Resolution Life Australasia Limited

Directors' report and Financial report for the year ended 31 December 2023

ABN 84 079 300 379

Resolution Life

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Directors' Report and Financial Report

For the year ended 31 December 2023

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Resolution Life Australasia Limited

Directors' Report

For the year ended 31 December 2023
The directors of Resolution Life Australasia Limited ('Resolution Life Australasia' or 'the Company') present their report on the company for the financial year ended 31 December 2023.

Resolution Life Australasia Limited is a company limited by shares and is incorporated and domiciled in Australia. Resolution Life Financial Services Holdings Limited is the Company's parent entity and Resolution Life NOHC Pty Ltd ("RLNOHC") is the ultimate parent entity in Australia as at 31 December 2023. The ultimate shareholder of the Company is Resolution Life Group Holdings Limited (Bermuda).

The Registered Office of the Company is at Level 39, 2 Park Street, Sydney, NSW 2000.

Directors
The directors of the Company during the year and up to the date of this report are shown below. Directors were in office for this entire period.

David Clarke	Chairman, Non-executive Director
Tim Tez	Chief Executive Officer Appointed 6th February 2023
Megan Beer	Executive Director (resigned as Chief Executive Officer 6 February 2023 and reappointed as Executive Director on 1 July 2023)
Jonathan Moss	Executive Director
Keith Taylor	Non-executive Director
Rosheen Garnon	Non-executive Director
John Hele	Non-executive Director Resigned 1st July 2023
Trevor Matthews	Non-executive Director Resigned 15th February 2024
Melissa Babbage	Non-executive Director Appointed 22nd February 2024

Key management personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company considers all directors of the Company to be key management personnel. Remuneration of key management personnel is disclosed in Note 5.1 of the attached financial statements.

Principal activities
Resolution Life Australasia's business consists of Superannuation and Investment ("S&I") and Wealth Protection ("WP"). The S&I portfolio comprises conventional insurance products (participating and non-participating), participating investment account products, investment linked products and annuities. WP comprises retail and group wealth protection products across life insurance, total and permanent disability, trauma, and income protection. Resolution Life Australasia's WP and S&I businesses are largely closed to new business. During the year the Company acquired certain savings and annuity products from AIA Australia Limited. Some of these products are open to new business.

Review of operations and results
The operating result for the year ended 31 December 2023 was a loss after tax of $155 million (2022: profit of $305 million).

Dividends and distributions
Details of the dividends paid and dividends recommended or declared for payment but not paid is disclosed in Note 1.4 of the Financial Report.

Significant changes in the state of affairs

Implementation of New Insurance Reporting Standard
From 1 January 2023 the Company has implemented *AASB 17: Insurance Contracts* for reporting of insurance transactions. This has resulted in restatement of opening balances at 1 January 2022.

Acquisition of AIA Australia's Superannuation & Investments business
On 1 July 2023 the Company acquired from AIA Insurance the AIA Superannuation & Investments business. The fair value of net assets acquired was determined to be $191 million and a purchase price of $191 million was paid. $177 million was settled in cash and $32 million (with a present value of $14 million) was deferred. More information on the purchase is provided in note 2.2.

Change in ultimate parent
On 2 October 2023 Resolution Life Group (the ultimate parent of the Company) and Blackstone announced the conclusion of an equity raise of US$3 billion. This transaction resulted in a change in the ultimate shareholder of the Company. The ultimate shareholder is now Resolution Life Group Holdings Limited (Bermuda).

Environmental regulations
The RLNOHC group has utilised its ESG group, which reports to the directors, to develop the capability to provide climate change reporting to its stakeholders. In response to new reporting standards in New Zealand, the RLNOHC ESG group is assisting the NZ Branch of the Company to issue its first Climate Report in April 2024. In Australia, Treasury has issued draft legislation indicating that climate reporting will be required from 2025/2026. The Company is working with the RLNOHC ESG group to develop appropriate reporting to meet Australian requirements as they develop.

The Company understands it has a responsibility to manage material environmental, social and governance ("ESG") issues within in its investments.

The ESG policy sets out the Company's beliefs and commitments to addressing ESG factors in our investments. The following ESG Investment Beliefs form the foundation for our ESG Investment Policy and drive our ESG investing activities and commitments.

ESG factors can impact investment risk, returns and reputation and therefore should be integrated into our investment decision-making processes.

Climate change presents a systemic risk to our investments, both through inadequate management of the transition to a low-carbon economy, and the physical damages exacerbated by climate change.

Active ownership, through proxy voting and engagement, can help to create and preserve value in companies we invest in. In addition, being an active owner means taking active investment decisions to improve our portfolio's contribution to a sustainable future.

Where some products or services are inconsistent with our purpose or values, or if they could or do present meaningful legal or reputational risk, these should, as appropriate, either be excluded from our investment portfolios or made a priority for engagement.

Companies that provide solutions to sustainability challenges present investment opportunities and contribute to a sustainable economy and society.

As an investor, the Company believes that the engagement with companies on environmental issues is an effective way to influence management practices for the benefit of customers and the environment.

In the normal course of its business operations, the Company is subject to a range of environmental regulations, of which there have been no material breaches during the year.

Events occurring after reporting date

Matters pertaining to the Australian Master Trust
The current year result has been impacted by issues relating to the Australian Master Trust. More information about this matter is disclosed in note 6.5.

Other than the matters discussed above, as at the date of this report, the directors are not aware of any matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect:

- The operations of the company in future years;
- The results of those operations in future years; or
- The state of affairs of the company in future financial years.

Current Environment
During 2023 market conditions remained challenging. While inflation increased at a slower pace, interest rates remained elevated. Geopolitical tensions continued to escalate with the conflict in the Middle East added to the war in Ukraine during 2023. As a result of the continued geopolitical and economic uncertainty economic conditions remained challenging throughout 2023.

Cyber security risks remained elevated and in 2023 there were some high-profile security breaches. The Company continues to manage cyber security risks through its RLNOHC cyber risk team.

Climate change risks continued to grow. During the year New Zealand introduced mandatory reporting on Climate change and it is expected that other countries, including Australia will introduce climate related disclosures in the future.

The liquidity and capital position of the RLNOHC and its subsidiaries is designed to withstand shocks to financial markets. We continue to actively monitor the extent of the potential financial impact on the business, results of operations, financial condition, liquidity and cash flows of RLNOHC and its subsidiaries as well as indirect impacts on the company including supply chain, potential for increased malicious cyber-attacks and impact on staff.

Dividend and capital return

On 26 March 2024 the Board approved the payment of a dividend of $11.2 million and capital return of $177.2 million to the shareholder.

Duty of the directors under the *Life Insurance Act 1995*
The directors have complied with their duty, as prescribed by the *Life Insurance Act 1995*, to take reasonable care, and use due diligence, to see that in the investment, administration and management of the assets of the Resolution Life Australasia statutory funds, the Company considers the interests of the policyholders before interests of the shareholder.

Indemnification and insurance of directors and officers
Under its constitution, the RLNOHC group indemnifies, to the extent permitted by law, all current and former officers of the Company (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as officers of the Company. This indemnity is not extended to current or former employees of the RLNOHC group against liability incurred in their capacity as an employee, unless approved by or on behalf of the RLNOHC Board.

During the year Resolution Life NOHC Pty Limited maintained, and paid the premiums for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of Resolution Life (including each director, secretary and senior manager of the Company) against certain liabilities (including legal costs) as permitted by the *Corporations Act 2001*.

The RLNOHC group insurance policies prohibit disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

Auditor's independence
The directors have obtained an independence declaration from the Company's auditor, a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2023.

Rounding
In accordance with the ASIC Corporations Instrument 2016/191, amounts in this Directors' Report and the accompanying Financial Report have been rounded off to the nearest million Australian dollars, unless stated otherwise.

Signed in accordance with a resolution of the directors.

David Clarke
Chairman
Sydney, 28 March 2024

Tim Tez
Chief Executive Officer
Sydney, 28 March 2024

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28 March 2024

The Board of Directors
Resolution Life Australasia Limited
Level 39,2 Park Street, Sydney
Sydney, NSW 2000

Dear Directors,

Auditor's Independence Declaration to Resolution Life Australasia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Resolution Life Australasia Limited.

As lead audit partner for the audit of the financial report of Resolution Life Australasia Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Statement of Comprehensive Income

for the year ended 31 December

	Note	2023 $m	2022 Restated $m[1]
Income and expenses of the shareholder and policyholders[1]			
Insurance revenue	4.5 (a)	2,344	1,642
Insurance service expenses	4.5 (g)	(2,168)	(1,656)
Net expenses from reinsurance contracts	4.5 (i)	(109)	(75)
Insurance service result		**67**	**(89)**
Interest revenue / (loss) calculated using the effective interest method		88	100
Other investment revenue / (loss)		2,016	(2,618)
Investment return / (loss)	4.5(b)	**2,104**	**(2,518)**
Net finance (expense)/income from insurance contracts	4.5 (b)	(1,505)	2,286
Net finance income/(expense) from reinsurance contracts	4.5 (b)	11	(70)
Movement in investment contract liabilities	4.5 (b)	(589)	285
Net financial result		**(2,083)**	**2,501**
Revenue from investment management services	1.1	78	53
Other income		11	-
Amortisation expense of intangibles		(6)	-
Other operating expenses	1.2	(110)	(64)
Other finance costs		(24)	(18)
Profit / (loss) before tax		**37**	**(135)**
Income tax (expense) / benefit	1.3	(188)	445
Net (loss) / profit for the year		**(151)**	**310**

Other comprehensive income for the period			
Items that may be reclassified subsequently to profit and loss			
Exchange losses of foreign operations		(4)	(5)
Total comprehensive (loss) / income for the year		**(155)**	**305**

[1]The explanation of the transition of AASB 1038 balances to AASB 17 restated balances is illustrated in note 4.1 (e)

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

Statement of Financial Position

as at 31 December

	Note	31 December 2023 $m	31 December 2022 Restated $m[1]	1 January 2022 Restated $m[1]
Assets				
Cash and cash equivalents		334	356	191
Receivables and prepayments	2.3	284	323	283
Current tax assets	1.3	-	64	100
Financial assets at fair value through profit and loss	2.1	28,519	23,629	28,203
Deferred tax assets	1.3(c)	255	437	361
Insurance contract assets	4.5 (c)	1,103	1,433	1,688
Reinsurance contract assets	4.5 (c)	1,262	1,140	1,336
Intangible assets and goodwill	2.2	137	65	65
Total assets		**31,894**	**27,447**	**32,227**
Liabilities				
Payables	2.4	181	204	326
Provisions	2.6	33	112	70
Financial liabilities at fair value through profit and loss	2.1	5	167	71
Current tax liabilities	1.3	60	-	-
Interest bearing liabilities	3.2	300	302	303
Deferred tax liabilities	1.3(c)	221	441	894
Insurance contract liabilities	4.5 (c)	21,416	20,135	23,429
Reinsurance contract liabilities	4.5 (c)	9	48	307
Investment contract liabilities	2.5	7,928	3,914	4,585
Total liabilities		**30,153**	**25,323**	**29,985**
Net assets		**1,741**	**2,124**	**2,242**
Equity				
Share capital	3.1	1,268	1,380	1,632
Retained earnings		541	808	669
Other reserves		(68)	(64)	(59)
Equity attributable to owners of the Company		**1,741**	**2,124**	**2,242**

[1]The explanation of the transition of AASB 1038 balances to AASB 17 restated balances is illustrated in note 4.1 (e)

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

Statement of Changes in Equity

for the year ended 31 December

	Note	Share Capital $m	Other reserves $m	Retained earnings $m	Total equity $m
Balance at 1 January 2023		**1,380**	**(64)**	**808**	**2,124**
Total comprehensive income for the year:					
Loss for the year		-	-	(151)	(151)
Other comprehensive loss for the year		-	(4)	-	(4)
Total comprehensive loss		**-**	**(4)**	**(151)**	**(155)**
Dividends paid - ordinary shares	1.4	-	-	(116)	(116)
Return of capital	3.1	(112)	-	-	(112)
Balance as at 31 December 2023		**1,268**	**(68)**	**541**	**1,741**
Balance at 1 January 2022, as previously reported		**1,632**	**(57)**	**654**	**2,229**
Adjustment on initial application of AASB 17, net of tax	4.1 (e)	-	(2)	15	13
Restated balance at 1 January 2022		**1,632**	**(59)**	**669**	**2,242**
Total comprehensive income for the year:					
Profit for the year (restated)		-	-	310	310
Other comprehensive loss for the year (restated)		-	(5)	-	(5)
Total comprehensive (loss) / income (restated)		**-**	**(5)**	**310**	**305**
Dividends paid - ordinary shares	1.4	-	-	(171)	(171)
Return of capital	3.1	(252)	-	-	(252)
Restated balance as at 31 December 2022		**1,380**	**(64)**	**808**	**2,124**

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

Statement of Cash Flows

for the year ended 31 December

	Note	2023 $m	2022 $m
Cash flows from operating activities			
Cash receipts in the course of operations		2,392	2,422
Interest and other items of a similar nature received		87	103
Dividends and distributions received		1,045	117
Cash payments in the course of operations		(4,799)	(3,549)
Finance costs		(24)	(18)
Income tax paid		(102)	(84)
Cash flows from / (used in) operating activities		**(1,464)**	**(1,009)**
Cash flows from investing activities			
Net proceeds from sales of financial assets		1,578	1,647
Net cash flow relating to acquisition of AIA business	2.2	(38)	-
Cash flows from investing activities		**1,540**	**1,647**
Cash flows from financing activities			
Payment for the return of share capital	3.1	(112)	(252)
Dividends and distributions paid	1.4	(116)	(171)
Cash flows used in financing activities		**(228)**	**(423)**
Net increase/ (decrease) in cash and cash equivalents		**(152)**	**215**
Cash and cash equivalents at beginning of the year		502	287
Effect of exchange rate changes on cash and cash equivalents		(1)	-
Cash and cash equivalents at the end of the period[1]		**349**	**502**
Reconciliation of cash			
Cash and cash equivalents		334	355
Short term bills and notes (included in debt securities)		15	147
Cash and cash equivalents for the purposes of the Statement of Cash Flows		**349**	**502**

1. Cash equivalents for the purpose of the statement of cash flows includes short-term bills and notes. This balance is included in financial assets at fair value through profit and loss in the Statement of Financial Position. These are highly liquid investments that are readily convertible to known amounts of cash and near maturity that present insignificant risk of changes in value.

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

Reconciliation of cash flows from operating activities	2023 $m	2022 $m
Loss for the year	(151)	310
Amortisation of intangibles	6	-
Investment gains and losses	(843)	3,511
Dividend and distribution income reinvested	(204)	(681)
(Decrease) / increase in receivables and other assets	(157)	1,060
Decrease in net insurance liabilities	(94)	(4,423)
Increase / (decrease) in income tax balances	86	(529)
(Decrease) / increase in other payables and provisions	(107)	257
Cash flows used in operating activities	**(1,464)**	**(1,009)**

About this report

(a) Understanding Resolution Life Australasia financial report

Resolution Life Australasia Limited ('Resolution Life Australasia' or 'the Company'), a company limited by shares, is incorporated and domiciled in Australia. This financial report includes financial statements for Resolution Life Australasia as a standalone entity only.

The business of the Company is conducted through statutory funds and relates to the provision of life insurance and life investment products to investors, referred to as policyholders. A large proportion of the investment assets of the statutory funds is held on behalf of policyholders. The corresponding liabilities to policyholders are classified as either life insurance or life investment contract liabilities.

Consolidated information has not been prepared to show the financial position and operations of the Company and its controlled entities as at, or during the year ended 31 December 2023, in accordance with exemptions available under Australian Accounting Standards. Consolidated information is prepared and made available for the holding company in Australia, Resolution Life NOHC Pty Ltd (RLNOHC) and its controlled entities.

Where permitted under Australian Accounting Standards, the assets and liabilities associated with life insurance and investment contracts are generally measured on a fair value basis and other assets and liabilities are generally measured on a historical cost basis.

Materiality
Information has only been included in the financial report to the extent it has been considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- It is important for understanding the results of the Company;
- It helps explain the impact of significant changes in the Company; and/or
- It relates to an aspect of the Company's operations that is important to its future performance.

The financial report:
- is a general purpose financial report.
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AAS) including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.
- is presented in Australian dollars with all values rounded to the nearest million dollars ($m), unless otherwise stated.
- has been prepared on a going concern basis using an historical cost basis except for the following items in the Statement of Financial Position which are generally measured on a fair value basis:
  - investments and other financial assets and liabilities;
  - assets and liabilities associated with life insurance contracts;
  - assets and liabilities associated with investment contracts; and
  - assets and liabilities associated with reinsurance contracts.
- presents assets and liabilities on the face of the Statement of Financial Position in decreasing order of liquidity and does not distinguish between current and non-current items.
- presents reclassified comparative information where required for consistency with the current year's presentation.

Estimates of amounts to be recovered or settled:
(a) no more than 12 months after the reporting date ('current'); and
(b) more than 12 months after the reporting date ('non-current'); have been provided in the relevant notes.

Resolution Life Australasia Limited is a for-profit entity. The parent entity is Resolution Life Financial Services Holdings Limited, and the Company's ultimate parent in Australia is RLNOHC. The ultimate parent entity is Resolution Life Group Holdings Limited (Bermuda).

The financial report as at and for the year ended 31 December 2023 was authorised for issue on 26 March 2024 in accordance with a resolution of the directors.

About this report

(b) Material accounting policy information

The material accounting policy information adopted in the preparation of the financial report are contained in the notes to the financial statements to which they relate. All accounting policies have been consistently applied to the current year and comparative period, unless otherwise stated. Where an accounting policy relates to more than one note or where no note is provided, the accounting policies are set out below.

Interest, dividends and distributions income
Interest income is recognised using the effective interest method. Revenue from dividends is recognised when Resolution Life Australasia's right to receive payment is established.

Foreign currency transactions
Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars (the functional currency) at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined

Foreign exchange gains and losses resulting from translation of foreign exchange transactions are recognised in the Statement of Comprehensive Income under Other Comprehensive Income.

The assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date
Reserves	Reporting date

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the Statement of Comprehensive Income recognised through profit or loss on disposal of the foreign operation.

Provisions
Provisions are recognised when:
- Resolution Life Australasia has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Where Resolution Life Australasia expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. For provisions other than employee entitlements, the discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

About this report

(c) Critical judgements and estimates

Preparation of the financial statements requires management to make judgements, estimates and assumptions about future events. Information on critical judgements and estimates considered when applying the accounting policies can be found in the following notes:

Accounting judgements and estimates	Note	
Tax	Note 1.4	Taxes
Fair value of financial assets	Note 2.1	Investments in financial instruments
Life insurance contract liabilities	Note 4.1	Accounting for life insurance contracts and investment contracts
Investment contract liabilities	Note 4.1	Accounting for life insurance contracts and investment contracts
Reinsurance contracts held	Note 4.1	Accounting for life insurance contracts and investment contracts

Section 1: Results for the year

1.1 Revenue from investment management services

	2023 $m	2022 $m
Revenue from investment management services	78	53
Total revenue from investment management services	**78**	**53**

Accounting policy – recognition and measurement

Revenue from investment management services

Fees are charged to customers in connection with investment contracts and other financial services contracts. Fee revenue is recognised as services are provided either at inception of the contract or as services are performed over the life of the contract. For example, fees for ongoing investment management services and other services provided are charged on a regular basis, usually daily, and are recognised as the service is provided.

1.2 Other operating expenses

	2023 $m	2022 $m
Commission expenses	29	17
Investment management expenses	5	7
Service fee expenses		
- related entities	71	40
Other expenses	5	-
Total other operating expenses	**110**	**64**

Section 1: Results for the year

1.3 Taxes

(a) Income tax expense

The income tax expense amount reflects the impact of both income tax attributable to the shareholder as well as income tax attributable to policyholders. In respect of income tax expense attributable to shareholder, the tax rate which applies is 30% (2022: 30%) in Australia and 28% (2022: 28%) in New Zealand.

Income tax attributable to policyholders is based on investment income allocated to policyholders less expenses deductible against that investment income. The impact of the tax is charged against policyholder liabilities. A number of different tax rate regimes apply to policyholders. In Australia, certain classes of policyholder life insurance income and superannuation earnings are taxed at 15%, and certain classes of income on some annuity business are tax-exempt. The rate applicable to New Zealand life insurance business is 28%.

The following table provides a reconciliation of differences between prima facie tax calculated as 30% of the profit before income tax for the year and the income tax expense recognised in the Statement of Comprehensive Income for the year.

	2023 $m	2022 Restated $m
Profit (loss) for the period before income tax (expense) / benefit – per Statement of Comprehensive Income	37	(135)
Adjusted for:		
Tax expense (benefit) recognised as part of the change in insurance and investment contract liabilities in determining profit before tax	233	520
Profit (loss) before income tax excluding tax charged to policyholders	**(196)**	**385**
Tax at Australian tax rate - 30%	59	(116)
Shareholder impact of life insurance tax treatment	(25)	76
Non-deductible expenses	1	(58)
Non-taxable income	20	19
Over / (Under) provision in previous years excluding amounts attributable to policyholders	(11)	4
Differences in overseas tax rates	1	-
Total permanent differences	**(14)**	**41**
Income tax benefit / (expense) attributable to shareholders	45	(75)
Income tax benefit / (expense) attributable to policyholders	(233)	520
Income tax benefit / (expense)	**(188)**	**445**

(b) Analysis of income tax (expense)/benefit

	2023 $m	2022 $m
Current tax expense	(226)	(85)
Increase / (Decrease) in deferred tax assets	(182)	77
Decrease / (Increase) in deferred tax liabilities	220	453
Income tax benefit / (expense)	**(188)**	**445**

Section 1: Results for the year

1.3 Taxes (continued)

(c) Analysis of deferred tax balances

	2023 $m	2022 Restated $m
Analysis of deferred tax assets		
Expenses deductible and income recognisable in future years	119	237
Losses available for offset against future taxable income	136	201
Other	-	(1)
Total deferred tax assets	**255**	**437**
Analysis of deferred tax liabilities		
Unrealised investment gains	111	260
Insurance and Reinsurance Contract Assets and Liabilities	108	141
Premium and reinsurance claims taxed in future years	-	35
Other items	2	5
Total deferred tax liabilities	**221**	**441**

Accounting policy – recognition and measurement

Income tax expense
Income tax (expense)/benefit is the tax payable on taxable income for the current period based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities. These changes are attributable to:

- temporary differences between the tax bases of assets and liabilities and their Statement of Financial Position carrying amounts;
- unused tax losses; and
- the impact of changes in the amounts of deferred tax assets and liabilities arising from changes in tax rates or in the manner in which these balances are expected to be realised.

Adjustments to income tax (expense)/benefit are also made for any differences between the amounts paid, or expected to be paid, in relation to prior periods and the amounts provided for these periods at the start of the current period.

Any tax impact on income and expenses items that are recognised directly in equity is also recognised directly in equity.

Income tax for investment contracts business and life insurance contracts business
The income tax expense recognised in the Statement of Comprehensive Income of Resolution Life Australasia, reflects tax imposed on shareholder as well as policyholders. Investment contracts liabilities and life insurance contracts liabilities are established in Australia net, and in New Zealand gross, of the policyholders' share of any current tax payable and deferred tax balances of Resolution Life Australasia. Arrangements made with some superannuation funds result in Resolution Life Australasia making payments to the Australian Taxation Office in relation to contributions tax arising in those funds. The amounts paid are recognised as a decrease in investment contract liabilities and not included in income tax expense.

Section 1: Results for the year

1.3 Taxes (continued)

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences and are measured at the tax rates which are expected to apply when the assets are recovered or liabilities are settled, based on tax rates that have been enacted or substantively enacted for each jurisdiction at the reporting date. Deferred tax assets and liabilities, including amounts in respect of investment contracts and life insurance contracts, are not discounted to their present values.

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

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Tax consolidation
Resolution Life Australasia Limited is part of a tax-consolidated group, with RLNOHC being the head entity. A tax funding deed and tax sharing deed has been entered into by the head entity and the controlled entities in the tax-consolidated group and requires entities to fully compensate RLNOHC for current tax liabilities and to be fully compensated by the company for any current or deferred tax assets in respect of tax losses arising from external transactions occurring after 30 June 2020, the implementation date of the tax-consolidated group.

Current tax asset and liability balances represent balances receivable from and payable to the Australia Taxation Office and Inland Revenue Department in New Zealand.

Critical accounting estimates and judgements:

Resolution Life Australasia is subject to taxes in Australia and other jurisdictions where it has operations. The application of tax law to the specific circumstances and transactions of Resolution Life Australasia requires the exercise of judgement by management. The tax treatments adopted by management in preparing the financial statements may be impacted by changes in legislation and interpretations or be subject to challenge by tax authorities.

Judgement is also applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets. Consideration has been given to jurisdictional and taxpayer quarantining rules and the expected tax payable by the shareholder as set out in the Company's business plan.

1.4 Dividends and distributions

Dividends paid and proposed during the year are shown in the table below:

	2023 $m	2022 $m
Ordinary dividend of $0.93 (2022: $1.37 per ordinary share)	(116)	(171)
Total dividends and distributions paid	**(116)**	**(171)**

Final dividend declared but not recognised	
2023: $0.09 (2022: $0.93) per ordinary share	(11)

Section 2: Investments, intangibles and working capital

2.1 Investments in financial instruments

	2023 $m	2022 Restated $m
Financial assets measured at fair value through profit or loss		
Equity securities and listed managed investment schemes	41	2,110
Debt securities[2]	853	935
Investment in unlisted equity securities and managed investment schemes[1]	27,372	20,374
Derivative financial assets	253	210
Total financial assets measured at fair value through profit or loss	**28,519**	**23,629**
Financial liabilities measured at fair value through profit or loss		
Derivative financial liabilities	5	167
Total financial liabilities measured at fair value through profit and loss[2]	**5**	**167**

[1]. Includes investments in controlled entities of $141m (2022: $137m) and controlled unit trusts of $26,996m (2022: $16,671m). These are held at fair value.

[2]. The 2022 comparative balances have been restated from those previously published following the adoption of AASB 17. $63 million of loans on policies were reclassified to insurance contracts under AASB 17. Refer to note 4.1 for further information.

Accounting policy – recognition and measurement

Financial assets measured at fair value through profit or loss

Financial assets designated on initial recognition as financial assets measured at fair value through profit or loss are initially recognised at fair value determined as the purchase cost of the asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in profit or loss. Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in the profit or loss in the period in which they arise.

Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled, or expires.

Impairment of financial assets

Assets measured at fair value, where changes in fair value are reflected in the Statement of Comprehensive Income, are not subject to impairment testing.

Other assets subject to impairment testing include: intangible assets including goodwill and investments in controlled entities at cost which is disclosed in section 2.2.

Critical accounting estimates and judgements:

Financial assets measured at fair value

Where available, quoted market prices for the same or similar instruments are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Management applies judgement in selecting valuation techniques and setting valuation assumptions and inputs.

Further detail on the determination of fair value of financial instruments is set out in note 2.5.

Section 2: Investments, intangibles and working capital

2.2 Intangible assets and goodwill

Intangible assets

	2023 $m	2022 $m
Fair value adjustment relating to acquired products at cost	78	-
Accumulated amortisation	(6)	-
Intangibles at amortised value	**72**	**-**

The intangible asset relates to the acquisition of superannuation and investment products that were acquired from AIA Australia Limited on 1 July 2023. The asset represents the fair value of the acquired products. The intangible asset is amortised over the useful lives of 4 – 7 years of the products on a straight-line basis.

	2023 $m	2022 $m
Goodwill	65	65

The goodwill attributable to shareholders of $65m arose from a previous Life Insurance Act 1995 (Life Act) Part 9 transfer of life insurance business into the statutory funds of Resolution Life Australasia.

Goodwill
Goodwill acquired in a business combination is recognised at cost and subsequently measured at cost less any accumulated impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets acquired and liabilities assumed.

Impairment
Goodwill is tested at least annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units of CGUs). The Company has two CGU's namely the Wealth Protection division and the Savings and Investment division. 78% of goodwill has been allocated to Savings and Investment and 22% to Wealth Protection. An impairment loss is recognised when the goodwill carrying amount exceeds the CGUs value in use. Value in use is calculated for each CGU by discounting projected future cash flows to its net present value using an appropriate discount rate. Projected future cashflows are obtained from 60-year forecasts from actuarial models. A discount rate of 10% (2022:10%) was used. As at the reporting date, there has been no impairment to the amount of goodwill recognised and there are no reasonably possible changes in key assumptions that could cause the carrying amount to exceed the recoverable amount.

Critical accounting estimates and judgements:

Management applies judgement in selecting valuation techniques and setting valuation assumptions to determine the:

- Allocation of goodwill to CGUs and determining the recoverable amount of goodwill; and
- Assessment of whether there are any impairment indicators and, where required, in determining the recoverable amount.

Section 2: Investments, intangibles and working capital

Acquisition of AIA Superannuation and Investments business

On 1 July 2023 the Company acquired the participating savings and investments business from AIA Australia Limited for consideration of $177 million plus contingent consideration..

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	$m
Cash and cash equivalents	139
Receivables	77
Financial assets at fair value through profit or loss	5,655
Identifiable intangible assets[1]	94
Payables	(77)
Provisions	(12)
Current tax liabilities	(11)
Insurance contract liabilities	(1,576)
Investment contract liabilities	(4,098)
Total identifiable assets acquired and liabilities assumed	**191**
Total purchase price	191
Satisfied by:	
Cash	177
Contingent consideration arrangement	14
Total consideration	**191**
Net cash outflow arising on acquisition	
Cash consideration	177
Less cash and cash equivalents acquired	(139)
Net cash included in the Statement of Cash Flows	**38**

[1]$8.0 million of this intangible asset relates to the right to provide administration services on certain contracts acquired from AIA Australia Limited. These services will be provided by Resolution Life Services Australia Pty Limited and were transferred to Resolution Life Services Australia Pty Limited on 1 July 2023.

Insurance revenue of $67 million relating to the acquired business for the period 1 July 2023 to 31 December 2023 is included in the revenue of the Company.

Profit after tax of $18 million relating to the acquired business for the period 1 July 2023 to 31 December 2023 in included in the profit after tax of the Company.

The fair value of financial assets related to the acquisition was $5,680 million at 31 December 2023.

Section 2: Investments, intangibles and working capital

2.3 Receivables and prepayments

	2023 $m	2022 Restated $m
Investment related receivables	191	305
Other receivables		
- related entities	10	6
- other entities	83	12
Total receivables and prepayments	**284**	**323**
Current	284	323

Accounting policy – recognition and measurement

Receivables and prepayment

Receivables that relate to life insurance contract liabilities are included in liabilities for remaining coverage. Reinsurance related receivables are included in reinsurance contract assets. Receivables that do not relate to life insurance contract liabilities or reinsurance contract assets are initially measured at fair value less transaction costs and subsequently measured at amortised cost.

Resolution Life Australasia applies a simplified approach in calculating ECL (Expected Credit Loss) for receivables. Therefore, Resolution Life Australasia does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Resolution Life Australasia has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Material prepayments are recognised in the Statement of Position and released to the Statement of Comprehensive Income over the period to which the benefit of the goods or services acquired are delivered to the Company. Immaterial prepayments are expensed immediately.

2.4 Payables

	2023 $m	2022 Restated $m
Investment related payables	26	22
Other payables		
- related entities	15	80
- other entities	140	102
Total payables	**181**	**204**
Current	181	204

Accounting policy – recognition and measurement

Payables

Payables that relate to insurance or reinsurance contracts are included in insurance and reinsurance contract assets and liabilities. Payables that are not related to insurance and reinsurance contracts are measured at the nominal amount payable. Given the short-term nature of most payables, the nominal amount payable approximates fair value. Payables relating to insurance contracts are included in the liability for incurred costs and disclosed as insurance contract liabilities.

Section 2: Investments, intangibles and working capital

2.5 Fair value information

The following table shows the carrying amount and estimated fair values of financial instruments, including their levels in the fair value hierarchy. It does not include fair value information for financial instruments not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The financial assets and liabilities measured at fair value are categorised using the fair value hierarchy which reflects the significance of inputs into the determination of fair value as follows:

- Level 1: the fair value is valued by reference to quoted prices and active markets for identical assets
- Level 2: the fair value is estimated using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

2023	Carrying amount $m	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
Financial assets measured at fair value					
Equity securities and listed managed investment schemes	41	6	-	35	41
Debt securities	853	-	853	-	853
Investments in unlisted managed investment schemes	27,372	-	27,363	9	27,372
Derivative financial assets	253	-	253	-	253
Total financial assets measured at fair value	**28,519**	**6**	**28,469**	**44**	**28,519**
Financial liabilities measured at fair value					
Derivative financial liabilities	5	-	5	-	5
Investment contract liabilities	7,928	-	7	7,921	7,928
Total financial liabilities measured at fair value	**7,933**	**-**	**12**	**7,921**	**7,933**

2022	Carrying amount $m	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
Financial assets measured at fair value					
Equity securities and listed managed investment schemes	2,110	2,082	-	28	2,110
Debt securities	935	-	935	-	935
Investments in unlisted managed investment schemes	20,374	-	20,361	13	20,374
Derivative financial assets	210	102	108	-	210
Total financial assets measured at fair value[2]	**23,629**	**2,184**	**21,404**	**41**	**23,629**
Financial liabilities measured at fair value					
Derivative financial liabilities	167	160	7	-	167
Investment contract liabilities	3,914	-	7	3,907	3,914
Total financial liabilities measured at fair value	**4,081**	**160**	**14**	**3,907**	**4,081**

1. The 2022 comparative balances have been restated from those previously published following the adoption of AASB 17. $63 million of loans on policies were reclassified to insurance contracts under AASB 17. Refer to note 4.1 for further information.

Section 2: Investments, intangibles and working capital

2.5 Fair value information (continued)

Accounting policy – recognition and measurement

The Company measures all financial assets at fair value through profit or loss where required or as designated at fair value through profit and loss where possible. All financial assets treated as financial assets measured at fair value through profit or loss are initially recognised at fair value determined as the purchase cost of the asset, exclusive of any transaction costs.

Financial assets and financial liabilities are recognised at the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred.

A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to an unrelated third party. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

Transaction costs are expensed as incurred in Statement of Comprehensive Income.

Any realised and unrealised gains or losses arising from subsequent measurement at fair value are recognised in the Statement of Comprehensive Income in the period in which they arise.

Resolution Life Australasia's methodology and assumptions used to estimate the fair value of financial instruments are described below:

Equity securities and listed managed investment schemes	Equity securities include perpetual preferred stocks and common stock investments. Equity securities are treated as financial assets measured at fair value through profit and loss. The fair value of listed equity securities traded in an active market and listed managed investment schemes reflects the quoted bid price at the reporting date. In the case of equity securities and listed managed investment schemes where there is no active market, fair value is established using valuation techniques including the use of recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.
Debt securities	Fixed maturities include bonds, asset-backed securities ("ABS") residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS"), private placements, and surplus note investments. Fixed maturities are designated as financial assets measured at fair value through profit & loss. The fair value of listed debt securities reflects the bid price at the reporting date. Listed debt securities that are not frequently traded are valued by discounting estimated recoverable amounts. The fair value of unlisted debt securities is estimated using interest rate yields obtainable on comparable listed investments. The fair value of loans is determined by discounting the estimated recoverable amount using prevailing interest rates.

Section 2: Investments, intangibles and working capital

2.5 Fair value information (continued)

Accounting policy – recognition and measurement

Unlisted managed investment schemes	Investment funds include certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures. Investment funds are designated as financial assets measured at fair value through profit & loss. The fair value of investments in unlisted managed investment schemes is determined on the basis of published redemption prices of those managed investment schemes at the reporting date.
Private credit direct lending	Private Credit direct lending investments are designated as financial assets measured at fair value through profit & loss. The valuation is sourced by the investment manager from third party valuation providers and approved by the Valuation Committee of the RL NOHC Group. Some of the loans include undrawn commitments. When the fair value of loans with undrawn commitments reduces, a provision is raised to reflect the pro rata decrease in value of the undrawn portion of the loan.
Private credit mortgage loans	Private credit commercial mortgage loans (CML's) are designated as financial assets measured at fair value through profit & loss. The valuation is sourced by the investment manager from third party valuation providers and approved by the Valuation Committee of the RL NOHC Group.
Derivative financial assets and liabilities	Derivative balances are held as financial assets measured at fair value through profit & loss. The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices (current bid price or current offer price) at the reporting date. The fair value of financial instruments not traded in an active market (e.g., over-the-counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, option pricing models, discounted cash flow methods and comparison to quoted market prices or dealer quotes for similar instruments. The models use a number of inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying instruments. Some derivative contracts are significantly cash collateralised, thereby minimising both counterparty risk and the Group/Company's own non-performance risk.
Investment contract liabilities	Refer to note 4.1.

Section 2: Investments, intangibles and working capital

2.5 Fair value information (continued)

Fair value hierarchy

There was a transfer between Level 3 to Level 2 during 2022 for Collins Place Trusts 1 and 2 (CPT) classified as investments in unlisted managed investment schemes, Prior to the sale a major part of the investment was property that was defined as a level 3 asset. When the sale occurred that asset was converted into cash. The proceeds of the sale in 2022 were held through a unlisted managed trust and its fair value can be estimated though quoted unit price of the trust, classified as Level 2 in 2022.

Level 3 fair values

For financial assets categorised within level 3 of the fair value hierarchy, the valuation processes applied in valuing such assets is governed by the Resolution Life Australasia asset valuation policy. The Resolution Life Australasia asset valuation policy was approved by the board in November 2023. This policy outlines the asset valuation methodologies and processes applied to measure non-exchange traded assets which have no regular market price, including investment property, infrastructure, private equity, alternative assets, and illiquid debt securities. All significant level 3 assets are referred to the appropriate valuation committee who meet at least every six months, or more frequently if required.

Resolution Life Australasia has engaged with external valuers for financial assets managed internally, and the discounted cash flow approach was used in measuring the Level 3 fair values.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs
Equity securities and listed managed investment schemes	Discounted cash flow approach utilising cost of equity as the discount rate	Discount rate Terminal value growth rate Cash flow forecasts
Investments in unlisted managed investment schemes	Published redemption prices	Judgement in the determination of the redemption price
Investment contract liabilities	Valuation model based on published unit prices and the fair value of backing assets Fixed retirement income policies - discounted cash flow	Fair value of financial instruments Cash flow forecasts Credit risk

Sensitivity analysis

The sensitivity analysis below shows the effect of reasonable possible alternative assumptions, calculated by changing one or more of significant unobservable inputs for individual assets to reasonably possible alternative assumptions. The valuation is based on the application of a range of discount rates to a set of cash flows.

	2023 (+)	2023 (-)	2022 (+)	2022 (-)
Financial assets				
Equity securities and listed managed investment schemes	7	(7)	9	(6)
Investments in unlisted managed investment schemes	-	-	-	-

2.5 Fair value information (continued)

Reconciliation of level 3 values

The following table shows movements in the fair values of financial instruments categorised as level 3 in the fair value hierarchy:

Section 2: Investments, intangibles and working capital

2023	Balance at the beginning of the year $m	FX gains or losses[1] $m	Total gains/ (losses)[1] $m	Purchases deposits $m	Sales/ withdrawals/ Transfers $m	Balance at the end of the period $m	Total gains and losses on assets and liabilities held at reporting date $m
Assets classified as level 3							
Equity securities and listed managed investment schemes	28	-	7	-	-	35	7
Investments in unlisted managed investment schemes	13	-	-	12	(16)	9	-
Total financial assets measured at fair value	**41**	**-**	**7**	**12**	**(16)**	**44**	**7**
Financial liabilities measured at fair value							
Investment contract liabilities	3,907	(1)	510	4,481	(969)	7,928	508
Total financial liabilities measured at fair value	**3,907**	**(1)**	**510**	**4,481**	**(969)**	**7,928**	**508**

1. Gains and losses are classified in investment gains and losses or net finance expense or income from insurance contracts in the Statement of Comprehensive Income.
2. Balance at the beginning of the year includes the balance on acquisition of the IAA S&I business as at 1 July 2023 of $4,061 million.

2022	Balance at the beginning of the year $m	FX gains or losses[1] $m	Total gains/ (losses)[1] $m	Purchases deposits $m	Sales/ withdrawals/ Transfers $m	Balance at the end of the period $m	Total gains and losses on assets and liabilities held at reporting date $m
Assets classified as level 3							
Equity securities and listed managed investment schemes	72	-	(44)	-	-	28	(44)
Investments in unlisted managed investment schemes	60	-	20	-	(64)	13	20
Total financial assets measured at fair value	**132**	**-**	**(24)**	**-**	**(64)**	**41**	**(24)**
Financial liabilities measured at fair value							
Investment contract liabilities	4,577	(4)	(334)	114	(446)	3,907	(333)
Total financial liabilities measured at fair value	**4,577**	**(4)**	**(334)**	**114**	**(446)**	**3,907**	**(333)**

1. Gains and losses are classified in investment gains and losses or net finance expense or income from insurance contracts in the Statement of Comprehensive Income.

Section 2: Investments, intangibles and working capital

2.6 Provisions

	2023 $m	2022 $m
Customer remediation provisions	27	91
Other provisions	6	21
Total provisions	**33**	**112**
Current	33	112

Accounting policy – recognition and measurement

Provisions
Provisions are recognised when there is a present obligation arising from past event, an outflow of economic resources is probable, and the amount of the provision can be measured reliably. It is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

	Customer remediation[1] $m	Other provisions[2] $m
Balance at 1 January 2023	91	21
New provisions during the year	-	2
Provisions released during the year	(36)	(9)
Provisions used during the year	(28)	(8)
Balance at 31 December 2023	**27**	**6**

1. Customer remediation includes remediating customers of certain income protection and level premium policies related to Australian Financial Complaints Authority ("AFCA") and ASIC determinations as well as the best estimate of costs to complete this work.
2. Other includes remediation of stamp duty payments, data remediation and reinsurance provisions.

Section 3: Capital Structure and financial risk management

3.1 Share capital

	2023 $m	2022 $m
Share capital		
124,459,254 (2022:124,459,254) ordinary shares fully paid[1]	1,268	1,380
Total share capital	**1,268**	**1,380**

Issued Capital		
Balance at the beginning of the year	1,380	1,632
Return of capital of $0.90 (2022: $2.02 per ordinary share)	(112)	(252)
Balance at the end of the year	**1,268**	**1,380**
Total share capital at the end of the year	**1,268**	**1,380**

1. Holders of ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares have no par value.

Accounting policy – recognition and measurement

Issued capital

Issued capital in respect of ordinary shares is recognised as the fair value of consideration received by the Company. Incremental costs directly attributable to the issue of certain new shares are recognised in equity as a deduction, net of tax, from the proceeds. The shares have no par value. All shares have equal voting rights.

Section 3: Capital Structure and financial risk management

3.2 Interest-bearing liabilities

(a) Interest-bearing liabilities

	31 December 2023			31 December 2022		
	Current $m	Non-current $m	Total $m	Current $m	Non-current $m	Total $m
Deposits	7	-	**7**	9	-	**9**
Subordinated Notes[1]	-	293	**293**	-	293	**293**
Total interest bearing liabilities	7	293	**300**	9	293	302

1. The Subordinated Notes held by external holders were issued on 9 December 2020. The carrying value of the subordinated debt at balance date is at amortised cost of $300m net of directly attributable unamortised transaction costs of $7m. The Subordinated Notes will expire on 9 December 2035. Interest is payable quarterly in arrears at a rate based on the 3 month Bank Bill Swap Rate. There has been no defaults or breaches in the terms of the loan.

The Company has a call option to early redeem the subordinated notes when specific conditions are met and subject to prior written approval from APRA. The holders of the subordinated notes cannot require RLAL to redeem the subordinated notes prior to the maturity date. Since the holder has no option to claim early redemption and there are no circumstances that exist at the reporting date that would indicate that the notes will be redeemed prior to maturity.

(b) Changes in liabilities arising from financing activities

Subordinated notes	2023 $m	2022 $m
Balance at the beginning of the year	293	293
Interest incurred	21	13
Interest paid[1]	(21)	(13)
Balance at the end of the year	**293**	**293**

1. Interest paid is included as cash flows from operating activities in the Statement of Cash Flows.

Accounting policy – recognition and measurement

Interest-bearing liabilities
Interest-bearing liabilities are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Finance costs
Finance costs include interest on interest-bearing liabilities. Borrowing costs are recognised as expenses when incurred and are presented as finance costs in the Statement of Comprehensive Income.

Section 3: Capital Structure and financial risk management

3.3 Financial risk management

The Resolution Life Australasia Limited Board has overall responsibility for the risk management framework including the approval of Resolution Life Australasia's business plan, risk management strategy and risk appetite (among other core elements). The Board and Board Risk Committee provide the necessary governance of financial risks across Resolution Life Australasia.

The Asset Liability and Investment Committee (ALICO) assists the CEO in exercising their delegated authority from the Board to manage financial risks. ALICO's oversight of financial risk exposures across Resolution Life Australasia aims to ensure that financial risks are managed in accordance with the Board approved risk appetite and ICAAP (Internal Capital Adequacy Assessment Process). The ultimate objective of the ICAAP is to ensure that residual risk exposures are commensurate with aggregate capital.

These risk management policies and processes have not changed since the prior year.

Financial risks (including insurance risks) arise from the past issuance of life insurance policies and the holding of financial instruments. This note discloses financial risk in accordance with the categories in AASB 7 *Financial Instruments* ("AASB 7"):

- Market risk;
- Liquidity and refinancing risk; and
- Credit concentration risk.

This note does not include market, liquidity or credit risk for the life insurance contracts issued by Resolution Life Australasia as they are outside the scope of AASB 7 Financial Instruments. These risks are addressed in section 4.2.

Section 3: Capital Structure and financial risk management

3.3 Financial risk management (continued)

(a) Market risk

Market risk is the risk that the fair value of assets and liabilities, or future cash flows of a financial instrument will fluctuate due to movements in the financial markets including interest rates, foreign exchange rates, equity prices, property prices, credit spreads, commodity prices, market volatilities and other financial market variables.

The following table provides information on significant market risk exposures for Resolution Life Australasia, which could lead to an impact on the Resolution Life Australasia's profit after tax and equity, and the management of those exposures.

Market risk	Exposures	Management of exposures and use of derivatives
Interest rate risk		
The risk of an impact on Resolution Life Australasia's profit after tax and equity arising from fluctuations of the fair value or future cash flows of financial instruments due to changes in market interest rates.	Resolution Life Australasia's long-term subordinated debt. Interest bearing investment assets of the shareholder and statutory funds.	Derivatives are used to manage interest rate risk exposures, including bond futures, interest rate swaps and swaptions. the Company manages interest rate and other market risks to reduce impacts on capital arising from asset and liability mismatches. ALICO provides support to the CEO in the execution of strategies to reduce the impact of interest rates on the Company's capital position.
Currency risk		
The risk of an impact on Resolution Life Australasia's profit after tax and equity arising from fluctuations of the fair value of a financial asset, liability or commitment due to changes in foreign exchange rates.	Foreign currency denominated assets and liabilities. Capital invested in overseas operations. Foreign exchange rate movements on specific cash flow transactions.	Resolution Life Australasia uses swaps to economically hedge the interest rate risk and foreign currency risk on foreign currency denominated borrowings but does not economically hedge the capital invested in overseas operations. The Company economically hedges material foreign currency risk originated by receipts and payments once the value and timing of the expected cash flow is known. Foreign currency denominated assets supporting policy liabilities are currency hedged except the international equities portfolio attributable to shareholders within the Company's Statutory Fund No.1.
Equity price risk		
The risk of an impact on Resolution Life Australasia's profit after tax and equity arising from fluctuations of the fair value or future cash flows of a financial instrument due to changes in equity prices.	Exposure for shareholder includes listed and unlisted shares and participation in equity unit trusts.	The Company uses equity futures and call options to economically hedge equity exposures, with the overall purpose of reducing impacts on capital arising from asset and liability mismatches. ALICO provides support to the CEO in the execution of strategies to reduce the impact of equity prices on the Company's capital position.

Section 3: Capital Structure and financial risk management

3.3 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity analysis

The table below includes sensitivity analysis for 2023 showing how the profit after tax and equity would have been impacted by changes in market risk variables. The analysis:

- Shows the direct impact of a reasonably possible change in market rate and is not intended to illustrate a remote, worst case stress test scenario;
- Assumes that all underlying exposures and related hedges are included and the change in variable occurs at the reporting date; and
- Does not include the impact of any mitigating management actions over the period to the subsequent reporting date.

Change in variable		Gross of Reinsurance Insurance Contract Liabilities		Reinsurance Contract Liabilities		Insurance Contract Assets and Shareholder Excess Assets		Total	
2023		Impact on profit after tax $m	Impact on equity $m	Impact on profit after tax $m	Impact on equity $m	Impact on profit after tax $m	Impact on equity $m	Impact on profit after tax $m	Impact on equity $m
Interest rate risk									
Impact of a change in Australian and international interest rates.	+ 100 bp	166	166	(15)	(15)	(72)	(72)	80	80
	- 100 bp	(198)	(198)	20	20	79	79	(99)	(99)
Currency risk									
Impact of a movement of exchange rate against the Australian dollar on currency sensitive monetary assets and liabilities.	10% depreciation of AUD	1	1	-	-	12	96	13	96
	10% appreciation of AUD	-	-	-	-	(12)	(82)	(13)	(83)
Equity price risk	10% increase in:								
Impact of a movement in Australian and international equities. Any potential impact on fees from Resolution Life Australasia's investments linked business is not included.	- Australian equities	2	2	-	-	13	13	14	14
	- International equities	1	1	-	-	13	13	13	13
	10% decrease in:	-	-	-	-				
	- Australian equities	(2)	(2)	-	-	(13)	(13)	(14)	(14)
	- International equities	-	-	-	-	(13)	(13)	(13)	(13)

Section 3: Capital Structure and financial risk management

3.3 Financial risk management (continued)

(b) Liquidity and refinancing risk

Liquidity risk
The risk that the Company is not able to meet its obligations as they fall due because of an inability to liquidate assets or obtain adequate funding when required. Liquidity risk is managed by treasury team and ALICO. Liquidity risk exposure (both trading and funding liquidity risk) for the Company are managed in accordance with the RLNOHC group Liquidity Risk Management Policy.

Refinancing risk
The risk that the Company is not able to refinance the full quantum of the ongoing debt funding amount it utilises on appropriate terms and pricing.

Maturity analysis
Below is a summary of the maturity profiles of the Company's undiscounted financial liabilities and off-balance sheet items at the reporting date, based on its contractual undiscounted repayment obligations. Repayments that are subject to notice are treated as if notice were to be given immediately.

2023	Up to 1 Year $m	1 to 5 Years $m	More than 5 Years $m	No specific maturity $m	Total $m
Non-derivative financial liabilities					
Payables	181	-	-	-	181
Interest-bearing liabilities[1]	22	105	417	-	544
Investment contract liabilities[2]	387	156	118	7,267	7,928
Total undiscounted financial liabilities	**590**	**261**	**535**	**7,267**	**8,653**

2022	Up to 1 Year $m	1 to 5 Years $m	More than 5 Years $m	No specific maturity $m	Total $m
Non-derivative financial liabilities					
Payables	204	-	-	-	204
Interest-bearing liabilities[1]	30	106	438	-	574
Investment contract liabilities[2]	26	72	101	3,715	3,914
Total undiscounted financial liabilities	**260**	**178**	**539**	**3,715**	**4,692**

1. The Company has a call option to early redeem the subordinated notes when specific conditions are met and subject to prior written approval from APRA. The holders of the subordinated notes cannot require Resolution life Australasia to redeem the subordinated notes prior to the maturity date. Since the holder has no option to claim early redemption, there are no circumstances as at 31 December 2023 that would indicate that the notes will be redeemed prior to maturity.

2. Investment contract liabilities are liabilities to policyholders for investment linked business linked to the performance and value of assets that back those liabilities. If all these policyholders claimed their funds, there may be some delay in settling the liability as assets are liquidated, but the shareholder has no direct exposure to any liquidity risk. External unitholders' liabilities all relate to controlled entities of the life entities' statutory funds and would only be paid when corresponding assets are realised.

Section 3: Capital Structure and financial risk management

3.3 Financial risk management (continued)

(c) Credit risk

Market risk	Exposures	Management of exposures and use of derivatives
Credit risk		
Credit default risk is the risk of financial loss due to a counterparty failing to meet their contractual commitments in full and on time.	Wholesale credit risk on the invested fixed income portfolios in the Company's statutory funds.	The Chief Investment Officer manages credit risk exposure for the Company and ALICO provides additional oversight to ensure credit risks are managed within risk appetite.

Collateral and master netting or similar agreements

The Investment Managers of the Company obtain collateral and utilises netting agreements to mitigate credit risk exposures from certain counterparties.

Derivative financial assets and liabilities
The management of credit risk from derivatives includes the use of Credit Support Annexes to derivative agreements which facilitate the bi-lateral posting of collateral.

Certain derivative assets and liabilities are subject to legally enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

An ISDA agreement does not automatically meet the criteria for offsetting in the Statement of Financial Position as RLAL does not have any currently legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events such as a default.

If these netting arrangements were applied to the derivative portfolio, the derivative assets of $253m would be reduced by $2m to the net amount of $251m and derivative liabilities of $5m would be reduced by $2m to the net amount of $3m (2022: derivative assets of $210m would be reduced by $7m to the net amount of $203m and derivative liabilities of $167m would be reduced by $7m to the net amount of $160m).

Other collateral
The Resolution Life New Zealand Branch, which forms part of RLAL, has collateral arrangements in place with some counterparties. Collateral generally consists of loans and deposits and is exchanged between the counterparties to reduce the exposure from the net fair value of derivative assets and liabilities between the counterparties.

Section 3: Capital Structure and financial risk management

3.4 Other derivative information

Accounting policy – recognition and measurement

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value exclusive of any transaction costs on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. All derivatives are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from the change in fair value of derivatives, except those that qualify as effective cash flow hedges, are immediately recognised in the Statement of Comprehensive Income.

3.5 Capital management

The Company holds capital to protect its customers, creditors, shareholders and policyholders against unexpected losses to a level that is consistent with the RLNOHC group's risk appetite, as approved by the board.

The Company aims to optimise the mix of capital resources in order to minimise the cost of capital and maximise shareholder value. The Prescribed Capital Amount (PCA) is the amount of shareholder capital required to be held by the Company to meet its regulatory capital requirements as specified under the Life Act and APRA Life Insurance Prudential Standards. These requirements apply to the company as a whole, and each statutory fund of the Company.

The Company maintains a board approved target capital above its PCA. The capital target above the PCA has been set with a sufficiency level of a 97.5% confidence level over a 12-month time horizon. In addition, the participating business of the life insurance company is managed to target a very high level of confidence that the business is self-supporting and that there are sufficient assets to support its policyholder liabilities.

At all times during the current and prior financial year, the Company complied with the applicable regulatory capital requirements.

Section 4: Accounting for life insurance contracts

4.1 Accounting for life insurance contracts and investment contracts

The two major contract classifications are investment contracts and life insurance contracts.

For the purposes of this financial report, holders of investment contracts or life insurance contracts are collectively and individually referred to as policyholders.

a) Investment contracts

The investment contracts of the Company relate to wealth management products such as savings, investment-linked and retirement income policies. The nature of this business is that the Company receive amounts to be invested from policyholders and those funds are invested on behalf of the policyholders. Fees and other charges are passed to the shareholder and reported as revenue.

The liability to policyholders, other than for fixed retirement income policies, is linked to the performance and value of the assets that back those liabilities. These assets are valued in accordance with the provisions of AASB 9. The fair value of such liabilities is therefore the same as the fair value of those assets. For fixed retirement income policies, the liability is linked to the fair value of the fixed retirement income payments and associated management services element.

The fair value of the fixed retirement income payments is calculated as their net present value using a fair value discount rate. The fair value of the associated management services element is the net present value, using a fair value discount rate, of all expenses associated with the provision of services and any profit margins thereon.

b) Life insurance contracts

The Company issues contracts that transfer significant insurance risk from the policyholder, covering death, disability or longevity of the insured. In addition, there are some policies known as discretionary participating contracts that are similar to investment contracts, but the timing of the vesting of the profit attributable to the policyholders is at the discretion of the Company. Such contracts are defined as life insurance contracts and accounted for under AASB17 using the one of the three available valuation methods, the General Measurement Model (GMM), the Variable Fee Approach (VFA), or the Premium Allocation Approach (PAA). The same AASB 17 principles are used to value reinsurance contracts held, except that under GMM the CSM can be negative as opposed to being set to zero.

The default measurement method for Life insurance contract liabilities is GMM. Under GMM, Life insurance contract liabilities are determined using a projection method for the best estimate future cashflows, whereby estimates of policy cash flows (premiums, benefits, expenses) are projected using best-estimate assumptions about the future. The liability is calculated as the net present value of these projected cash flows. A risk adjustment and contractual service margin are also held. The surrender value of relevant contracts is deemed to be the non-distinct investment component.

VFA is used if policyholder benefits are linked to investment returns on an underlying pool of investments and the policyholder shares in a substantial portion of the returns on the underlying assets. This is the case for participating business as described in section 4.1(d) regarding accounting policy choices, namely for conventional and investment account business. Fulfilment cashflows, including allowance for the time value of guarantees (TVOG), are calculated, whereby estimates of future cashflows are also projected and discounted using an overall risk-neutral stochastic approach. A risk adjustment and contractual service margin are also held.

The contractual service margin (CSM) is calculated initially at transition using the fair value approach for the relevant portfolios. The CSM is the difference between the fair value and fulfilment cashflows initially, and it represents theoretical profit expected to emerge in the future. It is then adjusted at future reporting periods for various items and released to profit and loss according to coverage unit values. Under GMM the adjustment is mainly due to changes in expected non-economic assumptions for future service, under VFA experience variance is also included in the adjustment. The CSM is floored at zero for direct business and for those cohorts that fall into loss a loss component is established. Where the onerous contracts are reinsured a loss recovery component is established in the asset or liability for remaining coverage related to the reinsurance contract held.

A Risk Adjustment (RA) is held for GMM, VFA and all Liabilities for Incurred Claims (LIC). The RA measures the compensation the Company would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts for non-financial risk. A cost of capital method is used in estimating the risk adjustment. An estimate of non-financial risk is calculated for each cohort using a stressed risk-free best estimate liability. A cost of capital rate is then applied, the totals projected for the contract boundary and discounted. The resulting Risk Adjustment for the Company corresponds to an 82% confidence interval in 2023 (2022: 82%).

Section 4: Accounting for life insurance contracts

The PAA method may be used if it produces results that are not materially different from those produced by the GMM method or if the contract boundary is 12 months or less. This is an unearned premium approach and cases where this has been applied are listed below. It is typically used at the Company for portfolios with a short (one to three years) contract boundary.

4.1 Accounting for life insurance contracts and investment contracts (continued)

c) Reinsurance

Reinsurance is valued and disclosed separately to direct business under AASB17 and separate reinsurance cohorts are maintained. The GMM method is used for most reinsurance portfolios, with the exception listed below.

d) AASB 17 accounting policies

Transition Approach

The standard transition approach is the Fully Retrospective Approach, exceptions to that approach are described below.

Retail Risk Level Premium, Reinsurance Contracts Held, Life Annuities	It has been determined that it would be impracticable to apply the Fully Retrospective Approach (FRA) for the retail risk level premium business, reinsurance contracts held and life annuities on transition to AASB 17. Instead, the fair value approach has been used for the transition calculation. Note that the term annuity portfolio falls outside of AASB 17 (and valued under AASB 9 as described in 4.1 (a)) and thus is not included in the scope of this policy.
Participating Portfolios	Fair Value Approach is used at transition for the Participating Conventional, Participating Investment Account, and Participating Conventional Reinsurance Portfolios (other than for the contracts with a one-year coverage boundary duration in the Participating Investment Account Portfolio).
Historical Liability for Incurred Claims	Previously acquired Claims in payment at transition are treated as Liability for Incurred Claims rather than Liability for Remaining Coverage.

Measurement method

The standard measurement method used by the Company is the GMM. Exceptions to the use of that method are described below.

Application of PAA to retail risk	PAA is used for stepped premium retail risk contracts due to the one-year contract boundary. No allowance is made for the time value of money or the effect of financial risk.
PAA for Group Risk Insurance Contracts (including Reinsurance contracts held)	PAA is used for Group risk contracts, and corresponding reinsurance contracts held. The PAA measurement for the liability for remaining coverage has been shown to not materially differ for the measurement under GMM. No allowance is made for the time value of money or the effect of financial risk.
VFA	VFA is used for all participating business, including investment account.
Intercompany Reinsurance and Catastrophe Reinsurance	PAA is used for the Resolution Life New Zealand reinsurance treaty and external catastrophe reinsurance (re-captured 31 December 2022).

Risk Adjustment
A cost of capital approach is used to determine the risk adjustment.

Section 4: Accounting for life insurance contracts

4.1 Accounting for life insurance contracts and investment contracts (continued)

d) AASB 17 accounting policies (continued)

Insurance Acquisition Cash Flows

An asset for Insurance Acquisition Cash Flows is recognised for retail stepped premium products. This asset represents acquisition costs incurred prior to the recognition of the insurance contracts to which they relate. These acquisition costs are deferred and included in the cash flows on initial recognition of the future contracts.

Expense assumptions

Estimating future cash flows – expenses	Expenses are based on directly charged expenses (such as commissions) and the charges from a service company, with the interpretation that these expenses are considered directly attributable under AASB 17.
Directly attributable expenses	Directly attributable expenses for a portfolio includes direct expenses incurred in the life entity and any relevant service entity charges. Servicing charges that are shared between portfolios are allocated on a reasonable basis.

Discount rates

VFA measurement method	There are no explicit adjustments for illiquidity in the determination of discount rates as the discount rates used are reflective of the returns on the underlying assets.
GMM and PAA measurement methods	A bottom-up approach is used to determine the discount rates for portfolios valued using GMM method, and for the PAA Liability for Incurred Claims.

Coverage units

GMM	The maximum likely valid claim amount is used as the coverage unit under GMM.
VFA	The present value of maximum death sum assured in-force, including expected reversionary bonuses payable upon claim over the expected duration, is used as coverage units for conventional participating policies. For investment account policies, the present value of projected account balance is used as coverage units.

Aggregation of products

Portfolios are comprised of insurance contracts that are "subject to similar risks and managed together".

The Group has numerous separate portfolios across the licensed life insurance subsidiaries in Australia and New Zealand. These reflect different benefits (lump sum/income protection), distribution channels (retail/group), legal jurisdictions (Australia/New Zealand), reinsurance partners and the degree of financial support provided by the shareholder (participating/investment linked), amongst other criteria.

Insurance finance income and expense

Insurance finance income or expenses are included in profit or loss for each period.

Contract boundaries

Several of the participating investment account contracts give both the Company and the policyholder the right to terminate the contract prior to the end date of the contract that is otherwise implied by the rest of the contract's wording. The respective portfolios are treated with a one-year contract boundary.

Section 4: Accounting for life insurance contracts

4.1 Accounting for life insurance contracts and investment contracts (continued)

d) AASB 17 accounting policies (continued)

Fulfilment cash flows

Modelling Reinsurer non-performance	The adjustment for reinsurer non-performance is zero unless evidence suggests otherwise.
Tax	For non-participating contracts, taxes that arise directly from contracts, such as stamp duty and GST, and payments made to meet tax obligations incurred by the policyholder, such as tax payable on income protection benefits, are considered within fulfilment cashflows (FCF) and therefore are part of the measurement of relevant groups of insurance contracts under AASB 17. Any income taxes that are not incurred in a fiduciary capacity or are not specifically chargeable to a policyholder are not included in FCF (e.g. taxes on investment income of underlying assets).

Presentation of results

Presentation of Reinsurance Results	Reinsurance service income or expenses is presented as a single item through profit or loss.
Presentation of the risk adjustment	The non-financial risk adjustment and time value of money are not disaggregated in the presentation based on the accounting choice available in the AASB 17 paragraph 81.

Section 4: Accounting for life insurance contracts

4.1 Accounting for life insurance contracts and investment contracts (continued)

e) Transition to AASB 17 – 1 January 2022

AASB17 establishes new accounting requirements for insurance contracts. On adoption of AASB 17, RLAL has restated the 2022 opening and closing comparative information as presented in this set of financial statements. The originally presented and restated information for the 2022 opening comparative period is presented in the table below. The closing comparative period is presented in note 4.1 (f).

	1 January 2022 AASB 1038 $m	Restatement $m[1]	1 January 2022 Restated $m
Assets			
Cash and cash equivalents	191	-	191
Receivables and prepayments	992	(709)	283
Current tax assets	100	-	100
Financial assets at fair value through profit and loss	28,266	(63)	28,203
Deferred tax assets	337	24	361
Insurance contract assets	-	1,688	1,688
Reinsurance contract assets	1,437	(101)	1,336
Intangible assets and goodwill	65	-	65
Total assets	**31,388**	**839**	**32,227**
Liabilities			
Payables	706	(380)	326
Provisions	70	-	70
Financial liabilities at fair value through profit and loss	71	-	71
Interest-bearing liabilities	303	-	303
Deferred tax liabilities	906	(12)	894
Insurance contract liabilities	21,127	2,302	23,429
Reinsurance contract liabilities	1,390	(1,083)	307
Investment contract liabilities	4,586	(1)	4,585
Total liabilities	**29,159**	**826**	**29,985**
Net assets	**2,229**	**13**	**2,242**
Equity			
Share capital	1,632	-	1,632
Retained earnings	654	15	669
Other reserves	(57)	(2)	(59)
Total equity	**2,229**	**13**	**2,242**

Details of the AASB 17 changes are summarised below.

Insurance Contract Assets and Liabilities valuation: for non-participating products application of the respective transition methodology to re-valuate the insurance contract liability using a fair value approach for most non-participating products, as well as the change in contract boundary for liability measurement and establishment of an Insurance Acquisition Cash Flow ("IACF") for stepped risk products.

For participating products application of the chosen transition methodology to re-valuate the insurance contract liability using a fair value approach, resulting in a re-allocation of future shareholder profits from those reserved in the policy liability into retained profits. Within the participating portfolios, conventional products are the most significant contributor to this change given their size, profit margins and other product features.

Reinsurance Contract Revaluations*:* Similar to the underlying insurance product, this impact is also driven by the decision to adopt fair value approach for transition. In addition, adoption of a different contract boundary for reinsurance contracts (compared to the underlying insurance contracts) and other differences in the measurement of reinsurance profit margin between AASB 1038 and AASB 17 (especially for the loss-making business under AASB 1038) contributes to the change in reinsurance assets.

Section 4: Accounting for life insurance contracts

4.1 Accounting for life insurance contracts and investment contracts (continued)

f) Transition to AASB 17 – 31 December 2022

	31 December 2022 AASB 1038 $m	Restatement $m[1]	31 December 2022 Restated $m
Assets			
Cash and cash equivalents	356	-	356
Receivables and prepayments	1,063	(740)	323
Current tax assets	63	1	64
Financial assets at fair value through profit and loss	23,690	(61)	23,629
Deferred tax assets	438	(1)	437
Insurance contract assets	-	1,433	1,433
Reinsurance contract assets	1,155	(15)	1,140
Intangible assets and goodwill	65	-	65
Total assets	**26,830**	**617**	**27,447**
Liabilities			
Payables	743	(539)	204
Provisions	112	-	112
Financial liabilities at fair value through profit and loss	167	-	167
Interest-bearing liabilities	302	-	302
Deferred tax liabilities	430	11	441
Insurance contract liabilities	17,904	2,231	20,135
Reinsurance contract liabilities	1,235	(1,187)	48
Investment contract liabilities	3,914	-	3,914
Total liabilities	**24,807**	**516**	**25,323**
Net assets	**2,023**	**101**	**2,124**
Equity			
Share Capital	1,380	-	1,380
Retained earnings	707	101	808
Other Reserves	(64)	-	(64)
Total equity	**2,023**	**101**	**2,124**

Section 4: Accounting for life insurance contracts

4.1 Accounting for life insurance contracts and investment contracts (continued)

g) Allocation of operating profit and unvested policyholder benefits

The operating profit arising from discretionary participating contracts is allocated between shareholders and participating policyholders by applying the principles in accordance with the Life Act and as additional set out in the board's documented Participating Business Management Framework.

Once profit is allocated to participating policyholders it can only be distributed to these policyholders.

Profit allocated to participating policyholders is recognised as part of net finance income from insurance contracts in the Statement of Comprehensive Income. The insurance contract liabilities include profit that has not yet been allocated to specific policyholders (i.e. unvested) and that which has been allocated to specific policyholders by way of bonus distributions (i.e. vested). Bonus distributions to participating policyholders do not alter the proportion of profit attributable to shareholders. They merely change the nature of the liability from unvested to vested.

The principles of allocation of the profit arising from discretionary participating business are as follows:

(i) Investment income (net of tax and investment expenses) on retained earnings in respect of discretionary participating business is allocated between policyholders and shareholders. This allocation is, mostly, 80% to policyholders and 20% to shareholders.
(ii) Other profits arising from discretionary participating business are allocated 80% to policyholders and 20% to shareholders, with the following exceptions:

- the profit arising from New Zealand corporate superannuation business is apportioned such that shareholders are allocated 15% of the profit allocated to policyholders;
- the profit arising in respect of preservation superannuation account business is allocated 92.5% to policyholders and 7.5% to shareholders;
- the profits arising from discretionary participating investment account business where 100% of investment profit is allocated to policyholders and 100% of any other profit or loss is allocated to shareholders, with the over-riding provision being that at least 80% of any profit and not more than 80% of any loss be allocated to policyholders' retained profits of the relevant statutory fund; and
- the underwriting profit arising in respect of participating Business Super risk business is allocated 90% to policyholders and 10% to shareholders.

Investment income relating to products measured under VFA is recognised in the profit and loss and then allocated to the policyholders' insurance contract liability through the insurance finance income and expense line item in the Statement of Comprehensive Income.

h) Allocation of expenses within the statutory funds

All operating expenses relating to the life insurance contract and investment contract activities are apportioned between acquisition, maintenance and investment management expenses. Expenses are allocated directly to a product line based on the fees incurred under the service agreements between the Company and the service companies in the RLNOHC group.

All of the Company's expenses are directly attributable according to the AASB 17 definition. The fees within the service agreements are determined according to detailed expense analysis, with due regard to the activities to which that expense relates. Where expenses are not already classified to a cohort, they are appropriately apportioned using business drivers and statistics such as policy counts, annual premiums and funds under management. The apportionment basis has been made in accordance with Actuarial Standards and on an equitable basis to the different classes of business in accordance with the Life Act.

Section 4: Accounting for life insurance contracts

4.1 Accounting for life insurance contracts and investment contracts (continued)

Critical accounting judgments and estimates

Life insurance contract assets and liabilities
The measurement of insurance contract liabilities is determined using the AASB 17 methodology. The determination of the liability amounts involves judgement in selecting the valuation methods and valuation assumptions for each type of business. The determination of the assumptions can involve subjectivity and relatively small changes in economic assumptions may have a significant impact on the reported profit. The Board of Directors of Resolution Life Australasia Limited is responsible for these judgements and assumptions, after taking advice from the Appointed Actuary.

Investment contract liabilities
Investment contract liabilities are measured at fair value. For the majority of contracts, the fair value is determined based on published unit prices and the fair value of backing assets and does not generally require the exercise of judgement. For fixed income products, fair value is determined using valuation models. Judgement is applied in selecting the valuation model and setting the valuation assumptions.

Section 4: Accounting for life insurance contracts

4.2 Life insurance contracts – assumptions and valuation methodology

a) Risk-free discount rates

A risk-free discount rate based on current observable, objective rates that relate to the nature, structure and term of the future obligations is used. The rates are determined as shown in the following table:

Business type		Basis[1]	2023 Australia %	2023 New Zealand %	2022 Australia %	2022 New Zealand %
Retail risk (other than income benefit open claims)[1]		Zero coupon government bond yield curve	3.6 - 4.5	4.2 - 5.1	3.3 - 4.5	4.5 - 5.1
Retail risk and group risk (income benefit open claims)[1]		Zero coupon government bond yield curve (including liquidity premium)	3.9 - 4.7	4.5 - 5.4	3.7 - 4.9	4.9 - 5.5
Life annuities	Non-CPI	Zero coupon government bond yield curve (including liquidity premium)	4.5 - 5.0	4.7 - 5.7	3.9 - 5.1	5.0 - 5.7
Life annuities	CPI	Commonwealth indexed bond yield curve (including liquidity premium)	1.7 - 2.2	2.8 - 3.3	1.4 - 2.6	2.8 - 3.1

[1] The discount rates vary by duration in the range shown above.

b) Future maintenance and investment expenses

Unit maintenance costs are based on budgeted expenses in the year following the reporting date (including GST, as appropriate, and excluding one-off expenses). For future years, these are increased for inflation as described in (c) below. These expenses include fees charged to the life statutory funds by service companies in the RLNOHC group. Unit costs vary by product line and class of business based on an apportionment that is supported by expense analyses.

Future investment expenses are based on the fees currently charged by the asset managers.

Section 4: Accounting for life insurance contracts

4.2 Life insurance contracts – assumptions and valuation methodology (continued)

c) Inflation and indexation

Benefits and premiums of many regular premium policies are automatically indexed by the published consumer price index (CPI). Assumed future take-up of these indexation options is based on the Company's own experience. The annual future CPI rates are derived from the difference between long-term government bonds and indexed government bonds, with adjustments to capture short term shape of CPI rates.

The expense inflation assumptions have been set based on the inflation rates, recent expense performance, the Company's current plans, expected policy run off and the terms of the relevant service company agreement, as appropriate. The assumed future expense inflation is also derived from the difference between long-term government bonds and indexed government bonds, with adjustments to capture short term shape of CPI rates.

The assumed long-term CPI and expense inflation rates at the valuation date are:

	Australia %		New Zealand %	
	CPI	Expense Inflation	CPI	Expense Inflation
31 December 2023	2.6	2.6	2.1	2.1
31 December 2022	2.4	2.4	2.3	2.3

The inflation assumptions used to index benefits and expenses are treated as non-financial under AASB 17.

d) Bases of taxation

The bases of taxation (including deductibility of expenses) are assumed to continue in accordance with legislation current at the valuation date.

e) Voluntary discontinuance

Assumptions for the incidence of withdrawals (surrender), paid up policies, premium dormancy and policy lapse due to premium non-payment are primarily based on investigations of the Company's own historical experience. These rates are based upon the assessed global rate for each of the individual products (or product groups) and then, where appropriate, further adjusted for factors such as duration, premium structure, smoker status, age attained or short-term market and business effects. Given the variety of influences affecting discontinuance for different product groups, the range of voluntary discontinuance rates across the Company is extremely diverse.

The assumptions for future rates of discontinuance of the major classes of life insurance contracts have been reviewed and updated.

Wealth protection discontinuance rate ranges are calculated based on current business mix and various assumption rating factors. Discontinuance rate ranges for conventional products (Australia and New Zealand) are calculated based on average expected lapse rates for the next five years.

	2023		2022	
Business type	**Australia %**	**New Zealand %**	**Australia %**	**New Zealand %**
Conventional	2.0 - 8.0	1.0 - 2.1	2.0 - 6.7	1.0 - 2.1
Retail risk (lump sum)	6.5 - 16.7	4.7 - 17.3	6.5 - 16.7	4.7 - 17.1
Retail risk (income benefit)	7.2 - 15.6	8.7 - 14.7	7.1 - 15.4	8.8 - 15.1
Flexible Lifetime Super (FLS) risk business	14.5 - 19.7	n/a	14.2 - 20.0	n/a

Section 4: Accounting for life insurance contracts

4.2 Life insurance contracts – assumptions and valuation methodology (continued)

f) Surrender values

The surrender bases assumed for calculating surrender values are those current at the reporting date. There have been no changes to the bases during the year (or the prior year) that would materially affect the valuation results.

g) Mortality and morbidity

Standard mortality and morbidity tables, based on national or industry wide data, are used.

Key assumptions are reviewed regularly throughout the year. Certain assumptions have been updated to reflect recent experience. This includes:

- Australian retail lump sum: Changes to TPD IBNR delay assumption

The assumptions are summarised in the following table.

Typical mortality assumptions, in aggregate, are as follows:

	% of IA95-97	
Conventional and Investment Account	**Male**	**Female**
31 December 2023		
Australia	50.0 - 65.0	54.7 - 70.0
New Zealand	65.7	65.7
31 December 2022		
Australia	54.7	54.7
New Zealand	65.7	65.7

	Retail Lump Sum - % of table	
Risk Products	**Male**	**Female**
31 December 2023		
Australia[1]	117 - 168	117 - 168
New Zealand[2]	99 - 114	81 - 93
31 December 2022		
Australia[1]	117 - 168	117 - 168
New Zealand[2]	99 - 114	81 - 93

1. Base ALS1418 Death tables with overall product specific adjustment factors (estimated methodology used).
2. Base IA04-08 Death Without Riders table modified based on aggregated experience but with overall product specific adjustment factors (estimated methodology used).

Section 4: Accounting for life insurance contracts

4.2 Life insurance contracts – assumptions and valuation methodology (continued)

g) Mortality and morbidity (continued)

Annuities	Excluding ex-AIAA		Ex-AIAA	
	Male % of IML00*	Female % of IFL00*	Male % of ALT2010-12*	Female % of ALT2010-12*
31 December 2023				
Australia[1]	85.0	80.0	110.0	115.0
New Zealand[2]	85.0	80.0	N/A	N/A
31 December 2022				
Australia[1]	85.0	80.0	N/A	N/A
New Zealand[2]	85.0	80.0	N/A	N/A

1. Annuities tables modified for future mortality improvements.

Income protection	Incidence rates	Termination rates (ultimate)	Incidence rates	Termination rates (ultimate)
	% of ADI 14-18	*% of ADI 14-18*	*% of ADI 07-11*	*% of ADI 07-11*
31 December 2023				
Australia	28 - 130	50 - 117	N/A	N/A
New Zealand	N/A	N/A	83 - 149	82 - 152
31 December 2022				
Australia	28-130	50	N/A	N/A
New Zealand	N/A	N/A	83 - 149	82 - 152

Retail Lump Sum	Male % of table	Female % of table
31 December 2023		
Australia TPD[1]	150 - 202	150 - 202
Australia Trauma[2]	96 - 103	96 - 103
New Zealand TPD[3]	120	120
New Zealand Trauma[4]	110 - 114	110 - 114
31 December 2022		
Australia TPD[1]	150 - 202	150 - 202
Australia Trauma[2]	96 - 103	96 - 103
New Zealand TPD[3]	120	120
New Zealand Trauma[4]	110 - 114	110 - 114

1. Base ALS1418 TPD table modified based on our aggregated experience but with overall product specific adjustment factors (estimated methodology used).
2. Base ALS1418 Trauma table modified based on our aggregated experience but with overall product specific adjustment factors (estimated methodology used).
3. Base IA04-08 TPD table modified based on our aggregated experience but with overall product specific adjustment factors (estimated methodology used).
4. Base IA04-08 Trauma table modified based on our aggregated experience but with overall product specific adjustment factors (estimated methodology used).

Section 4: Accounting for life insurance contracts

4.2 Life insurance contracts – assumptions and valuation methodology (continued)

g) Mortality and morbidity (continued)

The actuarial tables used were as follows:

IA95-97	A mortality table developed by the Institute of Actuaries of Australia based on Australian insured lives experience from 1995–1997. The table has been modified to allow for future mortality improvement.
IML00*/IFL00*	IML00 and IFL00 are mortality tables developed by the Institute and Faculty of Actuaries based on United Kingdom annuitant lives experience from 1999-2002. The tables refer to male and female lives respectively and incorporate factors that allow for mortality improvements since the date of the investigation. IML00* and IFL00* are these published tables amended for some specific Resolution Life Australasia Limited experience.
IA04-08 DTH	This was published by the Institute of Actuaries of Australia under the name A graduation of the 2004-2008 Lump Sum Investigation Data. The table has been modified based on aggregated experience with overall product specific adjustment factors.
IA04-08 TPD	This is the TPD graduation published in the same paper as above.
IA04-08 Trauma	This is the Trauma graduation published in the same paper as above.
ADI 07-11	A disability table developed by KPMG at the request of the Financial Services Council (FSC) based on Australian disability income experience for the period 2007-2011. This table has been adjusted for Resolution Life Australasia Limited with overall product specific adjustment factors.
ADI 14-18	A disability table developed by KPMG at the request of the Financial Services Council (FSC) based on Australian disability income experience for the period 2014-2018. This table has been adjusted for Resolution Life Australasia Limited with overall product specific adjustment factors.
ALS 14-18	A mortality/morbidity table developed by KPMG at the request of the Financial Services Council (FSC) based on Australian retail lump sum experience for the period 2014-2018. This table has been adjusted for Resolution Life Australasia Limited with overall product specific adjustment factors.
ALT2010-12*	The base mortality basis uses a Base Australian Annuitant Mortality Table derived by adjusting the Australian population life table (ALT 2010-12) in the same ratio as the US 2012 individual annuitant tables bears to the US 2012 population life table. Experience ratings are applied to this table based on ex-AIAA experience.

Section 4: Accounting for life insurance contracts

4.2 Life insurance contracts – assumptions and valuation methodology (continued)

h) Other participating business assumptions

For participating business, the total value of future bonuses (and the associated shareholders' profit margins) included in life insurance contract liabilities is the amount supported by the value of the supporting assets, after allowing for the assumed future experience. The pattern of bonuses and shareholders' profit margins assumed to emerge in each future year depends on the assumed relationship between reversionary bonuses (or interest credits) and terminal bonuses. This relationship is set to reflect the philosophy underlying actual bonus declarations.

Actual bonus declarations are determined to reflect, over time, the investment returns of the particular fund and other factors in the emerging experience and management of the business. These factors include:

- allowance for an appropriate degree of benefit smoothing;
- reasonable expectations of policyholders;
- equity between generations of policyholders applied across different classes and types of business; and
- ongoing capital adequacy.

Given the many factors involved, the range of bonus structures and rates for participating business is extremely diverse.

Typical supportable bonus and crediting rates on major product lines are as follows for the Company (31 December 2022 in parentheses).

Reversionary bonus	**Bonus on sum insured**	**Bonus on existing bonuses**
	%	%
Australia	0.2 - 4.9 (0.5 - 1.7)	0.2 - 4.9 (0.7 - 2.3)
New Zealand	1.3 - 2.2 (0.9 - 1.8)	1.3 - 2.2 (0.9 - 1.8)

Terminal bonus
The terminal bonus scales are complex and vary by duration, product line, class of business and country for Resolution Life Australasia Limited.

Crediting rates (investment account)	**%**
Australia	2.1 - 7.7 (2.6 - 4.2)
New Zealand	4.8 - 4.9 (2.5 - 2.7)

Section 4: Accounting for life insurance contracts

4.3 Life insurance contracts – risk

a) Life insurance risk

The Company issues contracts that transfer significant insurance risk from the policyholder, covering death, disability or longevity of the insured, often in conjunction with the provision of wealth management products.

The products carrying insurance risk are designed to ensure that policy wording and promotional materials are clear, unambiguous and do not leave the Company open to claims from causes that were not anticipated. The variability inherent in insurance risk, including concentration risk, is managed by having a large geographically diverse portfolio of individual risks, underwriting and the use of reinsurance. Similar to most Australian insurers, there are some concentration risks along the eastern seaboard of Australia, however the risks are largely diversified as the exposure is across several capital cities. The Company does not have a large portfolio of group life schemes insuring large numbers of lives in a concentrated location.

Underwriting is managed through a dedicated underwriting department, with formal underwriting limits and appropriate training and development of underwriting staff. Individual policies carrying insurance risk are generally underwritten individually on their merits. Individual policies which are transferred from a group scheme are generally issued without underwriting. Group risk insurance policies meeting certain criteria are underwritten on the merits of the employee group as a whole.

Claims are managed through a dedicated claims management team, with formal claims acceptance limits and appropriate training and development of staff with an objective to ensure payment of all genuine claims. Claims experience is assessed regularly and appropriate actuarial reserves are established to reflect up-to-date experience and any anticipated future events. This includes reserves for claims incurred but not yet reported.

The Company reinsures (cedes) to reinsurance companies a proportion of its portfolio or certain types of insurance risk, including catastrophe. This serves primarily to:

- reduce the net liability on large individual risks;
- obtain greater diversification of insurance risks;
- provide protection against large losses;
- reduce overall exposure to risk; and
- reduce the amount of capital required to support the business.

The reinsurance companies are regulated by the Australian Prudential Regulation Authority (APRA); or industry regulators in other jurisdictions and have strong credit ratings from A+ to AA+.

Section 4: Accounting for life insurance contracts

4.3 Life insurance contracts – risk (continued)

b) Key terms and conditions of life insurance contracts

The nature of the terms of the life insurance contracts written by the Company is such that certain external variables can be identified on which related cash flows for claim payments depend. The following table provides an overview of the key variables upon which the timing and uncertainty of future cash flows of the various life insurance contracts issued by the Company depend.

Type of contract	Detail of contract workings	Nature of compensation for claims	Key variables affecting future cash flows
Non-participating life insurance contracts with fixed and guaranteed terms (term life and disability)	These policies provide guaranteed benefits, which are paid on death or ill-health, that are fixed and not at the discretion of the Life Companies. Premium rates for yearly renewable business are not guaranteed and may be changed at the discretion of the Life Companies for the portfolio as a whole.	Benefits are defined by the insurance contract and are not directly affected by the investment performance of any underlying assets.	Mortality, morbidity, lapses, expenses , premium rates, reinsurance terms and inflation.
Life annuity contracts	These policies provide a guaranteed regular income for the life of the insured in exchange for an initial single premium.	The amount of the guaranteed regular income is set at inception of the policy allowing for any indexation.	Longevity, expenses, inflation and investment market earning rates on assets backing the liabilities.
Conventional life insurance contracts with discretionary participating benefits (endowment and whole of life)	The policyholder pays a regular premium and receives the specified sum insured plus any accruing bonuses on death or maturity. The sum insured is specified at inception and guaranteed. Bonuses are added annually, which once added are guaranteed. A further bonus may be added on surrender, death or maturity.	Benefits arising from the discretionary bonuses are based on the performance of a specified pool of contracts and the assets supporting these contracts. Operating profit arising from these contracts is allocated between the policyholders and shareholders with not less than 80% allocated to policyholders.	Investment market earning rates on assets backing the liabilities, lapses, expenses and mortality.
Investment account contracts with discretionary participating features	The gross value of premiums received is invested in the investment account with fees and premiums for any associated insurance cover being deducted from the account balance when due. Interest is credited regularly.	Payment of the account balance is generally guaranteed, although it may be subject to certain penalties on early surrender or limited adjustment in adverse investment markets. Operating profit arising from these contracts is allocated between the policyholders and shareholders with not less than 80% allocated to policyholders. Distribution of policyholder profit is through an interest rate mechanism.	Fees, lapses, expenses and investment market earning rates on the assets backing the liabilities.

Section 4: Accounting for life insurance contracts

4.4 Insurance risk sensitivity analysis – life insurance contracts

For life insurance contracts that are accounted for under the GMM and VFA measurement methods of AASB17, amounts of liabilities, income or expense recognised in the period are unlikely to be very sensitive to changes in variables even if those changes may have an impact on future contractual service margins, unless the product is in or close to loss recognition. Under PAA, the main item potentially impacted is the IACF through impairment testing.

This table shows information for 2023 about the sensitivity current period shareholder profit before income tax and equity, to a number of possible changes in assumptions relating to insurance risk.

2023 **Variable**	**Change in variable**	**Gross of Reinsurance Insurance Contract Liabilities** Impact on profit after tax and equity increase (decrease) $m	**Reinsurance Contract Liabilities** Impact on profit after tax and equity increase (decrease) $m	**Total** Impact on profit after tax and equity increase (decrease) $m
Mortality	10% increase in mortality rates	(9)	(8)	(17)
Annuitant mortality	50% increase in the rate of mortality bonus improvement	(17)	0	(17)
Morbidity - lump sum disablement	20% increase in lump sum disablement rates	(29)	9	(20)
Morbidity - disability income	10% increase in incidence rates	(4)	(3)	(6)
Morbidity - disability income	10% decrease in termination rates	(47)	17	(31)
Discontinuance rates	10% increase in discontinuance rates	(12)	(14)	(26)
Maintenance expenses	10% increase in maintenance expenses	(0)	0	(0)

a) Liquidity risk and future net cash outflows

The following table shows the estimated timing of future net cash outflows resulting from insurance contract liabilities. This includes estimated future surrenders, death/disability claims and maturity benefits, offset by expected future premiums or contributions and reinsurance recoveries. All values are discounted to the reporting date using the assumed future investment earning rate for each product.

	<1 yr $m	**1 – 2 yrs $m**	**2 – 3 yrs $m**	**3 – 4 yrs $m**	**4 – 5 yrs $m**	**>5 yrs $m**	**Total $m**
2023							
Insurance	1,048	898	807	722	646	7,768	11,889
Reinsurance	137	116	99	84	71	197	704
2022	1,121	788	750	750	750	8,823	12,982

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts

a) Insurance revenue

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration and comprises the items disclosed below.

The following table presents an analysis of the insurance revenue recognised in the period.

	2023 *$m*	**2022** *$m*
Insurance revenue		
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
- CSM recognised for services provided	210	50
- Change in risk adjustment for non-financial risk for risk expired	6	16
- Expected incurred claims and other insurance service expenses	622	554
Impact of policyholders' tax	124	(374)
Total contracts not measured under the PAA	**962**	**246**
Contracts measured under the PAA	1,382	1,396
Total insurance revenue	**2,344**	**1,642**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

b) Net financial results

The following table analyses the Company's net financial result in profit or loss and other comprehensive income. It details investment returns and the insurance finance income/(expenses) from insurance contracts and reinsurance contracts held.

	2023 *$m*	2022 *$m*
Net financial results		
Investment returns		
Interest revenue calculated using effective interest method	88	100
Dividend and distribution revenue	1,173	893
Net gains/losses on financial assets at fair value through profit and loss	843	(3,511)
Total amounts recognised in profit or loss	2,104	(2,518)
Amounts recognised in other comprehensive income	-	-
Total investment return	**2,104**	**(2,518)**
Insurance finance expenses from insurance contract		
Changes in fair value of underlying items of direct participating contracts	(1,298)	1,728
Interest accreted	(139)	(29)
Effect of changes in interest rates and other financial assumptions	(54)	574
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(14)	13
Total net finance income/ (expense) from insurance contracts	**(1,505)**	**2,286**
Net finance income/ (expenses) from reinsurance contracts	11	(70)
Total net finance income/ (expense) from reinsurance contracts	**11**	**(70)**
Movement in investment contract liabilities	(589)	285
Total net investment income recognised in the statement of profit and loss and other comprehensive income	**21**	**117**
Represented by:		
Amounts recognised in profit or loss	21	117
A. Insurance finance income and expenses		
Net finance expenses from insurance contracts		
Recognised in profit or loss	(1,505)	2,420
Net finance income from reinsurance contracts		
Recognised in profit or loss	11	(70)

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

c) Insurance and reinsurance contract assets and liabilities

31 December 2023	Australia Wealth Protection $m	Australia Savings and Investments $m	New Zealand Wealth Protection $m	New Zealand Savings and Investments $m	Total $m
Insurance contracts					
Insurance contract liabilities					
– Insurance contract balances	(3,485)	(13,604)	(443)	(3,884)	(21,416)
Insurance contract liabilities	**(3,485)**	**(13,604)**	**(443)**	**(3,884)**	**(21,416)**
Insurance contract assets					
– Insurance contract balances	(328)	-	(70)	-	(398)
- Assets for insurance acquisition cash flows	938	-	563	-	1,501
Insurance contract assets	610	-	493	-	1,103
Reinsurance contracts					
Reinsurance contract assets	1,198	24	41	-	1,262
Reinsurance contract liabilities	-	-	(9)	-	(9)

31 December 2022	Australia Wealth Protection $m	Australia Savings and Investments $m	New Zealand Wealth Protection $m	New Zealand Savings and Investments $m	Restated Total $m
Insurance contracts					
Insurance contract liabilities					
– Insurance contract balances	(4,581)	(12,725)	(1,052)	(3,828)	(22,186)
Insurance contract liabilities	**(3,147)**	**(12,725)**	**(435)**	**(3,828)**	**(20,135)**
Insurance contract assets					
– Insurance contract balances	(548)	-	(70)	-	(618)
- Assets for insurance acquisition cash flows	1,434	-	617	-	2,051
Insurance contract assets	886	-	547	-	1,433
Reinsurance contracts					
Reinsurance contract assets	1,072	25	43	-	1,140
Reinsurance contract liabilities	-	-	(47)	(1)	(48)

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

d) Underlying items

31 December 2023	Direct participating contracts *$m*	Investment contracts *$m*	Other[1] *$m*	Total *$m*
Financial assets (liabilities) at fair value through profit and loss				
Deposits with financial institutions	143	-	29	172
Derivative assets	216	13	24	253
Government bonds and debt securities	163	-	690	853
Collective investment schemes	16,775	7,495	2,971	27,241
Total financial investments	17,297	7,508	3,714	28,519
Derivative liabilities	5	-	-	5

31 December 2022	Direct participating contracts *$m*	Investment contracts *$m*	Other[1] *$m*	Total *$m*
Financial assets (liabilities) at fair value through profit and loss				
Deposits with financial institutions	113	25	8	146
Derivative assets	30	-	180	210
Government bonds and debt securities	706	145	84	935
Collective investment schemes	15,775	3,867	2,696	22,338
Total financial investments	16,624	4,037	2,968	23,629
Derivative liabilities	-	-	167	167

1. Other includes assets not backing participating and investment contracts. This includes assets relating to capital for all other insurance contracts as well as shareholders' funds.

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

e) Movement in assets for insurance acquisition cash flows

	Total *$m*
Insurance acquisition cash flows at 1 January 2023	2,051
Amounts derecognised and included in the measurement of insurance contracts	(550)
Insurance acquisition cash flows at 31 December 2023	1,501

Insurance acquisition cash flows at 1 January 2022	2,243
Other amounts incurred during the year	(8)
Amounts derecognised and included in the measurement of insurance contracts	(184)
Insurance acquisition cash flows at 31 December 2022	2,051

Assets for insurance acquisition cash flows are presented in the carrying amount of the related portfolio of insurance contracts as follows.

	Total *$m*
Insurance acquisition cash flows at 31 December 2023	
Presented in insurance contract assets	1,501
Presented in insurance contract liabilities	-
Total insurance acquisition cash flows	1,501

Insurance acquisition cash flows at 31 December 2022	
Presented in insurance contract assets	2,051
Presented in insurance contract liabilities	-
Total insurance acquisition cash flows	2,051

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

e) Movement in assets for insurance acquisition cash flows (continued)

The following table sets out when the Company expects to de-recognise assets for insurance acquisition cash flows after the reporting date.

31 December 2023	Total *$m*
Less than 1 year	134
1 – 2 years	127
2 – 3 years	120
3 – 4 years	113
4 – 5 years	105
5 – 10 years	420
More than 10 years	482
Total	1,501
31 December 2022	
Less than 1 year	177
1 – 2 years	168
2 – 3 years	159
3 – 4 years	150
4 – 5 years	141
5 – 10 years	569
More than 10 years	688
Total	2,051

f) CSM maturity profile

2023	Gross of reinsurance Insurance Contracts Total $m	Reinsurance Contracts Total $m	Net of Reinsurance Total $m
Less than 1 year	120	(124)	(4)
1 – 2 years	109	(108)	1
2 – 3 years	98	(93)	5
3 – 4 years	89	(81)	8
4 – 5 years	81	(70)	11
5 – 10 years	272	(230)	42
More than 10 years	483	(177)	306
Total	**1,252**	**(883)**	**369**

Section 4: Accounting for life insurance contracts

2022	Gross of reinsurance Insurance Contracts $m	Reinsurance Contracts $m	Net of Reinsurance $m
Less than 1 year	106	(113)	(7)
1 – 2 years	96	(98)	(2)
2 – 3 years	87	(85)	2
3 – 4 years	79	(73)	6
4 – 5 years	72	(63)	9
5 – 10 years	239	(205)	34
More than 10 years	429	(150)	279
Total	1,108	(787)	321

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

g) Movement in insurance contract balances - analysis by remaining coverage and incurred claims

	Liabilities for remaining coverage		Liabilities for incurred claims				
				Contracts under PAA			
2023	**Excluding loss component** *$m*	**Non PAA Loss component** *$m*	**Contracts not under PAA** *$m*	**Estimate of PVFCF** *$m*	**Risk adjustment** *$m*	**Assets for insurance acquisition cash flows** *$m*	**Total**
Opening insurance contract assets	(84)	-	-	(476)	(58)	2,051	1,433
Opening insurance contract liabilities	(17,267)	(5)	(901)	(1,877)	(85)	-	(20,135)
Net insurance contract liabilities at 1 January 2023	(17,351)	(5)	(901)	(2,353)	(143)	2,051	(18,702)
Changes in the Statement of Comprehensive Income							
Contracts under the fully retrospective approach	1,382	-	-	-	-	-	1,382
Contracts under the fair value approach	962	-	-	-	-	-	962
Total insurance revenue	**2,344**	**-**	**-**	**-**	**-**	**-**	**2,344**
Insurance service expenses							
Incurred claims and other insurance service expenses	-	-	(387)	(685)	(6)	-	(1,078)
Amortisation of insurance acquisition cash flows	-	-	-	-	-	(177)	(177)
Losses and reversal of losses on onerous contracts[1]	-	5	-	-	-	(370)	(365)
Adjustments to liabilities for incurred claims	-	-	(193)	(380)	25	-	(548)
Total insurance service expenses	**-**	**5**	**(580)**	**(1,065)**	**19**	**(547)**	**(2,168)**
Insurance service result	**2,344**	**5**	**(580)**	**(1,065)**	**19**	**(547)**	**176**
Investment components and premium refunds	1,394	-	(1,394)	-	-	-	-
Net finance expenses from insurance contracts	(1,374)	-	(30)	(101)	-	-	(1,505)
Total changes in the Statement of Comprehensive Income	**2,364**	**5**	**(2,004)**	**1,1,166**	**19**	**(547)**	**(1,329)**
Insurance contract liabilities acquired through a business combination	**(1,560)**	**-**	**(16)**	**-**	**-**	**-**	**(1,576)**
Cash flows							
Premiums received	(1,728)	-	-	-	-	-	(1,728)
Claims and other insurance service expenses paid	-	-	1,920	1,105	-	-	3,025
Insurance acquisition cashflow	-	-	-	-	-	(3)	(3)
Net cash flows	**(1,728)**	**-**	**1,920**	**1,105**	**-**	**(3)**	**1,294**
Net closing balance of insurance contract liabilities	**(18,275)**	**-**	**(1,001)**	**(2,414)**	**(124)**	**1,501**	**(20,313)**
Closing insurance contract assets	(72)	-	-	(293)	(33)	1,501	1,103
Closing insurance contract liabilities	(18,275)	-	(1,001)	(2,121)	(91)	-	(21,416)
Net insurance contract liabilities at 31 December 2023	**(18,275)**	**-**	**(1,001)**	**(2,414)**	**(124)**	**1,501**	**(20,313)**

[1] Total loss component in non-PAA and AIACF

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

g) Movement in insurance contract balances - analysis by remaining coverage and incurred claims (continued)

2022	Liabilities for remaining coverage: Excluding Loss Component $m	Liabilities for remaining coverage: Loss component $m	Liabilities for incurred claims: Contracts not under PAA $m	Liabilities for incurred claims – Contracts under PAA: Estimate of PVFCF $m	Liabilities for incurred claims – Contracts under PAA: Risk adjustment $m	Assets for insurance acquisition cash flows $m	Total $m
Opening insurance assets	(75)	-	-	(402)	(78)	2,243	1,688
Opening insurance liabilities	(20,090)	(1)	(1,053)	(2,163)	(122)	-	(23,429)
Net insurance contract liabilities at 1 January 2022	(20,165)	(1)	(1,053)	(2,565)	(200)	2,243	(21,741)
Changes in the Statement of Comprehensive Income							
Insurance revenue							
Contracts under the fully retrospective approach	1,396	-	-	-	-	-	1,396
Contracts under the fair value approach	246	-	-	-	-	-	246
Total insurance revenue	**1,642**	**-**	**-**	**-**	**-**	**-**	**1,642**
Insurance service expenses							
Incurred claims and other insurance service expenses	-	-	(366)	(690)	(3)	-	(1,059)
Amortisation of insurance acquisition cash flows	-	-	-	-	-	(184)	(184)
Losses and reversal of losses on onerous contracts	-	(4)	-	-	-	-	(4)
Adjustments to liabilities for incurred claims	-	-	(10)	(459)	60	-	(409)
Total insurance service expenses	**-**	**(4)**	**(376)**	**(1,149)**	**57**	**(184)**	**(1,656)**
Insurance service result	**1,642**	**(4)**	**(376)**	**(1,149)**	**57**	**(184)**	**(14)**
Investment components and premium refunds	953	-	(953)	-	-	-	-
Net finance expenses from insurance contracts	1,952	-	103	231	-	-	2,286
Total changes in the Statement of Comprehensive Income	**4,547**	**(4)**	**(1,226)**	**(918)**	**57**	**(184)**	**2,272**
Cash flows							
Premiums received	(1,733)	-	-	-	-	-	(1,733)
Claims and other insurance service expenses paid	-	-	1,378	1,130	-	-	2,508
Insurance acquisition cashflow	-	-	-	-	-	(8)	(8)
Net cash flows	**(1,733)**	**-**	**1,378**	**1,130**	**-**	**(8)**	**767**
Net closing balance of insurance contract liabilities	**(17,351)**	**(5)**	**(901)**	**(2,353)**	**(143)**	**2,051**	**(18,702)**
Closing insurance contract assets	(84)	-	-	(476)	(58)	2,051	1,433
Closing insurance contract liabilities	(17,267)	(5)	(901)	(1,877)	(85)	-	(20,135)
Net insurance contract liabilities at 31 December 2022	**(17,351)**	**(5)**	**(901)**	**(2,353)**	**(143)**	**2,051**	**(18,702)**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)
h) Movement in insurance contract balances – analysis by measurement component

2023	Estimate of present value of future cash flows $m	Risk Adjustment $m	Contractual service margin contracts under fair value transition approach $m	Total $m
Opening insurance contract assets	1,491	(58)	-	1,433
Opening insurance contract liabilities	(18,731)	(296)	(1,108)	(20,135)
Net opening insurance contract liabilities 1 January 2023	**(17,240)**	**(354)**	**(1,108)**	**(18,702)**
Changes in the Statement of Comprehensive Income				
Changes that relate to current services				
CSM recognised for services provided	-	-	210	210
Change in risk adjustment for non-financial risk for risk expired	-	6	-	6
Experience adjustments	388	-	-	388
Revenue recognised for incurred policyholder tax expenses	125	-	-	125
Changes that relate to future service				
Changes in estimates that adjust the CSM	320	-	(320)	-
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	5	-	-	5
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(645)	48	48	(549)
Insurance service result	**193**	**45**	**(62)**	**176**
Net finance expense from insurance contracts	(1,491)	-	(14)	(1,505)
Total changes in the Statement of Comprehensive Income	**(1,298)**	**45**	**(76)**	**(1,329)**
Insurance contract liabilities acquired through a business combination	**(1,494)**	**(15)**	**(68)**	**(1,576)**
Cash flows				-
Premiums received	(1,728)	-	-	(1,728)
Claims and other insurance service expenses paid, including investment components	3,025	-	-	3,025
Insurance acquisition cashflows	(3)	-	-	(3)
Net cash flows	**1,294**	-	-	**1,294**
Net closing balance of insurance contract liabilities	**(18,737)**	**(324)**	**(1,252)**	**(20,313)**
Closing insurance contract assets	1,136	(33)	-	1,103
Closing insurance contract liabilities	(19,873)	(291)	(1,252)	(21,416)
Net insurance contract liabilities at 31 December 2023	**(18,737)**	**(324)**	**(1,252)**	**(20,313)**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

h) Movement in insurance contract balances – analysis by measurement component (continued)

2022	Estimate of present value of future cash flows *$m*	Risk Adjustment *$m*	Contractual service margin contracts under fair value transition approach *$m*	Total *$m*
Opening insurance contract assets	1,766	(78)	-	1,688
Opening insurance contract liabilities	(21,819)	(489)	(1,121)	(23,429)
Net opening balances at 1 January 2022	**(20,053)**	**(567)**	**(1,121)**	**(21,741)**
Changes in the Statement of Comprehensive Income				
Changes that relate to current services				
CSM recognised for services provided	-	-	50	50
Change in risk adjustment for non-financial risk for risk expired	-	16	-	16
Experience adjustments	712	-	-	712
Revenue recognised for incurred policyholder tax expenses	(374)	-	-	(374)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(75)	112	(37)	-
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	(4)	1	-	(3)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(511)	84	11	(416)
Insurance service result	**(252)**	**213**	**24**	**(15)**
Net finance expense from insurance contracts	2,298	-	(11)	2,287
Total changes in the Statement of Comprehensive Income	**2,046**	**213**	**13**	**2,272**
Cash flows				-
Premiums received	(1,733)	-	-	(1,733)
Claims and other insurance service expenses paid, including investment components	2.508	-	-	2,508
Insurance acquisition cashflows	(8)	-	-	(8)
Net cash flows	**767**	-	-	**767**
Net closing balance of insurance contract liabilities	**(17,240)**	**(354)**	**(1,108)**	**(18,702)**
Closing insurance contract assets	1,491	(58)	-	1,433
Closing insurance contract liabilities	(18,731)	(296)	(1,108)	(20,135)
Net insurance contract liabilities at 31 December 2022	**(17,240)**	**(354)**	**(1,108)**	**(18,702)**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

i) Movement in reinsurance contract balances - analysis by remaining coverage and incurred claims

2023	Assets for remaining coverage	Assets for incurred claims		
	Excluding loss recovery component	Estimate of PVFCF	Risk adjustment	Total
	$m	*$m*	*$m*	*$m*
Opening reinsurance contracts assets	(314)	1,368	86	1,140
Opening reinsurance contract liabilities	(90)	38	4	(48)
Net opening reinsurance contract assets at 1 January 2023	**(404)**	**1,406**	**90**	**1,092**
Changes in the Statement of Comprehensive Income				
Allocation of reinsurance premiums paid	(175)	-	-	(175)
Amount recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	(385)	158	-	(227)
Adjustments to assets for incurred claims	-	320	(27)	293
Net expenses from reinsurance contracts	**(560)**	**478**	**(27)**	**(109)**
Net finance income from reinsurance contracts	11	-	-	11
Total changes in the Statement of Comprehensive Income	**(549)**	**478**	**(27)**	**(98)**
Cash flows				
Premiums paid	573	-	-	573
Amounts recovered from reinsurers	-	(314)	-	(314)
Net cash flows	**573**	**(314)**	**-**	**259**
Net closing balance of insurance contract liabilities	**(380)**	**1,570**	**63**	**1,253**
Closing reinsurance contract assets	(383)	1,582	63	1,262
Closing reinsurance contract liabilities	3	(12)	-	(9)
Net reinsurance contract assets at 31 December 2023	**(380)**	**1,570**	**63**	**1,253**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

i) Movement in reinsurance contract balances - analysis by remaining coverage and incurred claims (continued)

2022	Assets for remaining coverage	Assets for incurred claims		
	Excluding loss recovery component	Estimate of PVFCF	Risk adjustment	Total
	$m	*$m*	*$m*	*$m*
Opening reinsurance contracts assets	63	1,186	87	1,336
Opening reinsurance contract liabilities	(679)	328	44	(307)
Net opening reinsurance contract assets at 1 January 2022	**(616)**	**1,514**	**131**	**1,029**
Changes in the Statement of Comprehensive Income				
Allocation of reinsurance premiums paid	(121)	-	-	(121)
Amount recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	(389)	124	-	(265)
Adjustments to assets for incurred claims	-	352	(41)	311
	(510)	476	(41)	(75)
Net finance expense from reinsurance contracts	-	(70)	-	(70)
Total changes in the Statement of Comprehensive Income	**(510)**	**406**	**(41)**	**(145)**
Cash flows				
Premiums paid	722	-	-	722
Amounts recovered from reinsurers	-	(514)	-	(514)
Net cash flows	**722**	**(514)**	**-**	**208**
Closing balance of net reinsurance (liabilities) / assets	**(404)**	**1,406**	**90**	**1,092**
Closing reinsurance contract assets	(314)	1,368	86	1,140
Closing reinsurance contract liabilities	(90)	38	4	(48)
Net reinsurance contract assets at 31 December 2022	**(404)**	**1,406**	**90**	**1,092**

Resolution Life

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

j) Movement in reinsurance contract balances - analysis by measurement component

2023	Estimate of present value of future cash flows $m	Risk Adjustment $m	Contractual service margin contracts under fair value transition approach $m	Total $m
Opening reinsurance contracts assets	92	418	630	1,140
Opening reinsurance contract liabilities	(303)	98	157	(48)
Net opening reinsurance contract assets at 1 January 2023	**(211)**	**516**	**787**	**1,092**
Changes in the Statement of Comprehensive Income				
Changes that relate to current services				
CSM recognised for services provided	-	-	(135)	(135)
Change in risk adjustment for non-financial risk for risk expired	-	(25)	-	(25)
Experience adjustments	(241)	-	-	(241)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(105)	(95)	200	-
Changes that relate to past services				
Adjustments to assets for incurred claims	292	-	-	292
Net expenses from reinsurance contracts	**(54)**	**(120)**	**65**	**(109)**
Net finance (expense) / income from reinsurance contracts	(55)	35	31	11
Total changes in the Statement of Comprehensive Income	**(109)**	**(85)**	**96**	**(98)**
Cash flows				
Premiums paid	573	-	-	573
Amounts recovered from reinsurers	(314)	-	-	(314)
Total cash flows	**259**	**-**	**-**	**259**
Closing balance of net reinsurance (liabilities) / assets	**(61)**	**431**	**883**	**1,253**
Closing reinsurance contract assets	16	421	825	1,262
Closing reinsurance contract liabilities	(77)	10	58	(9)
Net reinsurance contract assets at 31 December 2023	**(61)**	**431**	**883**	**1,253**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

j) Movement in reinsurance contract balances - analysis by measurement component (continued)

2022	Estimate of present value of future cash flows $m	Risk Adjustment $m	Contractual service margin contracts under fair value transition approach $m	Total $m
Opening reinsurance contracts assets	898	327	111	1,336
Opening reinsurance contract liabilities	(1,022)	389	326	(307)
Net opening reinsurance contract assets at 1 January 2022	**(124)**	**716**	**437**	**1,029**
Changes in the Statement of Comprehensive Income				
Changes that relate to current services				
CSM recognised for services provided	-	-	(49)	(49)
Change in risk adjustment for non-financial risk for risk expired	-	(42)	-	(42)
Experience adjustments	(294)	-	-	(294)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(194)	(157)	351	-
Changes that relate to past services				
Adjustments to assets for incurred claims	310	-	-	310
Net expenses from reinsurance contracts	**(178)**	**(199)**	**302**	**(75)**
Net finance expense from reinsurance contracts	(116)	-	46	(70)
Total changes in the Statement of Comprehensive Income	**(294)**	**(199)**	**348**	**(145)**
Cash flows				
Premiums paid	722	-	-	722
Amounts recovered from reinsurers	(514)	-	-	(514)
Total cash flows	**208**	-	-	**208**
Net closing balance	**(210)**	**517**	**785**	**1,092**
Closing reinsurance contract assets	92	419	629	1,140
Closing reinsurance contract liabilities	(302)	98	156	(48)
Net reinsurance contract assets at 31 December 2022	**(210)**	**517**	**785**	**1,092**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

k) Restriction on assets in statutory funds

Resolution Life Australasia conducts investment-linked and non-investment linked business. For investment-linked business, amounts to be invested are received from policyholders, the funds are invested on behalf of the policyholders and the resulting liability to policyholders is linked to the performance and value of the assets that back those liabilities.

Resolution Life Australasia Limited has three statutory funds as set out below:

Statutory Fund	Country	Description
No. 1 fund	**Australia**	All business (whole of life, endowment, investment account, retail and group risk and immediate annuities) and North longevity guarantee.
	New Zealand	All business (whole of life, endowment, investment account, retail and group risk, investment-linked and immediate annuities).
No. 2 fund	**Australia**	Investment-linked superannuation business (retail and group investment-linked and deferred annuities).
No. 3 fund	**Australia**	Investment-linked ordinary business.

Investments held in the life statutory funds can only be used in accordance with the relevant regulatory restrictions imposed under the Life Act and associated rules and regulations. The main restrictions are that the assets in a life statutory fund can only be used to meet the liabilities and expenses of that life statutory fund, to acquire investments to further the business of the life statutory fund or as distributions provided regulatory capital (solvency and capital adequacy) requirements and other regulatory requirements are met.

Further details about solvency and capital adequacy are provided in note 4.5 (l).

l) Capital guarantees

	2023 $m	2022 $m
Life insurance contracts with a discretionary participating feature		
- Amount of the liabilities that relate to guarantees	10,576	10,108
Investment linked contracts		
- Amount of the liabilities subject to investment performance guarantees	65	76
Other life insurance and investment contracts with a guaranteed termination value		
- Current termination value	130	55

m) Capital requirements

Registered life insurance entities are required to hold prudential reserves, over and above their life insurance contract and investment contract liabilities, as a buffer against adverse experience and poor investment returns. These reserving requirements are specified by the APRA prudential capital standards. The standards are intended to take account of the full range of risks to which a regulated institution is exposed and specifies the prescribed capital amount (PCA) requirement. The PCA is the minimum level of capital that the regulator deems must be held to meet policyholder obligations.

In addition to the regulatory capital requirements, the Company maintains a target surplus providing an additional capital buffer against adverse events. The Company determines the target surplus amount to hold above regulatory requirements at a sufficiency level of a 97.5% confidence level over a 12-month time horizon. The target surplus reflects the risks of the business, principally the risk of adverse asset movements relative to the liabilities and of worse than expected claims costs.

The excess of the company's capital base over the PCA as at 31 December 2023 was $1,344m (2022: $1,466m).

Section 4: Accounting for life insurance contracts

The Appointed Actuary of the Company has confirmed that the capital base of each life statutory fund and shareholders' fund have exceeded PCA at all times during 2023 and 2022.

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

m) Capital requirements (continued)

2023		No 1 Statutory Fund $m	No 2 Statutory Fund $m	No 3 Statutory Fund $m	Share-holder's Fund $m	Total $m
Capital Base						
Net assets as per Life Insurance Act	**A**	1,534	40	7	160	1,741
- Common equity Tier 1 Capital		1,534	40	7	160	1,741
- Additional Tier 1 Capital		-	-	-	-	-
Total regulatory adjustments to net assets	**B**	423	-	-	(145)	278
- Total regulatory adjustments to Common equity Tier 1 Capital		423	-	-	(145)	278
- Total regulatory adjustments to Additional Tier 1 Capital		-	-	-	-	-
Tier 2 Capital	**C**	300	-	-	-	300
Total regulatory adjustments to Tier 2 Capital	**D**	-	-	-	-	-
Total capital base	**E(A+B+C+D)**	**2,257**	**40**	**7**	**15**	**2,319**
Prescribed capital						
Insurance risk charge		190	-	-	-	190
Asset risk charge		594	2	-	1	597
Asset concentration risk charge		-	-	-	-	-
Operational risk charge		99	14	4	-	117
Less aggregation benefit		(125)	-	-	-	(125)
Combined stress scenario adjustment		197	-	-	-	197
Total Prescribed capital Amount (PCA)	**F**	**955**	**16**	**4**	**1**	**976**
Capital adequacy multiple	**E/F**	**236%**	**250%**	**175%**	**1500%**	**238%**

Section 4: Accounting for life insurance contracts

4.5 Other disclosure – life insurance contracts and investment contracts (continued)

m) Capital requirements (continued)

2022		No 1 Statutory Fund $m	No 2 Statutory Fund $m	No 3 Statutory Fund $m	Share-holder's Fund $m	Total $m
Capital Base						
Net assets as per Life Insurance Act	**A**	1,645	15	4	359	2,023
- Common equity Tier 1 Capital		1,645	15	4	359	2,023
- Additional Tier 1 Capital		-	-	-	-	-
Total regulatory adjustments to net assets	**B**	(87)	-	-	(73)	(160)
- Total regulatory adjustments to Common equity Tier 1 Capital		(87)	-	-	(73)	(160)
- Total regulatory adjustments to Additional Tier 1 Capital		-	-	-	-	-
Tier 2 Capital	**C**	300	-	-	-	300
Total regulatory adjustments to Tier 2 Capital	**D**	-	-	-	-	-
Total capital base	**E(A+B+C+D)**	**1,858**	**15**	**4**	**286**	**2,163**
Prescribed capital						
Insurance risk charge		180	-	-	-	180
Asset risk charge		404	2	-	1	407
Asset concentration risk charge		-	-	-	-	-
Operational risk charge		95	7	2	-	104
Less aggregation benefit		(110)	-	-	-	(110)
Combined stress scenario adjustment		116	-	-	-	116
Total Prescribed capital Amount (PCA)	**F**	**685**	**9**	**2**	**1**	**697**
Capital adequacy multiple	**E/F**	**271%**	**167%**	**200%**	**28600%**	**310%**

n) Actuarial information

Mr Greg Martin with BA, FIAA, FFin, FAICD, CERA qualifications, is the Appointed Actuary of Resolution Life Australasia and is satisfied as to the accuracy of the data used in the valuations in the financial report and in the tables in this note 4.2 to note 4.5.

The liabilities to policyholders, capital base and prescribed capital amounts have been determined at the reporting date in accordance with the Life Act.

Section 5: Related party disclosures

5.1 Key management personnel

The following table provides aggregate details of the compensation of key management personnel of the company. The remuneration is paid by a related company, Resolution Life Services Australia Pty Ltd.

	2023 $	2022 $
Short term benefits	2,963,779	2,451,738
Post-employment benefits	70,061	215,755
Other long-term benefits	825,000	1,620,000
Total	**3,858,840**	**4,287,493**

Accounting policy – recognition and measurement

Short-term benefits: this balance related to liabilities arising in respect of salaries and wages and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts.

Post-employment benefits: this balance relates to defined contribution funds - The contributions paid and payable by Resolution Life group to defined contributions funds are recognised in the Statement of Comprehensive Income as an operating expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other long-term benefits: this balance relates to other employee entitlements are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, discount rates are determined with reference to market yields at the end of the reporting period on high quality corporate bonds.

Section 5: Related party disclosures

5.2 Transactions with related parties

The company has transactions with related parties including controlled entities and associated entities.

Most of those related parties are various investment vehicles/funds and the activities with those parties are part of the normal day to day investment activities of the company.

Other related party transactions are in respect of administrative services, investment management services and financial planning services provided by fellow controlled entities in the Resolution Life group. Balances with other related parties that are material are set out in the table below.

Transactions with related parties are made at arm's length on normal commercial terms.

Transaction and balances with related parties are:

Fellow subsidiaries of Resolution Life Group		Distributions paid to related parties $'000	Services fee expenses paid to related parties $'000	Amounts owed by related parties $'000	Amounts owed to related parties $'000
Resolution Life AAPH Limited	2023	-	-	-	2,193
	2022	-	-	-	2,199
RLNM Limited	2023	-	-	-	121
	2022	-	-	-	123
Resolution Life Services Australia Pty Ltd	2023	-	316,459	-	-
	2022	-	238,411	-	-
Resolution Life Services NZ Limited	2023	-	33,970	-	13,356
	2022	-	32,919	-	6,581
Resolution Ergo Mortgage and Savings	2023	-	-	10,090	-
	2022	-	-	5,812	-
Resolution Life FSH Limited	2023	344,000	-	-	-
	2022	423,000	-	-	-
Resolution Life NOHC Pty Limited	2023	-	-	-	-
	2022	252,000	-	-	71,000

Section 6: Other Disclosures

6.1 Significant events during the year

Implementation of New Insurance reporting Standard
From 1 January 2023 the Company has implemented AASB 17 / NZ IFRS 17 for the reporting of insurance transactions. This has resulted in the restatement of 2022 results.

Acquisition of AIA Australia's Superannuation & Investments business
On 1 July 2023 the Company acquired from AIA Insurance the AIA Superannuation & Investments business. The fair value of net assets acquired was determined to be $191 million and a purchase price of $191 million was paid. $177 million was settled in cash and $32 million (with a present value of $14 million) was deferred. More information on the purchase is provided in note 2.2.

Implementation of Climate Change Reporting
The RLNOHC group is developing the capability to provide climate change reporting to its stakeholders. In response to new reporting standard in New Zealand, RLNOHC intends to issue its first Climate Report in April 2024. In Australia, Treasury has issued draft legislation indicating that climate reporting will be required from 2025/2026. The Company is assessing the requirements to develop appropriate reporting to meet Australian requirements.

Change in ultimate parent
On 2 October 2023 Resolution Life Group (the ultimate parent of the Company) and Blackstone announced the conclusion of an equity raise of $3 billion. This transaction resulted in a change in the ultimate shareholder of the Company. The ultimate shareholder is now Resolution Life Group Holdings Limited (Bermuda).

Australia Master Trust Related Matters
RLAL received various notices in late December 2023 and late January 2024 from NM Super terminating various policies that make up the Master Trust business with effect from 1 April 2024. Whilst acknowledging this notification, RLAL continues to seek remedy in the courts and directly with NM Super and the outcome of these actions remains uncertain. In preparing the financial statements, directors remain satisfied that management actions including, appropriateness of reserves associated with the NM Super policies in force at year end, associated capitalised costs related to these policies and the ongoing capital supporting this business is appropriate.

In *April 2023 Munich Reinsurance Company of Australia ("MRA") served a statement of claim upon RLAL and certain AMP parties, including NM Super ("MRA Proceeding"). The proceeding, commenced in the Supreme Court of New South Wales, seeks damages from the AMP parties and RLAL based on alleged misleading or deceptive conduct and an alleged breach of contractual warranties in connection with the negotiation of the terms of a reinsurance treaty in 2016 and 2017 (when RLAL was part of the AMP Group). MRA has not quantified its damages. RLAL and the AMP parties filed their defences to the plaintiff's statement of claim on 6 December 2023. RLAL is defending the proceedings and filing cross claims against various AMP parties where appropriate. At this time, there remains substantial uncertainty as to outcome of this matter or the potential damages MRA may establish in connection with the allegations made.*

Section 6: Other Disclosures

6.2 Contingent liabilities

From time-to-time the Company may incur obligations arising from litigation or various types of contracts entered into in the normal course of business, including guarantees issued by the parent for performance obligations to controlled entities in Resolution Life Australasia. Where it is determined that the disclosure of information in relation to a contingent liability can be expected to seriously prejudice the position of Resolution Life Australasia (or its re-insurers) in a dispute, accounting standards allow Resolution Life Australasia not to disclose such information and it is Resolution Life Australasia's policy that such information is not to be disclosed in this note.

A contingent liability is disclosed where a legal or constructive obligation is possible, but not probable, or where the obligation is probable, but the financial impact of the event is unable to be reliably estimated.

Class Actions
RLAL is named as a respondent in two class actions against certain AMP entities lodged in the Federal Court of Australia. The first class action names both RLAL and RLNM Limited as respondents and relates to the superannuation fees. This action is consolidation of two class action proceedings commenced in May and September 2019. The second class action (which is also a consolidation of two separate proceedings) relates to financial advice and certain RLAL products. Both class actions are subject to certain indemnities under the purchase agreement with AMP.

6.3 Auditors' remuneration

	2023 $'000	2022 $'000
Audit services for Resolution Life Australasia		
Audit of subsidiary financial statements	2,001	1,647
Total audit service fees	**2,001**	**1,647**
Non-audit services		
Other non-audit services		
Total non-audit services fees	**-**	**-**
Total amounts received or due and receivable by the Auditors	**2,001**	**1,647**

Section 6: Other Disclosures

6.4 New accounting standards

New accounting standards issued but not yet effective

A new amendment to an accounting standard has been issued but is not yet effective.

This new amendment, when applied in future periods, is not expected to have a material impact on the financial position or performance of the Company and is set out below.

AASB 1 Classifications

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to AASB 1)' providing a more general approach to the classification of liabilities under AASB 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2024. The adoption of this standard is not expected to have a significant impact on the financial statements of the company when adopted.

6.5 Events occurring after reporting date

Australia Master Trust Related Matters

The current year result has been impacted by issues relating to the Australian Master Trust. More information about this matter is disclosed in note 6.1.

Dividend and distribution

On 26 March 2024, the Company declared a $0.09 per share dividend of $11,200,000 and a capital return of $177,200,000 to its sole shareholder. The dividend and capital return are subject to APRA approval.

Section 7: Directors' Declaration

Directors' Declaration

In accordance with a resolution of the directors of Resolution Life Australasia Limited, for the purposes of Section 295(4) of the *Corporations Act 2001*, the Directors declare that:

(a) in the opinion of directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the opinion of directors the financial statements and notes for the financial year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including Section 296 (compliance with accounting standards) and Section 297 (true and fair view); and

(c) the notes to the financial statements for the financial year ended 31 December 2023 include an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

David Clarke
Chairman
Sydney, 28 March 2024

Tim Tez
Chief Executive Officer
Sydney, 28 March 2024

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Independent Auditor's Report to the Members of Resolution Life Australasia Limited

Opinion

We have audited the financial report of Resolution Life Australasia Limited (the "Company") which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year the ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal

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control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

Sydney, 28 March 2024