Docusign Envelope ID: 155EEC0A-D5F3-451F-8E12-514A17847804

Compagnie Française d'Assurance pour le Commerce Extérieur - New Zealand Branch

Annual report

for the year ended 31 December 2025

Docusign Envelope ID: 155EEC0A-D5F3-451F-8E12-514A17847804

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Corporate information

Company number

8222125

Directors

Cyrille Charbonnel
Xavier Durand
Oscar Villalonga Figueroa
Katarzyna Kompowska
Carine Pichon
Bertrand de Prudhomme de la Boussiniere
Matthias Rolf
Pierre Vilalta
Mary Varkados
Ernesto de Martinis
Bogdan Nichisoiu
Marcin Ogulewicz
Jorg Diewald (appointed: 15 December 2025)

Principal place of business

c/- Hesketh Henry, Level 14, HSBC Tower
188 Quay Street
Auckland 1010
New Zealand

Auditor

Deloitte Touche Tohmatsu

Sydney, Australia

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Directors' report

For the year ended 31 December 2025

The board of directors present their annual report including the financial statements of the New Zealand operations of Compagnie Française d'Assurance pour le Commerce Extérieur ("the branch") for the year ended 31 December 2025 and the independent auditor's report.

Directors

The directors of Compagnie Française d'Assurance pour le Commerce Extérieur ("the company") at any time during or since the end of the financial year are disclosed on page 1.

Principal activities

The principal activity of the branch for the year ended 31 December 2025 was to provide trade credit insurance policies in New Zealand, directly to businesses or through broker organisations. There has been no change in the principal activities of the branch during the year.

Review of operations

Insurance service revenue for the year ended 31 December 2025 was $5,421,318. Profit for the year after tax was $713,435.

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the branch during the year.

Events after balance date

There were no significant events after balance date.

Likely developments

No change is expected in the principal activities of the branch.

Environmental regulations

The branch's operations are not subject to any significant environmental regulations.

Directors' interests and benefits

During the financial year no director of the company has received, or become entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements of the company) by reason of a contract made by the company, or a related entity with the director, or with a firm of which the director is a member, or with an entity in which the director has a substantial interest.

Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the branch has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

The company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 December 2025. Such insurance contracts insure persons who are or have been executive officers of the company against certain liability (subject to specific exclusions).

For and on behalf of the board:

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Carine Pichon
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Carine Pichon
13-Apr-2026 | 03:18 PDT
2026

Signé par :
Cyrille CHARBONNEL
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Cyrille Charbonnel
13-Apr-2026 | 05:36 PDT
2026

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Statement of comprehensive income

For the year ended 31 December 2025

	Notes	2025 $	2024 $
Insurance service revenue	8.a	5,421,318	4,573,529
Insurance service expense	8.a	(1,471,874)	(1,983,017)
Insurance service result before reinsurance contracts held		3,949,444	2,590,512
Reinsurance premium expense	8.b	(1,803,442)	(1,573,272)
Reinsurance recoveries	8.b	463,542	86,275
Net expense from reinsurance contracts held		(1,339,900)	(1,486,997)
Insurance service result		2,609,544	1,103,515
Other revenue - fee income		568,075	426,244
Other income		49,192	-
Interest income		34,325	33,799
Insurance finance expense	8.a	(76,498)	(117,333)
Reinsurance finance income	8.b	35,327	54,197
Net insurance financial result		(41,171)	(63,136)
Operating expenses		(2,298,268)	(1,018,632)
Interest expense - leases	5	(673)	(615)
Profit before income tax	3	921,024	481,175
Income tax (expense)/benefit	6	(207,589)	3,839
Net profit for the year, attributable to head office		713,435	485,014
Other comprehensive income		-	-
Total comprehensive income, attributable to head office		713,435	485,014

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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Statement of financial position

As at 31 December 2025

	Notes	2025 $	2024 $
Assets			
Current assets			
Cash at bank		5,563,947	5,999,354
Trade and other receivables	7	484,807	459,920
Reinsurance contract assets	8	714,037	725,246
Income tax receivable		-	7,210
		6,762,791	7,191,730
Non-current assets			
Property, plant and equipment		4,338	-
Right-of-use assets	5	5,472	14,853
		9,810	14,853
Total assets		6,772,601	7,206,583
Liabilities			
Current liabilities			
Employee benefit liabilities		55,416	31,324
Lease liabilities	5	9,283	9,380
Insurance contract liabilities	8	1,648,435	3,040,313
Deferred revenue		13,090	-
Accruals		394,612	386,460
Income tax payable		200,379	-
		2,321,215	3,467,477
Non-current liabilities			
Lease liabilities	5	-	1,155
		-	1,155
Total liabilities		2,321,215	3,468,632
Net assets		4,451,386	3,737,951
Head office account			
Head office advances		4,000,000	4,000,000
Retained earnings/(accumulated losses)		451,386	(262,049)
Total head office account		4,451,386	3,737,951

The above statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the board, who authorised the issue of these financial statements on _____ 2026:

DocuSigned by:
Carine Pichon
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Carine Pichon
13-Apr-2026 | 03:18 PDT

Signé par :
Cyrille CHARBONNEL
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Cyrille Charbonnel
13-Apr-2026 | 05:36 PDT

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Statement of changes in head office account

For the year ended 31 December 2025

	Head office advances $	(Accumulated losses)/ retained earnings $	Total head office account $
At 1 January 2024	4,000,000	(747,063)	3,252,937
Profit for the year	-	485,014	485,014
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	485,014	485,014
At 31 December 2024	4,000,000	(262,049)	3,737,951
At 1 January 2025	4,000,000	(262,049)	3,737,951
Profit for the year	-	713,435	713,435
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	713,435	713,435
At 31 December 2025	4,000,000	451,386	4,451,386

The above statement of changes in head office account should be read in conjunction with the accompanying notes.

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Statement of cash flows

For the year ended 31 December 2025

	Note	2025 $	2024 $
Operating activities			
Premium and other revenue received, net of acquisition cash flows		4,484,796	4,985,001
Reinsurance premium, net of commission	8.b	(1,983,405)	(1,535,658)
Claims payments	8.a	(1,380,081)	(1,843,709)
Reinsurance recoveries	8.b	690,041	251,513
Interest received		34,325	33,799
Payments to suppliers and employees		(2,273,952)	(1,062,829)
Interest paid		(673)	(615)
Taxation paid		-	(2,273)
Net cash flows (used in)/from operating activities		(428,949)	825,229
Investing activities			
Purchase of property, plant and equipment		(5,206)	-
Net cash flows used in investing activities		(5,206)	-
Financing activities			
Repayment of lease liabilities	5	(1,252)	(18,297)
Net cash flows used in financing activities		(1,252)	(18,297)
Net (decrease)/increase in cash and cash equivalents		(435,407)	806,932
Cash and cash equivalents at 1 January		5,999,354	5,192,422
Cash and cash equivalents at 31 December		5,563,947	5,999,354

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the financial statements

For the year ended 31 December 2025

1. Corporate information

The financial statements of the New Zealand operations of Compagnie Française d'Assurance pour le Commerce Extérieur (the "branch") for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors.

Compagnie Française d'Assurance pour le Commerce Extérieur (the "company") is incorporated in France and is registered under the Companies Act 1993 on the overseas company register as a company carrying on business in New Zealand. The ultimate and immediate parent of the company is COFACE SA. COFACE SA and its subsidiaries collectively form “Coface Group".

The branch is part of the company. The assets of the branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the branch’s statement of financial position. The debts of the branch may result in claims against the entire company’s assets, not solely the assets presented on the branch’s statement of financial position. Any deficiency of the branch is supported by the company. The amount of funds retained, to ensure financial soundness of the branch, is managed at the company level and details of the solvency position are set out in note 11.

The principal activities of the branch are the provision of trade credit insurance policies in New Zealand, directly to businesses or through broker organisations. There has been no change in the principal activities of the branch during the year.

2. Accounting policies

a. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013. The branch is classified as an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. For the purpose of complying with NZ GAAP the branch is a for-profit entity.

The financial statements are presented in the branch's functional currency, New Zealand dollars, and all values are rounded to the nearest dollar, except when otherwise indicated.

b. Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to IFRS Accounting Standards ("NZ IFRS").

The financial statements also comply with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

c. Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

d. Insurance contracts

Classification and aggregation

Groups of insurance contracts are determined by identifying portfolios of contracts which are subject to similar risks and managed together.

Each portfolio is then divided into annual cohorts (i.e. by year of issue), and between (i) a group of contracts that are onerous at initial recognition, (ii) a group of contracts that have no significant possibility of becoming onerous subsequently, and (iii) a group of the remaining contracts, that at initial recognition have a possibility of becoming onerous subsequently.

The branch has a single portfolio for trade-credit insurance.

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Notes to the financial statements

For the year ended 31 December 2025

2. Accounting policies (continued)

d. Insurance contracts (continued)

Recognition

A group of insurance contracts is recognised at the earlier of: the start of the coverage period; the due date of the first policyholder payment; or, for onerous contracts, as soon as the branch is committed. When each individual contract is recognised, it is either added to an existing group, or, if it does not qualify for inclusion in an existing group, forms a new group to which future contracts may be added.

The coverage period for trade-credit insurance is from the beginning of the insurance policy until the potential default due date by the debtor towards the policyholder, according to the maximum credit term indicated in the contract.

Measurement

The branch applies the premium allocation approach (PAA) for measurement of all insurance and reinsurance contracts, as the resulting measurement of the liability for remaining coverage would not differ materially from applying the general model of NZ IFRS 17.

The carrying amount of each group of insurance contracts is the sum of the liability for remaining coverage and the liability for incurred claims.

Under the PAA, the initial liability for remaining coverage is the premiums received by the branch at initial recognition, less insurance acquisition cash flows at that date, adjusted for any amount arising from deferred insurance acquisition cash flows. In subsequent periods the liability is increased for premiums received by the branch, amounts relating to amortisation of insurance acquisition cash flows recognised as an expense, and any adjustment to a significant financing component; and decreased for insurance acquisition cash flows paid, the amount recognised as insurance revenue for services provided, and any investment component paid or transferred to the liability for incurred claims.

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts, that are directly attributable to the relevant portfolio of insurance contracts (though may not be directly attributable to individual contracts or groups of contracts within the portfolio). These include acquisition fees paid to intermediaries (brokers, agents, ceding insurers) and other acquisition costs attributable to contracts. Insurance acquisition cash flows are allocated to relevant groups of insurance contracts and amortised over the coverage period of the related group. Insurance acquisition cash flows incurred before the commencement of the relevant group of insurance contracts are carried as an asset until the insurance contract liability is recognised, following which they are included within measurement of the liability for remaining coverage.

The liability for incurred claims comprises the discounted estimated future cash flows relating to incurred claims, including a risk adjustment.

If at any time before and during the coverage period a group of insurance contracts is or becomes onerous, an impairment loss is recognised with a corresponding loss component included in the liability for remaining coverage, for the difference between the estimated fulfilment cash flows relating to the remaining coverage of the group, and the carrying amount of liability for remaining coverage for that group.

Insurance contracts are derecognised when, and only when, the obligation specified in the insurance contract expires or is discharged or cancelled.

Reinsurance contracts held

Reinsurance contracts held are recognised at the beginning of the coverage period of the group of reinsurance contracts held, or at the initial recognition date of the related insurance contract if the reinsurance contract provided proportionate coverage.

Reinsurance contracts held are measured on the same basis as the insurance contracts issued (adapting to reflect the features of reinsurance contracts held that differ from insurance contracts issued, such as expenses rather than revenue). Where a group of insurance contracts covered by reinsurance contracts held is or becomes onerous, a loss-recovery component is included in the asset for remaining coverage, reflecting the portion of the losses on the onerous contracts expected to be recovered from the reinsurance contracts held.

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Notes to the financial statements

For the year ended 31 December 2025

2. Accounting policies (continued)

e. Financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

All financial instruments are initially recognised at the fair value of the consideration received/transferred less, in the case of financial assets and liabilities not recorded at fair value through profit or loss, directly attributable transaction costs.

Subsequently the branch applies the following accounting policies for financial instruments:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets at amortised cost

Financial assets at amortised cost consist of trade and other receivables (note 7). Trade receivables represent the right to an amount of unconditional consideration (i.e. only the passage of time is required before payment of the consideration is due). Contract assets are the right to consideration in exchange for goods or services transferred to the customer. If the branch performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned conditional consideration.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method, and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired, as well as through the amortisation process. These are included within current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Impairment of financial assets

An allowance for expected credit losses (ECLs) is recognised for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, a simplified approach is applied in calculating ECLs. Therefore, changes in credit risk are not tracked, instead a loss allowance is recognised based on lifetime ECLs at each balance date. The allowance is based upon observed historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of employee benefit liabilities, lease liabilities (note 5) and accruals. Payables are recognised when the branch becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are not discounted given their short-term nature.

Financial liabilities at amortised cost are measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liability is derecognised as well as through the EIR amortisation process. Financial liabilities are classified as current liabilities unless the branch has an unconditional right to defer settlement of the liabilities for at least 12 months after balance date.

f. Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment. Initial cost includes purchase consideration and those costs attributable to bringing the asset to the location and condition necessary for its intended use.

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Notes to the financial statements

For the year ended 31 December 2025

2. Accounting policies (continued)

f. Property, plant and equipment (continued)

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits, or is necessarily incurred to enable future economic benefits to be obtained. The carrying amount of any replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation has been calculated on a straight line basis to write off the net cost of each asset over its expected useful life to its estimated residual value. The following depreciation rates have been applied:

Computer equipment	5 years
Right-of-use assets - property	over lease term (2 years)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

g. Impairment of non-financial assets

Non-financial assets with a finite useful life are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impaired non-financial assets are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed.

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if the arrangement conveys a right to control the use of an identified asset or assets for a period of time in exchange for consideration.

At commencement of a lease, the branch recognises a right-of-use asset and a lease liability. The right-of-use asset is recognised at cost, being the initial measurement of the lease liability plus any lease payments made before the commencement date, any initial direct costs, and an estimate of costs to be incurred to remove or restore the asset at the end of the lease term, less any lease incentives received. The lease liability is initially measured at the present value of the remaining lease payments, discounted at the interest rate implicit in the lease, or the branch's incremental borrowing rate where the interest rate implicit in the lease cannot be readily determined.

Variable lease payments linked to an index or rate are included in calculation of the lease liability. When the index or rate changes, or there are other changes in lease payments such as a change in lease term, the lease liability is remeasured, with a corresponding change to the associated right-of-use asset. Variable lease payments not linked to an index or rate are recognised in profit or loss when incurred.

Interest on the lease liability is calculated using the EIR method and recognised as an expense in profit or loss.

Right-of-use assets and lease liabilities are not recognised for leases with a lease term of less than 12 months, or for leases of low-value assets. Payments on short-term leases or leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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Notes to the financial statements

For the year ended 31 December 2025

2. Accounting policies (continued)

i. Employee benefit liabilities

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of balance date, are recognised in respect of employees' services up to balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Post-employment benefits

Contributions made for the benefit of eligible employees to defined contribution funds are recognised in the period they are incurred. The defined contribution funds receive fixed contributions from the branch, whose legal or constructive obligation is limited to those contributions only.

j. Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable.

Insurance service result

Insurance service revenue is the amount of expected premium receipts allocated to the period, net of taxes, cancellations/refunds, and any investment component.

Expected premium receipts are allocated to each period of insurance contract services on the basis of the passage of time, or on the basis of the expected timing of incurred insurance service expenses if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

Insurance service expenses consist of incurred claims, amortisation of insurance acquisition cash flows (recognised on the basis of passage of time), changes in fulfilment cash flows and risk adjustments relating to the liability for incurred claims, and losses on onerous groups of such contracts (and reversals of such losses).

Reinsurance premium expense is the amount of expected reinsurance premium payments allocated to the period, on the same basis as the related insurance income, net of commissions that are not contingent on claims on the underlying contracts and any investment component. Reinsurance recoveries include incurred claims recovered (or recoverable) from the reinsurer, net of any commissions or other expenses that are contingent on claims on the underlying contracts. Reinsurance premium expense and reinsurance recoveries are recognised separately.

Insurance finance income or expense

Insurance finance income or expense comprises the change in the carrying amount of each group of insurance contracts arising from the effect of the time value of money (i.e. unwinding of discount) and the effect of financial risk and changes in financial risk.

Insurance finance income or expense is disaggregated between profit or loss and OCI. Insurance finance income or expense is recognised in profit or loss according to the discount rates initially applied for each group of insurance contracts. Differences between the valuation of the insurance contract liability (or asset) at initial discount rates and at current discount rates are recognised in OCI.

If a contract is derecognised as a result of a transfer to a third party or a contract modification, any accumulated OCI for that contract will be reclassified to profit or loss.

Fee income

Fee income is fees charged to clients for special limit requests, which are recognised at a point in time when the services are provided.

Interest income

Revenue is recognised as interest accrues using the EIR method.

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Notes to the financial statements

For the year ended 31 December 2025

2. Accounting policies (continued)

k. Income tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Deferred tax is calculated using the liability method on all temporary differences at balance date between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction which: is not a business combination; does not affect tax or accounting profit; and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised to the extent it is probable the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the branch's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax losses or credits.

Changes in deferred tax assets or liabilities are recognised in profit or loss, except where they relate to items that are recognised in OCI or directly in equity, in which case the related deferred tax is also recognised in OCI or equity, respectively.

The branch has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes.

l. Other taxes

Revenues, expenses, assets, liabilities and cash flows are recognised net of goods and services tax (GST), except where GST incurred is not recoverable from the taxation authority, and receivables and payables which are stated GST inclusive.

m. Comparatives

Where necessary, comparative figures have been reclassified for consistency with current year presentation. The reclassification has no impact on net assets or profit for the year.

n. Significant accounting judgements, estimates and assumptions

The preparation of the branch’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Insurance contract liabilities - estimates of future cash flows

Insurance contract liabilities are based upon estimates of future cash flows, incorporating all reasonable and supportable information that is available without undue cost or effort at balance date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Insurance contract liabilities - discount rates

Insurance contract liabilities are discounted using risk-free rates that are derived from the yields on sovereign risk securities (New Zealand government bonds) and relate to the term of the insurance liability cash flows. The single equivalent discount rate used is 2.80% (2024: 3.96%) for outstanding claims and 2.92% (2024: 3.81%) for future claims liability cash flows.

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Notes to the financial statements

For the year ended 31 December 2025

2. Accounting policies (continued)

n. Significant accounting judgements, estimates and assumptions (continued)

Insurance contract liabilities – risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the branch requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts, and reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The risk adjustment for non-financial risk is determined using the confidence level technique, under which the probability distribution of the expected present value of future cash flows from insurance contracts is estimated at each balance date, and the risk adjustment for non-financial risk is calculated as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years.

The risk adjustment has been estimated using a confidence level (probability of sufficiency) of 75% (2024: 75%).

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Notes to the financial statements

For the year ended 31 December 2025

3. Profit before income tax

Profit before income tax includes the following specific expenses:

	2025 $	2024 $
Employee remuneration	933,781	648,721
Post-employment benefits	20,473	17,401
Depreciation expense	10,249	14,595
Net foreign exchange losses	22,516	2,688
Actuarial and legal charges	71,771	101,848

4. Auditor's remuneration

The auditor of the branch is Deloitte Touche Tohmatsu (Australia). Fees incurred for services received from Deloitte Touche Tohmatsu (including network firms) were:

	2025 $	2024 $
Audit of the financial statements	83,019	68,195
Total fees incurred for services provided by the audit firm	83,019	68,195

5. Leases

The branch leases property.

Profit before income tax includes the following expenses relating to leases.

	2025 $	2024 $
Depreciation expense of right-of-use assets	9,381	14,595
Interest expense on lease liabilities	673	615

The total cash outflow for leases during the year was $1,925 (2024: $18,912).

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Notes to the financial statements

For the year ended 31 December 2025

5. Leases (continued)

Right-of-use assets - property

	2025 $	2024 $
Cost		
At 1 January	54,918	35,374
Additions	-	19,544
At 31 December	54,918	54,918
Depreciation and impairment		
At 1 January	40,065	25,470
Depreciation for the year	9,381	14,595
At 31 December	49,446	40,065
Net book value	5,472	14,853

Lease liabilities have a maturity date of June 2026 (2024: June 2026), with an effective interest rate of 1.86% (2024: 1.86%).

Lease liabilities are disclosed in the statement of financial position as follows:

	2025 $	2024 $
Current	9,283	9,380
Non-current	-	1,155
	9,283	10,535

6. Income tax

The major components of income tax expense/(benefit) are:

	2025 $	2024 $
Current income tax:		
Current income tax expense/(benefit)	157,365	(61,987)
Adjustments in respect of previous years	50,224	58,148
	207,589	(3,839)
Deferred tax:		
Origination and reversal of temporary differences	-	-
Income tax expense/(benefit) reported in the statement of comprehensive income	207,589	(3,839)

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6. Income tax (continued)

Reconciliation of income tax expense/(benefit) and accounting profit is as follows:

	2025 $	2024 $
Accounting profit before income tax	921,024	481,175
At statutory income tax rate of 28% (2024: 28%)	257,887	134,729
Non-deductible items	968	-
Deferred tax asset not recognised	(72,263)	(58,317)
Adjustments in respect of previous years	50,224	58,148
Utilisation of unrecognised tax losses	(29,227)	(138,399)
Income tax expense/(benefit)	207,589	(3,839)

Deferred income tax

Deferred income tax relates to the following:

Statement of financial position	**2025** **$**	**2024** **$**
Accruals and employee entitlements	64,203	53,573
Deferred acquisition costs	(128,266)	(43,097)
Right-of-use assets	(1,532)	(4,159)
Lease liabilities	2,599	2,950
Deferred tax asset not recognised	62,996	(9,267)
Net deferred tax assets/(liabilities)	-	-

Statement of comprehensive income	**2025** **$**	**2024** **$**
Accruals and employee entitlements	(10,630)	14,183
Deferred acquisition costs	85,169	43,097
Right-of-use assets	(2,627)	1,386
Lease liabilities	351	(349)
Deferred tax asset not recognised	(72,263)	(58,317)
Deferred tax expense/(benefit)	-	-

Subject to approval by Inland Revenue, the branch has tax losses available to carry forward of $nil (2024: $104,382) with tax effects of $nil (2024: $29,227). No deferred tax asset has been recognised in respect of tax losses, due to the uncertainty of future taxable income.

The branch is not eligible for New Zealand imputation credits.

OECD Pillar Two Model Rules

New Zealand has enacted legislation implementing the Pillar Two model rules published by the OECD. The branch is a part of a multinational group that is within the scope of the OECD Pillar Two model rules.

The enacted law includes an Income Inclusion Rule ('IIR') and an Under Taxed Profits Rule ('UTPR'), effective for income years starting on or after 1 January 2025 for the branch. There is no Qualifying Domestic Minimum Top-up Tax. A Domestic Income Inclusion Rule applies solely to New Zealand headquartered multinational groups. There is no expected impact on the income tax expense for the current year (2024: not applicable).

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7. Trade and other receivables

	2025 $	2024 $
GST receivables	30,314	12,137
Other trade and other receivables	454,493	447,783
	484,807	459,920

The carrying amount of trade and other receivables is a reasonable approximation of fair value.

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8. Insurance contracts and reinsurance contracts held

a. Insurance contracts

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component $	Loss component $	Estimates of the present value of future cash flows $	Risk adjustment $	Total $
Net insurance contract liabilities as at 31 December 2024	1,364,140	-	1,241,610	434,563	3,040,313
Insurance revenue	(5,421,318)	-	-	-	(5,421,318)
Insurance service expenses					
Incurred claims and other expenses	-	-	1,948,885	306,246	2,255,131
Amortisation of insurance acquisition cash flows	580,143	-	-	-	580,143
Changes to liabilities for incurred claims	-	-	(930,545)	(432,855)	(1,363,400)
	580,143	-	1,018,340	(126,609)	1,471,874
Insurance service result	(4,841,175)	-	1,018,340	(126,609)	(3,949,444)
Insurance finance expenses	-	-	56,665	19,833	76,498
Total changes in the statement of comprehensive income	(4,841,175)	-	1,075,005	(106,776)	(3,872,946)
Cash flows					
Premium received	4,571,659	-	-	-	4,571,659
Claims and other expenses paid	-	-	(1,380,081)	-	(1,380,081)
Insurance acquisition cash flows	(710,510)	-	-	-	(710,510)
Total cash flows	3,861,149	-	(1,380,081)	-	2,481,068
Net insurance contract liabilities as at 31 December 2025	384,114	-	936,534	327,787	1,648,435

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8. Insurance contracts and reinsurance contracts held (continued)

a. Insurance contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component $	Loss component $	Estimates of the present value of future cash flows $	Risk adjustment $	Total $
Net insurance contract liabilities as at 31 December 2023	887,603	-	1,277,714	638,857	2,804,174
Insurance revenue	(4,573,529)	-	-	-	(4,573,529)
Insurance service expenses					
Incurred claims and other expenses	-	-	2,464,155	307,679	2,771,834
Amortisation of insurance acquisition cash flows	497,039	-	-	-	497,039
Changes to liabilities for incurred claims	-	-	(735,928)	(549,928)	(1,285,856)
	497,039	-	1,728,227	(242,249)	1,983,017
Insurance service result	(4,076,490)	-	1,728,227	(242,249)	(2,590,512)
Insurance finance expenses	-	-	79,378	37,955	117,333
Total changes in the statement of comprehensive income	(4,076,490)	-	1,807,605	(204,294)	(2,473,179)
Cash flows					
Premium received	5,234,584	-	-	-	5,234,584
Claims and other expenses paid	-	-	(1,843,709)	-	(1,843,709)
Insurance acquisition cash flows	(681,557)	-	-	-	(681,557)
Total cash flows	4,553,027	-	(1,843,709)	-	2,709,318
Net insurance contract liabilities as at 31 December 2024	1,364,140	-	1,241,610	434,563	3,040,313

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8. Insurance contracts and reinsurance contracts held (continued)

b. Reinsurance contracts held

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component $	Loss recovery component $	Estimates of the present value of future cash flows $	Risk adjustment $	Total $
Net reinsurance contract assets as at 31 December 2024	(48,986)	-	573,505	200,727	725,246
Allocation of reinsurance premiums	(1,803,442)	-	-	-	(1,803,442)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	868,137	141,230	1,009,367
Changes to amounts recoverable for incurred claims	-	-	(345,873)	(199,952)	(545,825)
	-	-	522,264	(58,722)	463,542
Net income or expense from reinsurance contracts held	(1,803,442)	-	522,264	(58,722)	(1,339,900)
Reinsurance finance income	-	-	26,168	9,159	35,327
Total changes in the statement of comprehensive income	(1,803,442)	-	548,432	(49,563)	(1,304,573)
Cash flows					
Premium paid	1,983,405	-	-	-	1,983,405
Amounts received	-	-	(690,041)	-	(690,041)
Total cash flows	1,983,405	-	(690,041)	-	1,293,364
Net reinsurance contract assets as at 31 December 2025	130,977	-	431,896	151,164	714,037

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8. Insurance contracts and reinsurance contracts held (continued)

b. Reinsurance contracts held (continued)

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component $	Loss recovery component $	Estimates of the present value of future cash flows $	Risk adjustment $	Total $
Net reinsurance contract assets as at 31 December 2023	(11,372)	-	590,182	295,091	873,901
Allocation of reinsurance premiums	(1,573,272)	-	-	-	(1,573,272)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	528,246	142,119	670,365
Changes to amounts recoverable for incurred claims	-	-	(330,075)	(254,015)	(584,090)
	-	-	198,171	(111,896)	86,275
Net income or expense from reinsurance contracts held	(1,573,272)	-	198,171	(111,896)	(1,486,997)
Reinsurance finance income	-	-	36,665	17,532	54,197
Total changes in the statement of comprehensive income	(1,573,272)	-	234,836	(94,364)	(1,432,800)
Cash flows					
Premium paid	1,535,658	-	-	-	1,535,658
Amounts received	-	-	(251,513)	-	(251,513)
Total cash flows	1,535,658	-	(251,513)	-	1,284,145
Net reinsurance contract assets as at 31 December 2024	(48,986)	-	573,505	200,727	725,246

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9. Related party disclosures

a. Ultimate parent

The ultimate and immediate parent of the company is COFACE SA, which is registered on Euronext Paris in France.

b. Transactions with related parties

Transactions with other group entities include reinsurance, underwriting fees and recharge of expenses for personnel, IT and management.

The following table provides the total amount of transactions which have been entered into with related parties. Movements in the head office account have been disclosed in the statement of changes in head office account.

		Reinsurance premium expense	Reinsurance recoveries	Recharges	Receivables	Reinsurance contract assets
		$	$	$	$	$
Ultimate parent	2025	-	-	620,478	-	-
	2024	-	-	866,102	-	-
Head office	2025	-	-	-	-	-
	2024	-	-	9,261	-	-
Other subsidiaries of ultimate parent	2025	1,803,442	463,542	435,402	-	714,037
	2024	1,573,272	86,275	480,133	42,927	725,246
	2025	1,803,442	463,542	1,055,880	-	714,037
	2024	1,573,272	86,275	1,355,496	42,927	725,246

Terms and conditions of transactions with related parties

Outstanding balances at year end are unsecured and settlement occurs in cash.

For the year ended 31 December 2025, the branch has not made any allowance for impairment losses relating to amounts owed by related parties (2024: $nil).

c. Key management remuneration

Key management personnel are employed and remunerated by other branches of the company, with no direct recharge to the branch for their services.

10. Insurance and financial risk

a. Insurance risk

Insurance contracts and reinsurance contracts held

The branch issues trade credit insurance contracts in New Zealand. Insurance contracts transfer risks to the insurer by indemnifying policy holders against adverse effects arising from the occurrence of specified certain events. Risk management activities can be separated into underwriting, claims management, reserving and investment. The objective of these risk management functions is to enhance the longer term financial performance of the overall insurance operations and to ensure capital and solvency requirements are met.

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

The frequency and severity of claims is affected by several factors. These include all factors that affect credit risk in general. The status of the economy is a major driver for frequency and severity of claims. Other key factors include specific events such as natural disasters and structural changes in the economy, which will vary over time. For trade credit insurance the behavior of customers may affect the frequency and severity of claims as well, through risks inherent to their business activities and their risk management practices.

These insurance risks are controlled by underwriting procedures and adequate premium rates and policy. The branch's business processes are designed to effectively manage the impact of many risk factors that affect frequency and severity of claims.

Acceptance of risk - Access to Coface Group's broad worldwide database of company information allows the branch to thoroughly analyse risk before acceptance. Analysis of risk considers a variety of factors including industry and financial strength.

Pricing - Years of experience enable the underwriters to calculate acceptable pricing and acceptable terms and conditions of cover.

Claims management - Claims are handled separately to the underwriting by the claims department. Settling authorities are delegated according to level of experience and to ensure adequate review of the claims assessment. Claims are managed to ensure timely and correct payment in accordance with policy conditions.

Reinsurance - Risks underwritten are reinsured in order to limit exposure to losses, stabilise earnings, protect capital resources and ensure efficient control and spread the risk underwritten. The company maintains quota-share reinsurance with Coface Re S.A. of Lausanne, Switzerland. The treaty covers lines of business, scope of cover, territorial scope and maximum exposure. The treaty for 2025 ceded 50% (2024: 50%), the Fitch credit rating for Coface Re S.A. is AA- (2024: AA-).

Investment management - To ensure liquidity, all investments are held in cash.

Concentration of insurance risk - The branch has an objective of minimizing the concentration of risk arising from the underwriting of insurance contracts and seeks to have a diverse portfolio of risk spread across industry sectors and financial strength, without becoming over concentrated to one sector. Analysis and monitoring of claims and credit limit data is done regularly to effectively deal with concentration by various sectors including industry, geographic location and customer. The process before approval of credit limits to customers takes into account the risks associated with these sectors.

The tables below show the evolution of Sector mix by NACE Code of the New Zealand Portfolio and the Debtor Risk Assessment (DRA) score categorizing financial strength of the risks underwriten.

	Sector mix	
	2025	**2024**
	%	**%**
2 - Agrofood	30.74	29.24
3 - Chemical Industry	12.87	10.58
6 - Elect - IT	11.67	14.15
7 - Services	11.43	11.60
4 - Construction	9.32	8.68
1 - Metal Industry	8.26	7.95
5 - NS Trade	8.12	7.93
8 - Textile, Wood and Paper	5.13	5.92
9 - Misc + Empty	2.46	3.95

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

	DRA category exposure				
Year	**Low %**	**4 %**	**5 %**	**Good %**	**High %**
2025	0.00	6.05	26.76	48.09	19.09
2024	0.01	4.54	24.06	54.22	17.18

Sensitivity analysis

The liability for incurred claims (LIC) is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity to legislative changes or uncertainty in the estimation process.

		2025 ($000)			
Assumption	**Change in assumption**	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
Baseline gross/net loss ratio for LIC	+10%	(211)	(110)	(152)	(79)
Baseline gross/net loss ratio for LIC	-10%	211	110	152	79
New $1m claim incurred	1000	(1,408)	(734)	(1,014)	(528)

		2024 ($000)			
Assumption	**Change in assumption**	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
Baseline gross/net loss ratio for LIC	+10%	(183)	(85)	(132)	(61)
Baseline gross/net loss ratio for LIC	-10%	183	85	132	61
New $1m claim incurred	1000	(1,376)	(636)	(991)	(458)

Claims development table

The following tables show the estimates of cumulative incurred claims for each successive incident year at each reporting date, together with cumulative payments to date.

As required by NZ IFRS 17, in setting claims provisions, the branch gives consideration to the probability and magnitude of future experiences being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

As at 31 December 2025

Gross liabilities for incurred claims ($000)

Accident year	2022	2023	2024	2025	Total
At end of accident year	346	1,494	1,089	1,834	
One year later	-	870	558		
Two years later	-	823			
Gross estimates of the undiscounted amount of the claims	-	823	558	1,834	3,215
At end of accident year	-	(267)	(244)	(1,002)	
One year later	-	(532)	(514)		
Two years later	-	(816)			
Cumulative payments to date	-	(816)	(514)	(1,002)	(2,332)
Gross undiscounted liabilities for incurred claims	-	7	44	832	884
Effect of discounting					(20)
Total gross liabilities for incurred claims					864

Liabilities for incurred claims, net of reinsurance ($000)

Accident year	2022	2023	2024	2025	Total
At end of accident year	173	747	544	917	
One year later	-	435	279		
Two years later	-	412			
Net estimates of the undiscounted amount of the claims	-	412	279	917	1,608
At end of accident year	-	(134)	(122)	(501)	
One year later	-	(266)	(257)		
Two years later	-	(408)			
Cumulative net payments to date	-	(408)	(257)	(501)	(1,166)
Net undiscounted liabilities for incurred claims	-	4	22	416	442
Effect of discounting					(10)
Total net liabilities for incurred claims					432

Total liabilities for incurred claims	Estimate of the present value of future cash flows	Claims handling	Risk adjustment	Total
Gross liabilities	864	72	328	1,264
Amounts recoverable from reinsurers	(432)	-	(151)	(583)
Total net liabilities	432	72	177	681

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

As at 31 December 2024

Gross liabilities for incurred claims ($000)

Accident year	2022	2023	2024	Total
At end of accident year	346	1,494	1,089	
One year later	-	870		
Gross estimates of the undiscounted amount of the claims	-	870	1,089	1,959
At end of accident year	-	(267)	(244)	
One year later	-	(532)		
Cumulative payments to date	-	(532)	(244)	(776)
Gross undiscounted liabilities for incurred claims	-	338	845	1,183
Effect of discounting				(35)
Total gross liabilities for incurred claims				1,148

Liabilities for incurred claims, net of reinsurance ($000)

Accident year	2022	2023	2024	Total
At end of accident year	173	747	544	
One year later	-	435		
Net estimates of the undiscounted amount of the claims	-	435	544	979
At end of accident year	-	(134)	(122)	
One year later	-	(266)		
Cumulative net payments to date	-	(266)	(122)	(388)
Net undiscounted liabilities for incurred claims	-	169	422	591
Effect of discounting				(17)
Total net liabilities for incurred claims				574

Total liabilities for incurred claims	Estimate of the present value of future cash flows	Claims handling	Risk adjustment	Total
Gross liabilities	1,148	95	435	1,678
Amounts recoverable from reinsurers	(574)	-	(201)	(775)
Total net liabilities	574	95	234	903

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10. Insurance and financial risk (continued)

b. Financial risk

i. Credit risk

Credit risk is the risk that one party to a financial instrument (including insurance contracts) will cause a financial loss for the other party by failing to discharge an obligation.

The branch's assets subject to credit risk consist of cash at bank, trade and other receivables and reinsurance contract assets. The maximum exposure to credit risk is the carrying amount in the statement of financial position. The branch's policy is to hold financial assets as cash.

Cash is held with HSBC New Zealand, which has a Standard & Poor's long-term credit rating of AA- (2024: AA-).

Trade receivables primarily consist of amounts receivable from intermediaries.

Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default. The nature of the branch's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

ii. Liquidity risk

Liquidity risk is the risk that the branch will not be able to meet its cashflows as they fall due, because of a lack of liquid assets or access to funding on acceptable terms. To mitigate liquidity risk the branch maintains sufficient assets to ensure that it can meet its obligations and cash outflows on a timely basis.

Maturity analysis for insurance contract and reinsurance contract held liabilities

The contractual undiscounted cash flows for portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities are all expected to be paid within one year.

Maturity analysis for financial liabilities

The table below summarises the maturity profile of the branch's financial liabilities based on contractual undiscounted repayment obligations.

	2025		
	Up to 1 year	**1 - 2 years**	**Total**
	$	**$**	**$**
Lease liabilities	9,625	-	9,625
Accruals	394,612	-	394,612
	404,237	-	404,237

	2024		
	Up to 1 year	**1 - 2 years**	**Total**
	$	**$**	**$**
Lease liabilities	19,248	9,625	28,873
Accruals	386,460	-	386,460
	405,708	9,625	415,333

iii. Currency risk

Currency risk is the risk that the fair value of financial instruments (including insurance contracts) will fluctuate because of changes in foreign exchange rates.

The majority of the branch's assets and liabilities are in New Zealand dollars, with limited exposure to other currencies. The branch has receivables denominated in US dollars.

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10. Insurance and financial risk (continued)

b. Financial risk (continued)

iii. Currency risk (continued)

The table below shows the impact on profit after tax and equity of reasonably possible variations in foreign currency exchange rates, assuming that all other variables are held constant.

	Change in exchange rate	2025	2024
		$	$
US dollar	+10%	48,386	54,564

A movement of exchange rate for US dollar by 10% in the opposite direction would have an equal and opposite effect.

iv. Interest rate risk

The branch has no significant exposure to interest rate risk.

11. Capital management

Solvency requirements

The branch has a license under the Insurance (Prudential Supervision) Act 2010 ("IPSA 2010"), and is subject to regulatory solvency requirements. In accordance with section 59 of IPSA 2010, the branch has an exemption from complying with New Zealand solvency standards, as the company is required to meet French regulatory solvency capital requirements as prescribed by the Autorité de contrôle prudentiel et de résolution (ACPR). The Coface Group complies with solvency capital requirements in each regulatory regime. The minimum solvency capital requirement for New Zealand under French law is outlined below. As at 31 December the company carried a positive solvency margin.

	2025	2024
	$	$
Actual solvency capital	5,300,078	4,864,696
Minimum solvency capital	(2,684,676)	(2,479,670)
Solvency margin	2,615,402	2,385,026

	2025	2024
	%	%
Solvency ratio	197	196

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12. Reconciliation of net profit for the year to net cash from operating activities

	2025 $	2024 $
Net profit for the year	713,435	485,014
Adjustments for non-cash items		
Depreciation of property, plant and equipment	868	-
Depreciation of right-of-use assets	9,381	14,595
Changes in assets and liabilities		
Increase in trade and other receivables	(24,887)	(2,405)
Increase in income tax receivable	-	(6,112)
Decrease in reinsurance contract assets	11,209	148,655
(Decrease)/increase in insurance contract liabilities	(1,391,878)	236,139
Increase in employee benefit liabilities	24,092	29,699
Increase in deferred revenue	13,090	-
Increase/(decrease) in accruals	8,152	(80,356)
Increase in income tax payable	207,589	-
Net cash flows (used in)/from operating activities	(428,949)	825,229

13. Commitments and contingencies

Commitments

The branch had no commitments at 31 December 2025 (2024: $nil).

Contingencies

There are no contingent assets or contingent liabilities at balance date which would have a material effect on the branch's financial statements at 31 December 2025 (2024: $nil).

14. Events after balance date

There have been no significant events occurring after balance date which may affect either the branch's operations or results of those operations or the branch's state of affairs (2024: none).

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15. Standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the branch's financial statements are disclosed below.

NZ IFRS 18 *Presentation and Disclosure in Financial Statements*

In May 2024, the New Zealand Accounting Standards Board (NZASB) issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces NZ IAS 1 *Presentation of Financial Statements*. NZ IFRS 18 introduces new requirements for presentation within the statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of comprehensive income into one of five categories: operating, investing, financing, income taxes and discontinued operations, of which the first three are new. For the purposes of classifying income and expenses into one of the three new categories, entities need to assess their main business activity, which will require judgement.

The standard also requires disclosure of management-defined performance measures used in other public communications (including how the measure is calculated and a reconciliation to the most comparable subtotal specified by NZ IFRS), and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to NZ IAS 7 *Statement of Cash Flows*, and consequential amendments to several other standards.

NZ IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027. Earlier application is permitted but must be disclosed. NZ IFRS 18 will apply retrospectively.

The branch is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Contracts referencing nature dependent electricity – Amendments to NZ IFRS 9 and NZ IFRS 7

In May 2025, the NZASB issued *Contracts referencing nature dependent electricity - Amendments to NZ IFRS 9 and NZ IFRS 7*. The amendments apply only to contracts that reference nature-dependent electricity (e.g. wind or solar). The amendments:

- Clarify the application of the ‘own-use’ requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows

The amendments are effective for reporting periods beginning on or after 1 January 2026, with earlier application permitted. The amendments are not expected to have any impact on the branch’s financial statements.

Amendments to the Classification and Measurement of Financial Instruments

In June 2024, the NZASB issued *Amendments to the Classification and Measurement of Financial Instruments*. The amendments include:

- A clarification that a financial liability is derecognised on the ‘settlement date’ and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through OCI

The amendments are effective for annual periods starting on or after 1 January 2026. The amendments are not expected to have a material effect on the branch’s financial statements.