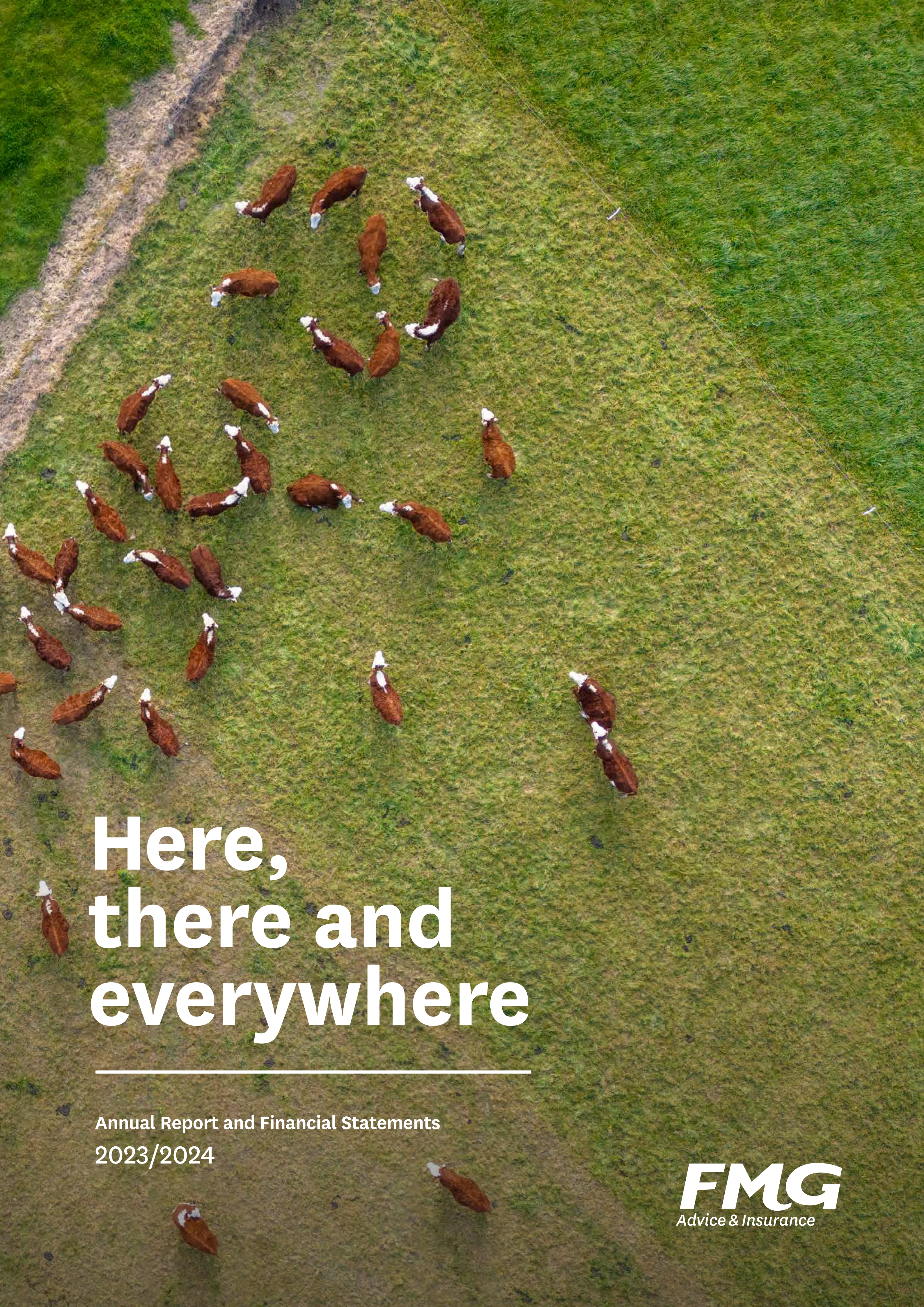


Here, there and everywhere

Annual Report and Financial Statements
2023/2024

FMG
Advice & Insurance

FMG is here, there and everywhere.

FMG has 31 offices across the country and our teams live within the communities they support. This is important to us because we know personal relationships are vital to rural New Zealand Aotearoa.

We know rural, and we know the risks and challenges our Members and clients face. Being here, there and everywhere means that when the unexpected happens we can have boots on the ground quickly, as we recently experienced with Cyclone Gabrielle.

FMG has invested over $273m* back into rural and provincial communities as a result of claims made during the Auckland Anniversary Weekend floods and Cyclone Gabrielle, to help people get back on their feet.

We're also there to support events throughout rural New Zealand Aotearoa, the experiences you enjoy when there's time to get off the farm. That's why we sponsor and support more than 700 of them – from the National Fieldays at Mystery Creek and the FMG Young Farmer of the Year competition, through to local community events like calf and lamb days.

We also support rural wellbeing through Farmstrong, our partnership with Melanoma New Zealand, and other community health initiatives. As a New Zealand-owned mutual, being here, there and everywhere means we live our Vision of helping to build strong and prosperous rural communities – and these are just some of the ways we do this.

* Total claims as at 31 March 2024.

FMG at a glance

117,000+

CLIENTS AND MEMBERS

FY23 110,000+

A

EXCELLENT

A.M. BEST CREDIT RATING

FY23 A EXCELLENT

$405.2M

CAPITAL RESERVES

RESTATED FY23 $328.4M

71,000+

CLIENTS USING FMG CONNECT

FY23 57,000+

$76.7M

NET PROFIT AFTER TAX

RESTATED FY23 ($17.5M)

$576.0M

INSURANCE REVENUE

FY23 $505.5M

2023

ANZIIF GENERAL INSURANCE COMPANY OF THE YEAR

2023

AWARDED B CORP CERTIFICATION

(FIRST GENERAL INSURER IN NEW ZEALAND AOTEAROA)

2023

CANSTAR MOST SATISFIED CUSTOMER AWARDS

HOME & CONTENTS AND CAR INSURANCE

2023

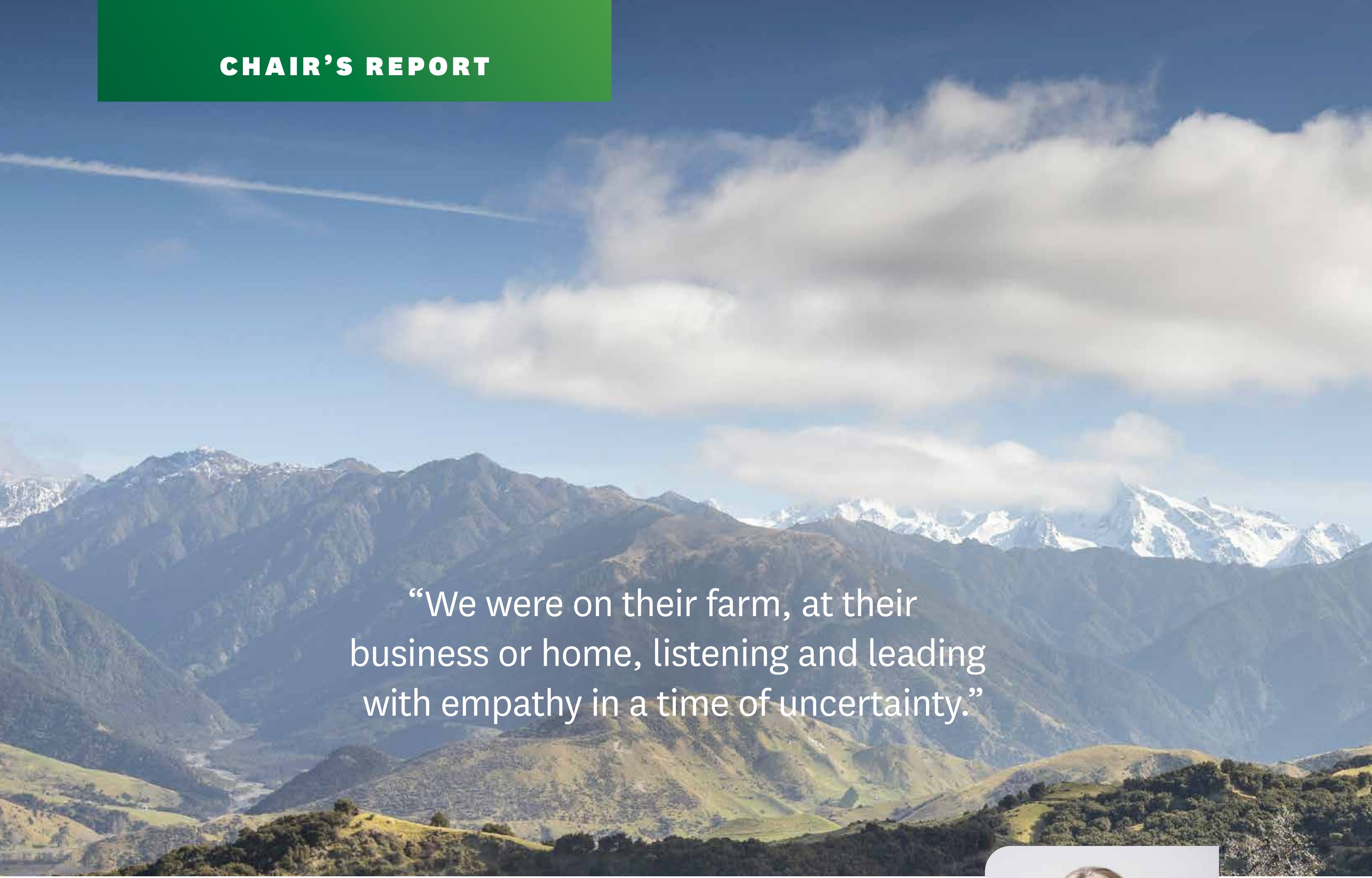
CONSUMER PEOPLE'S CHOICE AWARD

HOUSE, CONTENTS AND CAR INSURANCE

2024

GALLUP EXCEPTIONAL WORKPLACE AWARD

(THIRD YEAR RUNNING)



Always there when it matters

Sarah von Dadelszen
CHAIR, FMG

Tēnā koutou katoa.

I am very pleased to present my first report as Chair of FMG's Board of Directors.

I came into the role as FMG was responding to two unprecedented climate-related disasters – the Auckland Anniversary Weekend floods and Cyclone Gabrielle. Combined, these became the largest claims event in the Mutual's 119-year history.

As a Hawke's Bay local, I witnessed FMG's response first-hand and received plenty of feedback from people who were impacted. Most of it, I am happy to say, was positive. People talked about the speed of the claims support they were given, and how we were on their farm, at their business or home listening and leading with empathy in a time of uncertainty.

Being there when it matters *matters*, and in just over 12 months I'm proud to share that we've now helped the majority of impacted clients and Members get on the road to recovery with 93.7% of claims relating to these events settled as at 31 March 2024. This is testament to the efforts of the entire FMG team during such a challenging time.

I would also like to acknowledge those Members and clients throughout the country indirectly impacted by these events through longer wait times. We appreciate your patience and understanding as the Mutual prioritised those most in need.

Each time we respond to an event we look at how we can improve, and we're doing the same again now. Learnings will feed into a wider existing piece of work we're calling the Future of Claims. Managing claims is what we're here for, and through this programme, we're looking at how we can make things easier for you – through service, enhanced partnerships, and a greater online offering.

While responding to these two events, we've also been able to expand the business with Net Client Growth of 5,636. This isn't growth for growth's sake but is a closely managed initiative to ensure we are taking on the right risks. We increased Insurance Revenue by $70.5m – our largest turnover ever. We maintained our A credit rating and pleasingly the Mutual returned a profit this year of $76.7m – which is a swing from our record loss of $17.5m last year.

As a mutual, instead of going to overseas shareholders, our profits are reinvested into the business to support our Members through the design and delivery of fit-for-purpose rural insurance products.

Our Advice proposition and our support of rural New Zealand all go towards realising our Vision of 'helping to build strong and prosperous rural communities'. We need good years (like this year) to help us prepare for the bad ones (like last year) so we can continue to build capital for future challenges.

As Chair, it has been my pleasure to attend around 19 regional and community events supported by FMG, and witness first-hand the organisation supporting our rural communities. FMG supports some 700 events throughout the country over the year – from dog shows and shearing competitions to the FMG Young Farmer of the Year contest.

It's also very pleasing to see Farmstrong go from strength to strength as it approaches its 10th year in existence. This programme continues to help our farmers, growers and their families cope with the ups and downs of life in rural New Zealand and makes sure they are looking after their most important asset – themselves.

As a Board, we have focused on supporting Management as we look to prepare for the next five-year strategy – this will be Te Ara Tika to 2030. In addition, we have approved a significant frontline IT system that will enhance our service and ensure we are fit for the future. This feeds into our Future of Claims work which will also help us deliver on our promise of being there when it matters, and make the process faster and easier for our Members and clients.

We've been working to improve our governance processes in light of increasing oversight from the Financial Markets Authority and the Reserve Bank of New Zealand, and ahead of the introduction of the Financial Markets (Conduct of Institutions) Amendment Act 2022 (the CoFI Act), which commences in March 2025. The new Leadership Team has settled in well and is performing strongly. The Mutual is well placed to face the future years ahead with confidence.

A special thanks to Dr Jolene Germann, who has set a high bar as FMG's first Associate Director. Jolene has been a wonderful addition to the FMG Board, and we wish her all the very best for her future governance career.

Finally, I would like to acknowledge departing Director Debbie Hewitt for her service on the FMG Board and sincerely thank her for her contribution to the Mutual. We extend our very best wishes for her future endeavours.

Ngā mihi,

Sarah von Dadelszen
Chair, FMG

A solid position for sustained support

Adam Heath
CHIEF EXECUTIVE, FMG

Tēnā koutou katoa.

One of the advantages of being a mutual is the ability to take a long-term view when it comes to running the business, a mindset shared by many of our Members.

The importance of having a long-term view has certainly come to the fore in recent times as our entire 'One Team' across FMG responded to the largest claims events in the Mutual's history resulting from the combination of the Auckland Anniversary Weekend floods and Cyclone Gabrielle.

As Sarah outlined in her report, it is pleasing to see that we have now settled most of these claims, with our response being a very good example of this year's theme for our Annual General Meeting (AGM): FMG being 'Here, there and everywhere'. I am happy to report that as at the end of the 2023/24 financial year, FMG had paid some $273m* into impacted communities. This material contribution has been greatly assisted by the strong relationships the Mutual continues to foster with our reinsurance partners.

Similar to the ups and downs of farming, there is an 'Insurance Cycle' FMG needs to navigate. The record loss the Mutual experienced in the last financial year, because of those adverse weather events, has now been followed by an after-tax profit of $76.7m for the 2023/24 financial year.

Much of this years' result is largely attributable to factors outside of FMG's direct control. Specifically, the fact that the Mutual did not experience any catastrophic events over the year and investment markets significantly outperformed beyond expectations. Neither of these conditions are considered 'normal', nor should they be expected to occur every year.

While this year's profit figure may seem like a sizable return for the Mutual, and it is, when we take a longer-term view and average it against last year's record loss, FMG is much closer to the level of profitability required to remain a sustainable and resilient insurer that is fit for the future.

* Total claims as at 31 March 2024.

“My hope is that you will view our performance as an assurance that your Mutual insurer is in a healthy position, capable of continuing to look after you when the unexpected happens.”

Maintaining sustainable levels of profitability over the long term helps ensure we strengthen the Mutual’s Balance Sheet and have sufficient capital to pay claims arising from events like Cyclone Gabrielle, which are expected to increase in frequency and severity in the future. Improving FMG’s capital reserves and solvency is another way the Mutual continues to deliver on our Vision of ‘helping to build strong and prosperous rural communities’ by making good on our promises to those communities and future generations of farmers and growers to be there when they need us most, both today and tomorrow.

I am acutely aware that our result comes at a time of tough economic conditions for many across the rural sector, particularly those involved in sheep and beef. My hope is that you will view our performance as an assurance that your Mutual insurer is in a healthy position, capable of continuing to look after you when the unexpected happens.

FMG remains committed to our Purpose of a ‘better deal for rural New Zealand Aotearoa’, and we know from feedback received from our clients, that means continuing to have access to fair, affordable and adequate insurance, coupled with fit-for-purpose risk advice.

One of the ways we are seeking to deliver on that Purpose is through an organisation-wide programme of work designed to improve levels of client service and efficiency, ultimately lowering our cost to serve you, our Members and clients. Key to our success is the promotion of an owner’s mind-set across all FMG’s employees, ensuring we continue to invest Members’ money with the care and consideration it deserves.

A key part of this involves leveraging the significant investment FMG has made in technology over several years to continue evolving into a ‘better’ business. The growth and success of FMG Connect is a great example, with over 71,000 clients (i.e. close to 61% of all FMG’s clients) taking advantage of our digital platform.

Insurance, much like farming and growing, is becoming an increasingly regulated industry. We are currently actively collaborating with relevant government agencies and regulators to remain compliant, ensuring we become an even better Mutual. For example, we are applying for a new Conduct Licence, required for all major insurers to enable them to continue operating under the new Conduct of Financial Institutions legislation (CoFI). This work will help us maintain and enhance the services we provide to you.

Also, under the Financial Markets Conduct Act, FMG Insurance Limited is a climate reporting entity so we have completed our first Climate Related Disclosure which you can read at fmg.co.nz/CRD. This work encourages insurers to think about how their business can and should operate in the future under different climate scenarios. It aligns strongly with our Purpose, Vision and desire to continue to be ‘here for the good of the country’ for at least the next 119 years.

Along those lines, I am pleased to share that many aspects of FMG’s underlying business are in very good shape. We continue to deliver solid growth with 5,636 clients having joined the Mutual in the last year. Insurance Revenue has increased 14% on the previous year to $576m and we continue to enjoy high levels of employee engagement. Supporting this was recent recognition from Gallup, with FMG announced as a winner of the Gallup Exceptional Workplace Award for the third consecutive year, the only New Zealand Aotearoa company to ever achieve that recognition. FMG has also become New Zealand’s Aotearoa’s first B Corp certified general insurer, affirming our commitment to social and environmental responsibility.

I would like to acknowledge the leadership of our new Chair, Sarah von Dadelszen, and formally welcome Director Nicola Shadbolt, who joined the Board after last year’s AGM. I would also like to offer my special thanks to departing Director Debbie Hewitt for her contribution to the Board. We wish Debbie all the very best for the future, alongside acknowledging FMG’s inaugural Associate Director, Dr Jolene Germann, who made a wonderful contribution, set a high bar and will be a great addition to any Board in the future.

Finally, the FMG Executive Leadership team has been bolstered by the internal promotions of Nicki Mackay and Antonio Ybarra to the roles of Chief People Officer and Chief Risk Officer respectively and we welcome Paul Jepson to the role of Chief Information Officer.

In closing, I would like to thank the Board for their continuing support and commend the efforts of my Executive Leadership team colleagues and the entire ‘One Team’ across FMG for their dedication, support and collective contribution in what has been another challenging yet rewarding year.

Ngā mihi,

Adam Heath
Chief Executive Officer, FMG

The Directors have pleasure in presenting Farmers' Mutual Group's[1] 119th Annual Report and Financial Statements for the year ended 31 March 2024.

Principal Activities

The Group[2] is focused on the provision of competitive insurance solutions. Group activities include the delivery of insurable farm risk advice, general insurance, and life and health insurance.

Farmers' Mutual Group Act 2007

Farmers' Mutual Group is governed by the Farmers' Mutual Group Act 2007 and the Farmers' Mutual Group Constitution.

Financial Results

The Mutual's financial results for the year reflect the following:

- increase in insurance revenue from continuing operations to $576.0m from $505.5m;
- increase in net investment income from continuing operations to $43.7m from $9.6m;
- decrease in insurance services expense incurred from continuing operations to $379.1m from $812.2m;[3] and
- increase in profit from continuing operations after tax to $76.7m profit from $17.5m loss.

	2024 $000	2023 $000
Profit/(Loss) from continuing operations before taxation	101,895	(24,541)
Taxation	(25,158)	7,031
Profit/(Loss) for the year	76,737	(17,510)

Membership

As at 31 March 2024, membership of the Parent stands at 66,970.

Directorate

In accordance with the provisions of the Member Director Election and Appointed Director Policy, Geoff Copstick will retire by rotation and will stand for re-election at this year's Annual General Meeting (AGM). Debbie Hewitt will retire and not seek re-election.

Role of the Directors

The Board is responsible for the strategy, direction and control of the Group. This responsibility includes areas of stewardship such as the identification and control of the Group's overall culture and conduct, business risks, the integrity of management information systems and reporting to policyholders and Members.

While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost-effective internal control system will preclude all errors and irregularities. The control system is based on written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, a programme of internal audit and the careful selection and training of qualified personnel.

The Board meets on a regular basis.

[1] Reference to "FMG" or the "Parent" in this report and the Financial Statements means Farmers' Mutual Group.

[2] Reference to the "Group" in this report and the Financial Statements means the Parent and all subsidiaries.

[3] FY22/23 Insurance Service Expenses includes Auckland Anniversary Weekend floods and Cyclone Gabrielle claims.

Legislative and Regulatory Compliance

At 31 March 2024, FMG holds a full Financial Advice Provider Licence within the meaning of the Financial Markets Conduct Act 2013 and is directly supervised by the Financial Markets Authority.

The Group makes use of its employees and external consultants to ensure compliance with relevant legislation and regulation. This includes compliance with securities, environmental and human resource-related legislation.

The Board is subject to the FMG Board Charter which outlines the specific role and responsibilities of the Board. The Board is also subject to the Member Election and Special Director Appointment Policy which articulates the process for the election and appointment of prospective Directors, as well as the evaluation of Member Directors due to retire by rotation who intend to stand for re-election.

Each Director must be assessed as being fit and proper in accordance with FMG's Fit and Proper Policy and be reassessed at least every three years. All Directors are independent as they are free from any associations that could materially interfere with the exercise of independent judgement. The Directors are all subject to FMG's Code of Ethics.

The Board and Board Committees including relevant changes as at 31 March 2024

The Board comprised Sarah von Dadelszen (Chair), Geoff Copstick, Murray Taggart, Sinéad Horgan, Sarah Smith, Debbie Hewitt, Simon Hopcroft and Nicola Shadbolt. The Board appointed an Associate Director role (Jolene Germann) with effect August 2022; this role is a development position which incurs no Director fees.

The Risk and Audit Committee is comprised of Sinéad Horgan (Chair), Murray Taggart, Geoff Copstick, Sarah Smith, Nicola Shadbolt, Simon Hopcroft and Sarah von Dadelszen (Ex-Officio). This Committee is governed by its own Charter. The function of the Risk and Audit Committee is to assist the Board in carrying out its responsibilities under the Farmers' Mutual Group Act 2007, which incorporates by reference provisions of the Companies Act 1993 and the Financial Markets Conduct Act 2013. These responsibilities include ensuring compliance with legal and regulatory standards and the New Zealand equivalents to International Financial Reporting Standards, reviewing Management's accounting practices, policies and controls relative to the Group, identification and management of key risks, and reviewing and making appropriate inquiry into the audits of the Group by both internal and external auditors.

The People and Governance Committee was governed by its own Charter and was responsible for the evaluation of new Directors, Chief Executive and senior management appointments, corporate governance and remuneration policies of the Group. The People and Governance Committee was disestablished in December 2023 with the relevant responsibilities reallocated to the Remuneration Committee and the Conduct and Culture Committee, as detailed below.

The Remuneration Committee is governed by its own Charter and is comprised of Murray Taggart (Chair), Sarah von Dadelszen, Simon Hopcroft, Debbie Hewitt and Nicola Shadbolt. The scope of this Committee's mandate is the Chief Executive and senior management appointments and remuneration policies of the Group.

The Conduct and Culture Committee is governed by its own Charter and is comprised of Sarah Smith (Chair), Sinéad Horgan, Geoff Copstick, Debbie Hewitt and Nicola Shadbolt. The scope of this Committee's mandate is corporate governance, including the Member Director Election process and conduct and culture-related matters such as the implementation of Conduct of Financial Institutions (CoFI) legislation.

The number of Board and Board Committee meetings Directors were able to attend and their actual attendance (based on election and retirement dates) is detailed below:

	Number of meetings eligible to attend	Number attended
FMG Board Meetings (Total 8)		
T Cleland*	4	3
S von Dadelszen**	8	8
S Smith	8	8
S Horgan	8	8
S Hopcroft	8	8
G Copstick	8	8
M Taggart	8	8
D Hewitt	8	8
N Shadbolt***	4	4

*Board Chair retired at the 2023 AGM
**Board Chair post 2023 AGM
***Elected at 2023 AGM

	Number of meetings eligible to attend	Number attended
Risk and Audit Committee (Total 3)		
S Smith	3	3
S Horgan*	3	3
G Copstick	3	3
M Taggart	3	3
N Shadbolt	2	2
S Hopcroft	2	1

*Chair of the Risk & Audit Committee
Noting Ex-Officio participation from other Directors

	Number of meetings eligible to attend	Number attended
People and Governance Meetings (Total 2)		
T Cleland	1	1
S von Dadelszen*	2	2
S Smith	2	2
D Hewitt	2	2
S Hopcroft	1	1
M Taggart**	1	1

*Chair May 2023
**Chair October 2023
Noting Ex-Officio participation from other Directors

	Number of meetings eligible to attend	Number attended
Remuneration Committee (Total 1)		
M Taggart*	1	1
S von Dadelszen	1	1
S Hopcroft	1	1
D Hewitt	1	1
N Shadbolt	1	1

*Chair of the Remuneration Committee
Noting Ex-Officio participation from other Directors

	Number of meetings eligible to attend	Number attended
Conduct and Culture Committee (Total 2)		
S Smith*	2	2
S Horgan	2	2
G Copstick	2	2
D Hewitt	2	2
N Shadbolt	2	2

*Chair of the Conduct and Culture Committee
Noting Ex-Officio participation from other Directors

Remuneration of Directors

At the 2022 AGM, the Members approved remuneration for the Chair of the Board at $151.5k, Directors at $82k and the Chairs of both the Risk and Audit Committee and the People and Governance Committee at $15k. The amounts paid to each Director for both the FMG and FMG Insurance Limited Boards, including Chair fees associated with the Board subcommittees are as follows:

Name	2023/2024 $000	2022/2023 $000
S von Dadelszen	130	92
T Cleland**	63	143
M Taggart	82	77
G Copstick	82	77
S Horgan	97	92
S Smith	90	77
D Hewitt	82	77
S Hopcroft	82	48
N Shadbolt*	49	-
S Allen***	-	36
Total	756	719

* Fees are pro-rated as at election to the Board.
** Retired at the 2023 AGM and pro-rated fees.
*** Retired at the 2022 AGM and pro-rated fees.

Directors of FMG's Subsidiaries as at 31 March 2024

The current FMG Insurance Limited Directors are Sarah von Dadelszen, Geoff Copstick, Murray Taggart, Sinéad Horgan, Sarah Smith, Debbie Hewitt, Simon Hopcroft and Nicola Shadbolt. The amount paid to each Director is reflected in the remuneration of Directors of the Group.

Interest Register of the Group as at 31 March 2024

(a) There are no related party transactions recorded in the Interest Register.

(b) The majority of Directors are required to be Members of FMG. Any associated insurance policies or transactions are administered according to normal business practice.

(c) Directors' remuneration is disclosed above.

(d) The Group has arranged policies of Directors' Liability Insurance which ensures that generally Directors will incur no monetary loss as a result of action undertaken by them as Directors. Certain actions are specifically excluded – for example, the incurring of penalties and fines which may be imposed in respect of breaches of statutory regulations.

Auditor

EY was appointed as Auditor for the Group.

FMG Board of Directors

The Board as at 31 March 2024

The FMG Directors are Sarah von Dadelszen (Chair), Geoff Copstick, Murray Taggart, Sinéad Horgan, Sarah Smith, Debbie Hewitt, Simon Hopcroft and Nicola Shadbolt. The Board appointed an Associate Director role (Dr Jolene Germann) with effect August 2022; this role is a development position which incurs no Director fees.

The following are the Directors' qualifications and expertise:

SARAH VON DADELSZEN
Chair

Sarah has spent the last 22 years in a variety of agricultural and energy-related governance and leadership roles. These positions have been with organisations that are committed to maintaining strong communities, particularly in the rural sector. These include the New Zealand Beef Council, Fonterra Shareholders Council, and New Zealand Young Farmers. Currently, Sarah sits on the board of Ballance Agri-Nutrients Ltd and Centralines Limited. She also owns a farming business with sheep and beef and dairy interests.

GEOFF COPSTICK

Geoff served as CFO of the Gallagher Group in Hamilton for nine years and is now an Independent Director on the Gallagher Board and Chair of Gallagher's Audit and Risk Committee. He is an Independent Director of the Otinga Roa group of technology companies based in Rangitīkei. Geoff was Chair of ChildFund New Zealand and Independent Chair of Audit Risk and Investments for Northland Regional and Kaipara District councils. He and his wife farm cattle and angora goats on just over 100 hectares in Northland.

MURRAY TAGGART

Murray and his family farm arable crops near Oxford in North Canterbury, following his early career with ANZ Bank. He was a Nuffield Scholar in 1996 and was awarded the Tasman Region's FMG Rural Excellence Award in 2006. Murray has been heavily involved across the primary sector with past roles as National Meat and Fibre Chair of Federated Farmers and as a Director of a number of companies across the rural sector, including Ballance Agri-Nutrients Ltd, CRT Society Ltd and Alliance Group Ltd. Currently he chairs Taumata Plantations Ltd.

SINÉAD HORGAN

Sinéad trained as a Chartered Accountant and has over 20 years' consulting and financial services experience. She has held senior roles in accounting, private equity and commercial banking across Europe, the Americas, Asia, Australia and New Zealand Aotearoa. Sinéad has a strong knowledge of financial services and risk and audit. She is a Director of EcoCentral and FuseIT, and a Director and Chair of the Audit and Risk Committees of Rakon and Leighs Construction. Sinéad is a Trustee of the Māia Health Foundation and Chair of Assistance Dogs NZ Trust. She has recently retired from her governance role at the Bank of China.

SARAH SMITH

Sarah is an insurance and banking professional with over 30 years' experience, 15 of which have been in senior management. Her more recent positions have included Chief Technology Officer of Heartland Bank, CEO of MARAC Insurance and General Manager of Insurance for ANZ. Sarah is a Director of Metis Consulting Services, Partners Life Ltd, and Chair of the Audit, Risk and Compliance Committee for Consilium NZ Ltd. She has a strong knowledge of the regulatory requirements and conduct and culture expectations of the Financial Services industry.

DEBBIE HEWITT

Debbie's governance experience has always been aligned to the advancement of New Zealand's food and fibre sectors. She has a proven background in both private and public sector governance. Debbie's current directorships include ROP2, a Rockit apple investor syndicate, and her community focus includes being Deputy Chair for Cranford Foundation Trust. Previous governance roles include serving as a Hawke's Bay Regional Councillor and holding Director positions for Hawke's Bay Regional Investment Company and Horticulture New Zealand. She was the co-founder of Hewitt Livestock Ltd and continues to run her family farm in central Hawke's Bay.

SIMON HOPCROFT

Simon runs a dairy farming operation in Southland, is a former Fonterra Co-operative Councillor and was winner of the 2004 Young Farmer of the Year contest. He has completed various governance and leadership courses including Fonterra's 'Governance Development Programme' and Farmlands' 'To the Core' programme. Simon is also a Trustee for Southland Rural Support Trust. Through his farming experience he understands the current risks and challenges facing many businesses and rural communities.

NICOLA SHADBOLT

Nicola is Chair of Plant & Food Research Institute and serves on the boards of the International Food and Agribusiness Management Association, the Kiwifruit Breeding Centre Ltd and as a voluntary appointed board member on Cooperative Business New Zealand. She was an elected member of the Fonterra Board and a Climate Change Commissioner for nine and three years, respectively. Nicola is a part-time Professor of Farm and Agribusiness Management at Massey University and Managing Director of three farming and forestry equity partnerships. Nicola was made an Officer of the New Zealand Order of Merit for services to agribusiness in 2018.

FMG Executive Leadership Team

ADAM HEATH

Chief Executive Officer

Adam joined FMG as Chief Executive in December 2021 and is passionate about the Mutual's Purpose. He is a strong advocate for FMG's Purpose-led, Values-based approach to providing Advice and insurance solutions to rural New Zealand Aotearoa. Adam has over 30 year's financial services experience having worked across general insurance, life insurance, banking, academia, and telecommunications and he holds a Master of Commerce from the University of Auckland. Adam is honoured to be a steward and kaitiaki of a 100% New Zealand-owned mutual insurer with a long and proud history of serving rural New Zealand Aotearoa. He is optimistic about FMG's future and the Mutual's commitment to continue supporting clients and Members when they need FMG most.

DAVE KIBBLEWHITE

Chief Financial and Investment Officer

When Dave joined FMG as Chief Financial Officer (CFO) in 2003, he brought a wealth of knowledge after 10 years with Ernst & Young, and from his experience working for insurers Tower and Colonial. Dave also worked in Australia and Hungary prior to joining FMG, giving him a good understanding of industry practice including regulation. 20 years in the CFO role has provided Dave with a thorough understanding of FMG's business and niche rural insurance market, as well as the New Zealand Aotearoa insurance industry. This has allowed a seamless progression to the position of Chief Financial and Investment Officer.

GLENN CROASDALE

Chief Client Officer

Glenn has been with FMG since February 2011 and is responsible for the overall sales and service performance of the business in respect of both general and life & health insurance. In his previous roles, he has led the Marketing, Communications and Risk Services functions of the Mutual and has over 20 years' experience working within the insurance, construction, forestry, mining, and primary industries. At an industry level, Glenn is Chair of the International Cooperative and Mutual Insurance Federation's Intelligence Committee and has represented FMG on subcommittees of the Insurance Council of New Zealand.

PETE FRIZZELL

Chief Marketing Officer

Pete is a passionate supporter of the mutual model and how FMG is striving to help grow strong and prosperous rural communities. Joining FMG in 2010, he is responsible for our Marketing, Client Propositions and Communications team, and is the FMG sponsor for Farmstrong – FMG's rural wellbeing programme. Pete's role also involves overseeing the challenges and opportunities around FMG's responsibility to sustainability. Prior to joining FMG, he completed a PhD in Operations Research at Massey University, and has worked in a number of technology-based analysis, management and consulting roles across various industries in New Zealand Aotearoa and the United Kingdom.

KIM GROOBY

Chief Claims Officer

Kim joined FMG as Chief Claims Officer in October 2022. He has spent most of his career working within the insurance sector, including in a range of senior leadership roles across Suncorp and IAG. These positions included Executive Manager Business Transformation, General Manager Claims, Executive Manager Earthquake Strategy, Head of Strategy and Portfolio (Technology), and Programme Director. Kim has strong experience in change management and process development and has an excellent understanding of technology in an insurance context.

ALEX JOHNSTON

Chief Insurance Officer

Alex joined FMG as Chief Insurance Officer in October 2022, having previously held the role of Manager Actuarial Funding and Advice at ACC. She brings over 20 years' general insurance experience to the Mutual, more recently as the National Manager Personal Pricing and Analytics at IAG, where she led the team through significant industry change following the Canterbury earthquakes. Alex has extensive expertise in the insurance sector, previously working for several large UK insurers, including Direct Line, Norwich Union, and AXA Insurance, in pricing, procurement and HR roles. She holds a Master of Science degree in Statistics from the University of Otago.

DARRIN BULL

Head of Strategy

Darrin joined the Mutual as Head of Strategy in October 2022. Darrin worked for ASB Group for over 20 years, largely in Product Development and Strategy roles. Subsequently, Darrin has spent the last decade working in Strategy roles across Australasia, including time as a Strategy and Leadership Consultant. A big believer in helping the community, Darrin is a Justice of the Peace and Emeritus Chair of ADHD New Zealand.

NICKI MACKAY

Chief People Officer

Nicki has been with FMG for more than 14 years, working across a variety of senior roles, including Area Manager, Head of Agribusiness Centre, Head of Claims and, most recently, leading our response to the Auckland Anniversary Weekend floods and Cyclone Gabrielle as Chief Recovery Officer. She joined FMG's Executive Leadership team in October 2023 as Chief People Officer. Nicki's collaborative leadership style, operational expertise, and ability to influence others have seen her become a central figure in leading large operational teams, business change and building people capability across FMG.

ANTONIO YBARRA

Chief Risk Officer

Antonio joined FMG as Head of Risk and Internal Audit in April 2019, before joining the Executive Leadership team in January 2024 as Chief Risk Officer. He has a strong background in insurance and brings over 20 years' experience in general and life & health insurance to the Mutual. Antonio holds a BA degree in International Commerce from Universidad de Buenos Aires in Argentina and an International MBA (IMBA) from the University of Miami Business School in the US. He has gained a wealth of experience in the insurance sector, having previously worked for several large UK and European insurers.

PAUL JEPSON

Chief Information Officer

Paul joined the Mutual in February 2024 as Chief Information Officer, bringing over 30 years' experience within the digital and information technology transformation space. He has worked for several organisations within the UK and New Zealand Aotearoa, including holding a range of executive roles, such as Chief Information Officer at the Electoral Commission, IT Director at Newcastle Building Society, Deputy Chief Executive at the Earthquake Commission and Chief Information Officer at ACC. His authentic leadership style has seen him lead large and diverse teams within the private and public sectors, covering strategy definition through to operational execution.

Financial statements

Consolidated Income Statement

For the year ended 31 March

	Notes	Group 2024 $000	Restated Group 2023 $000
Insurance revenue		**576,037**	505,474
Insurance service expense	2	**(379,061)**	(812,232)
Insurance service result before reinsurance contracts held		**196,976**	(306,758)
Allocation of reinsurance premiums		**(71,608)**	(83,688)
Amounts recoverable from reinsurers for incurred claims		**(59,654)**	360,089
Net expense from reinsurance contracts held		**(131,262)**	276,401
Insurance service result		**65,714**	(30,357)
Investment income	1	**43,727**	9,631
Net investment income		**43,727**	9,631
Net finance (expense)/income from insurance contracts		**(7,379)**	12,169
Net finance income/(expense) from reinsurance contracts		**8,118**	(11,256)
Net insurance finance expenses		**739**	913
Net insurance and investment result		**110,180**	(19,813)
Other income	1	**12,503**	9,943
Operating expenses		**(20,788)**	(14,671)
Profit/(Loss) before taxation		**101,895**	(24,541)
Income tax expense/(income)	3	**(25,158)**	7,031
Net Profit/(Loss)		**76,737**	(17,510)
Profit/(Loss) from continuing operations for the year attributable to Members		**76,737**	(17,510)
Total comprehensive income/(loss) for the year, net of tax, attributable to Members		**76,737**	(17,510)

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in the Statement of Accounting Policies.

Consolidated Statement of Changes in Equity

For the year ended 31 March

	Retained Earnings $000	Total $000
As at 31 March 2022, as previously reported	**345,581**	345,581
Impact on initial application of NZ IFRS 17	**356**	356
Restated balance as at 1 April 2022	**345,937**	345,937
For the year ended 31 March 2023		
Total profit/(loss) and other comprehensive income	**(17,510)**	(17,510)
Total contributions by and distributions to shareholders	**-**	-
As at 31 March 2023	**328,427**	328,427
For the year ended 31 March 2024		
Total profit/(loss) and other comprehensive income	**76,737**	76,737
Total contributions by and distributions to shareholders	**-**	-
As at 31 March 2024	**405,164**	405,164

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in the Statement of Accounting Policies.

Consolidated Balance Sheet

For the year ended 31 March

	Notes	Group 2024 $000	Restated Group 2023 $000	Restated Group 1 April 2022 $000
Assets				
Cash and cash equivalents	4	**73,933**	47,705	72,105
Other receivables	6	**8,133**	6,778	4,605
Investments	5	**591,970**	497,331	457,137
Reinsurance contract assets	7, 8	**51,233**	331,527	17,858
Current tax asset		**-**	6,135	-
Property, plant and equipment	10	**4,335**	4,538	5,572
Intangible assets	11	**5,956**	6,739	8,291
Right-of-use assets	12	**15,355**	17,808	19,137
Deferred tax assets	13	**6,493**	9,160	2,129
Total assets		**757,408**	927,721	586,834
Liabilities				
Provisions and other liabilities	14	**32,498**	20,079	8,064
Current tax liability		**19,278**	-	4,779
Insurance contract liabilities	7, 8	**283,141**	559,760	207,486
Lease liabilities	12	**17,327**	19,455	20,568
Total liabilities		**352,244**	599,294	240,897
Net assets		**405,164**	328,427	345,937
Equity				
Retained earnings		**405,164**	328,427	345,937
Attributable to:				
Members		**405,164**	328,427	345,937
Total equity		**405,164**	328,427	345,937

Signed on behalf of the Board of Directors, who authorised the issue of these Financial Statements on 21 June 2024.

Sarah von Dadelszen
Chair
21 June 2024

Sinéad Horgan
Director
21 June 2024

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in the Statement of Accounting Policies.

Consolidated Statement of Cash Flows

For the year ended 31 March

	Notes	Group 2024 $000	Restated Group 2023 $000
Cash flows from operating activities			
Premium and other receipts from clients		**587,109**	511,899
Reinsurance recoveries		**243,879**	8,421
Interest and fees received		**6,966**	6,003
Other income		**11,238**	7,747
Claims paid		**(536,121)**	(326,757)
Cash paid to suppliers and employees		**(136,858)**	(120,122)
Reinsurance premium paid		**(86,729)**	(56,945)
Tax received/(paid)		**4,117**	(9,195)
Lease interest paid		**(945)**	(832)
Net cash flows from operating activities	4	**92,656**	20,219
Proceeds from the sale of investment securities		**109,920**	2,493
Outflows from investment dealings with fund managers		**(167,000)**	(38,442)
Purchase of property, plant and equipment and intangible assets		**(4,197)**	(4,182)
Net cash flows from investing activities		**(61,277)**	(40,131)
Cash flows from financing activities			
Lease principal payments		**(5,151)**	(4,488)
Net cash flows from financing activities		**(5,151)**	(4,488)
Net increase/(decrease) in cash and cash equivalents		**26,228**	(24,400)
Cash and cash equivalents at the beginning of the year		**47,705**	72,105
Cash and cash equivalents at the end of the year	4	**73,933**	47,705

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in the Statement of Accounting Policies.

Statement of Accounting Policies

For the year ended 31 March

Reporting entity

The consolidated Financial Statements consist of Farmers' Mutual Group and its subsidiaries (the "Group").

Farmers' Mutual Group (the "Parent") is a mutual domiciled in New Zealand Aotearoa, registered under the Farmers' Mutual Act 2007.

This financial report includes Financial Statements for the consolidated entity (the "Group") which consists of the parent entity and all entities that the parent entity controlled during the year and at the balance date.

The Group is primarily involved in the delivery of insurable farm risk advice, general insurance and life and health insurance.

Statement of compliance

The consolidated Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The consolidated Financial Statements also comply with International Financial Reporting Standards (IFRS).

The Financial Statements are prepared in accordance with the Constitution of the Mutual.

Material accounting policies

Basis of preparation

The consolidated Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) as appropriate for profit-oriented entities.

The consolidated Financial Statements have been prepared on a historical cost basis with any exceptions noted in specific accounting policies below.

The consolidated Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand ($000), unless otherwise stated.

The consolidated Financial Statements provide comparative information in respect of the previous period. The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in the accounting policies below.

Basis of consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements.

Insurance and reinsurance contracts

The insurance operations of the Group comprise the underwriting, administration and claims management of insurance contracts. These contracts transfer significant insurance risk by agreeing to compensate the insured on the occurrence of a specified insured event, such as damage to property or the crystallisation of a third-party liability (or the reinsurance thereof), within a given timeframe.

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. The Group does not accept insurance risk from other insurers. Insurance and reinsurance contracts also expose the Group to financial risk.

Insurance contracts issued and reinsurance contracts held do not include any material distinct components that require separation.

Insurance contract liabilities for incurred claims

The liabilities for incurred claims are measured as the best estimate of the present value of expected future payments for claims incurred at balance date. The estimate is inclusive of claims management expenses required to settle the claim and includes a risk adjustment to allow for the uncertainty about the amount and timing of future payments as the Group fulfils insurance contracts.

Reinsurance contract assets for incurred claims

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers for incurred claims are estimated in a manner consistent with the incurred claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Insurance contract liabilities for remaining coverage

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received. Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided.

The Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If, at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in the Income Statement and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

The Group 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.

Insurance acquisition expense

The Group is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred because all insurance contracts issued have a coverage period of one year or less. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The specific recognition criteria described below must also be met before revenue is recognised.

Insurance revenue

Insurance revenue is recognised on the basis of the passage of time, and recognised in the period in which the premiums are earned during the term of the insurance contract.

The proportion of premiums received but not earned in the Income Statement at the reporting date is recognised in the Balance Sheet as insurance contract liabilities for remaining coverage.

Other fee income

Fees relating to specific transactions or events are recognised in the Income Statement when the service is provided to the client.

Interest income

The effective interest method is used to measure the interest income recognised in the Income Statement. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period to provide a constant yield to maturity. Interest income recognised on assets recorded at fair value through profit and loss is recognised on a cash basis.

Statement of Accounting Policies

For the year ended 31 March

Allocation of reinsurance premiums

Premiums ceded to reinsurers under reinsurance contracts are recorded as an outwards reinsurance expense and are recognised over the period of indemnity of the reinsurance contract. Accordingly, a portion of outwards reinsurance premium is treated at balance date as a prepayment and adjusted against the reinsurance contract assets for remaining coverage.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The Group presents finance income and expenses for all insurance and reinsurance contracts in profit or loss. The Group does not disaggregate finance income and expenses between profit or loss and other comprehensive income because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Cash and cash equivalents are measured at amortised cost.

Other receivables

Other receivables within the scope of NZ IFRS 9 are managed to collect contractual cash flows and their contractual terms generate cash flows that are solely payments of principal (and interest thereon, if any). Receivables are initially recognised at fair value and are subsequently measured at amortised cost less a provision for impairment if appropriate.

Any increase or decrease in the provision for impairment is recognised in the Income Statement. When a receivable is uncollectable, it is written off against the provision for impairment account. Subsequent recoveries of amounts previously written off are credits against expenses.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement of financial assets

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

- those to be measured subsequently at fair value through profit and loss; and
- those to be measured at amortised cost.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss. This is on the basis that the assets are a portfolio that is managed and performance is evaluated on a fair value basis. The Group has equity, debt securities and units in unlisted funds that are recognised at fair value through profit or loss. These assets are carried in the Balance Sheet at fair value with net changes in fair value presented as investment loss (negative net changes in fair value) or investment income (positive net changes in fair value) in the Income Statement.

Derecognition of financial assets

A financial asset is derecognised (i.e. removed from the Group's consolidated Balance Sheet) when:

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

Impairment of financial assets

Assets measured at fair value (like equity and debt securities), where changes in value are reflected in the Income Statement, are not subject to impairment testing. Other assets such as receivables are subject to impairment testing.

Asset quality

Past due assets are receivables in which a client has failed to make payment contractually due within their key terms, and which are not impaired assets.

Initial recognition and measurement of financial liabilities

All of the Group's financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortisation and foreign exchange gains and losses are recognised in the Income Statement.

The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Fair value measurement

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. The quoted market price used for financial assets held by the Group is the current bid price, the quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. Valuation techniques include Net-Present-Value techniques, discounted cash-flow methods, earning multiple valuation method and comparison to quoted market prices or dealer quotes for similar instruments.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

Depreciation

Depreciation is calculated using the straight line method. Land is not depreciated. The estimated depreciation rates for the current and comparative periods, along with depreciation method, are as follows:

Buildings	2% Straight Line
Leasehold improvements	20% Straight Line or the term of the lease
Furniture and office equipment	20% Straight Line
Computer equipment	25% Straight Line
Motor vehicles	20% Straight Line
Capital work in progress	Not depreciated until the asset is commissioned

Statement of Accounting Policies

For the year ended 31 March

Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and that asset is controlled by the Mutual.

Amortisation

Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated amortisation rates for the current and comparative periods are as follows:

Software	30% Straight Line

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the Income Statement, being the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (including realisation costs) and its value in use.

Leases

On entering into a contract, the Group determines whether the contract contains a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Determining whether there is a right of control involves the assessment of whether the contract involves the use of an identified asset, whether the Group has the right to obtain substantially all of the economic benefits from use of that asset through the period of use, and whether the Group has the right to direct the use of the asset.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost net of any lease incentives received and is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Group's incremental borrowing rate or the interest rate implicit in the lease, if this can be determined. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, with a corresponding adjustment made to the carrying value of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (lease term less than 12 months) or leases of low-value assets including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Provisions and other payables

Provisions are only recognised when the Group has a present legal or constructive obligation as a result of a past event or decision, and it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are recognised at the best estimate of future cash flows discounted to present value where the effect is material.

Employee entitlements

Provision is made for employee entitlements for services rendered up to the balance date. This includes salaries, wages, bonuses, annual leave and long-service leave. Liabilities arising in respect of employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts. All other employee entitlements are measured at the present value of the estimated future cash outflows to be made in respect of services provided up to the balance date.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unsettled. Payables are initially recognised at fair value and subsequently measured at amortised cost. They are not discounted due to their short-term nature.

Taxes

Current income tax

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

Deferred tax

Deferred tax is recognised using the Balance Sheet method, providing for 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 the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carry forward or unused tax credits and any unused tax losses.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. 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.

GST

All revenues, expenses and assets are recognised net of Goods and Services Taxes (GST) except where the GST is not recoverable. In these circumstances the GST is included in the related asset or expense. Receivables and payables are reported inclusive of GST. Cash flows are included in the Statement of Cash Flows on a net basis.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Income Statement.

Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Income Statement. The following are definitions of the terms used in the Statement of Cash Flows:

- cash is considered to be cash on hand and current accounts in banks, net of overdrafts;
- investing activities are those relating to the acquisition, holding and disposal of property, plant and equipment and of investments;
- financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes debt not falling within the definition of cash; and
- operating activities include all transactions and other events that are not investing or financing activities.

Statement of Accounting Policies

For the year ended 31 March

Significant accounting judgements, estimates and assumptions

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

Insurance and reinsurance measurement approach

For insurance and reinsurance contracts issued, the Group uses the premium allocation approach (PAA) to simplify the measurement of groups of contracts on the following bases:

- the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; and
- for contracts with a coverage period longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the General Model.

Aggregation and recognition of insurance and reinsurance 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, and dividing each portfolio into annual cohorts (i.e. by financial year of issue) and each annual cohort into three groups based on the profitability of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- remaining contracts in the annual cohort.

The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

Reinsurance contracts held are aggregated applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

The Group provides disclosures about insurance and reinsurance contracts by aggregating information at the entity level. This aggregation has been determined based on how the Mutual is managed.

Insurance contract liabilities for incurred claims

The Group estimates the liability for incurred claims of a group of insurance contracts at the amount of the future cash flows relating to incurred claims. A provision is made at the end of the year for the estimated cost of claims incurred but not settled at the Balance Sheet date, including:

- claims which have been reported but not yet paid;
- claims incurred but not yet reported;
- claims incurred but not enough reported;
- the anticipated direct and indirect costs of settling these claims; and
- an explicit adjustment for non-financial risk (the risk adjustment) to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the insurance contract cash flows.

In calculating the estimated cost of unpaid claims, the Group uses a variety of estimation techniques, generally based on statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Claims are separated into classes of business with broadly similar reporting and settlement behaviour and the results from each class combined to determine the value of unpaid claims. Gross claims costs are established with a separate assessment of reinsurance.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case-by-case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims. Accumulations of losses from a single event are also assessed separately to allow for delays in the settlement pattern and higher degrees of uncertainty as well as any reinsurance programmes that are specific to these losses.

The Group applies discounting to adjust the liability for incurred claims future cash flows for the time value of money and effect of financial risk.

Some of the insurance contracts that have been written permit the Group to sell items acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

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

Further information is contained in Notes 7 and 8.

Changes in accounting policies and disclosures

In these Financial Statements, the Group has applied NZ IFRS 17 Insurance Contracts for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NZ IFRS 17 Insurance Contracts

NZ IFRS 17 replaces NZ IFRS 4 Insurance Contracts and has brought significant changes to the accounting for insurance and reinsurance contracts. The Group has applied the transitional provisions in Appendix C to NZ IFRS 17 for the restatement of comparative information as summarised below.

Changes to classification and measurement

The adoption of NZ IFRS 17 did not change the classification of the Group's insurance contracts. NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Group. Under NZ IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the General Model in NZ IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under NZ IFRS 4 by the measurement of the liability for remaining coverage involving an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component. No material differences resulted from the adoption of NZ IFRS 17.

The Group expenses its insurance acquisition cash flows when incurred.

Changes to presentation and disclosure

For presentation in the Balance Sheet, the Group aggregates insurance contracts issued and reinsurance contracts held, respectively and presents separately:

- portfolios of insurance contracts issued that are assets;
- portfolios of insurance contracts issued that are liabilities;
- portfolios of reinsurance contracts held that are assets; and
- portfolios of reinsurance contracts held that are liabilities.

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

Statement of Accounting Policies

For the year ended 31 March

The line item descriptions in the Income Statement have been changed significantly compared with the financial year ended 31 March 2023 resulting from the adoption of NZ IFRS 17:

Presentation previously reported	Presentation under NZ IFRS 17
Gross Written Premium	Insurance revenue
Movement in Unearned Premium	
Outwards Reinsurance Premium Expense	Allocation of reinsurance premiums
Claims Expense	Insurance service expense
	Net finance income from insurance contracts
Reinsurance and other recoveries revenue	Insurance service expense
	Other income
	Amounts recoverable from reinsurers for incurred claims
	Net finance expense from reinsurance contracts
Other Income	Other income
	Insurance revenue
	Allocation of reinsurance premiums
Operating Expenses	Other expenses
	Insurance service expense

Comparative figures

The Group has transitioned to NZ IFRS 17 from 1 April 2022, and comparative information has been restated accordingly. The Group has applied the transition provisions in Appendix C to NZ IFRS 17 and has not disclosed the impact of the adoption of NZ IFRS 17 on each financial statement line item. The effects of adopting NZ IFRS 17 are presented in the Statement of Changes in Equity.

On transition date, 1 April 2022, the Group:

- identified, recognised and measured each group of insurance and reinsurance contracts as if NZ IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if NZ IFRS 17 had always been applied. These included:
  - deferred acquisition costs for insurance contracts,
  - insurance- and reinsurance-related receivables and payables (under NZ IFRS 17, they are included in the measurement of the insurance and reinsurance contracts),
  - provisions for levies that are attributable to existing insurance contracts (under NZ IFRS 17, they are included in the measurement of the insurance and reinsurance contracts); and
- recognised any resulting net difference in equity.

New standards and interpretations not yet adopted

There are no new standards and interpretations issued but are not yet effective for the period ending 31 March 2024 that are expected to have a material impact on the Group.

Notes to the Financial Statements

For the year ended 31 March

1. Revenue

	Group 2024 $000	Restated Group 2023 $000
Investment income:		
Interest income	**6,820**	5,998
Realised investment gain	**2,507**	2,493
Movement in financial assets at fair value through profit and loss	**34,400**	1,140
Total investment income	**43,727**	9,631
Other income:		
Life and health revenue	**8,605**	7,596
Other revenue	**3,898**	2,347
Total other income	**12,503**	9,943

Interest income received on financial assets at amortised cost for the year was $4.2m (2023: $2.6m).

2. Insurance service expense

	Group 2024 $000	Group 2023 $000
Insurance service expense includes:		
Employee expenses	**108,011**	92,731
Expenses related to low-value leases	**694**	1,026
Expenses related to short-term leases	**32**	30
Lease interest expense	**945**	832
Depreciation on property, plant and equipment	**1,877**	2,639
Depreciation on right-of-use assets	**5,488**	4,590
Amortisation on intangible assets	**3,673**	4,137
Gain on disposal of property, plant and equipment	**-**	(9)
Directors' fees	**756**	719
Donations	**19**	2
Auditors' remuneration – audit of financial statements	**214**	198
Auditors' remuneration – solvency returns	**23**	21
Auditors' remuneration – HR consulting	**43**	25
Auditors' remuneration – IQA for transition to GuideWire Cloud	**45**	-

Notes to the Financial Statements

For the year ended 31 March

3. Income tax

	Group 2024 $000	Restated Group 2023 $000
(a) Income tax expense/(benefit) from continuing operations		
Current tax expense	**22,491**	-
Deferred tax expense/(benefit)	**2,667**	(7,031)
Income tax expense/(benefit) for the year from continuing operations	**25,158**	(7,031)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) before taxation		
Continuing operations	**101,895**	(24,541)
Total profit/(loss) before taxation	**101,895**	(24,541)
Prima facie income tax @ 28%	**28,531**	(6,871)
Tax effect of amounts which are non-deductible expenses/non-assessable revenue:		
Non-assessable investment income and other items	**(4,402)**	(334)
Non-deductible expenses and other items	**1,463**	162
Imputation credits on dividends	**(131)**	-
Foreign tax credit	**(174)**	(126)
(Over)/under provided in prior years	**(129)**	138
Income tax expense/(benefit) for the year	**25,158**	(7,031)
(c) Imputation credit account		
Balance at the beginning of the year	**110,172**	99,133
Net taxation paid	**(2,921)**	10,913
Imputation credit attached to dividends received	**131**	126
Balance at the end of the year	**107,382**	110,172

4. Cash and cash equivalents

	Group 2024 $000	Restated Group 2023 $000
Cash at bank and in hand	**73,933**	47,705
Total cash and cash equivalents	**73,933**	47,705
(a) Reconciliation of profit to net cash flows from operating activities		
Profit/(loss) for the year	**76,737**	(17,510)
Adjustments for non-cash items		
Amortisation	**3,673**	4,137
Depreciation	**7,364**	7,229
Lease incentives received	**81**	114
Movement in deferred tax	**2,667**	(3,551)
Movement in insurance contract liabilities	**(276,619)**	352,275
Movement in reinsurance contract assets	**280,294**	(313,669)
Unrealised investment gain	**(34,400)**	(1,751)
	(16,940)	44,784
Movements in other working capital items		
Movement in other receivables	**(1,355)**	(2,173)
Movement in other payables	**12,419**	12,012
Movement in taxation payable	**19,288**	(14,392)
	30,352	(4,553)
Items classified as investing activities		
Net gain on sale of property, plant and equipment	**-**	(9)
Realised investment gain	**2,507**	(2,493)
	2,507	(2,502)
Net cash flows from operating activities	**92,656**	20,219

Notes to the Financial Statements

For the year ended 31 March

5. Investments

	Group 2024 $000	Group 2023 $000
Unit trust investments		
New Zealand equities	**18,203**	17,114
Offshore equities	**49,917**	81,855
Fixed interest investments – New Zealand	**292,011**	200,479
Fixed interest investments – offshore	**86,921**	77,265
Total unit trust investments	**447,052**	376,713
Fixed interest investments		
Fixed interest investments – New Zealand	**144,918**	120,618
Total fixed interest investments	**144,918**	120,618
Total investments	**591,970**	497,331

Determination of fair value hierarchy 2024

	Level 1 $000	Level 2 $000	Level 3 $000	Total fair value $000
Financial assets at fair value through profit and loss:				
Unit trust investments	-	**447,052**	-	**447,052**
Fixed interest investments	-	**144,918**	-	**144,918**
Total financial assets	-	**591,970**	-	**591,970**

Determination of fair value hierarchy 2023

	Level 1 $000	Level 2 $000	Level 3 $000	Total fair value $000
Financial assets at fair value through profit and loss:				
Unit trust investments	-	376,713	-	376,713
Fixed interest investments	-	120,618	-	120,618
Total financial assets	-	**497,331**	-	**497,331**

Included in the Level 1 category are financial assets and liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Level 2 financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers, and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3 financial assets are valued based on non-market-observable inputs meaning that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

During the year, there were no transfers between categories.

Notes to the Financial Statements

For the year ended 31 March

6. Other receivables

	Group 2024 $000	Group 2023 $000
Prepayments	**2,766**	5,512
Other receivables	**5,367**	1,266
	8,133	6,778
Current	**8,133**	6,778

There are no past due or impaired debtors or other receivables as at 31 March 2024.

7. Insurance and reinsurance contracts

(a) Insurance contract liabilities and reinsurance contract assets

	Group 2024 $000	Restated Group 2023 $000
Insurance contract liabilities comprise:		
Liability for incurred claims		
Expected future cash flows (undiscounted)	**184,373**	479,443
Discount to present value	**(6,253)**	(13,632)
	178,120	465,811
Liability for remaining cover	**105,021**	93,949
Insurance contract liabilities	**283,141**	559,760
Current	**252,549**	466,081
Non-current	**30,592**	93,679
Reinsurance contract assets comprise:		
Expected future recoveries (undiscounted)	**63,439**	345,546
Discount to present value	**(3,478)**	(11,596)
	59,961	333,950
Liability for remaining coverage	**(8,728)**	(2,423)
Reinsurance contract assets	**51,233**	331,527
Current	**34,199**	254,821
Non-current	**17,034**	76,706

(b) Assumptions adopted in calculation of insurance contract liabilities and reinsurance contract assets

The effective date of the Actuarial Report on the Insurance Liabilities is 31 March 2024. The previous assessment of the Insurance Liabilities was performed at 31 March 2023.

The Actuarial Report was prepared by Margaret Cantwell, the Appointed Actuary, a fellow of the NZ Society of Actuaries and the Institute of Actuaries of Australia. The Actuary is satisfied as to the accuracy of the data on which the calculation of Insurance Liabilities has been made and is satisfied that the accounting provisions held in respect of the Insurance Liabilities are adequate.

The determination of the Insurance Liabilities has been prepared in accordance with New Zealand International Financial Reporting Standard (NZ IFRS 17) and with the NZ Society of Actuaries Professional Standard No. 30 governing technical liability valuations for general insurance business.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to New Zealand Dollar swap rates with a term profile matching the cash-flow forecast. The illiquidity premium, where applicable, reflects the liquidity of the asset portfolio supporting the insurance liabilities.

The Group applies the same accounting policies to discount reinsurance contract assets, adapted where necessary to reflect features that differ from those of insurance contract liabilities. To reflect the liquidity risk and non-performance of reinsurance counterparties, an adjustment is made to the risk-free discount rates applied to reinsurance contract assets, determined using the long-term average credit spread between New Zealand government bonds and investment grade corporate bonds, being of a similar rating to the reinsurance contracts held. The rating applied is the weighted average credit rating of the counterparties in a portfolio of reinsurance contracts.

The discount rates have been expressed as a single discount rate determined as the average rate for a portfolio that matches the liability cash flows by duration:

	2024	Restated 2023
Insurance contacts issued	**5.57%**	5.01%
Reinsurance contracts held	**5.99%**	6.19%

Risk Adjustment

The Risk Adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The Risk Adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will be different from the expected value amount. FMG has determined the Risk Adjustment using a cost of capital technique. The return required from the insurance portfolio was compared to the capital required to support the business over the long term. This return was applied to the insurance liabilities and expressed as a Probability of Sufficiency, resulting in a 70% Probability of Sufficiency. Both the gross insurance liabilities and reinsurance recoveries have had a Risk Adjustment added to give each item, and the net result, this level of sufficiency.

Individual portfolio risk adjustments for direct business and reinsurance were set at this level of sufficiency by considering the variability of past results taking into account:

- past volatility in general insurance claims;
- potential uncertainties relating to the actuarial models and assumptions;
- the quality of the underlying data used in the models;
- the insurance environment; and
- the diversification between different portfolios.

Notes to the Financial Statements

For the year ended 31 March

The estimate of uncertainty is generally greater for long-tail classes when compared to short-tail classes due to the longer time until settlement of outstanding claims.

The overall Risk Adjustment was determined allowing for diversification between the different portfolios and the relative uncertainty of each portfolio. The assumptions regarding uncertainty for each class were applied to the gross central estimate and the reinsurance recoveries separately, and the results were aggregated, allowing for diversification, in order to arrive at an overall provision that is intended to have a 70% Probability of Sufficiency.

Key valuation assumptions

The key assumptions used in determining insurance liabilities are as follows:

		2024 Implicit	Restated 2023 Implicit
Claims Handling Expense ratio – liabilities for incurred claims	% of incurred claims	**1.27%**	2.68%
Risk Adjustment – insurance contract liabilities for incurred claims	% of gross liability	**6.21%**	6.15%
Risk Adjustment – reinsurance contract assets for incurred claims	% of reinsurance recoveries	**6.05%**	6.02%
Weighted average expected term to settlement	Years	**0.57**	0.92

(c) Development of claims

The following table shows the development of gross undiscounted liability for incurred claims relative to the current estimate of ultimate claims costs for the five most recent years.

	Incident year						
	2019 $000	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	Total $000
Ultimate claims cost estimate							
At end of accident year	177,007	212,499	230,811	274,844	674,212	315,818	
One year later	179,875	211,517	224,577	273,661	618,527		
Two years later	179,405	211,622	224,161	271,623			
Three years later	179,250	212,067	224,421				
Four years later	179,332	211,125					
Five years later	179,408						
Current estimate of ultimate claims cost	179,408	211,125	224,421	271,623	618,527	315,818	
Cumulative payments to date	179,254	210,879	224,199	268,801	557,480	222,785	
Net undiscounted liability for incurred claims	154	246	222	2,822	61,047	93,033	157,524
Discount to present value	(4)	(12)	(48)	(439)	(2,992)	(2,409)	(5,904)
Discounted liability for incurred claims	**150**	**234**	**174**	**2,383**	**58,055**	**90,624**	**151,620**
Prior years (2018 and prior)							7,250
Other incurred insurance expenses							9,452
Risk adjustment							9,798
Gross liabilities for incurred claims							**178,120**
Amounts recoverable from reinsurers							(59,961)
Net liabilities for incurred claims							**118,159**

8. Insurance risk

Insurance risk management policies and procedures

The insurance business of the Group involves a number of non-financial and financial risks. Notes on the policies and procedures employed in managing these risks that arise from insurance contracts are set out below. Other financial risks involving the Group are in Notes 16 to 18.

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

The risk management activities include prudent underwriting, pricing, and management of risk including reinsurance together with claims management, reserving and investment management. The objective of these disciplines is to maintain sustainable insurance operations.

The key policies in place to mitigate risk arising from writing insurance contracts include:

- comprehensive management information systems and actuarial models using historical information to calculate premiums and monitor claims;
- the use of reinsurance to limit the Group's exposure;
- prudent investment management to match the Group's liabilities;
- capital management policies that require reserves sufficient to withstand the volatility expected in the performance of the insurance portfolio.

(ii) Terms and conditions of insurance contracts that have a material effect on amount, timing and uncertainty of cash flows

The terms and conditions attached to insurance contracts affect the level of insurance risk accepted by the Group. Insurance and reinsurance contracts were written on terms and conditions generally prevailing in the market at the time they were accepted. Such contracts transferred risk by indemnifying the insured against the occurrence of specified events. There are no special terms and conditions in any non-standard contracts that have a material impact on the Financial Statements.

Sensitivity analysis

The impact of change in key variables on the liability for incurred claims and asset for incurred claims is set out below. Each change has been calculated in isolation to other changes. The method used for deriving sensitivity information and significant variables did not change from the previous period. The impact on net profit after tax is the same as the impact on equity.

		2024		Restated 2023	
Variable	**Movement**	**Impact on profit after tax (net of reinsurance) $000**	**Impact on profit after tax (gross of reinsurance) $000**	**Impact on profit after tax (net of reinsurance) $000**	**Impact on profit after tax (gross of reinsurance) $000**
Discount rate	Increase of 1%	**388**	**786**	394	1,795
	Decrease of 1%	**(397)**	**(807)**	(403)	(1,838)
Claims Handling Expense ratio	Increase of 1%	**(912)**	**912**	(1,514)	1,514
	Decrease of 1%	**912**	**(912)**	1,514	(1,514)
Risk adjustment	Increase of 1%	**(750)**	**(750)**	(843)	(843)
	Decrease of 1%	**750**	**750**	843	843
Weighted average expected term to settlement	Increase 0.5 years	**1,919**	**3,225**	1,586	8,525
	Decrease 0.5 years	**(1,969)**	**(3,313)**	(1,611)	(8,749)

Notes to the Financial Statements

For the year ended 31 March

(a) Concentration of risk

FMG writes insurance contracts across New Zealand Aotearoa for a range of products on a Personal and Commercial basis. There is diversification based on location, class of business and the large number of policyholders.

The Group has a programme of reinsurance contracts to protect its insurance operations from volatility in claims costs due to high-severity losses and catastrophic events. The Group monitors areas of concentration risk and the reinsurance programme is constructed accordingly. No inward reinsurance is written by the Group.

Reinsurance is placed to cover losses in excess of the Group's agreed retention for each class of business, using both automatic treaties and facultative (one-off) placements. Dependent on the class of business either excess of loss or proportional reinsurance is used. The Catastrophe programme provides cover up to the estimated losses from a 1-in-1,000-year event. Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts.

(b) Liquidity risk for insurance contracts

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with settling insurance liabilities. In respect to catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash claim outflows and receipt of reinsurance recoveries.

The Group's Statement of Investment Policy and Objectives outlines the liquidity requirements for this risk. Compliance with the policy is monitored and exposures and breaches are reported to the Group's Risk and Audit Committee. The policy is regularly reviewed for pertinence and for changes in the risk environment. The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

In respect to catastrophic events, the Group has the ability to request advance reinsurance recoveries from reinsurers for liquidity purposes to assist with insurance liability cash flows.

(c) Maturity profiles for insurance contract liabilities

The following table summarises the maturity profile of insurance contracts issued that are liabilities of the Group based on the estimates of the present value of the future cash flows expected to be paid out within the periods presented.

	2024						
	<1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	>5 years $000	Total $000
Net liability for incurred claims	104,245	10,134	2,171	816	519	274	118,159

	2023						
	<1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	>5 years $000	Total $000
Net liability for incurred claims	122,247	5,966	2,839	1,230	599	408	133,289

(d) Market risk for insurance contracts

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

The Group's risk management framework sets out the assessment and determination of what constitutes market risk. Compliance with the framework is monitored and exposures and breaches are reported to the Group's Risk and Audit Committee. The framework is reviewed regularly for pertinence and for changes in the risk environment.

The Group's principal transactions are carried out in New Zealand Dollars. Currency risk is considered not material for the Group.

The Group is exposed to interest rate risk in respect of liabilities for incurred claims and assets for incurred claims where cash flows are not expected to be settled within a year from when incurred, resulting in the balance being sensitive to interest rate movements.

The Group does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

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

(e) Credit risk

Credit risk is the risk that one party to an insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the Group by failing to settle the obligation.

The Group's risk management framework sets out the assessment and determination of what constitutes credit risk. Compliance with the framework is monitored and exposures and breaches are reported to the Group's Risk and Audit Committee. The framework is reviewed regularly for pertinence and for changes in the risk environment.

Reinsurance contracts are entered into with a number of reinsurers, all with a minimum credit rating of A- unless approved by the Board. The internal policy is to limit the maximum exposure to a single reinsurer to 5%–25% of the reinsurance programme depending on the credit rating of the reinsurer.

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

(f) Insurer financial strength rating

The Company has a financial strength rating of A (Excellent) as accorded by the international rating agency AM Best Group on 29 February 2024 (2023: A (Excellent)).

Notes to the Financial Statements

For the year ended 31 March

9. Roll-forward of insurance contract liability

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

Insurance contracts	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net insurance contract (assets)/liabilities as at 1 April 2023	**93,949**	**-**	**439,552**	**26,259**	**559,760**
Insurance revenue	**(576,037)**	**-**	**-**	**-**	**(576,037)**
Insurance service expenses					
Incurred claims and other expenses	**-**	**-**	**528,803**	**5,568**	**534,371**
Changes to liabilities for incurred claims	**-**	**-**	**(133,281)**	**(22,029)**	**(155,310)**
Insurance service result	**(576,037)**	**-**	**395,522**	**(16,461)**	**(196,976)**
Insurance finance expense	**-**	**-**	**7,379**	**-**	**7,379**
Total changes in the Income Statement	**(576,037)**	**-**	**402,901**	**(16,461)**	**(189,597)**
Cash flows					
Premiums received	**587,109**	**-**	**-**	**-**	**587,109**
Claims and other expenses paid*	**-**	**-**	**(674,130)**	**-**	**(674,130)**
Total cash flows	**587,109**	**-**	**(674,130)**	**-**	**(87,021)**
Other movements	**-**	**-**	**-**	**-**	**-**
Net insurance contract (assets)/liabilities as at 31 March 2024	**105,021**	**-**	**168,323**	**9,798**	**283,141**

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net insurance contract (assets)/liabilities as at 1 April 2022	87,524	-	113,265	6,697	207,486
Insurance revenue	(505,474)	-	-	-	(505,474)
Insurance service expenses					
Incurred claims and other expenses	-	-	637,035	25,176	662,211
Changes to liabilities for incurred claims	-	-	155,635	(5,614)	150,021
Insurance service result	(505,474)	-	792,670	19,562	306,758
Insurance finance income	-	-	(12,169)	-	(12,169)
Total changes in the Income Statement	(505,474)	-	780,501	19,562	294,589
Cash flows					
Premiums received	511,899	-	-	-	511,899
Claims and other expenses paid*	-	-	(454,214)	-	(454,214)
Total cash flows	511,899	-	(454,214)	-	57,685
Other movements	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31 March 2023	93,949	-	439,552	26,259	559,760

*Claims and other expenses paid excludes non-insurance-related expense cash flows.

The roll-forward of the net asset or liability for reinsurance contracts held, showing the liability for remaining coverage and the liability claims for the Group, is disclosed in the table below:

Reinsurance contracts	2024				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Net reinsurance contract assets/(liabilities) as at 1 April 2023	**(2,423)**	**-**	**314,279**	**19,671**	**331,527**
An allocation of reinsurance premiums	**(77,388)**	**-**	**5,780**	**-**	**(71,608)**
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable from reinsurers for incurred claims and other expenses	**-**	**-**	**85,028**	**-**	**85,028**
Changes to amounts recoverable for incurred claims	**-**	**-**	**(128,623)**	**(16,059)**	**(144,682)**
Net income or expense from reinsurance contracts held	**(77,388)**	**-**	**(37,815)**	**(16,059)**	**(131,262)**
Reinsurance finance income	**-**	**-**	**8,118**	**-**	**8,118**
Total changes in the Income Statement	**(77,388)**	**-**	**(29,697)**	**(16,059)**	**(123,144)**
Cash flows					
Premiums paid (including reinstatement premiums)	**71,083**	**-**	**15,646**	**-**	**86,729**
Amounts received	**-**	**-**	**(243,879)**	**-**	**(243,879)**
Total cash flows	**71,083**	**-**	**(228,233)**	**-**	**(157,150)**
Other movements	**-**	**-**	**-**	**-**	**-**
Net reinsurance contract assets/(liabilities) as at 31 March 2024	**(8,728)**	**-**	**56,349**	**3,612**	**51,233**

	2023				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Net reinsurance contract assets/(liabilities) as at 1 April 2022	(2,961)	-	19,779	1,040	17,858
An allocation of reinsurance premiums	(56,407)	-	(27,281)	-	(83,688)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable from reinsurers for incurred claims and other expenses	-	-	198,327	19,465	217,792
Changes to amounts recoverable for incurred claims	-	-	143,131	(834)	142,297
Net income or expense from reinsurance contracts held	(56,407)	-	314,177	18,631	276,401
Reinsurance finance expense	-	-	(11,256)	-	(11,256)
Total changes in the Income Statement	(56,407)	-	302,921	18,631	265,145
Cash flows					
Premiums paid (including reinstatement premiums)	56,945	-	-	-	56,945
Amounts received	-	-	(8,421)	-	(8,421)
Total cash flows	56,945	-	(8,421)	-	48,524
Other movements	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 31 March 2023	(2,423)	-	314,279	19,671	331,527

Notes to the Financial Statements

For the year ended 31 March

10. Property, plant and equipment

2024 – Group	Land and Buildings $000	Leasehold Improvement $000	Furniture and Fittings $000	Computer Equipment $000	Motor Vehicles $000	Total $000
Cost						
Balance at the beginning of the year	713	8,608	2,819	7,317	112	19,569
Additions	-	639	671	310	59	1,679
Disposals and transfers	-	-	-	(1,487)	-	(1,487)
Balance at the end of the year	713	9,247	3,490	6,140	171	19,761
Depreciation and impairment losses						
Balance at the beginning of the year	72	6,865	2,311	5,759	24	15,031
Depreciation for the year	14	750	272	809	32	1,877
Disposals and transfers	-	-	-	(1,482)	-	(1,482)
Balance at the end of the year	86	7,615	2,583	5,086	56	15,426
Carrying amounts						
At the beginning of the year	641	1,743	508	1,558	88	4,538
At the end of the year	627	1,632	907	1,054	115	4,335

2023 – Group	Land and Buildings $000	Leasehold Improvement $000	Furniture and Fittings $000	Computer Equipment $000	Motor Vehicles $000	Total $000
Cost						
Balance at the beginning of the year	713	8,152	2,484	15,423	98	26,870
Additions	-	456	335	757	66	1,614
Disposals and transfers	-	-	-	(8,863)	(52)	(8,915)
Balance at the end of the year	713	8,608	2,819	7,317	112	19,569
Depreciation and impairment losses						
Balance at the beginning of the year	58	5,684	1,939	13,572	45	21,298
Depreciation for the year	14	1,181	372	1,050	22	2,639
Disposals and transfers	-	-	-	(8,863)	(43)	(8,906)
Balance at the end of the year	72	6,865	2,311	5,759	24	15,031
Carrying amounts						
At the beginning of the year	655	2,468	545	1,851	53	5,572
At the end of the year	641	1,743	508	1,558	88	4,538

11. Intangible assets

2024 – Group	Computer software $000
Cost	
Balance at the beginning of the year	49,522
Acquisitions – internally developed	2,890
Acquisitions – other additions	-
Disposals	(369)
Balance at the end of the year	52,043
Amortisation and impairment losses	
Balance at the beginning of the year	42,783
Amortisation for the year	3,673
Disposals	(369)
Balance at the end of the year	46,087
Carrying amounts	
At the beginning of the year	6,739
At the end of the year	5,956

2023 – Group	Computer software $000
Cost	
Balance at the beginning of the year	57,155
Acquisitions – internally developed	2,585
Acquisitions – other additions	-
Disposals	(10,218)
Balance at the end of the year	49,522
Amortisation and impairment losses	
Balance at the beginning of the year	48,864
Amortisation for the year	4,137
Disposals	(10,218)
Balance at the end of the year	42,783
Carrying amounts	
At the beginning of the year	8,291
At the end of the year	6,739

Amortisation of intangible assets is included in operating expenses.

Notes to the Financial Statements

For the year ended 31 March

12. Lease assets and liabilities

(a) Right-of-use assets

2024 – Group	Property Leases $000	Motor Vehicles Leases $000	Other Leases $000	Total $000
Cost				
Balance at the beginning of the year	15,122	2,678	8	17,808
Additions	543	400	2,094	3,037
Disposals	(2)	-	-	(2)
Depreciation for the year	(3,789)	(1,255)	(444)	(5,488)
Balance at the end of the year	11,874	1,823	1,658	15,355

2023 – Group	Property Leases $000	Motor Vehicles Leases $000	Other Leases $000	Total $000
Cost				
Balance at the beginning of the year	16,630	2,476	31	19,137
Additions	2,083	1,178	-	3,261
Disposals	-	-	-	-
Depreciation for the year	(3,591)	(976)	(23)	(4,590)
Balance at the end of the year	15,122	2,678	8	17,808

Other leases includes leases of office equipment.

(b) Lease liabilities

2024 – Group	$000
Lease liabilities	
Balance at the beginning of the year	(19,455)
Additions	(3,025)
Disposals	2
Interest charged	(945)
Repayments	6,096
Balance at the end of the year	(17,327)

Total repayments during the year of $6,096k are comprised of $5,151k of principal repayments and $945k of interest repayments.

The maturity of the contractual undiscounted cash flows is as follows:

	$000
Less than one year	**5,921**
One to five years	**11,015**
More than five years	**667**
Total undiscounted lease liabilities	**17,603**

The maturity of the lease liabilities included in the Balance Sheet is as follows:

	$000
Less than one year	**5,730**
One to five years	**10,907**
More than five years	**690**
Total lease liabilities	**17,327**

2023 – Group	**$000**
Lease liabilities	
Balance at the beginning of the year	(20,568)
Additions	(3,375)
Disposals	-
Interest charged	(832)
Repayments	5,320
Balance at the end of the year	**(19,455)**

Total repayments during the year of $5,320k are comprised of $4,488k of principal repayments and $832k of interest repayments.

The maturity of the contractual undiscounted cash flows is as follows:

	$000
Less than one year	5,457
One to five years	13,654
More than five years	1,812
Total undiscounted lease liabilities	**20,923**

The maturity of the lease liabilities included in the Balance Sheet is as follows:

	$000
Less than one year	5,108
One to five years	12,849
More than five years	1,498
Total lease liabilities	**19,455**

Notes to the Financial Statements

For the year ended 31 March

13. Deferred tax

2024 – Group	Opening balance at 1 April 2023 $000	Charged/ (credited) to profit and loss $000	Closing balance at 31 March 2024 $000
Movements in deferred tax assets			
Property, plant and equipment, and software	642	49	691
Provisions and accruals	5,508	294	5,802
Tax losses	3,480	(3,480)	-
Total deferred tax assets	9,630	(3,137)	6,493
Movement in deferred tax liabilities			
Liability for incurred claims	(470)	470	-
Total deferred tax liabilities	(470)	470	-
Deferred tax assets, net	9,160	(2,667)	6,493

2023 – Group (restated)	Opening balance at 1 April 2022 $000	Charged/ (credited) to profit and loss $000	Closing balance at 31 March 2023 $000
Movements in deferred tax assets			
Property, plant and equipment, and software	381	261	642
Provisions and accruals	2,913	2,595	5,508
Tax losses	-	3,480	3,480
Total deferred tax assets	3,294	6,336	9,630
Movement in deferred tax liabilities			
Liability for incurred claims	(1,165)	695	(470)
Total deferred tax liabilities	(1,165)	695	(470)
Deferred tax assets, net	2,129	7,031	9,160

A deferred tax asset is recognised for tax losses carried forward to the extent that related tax benefits will be utilised through future taxable profits.

The Group adopted NZ IFRS 17 Insurance Contracts from 1 April 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in the Statement of Accounting Policies.

14. Provisions and other liabilities

	Group 2024 $000	Group 2023 $000
Other liabilities	**10,218**	11,672
Remediation provision	**22,280**	8,407
	32,498	**20,079**
Current	**32,498**	**20,079**

The Group has recognised a provision for remediation issues. The provision reflects Management's best estimate of the amount to resolve those issues (including the associated costs). It is possible that the final outcome could be below or above the provision depending on how the actual outcome differs from the assumptions used in deriving the best estimate. Key areas of estimation uncertainty relate to incidence and resolution cost within the relevant population.

It is expected the provision will be utilised within 12 months of balance date. No remediation payments were made in relation to these issues during the period.

Movements in the remediation provision during the financial year are set out below:

	Opening balance at 1 April 2023 $000	Utilised $000	Additional provision $000	Closing balance at 31 March 2024 $000
Remediation provision	**8,407**	-	13,873	22,280
	8,407	**-**	**13,873**	**22,280**

Notes to the Financial Statements

For the year ended 31 March

15. Related party transactions

(a) Group Holdings

At 31 March 2024, the following percentage shareholdings were held in related entities which, unless stated otherwise, all have balance dates ending on 31 March:

	2024	2023	Principal Activities
	%	%	
Subsidiaries			
FMG Insurance Limited	**100**	100	General Insurance

Transactions with related parties have been entered into in the ordinary course of business and undertaken on normal commercial terms.

(b) Related party transactions

The Group has related party receivables of $Nil (2023: $Nil).

(c) Loans to key management personnel*

There have been no loans made to Directors of the Group and other key management personnel of the Group, including their personally related parties.

(d) Other transactions with key management personnel*

Key Management and Directors hold various policies and accounts with FMG.

(e) Key management personnel compensation comprised*:

	Group 2024 $000	Group 2023 $000
Short-term employee benefits	**5,058**	4,139

* Key management personnel comprises Directors and Executive Officers of the Group.

16. Credit risk

Insurance credit risk

Credit risk relating to insurance contracts is discussed further in Note 8.

Other financial assets

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

17. Market risk

Insurance market risk

Market risk relating to insurance contracts is discussed further in Note 8.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies and resulting from these activities, exposures in foreign currency arise. The Group does not apply hedge accounting. The exposure is not considered material.

Unit price risk

Unit price risk is the risk that the fair value of investments in unit trusts will decrease as a result of changes in unit prices. The Group holds all of its unit trust investments at fair value through the profit and loss.

Unit price risk sensitivity analysis

The following table demonstrates the impact on profit and loss and equity of a reasonably possible change in unit prices prevailing at Balance Sheet date.

	Group	
	Impact on profit $000	Impact on equity $000
2024		
10% increase in unit prices	**44,705**	**44,705**
10% decrease in unit prices	**(44,705)**	**(44,705)**
2023		
10% increase in unit prices	37,671	37,671
10% decrease in unit prices	(37,671)	(37,671)

Interest rate risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group's exposure to directly held fixed interest investments interest rate risk is represented by the fair value analysis shown in this note. The Group also holds cash and cash equivalents that expose the Group to cash-flow interest rate risk. The Group has exposure to interest rate risk via its fixed interest unit fund investments, which would result in a change in unit prices. Receivables are shown at amortised cost and as such are not exposed to interest rate risk.

Fair value interest rate sensitivity analysis – fixed interest investments

	Group	
	Impact on profit $000	Impact on equity $000
2024		
0.25% increase in interest rates	**(768)**	**(768)**
0.25% decrease in interest rates	**768**	**768**
2023		
0.25% increase in interest rates	(667)	(667)
0.25% decrease in interest rates	667	667

Notes to the Financial Statements

For the year ended 31 March

Interest rate cash flows risk analysis – bank balances

	Group	
	Impact on profit $000	Impact on equity $000
2024		
0.25% increase in interest rates	**185**	**185**
0.25% decrease in interest rates	**(185)**	**(185)**
2023		
0.25% increase in interest rates	119	119
0.25% decrease in interest rates	(119)	(119)

18. Liquidity risk

Insurance liquidity risk

Liquidity risk relating to insurance contracts is discussed further in Note 8.

The contractual cash flows of financial assets and liabilities are as follows:

2024 – Group	Weighted average interest rate	0–6 months $000
Financial assets		
Bank deposits	**5.46%**	**73,933**
Other current receivables		**8,133**
Financial liabilities		
Other current liabilities		**10,217**
2023 – Group (Restated)		
Financial assets		
Bank deposits	3.14%	47,705
Other current receivables		6,778
Financial liabilities		
Other current liabilities		11,672

There are no contractual cash flows of financial assets and liabilities greater than six months.

Capital management

The Group's capital includes retained earnings.

The Group's policy is to maintain a strong equity base so as to maintain Members', creditor and market confidence and to sustain future development of the business. The impact of the level of capital on Members' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

FMG Insurance Limited (a subsidiary of Farmers' Mutual Group), as an insurer licensed under the Insurance (Prudential Supervision) Act 2010, is required to disclose information with regard to its solvency position. The Adjusted Prescribed Capital Requirement to be retained to meet solvency requirements is shown below. The methodology and basis for determining the Adjusted Solvency Margin are in accordance with the requirements of the Interim Solvency Standard published by the Reserve Bank of New Zealand.

	2024 $000
Solvency Capital	377,401
Adjusted Prescribed Capital Requirement	120,482
Adjusted Solvency Margin	256,919
Adjusted Solvency Ratio	3.13

The allocation of capital between operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to operations and activities is undertaken independently of those responsible for the operation.

The Group policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. The Group also regularly reviews insurance premiums to ensure they are set at an appropriate level to cover insurance claims.

There have been no material changes in the Group's management of capital during the period. Minimum solvency has increased because of Catastrophe Risk Capital Charges and Reinsurance Recovery Capital Charges.

19. Commitments

There are no capital commitments as at 31 March 2024 (2023: $Nil).

The Group has commitments related to computer software which expire in March 2029, the current commitment as at 31 March 2024 is $28,726k (2023: $1,560k). During the year the Group entered into a Software as a Service agreement with its existing provider for a core suite of insurance software products including policy, billing and claims management.

20. Contingencies

There are no contingent liabilities or assets as at 31 March 2024 (2023: $Nil).

21. Subsequent events

There are no subsequent events.

Building a better working world

Independent auditor's report to the members of Farmers' Mutual Group

Opinion

We have audited the financial statements of Farmers' Mutual Group ("the Mutual") and its subsidiaries (together "the Group") on pages 20 to 55, which comprise the consolidated balance sheet of the Group as at 31 March 2024, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the financial statements including material accounting policy information.

In our opinion, the consolidated financial statements on pages 20 to 55 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Mutual's members as a body. Our audit has been undertaken so that we might state to the Mutual's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Mutual and the Mutual's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We provide remuneration services, independent quality assurance and solvency return assurance services to the Mutual or its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Information other than the consolidated financial statements and auditor's report

Those charged with governance are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Those charged with governance responsibilities for the consolidated financial statements

Those charged with governance are responsible, on behalf of the Mutual, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, those charged with governance are responsible for assessing on behalf of the Mutual the Mutual'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 those charged with governance either intend to liquidate the Mutual or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) 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

A member firm of Ernst & Young Global Limited aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/. This description forms part of our auditor's report.

Ernst & Young

Chartered Accountants
Wellington
21 June 2024

Employee remuneration

Remuneration and other benefits of $100,000 per annum or more received by employees in their capacity as employees were:

	Group 2024	Group 2023
100,000 – 110,000	**52**	53
110,001 – 120,000	**46**	55
120,001 – 130,000	**78**	55
130,001 – 140,000	**58**	55
140,001 – 150,000	**41**	28
150,001 – 160,000	**29**	25
160,001 – 170,000	**15**	22
170,001 – 180,000	**32**	20
180,001 – 190,000	**14**	10
190,001 – 200,000	**11**	10
200,001 – 210,000	**7**	5
210,001 – 220,000	**3**	4
220,001 – 230,000	**5**	7
230,001 – 240,000	**6**	3
240,001 – 250,000	**5**	1
250,001 – 260,000	**2**	2
260,001 – 270,000	**-**	4
270,001 – 280,000	**6**	3
280,001 – 290,000	**4**	1
290,001 – 300,000	**1**	1
300,001 – 310,000	**1**	1
310,001 – 320,000	**2**	-
320,001 – 330,000	**1**	1
330,001 – 340,000	**1**	2
340,001 – 350,000	**-**	1
370,001 – 380,000	**1**	-
410,001 – 420,000	**-**	1
450,001 – 460,000	**-**	1
460,001 – 470,000	**1**	-
520,001 – 530,000	**-**	1
570,001 – 580,000	**1**	-
610,001 – 620,000	**-**	1
730,001 – 740,000	**-**	1
770,001 – 780,000	**1**	-

Directory

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Bankers
The Bank of New Zealand

Primary External Legal Provider
DLA Piper, Wellington

Auditor
Ernst & Young, Wellington

Board of Directors
Sarah von Dadelszen – Chair
Geoff Copstick
Murray Taggart
Sinéad Horgan
Sarah Smith
Debbie Hewitt
Simon Hopcroft
Nicola Shadbolt
Jolene Germann – Associate Director

Executive Leadership Team
Adam Heath – Chief Executive Officer
Dave Kibblewhite – Chief Financial and Investment Officer
Glenn Croasdale – Chief Client Officer
Pete Frizzell – Chief Marketing Officer
Kim Grooby – Chief Claims Officer
Alex Johnston – Chief Insurance Officer
Darrin Bull – Head of Strategy
Nicki Mackay – Chief People Officer
Antonio Ybarra – Chief Risk Officer
Paul Jepson – Chief Information Officer

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FMG
Advice & Insurance