oneyinsurance

Oney Life (PCC) Limited

Annual Report and Financial Statements

31 December 2023

Company Registration Number: C 53199

Oney Life (PCC) Limited

Company General Information

For the year ended 31 December 2023

Company Secretary	Willis Towers Watson Management (Malta) Limited Willis Group, 3rd Floor, Development House, St. Anne Street, Floriana FRN 9010, Malta
Registered Office	171, Old Bakery Street, Valletta VLT 1455, Malta
Auditors	PricewaterhouseCoopers, 78 Mill Street, Zone 5, Central Business District, Qormi, Malta
External Actuarial Function Holder	Declan Lavelle Lane Clark & Peacock Ireland Ltd. 2, Grand Canal Wharf, South Dock Road, Dublin 4, Ireland

Oney Life (PCC) Limited

Oney Life (PCC) Limited

Directors' Report

For the year ended 31 December 2023

The directors present their report of Oney Life (PCC) Limited (the "Company") for the year ended 31 December 2023.

Board of directors

The directors of the Company who held office during the year were as follows:

Jerome Guillemard
Desmond Murray
John Bonett
Antonio Portelli (resigned with effect from 30 June 2024)
Romain de Maud'huy (appointed 6 July 2023) (Chairman, appointed 20 December 2023)
Gilles Marion (resigned 20 December 2023)
Edwina Leclere (resigned 20 December 2023)

Principal activities

The Company's principal activity is that of carrying on long-term business of insurance falling within Class I of the Insurance Business Act, 1998 (Chapter 403, Laws of Malta). The Company licensed to transact long-term business and in accordance with the Companies Act (Cell companies carrying on business of insurance) Regulations, 2010 it was granted a license to act as a cell company in June 2011.

Review of business development and financial position

The results for the year are set out in the statement of comprehensive income on page 14, while the financial position as at end of the reporting year is set out on page 15. There were no changes in the Company's business profile.

The Company adopted IFRS17 Insurance Contracts as from 1 January 2023. As required by the standard the requirements were applied retrospectively with comparative data previously published under IFRS4 Insurance Contracts restated from 1 January 2022, the transition date. The positive variance of €254,419 as at 1 January 2022 arose from adoption of IFRS 17 driven by the change to a best estimate liabilities and a risk adjustment approach. Further details are disclosed in the Note 2.7 to the financial statements.

During the year ended 31 December 2023, the Company's insurance revenue amounted to €30,287,384 (2022: €29,257,142). This insurance revenue is mainly arising from payment protection insurance in France, Portugal and Spain.

Insurance service expense amounted to €19,415,481 (2022: €19,317,916) which were mainly paid on payment protection insurance.

Interest income for the year amounted to €427,303 (2022: €57,610) and this consisted of interest earned on term deposits placed with various financial institutions in accordance with the investment strategy approved by the board of directors.

As a result of its operations during this year, the Company generated a profit before tax amounting to €11,072,619 (2022: €9,853,06 (restated)). After accounting for a tax charge of €3,875,416 (2022: €3,439,210 (restated)), the profit after tax amounted to €7,197,203 (2022: €6,413,858 (restated)).

The directors are confident that the Company will continue to achieve satisfactory results during the next financial period in line with its financial projections. Notwithstanding the current economic environment and inflation pressures, the directors and management monitor the changes and challenges of current macroeconomic environment on an ongoing basis and assess any potential impact.

Review of business development and financial position - continued

At the reporting date, the Company had total assets amounting to €21,397,387 (2022: €20,058,351 (restated)). These consisted of cash and cash equivalents and investments amounting to €21,169,985 (2022: €20,019,409) and other assets amounting to €227,402 (2022: €38,942 (restated)).

These were financed by capital and reserves amounting to €11,701,622 (2022: €10,918,277 (restated)) and liabilities amounting to €9,695,765 (2022: €9,140,074 (restated)), out of which €1,552,439 (2022: €1,926,715 (restated)) consist of insurance contract liabilities while €7,449,369 (2022: €6,585,991 (restated)) relates to income tax payable.

The Company is subject to the requirements of the EU Solvency II directive. The Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. At 31 December 2023, the Company has complied with the capital and solvency requirements as stipulated in the rules issued by the MFSA. The audited Group SCR will be reported in the group-wide Solvency and Financial Condition Report (SFCR).

Risks and uncertainty

Management carefully selects and implements underwriting strategies which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

The future development of claims is an aggregation of a large number of contingent events, the financial impact of which cannot be precisely determined in advance. The models that management used in its analysis, in part, rely on the assumption that claims will emerge in the future as they have emerged in the past. While management have attempted to quantify the effects of changes in future claims development from that in the past, actual development may differ from our estimates. These differences may come about for a number of reasons including changes in the social, legal, political, technological environment or economic and health factors (such as a pandemic). The risk adjustment mitigates against uncertain development however the magnitude of the development may be such that there is an impact on equity in the forthcoming period/s due to variability between actual claims versus expected claims.

Note 4.3 to the financial statements contain further information pertaining to insurance risk.

Financial risk management

Information pertaining to the entity's financial risk management is included within Note 4 to these financial statements.

Events after the reporting date

There were no particular important events affecting the Company which occurred after the reporting date.

Oney Life (PCC) Limited

Directors' Report – continued

For the year ended 31 December 2023

Future developments

The directors intend to continue to operate in line with the Company's current business plan.

Dividend

An interim dividend of €6,413,858 (2022: €5,865,403) was paid during the year under review.

Reserves

The directors propose that the balance of retained earnings amounting to €7,197,203 (2022: €6,398,915 (restated)) be carried forward to the next financial year.

External actuarial function holder

The Company's external actuarial function holder is Mr. Declan Lavelle FSAI, a partner of Lane Clark & Peacock Ireland Ltd.

Statements of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) and Insurance Business Act, 1998 (Cap.403) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386) and the Insurance Business Act, 1998 (Cap.403). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Oney Life (PCC) Limited for the year ended 31 December 2023 are made available on the Company's website. The directors are responsible for the maintenance and integrity of the financial statements on the website in view of their responsibility for the controls over, and in the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Oney Life (PCC) Limited

Directors' Report - continued

For the year ended 31 December 2023

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting.

Approved by the Board of Directors on 9 April 2024 and signed on its behalf by:

DocuSigned by: Romain de Maud'huy E6F4F14D275F450...	DocuSigned by: Antonio Portelli B0DE719086854BF...
Romain de Maud'huy Chairman	Antonio Portelli Director

Registered Office
171,
Old Bakery Street,
Valletta VLT 1455
Malta

Independent auditor's report

To the Shareholders of Oney Life (PCC) Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of Oney Life (PCC) Limited (the Company) as at 31 December 2023, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Oney Life (PCC) Limited's financial statements, set out on pages 16 to 53, comprise:

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

Basis for opinion

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

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

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period from 1 January 2023 to 31 December 2023, are disclosed in Note 6 to the financial statements.

Our audit approach

Overview

Materiality	• Overall materiality: €553,600, which represents 5% of profit before tax.
Key audit matters	• Implementation of IFRS 17, 'Insurance contracts': Transition methodology, judgements and related estimates • Valuation of liabilities for incurred claims ('LIC')

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

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Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	€553,600
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €55,360 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter

Implementation of IFRS 17, 'Insurance contracts': Transition methodology, judgements and related estimates

IFRS 17 became effective for periods beginning on or after 1 January 2023, replacing IFRS 4, 'Insurance Contracts'. As a result, the Company has adopted IFRS 17 fully retrospectively and the 2022 opening statement of financial position and the 2022 comparatives have been restated in order to comply with the requirements of IFRS 17, respectively.

Transition to IFRS 17 introduces changes to the recognition, measurement and presentation of insurance contract liabilities (or assets), and requires judgement to estimate the impact on 1 January 2022 (the transition date) and 31 December 2022 (comparative period). IFRS 17 adoption has resulted in an increase in the Company's accumulated profit at the transition date (€0.3m). This is primarily due to the re-measurement of insurance contracts and risk adjustment on adoption of IFRS 17.

The key methodology, judgements and assumptions first applied on transition to the new standard include the methodology to be applied in calculating IFRS 17 insurance contract liabilities (or assets), including the risk adjustment.

IFRS 17 insurance contract liabilities (or assets) comprise the Liability for Incurred claims (that is explained in a separate key audit matter below pertaining to 'Valuation of liabilities for incurred claims') and the Liability for Remaining Coverage ('LRC').

There is a risk that insurance contract liabilities (or assets) modelling is not appropriate or the agreed methodology has not been implemented correctly in the models. Further, there is a risk that the key judgements and estimates applied at transition, and for 2022 restatement, are not described in an appropriate level of detail for users of the financial statements to understand the decisions made by management.

Our audit procedures addressing the implementation of IFRS 17 included *inter alia* the following procedures using our IFRS 17 and actuarial specialist team members:

- we assessed the methodology applied against the IFRS 17 requirements and assessed the application of the methodology to the Company and its products;
- we obtained an understanding of and challenged the key judgements and assumptions used to develop and calculate the transition balance sheet and restated comparative balances on adopting IFRS 17 using the fully retrospective approach;
- we understood and challenged the methodology applied in calculating IFRS 17 insurance contract liabilities (or assets), including risk adjustment (see separate key audit matter pertaining to 'Valuation of liabilities for incurred claims'); and
- we tested the adequacy and compliance of the new quantitative and qualitative disclosures in the financial statements including disclosures related to the adoption of IFRS 17.

Based on the audit procedures performed, we consider the transition methodology, judgements and related estimates to be reasonable.

Key audit matter - continued	How our audit addressed the Key audit matter-continued
Implementation of IFRS 17, 'Insurance contracts': Transition methodology, judgements and related estimates - continued Relevant references in the financial statements are: • Changes in accounting policies and disclosures: Note 2.7; and • Material accounting policies – insurance contracts: Note 3.1.	
Valuation of liabilities for incurred claims ('LIC') As described in note 3.1 to the financial statements, the LIC (which forms part of the insurance contract liabilities (or assets)) reflects a current explicit, unbiased and probability-weighted estimate of the present value of the expected future cash outflows (best estimate), and an explicit risk adjustment for non-financial risk. The valuation of the LIC is judgemental and requires a number of assumptions to be made that carry estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported ('IBNR') to the Company as some claims can take some time to emerge or develop. The LIC is estimated by using recognised actuarial methods, including analysis of historical claims experience and relevant benchmarks of similar businesses. Claims provisions are separately analysed by product type. As at 31 December 2023, the Company recorded a LIC of €2.3m in its statement of financial position, of which €2m relates to the present value of future cash flows ('PVFCF'), and €0.3m relates to the risk adjustment for non-financial risk.	Our audit procedures addressing the valuation of the Company's LIC, including IBNR included the following procedures involving our actuarial specialist team members: • We applied our industry knowledge and experience in understanding and evaluating the methodology, models and assumptions used; • For the largest product types, for which independent projections were performed in prior years, we tested the reasonableness of loss ratios taking note of fluctuation not within our expectations and further selected another product type for which we recalculated the best estimate IBNR, challenging management's assumptions in the process; • We tested the accuracy of the underlying data utilised for the purposes of the Company's actuarial models, and read the Company's actuarial function report and engaged in related discussion with the Company's external and internal actuaries; • We analysed the discount rates used;

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Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Key audit matter - continued	How our audit addressed the Key audit matter-continued
Valuation of liabilities for incurred claims ('LIC') - continued We focused on this area due to its inherent subjectivity. The material accounting policies and critical accounting judgements and estimates regarding the LIC are described in Notes 3.1 and 4.3, with additional information presented in Note 3.1.10 to the financial statements.	• We considered the methodology and assessed the reasonableness of the non-financial risk adjustment ('RA'); • We considered the appropriate inclusion of events not in data ('ENID') and expenses attributed to servicing expired risk; • We considered the quality of historical reserving by reviewing variations arising from prior year technical provisions; and • We considered the extent of related disclosures to the financial statements. Based on the work performed, we found the recorded LIC to be reasonable.

Other information

The directors are responsible for the other information. The other information comprises the Company General Information and the Directors' Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2023* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Financial Statements 2023* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 4) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Area of the *Annual Report and Financial Statements 2023* and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 19 April 2013. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 11 years.

DocuSigned by:

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Christopher Cardona
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

9 April 2024

Oney Life (PCC) Limited

Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 €	2022 restated €
Insurance revenue	3.1.10.1	**30,287,384**	29,257,142
Insurance service expense	3.1.10.1	**(19,415,481)**	(19,317,916)
Insurance service result		**10,871,903**	9,939,226
Interest income from financial assets at amortised cost		**427,303**	57,610
Net investment income	5	**427,303**	57,610
Finance (expenses)/ income from insurance contracts issued	5	**(33,572)**	12,419
Net insurance financial result		**(33,572)**	12,419
Net insurance and investment result		**11,265,634**	10,009,255
Other operating expenses	6	**(193,015)**	(156,187)
Profit before income tax		**11,072,619**	9,853,068
Income tax expense	8	**(3,875,416)**	(3,439,210)
Profit for the financial year attributable to shareholders' – total comprehensive income		**7,197,203**	6,413,858

The Company did not have other comprehensive income in the current and comparative years.

The notes on pages 21 to 53 are an integral part of these financial statements

Oney Life (PCC) Limited

Statement of Financial Position

As at 31 December 2023

	Notes	As at 31 December 2023 €	2022 restated €	As at 1 January 2022 restated €
ASSETS				
Cash and cash equivalents	10	**5,069,985**	15,019,409	19,139,713
Investments	15	**16,100,000**	5,000,000	-
Other assets	9	**227,402**	38,942	4,188
Total assets		**21,397,387**	20,058,351	19,143,901
EQUITY				
Capital and reserves				
Share capital	11	**4,250,000**	4,250,000	4,250,000
Retained earnings		**7,451,622**	6,668,277	6,119,822
Total equity		**11,701,622**	10,918,277	10,369,822
LIABILITIES				
Income tax payable	8	**7,449,369**	6,585,991	6,604,398
Other current liabilities	12	**693,956**	482,327	251,696
Insurance contract liabilities	3.1.10.2	**1,552,440**	1,926,715	1,780,991
Deferred income tax liabilities	17	**-**	145,041	136,994
Total liabilities		**9,695,765**	9,140,074	8,774,079
Total equity and liabilities		**21,397,387**	20,058,351	19,143,901

The notes on pages 21 to 53 are an integral part of these financial statements.

The financial statements on pages 21 to 53 were approved and authorised for issue by the Board of Directors on 9 April 2024 and signed on its behalf by:

DocuSigned by:
Romain de Maud'huy
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Romain de Maud'huy
Chairman

DocuSigned by:
Antonio Portelli
B0DE719086854BF...

Antonio Portelli
Director

Oney Life (PCC) Limited

Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Total €	Share Capital €	Retained earnings €
Balance at 31 December 2021, as previously reported		10,115,403	4,250,000	5,865,403
Impact of initial application of IFRS17 and IFRS 9	2.7	254,419	-	254,419
Restated balance as at 1 January 2022		**10,369,822**	**4,250,000**	**6,119,822**
Total comprehensive income for the year				
Profit for the year (restated)		6,413,858	-	6,413,858
Transaction with owners				
Interim dividend payment	13	(5,865,403)	-	(5,865,403)
Restated balance as at 31 December 2022		**10,918,277**	**4,250,000**	**6,668,277**
Total comprehensive income for the year				
Profit for the year		7,197,203	-	7,197,203
Transactions with owners				
Interim dividend payment	13	(6,413,858)	-	(6,413,858)
Balance as at 31 December 2023		**11,701,622**	**4,250,000**	**7,451,622**

The notes on pages 21 to 53 are an integral part of these financial statements.

Oney Life (PCC) Limited

Statement of Cash Flows

For the year ended 31 December 2023

	Notes	**2023**	2022 restated
		€	€
Cash flows from operating activities			
Cash generated from operating activities	14	**10,482,669**	10,171,382
Interest received		**238,844**	23,287
Income tax paid		**(3,157,079)**	(3,449,570)
Net cash generated from operating activities		**7,564,434**	6,745,099
Cash flows from investing activities			
Placement of deposits with banks	15	**(11,100,000)**	(5,000,000)
Net cash used in investing activities		**(11,100,000)**	(5,000,000)
Cash flows from financing activities			
Payment of interim dividend	13	**(6,413,858)**	(5,865,403)
Net cash used in financing activities		**(6,413,858)**	(5,865,403)
Net decrease in cash and cash equivalents		**(9,949,424)**	(4,120,304)
Cash and cash equivalents at beginning of year	10	**15,019,409**	19,139,713
Cash and cash equivalents at end of year	10	**5,069,985**	15,019,409

The notes on pages 21 to 53 are an integral part of these financial statements.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December 2023

1 Reporting entity

Oney Life (PCC) Limited is a limited liability company incorporated and domiciled in Malta. The principal activities of the Company are described in Note 4. The Company was incorporated on 21 June 2011.

The registered office of the Company is 171, Old Bakery Street, Valletta VLT 1455, Malta.

Oney Life (PCC) Limited is a wholly owned subsidiary of Oney Holding Limited (an immediate parent) which is registered at 171, Old Bakery Street, Valletta VLT 1455, Malta. On 22 October 2019, BPCE S.A. whose registered office is 50, Avenue Pierre-Mendes-France 75013 Paris, France, acquired 50.1% share in Oney Bank S.A thus since then is the Group's ultimate parent company. Following BPCE S.A. acquisition, Auchan Holding S.A. whose registered office is situated at 40, Avenue de Flandre, 59170 Croix, France holds 49.9% share in Oney Bank S.A. (a parent company). These financial statements are consolidated within the consolidated financial statements of Oney Bank S.A. which is registered at 34, Avenue de Flandre, 59170 Croix, France.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU ("the applicable framework"). All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Maltese Companies Act (Cap. 386) and the Insurance Business Act, 1998 (Chapter 403, Laws of Malta).

The financial statements of Oney Life (PCC) Limited include the financial performance and financial position of the core operations. As at 31 December 2023 and 2022, the Company had no cells.

The Company presents its statement of financial position broadly in decreasing order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

2.2 Basis of measurement

Assets and liabilities are measured at historical cost other than insurance contract assets and liabilities measured in accordance with IFRS17.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2 Basis of preparation – continued

2.4 Use of estimates and judgements – continued

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1, other than the estimate of the ultimate liability arising from claims made under insurance contracts (within the estimates of future cash flows to fulfil insurance contracts).

There are several sources of uncertainty that need to be considered in the estimate of liabilities that the Company will ultimately pay for insurance claims.

The Company uses recognised actuarial models, appropriately adjusted by a risk adjustment, in order to determine the ultimate liability of claims as further described in Notes 3.1.8. and 4.3. The directors believe that the liability arising from claims under insurance contracts is adequately reserved as at the financial year end. Further detail is provided in notes to these financial statements, including sensitivities to key variables.

2.5 New standards and interpretations not yet adopted

Standards, interpretations and amendments to published standards that are not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

2.6 Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2023.

- *Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The changes primarily relate to considering accounting policies and transactions as either material or significant, and have been determined to be immaterial to the Company's financial statements.

2.7 Changes in accounting policies and disclosures

In these financial statements, the Company has applied IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments for the first time with effect from 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2 Basis of preparation – continued

2.7 Changes in accounting policies and disclosures – continued

- *IFRS 9 Financial Instruments*

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to IFRS 4 to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17 which had been implemented in these financial statements. The Company did not early adopt IFRS 9 in previous periods. Adoption of IFRS 9 did not have significant impact on measurement of the financial instruments of the Company. The nature of the changes in accounting policies and impact on classification of the financial instruments are disclosed in notes 3.2.1 – 3.2.2.

- *IFRS 17 Insurance Contracts*

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

The Company has adopted IFRS 17 as adopted by the EU with a date of transition 1 January 2022, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not early adopt IFRS 17 in previous periods.

The adoption of IFRS 17 has resulted in changes in the Company's accounting policies for recognition, classification and measurement of insurance contracts. Set out below are disclosures relating to the impact of the adoption of IFRS 17 on the Company.

The nature of the changes in accounting policies can be summarised, as follows below. Further details of the specific IFRS 17 accounting policies applied are described in more detail in Note 3.

Changes to classification, measurement

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

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued by the Company. The key principles of IFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognise and measure;
- Recognises and measures groups of insurance contracts on initial recognition at an amount equal to the carrying amount of the liability:
- If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.

The Company has applied the premium allocation approach ('PAA') to all the insurance contracts that it issues, given that its insurance contracts have a coverage period of not more than one year.

The Company's classification and measurement of insurance contracts is explained in Note 3.1.1 to 3.1.5.

2 Basis of preparation – continued

2.7 Changes in accounting policies and disclosures – continued

- *IFRS 17 Insurance Contracts - continued*

Changes to presentation and disclosure

The Company presents separately in the statement of financial position the carrying amount of portfolios of:

- insurance contracts issued that are assets;
- insurance contracts issued that are liabilities;

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the statement of comprehensive income have been changed significantly compared with last year. Previously the Company reported the following line items: gross written premium, changes in the unearned premium reserve, and changes in claim reserves and payments. IFRS 17 requires separate presentation of:

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

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

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

Transition

At the transition date (i.e. 1 January 2022), the Company has:

- identified, recognised and measured each group of insurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows, where applicable, as if IFRS 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied; and
- recognised in equity, on a net basis, any differences between amounts recognised under IFRS 4 and other applicable standards and IFRS 17.

Full retrospective approach

On transition to IFRS 17, the Company has applied the full retrospective approach to all contracts issued on or after 1 January 2022.

2 Basis of preparation – continued

2.7 Changes in accounting policies and disclosures – continued

- *IFRS 17 Insurance Contracts - continued*

***Full retrospective approach** - continued*

The Company has determined that reasonable and supportable information was available for all contracts in force at the transition date that were issued within three years prior to the transition. In addition, for insurance contracts originated by the Company, which are eligible for the PAA, the Company has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable.

Accordingly, the Company has: identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied; derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

As explained above, IFRS 17 differs from IFRS 4 in a number of ways. The largest difference pertains to the measurement of its in-scope contracts in accordance with the requirements of IFRS 17, including risk adjustment. The impact of the measurement of in-scope contracts in accordance with IFRS 17 on the Company has increased its equity by €254,419 (net of tax) as at 1 January 2022.

3 Summary of material accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Insurance contracts

3.1.1 Insurance contract classification

Insurance contracts are those contracts in which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The Company issues contracts that transfer significant insurance risk and has defined all its contracts as insurance contracts.

3.1.2 Unit of account

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. A portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.2 Unit of account - continued

The Company holds one portfolio, credit insurance, measured using Premium Allocation Approach (PAA). The Company assumes that no such contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones.

Transition approaches that were applied by the Company on adoption of IFRS 17 with respect to contracts aggregation requirements are included in note 3.1.7.

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

The Company does not have any contracts that require further separation or combination of insurance contracts.

3.1.3 Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:
- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

For, credit insurance portfolio, the group of insurance contracts issued by the Company is recognised on the date when the first payment from a policyholder in the group becomes due.

Accounting for contract modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (that is,discharged, cancelled or expired); or
- the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.4 Measurement

Fulfilment cash flows within contract boundary

The fulfilment of cashflows ('FCF') are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims ('LIC').

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts is determined by the Company.

The Company estimates FCF at a product by product level and then allocates these to groups of contracts.

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

31 December 2023	**1 year €**	**2 years €**	**3 years €**	**4 years €**	**5 years €**
Credit insurance	**3.73%**	**3.21%**	**2.96%**	**2.85%**	**2.81%**

31 December 2022	1 year €	2 years €	3 years €	4 years €	5 years €
Credit insurance	3.18%	3.30%	3.21%	3.15%	3.13%

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.4 Measurement – continued

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurementf groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b. both of the following criteria are satisfied:

- the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
- the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk, are considered; other risks, such as lapse or surrender and expense risks, are not included.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a. to that group; and
b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio. The Company does not currently incur cash flows which would result in a recognition of an asset for pre-recognition cash flows.

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.4 Measurement – continued

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 3.1.8.4.

3.1.5 Initial and subsequent measurement – Groups of contracts measured under the PAA

The Company uses the PAA for measuring the credit insurance portfolio, as contract boundary was assessed to be less than one year.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the liability for remaining coverage ('LRC') at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC, including cash inflows receivable related to past service; and
b. the liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period;
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.6 Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

The Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expense

Insurance service expenses include the following:

a. incurred claims and benefits;
b. other incurred directly attributable expenses;
c. insurance acquisition cash flows amortisation;
d. changes that relate to past service – changes in the liabilities of incurred claims; and
e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f. insurance acquisition cash flows assets impairment, net of reversals.

Amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Insurance finance income or expenses

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

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

a. interest accreted on the LIC; and
b. the effect of changes in interest rates and other financial assumptions.

The Company includes all insurance finance income or expenses for the period in profit or loss.

3 Summary of material accounting policies - continued

3.1 Insurance contracts – continued

3.1.7 Method used in determining the IFRS 17 transition amounts

The Company has used the full retrospective approach to identify, recognise and measure insurance contracts as at transition date, except that the retrospective impairment test has not been performed prior to the transition date as disclosed on Note 2.7.

3.1.8 Estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 3.1.9.

3.1.8.1 Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts and number of policies in force within groups.

Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to claims and claims-handling expenses growth.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required. Significant methods and assumptions used are discussed below.

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.8 Estimates and assumptions - continued

3.1.8.2 Expenses

The Company projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. In addition, under certain methods used to assess claims incurred for the insurance contracts, estimates of future claim payments are adjusted for inflation.

3.1.8.3 Methods used to measure Credit insurance contracts

Estimates are performed on an accident year basis. Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. A combination of two techniques is being used, chain ladder projection of claims payments and average cost per claim applied to a chain-ladder projection of claim numbers. In addition, to the two techniques, an Bornhuetter-Ferguson Adjustment is applied. These two techniques are the industry standards for this type of claim. The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern.

The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed, to produce an estimated ultimate claims cost for each accident year. The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure, such as gross premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined, using a formula that gives more weight to the experience-based estimate as time passes.

In its claims incurred assessments, the principal assumptions underlying the estimated insurance liabilities are based on the past claims experience within the book of business, combined with a short term view of the outlook for the French, Portuguese, Spanish and Polish economies. The Company's methodology assumptions and calculations are based on actuarial techniques and the Company's external independent actuarial function holder and internal actuarial team were both involved in the process.

The key assumptions are loss ratios, claim payment delays, management expenses and mortality rates.

Refer to note 3.1.9 for sensitivity of credit insurance liabilities to assumptions used.

3.1.8.4 Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.8 Estimates and assumptions - continued

3.1.8.4 Methods used to measure the risk adjustment for non-financial risk - continued

The quantile approach was used to derive the overall risk adjustment for non-financial risk. In the quantile approach (i.e. Value at Risk), the risk adjustment is determined by initially using the average of two alternative models, the ODP Bootstrap model and the Mack model applied to paid claims, to derive an estimate of the uncertainty involved in the estimate of earned claims outstanding. This uncertainty is captured in the Coefficient of Variation ('CoV') of the estimate of claims outstanding. The claims components are then combined assuming a 33% linear correlation between each pair of claim types to arrive at an aggregate CoV. The 33% correlation assumption is more conservative than assuming total independence, but the overall result is not very sensitive to this assumption. This CoV is then converted to various quantiles by assuming a lognormal distribution. The Company has derived its risk adjustment for non-financial risk using a confidence level (probability of sufficiency) approach at the 77.5th percentile (2022: 77.5th percentile) of the estimated distribution of future ultimate claims cashflows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2022 and 2023. The methodology, assumptionsand calculations are based on actuarial techniques and the Company's external independent actuarial function holder and internal actuarial team were both involved in the process.

The life insurance claims provision is sensitive to the above key assumptions in note 3.1.8.3. The sensitivity of certain variables like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the liability of incurred claims are not known with certainty at the end of the reporting period.

Consequently, the ultimate liabilities will vary, possibly materially, as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent years' financial statements.

The following table presents information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact credit insurance liabilities, and profit or loss and equity. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.9 Sensitivity analysis to underwriting risk variables

31 December 2023

	LIC	Impact on LIC	Impact on profit before income tax	Impact on equity
	€	€	€	€
Insurance contract liabilities	**2,310,931**			
Unpaid claims and expenses - 5% increase		**109,042**	**(109,042)**	**(70,877)**
IBNR loss Ratio – Death - 1% decrease		**315,560**	**(315,560)**	**(205,114)**
IBNR Loss Ratio – Accidental Death - 1% decrease		**27,000**	**(27,000)**	**(17,550)**

31 December 2022

	LIC	Impact on LIC	Impact on profit before income tax	Impact on equity
	€	€	€	€
Insurance contract liabilities	2,750,821			
Unpaid claims and expenses - 5% increase		122,735	(122,735)	(79,778)
IBNR loss Ratio – Death - 1% decrease		270,000	(270,000)	(175,500)
IBNR Loss Ratio – Accidental Death - 1% decrease		23,000	(23,000)	(14,950)

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.10 Credit insurance portfolio

3.1.10.1 Insurance revenue and expenses

An analysis of insurance revenue and insurance service expense pertaining to the credit insurance product line for 2023 and 2022 are included in the following tables:

	2023	2022 restated
Insurance revenue	**€**	€
Insurance revenue from contracts measured under PAA	**(30,287,384)**	(29,257,142)
Total insurance revenue	**(30,287,384)**	(29,257,142)

	2023	2022
Insurance service expense	**€**	€
Amortisation of insurance acquisition cash flows (PAA)	**15,431,439**	14,950,738
Incurred claims and other expenses (PAA)	**4,438,358**	4,683,849
Changes that relate to past service - changes in the FCF relating to liabilities for incurred claims (PAA)	**(421,739)**	(361,780)
Adjustments to LIC - Risk Adjustment (PAA)	**(32,577)**	45,109
Total insurance service expense	**19,415,481**	19,317,916
Total insurance service result	**(10,871,903)**	(9,939,226)

Oney Life (PCC) Limited

Notes to the Financial Statements
For the year ended 31 December 2023

3.1.10.2 Reconciliation of the liability for remaining coverage and the liability for incurred claims

	Notes	2023 LRC	2023 LIC Estimates of PV of future cash flows	2023 LIC Risk adjustment for non-financial risk	2023 Total	2022 LRC	2022 LIC Estimates of PV of future cash flows	2022 LIC isk adjustment for non-financial risk	2022 Total
		€	€	€	€	€	€	€	€
Insurance contract assets as at 01/01		-	-	-	-	-	-	-	-
Insurance contract liabilities as at 01/01		**824,106**	**(2,458,848)**	**(291,973)**	**(1,926,715)**	621,236	(2,155,363)	(246,864)	(1,780,991)
Net opening balance		**824,106**	**(2,458,848)**	**(291,973)**	**(1,926,715)**	621,236	(2,155,363)	(246,864)	(1,780,991)
Revenue from insurance contracts	3.1.10.1	**30,287,384**	**-**	**-**	**30,287,384**	29,257,142	-	-	29,257,142
Incurred claims and other expenses		**-**	**(4,438,358)**	**(219,415)**	**(4,657,773)**	-	(4,683,849)	(255,879)	(4,939,728)
Amortisation of insurance acquisition cash flows		**(15,431,439)**	**-**	**-**	**(15,431,439)**	(14,950,738)	-	-	(14,950,738)
Changes that relate to past service - changes in the FCF relating to liabilities for incurred claims		**-**	**421,739**	**251,992**	**673,731**	-	361,780	210,770	572,550
Insurance service expenses		**(15,431,439)**	**(4,016,619)**	**32,577**	**(19,415,481)**	(14,950,738)	(4,322,069)	(45,109)	(19,317,916)
Insurance service result		**14,855,945**	**(4,016,619)**	**32,577**	**10,871,903**	14,306,404	(4,322,069)	(45,109)	9,939,226
Insurance finance (expense)/income through profit or loss	5	**-**	**(33,572)**	**-**	**(33,572)**	-	12,419	-	12,419
Total changes in the statement of comprehensive income		**14,855,945**	**(4,050,191)**	**32,577**	**10,838,331**	14,306,404	(4,309,650)	(45,109)	9,951,645
Cash flows									
Premium received		**(30,306,760)**	**-**	**-**	**(30,306,760)**	(29,319,425)	-	-	(29,319,425)
Insurance acquisition cash flows		**15,385,200**	**-**	**-**	**15,385,200**	15,215,891	-	-	15,215,891
Claims and other expenses paid		**-**	**4,457,504**	**-**	**4,457,504**	-	4,006,165	-	4,006,165
Total cash flows		**(14,921,560)**	**4,457,504**	**-**	**(10,464,056)**	(14,103,534)	4,006,165	-	(10,097,369)
Net closing balance		**758,491**	**(2,051,535)**	**(259,396)**	**(1,552,440)**	824,106	(2,458,848)	(291,973)	(1,926,715)
Insurance contract assets as at 31/12		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Insurance contract liabilitis as at 31/12		**758,491**	**(2,051,535)**	**(259,396)**	**(1,552,440)**	824,106	(2,458,848)	(291,973)	(1,926,715)
Net closing balance		**758,491**	**(2,051,535)**	**(259,396)**	**(1,552,440)**	824,106	(2,458,848)	(291,973)	(1,926,715)

3 Summary of material accounting policies - continued

3.1 Insurance contracts - continued

3.1.10 Credit insurance portfolio – continued

3.1.10.3 Gross claims development

Below is an exhibit that shows the development of claims over a period of time on a gross basis.

	Accident year			
	2021	2022	2023	Total
	€	€	€	€
Estimate of ultimate claims				
as at end 2021 – in Malta	3,209,665			
as at end 2022 – in Malta	2,914,838	3,299,494		
as at end 2023 – in Malta	2,858,360	2,944,230	2,912,711	
Cumulative claims paid				
as at end 2021 – in Malta	1,654,250			
as at end 2022 – in Malta	2,698,785	1,361,302		
as at end 2023 – in Malta	2,815,206	2,697,039	1,247,843	
O/s claims				
as at end 2021 – in Malta	1,555,415			
as at end 2022 – in Malta	216,053	1,938,192		
as at end 2023 – in Malta	43,154	247,191	1,664,868	
Gross cumulative claims liabilities - accident years from 2021 to 2023				1,955,213
Gross cumulative claims liabilities - prior accident years				13,961
Effect of discounting				(46,945)
Effect of the risk adjustment margin for non- financial risk				259,396
Other payables				129,306
LIC for the contracts issued (refer to note 3.1.10.2)				**2,310,931**

The Company considers that there is no significant uncertainty with regard to claims that were incurred more than three years before the reporting period.

3 Summary of material accounting policies - continued

3.2 Financial instruments

3.2.1 Financial assets

Classification and measurement

The Company classifies its financial assets into the following categories:

Type of financial instruments	Classification	Reason
Cash and cash equivalents	Amortised cost (AC)	Solely payments of principal and interest (SPPI), hold to collect business model
Financial assets (deposits with banks)	Amortised cost (AC)	Solely payments of principal and interest (SPPI), hold to collect business model

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at at fair value through profit or loss ('FVTPL').

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any expected credit loss ('ECL') allowance recognised and measured as described further below. Interest income from these financial assets is included in interest income from financial assets using the effective interest rate ('EIR') method.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its AC before any impairment allowance). The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimated discounted value using the original EIR. Any changes are recognised in profit or loss. Interest income is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC.

Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets measured at amortised cost and recognises a respective loss allowance, if any. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3 Summary of material accounting policies - continued

3.2 Financial instruments - continued

3.2.1 Financial assets - continued

***Impairment** - continued*

At each reporting date, the Company shall measure the loss allowance on financial assets measured at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, on the other hand, the credit risk has not increased significantly, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability in the statement of financial position.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2.1.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalent comprise cash balances and call deposits with original maturities of three months or less or deposits which can be called within a three month span, unless the deposit pertains to amounts earmarked for investment purposes as opposed to meeting short-term cash commitments. Deposits earmarked for investment purposes are classified within 'Investments' (financial assets at amortised cost).

3.2.2 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Such financial liabilities are recognised initially at fair value net of any directly attributable transaction costs. Subsequently to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. In both the current and prior periods, the Company’s financial liabilities are classified and subsequently measured at AC and comprise other current liabiltiies.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3 Summary of material accounting policies - continued

3.3 Share capital

3.3.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity where there is an intention to settle the balances on a net basis.

3.5 Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis.

3.6 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which an obligation to pay a dividend is established.

4 Management of insurance and financial risks

4.1 Overview

This note presents information about the Company's exposure to insurance and financial risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

4.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management objectives, policies and approach

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

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To align the profile of assets and liabilities taking account of risks inherent in the business;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders;
- To maintain healthy capital ratios in order to support its business objectives and maximise shareholders value;
- To comply with the insurance capital requirements required by the Maltese Insurance Regulator (i.e., Malta Financial Services Authority or MFSA).

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders.

The Company is required to hold regulatory capital for its insurance business in compliance with the rules issued by the MFSA. The minimum capital requirement must be maintained at all times throughout the year. The Company monitors its capital level on a regular basis, by ensuring that sufficient assets are maintained to match insurance liabilities and to provide solvency cover. Any transactions that may potentially affect the Company's solvency position are immediately reported to the directors and shareholders for resolution prior to notifying the MFSA.

The Company defines capital as the excess of assets over liabilities as valued in accordance with the respective regulatory requirements.

The Company is subject to the requirements of the EU Solvency II directive. The Solvency II regime establishes a set of EU-wide capital requirements, risk management and disclosure standards.

4 Management of insurance and financial risks - continued

4.2 Risk management framework - continued

Capital management objectives, policies and approach - continued

The Company must hold eligible own funds to cover the solvency capital requirement (SCR) and eligible basic own funds to cover the minimum capital requirement (MCR). The SCR shall be calculated either in accordance with the standard formula or using a full or partial internal model (PIM) as approved by the Regulator. The Company must immediately inform the Regulator where it observes that its SCR or MCR are no longer complied with or where there is risk of non-compliance in the following six months for SCR and three months for MCR.

The Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. At 31 December 2023, the Company's unaudited eligible own funds adequately covered the required SCR and amounted to €15,116,092 (unaudited) (2022: €14,170,344 (unaudited)). The audited group SCR will be reported in the group-wide Solvency and Financial Condition Report (SFCR). The Company was compliant with its regulatory capital requirements throughout the financial year.

4.3 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual benefits paid. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The contracts provide insurance cover to customers to repay outstanding financial commitments up to specified maximum amounts in the event of death.

The above risk exposure is mitigated by diversification of insurance contracts in different geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines and claim review policies.

The Company principally underwrites payment protection insurance, falling within the credit insurance portfolio, covering death to clients of its parent undertaking, Oney Bank S.A. registered and incorporated in France; branch of a parent, Oney Bank S.A. (Portugal branch) registered and incorporated in Portugal; and fellow subsidiary Oney Servicios Financieros registered and incorporated in Spain. Risks are written under annually renewable group policies although premium is invoiced on a monthly basis. As at the end of the year the Company was operating in France, Portugal and Spain, while the portfolio in Poland was in run-off.

The variability of risks is improved by careful selection and implementation of underwriting strategies. The Company's business is underwritten through an intermediary network consisting of mainly Group companies. Internal underwriting guidelines are in place to enforce appropriate risk selection criteria and are reinforced by controls that are in place at an intermediary level. The cover provided is limited by factors such as age, term of finance, benefit amount and cause of death. Further, strict claim review practices to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims processes are in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Company engages an external actuarial function as well as an internal actuarial team in order to determine the ultimate cost of insurance claims as further described in Note 3.1.8 to the financial statements.

The Company considers reinsurance as part of its risk mitigation program but does not have any active outward reinsurance as at 31 December 2023 and 2022.

4 Management of insurance and financial risks - continued

4.4 Financial risks

The most important components of financial risk are credit risk, liquidity risk and market risk (including interest rate risk). The Board, Investment Committee and management regularly monitor the Company's exposures to financial risks are cognisant of the risks emanating from the current macroeconomic environment. While the directors recognise that the current macroeconomic environment gives rise to uncertainties, on the basis of information available to the Company to date, they do not anticipate a material adverse impact on net assets. The risk management policies employed by the Company to manage its financial risks are discussed below.

4.4.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company deposits cash with highly rated financial institutions licensed and regulated in their respective countries, including a parent company as described in Note 10 and Note 15.

The Company mainly underwrites payment protection insurance through related parties in France, Portugal and Spain. The Company therefore has no major counterparty credit risk to parties outside the Group thereby reducing substantially its credit risk. Amounts receivable at year end as recognised within 'insurance contract liabilities' represent between one to three months' premium and are considered to be fully recoverable.

The Company's insurance receivables as recognised within 'insurance contract liabilities' are mainly from its parent undertaking, Oney Bank S.A. registered and incorporated in France and regulated by the Autorité de Contrôle Prudentiel (ACP), branch of a parent, Oney Bank S.A. (Portugal branch) registered and incorporated in Portugal and regulated by ORIAS in France and Oney Servicios Financieros registered and incorporated in Spain. In order to limit its credit risk over third parties, management ensures that it works with a limited number of international reputable brokers with a sound historical financial background. As at 31 December 2023, there were no insurance contract assets arising from insurance operations related to third party receivables (2022: NIL).

The indirect tax payable and commission payable to intermediaries is set-off against receivable, given the Company's right to settle on a net basis. The net amount forms part of the insurance contract liabilities.

Oney Life (PCC) Limited

Notes to the Financial Statements
For the year ended 31 December 2023

4 Management of insurance and financial risks - continued

4.4 Financial risk - continued

4.4.1 Credit risk – continued

Credit exposure

The table below shows the maximum exposure to credit risk for the respective components of the statement of financial position as at 31 December.

	Notes	**2023** €	2022 €
Investments	15	**16,100,000**	5,000,000
Cash flows arising from insurance contract liabilities		**1,875,173**	2,209,822
Cash and cash equivalents	10	**5,069,985**	15,019,409
Total credit risk exposure		**23,045,158**	22,229,231

Credit exposure by credit rating

The succeeding table provides information regarding the credit risk exposure of the Company at 31 December by classifying assets according to the Standard and Poor's credit ratings (or equivalent) of the counterparties. AAA is the highest possible rating. Cash and cash equivalents classified as unrated are held with an unrated subsidiary of a financial institution with a credit rating of A-.

31 December 2023

	A+ €	**A** €	**BBB-** €	**Not rated** €	**Total** €
Investments	**7,100,000**	**4,000,000**	**5,000,000**	**-**	**16,100,000**
Cash flows arising from insurance contract liabilities	**-**	**-**	**1,176,637**	**698,536**	**1,875,173**
Cash and cash equivalents	**1,708,612**	**39,789**	**2,992,130**	**329,454**	**5,069,985**
Total	**8,808,612**	**4,039,789**	**9,168,767**	**1,027,990**	**23,045,158**

31 December 2022

	A+ €	A €	BBB €	Not rated €	Total €
Investments	-	-	5,000,000	-	5,000,000
Cash flows arising from insurance contract liabilities	-	-	1,220,041	989,781	2,209,822
Cash and cash equivalents	10,216,734	2,699,889	1,846,536	256,250	15,019,409
Total	10,216,734	2,699,889	8,066,577	1,246,031	22,229,231

In line with the requirements of IFRS 17, receivables from insurance contracts are disclosed above as 'Cashflows arising from insurance contract liabilities' and form part of LRC within insurance contract liabilities.

4 Management of insurance and financial risks - continued

4.4 Financial risk - continued

4.4.1 Credit risk – continued

***Credit exposure** - continued*

As at 31 December 2023 and 2022, no credit exposure limits were exceeded. The Company actively manages its product mix to ensure that there is no significant non-related party concentration of credit risk by limiting investments in individual counterparties to a limit of 40% of the total deposit funds.

The Company measures credit risk and expected credit losses using probability of default, exposure at default, and loss given default. Management considers both historical data and forward-looking information in determining any expected credit loss. Based on 12-month expected credit losses, no loss allowance has been recognised during 2023 and 2022 as any such impairment would be wholly insignificant to the Company.

Past due or impaired financial assets

At 31 December 2023 and 2022, none of the Company's assets were past due or impaired.

4.4.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is a minor liquidity risk associated with the timing differences between gross cash outflows and the liquidation of the investment. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has procedures in place to mitigate the Company's exposure to liquidity risk. Management monitors asset allocations and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance contract and other contractual obligations.

The following table present the estimated amount and timing of the remaining contractual undiscounted cashflows arising from investment assets and discounted insurance liabilities in the credit insurance product line (the LRC for insurance contracts issued under the PAA is not included in the tables).

31 December 2023

	0 – 1 year	1 – 2 years	2 – 3 years	3 – 4 years	>5 years
	€	€	€	€	€
Assets					
Investments	**9,100,000**	**5,000,000**	**1,000,000**	**1,000,000**	**-**
Cash and cash equivalents	**5,069,985**	**-**	**-**	**-**	**-**
Insurance contract balances (discounted)					
Insurance contract liabilities - LIC	**1,945,498**	**281,978**	**61,773**	**15,123**	**6,559**
Net cash flows	**12,224,487**	**4,718,022**	**938,227**	**984,877**	**(6,559)**

Oney Life (PCC) Limited

Notes to the Financial Statements
For the year ended 31 December 2023

4 Management of insurance and financial risks - continued

4.4 Financial risk – continued

4.4.2 Liquidity risk - continued

31 December 2022 (Restated)

	0 – 1 year	1 – 2 years	2 – 3 years	3 – 4 years	>5 years
	€	€	€	€	€
Assets					
Investments	2,000,000	1,000,000	2,000,000	-	-
Cash and cash equivalents	15,019,409	-	-	-	-
Insurance contract balances (discounted)					
Insurance contract liabilities -LIC	2,312,381	335,087	75,217	19,268	8,869
Net cash flows	14,707,028	664,913	1,924,783	(19,268)	(8,869)

The current and non-current split of insurance contracts broadly aligns to the above analyses, other than cash inflows arising from the respective contracts which are all within one year.

4.4.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises risk arising from changes to foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in term fixed income deposits thereby exposes itself to interest rate risk, while it has no interest-bearing liabilities. The Company's assets and liabilities are all denominated in Euro thereby leaving the Company with no currency exposure. On the other hand the Company is not exposed to price risk since it has no investments in equities.

4.4.3.1 Interest rate risk

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

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. The Company invests primarily in short and long-term deposits which are re-priced at renewal of the deposit.

4 Management of insurance and financial risks - continued

4.4 Financial risk – continued

4.4.3 Market risk - continued

4.4.3.1 Interest rate risk - continued

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial assets was as follows:

	Notes	**Carrying amount 2023 €**	Carrying amount 2022 €
Fixed rate instruments			
Deposits with banks	15	**16,100,000**	7,600,000
Variable rate instruments			
Cash and cash equivalents	10	**5,069,985**	12,419,409

Fair value sensitivity analysis for fixed and variable rate instruments

Fixed interest instruments are measured at amortised cost. Although these investments give rise to fair value interest rate risk, any change in market interest rates will accordingly not impact the Company's profit or loss or equity. The Company's interest rate risk principally arises from cash and cash equivalents at variable rates which expose the Company to cash flow interest rate risk.

Management monitors the impact of changes in market interest rates on amounts reported in the income statement in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Company's interest-bearing instruments are bank deposits with a fixed interest rate and accordingly the level of interest rate risk is contained.

4.5 Fair values

At 31 December 2023 and 2022, the carrying amounts of financial assets and liabilities reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments.

5 Investment income and insurance finance (expense)/income

	2023 €	2022 €
Interest income from the deposits with banks	**427,303**	57,610
Net investment income	**427,303**	57,610

5 Investment income and insurance finance (expense)/income - continued

	2023	2022 restated
	€	€
Interest accreted to insurance contracts using current financial assumptions	**(34,105)**	5,348
Effect of changes in interest rates and other financial assumptions	**533**	7,071
Insurance finance (expense)/income from insurance contracts issued	**(33,572)**	12,419

6 Expenses by nature

For the year ended 31 December 2023	**Expenses attributed to insurance acquisition cash flows**	**Other directly attributable expenses**	**Other operating expenses**	**Total**
	€	**€**	**€**	**€**
Commissions	**(15,137,738)**	**-**	**-**	**(15,137,738)**
Computer operational costs	**(24,380)**	**(290,459)**	**(4,073)**	**(318,912)**
Professional fees	**(10,699)**	**(162,793)**	**(14,565)**	**(188,057)**
Directors' fees	**-**	**-**	**(27,950)**	**(27,950)**
Employee benefit expenses (Note 7)	**(215,715)**	**(443,557)**	**(29,274)**	**(688,546)**
Other expenses	**(42,908)**	**(263,267)**	**(117,153)**	**(423,328)**
	(15,431,440)	**(1,160,076)**	**(193,015)**	**(16,784,531)**

For the year ended 31 December 2022 – restated	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
	€	€	€	€
Commissions	(14,627,538)	-	-	(14,627,538)
Computer operational costs	(53,436)	(253,683)	(5,046)	(312,165)
Professional fees	(19,251)	(131,354)	(44,297)	(194,902)
Directors' fees	-	-	(27,950)	(27,950)
Employee benefit expenses (Note 7)	(187,606)	(390,872)	(33,347)	(611,825)
Other expenses	(62,907)	(222,997)	(45,547)	(331,451)
	(14,950,738)	(998,906)	(156,187)	(16,105,831)

6 Expenses by nature - continued

Professional fees include fees, excluding VAT charged by the auditor for services rendered during the financial period ended 31 December relating to the following:

	2023	2022
	€	€
Annual statutory audit	**(25,100)**	(21,000)
Tax advisory and compliance services	**(1,800)**	(5,000)
	(26,900)	(26,000)

The professional fees in relation to the annual statutory pertaining to the audit of the adoption of IFRS 17 are incurred by the fellow subsidiary and are included within its respective financial statements.

7 Employee benefit expense

During the year, Oney Insurance (PCC) Limited, a fellow subsidiary, employed an average number of 32 employees (2022: 32 employees), 6 key management personnel, 11 middle management and 15 clerical (2022: 6 key management personnel, 11 middle management and 15 clerical). During its course of operations Oney Insurance (PCC) Limited seconds employees to the Company to carry out related duties. As a result, wages and salaries, secondment fees and related benefits amounting to €688,546 (2022: €611,825) were recharged to the Company.

8 Income tax expense

The income tax expense for the year comprises:

	2023	2022 restated
	€	€
Current tax expense	**(4,020,457)**	(3,431,163)
Deferred tax credit/ (expense) (Note 17)	**145,041**	(8,047)
Income tax expense	**(3,875,416)**	(3,439,210)

The income tax expense for the year and the result of the accounting profit multiplied by the tax rate applicable in Malta, the Company's country of incorporation, are reconciled as follows:

	2023	2022 restated
	€	€
Profit before taxation	**11,072,619**	9,853,068
Tax using the domestic income tax rate of 35%	**(3,875,416)**	(3,448,574)
Adjusted for tax effect of FRFTC	**-**	9,364
Income tax expense	**(3,875,416)**	(3,439,210)

Total income tax payable amounted to €7,449,369 as at 31 December 2023 (2022: €6,585,991). The balance of income tax payable of €3,875,416 (2022: €3,439,210) is non-current in nature.

Oney Life (PCC) Limited

Notes to the Financial Statements
For the year ended 31 December 2023

9 Other assets

	2023	2022 restated
	€	€
Other receivables	**227,402**	38,942
	227,402	38,942

These amounts are current in nature, unsecured, interest free and payable on demand.

10 Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	2023	2022
	€	€
Cash at bank	**5,069,985**	12,419,409
Short-term deposits (time deposits)	**-**	2,600,000
Total cash and cash equivalents	**5,069,985**	15,019,409

Short-term deposits are made for varying periods and can be withdrawn within a period of one month to three months depending on the immediate cash requirements of the Company. Deposits are subject to an average interest rate of 2.15% (2022: 0.79%). The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

At year end cash at bank amounting to €2,992,130 (2022: €1,846,535) were held with a parent company.

11 Share capital

	2023	2022
	€	€
Authorised share capital		
4,250,000 ordinary shares of €1 each	**4,250,000**	4,250,000
Issued and fully paid up share capital		
4,250,000 ordinary shares of €1 each	**4,250,000**	4,250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12 Other current liabilities

	2023	2022 restated
	€	€
Payables to fellow subsidiaries	**425,078**	319,560
Payable to immediate parent	**14,568**	29,555
Other creditors	**254,310**	133,212
	693,956	482,327

The above amounts are unsecured, interest free and payable on demand.

13 Dividend

	2023	2022
	€	€
Net interim dividend paid on ordinary shares	**6,413,858**	5,865,403
Dividend per share	**1.51**	1.38

14 Cash generated from operating activities

	2023	2022 restated
	€	€
Profit before taxation	**11,072,619**	9,853,068
Adjustment for:		
Investment income (Note 5)	**(427,303)**	(57,610)
Movements in items in the statement of financial position:		
(Increase) in other assets	**(1)**	(431)
(Increase)/decrease in insurance contracts liabilities	**(374,275)**	145,724
Decrease in other current liabilities	**211,629**	230,631
Cash generated from operating activities	**10,482,669**	10,171,382

15 Investments

Financial assets at amortised cost

	2023	2022
	€	€
At 31 December		
Deposits with banks	**16,100,000**	5,000,000

Maturity of deposits with banks:

	2023	2022
	€	€
Within 1 year	**9,100,000**	2,000,000
Between 1 and 5 years	**7,000,000**	3,000,000
	16,100,000	5,000,000

The deposits with banks earn interest as follows:

	2023	2022
	€	€
At fixed rates	**16,100,000**	5,000,000

At year end term deposits, classified as financial assets at amortised cost, amounting to €16,100,000 (2022: 5,000,000) were held with a parent company.

16 Related party disclosures

The Company enters into transactions with its parent, group undertakings and directors in the normal course of business. Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operating decisions also members of the same group (e.g. parent, subsidiary and fellow subsidiary).

16 Related party disclosures - continued

Related party transactions

The related party transactions during the financial year ended 31 December are analysed as follows:

	2023 €	2022 €
Income from insurance contracts and other services		
Insurance revenue to a parent company	**24,847,784**	26,408,750
Insurance revenue to a branch of a parent	**4,799,645**	4,219,811
Insurance revenue to a fellow subsidiary of parent	**547,477**	1,093,364
Investment income from a parent company	**174,889**	38,973
Expenses related to insurance contardcts and other services		
Claims incurred - parent company	**2,251,461**	1,730,708
Claims incurred - branch of a parent	**438,396**	295,403
Claims incurred - fellow subsidiary of parent	**36,438**	161
Commission incurred to a parent company	**12,423,892**	12,288,074
Commission incurred to a branch of a parent	**2,399,823**	2,058,445
Commission incurred to fellow subsidiary of parent	**273,738**	546,172
Recharge of operating expenses from a fellow subsidiary	**1,418,786**	1,235,241
Recharge of operating expenses from the immediate parent	**14,568**	29,555

Commissions and insurance revenue are disclosed above as incurred not as expensed/earned in terms of IFRS 17.

Director's fees are disclosed in Note 6 to these financial statements.

Related party balances

Information on amounts due to and by related parties is set out in Notes 10, 12 and 15 to these financial statements.

Deposits held with a parent company (as disclosed in Note 10 and 15) earn an average interest of 2.73% (2022: 0.69%)

17 Deferred tax liability

Deferred tax liability amounting to €145,041 as at 31 December 2022 was attributable to temporary differences on the first time application of IFRS17. As at the reporting date there is no deferred tax liability in this respect.

18 Events after the reporting date

There were no significant events after the reporting date.