

JN LIFE INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2025



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INDEPENDENT AUDITORS' REPORT

To the Members of
JN LIFE INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JN Life Insurance Company Limited (“the Company”), set out on pages 4 to 102 which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JN LIFE INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Jamaican Companies Act, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.

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

- Identify and assess the risks of material misstatement of the 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JN LIFE INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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.

Report on Additional Matters as Required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

A handwritten signature of the KPMG firm, written in blue ink. The letters 'KPMG' are written in a stylized, cursive-like font.

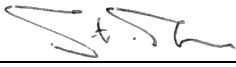
Chartered Accountants
Kingston, Jamaica

March 31, 2026


JN LIFE INSURANCE COMPANY LIMITEDStatement of Financial Position
December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Assets			
Cash and cash equivalents	6, 29(c)	113,768	111,400
Securities purchased under resale agreements	7	114,262	109,949
Investments	8	865,947	791,950
Life Vest investments	9	11,892	-
Due from related entities	10(a), 29(c)	-	11,046
Other assets	11	45,929	36,746
Property and equipment	12	33,062	25,060
Intangible assets	13	66,817	8,242
Right-of-use assets	14(a)	30,564	35,894
Deferred tax assets	15	35,266	38,659
Insurance contract assets	17	123,419	113,466
Reinsurance contract assets	17	78,377	122,291
Income tax recoverable		<u>23,428</u>	<u>41,766</u>
Total assets		<u>1,542,731</u>	<u>1,446,469</u>
Liabilities and equity			
Liabilities			
Due to related entities	10(b), 29(c)	12,002	19,912
Lease liabilities	14(b)	35,248	42,409
Other liabilities	16, 29(c)	80,676	76,264
Life Vest payables	9	11,892	-
Insurance contract liabilities	17	<u>636,814</u>	<u>623,903</u>
Total liabilities		<u>776,632</u>	<u>762,488</u>
Equity			
Share capital	18	1	1
Fair value reserve	19(i)	21,376	19,018
Insurance finance reserve	19(ii)	23,501	34,516
Retained earnings		<u>721,221</u>	<u>630,446</u>
Total equity		<u>766,099</u>	<u>683,981</u>
Total liabilities and equity		<u>1,542,731</u>	<u>1,446,469</u>

The financial statements on pages 4 to 102 were approved by the Board of Directors on March 31, 2026 and signed on its behalf by:



Peter Morris Chairman



Hugh Reid Managing Director

The accompanying notes form an integral part of the financial statements.

JN LIFE INSURANCE COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Insurance revenue	20	1,344,771	1,203,605
Insurance service expenses	23	(668,257)	(690,217)
Net expenses from reinsurance contracts	17a (ii) (iv)	(70,557)	(28,019)
Insurance service result		<u>605,957</u>	<u>485,369</u>
Interest revenue calculated using the effective interest method	21(b)	61,217	70,625
Other investment (losses)/revenues	21(c)	(3,185)	6,296
Expected credit loss adjustment on financial assets	21, 26(b)(v)	(1,168)	(166)
Investment return		<u>59,200</u>	<u>76,755</u>
Net finance expenses from insurance contracts	21(a)	(16,188)	(11,824)
Net finance income from reinsurance contracts	21(a)	352	218
Net insurance finance expenses	21(a)	(15,836)	(11,606)
Net financial result		<u>43,364</u>	<u>65,149</u>
Net insurance and investment result		649,321	550,518
Other income	22	45,335	39,601
Other operating expenses	23	(557,260)	(478,237)
Other finance costs	24	(3,568)	(6,435)
Profit before taxation		133,828	105,447
Taxation	25	(43,053)	(32,796)
Profit after taxation		<u>90,775</u>	<u>72,651</u>
Other comprehensive (loss)/income:			
Items that are or may be reclassified to profit or loss:			
Change in fair value of debt instruments measured at fair value through other comprehensive income (FVOCI), net	21(d)	3,441	7,051
Net finance expenses from insurance contracts	21(a)	(14,665)	(10,520)
Net finance expenses from reinsurance contracts	21(a)	(21)	(153)
		(11,245)	(3,622)
Deferred tax on other comprehensive loss	15	2,588	1,011
Other comprehensive loss for the year, net of tax		(8,657)	(2,611)
Total comprehensive income for the year		<u>82,118</u>	<u>70,040</u>

The accompanying notes form an integral part of the financial statements.

JN LIFE INSURANCE COMPANY LIMITED

Statement of Changes in Equity
Year ended December 31, 2025

	Share capital \$'000 (note 18)	Fair value reserve \$'000 [note 19 (i)]	Insurance finance reserve \$'000 [note 19 (ii)]	Retained earnings \$'000	Total \$'000
Balances at December 31, 2023	<u>1</u>	<u>13,623</u>	<u>42,522</u>	<u>607,795</u>	<u>663,941</u>
Total comprehensive income for the year:					
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,651</u>	<u>72,651</u>
Other comprehensive income/(loss):					
Change in fair value of debt instruments measured at FVOCI, net of deferred tax	<u>-</u>	<u>5,395</u>	<u>-</u>	<u>-</u>	<u>5,395</u>
Insurance finance reserve, net of deferred tax	<u>-</u>	<u>-</u>	<u>(7,823)</u>	<u>-</u>	<u>(7,823)</u>
Reinsurance finance reserve, net of deferred tax	<u>-</u>	<u>-</u>	<u>(183)</u>	<u>-</u>	<u>(183)</u>
Total other comprehensive income/(loss) for the year	<u>-</u>	<u>5,395</u>	<u>(8,006)</u>	<u>-</u>	<u>(2,611)</u>
Total comprehensive income/(loss) for the year	<u>-</u>	<u>5,395</u>	<u>(8,006)</u>	<u>72,651</u>	<u>70,040</u>
Transactions with owner recorded directly in equity:					
Dividends (note 30)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Balances at December 31, 2024	<u>1</u>	<u>19,018</u>	<u>34,516</u>	<u>630,446</u>	<u>683,981</u>
Total comprehensive income for the year:					
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,775</u>	<u>90,775</u>
Other comprehensive income/(loss):					
Change in fair value of debt instruments measured at FVOCI, net of deferred tax	<u>-</u>	<u>2,358</u>	<u>-</u>	<u>-</u>	<u>2,358</u>
Insurance finance reserve, net of deferred tax	<u>-</u>	<u>-</u>	<u>(10,999)</u>	<u>-</u>	<u>(10,999)</u>
Reinsurance finance reserve, net of deferred tax	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>-</u>	<u>(16)</u>
Total other comprehensive (loss)/income for the year	<u>-</u>	<u>2,358</u>	<u>(11,015)</u>	<u>-</u>	<u>(8,657)</u>
Total comprehensive income/(loss) for the year	<u>-</u>	<u>2,358</u>	<u>(11,015)</u>	<u>90,775</u>	<u>82,118</u>
Balances at December 31, 2025	<u>1</u>	<u>21,376</u>	<u>23,501</u>	<u>721,221</u>	<u>766,099</u>

The accompanying notes form an integral part of the financial statements.

JN LIFE INSURANCE COMPANY LIMITEDStatement of Cash Flows
Year ended December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		90,775	72,651
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
(Reversal of impairment)/impairment on financial assets	21, 26(b)(v)	(1,168)	166
Depreciation on property and equipment	12	12,563	7,781
Amortisation of intangible assets	13	3,190	1,328
Depreciation on right-of-use assets	14(a)	16,009	14,216
Gain on sale of property and equipment	22	(2,379)	-
Interest revenue	21(b)	(61,217)	(70,625)
Interest expense on lease liabilities	14(b), 24	3,423	6,065
Current income tax expense	25(a)(i)	37,072	29,237
Deferred taxation	25(a)(ii)	<u>5,981</u>	<u>3,559</u>
		104,249	64,378
Changes in operating assets and liabilities:			
Insurance and reinsurance contracts		32,186	(817)
Other assets	11	(7,716)	7,202
Due from related entities		11,046	(11,046)
Due to related entities		(7,910)	11,361
Other liabilities		<u>13,535</u>	<u>(16,775)</u>
Cash generated from operating activities		145,390	54,303
Interest received		59,750	70,787
Income tax paid		<u>(18,734)</u>	<u>(54,561)</u>
Net cash provided by operating activities		<u>186,406</u>	<u>70,529</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(188,181)	(1,054,096)
Matured investments		105,357	1,042,064
Proceeds from disposal of property and equipment		2,379	-
Acquisition of property and equipment	12	(20,565)	(22,343)
Acquisition of intangible assets	13	<u>(61,765)</u>	<u>(9,570)</u>
Net cash used in investing activities		<u>(162,775)</u>	<u>(43,945)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	14(b)	(21,263)	(18,901)
Dividends paid to parent	30	<u>-</u>	<u>(50,000)</u>
Net cash used in financing activities		<u>(21,263)</u>	<u>(68,901)</u>
Net increase/(decrease) in cash and cash equivalents		2,368	(42,317)
Cash and cash equivalents at beginning of year		<u>111,400</u>	<u>153,717</u>
Cash and cash equivalents at end of year		<u>113,768</u>	<u>111,400</u>

The accompanying notes form an integral part of the financial statements.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

December 31, 2025

1. The Company

JN Life Insurance Company Limited (“the Company”) is incorporated in Jamaica and is a wholly owned subsidiary of JN Financial Group Limited (“the parent”) which is 100% owned by The Jamaica National Group Limited (“ultimate parent”). These entities are incorporated in Jamaica.

The Company is domiciled in Jamaica, its registered office is located at 2-4 Constant Spring Road, Kingston 10 and its principal place of business is located at 26 Trafalgar Road, Kingston 10.

The principal activity of the Company is the underwriting of life insurance business.

2. Licence and regulations

The Company is registered under the Insurance Act, 2001, to conduct ordinary life insurance business, and is regulated by the Financial Services Commission (FSC).

3. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and comply with the provisions of the Jamaican Companies Act (“the Act”). They were authorised for issue by the Company’s Board of Directors on March 31, 2026.

New and amended standards that became effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to the financial statements.

Details of the Company’s material accounting policies are included in note 32.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial instruments at fair value through other comprehensive income are measured at fair value;
- Insurance and reinsurance contracts are measured at fulfilment cash flows.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

3. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation (continued)

The preparation of the financial statements in conformity with IFRS Accounting Standards assumes that the Company will continue in operational existence for the foreseeable future. This means that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis.

(c) Functional and presentation currency

The financial statements are presented in Jamaica dollars, which is the Company's functional currency and rounded to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates, assumptions and judgment

The preparation of the financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of, and disclosures relating to assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Although these estimates are based on management's best knowledge of current events and actions, actual amounts could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

4. Critical accounting estimates and judgments in applying accounting policies

(a) Key sources of estimation uncertainty:

Estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

(i) Measurement of the fair value of financial instruments

In the absence of quoted market prices, the fair value of a significant proportion of the Company's financial instruments was determined using a generally accepted alternative to quoted market prices. Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts

In applying IFRS 17 measurement requirements, certain inputs and methods were used that include significant estimates. These include estimates of future cash flows to fulfil insurance contracts, mortality, morbidity and persistency assumptions rates, discount rates including any illiquidity premiums, risk adjustment for non-financial risk and assumptions used in the measurement of contractual service margin (CSM).

I. Fulfilment cash flows (FCF):

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

- *Estimates of future cash flows*

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.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts (continued):

I. Fulfilment cash flows (FCF) (continued):

- *Estimates of future cash flows (continued):*

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.

Uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of changes in the mortality rates, the variability in policyholder behaviour, and uncertainties regarding future inflation rates and expenses growth. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

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. Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the Contractual Service Margin (CSM) within the Liability for Remaining Coverage (LRC) for contracts measured under the General Measurement Model (GMM), and they increase the Liability for Incurred Claims (LIC) for contracts measured under the Premium Allocation Approach (PAA).

- *Contract boundaries*

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract.

- *Mortality and morbidity*

The Company derives mortality and morbidity rate assumptions from credible mortality and morbidity tables published by actuarial institute including the Canadian Institute of Actuaries. An investigation into the Company's experience is performed, and statistical methods are used to adjust the assumptions tables to produce the probability-weighted expected rates in the future over the duration of the insurance contracts. Rates are differentiated between policyholder groups, based on gender. A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts (continued):

I. Fulfilment cash flows (FCF) (continued):

- *Persistency*

The Company derives assumptions about lapse and surrender rates based on Company and industry experience. Historical lapse and surrender rates are derived from the Company's policy administration data. An analysis is then performed of the Company's historical rates in comparison to the assumptions previously used. Statistical methods are used to derive adjustments to reflect the Company's own experience and any trends in the data, to arrive at the probability-weighted expected lapse and surrender rates. Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM. The following assumptions about lapse and surrender rates were used:

	2025	2024
Life risk	0-18%	0-18%

- *Discount rates*

The top-down approach was used to derive the discount rates. Under this approach, the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. The reference portfolio comprises Government of Jamaica ("GOJ") bonds. The assets were selected in order to match the liability cash flows. The yield from the reference portfolio was adjusted to remove both expected and unexpected credit risk, and to reflect the illiquidity of insurance contracts. These adjustments were estimated using information from observed historical levels of default relating to the bonds included in the reference portfolio and observed corporate bond spreads over GOJ bonds.

Observable market information is available for up to 20 years. For the unobservable period, the yield curve was interpolated from the last observable point to an ultimate spot rate at duration-year 60 using linear interpolation.

The yield curves that were used to discount the estimates of future cash flows, provided as spot rates, are as follows:

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts (continued):

I. Fulfilment cash flows (FCF) (continued):

• *Discount rates (continued)*

Product	2025				
	<u>1</u> <u>year</u>	<u>5</u> <u>years</u>	<u>10</u> <u>years</u>	<u>20</u> <u>years</u>	<u>30</u> <u>years</u>
Life risk (issued and reinsurance held)	5.41%	6.64%	6.66%	8.27%	8.13%
	2024				
Product	<u>1</u> <u>year</u>	<u>5</u> <u>years</u>	<u>10</u> <u>years</u>	<u>20</u> <u>years</u>	<u>30</u> <u>years</u>
Life risk (issued and reinsurance held)	5.53%	6.10%	7.12%	8.62%	8.26%

• *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. 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. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The margin method was used to derive the risk adjustment for non-financial risk at the contract level. In the margin method, the risk adjustment is determined by applying margins to actuarial assumptions relating to non-financial risk. The risk adjustment is calibrated to a confidence level using the Life Insurance Capital Adequacy Test (LICAT) method. The LICAT method maps the relevant shocks for non-financial risks from the Jamaican LICAT capital framework to an 85th confidence level.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 87% (2024: 87%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2025.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts (continued):

II. Contractual service margin (CSM)

• *Determination of coverage units and period*

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services.

For individual and creditor life contracts, the coverage period corresponds to the insurance coverage.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- a. the quantity of benefits provided by contracts in the group;
- b. the expected coverage period of contracts in the group; and
- c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition.

III. Outstanding claims:

Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported, based on historical experience. The loss and loss expense reserves have been determined by the Company's actuary using the Company's past loss experience and industry data.

Amounts recoverable in respect of claims from re-insurers are estimated in a manner consistent with the underlying liabilities.

Management believes, based on the analysis completed by its actuary, that the liability for incurred claims will be adequate to cover the ultimate net cost of losses incurred up to the reporting date.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(iii) Impairment of financial assets

Measurement of the expected credit losses

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in note 26(b)(v).

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Establishing the criteria to determine whether there is a significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

(iv) Recognition of deferred tax asset:

The recognition of a deferred tax asset requires management to make assumptions concerning future taxable profits against which deductible temporary differences and tax losses carried forward can be used.

(b) Critical judgments in applying accounting policies:

For the purpose of these financial statements, judgment refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(b) Critical judgments in applying accounting policies (continued):

Judgments (apart from those involving estimations) that management has made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

(i) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgments on its business operations.

(ii) Impairment of financial assets:

Financial assets are evaluated for impairment on the basis described in accounting policy [note 32(a)].

(iii) Insurance and reinsurance contracts:

A number of significant judgements are made in relation to the following:

- *Classification of insurance and reinsurance contracts*: assessing whether the contract transfers significant insurance risk and whether a group of insurance and reinsurance contracts is eligible for the PAA;
- *Level of aggregation of insurance and reinsurance contracts*: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
- *Measurement of insurance and reinsurance contracts*: determining the discount rates, the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract;

Detailed information about the judgements made by the Company in the above areas is set out in note 32(h).

5. Responsibilities of the appointed actuary and external auditors

Stephanie Cooper of PricewaterhouseCoopers LLP has been appointed actuary by the Board of Directors pursuant to the Insurance Act, 2001. The appointed actuary's responsibility is to carry out an annual valuation of the Company's insurance contract liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholder.

In performing the valuation using the policy premium method, the actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Company and the insurance policies in force.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

5. Responsibilities of the appointed actuary and external auditors (continued)

The valuation is made in accordance with accepted actuarial practice, as well as any other matter specified in any directive made by regulatory authorities. The actuary's report outlines the scope of her work and opinion. An actuarial valuation is prepared annually.

The external auditors have been appointed by the shareholder, pursuant to the Jamaican Companies Act, to conduct an independent and objective audit of the financial statements of the Company in accordance with International Standards on Auditing, and report thereon to the shareholder. In carrying out their audit, the auditors also make use of the work of the actuary and her report on the Company's actuarially determined insurance contract liabilities. The auditors' report outlines the scope of their audit and their opinion.

6. Cash and cash equivalents

	<u>2025</u> \$'000	<u>2024</u> \$'000
Certificates of deposit	57,135	55,141
Bank balances	<u>56,681</u>	<u>56,390</u>
	113,816	111,531
Less: expected credit losses on certificates of deposit	<u>(48)</u>	<u>(131)</u>
	<u>113,768</u>	<u>111,400</u>

7. Securities purchased under resale agreements

At December 31, 2025, collateral held for securities purchased under resale agreements had a fair value of \$144,709,000 (2024: \$112,073,000).

These collateralised resale agreements are due within three months from the reporting date. The balance is shown net of expected credit losses of \$nil (2024: \$1,000).

8. Investments

	<u>2025</u> \$'000	<u>2024</u> \$'000
Amortised cost		
Bank of Jamaica Certificates of Deposit	123,248	98,251
Corporate bonds	<u>9,053</u>	<u>18,369</u>
	132,301	116,620
Less: expected credit losses on investments at amortised cost	<u>(40)</u>	<u>(229)</u>
Balance carried forward to page 18	<u>132,261</u>	<u>116,391</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

8. Investments (continued)

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Balance brought forward from page 17	<u>132,261</u>	<u>116,391</u>
Fair value through other comprehensive income		
Government of Jamaica (GOJ) benchmark investment notes	<u>685,812</u>	<u>614,264</u>
Fair value through profit or loss		
Quoted equities	29,813	31,768
Mutual funds	<u>18,061</u>	<u>29,527</u>
	<u>47,874</u>	<u>61,295</u>
	<u>865,947</u>	<u>791,950</u>

Investments, excluding expected credit losses, are due from the reporting date as follows:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Maturity profile:		
No specific maturity	47,874	61,295
Within 3 months	125,637	2,339
3 months to 1 year	57,761	99,150
1 to 5 years	299,191	167,111
5 to 10 years	226,736	401,052
More than 10 years	<u>108,788</u>	<u>61,232</u>
	<u>865,987</u>	<u>792,179</u>

Investments include \$118,127,000 (2024: \$114,257,000) held to the order of the Financial Services Commission (FSC) as required by the Insurance Act, 2001.

9. Life Vest investment/payables

The table below shows a reconciliation of the opening to closing balances for the Life Vest investment and payable.

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Life Vest investments		
Mutual funds	<u>11,892</u>	<u>-</u>
	<u>11,892</u>	<u>-</u>
Life Vest payables		
Subscriptions received	16,563	-
Encashments	(4,595)	-
Net losses	<u>(76)</u>	<u>-</u>
Closing balance	<u>11,892</u>	<u>-</u>

There are no specific maturities for Life Vest investments.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

10. Due from/(to) related entities

These represent accounts with related entities in the ordinary course of business.

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
(a) Due from related entities:		
Due from ultimate parent	-	6,940
Due from fellow subsidiaries	<u>-</u>	<u>4,106</u>
	<u>-</u>	<u>11,046</u>
(b) Due to related entities:		
Due to ultimate parent	4,046	-
Due to fellow subsidiaries	<u>7,956</u>	<u>19,912</u>
	<u>12,002</u>	<u>19,912</u>

Related party receivables are determined to have low credit risk. They are short-term in nature, interest free and due on demand. The expected credit loss on these balances is immaterial.

11. Other assets

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Interest receivable	13,092	11,625
Other receivables	<u>32,947</u>	<u>25,231</u>
	46,039	36,856
Less: expected credit losses	<u>(110)</u>	<u>(110)</u>
	<u>45,929</u>	<u>36,746</u>

12. Property and equipment

	<u>Computers</u>	<u>Motor</u>	<u>Leasehold</u>	<u>Furniture,</u>	<u>Total</u>
	\$'000	\$'000	\$'000	fixtures & fittings	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
December 31, 2023	12,370	6,450	7,769	15,304	41,893
Additions	<u>3,431</u>	<u>-</u>	<u>17,577</u>	<u>1,335</u>	<u>22,343</u>
December 31, 2024	15,801	6,450	25,346	16,639	64,236
Additions	5,572	13,800	-	1,193	20,565
Disposals	<u>-</u>	<u>(6,450)</u>	<u>-</u>	<u>-</u>	<u>(6,450)</u>
December 31, 2025	<u>21,373</u>	<u>13,800</u>	<u>25,346</u>	<u>17,832</u>	<u>78,351</u>
Depreciation:					
December 31, 2023	9,137	6,450	7,769	8,039	31,395
Charge for the year	<u>3,326</u>	<u>-</u>	<u>3,446</u>	<u>1,009</u>	<u>7,781</u>
December 31, 2024	12,463	6,450	11,215	9,048	39,176
Charge for the year	4,176	1,380	5,859	1,148	12,563
Disposals	<u>-</u>	<u>(6,450)</u>	<u>-</u>	<u>-</u>	<u>(6,450)</u>
December 31, 2025	<u>16,639</u>	<u>1,380</u>	<u>17,074</u>	<u>10,196</u>	<u>45,289</u>

JN LIFE INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)
December 31, 202512. Property and equipment (continued)

	<u>Computers</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Leasehold improvements</u> \$'000	<u>Furniture, fixtures & fittings</u> \$'000	<u>Total</u> \$'000
Net book values:					
December 31, 2025	<u>4,734</u>	<u>12,420</u>	<u>8,272</u>	<u>7,636</u>	<u>33,062</u>
December 31, 2024	<u>3,338</u>	<u>-</u>	<u>14,131</u>	<u>7,591</u>	<u>25,060</u>
December 31, 2023	<u>3,233</u>	<u>-</u>	<u>-</u>	<u>7,265</u>	<u>10,498</u>

13. Intangible assets

	<u>Computer Software</u> \$'000	<u>Work in progress</u> \$'000	<u>Total</u> \$'000
Cost:			
December 31, 2023	89,473	-	89,473
Additions	<u>9,570</u>	<u>-</u>	<u>9,570</u>
December 31, 2024	99,043	-	99,043
Additions	<u>-</u>	<u>61,765</u>	<u>61,765</u>
December 31, 2025	<u>99,043</u>	<u>61,765</u>	<u>160,808</u>
Amortisation:			
December 31, 2023	89,473	-	89,473
Charge for the year	<u>1,328</u>	<u>-</u>	<u>1,328</u>
December 31, 2024	90,801	-	90,801
Charge for the year	<u>3,190</u>	<u>-</u>	<u>3,190</u>
December 31, 2025	<u>93,991</u>	<u>-</u>	<u>93,991</u>
Net book values:			
December 31, 2025	<u>5,052</u>	<u>61,765</u>	<u>66,817</u>
December 31, 2024	<u>8,242</u>	<u>-</u>	<u>8,242</u>
December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>

14. Leases

The Company leases office space from a fellow subsidiary. These lease agreements are for three year terms and are payable monthly.

(a) Right-of-use assets

	<u>Buildings</u> \$'000	<u>Motor vehicle</u> \$'000	<u>Total</u> \$'000
Cost:			
December 31, 2023	41,372	23,662	65,034
Additions	<u>24,727</u>	<u>-</u>	<u>24,727</u>
December 31, 2024	66,099	23,662	89,761
Additions	<u>10,679</u>	<u>-</u>	<u>10,679</u>
December 31, 2025	<u>76,778</u>	<u>23,662</u>	<u>100,440</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

14. Leases (continued)

(a) Right-of-use assets (continued)

	<u>Buildings</u> \$'000	<u>Motor vehicle</u> \$'000	<u>Total</u> \$'000
Depreciation:			
December 31, 2023	34,919	4,732	39,651
Charge for the year	<u>9,484</u>	<u>4,732</u>	<u>14,216</u>
December 31, 2024	44,403	9,464	53,867
Charge for the year	<u>11,277</u>	<u>4,732</u>	<u>16,009</u>
December 31, 2025	<u>55,680</u>	<u>14,196</u>	<u>69,876</u>
Net book values:			
December 31, 2025	<u>21,098</u>	<u>9,466</u>	<u>30,564</u>
December 31, 2024	<u>21,696</u>	<u>14,198</u>	<u>35,894</u>
December 31, 2023	<u>6,453</u>	<u>18,930</u>	<u>25,383</u>

(b) Lease liabilities

	<u>2025</u> \$'000	<u>2024</u> \$'000
Lease liabilities included in the statement of financial position	<u>35,248</u>	<u>42,409</u>
Lease liabilities are classified as follows:		
Current	17,669	27,249
Non-current	<u>17,579</u>	<u>15,160</u>
	<u>35,248</u>	<u>42,409</u>
Maturity analysis of contractual undiscounted cash flows:		
Less than one year	22,318	20,625
One to three years	<u>18,737</u>	<u>28,277</u>
	<u>41,055</u>	<u>48,902</u>
Amounts recognised in profit or loss:		
Interest expense on lease liabilities [Note (24)]	<u>3,423</u>	<u>6,065</u>
Depreciation on right-of-use assets	<u>16,009</u>	<u>14,216</u>
Amount recognised in the statement of cash flows		
Total cash outflow for leases	<u>21,263</u>	<u>18,901</u>

JN LIFE INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)
December 31, 202515. Deferred tax assets

Deferred tax assets are attributable to the following:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Property and equipment	1,348	2,738
Intangible assets	15,030	16,526
Right-of-use assets	(7,641)	(8,974)
Lease liabilities	8,812	10,602
Interest receivable	(3,273)	(2,906)
Expected credit losses	254	254
Other liabilities	1,678	926
Unrealised losses on fair value movements	(10,621)	(10,612)
Unrealised foreign exchange gains	(96)	(96)
IFRS 17 transition adjustment	37,611	41,708
Insurance finance reserve	(7,803)	(11,469)
Reinsurance finance reserve	(33)	(38)
	<u>35,266</u>	<u>38,659</u>

	January 1, <u>2024</u>	Recognised <u>in</u>	Recognised in other <u>comprehensive</u>	December 31, <u>2024</u>	Recognised <u>in</u>	Recognised in other <u>comprehensive</u>	December 31, <u>2025</u>
	\$'000	<u>profit/loss</u>	<u>income</u>	\$'000	<u>profit/loss</u>	<u>income</u>	\$'000
		[note 25(a)(ii)]			[note 25(a)(ii)]		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property and equipment	1,266	1,472	-	2,738	(1,390)	-	1,348
Intangible assets	16,652	(126)	-	16,526	(1,496)	-	15,030
Right-of-use assets	(3,980)	(4,994)	-	(8,974)	1,333	-	(7,641)
Lease liabilities	4,808	5,794	-	10,602	(1,790)	-	8,812
Interest receivable	(2,947)	41	-	(2,906)	(367)	-	(3,273)
Expected credit losses	148	106	-	254	-	-	254
Other liabilities	926	-	-	926	752	-	1,678
Unrealised losses on fair value movements	(7,613)	(1,343)	(1,656)	(10,612)	1,074	(1,083)	(10,621)
Unrealised foreign exchange (gains)/losses	316	(412)	-	(96)	-	-	(96)
IFRS 17 transition adjustment	45,805	(4,097)	-	41,708	(4,097)	-	37,611
Insurance finance reserve	(14,166)	-	2,697	(11,469)	-	3,666	(7,803)
Reinsurance finance reserve	(8)	-	(30)	(38)	-	5	(33)
	<u>41,207</u>	<u>(3,559)</u>	<u>1,011</u>	<u>38,659</u>	<u>(5,981)</u>	<u>2,588</u>	<u>35,266</u>

16. Other liabilities

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Other payables and accruals	53,332	49,658
Statutory payroll liabilities	<u>27,344</u>	<u>26,606</u>
	<u>80,676</u>	<u>76,264</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts

	2025			2024		
	Contracts not measured under PAA \$'000	Contracts measured under PAA \$'000	Total \$'000	Contracts not measured under PAA \$'000	Contracts measured under PAA \$'000	Total \$'000
Insurance contracts:						
Insurance contract liabilities:						
Insurance contracts balances	395,868	241,092	636,960	386,058	237,899	623,957
Assets for insurance acquisition cash flows	(146)	-	(146)	(54)	-	(54)
	<u>395,722</u>	<u>241,092</u>	<u>636,814</u>	<u>386,004</u>	<u>237,899</u>	<u>623,903</u>
Insurance contract assets:						
Insurance contracts balances	(120,038)	-	(120,038)	(108,346)	-	(108,346)
Assets for insurance acquisition cash flows	(3,381)	-	(3,381)	(5,120)	-	(5,120)
	<u>(123,419)</u>	<u>-</u>	<u>(123,419)</u>	<u>(113,466)</u>	<u>-</u>	<u>(113,466)</u>
Reinsurance contract assets	<u>(8,303)</u>	<u>(70,074)</u>	<u>(78,377)</u>	<u>(3,845)</u>	<u>(118,446)</u>	<u>(122,291)</u>

- (i) The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be settled/(recovered) more than 12 months after the reporting date.

	<u>2025</u> \$'000	<u>2024</u> \$'000
Insurance contract liabilities	<u>175,783</u>	<u>118,118</u>
Insurance contract assets	<u>(359,271)</u>	<u>(420,821)</u>
Reinsurance contract assets	<u>(8,838)</u>	<u>(2,294)</u>

- (ii) At December 31, 2025, the maximum exposure to credit risks from insurance contracts is \$87,480,000 (2024: \$84,664,000), which primarily relates to premiums receivable for services that the Company has already provided. Amounts due from related parties are as included in note 29(c).

The maximum exposure to credit risk from reinsurance contract is \$15,196,000 (2024: \$14,381,000).

A. Movements in insurance and reinsurance contract balances*Movement in insurance contract balances*

	<u>2025</u> \$'000	<u>2024</u> \$'000
Carrying amounts at January 1	388,146	378,290
Premiums received	1,180,759	1,164,803
Claims and expenses paid	(394,486)	(505,634)
Acquisition cash flows	(165,899)	(185,153)
Insurance revenue	(1,189,952)	(1,050,271)
Insurance service expenses	583,997	565,313
Insurance finance expenses	30,522	22,279
Currency and other changes	<u>1,931</u>	<u>(1,481)</u>
Carrying amounts at December 31	<u>435,018</u>	<u>388,146</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

Movement in insurance contract balances (continued)

The reconciliations in the following tables show how the net carrying amounts of insurance and reinsurance contracts in the reporting segment changed during the year as a result of cash flows and amounts recognised in statement of profit or loss and OCI.

The Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

It separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contract service margin (CSM).

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA

Analysis by remaining coverage and incurred claims

	2025				2024			
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component \$'000	Loss component \$'000	for incurred claims \$'000	Total \$'000	Excluding loss component \$'000	Loss component \$'000	for incurred claims \$'000	Total \$'000
Opening assets	(159,721)	30,965	15,290	(113,466)	(101,475)	8,797	4,195	(88,483)
Opening liabilities	<u>352,651</u>	-	<u>33,353</u>	<u>386,004</u>	<u>307,355</u>	-	<u>34,739</u>	<u>342,094</u>
Net opening balance	<u>192,930</u>	<u>30,965</u>	<u>48,643</u>	<u>272,538</u>	<u>205,880</u>	<u>8,797</u>	<u>38,934</u>	<u>253,611</u>
Changes in the statement of profit or loss and OCI:								
Insurance revenue (note 20)	(549,314)	-	-	(549,314)	(462,237)	-	-	(462,237)
Insurance service expenses:								
Incurring claims and other insurance service expenses	-	(3,186)	144,819	141,633	-	(3,017)	169,143	166,126
Amortisation of insurance acquisition cash flows (note 20)	82,816	-	-	82,816	61,647	-	-	61,647
Losses and reversals of losses on onerous contracts	-	7,422	-	7,422	-	23,690	-	23,690
Adjustments to liabilities for incurred claims	-	-	(7,892)	(7,892)	-	-	(34,452)	(34,452)
	<u>82,816</u>	<u>4,236</u>	<u>136,927</u>	<u>223,979</u>	<u>61,647</u>	<u>20,673</u>	<u>134,691</u>	<u>217,011</u>
	(466,498)	<u>4,236</u>	<u>136,927</u>	(325,335)	(400,590)	<u>20,673</u>	<u>134,691</u>	(245,226)
Insurance service result:								
Net finance expenses from insurance contracts (note 21)	15,251	937	-	16,188	10,329	1,495	-	11,824
Finance expenses from insurance contracts issued recognised in OCI (note 21)	<u>14,665</u>	-	-	<u>14,665</u>	<u>10,520</u>	-	-	<u>10,520</u>
	<u>29,916</u>	<u>937</u>	-	<u>30,853</u>	<u>20,849</u>	<u>1,495</u>	-	<u>22,344</u>
Total changes in the statement of profit or loss and OCI	(436,582)	<u>5,173</u>	<u>136,927</u>	(294,482)	(379,741)	<u>22,168</u>	<u>134,691</u>	(222,882)
Insurance acquisition cash flows assets	(9,284)	-	-	(9,284)	(11,029)	-	-	(11,029)
Pre-recognition cash flows derecognised and other changes (note 17b)	<u>10,931</u>	-	<u>367</u>	<u>11,298</u>	<u>9,723</u>	-	(159)	<u>9,564</u>
Cash flows								
Premiums received	587,810	-	-	587,810	553,250	-	-	553,250
Claims and other insurance service expenses paid, including investment components	-	-	(129,678)	(129,678)	-	-	(124,823)	(124,823)
Insurance acquisition cash flows	(165,899)	-	-	(165,899)	(185,153)	-	-	(185,153)
Total cash flows	<u>421,911</u>	-	(129,678)	<u>292,233</u>	<u>368,097</u>	-	(124,823)	<u>243,274</u>
Net closing balance	<u>179,906</u>	<u>36,138</u>	<u>56,259</u>	<u>272,303</u>	<u>192,930</u>	<u>30,965</u>	<u>48,643</u>	<u>272,538</u>
Represented by:								
Closing assets	(175,608)	36,138	16,051	(123,419)	(159,721)	30,965	15,290	(113,466)
Closing liabilities	<u>355,514</u>	-	<u>40,208</u>	<u>395,722</u>	<u>352,651</u>	-	<u>33,353</u>	<u>386,004</u>
Net closing (assets)/liabilities balance	<u>179,906</u>	<u>36,138</u>	<u>56,259</u>	<u>272,303</u>	<u>192,930</u>	<u>30,965</u>	<u>48,643</u>	<u>272,538</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA (continued)

Analysis by measurement component

	2025						2024					
	Estimates of present value of future cashflows \$'000	Risk adjustment for non-financial risk \$'000	Contractual service margin			Total \$'000	Estimates of present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	Contractual service margin			Total \$'000
Contracts under fair value transition approach \$'000			Other contracts \$'000	Subtotal \$'000	Contracts under fair value transition approach \$'000				Other contracts \$'000	Subtotal \$'000		
Opening assets	(559,479)	303,180	69,493	73,340	142,833	(113,466)	(578,416)	237,230	99,139	153,564	252,703	(88,483)
Opening liabilities	<u>252,226</u>	<u>36,449</u>	<u>7,376</u>	<u>89,953</u>	<u>97,329</u>	<u>386,004</u>	<u>242,221</u>	<u>34,064</u>	<u>11,384</u>	<u>54,425</u>	<u>65,809</u>	<u>342,094</u>
Net opening balance	(307,253)	339,629	76,869	163,293	240,162	272,538	(336,195)	271,294	110,523	207,989	318,512	253,611
Changes in the statement of profit or loss and OCI:												
Changes that relate to current services:												
CSM recognised for services provided (note 20)	-	-	(14,232)	(68,840)	(83,072)	(83,072)	-	-	(16,087)	(45,490)	(61,577)	(61,577)
Change in risk adjustment for non-financial risk for risk expired	-	(90,354)	-	-	-	(90,354)	-	(79,478)	-	-	-	(79,478)
Experience adjustments	(142,095)	-	-	-	-	(142,095)	(97,270)	-	-	-	-	(97,270)
	(142,095)	(90,354)	(14,232)	(68,840)	(83,072)	(315,521)	(97,270)	(79,478)	(16,087)	(45,490)	(61,577)	(238,325)
Changes that relate to future services:												
Contracts initially recognised in the year [note 17C (i)]	(288,757)	152,945	-	145,896	145,896	10,084	(275,339)	155,061	-	132,883	132,883	12,605
Changes in estimates that adjust the CSM	2,795	(33,347)	8,010	22,542	30,552	-	179,455	(18,327)	(19,974)	(141,154)	(161,128)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(7,302)	4,640	-	-	-	(2,662)	15,588	(4,503)	-	-	-	11,085
	(293,264)	124,238	8,010	168,438	176,448	7,422	(80,296)	132,231	(19,974)	(8,271)	(28,245)	23,690
Changes that relate to past services:												
Adjustments to liabilities for incurred claims	(14,625)	(2,612)	-	-	-	(17,237)	(32,106)	(2,346)	-	-	-	(34,452)
Experience adjustments – arising from premiums received in the period that relate to past service	-	-	-	-	-	-	3,861	-	-	-	-	3,861
	(14,625)	(2,612)	-	-	-	(17,237)	(28,245)	(2,346)	-	-	-	(30,591)
Insurance service result	(449,984)	31,272	(6,222)	99,598	93,376	(325,336)	(205,811)	50,407	(36,061)	(53,761)	(89,822)	(245,226)
Net finance expenses from insurance contracts [note 21(a)]	(20,266)	17,524	3,546	15,384	18,930	16,188	(21,181)	21,533	2,407	9,065	11,472	11,824
Finance expenses from insurance contracts issued recognised in OCI [note 21(a)]	(304)	14,969	-	-	-	14,665	14,125	(3,605)	-	-	-	10,520
Total changes in the statement of profit or loss and OCI	(470,554)	63,765	(2,676)	114,982	112,306	(294,483)	(212,867)	68,335	(33,654)	(44,696)	(78,350)	(222,882)
Insurance acquisition cash flows assets	(9,284)	-	-	-	-	(9,284)	(11,029)	-	-	-	-	(11,029)
Pre-recognition cash flows derecognised and other changes	11,298	-	-	-	-	11,298	9,564	-	-	-	-	9,564
Cashflows [note 17A(i)]												
Transfer to other items in the statement of financial position	292,234	-	-	-	-	292,234	243,274	-	-	-	-	243,274
Net closing balance	(483,559)	403,394	74,193	278,275	352,468	272,303	(307,253)	339,629	76,869	163,293	240,162	272,538
Represented by:												
Closing assets	(716,839)	369,341	70,202	153,877	224,079	(123,419)	(559,479)	303,180	69,493	73,340	142,833	(113,466)
Closing liabilities	<u>233,280</u>	<u>34,053</u>	<u>3,991</u>	<u>124,398</u>	<u>128,389</u>	<u>395,722</u>	<u>252,226</u>	<u>36,449</u>	<u>7,376</u>	<u>89,953</u>	<u>97,329</u>	<u>386,004</u>
Net closing (assets)/liabilities balance	(483,559)	403,394	74,193	278,275	352,468	272,303	(307,253)	339,629	76,869	163,293	240,162	272,538

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA

Analysis by remaining coverage and incurred claims

	2025				2024			
	<u>Assets for remaining coverage</u>				<u>Assets for remaining coverage</u>			
	Excluding loss component \$'000	Loss component \$'000	Assets for incurred claims \$'000	Total \$'000	Excluding loss component \$'000	Loss component \$'000	Assets for incurred claims \$'000	Total \$'000
Net opening (assets)/liabilities balance	<u>1,672</u>	<u>2,829</u>	<u>(656)</u>	<u>3,845</u>	<u>83</u>	<u>1,456</u>	<u>(894)</u>	<u>645</u>
Changes in the statement of profit or loss and OCI:								
CSM recognised for the services received	(470)	-	-	(470)	(100)	-	-	(100)
Expected incurred claims and other directly attributable expenses recovery	312	-	-	312	594	-	-	594
Amounts recoverable from reinsurers:								
Recoveries of incurred claims and other insurance service expenses	-	(2,818)	(1,394)	(4,212)	-	(2,087)	(1,048)	(3,135)
Recoveries of losses on onerous underlying contracts on initial recognition	-	4,089	-	4,089	-	3,159	-	3,159
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(70)	-	(70)	-	(51)	-	(51)
Changes that relate to current and past service i.e. changes in the FCF relating to incurred claims recovery	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>224</u>	<u>-</u>	<u>-</u>	<u>224</u>
Net expenses from reinsurance contracts:	113	1,201	(1,394)	(80)	718	1,021	(1,048)	691
Insurance service result:								
Net finance expenses from insurance contracts (note 21)	204	148	-	352	(134)	352	-	218
Finance income recognized in OCI	(21)	-	-	(21)	(153)	-	-	(153)
Total changes in the statement of profit or loss and OCI	296	1,349	(1,394)	251	431	1,373	(1,048)	756
Other pre-recognised cash flows derecognised and other changes	-	-	(27)	(27)	-	-	5	5
Cash flows								
Insurance acquisition cash flows	<u>2,094</u>	<u>-</u>	<u>2,140</u>	<u>4,234</u>	<u>1,158</u>	<u>-</u>	<u>1,281</u>	<u>2,439</u>
Total cash flows	<u>2,094</u>	<u>-</u>	<u>2,140</u>	<u>4,234</u>	<u>1,158</u>	<u>-</u>	<u>1,281</u>	<u>2,439</u>
Net closing balance	<u>4,062</u>	<u>4,178</u>	<u>63</u>	<u>8,303</u>	<u>1,672</u>	<u>2,829</u>	<u>(656)</u>	<u>3,845</u>
Represented by:								
Closing assets	<u>4,062</u>	<u>4,178</u>	<u>63</u>	<u>8,303</u>	<u>1,672</u>	<u>2,829</u>	<u>(656)</u>	<u>3,845</u>
Net closing (assets)/liabilities balance	<u>4,062</u>	<u>4,178</u>	<u>63</u>	<u>8,303</u>	<u>1,672</u>	<u>2,829</u>	<u>(656)</u>	<u>3,845</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by measurement component

	2025						2024					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net opening (assets)/liabilities balance	(2,445)	4,504	-	1,786	1,786	3,845	(1,721)	2,707	-	(341)	(341)	645
Changes in the statement of profit or loss and OCI:												
Changes that relate to current services:												
CSM recognised for services provided	-	-	-	(470)	(470)	(470)	-	-	-	(100)	(100)	(100)
Change in risk adjustment for non-financial risk for risk expired	-	(687)	-	-	-	(687)	-	(392)	-	-	-	(392)
Experience adjustments	(1,549)	-	-	-	-	(1,549)	(1,924)	-	-	-	-	(1,924)
Changes that relate to future services:												
Contracts initially recognised in the year	(1,795)	3,098	-	2,786	2,786	4,089	(927)	1,901	-	2,185	2,185	3,159
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	(1,051)	(1,051)	(1,051)	-	-	-	(963)	(963)	(963)
Changes in estimates that adjust the CSM	(2,721)	1,538	-	1,183	1,183	-	8,531	(10,444)	-	981	981	(932)
Changes in estimates that result in losses and reversals of losses on onerous contracts	1,843	(861)	-	-	-	982	(8,608)	10,451	-	-	-	1,843
Changes that relate to past services:												
Adjustments to liabilities for incurred claims	(1,394)	-	-	-	-	(1,394)	-	-	-	-	-	-
Net finance expenses from insurance contracts (note 21)	(358)	497	-	192	192	331	(240)	281	-	24	24	65
Total changes in the statement of profit or loss and OCI	(5,974)	3,585	-	2,640	2,640	251	(3,168)	1,797	-	2,127	2,127	756
Other pre-recognised cash flows derecognised and other changes	(27)	-	-	-	-	(27)	5	-	-	-	-	5
Cash flows	4,234	-	-	-	-	4,234	2,439	-	-	-	-	2,439
Net closing balance	(4,212)	8,089	-	4,426	4,426	8,303	(2,445)	4,504	-	1,786	1,786	3,845
Represented by:												
Closing (assets)/liabilities	(4,212)	8,089	-	4,426	4,426	8,303	(2,445)	4,504	-	1,786	1,786	3,845
Net closing (assets)/liabilities balance	(4,212)	8,089	-	4,426	4,426	8,303	(2,445)	4,504	-	1,786	1,786	3,845

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(iii) Insurance contracts measured under PAA

Analysis by remaining coverage and incurred claims

	2025					2024				
	Liabilities for incurred claims					Liabilities for incurred claims				
Liabilities for remaining coverage	Loss component	Contracts under PAA			Total	Liabilities for remaining coverage	Loss component	Contracts under PAA		
		Estimates of present value of future cashflows	Risk adjustment for non-financial risk					Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening(assets)/liabilities	(38,622)	-	260,185	16,336	237,899	(29,813)	-	188,358	14,292	172,837
Changes in the statement of profit or loss and OCI:										
Insurance revenue – Contracts measured under PAA (note 20)	(795,457)	-	-	-	(795,457)	(741,368)	-	-	-	(741,368)
Insurance service expenses:										
Incurred claims and other insurance service expenses	-	-	519,836	22,459	542,295	-	-	543,320	16,336	559,656
Adjustments to liabilities for incurred claims	-	-	(81,680)	(16,336)	(98,016)	-	-	(71,747)	(14,292)	(86,039)
	-	-	438,156	6,123	444,279	-	-	471,573	2,044	473,617
Insurance service result:	(795,457)	-	438,156	6,123	(351,178)	(741,368)	-	471,573	2,044	(267,751)
Total changes in the statement of profit or loss and OCI	(795,457)	-	438,156	6,123	(351,178)	(741,368)	-	471,573	2,044	(267,751)
Other pre-recognition cash flows	-	-	(453)	-	(453)	-	-	523	-	523
Cash flows										
Premiums received	799,790	-	-	-	799,790	732,559	-	-	-	732,559
Claims and other insurance service expenses paid, including investment components	-	-	(444,966)	-	(444,966)	-	-	(400,269)	-	(400,269)
Total cash flows	799,790	-	(444,966)	-	354,824	732,559	-	(400,269)	-	332,290
Closing (assets)/ liabilities	(34,289)	-	252,922	22,459	241,092	(38,622)	-	260,185	16,336	237,899

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(iv) Reinsurance contracts measured under PAA

Analysis by remaining coverage and incurred claims

	2025				2024			
	Assets for remaining coverage \$'000	Assets for incurred claims		Total \$'000	Assets for remaining coverage \$'000	Assets for incurred claims		Total \$'000
Estimates of present value of future cash flows \$'000		Risk adjustment for non-financial risk \$'000	Estimates of present value of future cash flows \$'000			Risk adjustment for non-financial risk \$'000		
Opening (assets)/liabilities	(66,022)	179,427	5,041	118,446	(33,200)	76,226	4,487	47,513
Changes in the statement of profit or loss and OCI:								
Allocation of reinsurance premiums paid	(154,660)	-	-	(154,660)	(153,828)	-	-	(153,828)
Amounts recoverable from reinsurers:								
Recoveries of incurred claims and other insurance service expenses	-	106,958	7,468	114,426	-	146,997	5,041	152,038
Adjustments to assets for incurred claims	-	(25,202)	(5,041)	(30,243)	-	(22,433)	(4,487)	(26,920)
Net expenses from reinsurance contracts:	(154,660)	81,756	2,427	(70,477)	(153,828)	124,564	554	(28,710)
Total changes in the statement of profit or loss and OCI	(154,660)	81,756	2,427	(70,477)	(153,828)	124,564	554	(28,710)
Other pre-recognition cash flows derecognised and other changes	-	108	-	108	-	11	-	11
Cash flows								
Premiums paid	206,841	-	-	206,841	121,006	-	-	121,006
Insurance acquisition cash flows	-	(184,844)	-	(184,844)	-	(21,374)	-	(21,374)
Total cash flows	206,841	(184,844)	-	21,997	121,006	(21,374)	-	99,632
Net closing (assets)/liabilities balance	(13,841)	76,447	7,468	70,074	(66,022)	179,427	5,041	118,446

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

B. Assets for insurance acquisition cash flows

	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance at January 1	5,172	3,866
Amounts incurred during the year (Note 17A(i))	9,284	11,029
Amounts derecognised and included in the measurement of insurance contracts (Note 17A(i))	(10,931)	(9,723)
Balance at December 31	<u>3,525</u>	<u>5,172</u>

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

Insurance contract assets	<u>3,379</u>	<u>5,120</u>
Insurance contract liabilities	<u>146</u>	<u>54</u>

Expected timing of derecognition of insurance acquisition cash flows asset:

	<u>Within 1 year</u>
As at December 31, 2025 (\$'000)	<u>3,527</u>
As at December 31, 2024 (\$'000)	<u>5,174</u>

C. Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

(i) Insurance contracts not measured at PAA

	<u>2025</u>			<u>2024</u>		
	Profitable contracts issued \$'000	Onerous contracts issued \$'000	Total \$'000	Profitable contracts issued \$'000	Onerous contracts issued \$'000	Total \$'000
Insurance acquisition cash flows	<u>169,514</u>	<u>5,468</u>	<u>174,982</u>	<u>148,503</u>	<u>5,888</u>	<u>154,391</u>
Estimates of present value of cash outflows	652,697	32,565	685,262	673,475	32,648	706,123
Estimates of present value of cash inflows	(1,111,365)	(37,636)	(1,149,001)	(1,100,104)	(35,750)	(1,135,854)
Risk adjustment for non-financial risk	143,258	9,687	152,945	145,243	9,819	155,062
CSM	<u>145,896</u>	<u>-</u>	<u>145,896</u>	<u>132,883</u>	<u>-</u>	<u>132,883</u>
	(169,514)	<u>4,616</u>	(164,898)	(148,503)	<u>6,717</u>	(141,786)
Losses recognised on initial recognition	<u>-</u>	<u>10,084</u>	<u>10,084</u>	<u>-</u>	<u>12,605</u>	<u>12,605</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

17. Insurance and reinsurance contracts (continued)

C. Effect of contracts initially recognised in the year (continued)

(ii) Reinsurance contracts not measured at PAA

	2025			2024		
	Contracts initiated without loss recovery components \$'000	Contracts initiated with loss recovery components \$'000	Total \$'000	Contracts initiated without loss recovery components \$'000	Contracts initiated with loss recovery components \$'000	Total \$'000
Estimates of present value of cash inflows	-	(10,996)	(10,996)	-	(5,589)	(5,589)
Estimates of present value of cash outflows	-	12,791	12,791	-	6,517	6,517
Risk adjustment for non-financial risk	-	(3,098)	(3,098)	-	(1,901)	(1,901)
CSM	<u>-</u>	<u>4,893</u>	<u>4,893</u>	<u>-</u>	<u>2,829</u>	<u>2,829</u>

D. Contractual service margin

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

	Less than 1 year \$'000	1 to 2 years \$'000	2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000	5 to 10 years \$'000	More than 10 years \$'000	Total \$'000
December 31, 2025								
Insurance contract	81,846	62,184	44,240	31,092	20,572	56,199	56,335	352,468
Reinsurance contract	(568)	(478)	(411)	(360)	(316)	(1,145)	(1,148)	(4,426)
December 31, 2024								
Insurance contract	55,657	42,876	31,421	22,401	14,917	36,256	36,634	240,162
Reinsurance contract	(240)	(199)	(168)	(146)	(130)	(463)	(440)	(1,786)

E. Claims development

IFRS17 does not require an entity to disclose claims development information for which uncertainty about the amount and timing of the claims payment is typically resolved within one year. The Company does not provide this disclosure because claims amounts are known from the contractual arrangements (i.e. there is no uncertainty with respect to the amount of claims and claims are settled shortly after the insured event occurs).

18. Share capital

	<u>2025</u> \$'000	<u>2024</u> \$'000
Authorised and stated capital, issued and fully paid:		
1,000 ordinary shares at no par value	<u>1</u>	<u>1</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

19. Reserves

(i) Fair value reserve:

This represents the unrealised gains, net of losses and tax, on the revaluation of financial instruments classified as fair value through other comprehensive income, less expected credit losses.

(ii) Insurance finance reserve:

The insurance finance reserve comprises the cumulative finance income and expenses recognised in other comprehensive income on insurance and reinsurance contracts.

20. Insurance revenue

	<u>2025</u> \$'000	<u>2024</u> \$'000
Contracts not measured under the PAA:		
Amounts relating to changes in liabilities for remaining coverage:		
CSM recognised for services provided [note 17A(i)]	83,072	61,577
Change in risk adjustment for non-financial risk for risk expired	92,010	81,042
Expected incurred claims and other insurance service expenses	291,416	257,971
Recovery of insurance acquisition cash flows [note 17A(i)]	<u>82,816</u>	<u>61,647</u>
Insurance revenue for contracts not measured under PAA [note 17A(i)]	549,314	462,237
Contracts measured under the PAA [note 17A(iii)]	<u>795,457</u>	<u>741,368</u>
Insurance revenue	<u>1,344,771</u>	<u>1,203,605</u>

21. Net financial result

The following table analyses the Company's net financial result in profit or loss and OCI.

	<u>2025</u> \$'000	<u>2024</u> \$'000
Investment return:		
Interest revenue calculated using the effective interest method [note 21 (b)]	61,217	70,625
Amounts recognised in OCI [note 21 (d)]	3,441	7,051
Other investment (losses)/ revenue [note 21 (c)]	(3,185)	6,296
Expected credit loss adjustment on financial assets	<u>1,168</u>	<u>(166)</u>
Total investment return	<u>62,641</u>	<u>83,806</u>
Net finance expenses from insurance contracts		
Interest accreted	(16,188)	(11,824)
Effect of changes in interest rates and other financial assumptions	<u>(14,665)</u>	<u>(10,520)</u>
Total net finance expenses from insurance contracts [note 21(a)]	<u>(30,853)</u>	<u>(22,344)</u>
Balance carried forward to page 34	<u>31,788</u>	<u>61,462</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

21. Net financial result (continued)

	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance brought forward from page 33	<u>31,788</u>	<u>61,462</u>
Net finance income/(expense) from reinsurance contracts		
Interest accreted	(21)	(153)
Other	<u>352</u>	<u>218</u>
Total net finance income/(expense) from reinsurance contracts [note 21(a), 17 A (ii)]	<u>331</u>	<u>65</u>
Total	<u>32,119</u>	<u>61,527</u>
Represented by:		
Amounts recognised in profit or loss	46,805	72,200
Amounts recognised in OCI	<u>(14,686)</u>	<u>(10,673)</u>
	<u>32,119</u>	<u>61,527</u>
	<u>2025</u> \$'000	<u>2024</u> \$'000
a. Insurance finance income/(expenses):		
Net finance expenses from insurance contracts:		
Recognised in profit or loss	(16,188)	(11,824)
Recognised in OCI	<u>(14,665)</u>	<u>(10,520)</u>
	<u>(30,853)</u>	<u>(22,344)</u>
Net finance income from reinsurance contracts:		
Recognised in profit or loss	352	218
Recognised in OCI	<u>(21)</u>	<u>(153)</u>
	<u>331</u>	<u>65</u>
Net insurance finance expenses in profit or loss	<u>(15,836)</u>	<u>(11,606)</u>
b. Interest revenue calculated using the effective interest method:		
	<u>2025</u> \$'000	<u>2024</u> \$'000
Debt investments measured at FVOCI:		
Corporate bond	-	359
Government of Jamaica instruments	42,598	40,453
Financial asset measured at amortised cost:		
Bank of Jamaica Certificates of Deposit	11,319	26,052
Corporate bonds	1,005	2,114
Treasury bills	-	648
Securities purchased under resale agreements	6,218	864
Staff loans measured at amortised cost	<u>77</u>	<u>135</u>
	<u>61,217</u>	<u>70,625</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

21. Net financial result (continued)

c. Other investment (loss)/revenue:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Fair value (losses) /gains on investments measured at fair value through profit or loss (FVTPL):		
Quoted equities	(1,955)	1,387
Mutual Funds	(2,343)	3,988
Dividend income	<u>1,113</u>	<u>921</u>
	<u>(3,185)</u>	<u>6,296</u>

d. Investment returns in OCI related to insurance and reinsurance contracts measured under the fair value transition approach.

The movement in the fair value reserve for the debt investments at FVOCI financial assets related to those groups of contracts was as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance January 1	19,018	13,623
Net change in fair value	3,441	7,051
Related income tax	(1,083)	(1,656)
Balance at December 31	<u>21,376</u>	<u>19,018</u>

22. Other income

	<u>2025</u> \$'000	<u>2024</u> \$'000
Gain on disposal of property and equipment	2,379	-
Management fees and other income	<u>42,956</u>	<u>39,601</u>
	<u>45,335</u>	<u>39,601</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

23. Other operating expenses

	<u>2025</u> \$'000	<u>2024</u> \$'000
Audit fees:		
- current year	23,656	20,780
- prior year under accrual	8,605	-
Contribution to JN Foundation	8,494	9,589
Commission and administration fees	111,490	116,757
Declaration of assets fee	603	1,955
Depreciation and amortisation	15,753	9,109
Depreciation on right-of-use assets	16,009	14,216
Directors' fees	8,298	7,970
Legal and professional fees	262,069	305,872
Marketing	26,940	14,629
Meeting expenses	3,096	1,504
Policy medicals	9,157	10,257
Registration/insurance fee	9,010	6,707
Repair and maintenance costs	31,440	28,615
Staff related costs (a)	401,620	327,081
Stationery and printing	9,696	7,126
Training and conference	9,497	5,660
Travelling and subsistence	861	2,825
Utilities	8,891	7,614
Other expenses	9,718	2,726
Insurance claims and benefits	376,120	397,669
Losses on onerous contracts	<u>7,422</u>	<u>23,690</u>
	1,358,445	1,322,351
Amount attributed to insurance acquisition cash flows incurred during the year	(215,743)	(215,544)
Amortisation of insurance acquisition cash flows	<u>82,815</u>	<u>61,647</u>
	<u>1,225,517</u>	<u>1,168,454</u>
Represented by:		
Insurance service expenses	668,257	690,217
Other operating expenses	<u>557,260</u>	<u>478,237</u>
	<u>1,225,517</u>	<u>1,168,454</u>

(a) Staff related costs

	<u>2025</u> \$'000	<u>2024</u> \$'000
Salaries	299,470	232,478
Statutory payroll contributions	42,763	35,556
Group life, health and pension contributions	26,748	21,175
Staff welfare	6,321	5,457
Other staff costs	<u>26,318</u>	<u>32,415</u>
	<u>401,620</u>	<u>327,081</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

24. Other finance costs

	<u>2025</u> \$'000	<u>2024</u> \$'000
Interest expense on lease liabilities [Note 14(b)]	(3,423)	(6,065)
Foreign exchange loss	(<u>145</u>)	(<u>370</u>)
	<u>(3,568)</u>	<u>(6,435)</u>

25. Taxation

- (a) Taxation is computed at 25% and 15% of profit for the year, as adjusted for income tax purposes, and is made up as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
(i) Current income tax expense:		
Provision for charge on current year's profit	37,072	29,237
(ii) Deferred taxation:		
Origination and reversal of temporary differences (note 15)	<u>5,981</u>	<u>3,559</u>
Total taxation recognised in profit or loss	<u>43,053</u>	<u>32,796</u>

- (b) Reconciliation of effective tax charge

The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Profit before taxation	<u>133,828</u>	<u>105,447</u>
Computed "expected" tax charge @ 25%	33,457	26,127
Computed "expected" tax charge @ 15%	167	138
Tax effect of difference between profit for financial statements and tax reporting purposes on –		
Depreciation and capital allowances	5,029	5,527
Disallowed /(allowed) expenses	2,605	(4,532)
IFRS 17 adjustment disallowed expenses	1,856	4,713
Unrealised (gains)/losses	(<u>61</u>)	<u>823</u>
Actual tax charge	<u>43,053</u>	<u>32,796</u>

- (c) The effective tax rate for 2025 was 32.17% (2024: 31.10%)

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management

(a) Overview

The Company has exposure to the following risks from its operations and the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Certain risk management activities are performed on a group-wide basis by the ultimate parent (note 1) and overseen or performed at that level. Reference in this note to group should be understood accordingly.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Investment and Loan Committee, Conduct Review Committee and Audit Committee, which are responsible for developing and monitoring risk management policies in their specified areas.

The Company's risk management policies are established to identify, assess and measure the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The focus of financial risk management for the Company is ensuring that the Company has adequate economic capital and that the use of and proceeds from its financial assets are sufficient to fund its obligations. The goal of the investment management process is to, within the policy guidelines, optimise the after-tax investment income and total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

A key aspect in the management of the Company's financial risk is matching the timing of cash flows from assets and liabilities. The Company actively manages its investments using an approach that balances quality, diversification, liquidity and return. The portfolio is reviewed on a periodic basis, as are investment guidelines and limits, with the objective of ensuring that the Company can always meet its obligations without undue cost and in accordance with the Company's internal and regulatory capital requirements.

Investment and Loan Committee

The Investment and Loan Committee recommends to the Board for its approval a written Investment and Lending Policy. The committee reviews investment activities at least four times each year, and ensures that the existing policies comprehensively deal with the management of the Company's investment portfolio and that appropriate limits are being adhered to. The Investment and Loan Committee has the responsibility of ensuring that risks are managed within the limits established by the Board of Directors and outlined in the Investment and Lending Policy.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(a) Overview (continued)

Conduct Review Committee

The Conduct Review Committee is a committee of the Board of Directors and has principal responsibility to establish and maintain procedures designed to protect the Company from conflicts of interest with related parties, in compliance with the Insurance Regulations. The Committee meets at least four times per year.

Audit Committee

The Audit Committee is responsible for monitoring compliance with the Company's risk management policies and procedures. The Audit Committee is assisted by the Group Internal Audit Department which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Audit Committee, the Group Audit Committee and the Board of Directors. The Committee meets at least four times per year.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations. With the exception of Government of Jamaica securities, there is no significant concentration of credit risk related to liquid funds and debt securities.

Management of credit risk:

The Investment and Lending Policy of the Company sets out the framework within which credit risk is managed. This policy is the responsibility of the Board of Directors, with the principal objectives being to:

- (i) Maximize the risk-adjusted after-tax return on the investment portfolio;
- (ii) Manage risk at a level that maintains the Company's capital above regulatory requirements; and
- (iii) Maintain sufficient liquidity to settle liabilities as they fall due.

Credit risk is a significant risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The Company is exposed to credit risks arising from investments in debt securities as well as settlement balances with market counterparties.

The Company manages its credit risk in respect of debt securities by investing mainly in government issued debts, debts secured by government issued securities, and debt securities issued by financial institutions that management regards as reputable and sound. These entities are regularly reviewed and risk-rated by the Group Risk and Compliance Unit.

Its exposure to individual policyholders and groups of policyholders is monitored as part of its credit control process.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

Management of credit risk (continued):

All intermediaries must meet minimum requirements that are established and enforced by the Company's management. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

The Company also operates a policy to manage its reinsurance counterparty exposures and assesses the credit worthiness of all reinsurers by reviewing public rating information and from internal investigations.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Counterparty credit risk

The risk arises from cash and cash equivalents, resale agreements, other assets, amounts due from related entities, investments and reinsurance contract assets.

Cash and cash equivalents, investments and resale agreements:

These are held with reputable financial institutions as assessed by the Group's Risk and Compliance Unit and collateral is not required for such accounts as management regards the institutions as strong.

Due from related entities:

There is no significant concentration of credit risk in respect of related party balances, which are held with related parties that management regards as being sound and reputable.

Reinsurance contract assets:

These are held with reinsurers with high credit ratings.

Other assets:

There is no significant concentration of credit risk related to other assets.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

A. Impairment

A.1 Credit quality analysis and maximum exposure to credit risk:

The following table sets out information about the maximum exposure and credit quality of financial assets measured at amortised cost and FVOCI debt instruments. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

Debt instruments at FVOCI:

	<u>2025</u> <u>Stage 1</u> 12-month ECL \$'000	<u>2024</u> <u>Stage 1</u> 12-month ECL \$'000
Credit grade		
Non-investment grade	<u>685,812</u>	<u>614,264</u>
Less: expected credit losses [see note 26(b)B.2(v)]	<u>123</u>	<u>1,018</u>

100% (2024: 100%) of non-investment grade securities are GOJ Securities.

Resale agreements, debt instruments, cash and staff loans at amortised cost:

	<u>2025</u> <u>Stage 1</u> 12-month ECL \$'000	<u>2024</u> <u>Stage 1</u> 12-month ECL \$'000
Credit grade		
Non-investment grade	361,896	341,370
Expected credit losses [see note 26(b)B.2(v)]	<u>(198)</u>	<u>(471)</u>
	<u>361,698</u>	<u>340,899</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

A. Impairment (continued)

A.1 Credit quality analysis and maximum exposure to credit risk (continued):

The following table sets out information about the credit quality of reinsurance contract assets and financial instruments measured at FVTPL:

	<u>AA</u> \$'000	<u>A</u> \$'000	<u>B</u> \$'000	<u>Not rated</u> \$'000	<u>Total</u> \$'000
December 31, 2025					
Financial investments:					
Mutual funds	-	-	-	18,061	18,061
Quoted equities	-	-	-	29,813	29,813
Reinsurance contract assets	<u>78,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,377</u>
December 31, 2024					
Financial investments:					
Mutual funds	-	-	-	29,527	29,527
Quoted equities	-	-	-	31,768	31,768
Reinsurance contract assets	<u>122,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,291</u>

The Company does not hold any collateral as security or any credit enhancements, credit derivatives and netting arrangements that do not qualify for offset.

A.2 Credit risk measurement:

The Company uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Company uses internal rating models tailored to the various categories of counterparty.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, the difference in the probability of default (PD) between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

For reinsurance contracts public rating information is used.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

A. Impairment (continued)

A.2 Credit risk measurement (continued):

For debt securities, external rating agency (Moody's) credit grades are used. These published grades are continually monitored and updated. The Through-the-Cycle (TTC) PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency

The Company's rating method comprises twenty rating levels for instruments not in default (1 to 20) and three default classes (21 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

The Company's internal rating scale, mapped to external ratings, is set out below:

Internal rating	TTC PD as a percentage (Corporate)	TTC PD as a percentage (Sovereign)	S & P	Moody's	Description of Grade
1 - 10	0.02% - 0.22%	0.00% - 0.06%	AAA - BBB-	Aaa - Baa3	Investment Grade
11 - 20	1.08% - 28.1%	0.39% - 14.93%	BB+ - CC	Ba1 - Ca	Speculative Grade
21- 23	28.10% - 100%	14.93% - 100.00%	C - SD	C to D	Default

B. Expected credit loss measurement

B.1 Classification model

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continually monitored by the Company.

Stage 2:

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

B. Expected credit loss measurement (continued)

B.2 Key judgments and assumptions (continued)

(i) Significant increase in credit risk (SICR) (continued):

Quantitative criteria:

Loans

The Company has concluded that delinquency status is the most reliable and appropriate measure as it has not utilised PDs throughout the history of operations. As the Caribbean region has not yet adopted Basel III guidelines, development of PDs has not been required.

Investments

The external credit rating grades are used as a basis for the assessment of increases in credit risk. Movements within investment grade are not construed as significant increases in credit risk; however, exceptional conditions may be taken into consideration. The number of notches required to trigger a migration to Stage 2 is two notches.

Qualitative criteria

For Corporate or Sovereign portfolios, a significant increase in credit risk is determined to have occurred if the borrower or issuer is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default; and
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

B. Expected credit loss measurement (continued)

B.2 Key judgments and assumptions (continued)

(i) Significant increase in credit risk (SICR) (continued):

Qualitative criteria (continued)

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all financial instruments held by the Company. In relation to Corporate and Sovereign financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Data and Analytics team.

Backstop

Delinquency is applied as a backstop; thus, the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The Company has used the low credit risk exemption for intercompany exposures in the year ended December 31, 2025.

(ii) Definition of default and credit-impaired assets:

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- 1) The counterparty is more than 90 days past due on its contractual payments.
- 2) The counterparty meets unlikelihood-to-pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - The counterparty is in long-term forbearance;
 - The counterparty is deceased;
 - The counterparty is insolvent;
 - The counterparty is in breach of financial covenant(s);

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

B. Expected credit loss measurement (continued)

B.2 Key judgments and assumptions (continued)

(ii) Definition of default and credit-impaired assets (continued):

2) (Continued)

- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the counterparty's financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

An instrument is considered to no longer be in default (i.e., default has been cured) when it no longer meets any of the default criteria for a consecutive period of three (3) months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

(iii) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

Expected credit losses are measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is based on the amounts the Company is owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

B. Expected credit loss measurement (continued)

B.2 Key judgments and assumptions (continued)

(iii) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

- The LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout its lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by asset type as follows:

- For amortising assets, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis.
- For revolving assets, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by asset type and current limit utilisation band, based on analysis of the Company's recent default data.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

B. Expected credit loss measurement (continued)

B.2 Key judgments and assumptions (continued)

(iii) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type as follows:

- For secured assets, this is primarily based on collateral type and projected collateral values, historical discounts to market or book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured assets, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation, such as the maturity profile of the financial instruments, performance of the portfolio, and changes in collateral values, are monitored and reviewed at least annually.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

(iv) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Data and Analytics team on a quarterly basis and provide the best-estimate view of the economy over the next five years.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes of which each chosen scenario is representative.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

B. Expected credit loss measurement (continued)

B.2 Key judgments and assumptions (continued)

(iv) Forward-looking information incorporated in the ECL models (continued)

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at December 31, 2025 and 2024 are set out below. The scenarios “base”, “upside” and “downside” were used for all portfolios.

The weightings assigned to each economic scenario were:

	Base	Upside	Downside
December 31, 2025			
Investments	<u>55%</u>	<u>10%</u>	<u>35%</u>
December 31, 2024			
Investments	<u>65%</u>	<u>15%</u>	<u>20%</u>

Management used the Vasicek model to apply forward-looking information.

(v) Expected credit losses

• Debt instruments at FVOCI:

	<u>2025</u>	<u>2024</u>
	Stage 1	Stage 1
	12-month	12-month
	ECL	ECL
	\$'000	\$'000
Balance as at January 1	1,018	590
Net remeasurement of expected credit losses*	(895)	<u>428</u>
Balance as at December 31	<u>123</u>	<u>1,018</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(b) Credit risk (continued)

B. Expected credit loss measurement (continued)

B.2 Key judgments and assumptions (continued)

(v) Expected credit losses (continued)

- Resale agreements, debt instruments, cash and staff loans at amortised cost:

	<u>2025</u>	<u>2024</u>
	Stage 1	Stage 1
	12-month	12-month
	ECL	ECL
	<u>\$'000</u>	<u>\$'000</u>
Balance as at January 1	471	733
Net remeasurement of expected credit losses*	(273)	(262)
Balance as at December 31	<u>198</u>	<u>471</u>

*Net reversal of impairment loss (\$1,168,000) (2024: impairment loss of \$166,000)

There was no change in the nature of the Company's exposure to credit risk or the manner in which it manages and measures credit risk.

(c) Liquidity risk

Liquidity risk is the potential for loss to the Company arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. Although the relatively illiquid nature of insurance contracts allows the Company to invest in less liquid but higher-yielding assets, liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profile of assets and liabilities. Liquidity risk is broken down into two primary categories:

- (i) *Funding liquidity risk* - the risk that the Company will not be able to meet the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition; and
- (ii) *Asset/market liquidity risk* - the risk that the Company will not be able to liquidate assets in an orderly fashion without incurring loss on liquidation. This usually stems from illiquid markets or market disruptions.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(c) Liquidity risk (continued)

Management of liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities and includes:

- Weekly cash flow projections and close monitoring of cash resources;
- Managing the concentration and profile of debt maturities;
- Maintaining a portfolio of highly marketable assets that can be easily liquidated as protection against any unforeseen interruptions to cash flows; and
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements.

Assets available to meet liabilities include cash balances. The Company would also be able to meet unexpected net cash outflows by selling securities, should it become necessary.

The following table provides a maturity analysis of the Company's financial assets and liabilities, which reflects the dates on which the cash flows are expected to occur.

	2025					Total cashflow \$'000
	Carrying amount \$'000	1 year or less \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	
Assets						
Cash and cash equivalents	113,768	113,768	-	-	-	113,768
Securities purchased under resale agreements	114,262	114,262	-	-	-	114,262
Investments	865,947	183,358	-	299,191	383,398	865,947
Life vest investments	11,892	-	-	-	11,892	11,892
Other assets	45,929	45,929	-	-	-	45,929
Reinsurance contract assets	<u>78,377</u>	<u>3,108</u>	<u>2,659</u>	<u>6,722</u>	<u>29,886</u>	<u>42,375</u>
Total financial assets	<u>1,230,175</u>	<u>460,425</u>	<u>2,659</u>	<u>305,913</u>	<u>425,176</u>	<u>1,194,173</u>
Liabilities						
Due to related entities	12,002	12,002	-	-	-	12,002
Lease liabilities	35,248	17,669	17,579	-	-	35,248
Other liabilities	80,676	80,676	-	-	-	80,676
Life Vest payable	11,892	11,892	-	-	-	11,892
Net insurance contract liabilities	<u>513,395</u>	<u>484,185</u>	<u>318,926</u>	<u>521,364</u>	<u>1,491,481</u>	<u>2,815,956</u>
Total liabilities	<u>653,213</u>	<u>606,424</u>	<u>336,505</u>	<u>521,364</u>	<u>1,491,481</u>	<u>2,955,774</u>
On statement of financial position gap being total liquidity gap	<u>576,962</u>	<u>(145,999)</u>	<u>(333,846)</u>	<u>(215,451)</u>	<u>(1,066,305)</u>	<u>(1,761,601)</u>
Cumulative gap		<u>(145,999)</u>	<u>(479,845)</u>	<u>(695,296)</u>	<u>(1,761,601)</u>	<u>-</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(c) Liquidity risk (continued)

Management of liquidity risk (continued)

	<u>2024</u>					<u>Total cashflow \$'000</u>
	<u>Carrying amount \$'000</u>	<u>1 year or less \$'000</u>	<u>1-2 years \$'000</u>	<u>2-5 years \$'000</u>	<u>More than 5 years \$'000</u>	
Assets						
Cash and cash equivalents	111,400	111,400	-	-	-	111,400
Securities purchased under resale agreements	109,949	109,949	-	-	-	109,949
Investments	791,950	101,260	-	167,111	523,579	791,950
Due from related entities	11,046	11,046	-	-	-	11,046
Other assets	36,746	36,746	-	-	-	36,746
Reinsurance contract assets	<u>122,291</u>	<u>999</u>	<u>1,063</u>	<u>2,634</u>	<u>11,373</u>	<u>16,069</u>
Total financial assets	<u>1,183,382</u>	<u>371,400</u>	<u>1,063</u>	<u>169,745</u>	<u>534,952</u>	<u>1,077,160</u>
Liabilities						
Due to related entities	19,912	19,912	-	-	-	19,912
Lease liabilities	42,409	27,249	15,160	-	-	42,409
Other liabilities	76,264	76,264	-	-	-	76,264
Net insurance contract liabilities	<u>510,437</u>	<u>284,048</u>	<u>213,022</u>	<u>386,081</u>	<u>1,078,828</u>	<u>1,961,979</u>
Total liabilities	<u>649,022</u>	<u>407,473</u>	<u>228,182</u>	<u>386,081</u>	<u>1,078,828</u>	<u>2,100,564</u>
On statement of financial position gap being total liquidity gap	<u>534,360</u>	<u>(36,073)</u>	<u>(227,119)</u>	<u>(216,336)</u>	<u>(543,876)</u>	<u>(1,023,404)</u>
Cumulative gap		<u>(36,073)</u>	<u>(263,192)</u>	<u>(479,528)</u>	<u>(1,023,404)</u>	<u>-</u>

The amounts payable on demand and the carrying amount of the respective groups of insurance contracts are presented in the following table:

	Amount payable on demand \$'000	Carrying amount \$'000
December 31, 2025	<u>-</u>	<u>636,814</u>
December 31, 2024	<u>-</u>	<u>623,903</u>

There was no change in the nature of exposure to liquidity risk which the Company is subjected to or its approach to measuring and managing the risk during the year.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates and equity prices-will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

Market risk primarily arises from the Company's equity investment, interest bearing financial assets, financial assets and financial liabilities denominated in foreign currency.

For each of the major components of market risk, the Company has policies and procedures in place which detail how each risk should be monitored and managed. The management of each of these major components of risk and the exposure of the Company at the reporting date to each major risk are addressed below.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of financial instrument and reinsurance contracts will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency transaction risk to the extent that the currencies in which reinsurance contracts and financial instruments are denominated in, and balances held in, differ from the Jamaica dollar which is the Company's functional currency. The currencies giving rise to this risk are the United States dollar (USD), Great Britain pounds (GBP) and Canadian dollar (CAD).

Foreign currency transaction risk arising from reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed by management to be both practical and appropriate.

Foreign currency transaction risk is managed by the net exposure is kept to an acceptable level by monitoring its daily positions against approved limits.

At the reporting date, the net foreign currency assets, stated in their respective currencies, were as follows:

	<u>Balances</u>		<u>Exchange rates</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$	<u>2024</u> \$
USD	17	91	158.92	155.60
GBP	4	4	212.83	193.11
CAD	<u>11</u>	<u>10</u>	<u>115.46</u>	<u>108.38</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(d) Market risk (continued)

Management of market risk (continued)

(i) Foreign currency risk (continued)

A 1.5% (2024: 4%) weakening of the Jamaica dollar against the various currencies at December 31 would have increased profit for the year by the amounts shown below. A 1% (2024: 1%) strengthening of the Jamaica dollar against these currencies at December 31, would have had the opposite effect as shown. The analysis assumes that all other variables, in particular, interest rates, remain constant.

	2025		2024	
	<u>1.5%</u> Weakening \$'000	<u>1%</u> Strengthening \$'000	<u>4%</u> Weakening \$'000	<u>1%</u> Strengthening \$'000
USD	41	(27)	566	(142)
GBP	13	(9)	31	(8)
CAD	<u>19</u>	<u>(13)</u>	<u>43</u>	<u>(11)</u>

(ii) Interest rate risk

Interest rate risk on financial instruments is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company manages this risk by regularly re-evaluating the yield, duration and modified duration on given financial instruments.

The Company manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close the gap, if it becomes necessary.

For interest rate risk on insurance and reinsurance contracts the Company manages the risk by closely matching, where possible, the durations of insurance contracts with fixed and guaranteed terms and the supporting financial assets.

The following table summarises the carrying amounts of recognised assets, liabilities and equity to arrive at the Company's interest rate gap based on the earlier of contractual repricing and maturity dates. There were no off-balance sheet financial instruments giving rise to interest rate risk. This interest rate gap is normal for an insurance company.

JN LIFE INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)
December 31, 202526. Financial risk management (continued)

(d) Market risk (continued)

Management of market risk (continued)

(ii) Interest rate risk (continued)

	2025						Weighted average interest rate %
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 1 year	Non-rate sensitive	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets							
Cash and cash equivalents	113,768	-	-	-	-	113,768	1.74
Securities purchased under resale agreements	-	114,262	-	-	-	114,262	5.53
Investments	-	125,597	57,761	634,715	47,874	865,947	7.28
Life Vest investments	-	-	-	-	11,892	11,892	-
Other assets	-	-	-	-	45,929	45,929	-
Insurance contract assets	123,419	-	-	-	-	123,419	8.59
Reinsurance contract assets	<u>8,303</u>	-	-	-	<u>70,074</u>	<u>78,377</u>	8.59
Total financial assets	<u>245,490</u>	<u>239,859</u>	<u>57,761</u>	<u>634,715</u>	<u>175,769</u>	<u>1,353,594</u>	
Liabilities							
Due to related entities	-	-	-	-	12,002	12,002	-
Lease liabilities	-	-	17,669	17,579	-	35,248	10.88
Other liabilities	-	-	-	-	80,676	80,676	-
Life Vest payables	-	-	-	-	11,892	11,892	-
Insurance contract liabilities	<u>404,922</u>	-	-	-	<u>231,892</u>	<u>636,814</u>	8.59
Total financial liabilities	<u>404,922</u>	-	<u>17,669</u>	<u>17,579</u>	<u>336,462</u>	<u>776,632</u>	
On-statement of financial position gap, being total interest rate sensitivity gap	(159,432)	<u>239,859</u>	<u>40,092</u>	<u>617,136</u>	(160,693)	<u>576,962</u>	
Cumulative gap	<u>(159,432)</u>	<u>80,427</u>	<u>120,519</u>	<u>737,635</u>	<u>576,962</u>	<u>-</u>	
	2024						
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate %
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Assets							
Cash and cash equivalents	111,400	-	-	-	-	111,400	2.20
Securities purchased under resale agreements	-	109,949	-	-	-	109,949	6.00
Investments	-	2,306	99,118	629,231	61,295	791,950	7.34
Due from related entities	-	-	-	-	11,046	11,046	-
Other assets	-	-	-	-	36,746	36,746	-
Insurance contract assets	113,466	-	-	-	-	113,466	8.60
Reinsurance contract assets	<u>3,845</u>	-	-	-	<u>118,446</u>	<u>122,291</u>	8.60
Total financial assets	<u>228,711</u>	<u>112,255</u>	<u>99,118</u>	<u>629,231</u>	<u>227,533</u>	<u>1,296,848</u>	
Liabilities							
Due to related entities	-	-	-	-	19,912	19,912	-
Lease liabilities	-	-	27,249	15,160	-	42,409	10.88
Other liabilities	-	-	-	-	76,264	76,264	-
Insurance contract liabilities	<u>386,004</u>	-	-	-	<u>237,899</u>	<u>623,903</u>	8.60
Total financial liabilities	<u>386,004</u>	-	<u>27,249</u>	<u>15,160</u>	<u>334,075</u>	<u>762,488</u>	
On-statement of financial position gap, being total interest rate sensitivity gap	(157,293)	<u>112,255</u>	<u>71,869</u>	<u>614,071</u>	(106,542)	<u>534,360</u>	
Cumulative gap	<u>(157,293)</u>	<u>(45,038)</u>	<u>26,831</u>	<u>640,902</u>	<u>534,360</u>	<u>-</u>	

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(d) Market risk (continued)

Management of market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis:

Fair value sensitivity for fixed rate instruments:

A reasonably probable increase/decrease in interest rates, using the below scenarios, would adjust reserves and profit or loss by the amounts shown below:

	2025		2024	
	Increase in interest rate	Decrease in interest rate	Increase in interest rate	Decrease in interest rate
J\$ denominated instruments	25 basis points	25 basis points	25 basis points	50 basis points

An increase/decrease in interest rates, using the below scenarios, would adjust reserves and profit or loss by the amounts shown below:

	2025		2024	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
J\$ denominated instruments	<u>(5,289)</u>	<u>5,379</u>	<u>(4,759)</u>	<u>13,477</u>

Sensitivity analysis of insurance contracts and related financial investments:

An analysis of the Company's sensitivity to a 100 basis point increase or 100 basis point decrease in market interest rates at December 31, assuming that all other variables remain constant is presented below.

	1% increase in interest rates				1% decrease in interest rates			
	Net insurance contracts balance \$'000	Investment assets \$'000	Profit or loss \$'000	Equity \$'000	Net insurance contracts balance \$'000	Investment assets \$'000	Profit or loss \$'000	Equity \$'000
2025	(435,018)	885,809	54,613	40,960	(435,018)	885,809	(77,615)	(58,211)
2024	<u>(388,146)</u>	<u>782,693</u>	<u>47,544</u>	<u>35,658</u>	<u>(388,146)</u>	<u>782,693</u>	<u>(67,318)</u>	<u>(50,488)</u>

(iii) Equity price risk

Equity price risk arises from equity securities classified as fair value through profit or loss held by the Company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Company's investment strategy is to maximize risk adjusted investment returns. The market value of equity securities held as at December 31, 2025 was \$29,813,000 (2024: \$31,768,000).

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

26. Financial risk management (continued)

(d) Market risk (continued)

Management of market risk (continued)

(iii) Equity price risk (continued)

A 1.5% (2024: 6%) increase in the market price at the reporting date would result in an increase in profit for the Company of \$447,196 (2024: \$1,906,079). A 1% (2024: 2%) decrease in the market price at the reporting date would result in a decrease in profit for the Company of \$298,130 (2024: \$635,360).

There was no change during the year in the nature of the Company's exposure to market risk or the manner in which it manages and measures the risk.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements, natural and man-made disasters as well as generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk to achieve the optimal balance between the Company's financial viability and its performance against the requirements of an effective operational risk management framework.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Group's Risk and Compliance Unit centrally and in daily operations to the senior management team.

This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- risk policies/guidelines for assisting management to understand the ways in which risks can be measured, managed, identified and controlled;
- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial actions;
- development of business continuity programmes including contingency plans, testing and training;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

26. Financial risk management (continued)

(e) Operational risk (continued)

The Group's Risk and Compliance Unit conducts frequent operational risk reviews of business lines in keeping with established policies and is supported with independent reviews undertaken by Group Internal Audit. The results of all operational risk reviews are discussed with management and the recommendations and required actions agreed. Summaries of the operational risk reviews are submitted to the Audit Committee and to the Board of Directors.

There was no change during the year in the Company's exposure to operational risk or the manner in which it manages the risk.

(f) Capital management

The Company's objectives when managing capital are:

- (i) To comply with capital requirements set by the regulators of the insurance industry within which the Company operates;
- (ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

The Company's main regulator is the Financial Services Commission (FSC) which monitors the capital requirements for the Company.

Regulators are primarily interested in protecting the rights of the policyholders and monitoring the Company closely to ensure that it is satisfactorily managing affairs for the benefit of the policyholders. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities such as those arising from economic shocks or natural disasters.

In implementing current capital requirements, the FSC requires the Company to maintain a minimum capital requirement of \$100,000,000.

To assist in evaluating the current business and strategic opportunities, a risk-based approach is one of the core measures of financial performance. The risk-based assessment measure which has been adopted is the Life Insurance Capital Adequacy Test (LICAT) as defined by the FSC. The minimum standard recommended for companies is a LICAT ratio of 100%.

The LICAT for the Company is set out below:

	<u>2025</u>	<u>2024</u>
Regulatory capital held (\$'000)	<u>1,315,397</u>	<u>1,062,452</u>
Minimum regulatory capital (\$'000)	<u>822,395</u>	<u>757,425</u>
Ratio	<u>159.9%</u>	<u>140.3%</u>

There was no change during the year in the manner in which the Company manages capital.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

27. Fair value of financial instruments

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. Where quoted market prices are not available, the fair values of these instruments have been determined using a generally accepted alternative method.

The fair value of cash and cash equivalents, securities purchased under resale agreements, Bank of Jamaica certificates of deposit, due to/from related parties, other assets and other liabilities are considered to approximate their carrying values due to their relatively short term nature.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

27. Fair value of financial instruments (continued)

This hierarchy requires the use of observable market data when available.

(a) Accounting classification and fair values:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, their classification and their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair values.

	2025								
	Carrying amount				Fair value				
	FVOCI \$'000	Fair value through profit or loss \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value									
Government of Jamaica securities	685,812	-	-	-	685,812	-	685,812	-	685,812
Quoted equities	-	29,813	-	-	29,813	29,813	-	-	29,813
Mutual funds	-	18,061	-	-	18,061	-	18,061	-	18,061
Corporate bonds	-	-	9,053	-	9,053	-	9,053	-	9,053
	<u>685,812</u>	<u>47,874</u>	<u>9,053</u>	<u>-</u>	<u>742,739</u>	<u>29,813</u>	<u>712,926</u>	<u>-</u>	<u>742,739</u>
Financial assets not measured at fair value									
Cash and cash equivalents	-	-	113,768	-	113,768	-	113,768	-	113,768
Securities purchased under resale agreements	-	-	114,262	-	114,262	-	114,262	-	114,262
Bank of Jamaica certificates of deposit	-	-	123,248	-	123,248	-	123,248	-	123,248
Life Vest investments	-	-	11,892	-	11,892	-	11,892	-	11,892
Insurance contract assets	-	-	123,419	-	123,419	-	123,419	-	123,419
Reinsurance contract assets	-	-	78,377	-	78,377	-	78,377	-	78,377
Other assets	-	-	45,929	-	45,929	-	-	45,929	45,929
Total financial assets	<u>-</u>	<u>-</u>	<u>610,895</u>	<u>-</u>	<u>610,895</u>	<u>-</u>	<u>564,966</u>	<u>45,929</u>	<u>610,895</u>
Financial liabilities not measured at fair value									
Due to related entities	-	-	-	12,002	12,002	-	-	12,002	12,002
Lease liabilities	-	-	-	35,248	35,248	-	-	35,248	35,248
Other liabilities	-	-	-	80,676	80,676	-	-	80,676	80,676
Life Vest payables	-	-	-	11,892	11,892	-	-	11,892	11,892
Insurance contract liabilities	-	-	-	636,814	636,814	-	-	636,814	636,814
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,632</u>	<u>776,632</u>	<u>-</u>	<u>-</u>	<u>776,632</u>	<u>776,632</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

27. Fair value of financial instruments (continued)

This hierarchy requires the use of observable market data when available. (continued)

(a) Accounting classification and fair values (continued):

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, their classification and their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair values. (continued)

	2024									
	<u>Carrying amount</u>				<u>Fair value</u>					
	<u>FVOCI</u>	<u>Fair value through profit or loss</u>	<u>Amortised cost</u>	<u>Other financial liabilities</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
Financial assets measured at fair value										
Government of Jamaica securities	614,264	-	-	-	614,264	-	614,264	-	614,264	
Quoted equities	-	31,768	-	-	31,768	31,768	-	-	31,768	
Mutual funds	-	29,527	-	-	29,527	-	29,527	-	29,527	
Corporate bonds	-	-	18,369	-	18,369	-	18,369	-	18,369	
	<u>614,264</u>	<u>61,295</u>	<u>18,369</u>	<u>-</u>	<u>693,928</u>	<u>31,768</u>	<u>662,160</u>	<u>-</u>	<u>693,928</u>	
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	111,400	-	111,400	-	111,400	-	111,400	
Securities purchased under resale agreements	-	-	109,949	-	109,949	-	109,949	-	109,949	
Bank of Jamaica certificates of deposit	-	-	98,251	-	98,251	-	98,251	-	98,251	
Due from related parties	-	-	11,046	-	11,046	-	11,046	-	11,046	
Insurance contract assets	-	-	113,466	-	113,466	-	113,466	-	113,466	
Reinsurance contract assets	-	-	122,291	-	122,291	-	122,291	-	122,291	
Other assets	-	-	36,746	-	36,746	-	-	36,746	36,746	
Total financial assets	<u>-</u>	<u>-</u>	<u>603,149</u>	<u>-</u>	<u>603,149</u>	<u>-</u>	<u>566,403</u>	<u>36,746</u>	<u>603,149</u>	
Financial liabilities not measured at fair value										
Due to related entities	-	-	-	19,912	19,912	-	-	19,912	19,912	
Lease liabilities	-	-	-	42,409	42,409	-	-	42,409	42,409	
Other liabilities	-	-	-	76,264	76,264	-	-	76,264	76,264	
Insurance contract liabilities	-	-	-	623,903	623,903	-	-	623,903	623,903	
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>762,488</u>	<u>762,488</u>	<u>-</u>	<u>-</u>	<u>762,488</u>	<u>762,488</u>	

No items were transferred from one level to another.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

27. Fair value of financial instruments (continued)

(b) Valuation technique

The valuation techniques used in measuring fair value in level 2 of the hierarchy are detailed below. There were no significant unobservable inputs used in computing the fair values.

Type	Valuation techniques
US\$ denominated securities issued or guaranteed by GOJ	<ul style="list-style-type: none"> • Obtain bid price provided by a recognised broker/dealer • Apply price to estimate fair value
J\$ denominated securities issued or guaranteed by GOJ	<ul style="list-style-type: none"> • Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids) • Apply price to estimate fair value
Mutual funds	<ul style="list-style-type: none"> • Obtain prices quoted by investment managers • Apply price to estimate fair value

28. Insurance risk management

(a) Key risks arising from contracts issued

The Company's management of insurance risk is a critical aspect of the business. See note 26 for information on the risk management framework of the entity.

The primary insurance activity carried out by the Company is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the Company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

(b) Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- *Insurance risk*: the risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- *Policyholder behaviour risk*: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums earlier or later than expected.
- *Expense risk*: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

28. Insurance risk management (continued)

(b) Underwriting risk (continued)

(i) Management of underwriting risk

The Company's management of insurance and financial risk is a critical aspect of the business.

The Company manages insurance risk through its underwriting policy that includes, *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The Company's underwriting strategy includes the use of a medical questionnaire with benefits limited to reflect the health condition of applicants.

The Company actively monitors insurance risk exposures both for individual and portfolio types of risk. These methods include internal risk measurement, portfolio modelling and analyses.

The Company seeks to underwrite a balanced portfolio of risks at rates and on terms that will produce an underwriting result consistent with its long-term objectives.

The Board of Directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objectives.

(ii) Reinsurance strategy:

The Company reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

The Company manages reinsurance risk by selecting reinsurers which have established capability to meet their contractual obligations and which have favourable credit ratings as determined by a reputable rating agency.

Ceded reinsurance results in credit risk. The Company monitors the financial condition of re-insurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria and for monitoring its adequacy on an ongoing basis. [note 28(b)(i)].

(iii) Sensitivity analysis

The table below analyses the sensitivity of the CSM, profit or loss and equity to changes in valuation assumptions. This analysis assumes that all other assumptions remain constant.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

28. Insurance risk management (continued)
(b) Underwriting risk (continued)
(iii) Sensitivity analysis (continued)

	2025								
	FCF as at December 31 \$'000	CSM as at December 31 \$'000	Total \$'000	Impact on FCF \$'000	Impact on CSM \$'000	Total increase/ (decrease) in insurance contract liabilities \$'000	Remaining CSM \$'000	Impact on profit before income tax \$'000	Impact on equity \$'000
Insurance contract liabilities as at 31 December									
Net insurance contracts balance	(80,165)	352,468	272,303						
Reinsurance contract assets	(3,884)	(4,419)	(8,303)						
Net insurance contract liabilities	(84,049)	348,049	264,000						
Mortality rate – 10% increase									
Net insurance contracts balance	-	-		104,856	(50,596)	54,260	301,871	(54,260)	(40,695)
Reinsurance contract assets	-	-		(3,650)	3,371	(279)	(1,048)	279	209
Net insurance contract liabilities	-	-		101,206	(47,225)	53,981	300,823	(53,981)	(40,486)
Mortality rate – 10% decrease									
Net insurance contracts balance	-	-		(108,513)	84,986	(23,527)	437,453	23,527	17,645
Reinsurance contract assets	-	-		3,636	(3,358)	278	(7,777)	(278)	(208)
Net insurance contract liabilities	-	-		(104,877)	81,628	(23,249)	429,676	23,249	17,437
Morbidity rate – 10% increase									
Net insurance contracts balance	-	-		58,010	(44,958)	13,052	307,510	(13,052)	(9,789)
Reinsurance contract assets	-	-		7	(6)	1	(4,426)	(1)	(1)
Net insurance contract liabilities	-	-		58,017	(44,964)	13,053	303,084	(13,053)	(9,790)
Morbidity rate – 10% decrease									
Net insurance contracts balance	-	-		(57,235)	46,420	(10,815)	398,888	10,815	8,111
Reinsurance contract assets	-	-		(43)	39	(4)	4,380	(4)	(3)
Net insurance contract liabilities	-	-		(57,278)	46,460	(10,819)	394,508	10,819	8,114
Lapse/surrender rates – 10% increase									
Net insurance contracts balance	-	-		6,233	(3,531)	2,701	348,936	(2,701)	(2,026)
Reinsurance contract assets	-	-		(48)	45	(3)	(4,374)	3	2
Net insurance contract liabilities	-	-		6,185	(3,486)	2,698	344,562	(2,698)	(2,024)
Lapse/surrender rates – 10% decrease									
Net insurance contracts balance	-	-		(4,876)	5,741	865	358,209	(865)	(649)
Reinsurance contract assets	-	-		67	(63)	4	(4,483)	(4)	(2)
Net insurance contract liabilities	-	-		(4,809)	5,678	869	353,726	(869)	(651)
Expenses – 10% increase									
Net insurance contracts balance	-	-		34,522	(22,127)	12,395	330,341	(12,395)	(9,296)
Reinsurance contract assets	-	-		(14)	(13)	1	4,407	(1)	(1)
Net insurance contract liabilities	-	-		34,508	(22,140)	12,396	334,748	(12,396)	(9,297)
Expenses – 10% decrease									
Net insurance contracts balance	-	-		(34,314)	26,824	(7,490)	379,292	7,490	5,618
Reinsurance contract assets	-	-		15	(14)	1	(4,433)	(1)	(1)
Net insurance contract liabilities	-	-		(34,299)	26,810	(7,489)	374,859	7,489	5,617

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

28. Insurance risk management (continued)
(b) Underwriting risk (continued)
(iii) Sensitivity analysis (continued)

	2024								
	FCF as at December 31 \$'000	CSM as at December 31 \$'000	Total \$'000	Impact on FCF \$'000	Impact on CSM \$'000	Total increase/ (decrease) in insurance contract liabilities \$'000	Remaining CSM \$'000	Impact on profit before income tax \$'000	Impact on equity \$'000
Insurance contract liabilities as at 31 December									
Net insurance contracts balance	32,376	240,161	272,537	-	-	-	-	-	-
Reinsurance contract assets	(2,066)	(1,779)	(3,845)	-	-	-	-	-	-
Net insurance contract liabilities	30,310	238,382	268,692	-	-	-	-	-	-
Mortality rate – 10% increase									
Net insurance contracts balance	-	-	-	81,025	(56,074)	24,951	184,087	(24,951)	(18,713)
Reinsurance contract assets	-	-	-	(1,858)	1,705	(153)	3,484	153	115
Net insurance contract liabilities	-	-	-	79,167	(54,369)	24,798	187,571	(24,798)	(18,598)
Mortality rate – 10% decrease									
Net insurance contracts balance	-	-	-	(83,692)	65,164	(18,528)	305,325	18,528	13,896
Reinsurance contract assets	-	-	-	1,848	(1,695)	153	84	(153)	(115)
Net insurance contract liabilities	-	-	-	(81,844)	63,469	(18,375)	305,409	18,375	13,781
Morbidity rate – 10% increase									
Net insurance contracts balance	-	-	-	48,740	(39,682)	9,058	200,479	(9,058)	(6,793)
Reinsurance contract assets	-	-	-	7	(6)	1	1,772	(1)	-
Net insurance contract liabilities	-	-	-	48,747	(39,688)	9,059	202,251	(9,059)	(6,793)
Morbidity rate – 10% decrease									
Net insurance contracts balance	-	-	-	(48,089)	39,171	(8,918)	279,333	8,918	6,688
Reinsurance contract assets	-	-	-	(31)	29	(2)	1,808	2	1
Net insurance contract liabilities	-	-	-	(48,120)	39,200	(8,920)	281,141	8,920	6,689
Lapse/surrender rates – 10% increase									
Net insurance contracts balance	-	-	-	2,818	(3,790)	(972)	236,371	972	729
Reinsurance contract assets	-	-	-	13	(12)	1	1,767	(1)	(1)
Net insurance contract liabilities	-	-	-	2,831	(3,802)	(971)	238,138	971	728
Lapse/surrender rates – 10% decrease									
Net insurance contracts balance	-	-	-	(1,454)	2,664	1,210	242,825	(1,210)	(907)
Reinsurance contract assets	-	-	-	(11)	9	(2)	1,788	2	1
Net insurance contract liabilities	-	-	-	(1,465)	2,673	1,208	244,613	(1,208)	(906)
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	36,567	(29,015)	7,552	211,147	(7,552)	(5,664)
Reinsurance contract assets	-	-	-	(12)	11	(1)	1,790	1	-
Net insurance contract liabilities	-	-	-	36,555	(29,004)	7,551	212,937	(7,551)	(5,664)
Expenses – 10% decrease									
Net insurance contracts balance	-	-	-	(36,320)	28,799	(7,521)	268,960	7,521	5,641
Reinsurance contract assets	-	-	-	10	(10)	-	1,769	-	-
Net insurance contract liabilities	-	-	-	(36,310)	28,789	(7,521)	270,729	7,521	5,641

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

28. Insurance risk management (continued)

(c) Terms and conditions of life insurance contracts

The terms and conditions and the key factors upon which the timing and uncertainty of future cash flows of life insurance contracts depend are as follows:

Terms and conditions

The insurance contracts insure human life for death, critical illness or permanent disability over short and long durations. These life insurance contracts protect the Company's customer from the consequence of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Key factors affecting future cash flows

For the contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as HIV/AIDS) and wide-ranging lifestyle changes such as eating, smoking and exercise habits resulting in earlier or more claims than expected.

(d) Reinsurance limits

- (i) Coverage in excess of retention limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Company are summarised below:

<u>Type of insurance contract</u>	<u>Retention limit</u>
Group creditor life contract	JMD 7,500,000; USD 60,000; CAD 75,000; GBP 42,000 of coverage per life insured. Treaty limits apply
Group life contract	JMD 3,000,000 of coverage per life insured. Treaty limits apply
Term Plan	JMD 10,000,000 of coverage per life insured. Treaty limits apply

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

28. Insurance risk management (continued)

(d) Reinsurance limits (continued)

- (ii) The benefits assured, distributed by retained amounts and by reinsured amounts, are shown below:

<u>Band</u> \$'000	2025		
	<u>Total amount</u> \$'000	<u>Total amount reinsured</u> \$'000	<u>Total amount retained</u> \$'000
0 - 1,000	23,556,322	279,466	23,276,857
1,000 - 2,000	17,632,227	607,867	17,024,360
2,000 - 5,000	41,556,710	6,675,690	34,881,019
5,000 - 10,000	38,912,022	12,309,654	26,602,368
10,000 and over	<u>51,715,639</u>	<u>27,585,499</u>	<u>24,131,190</u>
	<u>173,372,920</u>	<u>47,458,126</u>	<u>125,914,794</u>
<u>Band</u> \$'000	2024		
	<u>Total amount</u> \$'000	<u>Total amount reinsured</u> \$'000	<u>Total amount retained</u> \$'000
0 - 1,000	23,010,123	265,858	22,744,265
1,000 - 2,000	16,483,881	583,964	15,899,917
2,000 - 5,000	44,626,737	6,713,255	37,913,482
5,000 - 10,000	41,543,445	13,421,759	28,121,686
10,000 and over	<u>47,278,835</u>	<u>24,101,422</u>	<u>23,177,413</u>
	<u>172,943,021</u>	<u>45,086,258</u>	<u>127,856,763</u>

29. Related party balances and transactions

(a) Definition of related parties

A related party is a person or entity that is related to the Company.

- A) A person or a close member of that person's family is related to the Company if that person:
- (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

29. Related party balances and transactions (continued)

(a) Definition of related parties (continued)

B) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group of companies (which means that each parent, subsidiary and fellow subsidiary is related to the other).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of companies of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of related parties

The Company has a related party relationship with its ultimate parent company, parent company, fellow subsidiaries, directors, associated companies, key management personnel and JN Foundation.

(c) Except those stated separately thereon, the statement of financial position includes balances, arising in the ordinary course of business, with related entities, as follows:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Fellow subsidiaries:		
Cash and cash equivalents	53,678	51,183
Insurance contract liabilities	<u>32,146</u>	<u>28,432</u>
Other liabilities :		
Contribution to JN Foundation	<u>6,000</u>	<u>5,000</u>

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

29. Related party balances and transactions (continued)

- (d) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties in the ordinary course of business:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Ultimate parent company:		
Management fees	(87,729)	(100,563)
Other fees	(32,685)	(36,710)
Insurance revenue	19,436	24,087
Parent company:		
Management fees	(36,092)	(32,989)
Insurance revenue	2,630	3,057
Fellow subsidiaries:		
Management fees	(7,088)	(4,523)
Insurance revenue	77,330	73,537
Insurance benefits incurred	(39,644)	(42,950)
Service fees	(1,157)	(1,055)
Fleet management fees and associated services	(258)	(237)
Peril insurance	-	(1,455)
Maintenance expense	(7,180)	(5,385)
Related entities:		
Insurance revenue	418	459
Contribution to JN Foundation (note 23)	<u>(8,494)</u>	<u>(9,589)</u>

The related party transactions were conducted on an arm's length basis.

- (e) Compensation paid to key management personnel (directors and senior executives) is as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Directors' fees (note 23)	(8,298)	(7,970)
Other key management compensation		
Short term benefits	<u>(29,185)</u>	<u>(30,889)</u>

30. Dividends

Interim dividends of \$Nil (2024: \$50,000) per share, amounting to \$Nil (2024: \$50,000,000) were declared and paid.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

31. Pension scheme

The Company participates in a group defined contribution pension scheme operated by the ultimate parent company.

Employees contribute at a mandatory rate of 5% of pensionable salary, but may make additional contributions not exceeding a further 10%. The Company makes matching contributions at the rate of 5% to 10% of pensionable salaries, depending on the employees' years of pensionable service. Contributions to the scheme for the year amounted to \$11,600,000 (2024: \$8,319,000).

32. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except otherwise mentioned.

(a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, due from related entities, other assets, insurance contract assets and reinsurance contract assets. Financial liabilities include due to related parties, lease liabilities, other liabilities and insurance contract liabilities.

Financial assets(i) Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients.

Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(a) Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

i. Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses recognised and measured as described in note 26(b)B.2(v). Interest income from these financial assets is included in 'Finance income' using the effective interest rate method.

ii. Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instruments which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in fair value gains. Interest income from these financial assets is included in interest income using the effective interest rate method.

iii. Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Fair value gains' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in "Finance Income". Interest income from these financial assets is included in interest income using the effective interest rate method.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(a) Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. The measurement category from the three above, that the Company selects for a particular financial instrument depends on the business model applicable to that instrument. There are three models, namely, 'hold and collect', 'hold to collect and sell' and 'other'. The Company determines whether its objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): 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 solely payments of principal and interest (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 fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(a) Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal.

Impairment losses and reversal of impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the fair value gains, net in the statement of profit or loss.

(ii) Derecognition

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

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises expected credit losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(a) Financial instruments (continued)

Financial liabilities

(i) Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

(ii) Recognition

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

(iii) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(b) Other liabilities

Other liabilities are measured at amortised cost.

(c) Other assets

Other assets are measured at amortised cost less impairment losses.

(d) Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. They comprise bank balances and short-term, highly liquid investments where original maturities do not exceed three months from the acquisition date, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments.

(e) Foreign currency transactions and balances

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary foreign currency balances at the reporting date are translated at the Bank of Jamaica's weighted average rates, being the rates of exchange ruling on that date. Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(f) Taxation

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current income tax is the expected tax payable on the income for the year, as adjusted for tax purposes, using tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improves.

(g) Revenue recognition

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- (a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- (b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit losses).

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(g) Revenue recognition (continued)

(ii) Realised gains and losses

Realised gains and losses recorded in the statement of profit or loss and other comprehensive income relate to gains and losses on the sale of financial and other assets. This is calculated as the difference between net sales proceeds and the carrying value at the sale date and is recorded on occurrence of the sale transaction.

(h) Insurance and reinsurance contracts

A. Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. The Company uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. Insurance and reinsurance contracts also expose the Company to financial risk.

The Company does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

All of the Company's insurance contracts transfer significant insurance risk except for the investment riders which have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk. Investment riders are classified as investment contracts, and they follow financial instruments accounting under IFRS 9.

Other riders representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary. The Company does not issue insurance contracts with direct or indirect participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

A. Classification (continued)

The Company measures insurance contracts issued and reinsurance contracts held applying either the General Measurement Model (GMM) or the Premium Allocation Approach (PAA).

(i) Separating components from insurance and reinsurance contracts

Separation of components

At inception the Company assesses whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. The Company only has one product, the term life investment rider, that is separated and measured under IFRS 9. The Company does not issue or hold any other insurance contracts that contain investment components.

Combination of contracts

Many of the Company's products offer riders, where the rider has its own contract that is embedded into the base contract as a separate section. The riders are priced separately and often protect against a different insurance risk than the base coverage. However, all the riders offered by the Company cannot exist without the base contract, cannot be purchased on its own, and will terminate on the surrender or cancellation of the base contract. Therefore, the rider cannot be separated from the host contract.

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together.

The Company manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

A. Classification (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

Insurance contracts (continued)

Each 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.

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.

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the fulfilment cash flows at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

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

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

A. Classification (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

Insurance contracts (continued)

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For contracts measured using the 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. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- (i) contracts for which there is a net gain at initial recognition;
- (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- (iii) remaining contracts in the portfolio.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

A. Classification (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

Reinsurance contracts (continued)

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
 - i. the beginning of the coverage period of the group; and
 - ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

Unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

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

(iii) Insurance acquisition cash flows

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts 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.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

A. Classification (continued)

(iii) Insurance acquisition cash flows (continued)

Before a group of insurance contracts is recognised, the Company could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired.

Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

(iv) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance contracts

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of 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

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

A. Classification (continued)

(iv) Contract boundaries (continued)

Insurance contracts (continued)

b. both of the following criteria are satisfied:

- i. 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
- ii. 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 and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Reinsurance contracts

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

B. Measurement

The Company uses different measurement approaches, depending on the type of contract, as follows:

Insurance contracts issued	Measurement model
Individual life	General measurement model (GMM)
Group single premium creditor life	GMM
Group life	Premium Allocation Approach (PAA)
Investment riders	Financial liabilities measured at FVTPL under IFRS 9
Reinsurance contracts held	
Individual Life	GMM
Group Life	PAA

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(i) Contracts measured under GMM

Insurance contracts

For insurance contracts issued, on initial recognition the Company measures a group of insurance contracts as the total of:

- a. the fulfilment cash flows (FCF), which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- b. the contractual service margin (CSM).

For contracts issued, at the end of each subsequent reporting date the carrying amount of a group of insurance contracts is the sum of:

- (i) the liability for remaining coverage (LRC) comprising:
 - the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and
 - any remaining CSM at that date and
- (ii) the liability for incurred claims (LIC).

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Fulfilment cash flows

The fulfilment cash flows 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.

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.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Fulfilment cash flows (continued)

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 requires significant judgement and estimation.

The fulfilment cash flows are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- a. changes that relate to current or past service are recognised in profit or loss; and
- b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

Contractual service margin (CSM)

The Contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

- a. the initial recognition of the fulfilment cashflows (FCF);
- b. cash flows arising from the contracts in the group at that date;
- c. the derecognition of any insurance acquisition cash flows asset; and
- d. the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

a. Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin (CSM) (continued)

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

The following adjustments relate to future service and thus adjust the CSM:

- a. experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;
- b. changes in estimates of the present value of future cash flows in the LRC; and
- c. changes in the risk adjustment for non-financial risk that relate to future service.

The following adjustments do not adjust the CSM:

- a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- b. changes in the FCF relating to the LIC;
- c. experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
- d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin (CSM) (continued)

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- a. The effect of any new contracts added to the group.
- b. interest accreted on the carrying amount of the CSM.
- c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d. The effect of any currency exchange differences.
- e. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows. If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin (CSM) (continued)

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- a. the quantity of benefits provided by contracts in the group;
- b. the expected coverage period of contracts in the group; and
- c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition.

Loss component

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the liability remaining coverage (LRC) for the respective group of contracts, based on the ratio of the loss component to the fulfilment cash flows relating to the expected future cash outflows:

- a. expected incurred claims and other directly attributable expenses for the period;
- b. changes in the risk adjustment for non-financial risk for the risk expired; and
- c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses. Decreases in the fulfilment cash flows in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the fulfilment cash flows in subsequent periods increase the loss component.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises:

- a. the fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- b. any remaining CSM at that date

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain fulfilment cash flows at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

(ii) Contracts measured under PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(ii) Contracts measured under PAA (continued)

Insurance contracts

For insurance contracts issued, on initial recognition, the Company measures the 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 and the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the liability for incurred claims (LIC), 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, excluding amounts that relate to premium receivables included in the LIC;
- b. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and

For insurance contracts issued, insurance acquisition cash flows allocated to a group are expensed when incurred.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. For 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 requires significant judgement and estimation.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the fulfilment cash flows with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the fulfilment cash flows relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognized as insurance service expenses.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(ii) Contracts measured under PAA (continued)

Insurance contracts (continued)

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. 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 fulfills insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

Reinsurance contracts

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

B. Measurement (continued)

(ii) Contracts measured under PAA (continued)

Reinsurance contracts (continued)

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a. increased for ceding premiums paid in the period;
- b. increased for broker fees paid in the period; and
- c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

The Company adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

Where applicable, changes in the loss-recovery component are recognised as net income from reinsurance contracts held.

For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

C. Derecognition and contract modification

An insurance contract is derecognised when it is:

- extinguished; or
- the contract is modified and additional criteria discussed below are met

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the Fulfilment Cash Flows (FCF), unless the conditions for the derecognition of the original contract are met.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

C. Derecognition and contract modification (continued)

The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
 - i. is not within the scope of IFRS 17;
 - ii. results in different separable components;
 - iii. results in a different contract boundary; or
 - iv. belongs to a different group of contracts.
- b. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract accounted for under the GMM is derecognised from within a group of insurance contracts, the Company:

- a. adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
- b. adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the Liability for Remaining Coverage (LRC) of the group) in the following manner, depending on the reason for the derecognition:
 - i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
 - ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
 - iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (i) adjusted for the premium that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification,
 - iv. less any additional premium charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received; and
 - v. adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

C. Derecognition and contract modification (continued)

When an insurance contract measured under PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

D. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into:

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

D. Presentation (continued)

(i) Insurance revenue

The Company recognises insurance revenue as it satisfies its performance obligations - i.e. as it provides services under groups of insurance contracts. 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.

For contracts measured under the GMM, insurance revenue comprises the following:

- a. Amounts relating to the changes in the LRC:
 - i. claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - amounts allocated to the loss component;
 - amounts of transaction-based taxes collected in a fiduciary capacity;
 - insurance acquisition expenses; and
 - amounts related to the risk adjustment for non-financial risk [see (b)];
 - ii. changes in the risk adjustment for non-financial risk, excluding:
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component;
 - iii. amounts of the CSM recognised for the services provided in the period;
 - iv. experience adjustments – arising from premiums received in the period other than those that relate to future service; and
 - v. other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.
- b. Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

D. Presentation (continued)

(i) Insurance revenue (continued)

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

(ii) Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims and benefits, reduced by loss component allocations;
- b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- c. insurance acquisition cash flows amortisation;
- d. changes that relate to past service – changes in the fulfilment cash flows relating to the LIC; and
- e. changes that relate to future service – changes in the fulfilment cash flows that result in onerous contract losses or reversals of those losses; and
- f. insurance acquisition cash flows assets impairment

For contracts measured under the GMM, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, 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.

(iii) Net expenses from reinsurance contracts

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- a. reinsurance expenses;
- b. for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;
- c. incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- d. other incurred directly attributable expenses;
- e. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- f. effect of changes in the risk of reinsurers' non-performance; and

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

D. Presentation (continued)

(iii) Net expenses from reinsurance contracts (continued)

- g. amounts relating to accounting for onerous groups of underlying insurance contracts issued:
 - i. income on initial recognition of onerous underlying contracts;
 - ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
 - iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

- a. claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
 - amounts allocated to the loss-recovery component;
 - repayments of investment components; and
 - amounts related to the risk adjustment for non-financial risk [see (b)];
- b. changes in the risk adjustment for non-financial risk, excluding:
 - changes included in finance income (expenses) from reinsurance contracts held;
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss-recovery component;
- c. amounts of the CSM recognised for the services received in the period; and
- d. experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held, measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2025

32. Material accounting policies (continued)

(h) Insurance and reinsurance contracts (continued)

D. Presentation (continued)

(iii) Net expenses from reinsurance contracts (continued)

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

(iv) 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.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the FCF and the CSM;
- b. the effect of changes in interest rates and other financial assumptions; and
- c. foreign exchange differences.

For contracts measured under the PAA, the only amounts within insurance finance income or expenses are foreign exchange differences.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Company applies the OCI option to disaggregate insurance finance income or expenses between profit or loss and OCI. The effect of changes in the time value of money and changes in financial risk on the LIC for insurance contracts issued and reinsurance contracts held are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance contract liabilities. The remainder of insurance finance income and expenses are reflected in profit or loss using locked-in assumptions.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(i) Employee benefits

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory payroll contributions, annual leave, and non-monetary benefits such as medical care; post-employment benefits such as pension and any other long term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

The ultimate parent company provides post-retirement pension benefits to employees who have satisfied certain minimum service requirements. These benefits are accounted for under a defined-contribution pension plan and the obligations for contributions are recognised as an expense in the profit or loss as incurred.

(j) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists for any assets, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(k) Securities purchased under resale agreements

Securities purchased under resale agreements ("Resale agreements") are short-term transactions whereby securities are bought with simultaneous agreements to resell the securities on a specified date and at a specified price. Resale agreements are accounted for as short-term collateralised lending and are carried at amortised cost.

The difference between the purchase and resale considerations is recognised on the accrual basis over the period of the agreement, using the effective interest method, and is included in interest income.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(l) Dividends

Dividends to shareholders are recorded in the financial statements in the period in which they are declared.

(m) Share capital

Ordinary shares are classified as equity.

(n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at an amount equal to the lease liability, adjusted, if applicable.

The right-of-use asset is subsequently depreciated using the straight-line method from acquisition date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date, discounted using the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from a fellow banking subsidiary and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments measured at amortised cost using the effective interest method.

(o) New and amended standards and interpretations that are not yet effective

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following is relevant:

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

32. Material accounting policies (continued)

(o) New and amended standards and interpretations that are not yet effective (continued)

- *IFRS 18 Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027.

Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a Company’s main business activities.

All companies are required to report the newly defined ‘operating profit’ subtotal – an important measure for investors’ understanding of a Company’s operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the ‘investing’ category.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a ‘useful structured summary’ of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a Company provides more detailed disclosures about their nature.

IFRS 18 requires some ‘non-GAAP’ measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management’s view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Companies are discouraged from labelling items as ‘other’ and will now be required to disclose more information if they continue to do so.

The Company is assessing the impact that the amendments will have on its future financial statements.

JN LIFE INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2025

33. Commitment*Capital commitment:*

As at December 31, 2025, the Company had commitment for capital expenditure of \$72,450,000 for the acquisition of a new life insurance software (2024: \$Nil).

34. Impact of Hurricane Melissa and the US-Israel Conflict with Iran

Hurricane Melissa made landfall in Jamaica on October 28, 2025, causing significant damage to lives, livelihoods, infrastructure and properties. The hurricane had several direct impacts on customers, with the fallout having knock-on effects on the Jamaican economy, inflation, and the financial markets. Whilst many of JN Life's customers reside outside of the areas most severely impacted by the Hurricane, as part of JN Life's risk management strategy, assistance has been provided to its customers who were directly impacted in order to mitigate the risks to the portfolio.

In March 2026, the geopolitical instability resulting from the US-Israel conflict with Iran and the subsequent closure of the Strait of Hormuz, have led to further market and macroeconomic volatility, driven by uncertainty around sustained supply and abnormally high prices and the knock-on effects on long-term inflation. This is expected to result in continued tight monetary policy actions in several jurisdictions, leading to a slowdown in global economic activity, reduction in the fair value of financial instruments and potentially impacting financial sector stability and capitalization levels. JN Life continues to enact enhanced due diligence and monitoring of its investment portfolio given the potential ongoing adverse impacts of the crisis.

The Company continues to monitor and manage the identified risks through its executive management and group level committees supported by the ultimate parent.