8,036**	**(1,823)**	**6,212**	**7,671**	**(1,809)**	**5,862**
Euroland	3,980	(888)	3,092	3,598	(841)	2,757
United States	347	(94)	254	532	(133)	399
Total immediate annuity contracts	**4,327**	**(982)**	**3,346**	**4,130**	**(974)**	**3,156**
Total life insurance	**12,363**	**(2,805)**	**9,558**	**11,801**	**(2,783)**	**9,018**
Reinsurance contracts issued						
Euroland	3,557	-	3,557	3,290	-	3,290
Total term life contracts	**3,557**	**-**	**3,557**	**3,290**	**-**	**3,290**
Euroland	1,509	-	1,509	1,435	-	1,435
Total immediate annuity contracts	**1,509**	**-**	**1,509**	**1,435**	**-**	**1,435**
Total reinsurance issued	**5,066**	**-**	**5,066**	**4,725**	**-**	**4,725**
Total insurance contracts	**17,429**	**(2,805)**	**14,624**	**16,526**	**(2,783)**	**13,743**

3.1.1.1. Sensitivities

The following sensitivity analysis shows the impact on gross and net liabilities, contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions (as detailed in Note 5) held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

IFRS 17.128(b)

IFRS 17.128(c)

Commentary

The below illustrative disclosure includes sensitivities illustrating the impact of changes in assumptions on the amount of CSM. These disclosures are not required by IFRS 17 but may be considered useful to users.

3.1. Insurance risk *(continued)*

IFRS 17.128(a)(i)

Life insurance contracts issued

In €000	2021				
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Mortality/morbidity rate	+ 10 %	(178)	(136)	(137)	(107)
Longevity	+ 10 %	129	102	99	80
Expenses	+ 10 %	(148)	(128)	(115)	(100)
Lapse and surrenders rate	+ 10 %	(166)	(131)	(130)	(102)
Discount rate	+ 1 %	140	127	469	315
Mortality/morbidity rate	- 10 %	174	131	136	103
Longevity	- 10 %	(126)	(97)	(98)	(76)
Expenses	- 10 %	147	125	114	98
Lapse and surrenders rate	- 10 %	163	128	127	100
Discount rate	- 1 %	(148)	(135)	(498)	(334)

In €000	2020				
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Mortality/morbidity rate	+ 10 %	(174)	(134)	(131)	(101)
Longevity	+ 10 %	126	97	94	74
Expenses	+ 10 %	(146)	(123)	(109)	(94)
Lapse and surrenders rate	+ 10 %	(163)	(131)	(122)	98)
Discount rate	+ 1 %	135	121	342	310
Mortality/morbidity rate	- 10 %	172	131	129	98
Longevity	- 10 %	(120)	(93)	(92)	(72)
Expenses	- 10 %	142	119	107	90
Lapse and surrenders rate	- 10 %	158	127	118	95
Discount rate	- 1 %	(143)	(130)	(413)	(393)

In €000		2021		2020	
	Change in assumptions	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance
Mortality/morbidity rate	+ 10 %	(950)	727)	(934)	(719)
Longevity	+ 10 %	689	544.7	672	525
Expenses	+ 10 %	(792)	(683)	(704)	(665)
Lapse and surrenders rate	+ 10 %	(744)	(588)	(868)	(701)
Mortality/morbidity rate	- 10 %	929	701	931	707
Longevity	- 10 %	(682)	(523)	(651)	(504)
Expenses	- 10 %	791	103	763	650
Lapse and surrenders rate	- 10 %	876	114	850	682

3.1. Insurance risk *(continued)*

Life reinsurance contracts issued

In €000	2021				
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Mortality/morbidity rate	+ 10 %	(73)	(73)	(56)	(56)
Longevity	+ 10 %	53	53	38	38
Expenses	+ 10 %	(61)	(61)	(45)	(45)
Lapse and surrenders rate	+ 10 %	(68)	(68)	(50)	(50)
Discount rate	+ 1 %	57	57	185	185
Mortality/morbidity rate	- 10 %	71	71	53	53
Longevity	- 10 %	(52)	(52)	(39)	(39)
Expenses	- 10 %	60	60	45	45
Lapse and surrenders rate	- 10 %	66	66	49	49
Discount rate	- 1 %	(61)	(61)	(193)	(193)

In €000	2020				
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Mortality/morbidity rate	+ 10 %	(69)	(69)	(51)	(51)
Longevity	+ 10 %	49	49	37	37
Expenses	+ 10 %	(57)	(57)	(43)	(43)
Lapse and surrenders rate	+ 10 %	(63)	(63)	(48)	(48)
Discount rate	+ 1 %	52	52	133	133
Mortality/morbidity rate	- 10 %	67	67	50	50
Longevity	- 10 %	(48)	(48)	(34)	(34)
Expenses	- 10 %	55	55	41	41
Lapse and surrenders rate	- 10 %	61	61	46	46
Discount rate	- 1 %	(55)	(55)	(163)	(163)

In €000		2021		2020	
	Change in assumptions	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance
Mortality/morbidity rate	+ 10 %	(388)	(388)	(363)	(363)
Longevity	+ 10 %	282	282	262	262
Expenses	+ 10 %	(323)	(323)	(379)	(379)
Lapse and surrenders rate	+ 10 %	(304)	(304)	(338)	(338)
Mortality/morbidity rate	- 10 %	380	380	362	362
Longevity	- 10 %	(278)	(278)	(253)	(253)
Expenses	- 10 %	323	323	309	309
Lapse and surrenders rate	- 10 %	358	358	330	330

3.1. Insurance risk *(continued)*

3.1.1.2. Claims Development

Commentary

IFRS 17.130 requires the disclosure of actual claims compared with previous estimates of the undiscounted amount of the claims. An entity is not required to disclose information about the development of claims for which uncertainty about the amount and timing of the claims payments is typically resolved within one year. For the purposes of these illustrative disclosures, it has been assumed that the amount and timing of the Company's claims are materially resolved within one year.

IFRS 17.130

3.2. Financial risk

Commentary

The disclosure included below in respect of financial assets are considered appropriate given the non-complex lower risk financial assets held by the Company. Entities will need to ensure that their disclosures are specific to their individual circumstances and address the nature of risks and terms of all relevant financial assets and liabilities held.

3.2.1. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

IFRS 17.124(a),(b)

The Company's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

3.2.1.1. Maturity profiles

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of groups of insurance contract issued and groups of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

IFRS 17.132(b)
IFRS 17.127
IFRS 17.125(a)

Commentary

IFRS 17.132 provides entities with two options for completing the maturity profile. The option that is not presented below is to provide an analysis of the remaining contractual undiscounted net cash flows. Entities should consider which is most appropriate to their user. The Company has provided an analysis of maturity profiles based on the estimates of the present value of future cash flows by estimated timing as is it in line with the Company's current accounting policy and industry's best practice.

	2021						
In €000	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Life Insurance contract liabilities	529	607	767	1,598	1,469	6,550	11,520
Insurance contract liabilities (reinsurance)	473	502	685	812	876	1,302	4,650
Reinsurance contract liabilities (held)	4	3	-	6	5	7	25
TOTAL	**1,006**	**1,112**	**1,452**	**2,416**	**2,350**	**7,859**	**16,195**

3.2. Financial risk *(continued)*

In €000	2020						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Life Insurance contract liabilities	744	575	908	825	1,712	6,517	11,281
Insurance contract liabilities (reinsurance)	541	448	631	643	758	1,473	4,494
Reinsurance contract liabilities (held)	3	3	3	-	7	9	25
TOTAL	**1,288**	**1,026**	**1,542**	**1,468**	**2,477**	**7,999**	**15,800**

The amounts of insurance contract liabilities that are payable on demand are set out below:

IFRS 17.132(c)

In €000	2021		2020	
	Amounts payable on demand	Carrying amount	Amounts payable on demand	Carrying amount
Term life contracts	6,221	8,036	5,935	7,671
TOTAL	**6,221**	**8,036**	**5,935**	**7,671**

Maturity analysis for financial assets (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable. *IFRS 7.B11E*

In €000	2021						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Financial assets							
Cash and cash equivalents	180	-	-	-	-	-	180
Equity and debt instruments at FVPL	2,349	1,675	1,643	784	457	-	6,908
Debt instruments at fair value FVOCI	2,475	2,109	2,058	2,038	1,752	1,392	11,824
Debt instruments at amortised cost	254	233	205	159	208	-	1,059
TOTAL	**5,258**	**4,017**	**3,906**	**2,981**	**2,417**	**1,392**	**19,971**

In €000	2020						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Financial assets							
Cash and cash equivalents	57	-	-	-	-	-	57
Equity and debt instruments at FVPL	1,996	1,524	923	751	439	-	5,633
Debt instruments at FVOCI	2,397	2,036	1,973	1,715	1,561	1,270	10,952
Debt instruments at amortised cost	249	214	187	203	163	-	1,016
TOTAL	**4,699**	**3,774**	**3,083**	**2,669**	**2,163**	**1,270**	**17,658**

3.2. Financial risk *(continued)*

Commentary

IFRS 7.B11E requires an entity to disclose a maturity analysis of financial assets that it holds for managing liquidity risk (e.g., financial assets that are readily saleable or expected to generate cash inflows to meet cash outflows on financial liabilities) if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

IFRS 7.B11E

Although this disclosure requirement is in respect of liquidity risk pertaining to financial liabilities, it has been included in this note given that it is anticipated that this information is relevant for evaluating the nature and extent of liquidity risk relating to the Company's insurance and reinsurance contract liabilities.

It should be noted that IFRS 17.132 provides two bases for reflecting maturity analyses for insurance and reinsurance contract liabilities (present value of future cash flows or undiscounted contractual maturity), whereas IFRS 7 only allows for undiscounted contractual maturity.

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation or settlement of assets and liabilities.

IAS 1.61

	2021			2020		
In €000	**No more than 12 months**	**More than 12 months**	**Total**	**No more than 12 months**	**More than 12 months**	**Total**
Financial assets	**7,191**	**11,978**	**19,169**	**7,213**	**9,970**	**17,183**
Cash and cash equivalents	180	-	180	57	-	57
Equity and debt instruments at FVPL	2,382	4,215	6,597	1,965	3,487	5,452
Debt instruments at FVOCI	4,375	6,981	11,356	4,960	5,727	10,687
Debt instruments at amortised cost	254	782	1,036	231	756	987
Insurance contract assets	**212**	**2,770**	**2,982**	**263**	**2,640**	**2,903**
Life Insurance issued	80	22	102	78	14	92
Reinsurance issued	-	-	-	-	-	-
Reinsurance held	132	2,748	2,880	185	2,626	2,811
Insurance contract liabilities	**(1,091)**	**(16,465)**	**(17,556)**	**(1,353)**	**(15,289)**	**(16,642)**
Life Insurance issued	(572)	(11,893)	(12,465)	(784)	(11,109)	(11,893)
Reinsurance issued	(515)	(4,551)	(5,066)	(566)	(4,159)	(4,725)
Reinsurance held	(4)	(21)	(25)	(3)	(21)	(24)

3.2.2. Market risk

Commentary

The sensitivity analysis required by IFRS 17.128(a)(ii) expands on the previous requirement of IFRS 4.39(d), by requiring the sensitivity analysis for each type of market risk to be disclosed in a way that explains the relationship between the sensitivities to changes in risk exposures arising from insurance contracts and those arising from financial assets held by the entity.

IFRS 17.129 allows entities that use alternative methods to manage the sensitivity to risks arising from contracts within the scope of IFRS 17 to disclose such alternative sensitivities (similar to the provision in IFRS 4.39(d)(ii). Further narrative information is also required to explain the method used to prepare such sensitivity, main parameters, assumptions, objective and any limitations.

3.2. Financial risk *(continued)*

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

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for it. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains needed to meet the Company's contractual requirements.

The nature of the Company's exposure to market risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period. *IFRS 17.124(c) IFRS 7.33(c)*

3.2.2.1. Currency risk

Currency risk is the risk that the fair value of future cash flows of insurance contract assets and/ or liabilities will fluctuate because of changes in foreign exchange rates. *IFRS 124(a),(b)*

The Company's principal transactions are carried out in euros and its exposure to foreign exchange risk arises primarily with respect to the US dollar. The Company's financial assets are primarily denominated in the same currencies as its insurance contract liabilities. *IFRS 17.128(a)(ii)*

The Company mitigates some of the foreign currency risk associated with insurance contracts by holding reinsurance contracts denominated in the same currencies as its insurance contract liabilities.

The table below summarises the Company's financial assets and insurance contract assets and liabilities by major currencies: *IFRS 17.125(a), IFRS 17.127*

	2021			2020		
In €000	**Euro**	**US Dollar**	**Total**	**Euro**	**US Dollar**	**Total**
Financial assets	**18,200**	**969**	**19,169**	**15,672**	**1,511**	**17,183**
Cash and cash equivalents	135	45	180	34	23	57
Equity and debt instruments at FVPL	6,597	-	6,597	5,452	-	5,452
Debt instruments at FVOCI	10,432	924	11,356	9,199	1,488	10,687
Debt instruments at amortised cost	1,036	-	1,036	987	-	987
Insurance contract assets	**2,714**	**268**	**2,982**	**2,523**	**380**	**2,903**
Life Insurance issued	102	-	102	92	-	92
Reinsurance issued	-	-	-	-	-	-
Reinsurance held	2,612	268	2,880	2,431	380	2,811
Insurance contract liabilities	**(16,564)**	**(992)**	**(17,556)**	**(15,122)**	**(1,520)**	**(16,642)**
Life Insurance issued	(11,473)	(992)	(12,465)	(10,373)	(1,520)	(11,893)
Reinsurance issued	(5,066)	-	(5,066)	(4,725)	-	(4,725)
Reinsurance held	(25)	-	(25)	(24)	-	(24)

3.2. Financial risk *(continued)*

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on contractual service margin, profit before tax, and equity due to changes in the fair value of currency-sensitive monetary assets and liabilities, including those relating to insurance and reinsurance contracts. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous period.

IFRS 17.128(b)
IFRS 17.128(c)
17.128(b)

IFRS 17.128(a)

In €000	2021				2020		
	Change in exchange rate	Impact on CSM before tax	Impact on profit before tax	Impact on equity	Impact on CSM before tax	Impact on profit before tax	Impact on equity
Euro/US Dollar exchange rate							
Insurance and reinsurance contracts	+ 10%	5	(79)	(80)	5	(112)	(114)
Financial assets	+10%	-	106	83	-	149	119
Insurance and reinsurance contracts	- 10%	(5)	79	80	(5)	112	114
Financial assets	-10%	-	(106)	(83)	-	**(149)**	(119)

3.2.2.2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

IFRS 17.124(a),(b)
IFRS 7.33(a)

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

There is no direct contractual relationship between financial assets and insurance contracts, However, the Company's interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The policy also requires it to manage the maturities of interest bearing financial assets.

IFRS 7.33(b)

The Company has no significant concentration of interest rate risk.

IFRS 17.127
IFRS 7.34(c)

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are, as follows:

IFRS 17.125(a)

In €000	2021	2020
Insurance contract assets	**2,734**	**2,846**
Life Insurance issued	103	98
Reinsurance issued	-	-
Reinsurance held	2,631	2,748
Insurance contract liabilities Insurance contract liabilities	**16,092**	**15,702**
Life Insurance issued	11,417	11,183
Reinsurance issued	4,650	4,494
Reinsurance held	25	25
Debt instruments at FVOCI	**10,356**	**10,687**
Debt instruments at amortised cost	**1,036**	**987**

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

IFRS 17.128(b)
IFRS 7.40(a),(b),(c)
IFRS 17.128(c)

3.2. Financial risk *(continued)*

IFRS 17.128(a)(ii)

In €000	Change in Interest rate	2021 Impact on profit before tax	2021 Impact on equity	2020 Impact on profit before tax	2020 Impact on equity
Insurance and reinsurance contracts	+100 bps	152	370	143	356
Debt instruments	+100 bps	(284)	(314)	(291)	(321)
Insurance and reinsurance contracts	- 100 bps	(161)	(392)	(152)	(445)
Debt instruments	- 100 bps	302	332	305	338

3.2.2.3. Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/ or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

IFRS 17.128(a)(ii)
IFRS 17.124(a)
IFRS 7.33(a)

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

IFRS 7.33(b)
IFRS 17.124(a)

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on individual and total equity instruments.

IFRS 7.33(b)

The Company has no significant concentration of price risk.

IFRS 7.34(c)
IFRS 17.127

At the reporting date, the Company's exposure to price risk is through equity investments held at fair value listed on the Euronext was €507,000 (2020: €902,000). Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the Euronext 100 market index, the Company has determined that an increase/ (decrease) of 10% on the index could have an impact of approximately €50,700 (2020: € 90,200) increase/ (decrease) on the profit before tax and approximately €38,500 (2020: €68,700) increase/ decrease on equity.

This analysis was performed for reasonably possible movements in the market index with all other variables held constant. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables did not change from the previous period.

IFRS 7.40(a),(b),(c)

3.2.3. Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

IFRS 17.124(a)(b)

Commentary

IFRS 7 and IFRS 17 do not specifically require disclosure of operational risk because it is not necessarily related to financial instruments nor the amount, timing and uncertainty of future cash flows that arise from insurance and reinsurance contracts. The above narrative on operational risk is included for illustrative purposes only and does not cover all the possible operational risks for an insurer.

3.2. Financial risk *(continued)*

3.2.4. Credit risk

Commentary

Specific credit risk disclosures required by IFRS 17.121-126 and 131 along with disclosures relevant to the impairment accounting under IFRS 9 for instruments held by the Company as required by IFRS 7.35A-N are illustrated below.

In respect of the financial assets held by the Company, the following disclosures are considered appropriate given the non-complex lower risk financial assets held. Entities will need to ensure that their disclosures are specific to their individual circumstances and address the credit risk nature and terms of all relevant financial assets and liabilities held.

Credit risk is the risk that one party to a financial instrument or reinsurance contract will cause a financial loss for the other party by failing to discharge an obligation. *IFRS 7.33(a),(b)*

The following policies and procedures are in place to mitigate the Company's exposure to credit risk: *IFRS 17.124(a),(b)*

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the investments team of the Company. It is their responsibility to review and manage credit risk, including environmental risk for all of counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Company's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The nature of the Company's exposure to credit risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period. *IFRS 17.124(c)*

3.2.4.1. The Company's internal rating process *IFRS 7.33(b)*

The Company's investment team prepares internal ratings for instruments held in which its counterparties are rated using internal grades (high grade, standard grade, subs-standard grade, past due but not impaired and individually impaired). The ratings are determined incorporating both qualitative and quantitative information that builds on information from Euroland Credit Agency, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

3.2. Financial risk *(continued)*

The Company's internal credit rating grades:

Internal rating grade	Internal rating description	Euroland Credit Agency's rating (when applicable)
1-2	High grade	Very good +
3	High grade	Very good
4	High grade	Very good -
5-6	Standard grade	Good +
7-8	Standard grade	Good
9-10	Standard grade	Good -
11	Standard grade	Average +
12	Standard grade	Average
13	Sub-standard grade	Average -
14	Sub-standard grade	Bad +
15	Past due but not impaired	Bad
16	Past due but not impaired	Bad -
17	Individually impaired	Very bad

3.2.4.2. Credit exposure

The table below provides information regarding the credit risk exposure of the Company by classifying Very good+ is the highest possible rating. Assets that fall outside the range of Very good+ to Good are classified as non-investment grade. The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance assets.

Industry analysis *IFRS 7.34(a)*

	2021					
In €000	**Financial Services**	**Government**	**Retail and Wholesale**	**Construction and Materials**	**Manufacturing and Petroleum**	**Total**
Cash and cash equivalents	180	-	-	-	-	180
Debt instruments at FVPL	1,587	3,572	497	233	201	6,090
Debt instruments at FVOCI	3,311	6,086	743	734	482	11,356
Debt instruments at amortised cost	-	1,036	-	-	-	1,036
Reinsurance contract assets	2,880	-	-	-	-	2,880
Total credit risk exposure	**7,958**	**10,694**	**1,240**	**966**	**683**	**21,541**

3.2. Financial risk *(continued)*

	2020					
In €000	**Financial Services**	**Government**	**Retail and Wholesale**	**Construction and Materials**	**Manufacturing and Petroleum**	**Total**
Cash and cash equivalents	57	-	-	-	-	57
Debt instruments at FVPL	1,154	3,141	186	69	-	4,550
Debt instruments at FVOCI	3,116	5,728	729	705	409	10,687
Debt instruments at amortised cost	-	987	-	-	-	987
Reinsurance contract assets	2,811	-	-	-	-	2,811
Total credit risk exposure	**7,138**	**9,856**	**915**	**774**	**409**	**19,092**

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the company by classifying assets according to the Company's credit ratings of counterparties.

IFRS 17,131(a)
IFRS 17.131(b)
IFRS 17.125(a)
IFRS 7.35M

	2021				
In €000	**High grade**	**Standard grade**	**Past due but not impaired**	**Not rated**	**Total**
Cash and cash equivalents	180	-	-	-	180
Debt instruments at FVPL	5,792	298	-	-	6,090
Debt instruments at FVOCI	9,470	1,886	-	-	11,356
Debt instruments at amortised cost	1,036	-	-	-	1,036
Reinsurance assets	2,838	42	-	-	2,880
Total credit risk exposure	**19,317**	**2,225**	**-**	**-**	**21,542**

	2020				
In €000	**High grade**	**Standard grade**	**Past due but not impaired**	**Not rated**	**Total**
Cash and cash equivalents	57	-	-	-	57
Debt instruments at FVPL	4,318	232	-	-	4,550
Debt instruments at FVOCI	8,929	1,758	-	-	10,687
Debt instruments at amortised cost	987	-	-	-	987
Reinsurance assets	2,776	35	-	-	2,811
Total credit risk exposure	**17,067**	**2,025**	**-**	**-**	**19,092**

The Company's maximum exposure to credit risk from insurance contract assets held is €102,000 (2020: €92,000)

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk. *IFRS 17.127*

3.2.4.3. Impairment assessment

The Company's ECL assessment and measurement method is set out below.

3.2.4.3.1.Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. *IFRS 7.35F(f)* *IFRS 9.5.5.9*

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include: *IFRS 7.35F(b),(d)* *IFRS 7.B8A* *IFRS 7.35G(a),(iii)* *IFRS 7 Appendix A* *IFRS 9.B5.5.36,37*

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL. *IFRS 7.B8.A(c)*

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

3.2.4.3.2.Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

3.2.4.4. Impairment losses on financial investments subject to impairment assessment

3.2.4.4.1.Debt instruments measured at FVOCI

The table below shows the fair value of the Company's debt instruments measured at FVOCI by credit risk, based on the Company's internal credit rating system. Details of the Company's internal grading system are explained in Note 3.2.4.1.

In €000	**2021**			**2020**		
Internal rating grade	12mECL	LTECL	Total	12mECL	LTECL	Total
Performing						
High grade	9,490	-	9,490	8,947	-	8,947
Standard grade	-	1,928	1,928	-	1,801	1,801
Past due but not impaired	-	-	-	-	-	-
Total Gross Amount	**9,490**	**1,928**	**11,418**	**8,947**	**1,801**	**10,748**
ECL	(20)	(42)	(62)	(18)	(43)	(61)
Total Net Amount	**9,470**	**1,886**	**11,356**	**8,929**	**1,758**	**10,687**

IFRS 7.35M

3.2. Financial risk *(continued)*

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

	2021			2020		
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Fair value as at 1 January	**9,973**	**714**	**10,687**	**8,852**	**673**	**9,525**
New assets originated or purchased	1,800	-	**1,800**	600	-	600
Assets derecognised or matured	(1,886)	(156)	**(2,042)**	-	-	-
Accrued interest capitalised	740	42	**782**	528	47	575
Change in fair value	161	18	**179**	(31)	(4)	(35)
Net foreign exchange expense / (income)	(50)	-	**(50)**	22	-	22
Movement between 12mECL and LTECL	-	-	-	-	-	-
At 31 December	**10,738**	**618**	**11,356**	**9,973**	**714**	**10,687**

	2021			2020			
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**	
ECL as at 1 January	**18**	**43**	**61**	**17**	**42**	**59**	*7.35H(a)-(c) IFRS 7.42P*
New assets originated or purchased	4	-	4	1	-	1	
Assets derecognised or matured (excluding write-offs)	(2)	(2)	(4)	-	-	-	
Unwind of discount	-	1	1	-	1	1	
Net foreign exchange expense / (income)	-	-	-	-	-	-	
Movement between 12mECL and LTECL		-	-	-	-	-	
At 31 December	**20**	**42**	**62**	**18**	**43**	**61**	

3.2. Financial risk *(continued)*

3.2.4.4.2.Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 3.2.4.1.

In €000	2021			2020			
Internal rating grade	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**	
Performing							*IFRS 7.35M*
High grade	1,038	-	**1,038**	989	-	**989**	
Standard grade	-	-	-	-	-	-	
Past due but not impaired	-	-	-	-	-	-	
Total Gross Amount	**1,038**	**-**	**1,038**	**989**	**-**	**989**	
ECL	(2)	-	(2)	(2)	-	**(2)**	
Total Net Amount	**1,036**	**-**	**1,036**	**987**	**-**	**987**	

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

	2021			2020		
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Gross amount as at 1 January	**989**	**-**	**989**	**942**	**-**	**942**
New assets originated or purchased	-	-	-	-	-	-
Assets derecognised or matured (excluding write-offs)	-	-	-	-	-	-
Accrued interest capitalised	49	-	49	47	-	47
Movement between 12mECL and LTECL	-	-	-	-	-	-
At 31 December	**1,038**	**-**	**1,038**	**989**	**-**	**989**

Commentary

IFRS 7.IG20B provides a reconciliation in a tabular format to help address the requirements of IFRS 7.35I to provide an explanation of how significant changes in gross balances have contributed to changes in ECLs. The Company has elected to provide a similar table for debt instruments measured at FVOCI.

3.2. Financial risk *(continued)*

	2021			2020			
In €000	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**	
ECL as at 1 January	**2**	**-**	**2**	**2**	**-**	**2**	*IFRS 7.35H(a)-(c) IFRS 7.42P*
New assets originated or purchased	-	-	-	-	-	-	
Assets derecognised or matured (excluding write-offs)	-	-	-	-	-	-	
Unwind of discount	-	-	-	-	-	-	
Movement between 12mECL and LTECL							
At 31 December	**2**	**-**	**2**	**2**	**-**	**2**	

Commentary

In respect of the requirements of IFRS 7.35J, these illustrative disclosures assume that all modifications of contractual cash flows on financial assets resulted in derecognition.

In respect of the requirements of IFRS 7.35K, these illustrative disclosures assume that there was no collateral held nor other credit enhancements related to the debt instruments held by the Company.

In respect of the requirements of IFRS 7.35L, these illustrative disclosures assume that there were no debt instruments written off by the Company in the periods disclosed.

4. Capital

4.1. Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company, thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities, taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The operation of the Company is also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseeable liabilities as they arise. *IAS 1.135(a)*

The Company has met all of these requirements throughout the financial year. *IAS 1.135(d)*

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Euroland Financial Services Authority (EFSA). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. *IFRS 17.126*

The Company's capital management policy for its non-insurance business is to hold sufficient capital to cover the statutory requirements based on the EFSA directives, including any additional amounts required by the regulator.

IFRS 17.126

In determining groups of contracts, the Company has elected to include in the same group, those contracts where the Company's ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

4.1. Capital management objectives, policies and approach *(continued)*

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. *IAS 1.135(a)(iii)*

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The primary source of capital used by the Company is total equity. The Company also utilises, where it is efficient to do so, sources of capital such as reinsurance, in addition to more traditional sources of funding. *IAS 1.135(b)*

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Company has developed an Individual Capital Assessment (ICA) framework to identify the risks and quantify their impact on the economic capital. The ICA estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The ICA has also been considered in assessing the capital requirement.

The Company has made no significant changes from previous years to its policies and processes for its capital structure. *IAS 1.135(c)*

Commentary

IAS 1.134 and IAS 1.135 require entities to make qualitative and quantitative disclosures regarding their objectives, policies and processes for managing capital. IAS 1.135(e) requires that if an entity has not complied with its externally imposed capital requirements, the consequence of such non-compliance must be disclosed. IFRS 17.126 requires entities to disclose the effect of the regulatory frameworks in which it operates; for example, minimum capital requirements or required interest-rate guarantees which are similar to requirements under IAS1.134 and 1.135. Entities should disclose information based on the requirements of their regulatory framework.

Available capital resources:

IAS 1.135(b)

In €000	31 December		1 January
	2021	**2020**	**2020**
Total equity	4,094	3,028	2,343
Adjustments onto a regulatory basis	(1,064)	(938)	(702)
Available capital resources	**3,030**	**2,090**	**1,641**
Prescribed capital amount	**1,377**	**959**	**749**

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

Notes to the Financial Statements

5. Significant judgements and estimates

5.1. Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose life insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the company is managed.

IAS 1.125

IFRS 17.95

5.1.1. The methods used to measure insurance contracts

The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

IFRS 17.117(a)

The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates (insurance risk and reinsurance business)

  Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

  An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

- Longevity (immediate annuity business)

  Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type.

  An increase in expected longevity rates will lead to an increase in expected cost of immediate annuity payments which will reduce future expected profits of the Company.

- Expenses

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

  An increase in the expected level of expenses will reduce future expected profits of the Company.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

  IFRS 17.B65(l)

- Lapse and surrender rates

  Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

  An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

The assumptions that have the greatest effect on the expected cash flows are listed below. The table below sets out the percentage assumed to apply to industry mortality and morbidity tables in estimating fulfilment cash flows:

5.1. Insurance and reinsurance contracts *(continued)*

Portfolio assumptions by type of business impacting net liabilities	Mortality and morbidity rates[1]		Lapse and surrender rates	
	2021	2020	2021	2020
Life insurance contracts issued				
Males	43-145% TM92	40-142% TM92	4.5%	4%
Females	55-160% TF92	50-150% TF92	4.5%	4%
Life reinsurance contracts issued				
Males	95% PMA92	90% PMA92	4.5%	4%
Females	85% PFA92	80% PFA92	4.5%	4%

5.1.2. Discount rates

Life insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the life insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates. *IFRS 17.117(cX iii)*

Discount rates applied for discounting of future cash flows are listed below: *IFRS 17.120*

	Portfolio duration									
	1 year		3 years		5 years		10 years		20 years	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Life insurance contracts issued										
EUR	0.8%	0.9%	1.0%	1.1%	1.3%	1.4%	1.6%	1.7%	1.8%	1.9%
USD	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%	2.9%
Life reinsurance contracts issued										
EUR	0.8%	0.9%	1.1%	1.2%	1.4%	1.5%	1.7%	1.8%	1.9%	2.0%
USD	2.1%	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%

Commentary

IFRS 17.117(b) requires entities to disclose any changes in methods and processes for estimating inputs used to measure insurance contracts. The reason of the change and type of contracts affected should be disclosed. For example, an entity may have changes in approach used to estimate the yield curve due to more market data becoming available.

5.1.3. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using a cost of capital technique. The cost of capital technique requires the Company to estimate the probability distribution of the fulfilment cash flows, and the additional capital that it requires at each future date in the cash flow projection to comply with the Company's internal economic capital requirements. *IFRS 17.117(cX ii), IFRS 17.119*

A cost of capital rate is applied to the additional capital requirement in future reporting periods. The cost of capital represents the return required by the Company to compensate for exposure to the non-financial risk. The Company's cost of capital is set at 6% per annum. The calculated risk adjustment at future durations is discounted to the reporting date at the risk free rate, to be held as a part of the total life insurance contract liability.

The risk adjustment for life insurance and reinsurance contracts corresponds to 82.5% and 91% confidence levels, respectively (2020: 81.9% and 89.2%).

1 Industry mortality and morbidity experience tables that were observed in Euroland, UK and America between 2017 and 2020.

5.1. Insurance and reinsurance contracts *(continued)*

5.1.4. Amortisation of the Contractual Service Margin

IFRS 17.B119

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognising in profit or loss the amount allocated to coverage units provided in the period

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration. For groups of life insurance contracts, the quantity of benefit is the contractually agreed sum insured over the duration of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

5.2. Financial assets

5.2.1. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

Notes to the Financial Statements

6. Insurance revenue

The table below presents an analysis of the total insurance revenue recognised in the period:

In €000		2021			2020			
		Life contracts	Reinsurance contracts issued	Total	Life contracts	Reinsurance contracts issued	Total	
Amounts relating to the changes in the liability for remaining coverage								*IFRS 17.106(a)*
Expected insurance service expenses incurred in the period	**a**	1,425	660	2,085	1,195	597	1,792	*IFRS 17.106(a)(i)*
Change in the risk adjustment for non-financial risk	**b**	53	21	74	68	27	95	*IFRS 17.106(a)(ii)*
Amount of CSM recognised in profit or loss	**c**	280	120	400	271	114	385	*IFRS 17.106(a)(iii)*
Amounts relating to recovery of insurance acquisition cash flows								
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	**d**	15	7	22	14	7	21	*IFRS 17.106(b)*
Insurance revenue		**1,773**	**808**	**2,581**	**1,548**	**745**	**2,293**	

Notes: *IFRS 17.B124(a)*

a. Expected insurance service expenses incurred in the period comprise claims and other expenses which the Company expects to pay on insured events that occurred during the period. Refer to Note 2.2.6.1 for the full list of the cash flows included.

b. Change in risk adjustment shows amount of risk which expired during the period. Refer to Note 2.2 for the details of accounting policy.

c. The CSM is recognised in profit or loss over the coverage period of the corresponding group of contracts based on coverage units. Refer to Note 5.1.4.

d. Acquisition cash flows are allocated on a straight-line basis over the coverage period of the group of contracts. Refer to Note 2.2.6.1 for details of accounting policy.

7. Net income or expense from reinsurance contracts held

The Company has *voluntarily* disclosed an analysis of the net expenses from reinsurance contracts held recognised in the period in the table below:

In €000		2021	2020
Amounts relating to the changes in the assets for remaining coverage		**(436)**	**(546)**
Expected recovery for insurance service expenses incurred in the period	**a**	(356)	(478)
Change in the risk adjustment for non-financial risk	**b**	(10)	(18)
Net cost/gain recognised in profit or loss	**c**	(70)	(50)
Cost of retroactive cover on reinsurance contracts held		**(12)**	**-**
Allocation of reinsurance premiums		**(448)**	**(546)**
Amounts recoverable for claims and other expenses incurred in the period		268	360
Changes in amounts recoverable arising from changes in liability for incurred claims		(1)	-
Changes in fulfilment cash flows which relate to onerous underlying contracts		12	(12)
Amounts recoverable from reinsurers		**279**	**348**
Net expense from reinsurance contracts held		**(169)**	**(198)**

Notes:

a. Expected recovery for insurance service expenses incurred in the period comprise recovery for claims and other expenses which the Company expects to receive from reinsurers on insured events occurred during the period. *IFRS 17.B124(a)*

b. Change in risk adjustment shows amount of risk which expired during the period. Refer to Note 2.2.6.2.2 for the details of accounting policy.

c. Net cost/gain recognised in profit or loss during the coverage period of the corresponding group of reinsurance contracts held based on coverage units. Refer to Note 5.1.4.

Commentary *IFRS 17.98*

Although there is no separate disclosure requirement for the net expense from reinsurance held, analogising the requirements from IFRS 17.106 may provide valuable information to the users of financial statements and enable them to calculate a net result on components of insurance revenue and insurance service expense separately.

Notes to the Financial Statements

8. Total investment income and net insurance finance result

The table below presents an analysis of total investment income and insurance finance result recognised in profit or loss and OCI in the period:

IFRS 17.110

In €000	2021 Life contracts	Insurance related: Reinsurance contracts issued	Non-insurance related	Total	
Investment income					
Amounts recognised in profit or loss					
Interest revenue calculated using the effective interest method	831	-	-	831	*IFRS 7.20(b)*
Other interest and similar income	-	366	-	366	
Net gains/(losses) on financial assets at FVPL	-	104	-	104	
Net gains/(losses) on derecognition of financial assets measured at FVOCI	6	-	-	6	*IFRS 7.20(a)(i)*
Impairment loss on financial assets	(5)	-	-	(5)	
Net foreign exchange income / (expense)	(50)	-	-	(50)	
Total amounts recognised in the profit or loss	**782**	**470**	**-**	**1,252**	
Amounts recognised in OCI	**178**	**-**	**-**	**178**	
Total investment income	**960**	**470**	**-**	**1,430**	
Insurance finance income / (expenses) from insurance contracts issued					
Interest accreted to insurance contracts using current financial assumptions	-	(289)	-	(289)	
Interest accreted to insurance contracts using locked-in rate	(507)	-	-	(507)	
Due to changes in interest rates and other financial assumptions	(195)	-	-	(195)	
Net foreign exchange income / (expense)	55	-	-	55	
Total insurance finance income / (expenses) from insurance contracts issued	**(647)**	**(289)**	**-**	**(936)**	
Represented by:					
Amounts recognised in profit or loss	(453)	(289)	-	(742)	
Amounts recognised in OCI	(194)	-	-	(194)	
Reinsurance finance income / (expenses) from reinsurance contracts held					
Interest accreted to reinsurance contracts using locked-in rate	117	-	-	117	
Due to changes in interest rates and other financial assumptions	56	-	-	56	
Changes in risk non-performance reinsurer	(6)	-	-	(6)	
Net foreign exchange income / (expense)	(13)	-	-	(13)	
Reinsurance finance income / (expenses) from reinsurance contracts held	**154**	**-**	**-**	**154**	
Represented by:					
Amounts recognised in profit or loss	98	-	-	98	
Amounts recognised in OCI	56	-	-	56	
Total net investment income, insurance finance expenses and reinsurance finance income	**467**	**181**	**-**	**648**	
Represented by:					
Amounts recognised in profit or loss	427	181	-	608	
Amounts recognised in OCI	40	-	-	40	

8. Total investment income and net insurance finance result *(continued)*

IFRS 17.110

In €000	2020 Life contracts	Insurance related: Reinsurance contracts issued	Non-insurance related	Total	
Investment income					
Amounts recognised in the profit or loss					
Interest revenue calculated using the effective interest method	622	-	-	622	
Other interest and similar income	-	299	-	299	*IFRS 7.20(b)*
Net gains/(losses) on financial assets at FVPL	-	(14)	-	(14)	*IFRS 7.20(a)(i)*
Net gains/(losses) on derecognition of financial assets measured at FVOCI	-	-	-	-	
Impairment loss on financial assets	(2)	-	-	(2)	
Net foreign exchange income / (expense)	22	-	-	22	
Total amounts recognised in the profit or loss	**642**	**285**	**-**	**927**	
Amounts recognised in OCI	(33)	-	-	(33)	
Total investment income	**609**	**285**	**-**	**894**	
Insurance finance income / (expenses) from insurance contracts issued					
Interest accreted to insurance contracts using current financial assumptions	-	(167)	-	(167)	
Interest accreted to insurance contracts using locked-in rate	(478)	-	-	(478)	
Due to changes in interest rates and other financial assumptions	38	-	-	38	
Net foreign exchange income / (expense)	(28)	-	-	(28)	
Total insurance finance income / (expenses) from insurance contracts issued	**(468)**	**(167)**	**-**	**(635)**	
Represented by:					
Amounts recognised in profit or loss	(506)	(167)	-	(673)	
Amounts recognised in OCI	38	-	-	38	
Reinsurance finance income / (expenses) from reinsurance contracts held					
Interest accreted to reinsurance contracts using locked-in rate	108	-	-	108	
Due to changes in interest rates and other financial assumptions	(9)	-	-	(9)	
Changes in risk non-performance reinsurer	4	-	-	4	
Net foreign exchange income / (expense)	7	-	-	7	
Reinsurance finance income / (expenses) from reinsurance contracts held	**110**	**-**	**-**	**110**	
Represented by:					
Amounts recognised in profit or loss	119	-	-	119	
Amounts recognised in OCI	(9)	-	-	(9)	
Total net investment income, insurance finance expenses and reinsurance finance income	**251**	**118**	**-**	**369**	
Represented by:					
Amounts recognised in profit or loss	255	118	-	373	
Amounts recognised in OCI	(4)	-	-	(4)	

The Company does not have any gains or losses arising from the derecognition of financial assets measured at amortised cost. *IFRS 7.20(a)(vi), IFRS 7.20A*

8. Total investment income and net insurance finance result *(continued)*

Commentary

The Company has disclosed finance income and expenses and the investment return on its assets in a tabular format. IFRS 17 does not require this level of detail; entities may provide qualitative notes disclosures as opposed to a detailed table to cover the requirement in IFRS 17.110 to explain the relationship between insurance finance income or expenses and the investment return on assets. *IFRS 7.20(a)(i)*

IFRS 7.20(a)(i) requires an entity to disclose separately gains and losses on financial assets designated FVPL upon initial recognition or subsequently and gains or losses on financial assets that are mandatorily measured at FVPL in accordance with IFRS 9. The illustrative example above contains only financial assets that are mandatorily measured at FVPL, therefore, a separate line was not required.

IFRS 17 requires insurers to account for and disclose the changes in the risk adjustment for non-performance of a reinsurer in respect of reinsurance contracts held in the notes to the financial statements. The Company defines credit risk as a financial risk as per Appendix A of IFRS 17. As such, the Company has chosen to disclose, the effects of non-performance for reinsurance held as part of finance costs under a separate line item. Entities may choose to present and disclose this in another section depending on their interpretation of the standard.

9. Equity and debt instruments measured at fair value through profit or loss

The breakdown of financial assets measured at FVPL is, as follows: *IFRS 7.8*

	31 December		1 January
In €000	**2021**	**2020**	**2020**
Fair value (mandatory)			
Equity securities	507	902	746
Government debt instruments	3,572	3,141	2,603
Other debt instruments	2,518	1,409	1,168
Total equity and debt instruments at FVPL	**6,597**	**5,452**	**4,517**

10. Debt instruments measured at fair value through other comprehensive income

The breakdown of debt instruments measured at FVOCI is set out in the table below. For information relating to impairment refer to Note 3.2.4.4.1. *IFRS 7.8*

	31 December		1 January
In €000	**2021**	**2020**	**2020**
Debt instruments measured at FVOCI			
Government debt instruments			
Euroland	6,086	5,728	5,105
Other debt instruments			
Financial institutions	3,311	3,116	2,777
Non-financial institutions	1,959	1,843	1,643
Total other debt instruments	5,269	4,959	4,420
Total debt instruments measured at FVOCI	**11,356**	**10,687**	**9,525**

The loss allowance for debt investments at FVOCI of €62,000 (2020: € 61,000) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in OCI. *IFRS 7.16A*

11. Debt instruments measured at amortised cost

The breakdown of debt instruments measured at amortised cost is, as follows (for information relating to impairment, refer to Note 3.2.4.4.2.

IFRS 7.8

In €000	31 December 2021	31 December 2020	1 January 2020
Debt instruments at amortised cost			
Government debt instruments			
- Euroland	1,036	987	940
Total debt instruments at amortised cost	**1,036**	**987**	**940**

12. Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

IFRS 17.78

	2021			2020		
In €000	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Insurance contracts						
Life contracts	(102)	12,464	12,362	(92)	11,893	11,801
Reinsurance contracts issued	-	5,066	5,066	-	4,725	4,725
Total insurance contracts	**(102)**	**17,530**	**17,428**	**(92)**	**16,618**	**16,526**
Reinsurance contracts held						
Life contracts	(2,880)	25	(2,855)	(2,811)	24	(2,787)
Reinsurance contracts	-	-	-	-	-	-
Total reinsurance contracts held	**(2,880)**	**25**	**(2,855)**	**(2,811)**	**24**	**(2,787)**

The Company disaggregates information to provide disclosure in respect of life insurance contracts issued and reinsurance contracts issued separately. This is disaggregation has been determined based on how the company is managed.

Commentary

IFRS 17.95 requires entities to aggregate or disaggregate information so that useful information is not obscured either by the inclusion of a large amount of insignificant detail or by the aggregation of items that have different characteristics. Entities need to apply judgement as to how, or even whether, they break down the required disclosures into separate lines of business or geographical areas. Examples of aggregation bases that might be appropriate for information disclosed about insurance contracts are listed by IFRS 17.96, as follows:

IFRS 17.95, IFRS 17.96

(a) Type of contract (for example, major product lines)

(b) Geographical area (for example, country or region) or

(c) Reportable segment, as defined in IFRS 8 Operating Segments.

The claims development disclosure, comparing actual claims with previous estimated of claims as required by IFRS 17.130, is not required when the expected settlement period of claims is less than a year. The Company settles all claims within 12 months of the reporting date.

IFRS 17.130

Notes to the Financial Statements

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held)

12.1.1. Roll-forward of net asset or liability for life insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

12.1.1.1.Life Insurance contracts issued

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in life insurance unit, is disclosed in the table below:

		2021				
		Liabilities for remaining coverage		Liabilities for incurred claims	Total	*IFRS 17.100(a)-(c)*
In €000		Excluding loss component	Loss component			
Life Insurance contract liabilities as at 01/01		9,591	285	2,017	11,893	*IFRS 17.99(b)*
Life Insurance contract assets as at 01/01		(138)	4	42	(92)	*IFRS 17.99(b)*
Net life insurance contract (assets)/liabilities as at 01/01		**9,453**	**289**	**2,059**	**11,801**	
Insurance revenue		(1,773)	-	-	(1,773)	*IFRS 17.103(a)*
Contracts under modified retrospective approach	**a**	(38)	-	-	(38)	
Contracts under fair value approach	**b**	(4)	-	-	(4)	
Other contracts		(1,731)	-	-	(1,731)	
Insurance service expenses		15	(41)	1,079	1,053	*IFRS 17.103(b)*
Incurred claims and other expenses		-	(11)	1,082	1,071	*IFRS 17.103(b)(i)*
Amortisation of insurance acquisition cash flows	**c**	15	-	-	15	*IFRS 17.103(b)(ii)*
Losses on onerous contracts and reversals of those losses		-	(30)	-	(30)	*IFRS 17.103(b)(iv)*
Changes to liabilities for incurred claims		-	-	(3)	(3)	*IFRS 17.103(b)(iii)*
Investment components		(50)	-	50	-	*IFRS 17.103(c)*
Insurance service result		**(1,808)**	**(41)**	**1,129**	**(720)**	
Insurance finance expenses	**d**	**615**	**10**	**77**	**702**	*IFRS 17.105(c)*
Effect of movements in exchange rates		**(55)**	**-**	**-**	**(55)**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI		**(1,248)**	**(31)**	**1,206**	**(73)**	
Cash flows						*IFSR 17.105(a)*
Premiums received		1,903	-	-	1,903	*IFRS 17.105(a)(i)*
Claims and other expenses paid		-	-	(1,250)	(1,250)	*IFRS 17.105(a)(iii)*
Insurance acquisition cash flows		(19)	-	-	(19)	*IFRS 17.105(a)(ii)*
Total cash flows		**1,884**	**-**	**(1,250)**	**634**	
Other movements	**e**	**-**	**-**	**-**	**-**	*IFRS 17.105(d)*
Net life insurance contract (assets)/liabilities as at 31/12		**10,089**	**258**	**2,015**	**12,362**	
Life Insurance contract liabilities as at 31/12		10,253	254	1,957	12,464	*IFRS 17.99(b)*
Life Insurance contract assets as at 31/12		(164)	4	58	(102)	*IFRS 17.99(b)*
Net life insurance contract (assets)/liabilities as at 31/12		**10,089**	**258**	**2,015**	**12,362**	

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

In €000		2020 Liabilities for remaining coverage – Excluding loss component	Liabilities for remaining coverage – Loss component	Liabilities for incurred claims	Total	IFRS 17.100(a)-(c)
Life Insurance contract liabilities as at 01/01		9,421	247	1,873	11,541	IFRS 17.99(b)
Life Insurance contract assets as at 01/01		(115)	4	28	(83)	IFRS 17.99(b)
Net life insurance contract (assets)/liabilities as at 01/01		**9,306**	**251**	**1,901**	**11,458**	
Insurance revenue		(1,548)	-	-	(1,548)	IFRS 17.103(a)
Contracts under modified retrospective approach	a	(43)	-	-	(43)	
Contracts under fair value approach	b	(2)	-	-	(2)	
Other contracts		(1,503)	-	-	(1,503)	
Insurance service expenses		14	30	896	940	IFRS 17.103(b)
Incurred claims and other expenses		-	(7)	898	891	IFRS 17.103(b)(i)
Amortisation of insurance acquisition cash flows	c	14	-	-	14	IFRS 17.103(b)(ii)
Losses on onerous contracts and reversals of those losses		-	37	-	37	IFRS 17.103(b)(iv)
Changes to liabilities for incurred claims		-	-	(2)	(2)	IFRS 17.103(b)(iii)
Investment components		-	-	-	-	IFRS 17.103(c)
Insurance service result		**(1,534)**	**30**	**896**	**(608)**	
Insurance finance expenses	d	**366**	**8**	**66**	**440**	IFRS 17.105(c)
Effect of movements in exchange rates		**28**	**-**	**-**	**28**	IFRS 17.105(d)
Total changes in the statement of profit or loss and OCI		**(1,140)**	**38**	**962**	**(140)**	
Cash flows						IFSR 17.105(a)
Premiums received		1,300	-	-	1,300	IFRS 17.105(a)(i)
Claims and other expenses paid		-	-	(804)	(804)	IFRS 17.105(a)(iii)
Insurance acquisition cash flows		(13)	-	-	(13)	IFRS 17.105(a)(ii)
Total cash flows		**1,287**	**-**	**(804)**	**483**	
Other movements	e	**-**	**-**	**-**	**-**	IFRS 17.105(d)
Net life insurance contract (assets)/liabilities as at 31/12		**9,453**	**289**	**2,059**	**11,801**	
Life Insurance contract liabilities as at 31/12		9,591	285	2,017	11,893	IFRS 17.99(b)
Life Insurance contract assets as at 31/12		(138)	4	42	(92)	IFRS 17.99(b)
Net life insurance contract (assets)/liabilities as at 31/12		**9,453**	**289**	**2,059**	**11,801**	

Notes:

a. On transition to IFRS 17, the Company applied the modified retrospective approach for certain groups within the immediate annuity portfolio as at 1 January 2020. For the detailed description of the approach please refer to Note 1.1.1.3.2.

b. On transition to IFRS 17, the Company applied the fair value approach for certain groups of contracts with term-life cover and surrender options as at 1 January 2020. For the detailed description of the approach please refer to Note 1.1.1.3.3.

c. Acquisition cash flows were allocated on straight-line basis during the coverage period of the respective group of contracts. Please refer to Note 2.2.6.1.

d. The Company made an accounting policy choice for the portfolios included in life insurance unit to disaggregate insurance finance expense between profit or loss and other comprehensive income. The Company does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance expenses. Please refer to Note 2.2.6.4.3 for details.

e. Other movements represented by the insignificant transfer out of a few contracts from the portfolio.

Commentary

IFRS 17.100 requires that entities disclose movements in the net asset or liability relating to insurance contracts issued showing separately changes in the liabilities for remaining coverage, loss component and liabilities for incurred claims. The movements are disclosed in accordance with IFRS 17.103 and comprise lines recognised in profit or loss. *IFRS 17.100, IFRS 17.103*

Insurance revenue in the tables comprise the expected cash outflows, risk adjustment expired, allocation of acquisition cash flows and allocation of the CSM to profit or loss. For the detailed breakdown of insurance revenue please refer to Note 6.

Disclosure of the breakdown of insurance revenue arising from contracts accounted for under the modified retrospective approach, contracts under the fair value approach and other contracts, is required until the contracts subject to transitional modifications are derecognised. *IFRS 17.114*

Insurance claims and other expenses are represented by expected cash outflows on insured events that have occurred. Changes in the liability for remaining coverage due to incurred claims and other insurance service expenses are allocated between the loss component and the remainder of the liability for remaining coverage on a systematic basis.

Losses on onerous contracts are represented by a loss component that is recognised and reversed as the amounts move into the liability for incurred claims or are no longer required. In 2020, a loss was recognised for one of the groups of contracts (group A) which became onerous. In 2021, due to a significant change in expected cash flows, the loss was reversed in full for group A and a positive CSM was created as group A ceased to be onerous. The reversal was partly offset by the recognition of a loss on another group of contracts which were onerous at initial recognition (group B).

Changes to the liabilities for incurred claims show changes in expected cash flows for insured events that have occurred and release of the risk adjustment.

Insurance finance expenses comprises the change in the carrying amount of the group of insurance contracts arising from: *IFRS 17.87*

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

Insurance finance expenses in the table above includes amounts recognised in the profit or loss and OCI.

The investment component comprises the surrender value paid to the policyholder on insurance contracts lapsed. The investment component is not distinct as it is closely related to the insurance component. IFRS 17 requires entities to exclude receipts and payments of the investment component from insurance revenue and insurance service expense which was demonstrated in the roll forward. The investment component is paid out from liabilities for incurred claims and was not included in profit or loss.

In the illustrative example above, one of the groups of contracts was issued in US dollars. The effect of changes in the exchange rate is reflected in the line 'Effect of movements in exchange rates'. For the purpose of the example, we calculated fulfilment cash flows and the CSM in US dollars and translated them into euros.

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

12.1.1.2.Reinsurance contracts held

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising business ceded to reinsurers in the life insurance unit is disclosed in the table below:

		2021			
In €000		**Assets for remaining coverage**	**Amounts recoverable: incurred claims**	**Total**	*IFRS 17.100(a)-(c)*
Reinsurance contract assets as at 01/01		2,112	699	2,811	*IFRS 17.99(b)*
Reinsurance contract liabilities as at 01/01		(34)	10	(24)	*IFRS 17.99(b)*
Net reinsurance contract assets/(liabilities) as at 01/01		**2,078**	**709**	**2,787**	
Allocation of reinsurance premiums: amounts relating to the changes in the assets for remaining coverage		(436)	-	(436)	*IFRS 17.103(a)*
Amounts recoverable from reinsurers		12	267	279	
Amounts recoverable for claims and other expenses incurred in the period		-	268	268	*IFRS 17.103(b)(i)*
Changes in amounts recoverable arising from changes in liability for incurred claims		-	(1)	(1)	*IFRS 17.103(b)(iii)*
Changes in fulfilment cash flows which relate to onerous underlying contracts	**b**	12	-	12	*IFRS 17.105(d), IFRS 66(ii)*
Reinsurance Investment components		(20)	20	-	*IFRS 17.103(c)*
Effect of changes in non-performance risk of reinsurers		(4)	(2)	(6)	*IFRS 17.105(b)*
Cost of retroactive cover on reinsurance contracts held	**c**	(12)	-	(12)	*IFRS 17.65(b)*
Net income or expense from reinsurance contracts held		**(460)**	**285**	**(175)**	
Reinsurance finance income	**a**	146	27	173	*IFRS 17.105(c)*
Effect of movements in exchange rates		(13)	-	(13)	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI		**(327)**	**312**	**(15)**	
Cash flows					*IFSR 17.105(a)*
Premiums paid		443	-	443	*IFRS 17.105(a)(i)*
Amounts received		-	(360)	(360)	*IFRS 17.105(a)(iii)*
Total cash flows		**443**	**(360)**	**83**	
Other movements		**-**	**-**	**-**	*IFRS 17.105(d)*
Net reinsurance contract assets/(liabilities) as at 31/12		**2,194**	**661**	**2,855**	
Reinsurance contract assets as at 31/12		2,234	646	2,880	*IFRS 17.99(b)*
Reinsurance contract liabilities as at 31/12		(40)	15	(25)	*IFRS 17.99(b)*
Net reinsurance contract assets/(liabilities) as at 31/12		**2,194**	**661**	**2,855**	

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

In €000		2020 Assets for remaining coverage	Amounts recoverable: incurred claims	Total	IFRS 17.100(a)-(c)
Reinsurance contract assets as at 01/01		2,050	332	2,382	IFRS 17.99(b)
Reinsurance contract liabilities as at 01/01		(27)	5	(22)	IFRS 17.99(b)
Net reinsurance contract assets/(liabilities) as at 01/01		**2,023**	**337**	**2,360**	
Allocation of reinsurance premiums:					IFRS 17.103(a)
amounts relating to the changes in the assets for remaining coverage		(546)	-	(546)	
Amounts recoverable from reinsurers		(12)	360	348	
Amounts recoverable for claims and other expenses incurred in the period		-	360	360	IFRS 17.103(b)(i)
Changes in amounts recoverable arising from changes in liability for incurred claims		-	-	-	IFRS 17.103(b)(iii)
Changes in fulfilment cash flows which relate to onerous underlying contracts	b	(12)	-	(12)	IFRS 17.105(d), IFRS 66(c)(ii)
Reinsurance Investment components		-	-	-	IFRS 17.103(c)
Effect of changes in non-performance risk of reinsurers		3	1	4	IFRS 17.105(b)
Cost of retroactive cover on reinsurance contracts held	c	-	-	-	IFRS 17.65(b)
Net income or expense from reinsurance contracts held		**(555)**	**361**	**(194)**	
Reinsurance finance income	a	88	11	99	IFRS 17.105(c)
Effect of movements in exchange rates		7	-	7	IFRS 17.105(d)
Total changes in the statement of profit or loss and OCI		**(460)**	**372**	**(88)**	
Cash flows					IFSR 17.105(a)
Premiums paid		515	-	515	IFRS 17.105(a)(i)
Amounts received		-	-	-	IFRS 17.105(a)(iii)
Total cash flows		**515**	**-**	**515**	
Other movements		-	-	-	IFRS 17.105(d)
Net reinsurance contract assets/(liabilities) as at 31/12		**2,078**	**709**	**2,787**	
Reinsurance contract assets as at 31/12		2,112	699	2,811	IFRS 17.99(b)
Reinsurance contract liabilities as at 31/12		(34)	10	(24)	IFRS 17.99(b)
Net reinsurance contract assets/(liabilities) as at 31/12		**2,078**	**709**	**2,787**	

Notes:

a. The Company disaggregates net reinsurance finance income between profit or loss and other comprehensive income. Please refer to Note 2.2.6.4.3 for details.

b. Changes in the expected fulfilment cash flows on reinsurance contract held which relate to groups of underlying insurance contracts are recognised in profit and loss if the changes in expected fulfilment cash flows from the group of underlying insurance contracts issued was also recognised in profit and loss.

c. The Company entered into a new reinsurance contract held which provides retroactive cover. The coverage relates to events that occurred before the purchase of the reinsurance, therefore, the net cost of reinsurance is recognised in profit or loss on initial recognition. *IFRS 17.65(b)*

Commentary

Although the breakdown of amounts recoverable from reinsurers between that relating to onerous contracts and that relating to other contracts might not be directly required by IFRS 17.103(b), it could provide valuable information to users of financial statements. *IFRS 17.98, 17.103(b)*

The roll-forward for reinsurance contracts held required by IFRS 17.100 does not include the column for a loss component as reinsurance contracts held cannot be onerous. *IFRS 17.68*

The roll-forward above shows the gross presentation of net income or expense from reinsurance contracts held. Though the presentation is not required by IFRS 17, it could facilitate comparison of gross and ceded amounts. Allocation of reinsurance premiums reconciles to an allocation of reinsurance premiums in the Statement of profit or loss and other comprehensive Income (gross presentation option as per IFRS 17.86) with the exception of cost of retroactive cover on reinsurance contracts held which was presented separately. Amounts recoverable reconcile to the amounts recoverable in the Statement of profit or loss and other comprehensive income.

Reinsurance Investment components are represented by profit commission included in one group of reinsurance contracts held. Profit commission is closely related to reinsurance contracts held and it is not separated, but it is presented in a separate line in the roll-forward for presentation purposes. Receipts and payments of the investment component will be excluded from an allocation of reinsurance premiums and amounts recoverable from reinsurers for incurred claims as required by IFRS 17.86(b). *IFRS 17.86(b)*

Reinsurance finance income comprises the change in the carrying amount of groups of reinsurance contracts held arising from:

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

Reinsurance finance income in the table above includes amounts recognised in both profit or loss and OCI.

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

12.1.2. Roll-forward of the net asset or liability for life insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM

12.1.2.1.Life Insurance contracts issued

The table below presents a roll-forward of the net asset or liability for insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM for portfolios included in the life insurance unit.

		2021				
In €000		**Estimates of the present value of future cash flows**	**Risk adjustment**	**Contractual service margin**	**Total**	*IFRS 17.101(a)-(c)*
Life Insurance contract liabilities as at 01/01		11,281	192	420	11,893	*IFRS 17.99(b)*
Life Insurance contract assets as at 01/01		(98)	2	4	(92)	*IFRS 17.99(b)*
Net life insurance contract (assets)/liabilities as at 01/01		**11,183**	**194**	**424**	**11,801**	
Changes that relate to current services						*IFRS 17.104(b)*
Contractual service margin recognised for services provided		-	-	(280)	(280)	*IFRS 17.104(b)(i)*
Risk adjustment recognised for the risk expired		-	(51)	-	(51)	*IFRS 17.104(b)(ii)*
Experience adjustments		(356)	-	-	(356)	*IFRS 17.104(b)(iii)*
Changes that relate to future services						*IFRS 17.104(a)*
Contracts initially recognised in the period	a	(331)	63	271	3	*IFRS 17.104(a)(iii)*
Changes in estimates that adjust the contractual service margin		(317)	(1)	318	-	*IFRS 17.104(a)(i)*
Changes in estimates that do not adjust the contractual service margin		(32)	(1)	-	(33)	*IFRS 17.104(a)(ii)*
Changes that relate to past services						*IFRS 17.104(c)*
Adjustments to liabilities for incurred claims		-	(3)	-	(3)	
Insurance service result		**(1,036)**	**7**	**309**	**(720)**	
Insurance finance expenses	b	**687**	**-**	**15**	**702**	*IFRS 17.105(c)*
Effect of movements in exchange rates		**(51)**	**(1)**	**(3)**	**(55)**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI		**(400)**	**6**	**321**	**(73)**	
Cash flows						*IFRS 17.105(a)*
Premiums received		1,903	-	-	1,903	*IFRS 17.105(a)(i)*
Claims and other expenses paid		(1,250)	-	-	(1,250)	*IFRS 17.105(a)(iii)*
Insurance acquisition cash flows		(19)	-	-	(19)	*IFRS 17.105(a)(ii)*
Total cash flows		**634**	**-**	**-**	**634**	
Other movements		**-**	**-**	**-**	**-**	*IFRS 17.105(d)*
Net life insurance contract (assets)/liabilities as at 31/12		**11,417**	**200**	**745**	**12,362**	
Life Insurance contract liabilities as at 31/12		11,520	199	745	12,464	*IFRS 17.99(b)*
Life Insurance contract assets as at 31/12		(103)	1	-	(102)	*IFRS 17.99(b)*
Net life insurance contract (assets)/liabilities as at 31/12		**11,417**	**200**	**745**	**12,362**	

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

In €000		2020 Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	IFRS 17.101(a)-(c)
Life Insurance contract liabilities as at 01/01		10,666	218	657	11,541	IFRS 17.99(b)
Life Insurance contract assets as at 01/01		(94)	3	8	(83)	IFRS 17.99(b)
Net life insurance contract (assets)/liabilities as at 01/01		**10,572**	**221**	**665**	**11,458**	
Changes that relate to current services						IFRS 17.104(b)
Contractual service margin recognised for services provided		-	-	(271)	(271)	IFRS 17.104(b)(i)
Risk adjustment recognised for the risk expired		-	(66)	-	(66)	IFRS 17.104(b)(ii)
Experience adjustments		(306)	-	-	(306)	IFRS 17.104(b)(iii)
Changes that relate to future services						IFRS 17.104(a)
Contracts initially recognised in the period	a	(330)	31	299	-	IFRS 17.104(a)(iii)
Changes in estimates that adjust the contractual service margin		300	9	(309)	-	IFRS 17.104(a)(i)
Changes in estimates that do not adjust the contractual service margin		37	-	-	37	IFRS 17.104(a)(ii)
Changes that relate to past services						IFRS 17.104(c)
Adjustments to liabilities for incurred claims		-	(2)	-	(2)	
Insurance service result		**(299)**	**(28)**	**(281)**	**(608)**	
Insurance finance expenses	b	**403**	**-**	**37**	**440**	IFRS 17.105(c)
Effect of movements in exchange rates		**24**	**1**	**3**	**28**	IFRS 17.105(d)
Total changes in the statement of profit or loss and OCI		**128**	**(27)**	**(241)**	**(140)**	
Cash flows						IFRS 17.105(a)
Premiums received		1,300	-	-	1,300	IFRS 17.105(a)(i)
Claims and other expenses paid		(804)	-	-	(804)	IFRS 17.105(a)(iii)
Insurance acquisition cash flows		(13)	-	-	(13)	IFRS 17.105(a)(ii)
Total cash flows		**483**	**-**	**-**	**483**	
Other movements		**-**	**-**	**-**	**-**	IFRS 17.105(d)
Net life insurance contract (assets)/liabilities as at 31/12		**11,183**	**194**	**424**	**11,801**	
Life Insurance contract liabilities as at 31/12		11,281	192	420	11,893	IFRS 17.99(b)
Life Insurance contract assets as at 31/12		(98)	2	4	(92)	IFRS 17.99(b)
Net life insurance contract (assets)/liabilities as at 31/12		**11,183**	**194**	**424**	**11,801**	

Notes:

a. Please refer to Note 12.1.4.1 for a detailed breakdown of initially recognised contracts.

b. The Company made an accounting policy choice in respect of the portfolios included in the life insurance unit to disaggregate insurance finance expense between profit or loss and other comprehensive income. The Company does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance expenses. Please refer to Note 2.2.6.4.3 for details.

Commentary

IFRS 17.101 requires entities to disclose movements in insurance contract liabilities and assets to show separately changes in expected future cash flows, risk adjustment and the CSM. Movements are disclosed in accordance with IFRS 17.104 and 105. An entity discloses separately changes that relate to current, future and past services.

Changes that relate to current service comprise: the amount of CSM released to profit or loss to reflect the transfer of services and changes in the risk adjustment and experience adjustments that relate to current service.

Changes in the risk adjustment relating to current service include the release of the risk adjustment from the liability for remaining coverage in the period as the entity is released from risk (loss component and non-loss component of the liability for remaining coverage) offset by a change in the risk adjustment as claims and other expenses are incurred.

Experience adjustments relating to current service comprise differences between the estimates at the beginning of the period and the actual amounts of:

- Claims and other insurance service expenses (excluding acquisition expenses) incurred in the period
- Premium receipts in the period that relate to current service

The company has excluded the effect of changes in the risk adjustment from experience adjustments presented in the roll forward tables and has, instead, included all changes in risk adjustment relating to current service in the line immediately above. This approach is consistent with an amendment to IFRS 17.104(b)(iii) proposed by the IASB at a meeting of the Board in June 2018 in order to avoid double-counting of changes in the risk adjustment.

Changes in accounting estimates that adjust the CSM in the illustrative example above comprise changes in current assumptions for the expected quantity of insurance coverage to be provided to policyholders in the future based on current performance and/or experience. The example also reflects changes in assumptions related to the severity of the losses if insured events were to occur or a change in the probability of different scenarios.

Changes in accounting estimates that do not adjust the CSM relate to changes in estimates for onerous contracts. When the change reverses a loss that was recognised previously, the change is disclosed in the line only to the extent of the amount of the reversal that related to the loss component. Any additional positive variance will build a positive CSM and is disclosed in the line above. In the illustrative example above, at the beginning of 2021, one of the groups of contracts (group A) was onerous and contained a loss component. At the end of 2021, the assumptions for the group of contracts were reviewed and the new future expected fulfilment cash flows became positive. The loss component was reversed in full (and all the reversal was showed in the line 'Changes in accounting estimates that do not adjust CSM'). The remaining part of the increase created a CSM and was presented in 'Changes in estimates reflected in the contractual service margin'.

Changes that relate to past service arise from changes in fulfilment cash flows in the liability for remaining coverage due to changes in estimates, differences between amounts settled and estimates at the beginning of the reporting period and changes in the risk adjustment in periods after a claim or expense is incurred.

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

12.1.2.2.Reinsurance contracts held

The table below presents a roll-forward of the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM for reinsurance held portfolios included in life insurance unit.

		2021				
In €000		**Estimates of the present value of future cash flows**	**Risk adjustment**	**Contractual service margin**	**Total**	*IFRS 17.101(a)-(c)*
Reinsurance contract assets as at 01/01		2,752	35	24	2,811	*IFRS 17.99(b)*
Reinsurance contract liabilities as at 01/01		(25)	1	-	(24)	*IFRS 17.99(b)*
Net reinsurance contract assets/(liabilities) as at 01/01		**2,727**	**36**	**24**	**2,787**	
Changes that relate to current services						*IFRS 17.104(b)*
Contractual service margin recognised for services received		-	-	(70)	(70)	*IFRS 17.104(b)(i)*
Risk adjustment recognised for the risk expired		-	(9)	-	(9)	*IFRS 17.104(b)(ii)*
Experience adjustments		(89)	-	-	(89)	*IFRS 17.104(b)(iii)*
Changes that relate to future services						*IFRS 17.104(a)*
Contracts initially recognised in the period	a	(84)	19	53	(12)	*IFRS 17.104(a)(iii)*
Changes in estimates that adjust the contractual service margin		(140)	(4)	144	-	*IFRS 17.104(a)(i)*
Changes in estimates that do not adjust the contractual service margin		12	-	-	12	*IFRS 17.104(a)(ii)*
Changes that relate to past services						*IFRS 17.104(c)*
Changes in amounts recoverable arising from changes in liability for incurred claims		-	(1)	-	(1)	
Reinsurance finance income		**162**	**-**	**11**	**173**	*IFRS 17.105(c)*
Effect of changes in non-performance risk of reinsurers		**(6)**	**-**	**-**	**(6)**	*IFRS 17.105(b)*
Effect of movements in exchange rates		**(12)**	**-**	**(1)**	**(13)**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI		**(157)**	**5**	**137**	**(15)**	
Cash flows		**-**	**-**	**-**	**-**	*IFRS 17.105(a)*
Premiums paid		443	-	-	443	*IFRS 17.105(a)(i)*
Amounts received		(360)	-	-	(360)	*IFRS 17.105(a)(iii)*
Total cash flows		**83**	**-**	**-**	**83**	
Other movements		**-**	**-**	**-**	**-**	*IFRS 17.105(d)*
Net reinsurance contract assets/(liabilities) as at 31/12		**2,653**	**41**	**161**	**2,855**	
Reinsurance contract assets as at 31/12		2,678	40	162	2,880	*IFRS 17.99(b)*
Reinsurance contract liabilities as at 31/12		(25)	1	(1)	(25)	*IFRS 17.99(b)*
Net reinsurance contract assets/(liabilities) as at 31/12		**2,653**	**41**	**161**	**2,855**	

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

In €000		2020 Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	IFRS 17.101(a)-(c)
Reinsurance contract assets as at 01/01		2,253	36	93	2,382	IFRS 17.99(b)
Reinsurance contract liabilities as at 01/01		(23)	1	-	(22)	IFRS 17.99(b)
Net reinsurance contract assets/(liabilities) as at 01/01		**2,230**	**37**	**93**	**2,360**	
Changes that relate to current services						IFRS 17.104(b)
Contractual service margin recognised for services provided		-	-	(50)	(50)	IFRS 17.104(b)(i)
Risk adjustment recognised for the risk expired		-	(17)	-	(17)	IFRS 17.104(b)(ii)
Experience adjustments		(119)	-	-	(119)	IFRS 17.104(b)(iii)
Changes that relate to future services						IFRS 17.104(a)
Contracts initially recognised in the period	a	(132)	12	120	-	IFRS 17.104(a)(iii)
Changes in estimates that adjust the contractual service margin		144	4	(148)	-	IFRS 17.104(a)(i)
Changes in estimates that do not adjust the contractual service margin		(12)	-	-	(12)	IFRS 17.104(a)(ii)
Changes that relate to past services						IFRS 17.104(c)
Changes in amounts recoverable arising from changes in liability for incurred claims		-	-	-	-	
Reinsurance finance income		**91**	**-**	**8**	**99**	IFRS 17.105(c)
Effect of changes in non-performance risk of reinsurers		**4**	**-**	**-**	**4**	IFRS 17.105(b)
Effect of movements in exchange rates		**6**	**-**	**1**	**7**	IFRS 17.105(d)
Total changes in the statement of profit or loss and OCI		**(18)**	**(1)**	**(69)**	**(88)**	
Cash flows		**-**	**-**	**-**	**-**	IFRS 17.105(a)
Premiums paid		515	-	-	515	IFRS 17.105(a)(i)
Amounts received		-	-	-	-	IFRS 17.105(a)(iii)
Total cash flows		**515**	**-**	**-**	**515**	
Other movements		**-**	**-**	**-**	**-**	IFRS 17.105(d)
Net reinsurance contract assets/(liabilities) as at 31/12		**2,727**	**36**	**24**	**2,787**	
Reinsurance contract assets as at 31/12		2,752	35	24	2,811	IFRS 17.99(b)
Reinsurance contract liabilities as at 31/12		(25)	1	-	(24)	IFRS 17.99(b)
Net reinsurance contract assets/(liabilities) as at 31/12		**2,727**	**36**	**24**	**2,787**	

Notes:

a. Please refer to Note 12.1.4.2 for a detailed breakdown of initially recognised contracts.

Commentary

The roll-forward for reinsurance contracts held required by IFRS 17.101 contains the breakdown of net reinsurance contract assets by expected cash flows, risk adjustment and CSM. Note that the CSM might be negative for reinsurance contracts held, reflecting an expected net gain from reinsurance where expected premium payments will be less than expected recoveries. *IFRS 17.65*

Changes in estimates reflected in the CSM relate to corresponding changes in underlying insurance contract liabilities, for which changes in future services are reflected in the CSM. Most of the changes in fulfilment cash flows related to future services should be disclosed within this line.

Changes in estimates that are not reflected in the CSM relate to corresponding changes in underlying insurance contracts, for which changes in future services also did not adjust the CSM, i.e., changes in fulfilment cash flows for onerous contracts.

In the illustrative example above, a group of direct insurance contracts (Group A) was onerous at the end of 2020. The group of contracts was reinsured under the reinsurance contract B. A positive reinsurance CSM was formed for the reinsurance contract B (net cost of reinsurance).

In 2021, the fulfilment cash flows for group A changed so that it became profitable (the loss was reversed in full and a new CSM was created). The related change in fulfilment cash flows for reinsurance contract B related to the reversal of loss for underlying group A was recognised directly in profit or loss and the rest of the change adjusted the CSM.

Recognition of the CSM in profit or loss for reinsurance contracts held was determined by the carrying amount of the CSM and the coverage units of reinsurance service received in the period as a proportion of the total coverage expected to be received in the current and future periods.

12.1.3. The impacts on the current period of transition approaches adopted to establishing CSMs

12.1.3.1. Life Insurance contracts issued

The impact on the current period of the transition approaches adopted to establishing CSMs for insurance contracts portfolios included in the life insurance unit is disclosed in the table below:

	2021				
In €000	**Contracts using the modified retrospective approach**	**Contracts using the fair value approach**	**All other contracts**	**Total**	*IFRS 17.114*
Contractual Service Margin as at 01/01	**97**	**8**	**319**	**424**	
Changes that relate to current services					*IFRS 17.104(b)*
Contractual service margin recognised for services provided	(33)	(1)	(246)	(280)	*IFRS 17.104(b)(i)*
Changes that relate to future services					*IFRS 17.104(a)*
Contracts initially recognised in the period	-	-	271	271	*IFRS 17.104(a)(iii)*
Changes in estimates that adjust the contractual service margin	-	-	318	318	*IFRS 17.104(a)(i)*
Insurance service result	**(33)**	**(1)**	**343**	**309**	
Insurance finance expenses	**4**	**-**	**11**	**15**	*IFRS 17.105(c)*
Effect of movements in exchange rates	**-**	**-**	**(3)**	**(3)**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI	**(29)**	**(1)**	**351**	**321**	
Other movements	-	-	-	-	*IFRS 17.105(d)*
Contractual Service Margin as at 31/12	**68**	**7**	**670**	**745**	

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

In €000	2020				
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total	*IFRS 17.114*
Contractual Service Margin as at 01/01	**124**	**9**	**532**	**665**	
Changes that relate to current services					*IFRS 17.104(b)*
Contractual service margin recognised for services provided	(32)	(1)	(238)	(271)	*IFRS 17.104(b)(i)*
Changes that relate to future services					*IFRS 17.104(a)*
Contracts initially recognised in the period	-	-	299	299	*IFRS 17.104(a)(iii)*
Changes in estimates that adjust the contractual service margin	-	-	(309)	(309)	*IFRS 17.104(a)(i)*
Insurance service result	**(32)**	**(1)**	**(248)**	**(281)**	
Insurance finance expenses	**5**	**-**	**32**	**37**	*IFRS 17.105(c)*
Effect of movements in exchange rates	**-**	**-**	**3**	**3**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI	**(27)**	**(1)**	**(213)**	**(241)**	
Other movements	-	-	-	-	*IFRS 17.105(d)*
Contractual Service Margin as at 31/12	**97**	**8**	**319**	**424**	

On transition to IFRS 17, the Company applied the modified retrospective approach for certain groups within the immediate annuity portfolio as at 1 January 2020. For the detailed description of the approach, please refer to Note 1.1.1.3.2.

On transition to IFRS 17, the Company applied the fair value approach for certain groups of contracts with term-life cover and surrender options as at 1 January 2020. For the detailed description of the approach, please refer to Note 1.1.1.3.3.

Commentary

An entity must disclose the impacts of transition approaches to establishing CSMs on the current period for all subsequent periods until the contracts are derecognised. *IFRS 17.114*

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

12.1.3.2.Reinsurance contracts held

The impacts on the current period of the transition approaches adopted to establishing CSMs for reinsurance contracts held portfolios included in life insurance unit is disclosed in the table below:

	2021				
In €000	**Contracts using the modified retrospective approach**	**Contracts using the fair value approach**	**All other contracts**	**Total**	*IFRS 17.114*
Contractual Service Margin as at 01/01	**55**	**-**	**(31)**	**24**	
Changes that relate to current services					*IFRS 17.104(b)*
Contractual service margin recognised for services provided	(19)	-	(51)	(70)	*IFRS 17.104(b)(i)*
Changes that relate to future services					*IFRS 17.104(a)*
Contracts initially recognised in the period	-	-	53	53	*IFRS 17.104(a)(iii)*
Changes in estimates that adjust the contractual service margin	-	-	144	144	*IFRS 17.104(a)(i)*
Reinsurance finance income	**2**	**-**	**9**	**11**	*IFRS 17.105(c)*
Effect of movements in exchange rates	**-**	**-**	**(1)**	**(1)**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI	**(17)**	**-**	**154**	**137**	
Other movements	-	-	-	-	*IFRS 17.105(d)*
Contractual Service Margin as at 31/12	**38**	**-**	**123**	**161**	

	2020				
In €000	**Contracts using the modified retrospective approach**	**Contracts using the fair value approach**	**All other contracts**	**Total**	*IFRS 17.114*
Contractual Service Margin as at 01/01	**71**	**-**	**22**	**93**	
Changes that relate to current services					*IFRS 17.104(b)*
Contractual service margin recognised for services provided	(18)	-	(32)	(50)	*IFRS 17.104(b)(i)*
Changes that relate to future services					*IFRS 17.104(a)*
Contracts initially recognised in the period	-	-	120	120	*IFRS 17.104(a)(iii)*
Changes in estimates that adjust the contractual service margin	-	-	(148)	(148)	*IFRS 17.104(a)(i)*
Reinsurance finance income	**3**	**-**	**5**	**8**	*IFRS 17.105(c)*
Effect of movements in exchange rates	**-**	**-**	**1**	**1**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI	**(15)**	**-**	**(54)**	**(69)**	
Other movements	-	-	-	-	*IFRS 17.105(d)*
Contractual Service Margin as at 31/12	**56**	**-**	**(32)**	**24**	

Commentary

For reinsurance contracts held, the CSM could be either positive or negative. There is no requirement to disclose a negative CSM separately.

A negative CSM may arise when an entity reinsures onerous contracts (for example, for the proportional reinsurance of onerous contracts).

In the illustrative example above, the CSM for all contracts consists of several positive and negative amounts. The net amount of the CSM at the beginning and end of 2020 is negative.

When allocating the CSM to profit or loss, the amount recognised could be either positive or negative (the allocation of a negative CSM will result in a profit being recognised). In the illustrative example above, even though the net amount of the CSM for all contracts is negative, the allocation of the CSM to profit or loss result in a net cost.

12.1.4. The components of new business

12.1.4.1.Life Insurance contracts issued

The components of new business for insurance contracts issued included in the life insurance unit is disclosed in the table below:

	2021					
	Contracts issued		Contracts acquired			*IFRS 17.108(a)*
In €000	**Non-onerous**	**Onerous**	**Non-onerous**	**Onerous**	**Total**	*IFRS 17.108(b)*
Life Insurance contract liabilities						*IFRS 17.107*
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	1,458	78	17	-	1,553	*IFRS 17.107(a)*
Estimates of insurance acquisition cash flows	18	1	-	-	19	*IFRS 17.107(a)*
Estimate of present value of future cash outflows	1,476	79	17	-	1,572	*IFRS 17.107(a)*
Estimates of present value of future cash inflows	(1,800)	(80)	(23)	-	(1,903)	*IFRS 17.107(b)*
Risk adjustment	58	4	1	-	63	*IFRS 17.107(c)*
CSM	266	-	5	-	271	*IFRS 17.107(d)*
Amount included in insurance contract liabilities for the period	**-**	**3**	**-**	**-**	**3**	

	2020					
	Contracts issued		Contracts acquired			*IFRS 17.108(a)*
In €000	**Non-onerous**	**Onerous**	**Non-onerous**	**Onerous**	**Total**	*IFRS 17.108(b)*
Life Insurance contract liabilities						*IFRS 17.107*
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	957	-	-	-	957	*IFRS 17.107(a)*
Estimates of insurance acquisition cash flows	13	-	-	-	13	*IFRS 17.107(a)*
Estimate of present value of future cash outflows	970	-	-	-	970	*IFRS 17.107(a)*
Estimates of present value of future cash inflows	(1,300)	-	-	-	(1,300)	*IFRS 17.107(b)*
Risk adjustment	31	-	-	-	31	*IFRS 17.107(c)*
CSM	299	-	-	-	299	*IFRS 17.107(d)*
Amount included in insurance contract liabilities for the period	**-**	**-**	**-**	**-**	**-**	

12.1. Life insurance unit (life insurance contracts issued and reinsurance contracts held) *(continued)*

The Company acquired a portfolio of life insurance contracts from Insurer A in 2021 in a transaction that was not a business combination. The contracts are non-onerous. The purchase was concluded on market terms and were acquired due to the fact that Insurer A ceased its operations in the life insurance market.

New contracts were issued on market terms. One of the groups of contracts recognised is onerous. The contracts were accepted as the Company did not have an opportunity to reprice them for the relevant group of policyholders and we believe that the market has a high development potential for future renewals and cross selling of additional products.

12.1.4.2.Reinsurance contracts held

The components of new business for reinsurance contracts held portfolios included in the life insurance unit is disclosed in the table below:

	2021			
In €000	**Contracts purchased**	**Contracts acquired**	**Total**	*IFRS 17.108(a)*
Reinsurance contract assets				*IFRS 17.107*
Estimate of present value of future cash outflows	359	-	359	*IFRS 17.107(a)*
Estimates of present value of future cash inflows	(443)	-	(443)	*IFRS 17.107(b)*
Risk adjustment	19	-	19	*IFRS 17.107(c)*
CSM	53	-	53	*IFRS 17.107(d)*
Amount included in reinsurance contract assets for the period	**(12)**	**-**	**(12)**	

	2020			
In €000	**Contracts purchased**	**Contracts acquired**	**Total**	*IFRS 17.108(a)*
Reinsurance contract assets				*IFRS 17.107*
Estimate of present value of future cash outflows	383	-	383	*IFRS 17.107(a)*
Estimates of present value of future cash inflows	(515)	-	(515)	*IFRS 17.107(b)*
Risk adjustment	12	-	12	*IFRS 17.107(c)*
CSM	120	-	120	*IFRS 17.107(d)*
Amount included in reinsurance contract assets for the period	**-**	**-**	**-**	

The Company entered in to two new reinsurance contracts held during the period. One of the contracts has a positive CSM. The second contract comprises retroactive cover, the net cost of the reinsurance contract was therefore recognised in profit or loss on initial recognition.

Commentary

When an entity holds treaty reinsurance to reinsure the contracts it issues, new contracts reinsured will likely not be included in the table above as new business. The addition will be considered as a change in expected cash flows relating to reinsurance contracts held and will be disclosed accordingly. Refer to the details in the contract boundary section of the accounting policy in Note 2.2.5.

12.2. Life reinsurance unit (reinsurance contracts issued)

12.2.1. Roll-forward of net asset or liability of insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

12.2.1.1. Reinsurance contracts issued

Commentary

The disclosures for reinsurance contracts issued do not differ from the disclosures for insurance contracts issued (refer to Note 12.1.1.1). The main differences are in the approach to estimating future cash flows, and the definition of contract boundary which will not affect the disclosures.

The table below presents a roll-forward of the net asset or liability for reinsurance contracts issued disclosing the liability for remaining coverage and the liability for incurred claims for portfolios included in the life reinsurance unit:

		2021				
		Liabilities for remaining coverage				*IFRS 17.100(a)-(c)*
In €000		**Excluding loss component**	**Loss component**	**Liabilities for incurred claims**	**Total**	
Insurance contract liabilities as at 01/01		3,590	144	991	4,725	*IFRS 17.99(b)*
Insurance contract assets as at 01/01		-	-	-	-	*IFRS 17.99(b)*
Net insurance contract (assets)/liabilities as at 01/01		**3,590**	**144**	**991**	**4,725**	
Insurance revenue		(808)	-	-	(808)	*IFRS 17.103(a)*
Contracts under modified retrospective approach		-	-	-	-	
Contracts under fair value approach		-	-	-	-	
Other contracts		(808)	-	-	(808)	
Insurance service expenses		7	(24)	505	488	*IFRS 17.103(b)*
Incurred claims and other expenses		-	(11)	506	495	*IFRS 17.103(b)(i)*
Amortisation of insurance acquisition cash flows		7	-	-	7	*IFRS 17.103(b)(ii)*
Losses on onerous contracts and reversals of those losses		-	(13)	-	(13)	*IFRS 17.103(b)(iv)*
Changes to liabilities for incurred claims		-	-	(1)	(1)	*IFRS 17.103(b)(iii)*
Investment components		(25)	-	25	-	*IFRS 17.103(c)*
Insurance service result		**(826)**	**(24)**	**530**	**(320)**	
Insurance finance expenses	a	**247**	**5**	**37**	**289**	*IFRS 17.105(c)*
Effect of movements in exchange rates		**-**	**-**	**-**	**-**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI		**(579)**	**(19)**	**567**	**(31)**	
Cash flows						*IFSR 17.105(a)*
Premiums received		967	-	-	967	*IFRS 17.105(a)(i)*
Claims and other expenses paid		-	-	(585)	(585)	*IFRS 17.105(a)(iii)*
Insurance acquisition cash flows		(10)	-	-	(10)	*IFRS 17.105(a)(ii)*
Total cash flows		**957**	**-**	**(585)**	**372**	
Other movements		**-**	**-**	**-**	**-**	*IFRS 17.105(d)*
Net insurance contract (assets)/liabilities as at 31/12		**3,968**	**125**	**973**	**5,066**	
Insurance contract liabilities as at 31/12		3,968	125	973	5,066	*IFRS 17.99(b)*
Insurance contract assets as at 31/12		-	-	-	-	*IFRS 17.99(b)*
Net insurance contract (assets)/liabilities as at 31/12		**3,968**	**125**	**973**	**5,066**	

12.2. Life reinsurance unit (reinsurance contracts issued) *(continued)*

In €000		2020 Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss component	Liabilities for incurred claims	Total	IFRS 17.100(a)-(c)
Insurance contract liabilities as at 01/01		3,540	125	524	4,189	IFRS 17.99(b)
Insurance contract assets as at 01/01		-	-	-	-	IFRS 17.99(b)
Net insurance contract (assets)/liabilities as at 01/01		**3,540**	**125**	**524**	**4,189**	
Insurance revenue		(745)	-	-	(745)	IFRS 17.103(a)
Contracts under modified retrospective approach		-	-	-	-	
Contracts under fair value approach		-	-	-	-	
Other contracts		(745)	-	-	(745)	
Insurance service expenses		7	15	449	471	IFRS 17.103(b)
Incurred claims and other expenses		-	(5)	449	444	IFRS 17.103(b)(i)
Amortisation of insurance acquisition cash flows		7	-	-	7	IFRS 17.103(b)(ii)
Losses on onerous contracts and reversals of those losses		-	20	-	20	IFRS 17.103(b)(iv)
Changes to liabilities for incurred claims		-	-	-	-	IFRS 17.103(b)(iii)
Investment components		-	-	-	-	IFRS 17.103(c)
Insurance service result		**(738)**	**15**	**449**	**(274)**	
Insurance finance expenses	a	**145**	**4**	**18**	**167**	IFRS 17.105(c)
Effect of movements in exchange rates		**-**	**-**	**-**	**-**	IFRS 17.105(d)
Total changes in the statement of profit or loss and OCI		**(593)**	**19**	**467**	**(107)**	
Cash flows						IFSR 17.105(a)
Premiums received		650	-	-	650	IFRS 17.105(a)(i)
Claims and other expenses paid		-	-	-	-	IFRS 17.105(a)(iii)
Insurance acquisition cash flows		(7)	-	-	(7)	IFRS 17.105(a)(ii)
Total cash flows		**643**	**-**	**-**	**643**	
Other movements		**-**	**-**	**-**	**-**	IFRS 17.105(d)
Net insurance contract (assets)/liabilities as at 31/12		**3,590**	**144**	**991**	**4,725**	
Insurance contract liabilities as at 31/12		3,590	144	991	4,725	IFRS 17.99(b)
Insurance contract assets as at 31/12		-	-	-	-	IFRS 17.99(b)
Net insurance contract (assets)/liabilities as at 31/12		**3,590**	**144**	**991**	**4,725**	

Notes:

a. The Company has made the accounting policy choice for the portfolios included in the life reinsurance unit to recognise net insurance finance expense in profit or loss only. The Company does not disaggregate changes in risk adjustment for non-financial risk between insurance service result and insurance finance expenses. Please refer to Note 2.2.6.4.3 for details.

12.2. Life reinsurance unit (reinsurance contracts issued) ***(continued)***

12.2.2. Roll-forward of the net asset or liability for insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM

12.2.2.1. Reinsurance contracts issued

The roll-forward of net assets or liabilities for reinsurance contracts issued disclosing the estimates of the present value of future cash flows, risk adjustment and CSM for portfolios included in the life reinsurance unit, is presented in the table below:

		2021				
In €000		**Estimates of the present value of future cash flows**	**Risk adjustment**	**Contractual service margin**	**Total**	*IFRS 17.101((a)-(c))*
Insurance contract liabilities as at 01/01		4,494	75	156	4,725	*IFRS 17.99(b)*
Insurance contract assets as at 01/01		-	-	-	-	*IFRS 17.99(b)*
Net insurance contract (assets)/liabilities as at 01/01		**4,494**	**75**	**156**	**4,725**	
Changes that relate to current services						*IFRS 17.104(b)*
Contractual service margin recognised for services provided		-	-	(120)	(120)	*IFRS 17.104(b)(i)*
Risk adjustment recognised for the risk expired		-	(21)	-	(21)	*IFRS 17.104(b)(ii)*
Experience adjustments		(165)	-	-	(165)	*IFRS 17.104(b)(iii)*
Changes that relate to future services						*IFRS 17.104(a)*
Contracts initially recognised in the period		(163)	33	133	3	*IFRS 17.104(a)(iii)*
Changes in estimates that adjust the contractual service margin		(156)	(1)	157	-	*IFRS 17.104(a)(i)*
Changes in estimates that do not adjust the contractual service margin		(16)	-	-	(16)	*IFRS 17.104(a)(ii)*
Changes that relate to past services						*IFRS 17.104(c)*
Adjustments to liabilities for incurred claims		-	(1)	-	(1)	
Insurance service result		**(500)**	**10**	**170**	**(320)**	
Insurance finance expenses	**a**	**284**	**-**	**5**	**289**	*IFRS 17.105(c)*
Effect of movements in exchange rates		**-**	**-**	**-**	**-**	*IFRS 17.105(d)*
Total changes in the statement of profit or loss and OCI		**(216)**	**10**	**175**	**(31)**	
Cash flows						*IFRS 17.105(a)*
Premiums received		967	-	-	967	*IFRS 17.105(a)(i)*
Claims and other expenses paid		(585)	-	-	(585)	*IFRS 17.105(a)(iii)*
Insurance acquisition cash flows		(10)	-	-	(10)	*IFRS 17.105(a)(ii)*
Total cash flows		**372**	**-**	**-**	**372**	
Other movements		**-**	**-**	**-**	**-**	*IFRS 17.105(d)*
Net insurance contract (assets)/liabilities as at 31/12		**4,650**	**85**	**331**	**5,066**	
Insurance contract liabilities as at 31/12		4,650	85	331	5,066	*IFRS 17.99(b)*
Insurance contract assets as at 31/12		-	-	-	-	*IFRS 17.99(b)*
Net insurance contract (assets)/liabilities as at 31/12		**4,650**	**85**	**331**	**5,066**	

12.2. Life reinsurance unit (reinsurance contracts issued) *(continued)*

In €000		2020 Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	IFRS 17.101((a)-(c))
Insurance contract liabilities as at 01/01		3,850	80	259	4,189	IFRS 17.99(b)
Insurance contract assets as at 01/01		-	-	-	-	IFRS 17.99(b)
Net insurance contract (assets)/liabilities as at 01/01		**3,850**	**80**	**259**	**4,189**	
Changes that relate to current services						IFRS 17.104(b)
Contractual service margin recognised for services provided		-	-	(114)	(114)	IFRS 17.104(b)(i)
Risk adjustment recognised for the risk expired		-	(26)	-	(26)	IFRS 17.104(b)(ii)
Experience adjustments		(149)	-	-	(149)	IFRS 17.104(b)(iii)
Changes that relate to future services						IFRS 17.104(a)
Contracts initially recognised in the period		(166)	16	150	-	IFRS 17.104(a)(iii)
Changes in estimates that adjust the contractual service margin		150	5	(155)	-	IFRS 17.104(a)(i)
Changes in estimates that do not adjust the contractual service margin		15	-	-	15	IFRS 17.104(a)(ii)
Changes that relate to past services						IFRS 17.104(c)
Adjustments to liabilities for incurred claims		-	-	-	-	
Insurance service result		**(150)**	**(5)**	**(119)**	**(274)**	
Insurance finance expenses	a	**151**	**-**	**16**	**167**	IFRS 17.105(c)
Effect of movements in exchange rates		**-**	**-**	**-**	**-**	IFRS 17.105(d)
Total changes in the statement of profit or loss and OCI		**1**	**(5)**	**(103)**	**(107)**	
Cash flows						IFRS 17.105(a)
Premiums received		650	-	-	650	IFRS 17.105(a)(i)
Claims and other expenses paid		-	-	-	-	IFRS 17.105(a)(iii)
Insurance acquisition cash flows		(7)	-	-	(7)	IFRS 17.105(a)(ii)
Total cash flows		**643**	**-**	**-**	**643**	
Other movements		**-**	**-**	**-**	**-**	IFRS 17.105(d)
Net insurance contract (assets)/liabilities as at 31/12		**4,494**	**75**	**156**	**4,725**	
Insurance contract liabilities as at 31/12		4,494	75	156	4,725	IFRS 17.99(b)
Insurance contract assets as at 31/12		-	-	-	-	IFRS 17.99(b)
Net insurance contract (assets)/liabilities as at 31/12		**4,494**	**75**	**156**	**4,725**	

Notes:

a. The Company made the accounting policy choice for the portfolios included in the life reinsurance unit to recognise all insurance finance expense in profit or loss. The Company does not disaggregate changes in risk adjustment for non-financial risk between insurance service result and insurance finance expenses. Please refer to Note 2.2.6.4.3 for details.

12.2. Life reinsurance unit (reinsurance contracts issued) *(continued)*

12.2.3. The components of new business

12.2.3.1. Reinsurance contracts issued

The components of new business for reinsurance contract issued portfolios included in the life reinsurance unit is disclosed in the table below:

	2021					
	Contracts issued		Contracts acquired		Total	*IFRS 17.108(a)*
In €000	**Non-onerous**	**Onerous**	**Non-onerous**	**Onerous**		*IFRS 17.108(b)*
Life Insurance contract liabilities						*IFRS 17.107*
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	729	65	-	-	794	*IFRS 17.107(a)*
Estimates of insurance acquisition cash flows	9	1	-	-	10	*IFRS 17.107(a)*
Estimate of present value of future cash outflows	738	66	-	-	804	*IFRS 17.107(a)*
Estimates of present value of future cash inflows	(900)	(67)	-	-	(967)	*IFRS 17.107(b)*
Risk adjustment	29	4	-	-	33	*IFRS 17.107(c)*
CSM	133	-	-	-	133	*IFRS 17.107(d)*
Amount included in insurance contract liabilities for the period	**-**	**3**	**-**	**-**	**3**	

	2020					
	Contracts issued		Contracts acquired		Total	*IFRS 17.108(a)*
In €000	**Non-onerous**	**Onerous**	**Non-onerous**	**Onerous**		*IFRS 17.108(b)*
Life Insurance contract liabilities						*IFRS 17.107*
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	478	-	-	-	478	*IFRS 17.107(a)*
Estimates of insurance acquisition cash flows	7	-	-	-	7	*IFRS 17.107(a)*
Estimate of present value of future cash outflows	485	-	-	-	485	*IFRS 17.107(a)*
Estimates of present value of future cash inflows	(651)	-	-	-	(651)	*IFRS 17.107(b)*
Risk adjustment	16	-	-	-	16	*IFRS 17.107(c)*
CSM	150	-	-	-	150	*IFRS 17.107(d)*
Amount included in insurance contract liabilities for the period	**-**	**-**	**-**	**-**	**-**	

New contracts were issued on market terms. None of the contracts are onerous at initial recognition.

12.3. CSM recognition in profit or loss

The disclosure of when the CSM is expected to be in income in future years is presented below:

In €000	2021						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Insurance contracts issued							
Life insurance unit	34	39	50	103	95	424	745
Life reinsurance unit	34	36	49	58	62	92	331
	68	**75**	**99**	**161**	**157**	**516**	**1,076**
Reinsurance contracts held							
Life insurance unit	23	17	-	44	32	45	161
	23	**17**	**-**	**44**	**32**	**45**	**161**

IFRS 17.109

In €000	2020						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Insurance contracts issued							
Life insurance unit	28	22	34	31	64	245	424
Life reinsurance unit	19	16	22	22	26	51	156
	47	**38**	**56**	**53**	**90**	**296**	**580**
Reinsurance contracts held							
Life insurance unit	3	3	3	-	6	9	24
	3	**3**	**3**	**-**	**6**	**9**	**24**

IFRS 17.109

The Company expects to recognise the CSM in profit or loss for existing contracts within eight years, which represents the longest coverage period for the contracts in force issued by the Company.
The expected timeline for the CSM recognition for reinsurance contracts held is in line with insurance contracts issued.

Commentary

An entity may choose to present qualitative information to fulfil the requirement to disclose when the CSM is expected to be recognised in income if it gives a clear view to the users of financial statements. Qualitative information may include the characteristics of insurance and reinsurance contracts issued, and the approach taken to reinsure them. In particular, qualitative disclosures may be more useful if an entity uses a complex approach to coverage units or when the forecasting of coverage units is highly volatile.

Entities may face difficulties with quantitative disclosure for reinsurance treaties as, depending on the contractual terms, they may include future cash flows related to future underlying insurance contracts that have not yet been written. Therefore, the resulting coverage period might not be easily determined.

12.4. Reconciliation of amounts included in OCI for financial assets at FVOCI

On transition to IFRS 17, the Company applied the modified retrospective approach for certain groups of contracts in the immediate annuity portfolio, refer to Note 1.1.1.3.2 for details.

IFRS 17.C18(b)(i)

The movement in the fair value reserve for financial assets measured at fair value through OCI that are related to the annuity portfolio is disclosed below:

IFRS 17.116

In €	2021	2020
Cumulative other comprehensive income, opening balance	**13,924**	**16,143**
Gains or losses recognised in other comprehensive income in the period	7,580	(2,294)
Amounts recognised in profit or loss during the period	79	75
Cumulative other comprehensive income, closing balance	**21,583**	**13,924**

12.4. Reconciliation of amounts included in OCI for financial assets at FVOCI *(continued)*

Commentary

The Company has elected to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income for contracts in immediate annuity portfolio. Furthermore at transition date it determined the cumulative amount of insurance finance income or expenses recognised in other comprehensive income at nil using IFRS 17.C18(b)(i). Disclosure is therefore required of a reconciliation from the opening to the closing balance of the cumulative amounts included in other comprehensive income for financial assets measured at FVOCI related to the groups of insurance contracts for which this option was applied. *IFRS 17.116*

On transition to IFRS 17, the Company applied the fair value approach for certain groups of contracts with term-life cover and surrender options, refer to Note 1.1.1.3.3 for details. The movement in the fair value reserve for related financial assets measured at fair value through OCI is disclosed below:

IFRS 17.116

In €	2021	2020
Cumulative other comprehensive income, opening balance	**12,889**	**17,217**
Gains or losses recognised in other comprehensive income in the period	666	(4,455)
Amounts recognised in profit or loss during the period	134	127
Cumulative other comprehensive income, closing balance	**13,689**	**12,889**

Commentary

The Company has elected to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income for term life contracts issued. Furthermore at transition date it determined the cumulative amount of insurance finance income or expenses recognised in other comprehensive income at nil using IFRS 17.C24(b). Disclosure is therefore required of a reconciliation from the opening to the closing balance of the cumulative amounts included in other comprehensive income for financial assets measured at FVOCI related to the groups of insurance contracts for which this option was applied. *IFRS 17.116*

Appendix 1- Scope of the publication

This publication contains disclosures required by IFRS 17 and only new and extended disclosures required by IFRS 7 *Financial instruments: Disclosures* (connected with the adoption of IFRS 9) considered relevant for insurers, accompanied by relevant accounting policies.

The summary of the disclosures required by IFRS 17 and IFRS 7 are presented below:

Reference	Guidance	New/ expanded / existing	Link to the disclosure
Insurance and reinsurance contracts			
IFRS 17.78	Present separately in the statement of financial position the carrying amount of groups of: (a) Insurance contracts issued that are assets; (b) Insurance contracts issued that are liabilities; (c) Reinsurance contracts held that are assets; and (d) Reinsurance contracts held that are liabilities.	New	Statement of financial position
IFRS 17.80	Disaggregate the amounts recognised in the statement(s) of profit or loss and other comprehensive income into: (a) An insurance service result, comprising insurance revenue and insurance service expenses; and (b) Insurance finance income or expenses.	New	Statement of profit or loss and other comprehensive income
IFRS 17.82	Present income or expenses from reinsurance contracts held separately from the expenses or income from insurance contracts issued.	New	Statement of profit or loss and other comprehensive income
IFRS 17.83 - 85	Present in profit or loss: 1. Insurance revenue arising from groups of insurance contracts that depicts the provision of coverage and other services 2. Insurance service expenses arising from a group of insurance contracts issued, comprising incurred claims, other incurred insurance service expenses and other amounts	New	Statement of profit or loss and other comprehensive income
IFRS 17.86	Present the insurance service result from a group of reinsurance contracts held as a single amount or present separately amounts recovered from the re insurer and an allocation of the premiums paid (with specific treatment identified for the amounts contingent on claims).	New	Statement of profit or loss and other comprehensive income
IFRS 17.88-90	Make an accounting policy choice between including insurance finance income or expenses for the period in profit or loss; or disaggregating insurance finance income or expenses between an amount recognised in profit or loss and in other comprehensive income.	Existing	Statement of profit or loss and other comprehensive income
IFRS 17.97	If an entity uses the premium allocation approach, it shall also disclose: (a) Which of the criteria in premium allocation approach it has satisfied; (b) Whether it makes an adjustment for the time value of money and the effect of financial risk ; and (c) The method it has chosen to recognise insurance acquisition cash flows.	New	*Not disclosed, subject to future publication (Premium allocation approach)*
IFRS 17.98-99	Disclose reconciliations that show how the net carrying amounts of contracts within the scope of IFRS 17 changed during the period because of cash flows and income and expenses recognised in the statement(s) of financial performance. Separate reconciliations shall be disclosed for insurance contracts issued and reinsurance contracts held. Adapt the reconciliations to reflect the features of reinsurance contracts held that differ from insurance contracts issued. Provide enough information in the reconciliations to enable users of financial statements to identify changes from cash flows and amounts that are recognised in the	New	Insurance and reinsurance contracts - Note 12

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	statement(s) of financial performance. To comply with this requirement: (a) Disclose, in a table, the reconciliations set out in paragraphs 100–105; and (b) For each reconciliation, present the net carrying amounts at the beginning and at the end of the period, disaggregated into a total for groups of contracts that are assets and a total for groups of contracts that are liabilities that equal the amounts presented in the statement of financial position.		
IFRS 17.100, 103, 105	Disclose reconciliations from the opening to the closing balances separately for each of: (a) The net liabilities (or assets) for the remaining coverage component, excluding: (b) Any loss component (c) The liabilities for incurred claims. For insurance contracts to which the premium allocation approach has been applied, disclose separate reconciliations for: (i) The estimates of the present value of the future cash flows; and (ii) The risk adjustment for non-financial risk. Separately disclose in the reconciliations required above each of the following amounts related to insurance services, if applicable: (a) Insurance revenue. (b) Insurance service expenses, showing separately: (i) Incurred claims (excluding investment components) and other incurred insurance service expenses; (ii) Amortisation of insurance acquisition cash flows; (iii) Changes that relate to past service (iv) Changes that relate to future service (c) Investment components excluded from insurance revenue and insurance service expenses. Separately disclose each of the following amounts not related to insurance services provided in the period, if applicable: (a) Cash flows in the period, including: (i) Premiums received for insurance contracts issued (or paid for reinsurance contracts held); (ii) Insurance acquisition cash flows; and (iii) Incurred claims paid and other insurance service expenses paid for insurance contracts issued (or recovered under reinsurance contracts held), excluding insurance acquisition cash flows. (b) The effect of changes in the risk of non-performance by The issuer of reinsurance contracts held; (c) Insurance finance income or expenses; and (d) Any additional line items that may be necessary to understand the change in the net carrying amount of the insurance contracts.	New	Roll-forward of net asset or liability of insurance contracts showing the liability for remaining coverage and the liability for incurred claims- Note 12.1.1, 12.2.1
IFRS 17.101, 104, 105	For insurance contracts other than those to which the premium allocation approach has been applied, disclose reconciliations from the opening to the closing balances separately for each of: (a) The estimates of the present value of the future cash flows; (b) The risk adjustment for non-financial risk; and (c) The contractual service margin. Separately disclose in the reconciliations required above each of the following amounts related to insurance services, if applicable: (a) Changes that relate to future service showing separately: (i) Changes in estimates that adjust the contractual service margin;	New	Roll-forward of net asset or liability of insurance contracts showing estimates of the present value of future cash flows, risk adjustment and CSM – Note 12.1.2, 12.2.2

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	(ii) Changes in estimates that do not adjust the contractual service margin, i.e. losses on groups of onerous contracts and reversals of such losses; and (iii) The effects of contracts initially recognised in the period. (b) Changes that relate to current service (c) Changes that relate to past service Separately disclose each of the following amounts not related to insurance services provided in the period, if applicable: (a) Cash flows in the period, including: (i) Premiums received for insurance contracts issued (or paid for reinsurance contracts held); (ii) Insurance acquisition cash flows; and (iii) incurred claims paid and other insurance service expenses paid for insurance contracts issued (or recovered under reinsurance contracts held), excluding insurance acquisition cash flows. (b) The effect of changes in the risk of non-performance by the issuer of reinsurance contracts held; (c) Tnsurance finance income or expenses; and (d) Any additional line items that may be necessary to understand the change in the net carrying amount of the insurance contracts.		
IFRS 17.106	For insurance contracts issued other than those to which the premium allocation approach has been applied, disclose an analysis of the insurance revenue recognised in the period comprising: (a) The amounts relating to the changes in the liability for remaining coverage, separately disclosing: (i) The insurance service expenses incurred during the period; (ii) The change in the risk adjustment for non-financial risk; and (iii) The amount of the contractual service margin recognised in profit or loss because of the transfer of services in the period. (b) The allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	New	Insurance revenue - Note 6 and Net income or expense from reinsurance contracts held – Note 7
IFRS 17.107, 108	For insurance contracts other than those to which the premium allocation approach has been applied, disclose the effect on the statement of financial position separately for insurance contracts issued and reinsurance contracts held that are initially recognised in the period, showing their effect at initial recognition on: (a) The estimates of the present value of future cash outflows, showing separately the amount of the insurance acquisition cash flows; (b) The estimates of the present value of future cash inflows; (c) The risk adjustment for non-financial risk; and (d) The contractual service margin. Separately disclose amounts resulting from: (a) Contracts acquired from other entities in transfers of insurance contracts or business combinations; and (b) Groups of contracts that are onerous.	New	The components of new business - Note 12.1.4, 12.2.3
IFRS 17.109	For insurance contracts other than those to which the premium allocation approach has been applied, disclose an explanation of when the entity expects to recognise the contractual service margin remaining at the end of the reporting period in profit or loss, either quantitatively, in appropriate time bands, or by providing qualitative information.	New	CSM recognition in profit or loss - Note 12.3

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	Such information shall be provided separately for insurance contracts issued and reinsurance contracts held.		
IFRS 17.110	Disclose and explain the total amount of insurance finance income or expenses in the reporting period. In particular, explain the relationship between insurance finance income or expenses and the investment return on its assets, to enable users of its financial statements to evaluate the sources of finance income or expenses recognised in profit or loss and other comprehensive income.	New	Total investment income and net insurance finance result – Note 8
IFRS 17.111	For contracts with direct participation features, the entity shall describe the composition of the underlying items and disclose their fair value.	New	*Not disclosed, subject to future publication (Variable fee approach)*
IFRS 17.112	For contracts with direct participation features, if an entity chooses not to adjust the contractual service margin for some changes in the fulfilment cash flows, it shall disclose the effect of that choice on the adjustment to the contractual service margin in the current period.	New	*Not disclosed, subject to future publication (Variable fee approach)*
IFRS 17.113	For contracts with direct participation features, if an entity changes the basis of disaggregation of insurance finance income or expenses between profit or loss and other comprehensive income, disclose, in the period when the change in approach occurred: (a) The reason why the entity was required to change the basis of disaggregation; (b) The amount of any adjustment for each financial statement line item affected; and (c) The carrying amount of the group of insurance contracts to which the change applied at the date of the change.	New	*Not disclosed, subject to future publication (Variable fee approach)*
IFRS 17.114	Provide disclosures that enable users of financial statements to identify the effect of groups of insurance contracts measured at the transition date applying the modified retrospective approach or the fair value approach on the contractual service margin and insurance revenue in subsequent periods. Hence, disclose the reconciliation of the contractual service margin, and the amount of insurance revenue, separately for: (a) Insurance contracts that existed at the transition date to which the entity has applied the modified retrospective approach; (b) Insurance contracts that existed at the transition date to which the entity has applied the fair value approach; and (c) All other insurance contracts.	New	Roll-forward of net asset or liability of insurance contracts showing the liability for remaining coverage and the liability for incurred claims- Note 12.1.1 The impacts of transition approaches to establishing CSMs on the current period – Note 12.1.3
IFRS 17.115	For all periods in which disclosures are made to enable users of financial statements to understand the nature and significance of the methods used and judgements applied in determining the transition amounts, explain how the entity determined the measurement of insurance contracts at the transition date.	New	Changes in accounting standards – Note 1.1.1.3
IFRS 17.116	For all periods in which cumulative amounts included in other comprehensive income determined applying transition paragraphs C18 (b), C19 (b), C24 (b) and C24(c) exist, disclose a reconciliation from the opening to the closing balance of the cumulative amounts included in other comprehensive income for financial assets measured at fair value through other comprehensive income related to the groups of insurance contracts. The reconciliation shall include, for example, gains or losses recognised in other comprehensive income in the period and gains or losses previously recognised in other comprehensive income in previous periods reclassified in the period to profit or loss.	Expanded	Reconciliation of amounts included in OCI for financial assets at FVOCI - Note 12.4

Reference	Guidance	New/ expanded / existing	Link to the disclosure
IFRS 17.117	Disclose the significant judgements and changes in judgements made in applying IFRS 17. Specifically, the inputs, assumptions and estimation techniques used, including: (a) The methods used to measure insurance contracts within the scope of IFRS 17 and the processes for estimating the inputs to those methods. Unless impracticable, an entity shall also provide quantitative information about those inputs. (b) Any changes in the methods and processes for estimating inputs used to measure contracts, the reason for each change, and the type of contracts affected. (c) To the extent not covered in (a), the approach used: (i) To distinguish changes in estimates of future cash flows arising from the exercise of discretion from other changes in estimates of future cash flows for contracts without direct participation features; (ii) To determine the risk adjustment for non-financial risk, including whether changes in the risk adjustment for non-financial risk are disaggregated into an insurance service component and an insurance finance component or are presented in full in the insurance service result; (iii) To determine discount rates; and (iv) To determine investment components.	New	Significant judgements and estimates - Note 5
IFRS 17.118	If an entity chooses to disaggregate insurance finance income or expenses into amounts presented in profit or loss and amounts presented in other comprehensive income, disclose an explanation of the methods used to determine the insurance finance income or expenses recognised in profit or loss.	New	Summary of significant accounting policies - Note 2.2.6.4.3
IFRS 17.119	Disclose the confidence level used to determine the risk adjustment for non-financial risk. If the entity uses a technique other than the confidence level technique for determining the risk adjustment for non-financial risk, disclose the technique used and the confidence level corresponding to the results of that technique.	New	Significant judgements and estimates - Note 5.1.3
IFRS 17.120	Disclose the yield curve (or range of yield curves) used to discount cash flows that do not vary based on the returns on underlying items. When an entity provides this disclosure in aggregate for a number of groups of insurance contracts, it shall provide such disclosures in the form of weighted averages, or relatively narrow ranges.	Existing	Significant judgements and estimates - Note 5.1.2
IFRS 17.121, 122, 124	Disclose information that enables users of its financial statements to evaluate the nature, amount, timing and uncertainty of future cash flows that arise from contracts within the scope of IFRS 17. These disclosures focus on the insurance and financial risks that arise from insurance contracts and how they have been managed. Financial risks typically include, but are not limited to, credit risk, liquidity risk and market risk. For each type of risk arising from contracts within the scope of IFRS 17, disclose: (a) The exposures to risks and how they arise; (b) The entity's objectives, policies and processes for managing the risks and the methods used to measure the risks; and (c) Any changes in (a) or (b) from the previous period.	Existing	Insurance and financial risk - Note 3.1, 3.2
IFRS 17.125	For each type of risk arising from contracts within the scope of IFRS 17, disclose summary quantitative information about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to the entity's key management personnel. Even if not provided internally to key management personnel, the following risks should be addressed (see 127 - 132 below):	New	Insurance risk - Note 3.1

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	(a) Concentrations of risk (b) Insurance and market risks (c) Insurance risk - claims development (d) Credit risk (e) Liquidity risk		
IFRS 17.126	Disclose information about the effect of the regulatory frameworks in which the entity operates; for example, minimum capital requirements or required interest-rate guarantees. If contracts are included in the same group in spite of any legal or regulatory constraints on prices or levels of benefits, disclose that fact.	Existing	Capital – Note 4
IFRS 17.127	Disclose information about concentrations of risk arising from contracts within the scope of IFRS 17, including a description of how the entity determines the concentrations, and a description of the shared characteristic that identifies each concentration (for example, the type of insured event, industry, geographical area, or currency). Concentrations of financial risk might arise, for example, from interest-rate guarantees that come into effect at the same level for a large number of contracts. Concentrations of financial risk might also arise from concentrations of non-financial risk; for example, if an entity provides product liability protection to pharmaceutical companies and also holds investments in those companies.	Expanded	Insurance and financial risk – Note **3.1**, 3.2
IFRS 17.128(a)(ii)	Disclose information about sensitivities to changes in risk variables arising from contracts within the scope of IFRS 17. To comply with this requirement, disclose: (a) A sensitivity analysis that shows how profit or loss and equity would have been affected by changes in risk variables that were reasonably possible at the end of the reporting period: (ii) For each type of market risk—in a way that explains the relationship between the sensitivities to changes in risk variables arising from insurance contracts and those arising from financial assets held by the entity.	Expanded	Financial risk – Note 3.2
IFRS 17.128 (except 128(a)(ii)), 129	Disclose information about sensitivities to changes in risk variables arising from contracts within the scope of IFRS 17. To comply with this requirement, disclose: (a) A sensitivity analysis that shows how profit or loss and equity would have been affected by changes in risk variables that were reasonably possible at the end of the reporting period: (i) For insurance risk—showing the effect for insurance contracts issued, before and after risk mitigation by reinsurance contracts held; (b) The methods and assumptions used in preparing the sensitivity analysis; and (c) Changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis, and the reasons for such changes. If an entity prepares a sensitivity analysis that shows how amounts different from those specified above are affected by changes in risk variables and uses that sensitivity analysis to manage risks arising from contracts within the scope of IFRS 17, it may use that sensitivity analysis in place of the analysis specified above. Also disclose: (a) An explanation of the method used in preparing such a sensitivity analysis and of the main parameters and assumptions underlying the information provided; and (b) A explanation of the objective of the method used and of any limitations that may result in the information provided.	Existing	Insurance and financial risk – Note 3.1, 3.2
IFRS 17.130	Disclose actual claims compared with previous estimates of the undiscounted amount of the claims (i.e., claims development). The disclosure about claims development shall start with the period when the earliest material	Existing	*Not disclosed, subject to future publication (Premium allocation approach))*

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	claim(s) arose and for which there is still uncertainty about the amount and timing of the claims payments at the end of the reporting period; but the disclosure is not required to start more than 10 years before the end of the reporting period. The entity is not required to disclose information about the development of claims for which uncertainty about the amount and timing of the claims payments is typically resolved within one year. Reconcile the disclosure about claims development with the aggregate carrying amount of the groups of insurance contracts, which the entity discloses applying paragraph 100(c).		
IFRS 17.131	For credit risk that arises from contracts within the scope of IFRS 17, Disclose: (a) The amount that best represents its maximum exposure to credit risk at the end of the reporting period, separately for insurance contracts issued and reinsurance contracts held; and (b) Information about the credit quality of reinsurance contracts held that are assets.	Existing	Financial risk – Note 3.2.4
IFRS 17.132(a)	For liquidity risk arising from contracts within the scope of IFRS 17, disclose: (a) A description of how the entity manages the liquidity risk.	Expanded	Financial risk – Note 3.2.1
IFRS 17.132(b)	For liquidity risk arising from contracts within the scope of IFRS 17, disclose: (b) Separate maturity analyses for groups of insurance contracts issued that are liabilities and groups of reinsurance contracts held that are liabilities that show, as a minimum, net cash flows of the groups for each of the first five years after the reporting date and in aggregate beyond the first five years. An entity is not required to include in these analyses liabilities for remaining coverage measured. The analyses may take the form of: (i) An analysis, by estimated timing, of the remaining contractual undiscounted net cash flows; or (ii) An analysis, by estimated timing, of the estimates of the present value of the future cash flows.	New	Financial risk – Note 3.2.1
IFRS 17.132(c)	(c) The amounts that are payable on demand, explaining the relationship between such amounts and the carrying amount of the related groups of contracts, if not disclosed applying (b) of this paragraph.	New	Financial risk – Note 3.2.1
Financial assets			
IFRS 7.8	The carrying amounts of each of the following categories, as specified in IFRS 9, shall be disclosed either in the statement of financial position or in the notes: (a) Financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9; (ii) those measured as such in accordance with the election in paragraph 3.3.5 of IFRS 9; (iii) those measured as such in accordance with the election in paragraph 33A of IAS 32 and (iiv) those mandatorily measured at fair value through profit or loss in accordance with IFRS 9. (e) Financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9 and (ii) those that meet the definition of held for trading in IFRS 9. (f) Financial assets measured at amortised cost. (g) Financial liabilities measured at amortised cost. (h) Financial assets measured at fair value through other comprehensive income, showing separately (i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph	New	Statement of financial position

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	4.1.2A of IFRS 9; and (ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of IFRS 9.		
IFRS 7.9, B5(aa)	If a financial asset has been designated as measured at fair value through profit or loss (or group of financial assets) that would otherwise be measured at fair value through other comprehensive income or amortised cost, disclose: (a) The maximum exposure to credit risk of the financial asset (or group of financial assets) at the end of the reporting period. (b) The amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk. (c) The amount of change, during the period and cumulatively, in the fair value of the financial asset (or group of financial assets) that is attributable to changes in the credit risk of the financial asset determined either: (i) As the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or (ii) Using an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the asset. Changes in market conditions that give rise to market risk include changes in an observed (benchmark) interest rate, commodity price, foreign exchange rate or index of prices or rates. (d) The amount of the change in the fair value of any related credit derivatives or similar instruments that has occurred during the period and cumulatively since the financial asset was designated.	Existing	*Not in scope of this publication as considered unlikely for an insurer to regularly require this to be disclosed*
IFRS 7.10	If a financial liability has been designated as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and is required to present the effects of changes in that liability's credit risk in other comprehensive income, disclose: (a) The amount of change, cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability. (b) The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation. (c) Any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers. (d) If a liability is derecognised during the period, the amount (if any) presented in other comprehensive income that was realised at derecognition.	New	*Not applicable for this publication as no financial liabilities classified as FVPL.*
IFRS 7.10A	A financial liability designated as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) is required to be presented in profit or loss, disclose: (a) The amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability; and (b) The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.	Existing	*Not applicable for this publication as no financial liabilities classified as FVPL*
IFRS 7.11	Disclose: (a) A detailed description of the methods used to comply with the requirements in paragraphs 9(c), 10(a) and	Existing	*Not applicable for this publication as no financial liabilities classified as FVPL*

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	10A(a) and paragraph 5.7.7(a) of IFRS 9, including an explanation of why the method is appropriate. (b) If the disclosure given, either in the statement of financial position or in the notes, to comply with the requirements in paragraph 9(c), 10(a) or 10A(a) or paragraph 5.7.7(a) of IFRS 9 does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant. (c) A detailed description of the methodology or methodologies used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. If required to present the effects of changes in a liability's credit risk in profit or loss, the disclosure must include a detailed description of the economic relationship described in paragraph B5.7.6 of IFRS 9.	New	
IFRS 7.11A, 11B	If investments in equity instrument has been designated to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5 of IFRS 9, it shall disclose: (a) Which investments in equity instruments have been designated to be measured at fair value through other comprehensive income? (b) The reasons for using this presentation alternative. (c) The fair value of each such investment at the end of the reporting period. (d) Dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. (e) Any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers. In addition, If investments in equity instruments measured at fair value through other comprehensive income were derecognised during the reporting period, disclose: (a) The reasons for disposing of the investments. (b) The fair value of the investments at the date of derecognition. (c) The cumulative gain or loss on disposal.	New	*Not applicable for this publication as no equity instruments held at FVOCI*
IFRS 7.12B, 12C, 12D	If, in the current or previous reporting periods any financial assets have been reclassified in accordance with paragraph 4.4.1 of IFRS 9, disclose: (a) The date of reclassification. (b) A detailed explanation of the change in business model and a qualitative description of its effect on the entity's financial statements. (c) The amount reclassified into and out of each category. For each reporting period following reclassification until derecognition, disclose for assets reclassified out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income in accordance with paragraph 4.4.1 of IFRS 9: (a) The effective interest rate determined on the date of reclassification; and (b) The interest revenue recognised. If, since its last annual reporting date, financial assets have been reclassified out of the fair value through other comprehensive income category so that they are measured at amortised cost or out of the fair value through profit or loss category so that they are	New	*Not applicable for this publication – no reclassifications are assumed to have occurred*

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	measured at amortised cost or fair value through other comprehensive income disclose: (a) The fair value of the financial assets at the end of the reporting period; and (b) The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets had not been reclassified.		
IFRS 7.13A-F	**Offsetting financial assets and financial liabilities** In respect of all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 and recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with paragraph 42 of IAS 32 disclose information to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the financial position. This includes the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities that are within the scope of paragraph 13A. Disclose, at the end of the reporting period, the following quantitative information separately for recognised financial assets and recognised financial liabilities that are within the scope above: (a) The gross amounts of those recognised financial assets and recognised financial liabilities; (b) The amounts that are set off in accordance with the criteria in paragraph 42 of IAS 32 when determining the net amounts presented in the statement of financial position; (c) The net amounts presented in the statement of financial position; (d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including: (i) Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in paragraph 42 of IAS 32; and (ii) Amounts related to financial collateral (including cash collateral); and (e) The net amount after deducting the amounts in (d) from the amounts in (c) above. The above shall be presented in a tabular format, separately for financial assets and financial liabilities, unless another format is more appropriate. The total amount disclosed in accordance with (d) for an instrument shall be limited to the amount in (c) for that instrument. Include a description of the rights of set-off associated with the recognised financial assets and recognised financial liabilities subject to enforceable master netting arrangements and similar agreements that are disclosed in accordance with (d), including the nature of those rights.	Existing	*Not in scope of current publication (refer to Good Insurance Note 46)*
IFRS 7.14, 15, 38	**Collateral** Disclose: (a) The carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 3.2.23(a) of IFRS 9; and (b) The terms and conditions relating to its pledge. When collateral (of financial or non-financial assets) is held and the holder is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, disclose: (a) The fair value of the collateral held;	Existing	*Not in scope of current publication (refer to Good Insurance Notes 28, 47)*

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	(b) The fair value of any such collateral sold or repledged, and whether there is an obligation to return it; and (c) The terms and conditions associated with its use of the collateral. When financial or non-financial assets are obtained during the period by taking possession of collateral held as security or by calling on other credit enhancements (e.g., guarantees), and such assets meet the recognition criteria in other IFRSs, disclose for such assets held at the reporting date: (a) The nature and carrying amount of the assets; and (b) When the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.		
IFRS 7.16A	The carrying amount of financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9 is not reduced by a loss allowance. The loss allowance shall not be presented separately in the statement of financial position as a reduction of the carrying amount of the financial asset, however it shall be disclosed in notes to the financial statements.	New	Debt instruments measured at fair value through other comprehensive income – Note 10
IFRS 7.17	If an instrument that contains both a liability and an equity component has been issued and it has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), disclose the existence of those features.	Existing	*Not in scope of this publication as considered unlikely for an insurer to regularly require this to be disclosed*
IFRS 7.18-19	**Defaults and breaches** For loans payable recognised at the end of the reporting period, disclose: (a) Details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable; (b) The carrying amount of the loans payable in default at the end of the reporting period; and (c) Whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue. If, during the period, there were breaches of loan agreement terms other than those described above, disclose the same information as required by (a)-(c) if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the end of the reporting period).	Existing	*Not in scope of this publication as considered unlikely for an insurer to regularly require this to be disclosed*
IFRS 7.20	Disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes: (a) Net gains or net losses on: (i) Financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with IFRS 9 (e.g., financial liabilities that meet the definition of held for trading in IFRS 9). For financial liabilities designated as at fair value through profit or loss, an entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss. (v) Financial liabilities measured at amortised cost. (vi) Financial assets measured at amortised cost.	Categories and scoping has been amended	Statement of profit or loss and other comprehensive income and Total investment income and net insurance financial result - Note 8

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	(vii) Investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9. (viii) Financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period. (b) Total interest revenue and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9 (showing these amounts separately); or financial liabilities that are not measured at fair value through profit or loss. (c) Fee income and expense (other than amounts included in determining the effective interest rate) arising from: (i) Financial assets and financial liabilities that are not at fair value through profit or loss; and (ii) Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions.		
IFRS 7.20A	Disclose an analysis of the gain or loss recognised in the statement of comprehensive income arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets. This disclosure shall include the reasons for derecognising those financial assets.	New	Total investment income and net insurance financial result - Note 8
IFRS 7.21	In accordance with paragraph 117 of IAS 1 Presentation of Financial Statements, discloses significant accounting policies comprising the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements.	New (as the approach to classification has changed)	Summary of significant accounting policies – Note 2.3
IFRS 7.21A-24G	**Hedge Accounting** Apply the disclosure requirements in paragraphs 21B–24F for those risk exposures that an entity hedges and for which it elects to apply hedge accounting. Hedge accounting disclosures shall provide information about: (a) An entity's risk management strategy and how it is applied to manage risk; (b) How the entity's hedging activities may affect the amount, timing and uncertainty of its future cash flows; and (c) The effect that hedge accounting has had on the entity's statement of financial position, statement of comprehensive income and statement of changes in equity. The hedge accounting disclosure shall cover: (a) The risk management strategy [IFRS 7.22A-C]; (b) The amount, timing and uncertainty of future cash flows [IFRS 7.23A-F]; (c) The effects of hedge accounting of financial position and performance [IFRS 7.24A-F]; and information relating to where a credit exposure has been designated as measured at fair value through profit or loss [IFRS 7.24G].	Existing	*Not in scope of current publication (refer to Good Insurance Note 28)*
IFRS 7.25-30	**Fair value** Except where the following apply: (a) The carrying amount is a reasonable approximation of fair value; or	Existing	*Not in scope of current publication (refer to Good Insurance Notes 27, 28, 30, 33, 35, 40, 41, 43)*

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	(d) For lease liabilities. For each class of financial assets and financial liabilities, disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. In disclosing fair values, group financial assets and financial liabilities into classes, but offset them only to the extent that their carrying amounts are offset in the statement of financial position. Where a gain or loss is not recognised on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, disclose by class of financial asset or financial liability: (a) The accounting policy for recognising in profit or loss the difference between the fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability. (b) The aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference. (c) Why it was concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.		
IFRS 7.31-35	**Risks arising from financial instruments** Disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period. The disclosure required should focus on the risks that arise from financial instruments and how they have been managed. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk. Qualitative disclosure: For each type of risk arising from financial instruments, an entity shall disclose: (a) The exposures to risk and how they arise; (b) Its objectives, policies and processes for managing the risk and the methods used to measure the risk; and (c) Any changes in (a) or (b) from the previous period. Quantitative disclosure For each type of risk arising from financial instruments, an entity shall disclose: (a) Summary quantitative data about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to key management personnel of the entity. (b) The disclosures required by paragraphs 35A–42, to the extent not provided in accordance with (a). (c) Concentrations of risk if not apparent from the disclosures made in accordance with (a) and (b). if the disclosures as at the end of the period are unrepresentative of an entity's exposure to risk during the period, provide further information that is representative.	Existing	Financial risk – Note 3.2
IFRS 7 35A-N	Detailed **credit risk** disclosures based on new IFRS 9 impairment requirements, covering: (a) Credit risk management practices; (b) Quantitative and qualitative information about amounts arising from expected credit losses; and (c) Credit risk exposure.	New	Financial risk – Note 3.2

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	The credit risk disclosures made shall enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows. To achieve this objective, credit risk disclosures shall provide: (a) Information about an entity's credit risk management practices and how they relate to the recognition and measurement of expected credit losses, including the methods, assumptions and information used to measure expected credit losses; (b) Quantitative and qualitative information that allows users of financial statements to evaluate the amounts in the financial statements arising from expected credit losses, including changes in the amount of expected credit losses and the reasons for those changes; and (c) Information about an entity's credit risk exposure (i.e., the credit risk inherent in an entity's financial assets and commitments to extend credit) including significant credit risk concentrations.		
IFRS 7.36	For all financial instruments within the scope of IFRS 7, but to which the impairment requirements in IFRS 9 are not applied, disclose by class of financial instrument: (a) The amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g., netting agreements that do not quality for offset in accordance with IAS 32); this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. (b) A description of collateral held as security and other credit enhancements, and their financial effect (e.g., quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument).	Scope reduced to only require disclosure for financial instruments for which IFRS 9 impairment requirements are not applied.	*Not in scope of current publication (refer to Good Insurance Note 47)*
IFRS 7.39	**Liquidity risk** Disclose: (a) A maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities. (b) A maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (see paragraph B11B). (c) A description of how it manages the liquidity risk inherent in (a) and (b).	Existing	Financial risk – Note 3.2
IFRS 7.40-42	**Market risk** Disclose: (a) A sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date; (b) The methods and assumptions used in preparing the sensitivity analysis; and (c) Changes from the previous period in the methods and assumptions used, and the reasons for such changes; Or if an entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g., interest rates and exchange rates) and uses it to manage financial risks, disclose:	Existing	Financial risk – Note 3.2

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	(a) An explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided; and (b) An explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. When the sensitivity analyses disclosed in accordance with the above are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), disclose that fact and the reason that the sensitivity analyses are believed to be unrepresentative.		
IFRS 7.42A-H	**Transfers of financial assets** Disclosure required for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. An entity transfers all or a part of a financial asset (the transferred financial asset) if, and only if, it either: (a) Transfers the contractual rights to receive the cash flows of that financial asset; or (b) Retains the contractual rights to receive the cash flows of that financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement. An entity shall disclose information that enables users of its financial statements: (a) To understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and (b) To evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets.	Existing	*Not in scope of this publication as considered unlikely for an insurer to regularly require this to be disclosed*
IFRS 7.42I-M, O	**Initial application of IFRS 9** Disclose the following information for each class of financial assets and financial liabilities as at the date of initial application: (a) The original measurement category and carrying amount determined in accordance with IAS 39 or in accordance with a previous version of IFRS 9 (if the entity's chosen approach to applying IFRS 9 involves more than one date of initial application for different requirements); (b) The new measurement category and carrying amount determined in accordance with IFRS 9; (c) The amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss but are no longer so designated, distinguishing between those that IFRS 9 requires an entity to reclassify and those that an entity elects to reclassify at the date of initial application. Disclose qualitative information to enable users to understand: (a) The application of the classification requirements in IFRS 9 to those financial assets whose classification has changed as a result of applying IFRS 9. (b) The reasons for any designation or de-designation of financial assets or financial liabilities as measured at fair value through profit or loss at the date of initial application. Disclose the changes in the classifications of financial assets and financial liabilities as at the date of initial application of IFRS 9, showing separately: (a) the changes in the carrying amounts on the basis of their measurement categories in accordance with IAS 39	New	Changes in accounting policies and disclosures – Note 1.1.3

Reference	Guidance	New/ expanded / existing	Link to the disclosure
	(i.e., not resulting from a change in measurement attribute on transition to IFRS 9); and (b) The changes in the carrying amounts arising from a change in measurement attribute on transition to IFRS 9. Disclose the following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost and, in the case of financial assets, that have been reclassified out of fair value through profit or loss so that they are measured at fair value through other comprehensive income, as a result of the transition to IFRS 9: (a) The fair value of the financial assets or financial liabilities at the end of the reporting period; and (b) The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets or financial liabilities had not been reclassified. All the above disclosures must permit the reconciliation between: (a) The measurement categories presented in accordance with IAS 39 and IFRS 9; and (b) The class of financial instrument.		
IFRS 7.42N	Disclose the following for financial assets and financial liabilities that have been reclassified out of the fair value through profit or loss category as a result of the transition to IFRS 9: (a) The effective interest rate determined on the date of initial application; and (b) The interest revenue or expense recognised. If an entity treats the fair value of a financial asset or a financial liability as the new gross carrying amount at the date of initial application, the disclosures immediately above shall be made for each reporting period until derecognition.	New	*Not applicable for this publication – no instruments have been reclassified out of the FVPL category as a result of transition*
IFRS 7.42R-S	Disclose the carrying amount at the reporting date of the financial assets whose contractual cash flow characteristics have been assessed based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account: (a) The requirements related to the modification of the time value of money element in paragraphs B4.1.9B–B4.1.9D of AASB 9 until those financial assets are derecognised. (b) The exception for prepayment features in paragraph B4.1.12 of AASB 9 until those financial assets are derecognised.	New	*Not applicable for this publication – upon transition, the requirements for modification and prepayment were not determined to be impracticable*

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EYG No. 011740-18Gbl

EY-000076726.indd (UK) 10/18.
Artwork by Creative Services Group London.

ED None

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