Darta Saving Life Assurance dac

Directors' report and
financial statements

For the financial year ended
31 December 2022

Registered number 365015

Darta Saving Life Assurance dac

Contents

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Directors and other information

Directors

Pietro S. Iovane	Chairman effective from 14 September 2022 (Italian, Non-Executive)
James Ruane	Chairman to 13 September 2022 (Independent Non-Executive converted to Non-Executive effective 20 October 2022)
Angelo Agnelli	Italian (Non-Executive resigned effective 01 February 2023)
David Kingston	(Independent Non-Executive retired effective 07 February 2022)
Patricia Colton	(Independent Non-Executive)
Davide Moia	Italian (Executive)
Fabiana Rossaro	Italian (Non-Executive)
Giampaolo Viseri	Italian (Non-Executive)
Alberto Vacca	Italian (Non-Executive appointed effective 01 February 2023)
Elaine Hanly	(Independent Non-Executive)
Seamus Hughes	(Independent Non-Executive appointed effective 07 January 2022)

Registered office

Maple House, Temple Road
Blackrock
Dublin

Secretary

Francis O'Hara
Maple House, Temple Road
Blackrock
Dublin

Head of Actuarial Function

Niamh Lynch (resigned effective 09 November 2022)
Eamon Power (appointed effective 09 November 2022)
Allianz Global Life
Maple House, Temple Road
Blackrock
Dublin

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

Main Bankers

AIB
7/12 Dame Street
Dublin 2

Allianz Bank Financial Advisors S.p.A.
Piazza Tre Torri 3,
20145 Milano, Italy

Directors and other information *(continued)*

Main bankers (continued)	BNP Paribas Securities Services Via Asperto 5 20123 Milano Italy
Solicitors	Dillon Eustace 33 Sir John Rogerson's Quay Dublin 2
Service Provider	Irish Progressive Services International Limited Block C, Irish Life Centre, Lower Abbey Street Dublin 1

Investment Managers

Addvision Wealth Mgt S.A.
Agora Investments SGR S.p.A.
Allianz Global Investors GmbH
Amundi Asset Management
Auriga Partners
Azimut
Banca Albertini SYZ & C. S.p.A.
Banca del Ceresio S.A.
Banca Julius Baer & Co. S.A.
Banor Capital Ltd.
BG Valeur S.A.
Blackrock (Netherlands) B.V.
BPS Suisse
CA Indosuez Finanziaria S.A.
Candriam
Capital Group
Carmignac Gestione S.A.
CGM Italia Sim S.p.A.
CGM Monegasque
Colombo Wealth Management
Credit Suisse A.M.
Crossinvest S.A.
Edmond De Rothschild (Suisse) S.A.
EFG Bank S.A.
Elutheria Wealth S.A.
Euclidea SIM S.p.A.
Fidelity
Fideuram Intesa San Paolo Private Banking S.p.A.
Finpartner Financial Services S.A.

Investment Managers

Franklin Templeton
Gamma Capital Markets Ltd.
Goldman Sachs A.M.
ICAM & Partners S.A.
Indosuez Wealth Management
Invesco Asset Management S.A.
Investitori SGR S.p.A.
Janus Henderson
JP Morgan
Kairos AM S.A.
Kairos Partners SGR S.p.A.
LFG Investment Consulting S.A.
Londinium
M&G Investments
Morgan Stanley
Neuberger Berman
Olympia Wealth Management Ltd.
Pictet & Cie (Europe S.A.)
Pictet & Cie S.A. Geneve
Pictet AM Ltd.
PIMCO Europe Ltd.
Reyl Intesa Sanpaolo
Robeco
Rothschild Milano
Safe Capital Management S.A.
Schroders
Soave Asset Management
UBI Pramerica SGR S.p.A.
Vontobel Asset Management S.A.

Darta Saving Life Assurance dac

Directors' Report

The Directors present their report and the audited financial statements for the financial year ended 31 December 2022.

Principal activities, review of key performance indicators and future developments

The Company is authorised in Ireland to transact life assurance business in the European Union ("EU") under the Solvency II Directive (2009/138/EC) as introduced into domestic Irish Legislation by the EU (Insurance and Reinsurance) Regulations 2015, effective 1 January 2016.

The Company's main business is the sale of single premium unit linked policies in Italy, under which the risk related to the underlying investments is carried by the policyholders.

Despite the challenging economic conditions, including a continuation of global supply chain disruptions related to the COVID-19 pandemic, energy supply shortages related to the situation in Ukraine, and increases in interest rates by Central Banks to counter spiralling inflation, the Company continued to perform well, albeit at levels less than the exceptional performance of 2021. The Company had sales for 2022 of €3,244m, which were 37% lower than the previous year (2021: €5,166m). The products contributing to total sales were Challenge and Challenge Pro 91% (2021: 90%), Blazar 3% (2021: 3%), Darta New Trend 1% (2021: 3%), Private Insurance contracts 1% (2021: 1%), Personal Way 3% (2021: 2%), Personal Target 1% (2021: 0.3%) and Other 0.0% (2021: 0.7%). These sales relate to investment contracts and are not included in "Net premiums written and earned" in the Statement of Profit and Loss, in accordance with IFRS 9 (see Note 17 "Financial liabilities – investment contracts"). The amount of net insurance premiums reported in the Statement of Profit and Loss is €13.6m (2021: €11.4m) due to the unbundling of insurance components of investment contracts in line with the Company's accounting policy under IFRS 4 (see Note 3).

During the year gross management fee income of €380m was earned, 10% below the previous year (2021: €424m). Total policyholder funds stood at €22,822m (2021: €25,343m) at the financial year end, driven by net inflows of €1,537m (2021: €3,212m) and net income, expenses and capital (losses)/gains of (€4,058m) (2021: €1,027m). Claims incurred during the year amounted to €1,707m, a decrease of €247m from the prior year (2021: €1,954m). The amount of death claims was unchanged in 2022 at €460m (2021:€460m), so surrenders of €1,247m (2021: €1,494m) accounted for the decrease in claims.

It is the Company's objective to achieve a satisfactory level of profitability for its shareholder, whilst taking into account statutory, financial and regulatory requirements; and to satisfy the reasonable expectations of, and develop suitable products, for its policyholders. In these circumstances, the Directors are very satisfied with the Company's performance during the year.

Result for the financial year and the state of affairs at the financial year end

The result for the Company for 2022 is set out in the Statement of Profit and Loss on page 14 and this shows a net profit from total operations of €75.7m after taxation, compared to net profit of €120.4m for 2021. The Company's Statement of Financial Position is set out on pages 16 and 17 and this shows that shareholders' equity at the financial year end was €551.1m compared with €535.4m at the end of 2021. Note 16 to the financial statements on page 44 confirms that the Company had a satisfactory surplus over regulatory Solvency II capital requirements at year end.

The Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

Dividends Paid

A dividend of €12.00 per share amounting to €60m was paid by the Company in 2022 (2021: €50m). A dividend of €60m was paid in January 2023 which was not included as a liability in the Statement of Financial Position at the 2022 year end and will be accounted for in 2023 financial statements.

Risk management objectives and policies

Ultimate responsibility for the Company's internal controls, including risk management, rests with the Directors of the Company. Management is responsible for monitoring, measuring, controlling and reporting on the risks connected with the Company's activities on a day to day basis.

The Directors acknowledge the importance of effective corporate governance and risk management processes, to ensure the Company's continuing compliance with all applicable laws and regulations and to safeguard the Company's value and reputation. These processes are kept under review, so improvements can be made that take account of best practice, increasing regulatory requirements and the requirements of the Group.

The Company is subject to and complies with the Corporate Governance Requirements for Insurance Undertakings 2015 (the "Requirements"), as issued by the Central Bank of Ireland. The Directors note the Company is not subject to Appendix I of the Requirements as they apply to High Impact Insurance undertakings.

The Board is assisted in its governance by the operation of a number of committees, four of which, the Audit Committee, the Board Risk Committee, the Investment Committee, and the Nomination and Remuneration Committee, have roles in the development and monitoring of the Company's internal control and risk management systems. The Audit Committee, Board Risk Committee, and the Nomination and Remuneration Committee are chaired by Independent Non-Executive Directors. The Investment Committee is chaired by the Chief Executive Officer and in addition to the above, provides independent and objective oversight of the investments of the Company and policyholders.

Information on the main financial risks and uncertainties that the Company faces and how these are managed is outlined in Note 2 to the financial statements. In addition to financial risks, the Company is exposed to outsourcing risk and cyber risk due to the nature of its operations.

Composition of Group

The Company is a wholly owned subsidiary of Allianz S.p.A., a company incorporated in Italy. The Company's ultimate parent company is Allianz SE, a company incorporated in Germany.

Directors

The names of persons who were Directors at any time during the 2022 financial year or up to the date of signing of this report are set out on page 2. Pietro S. Iovane was appointed as the Chairman to the Board on 14 September 2022 and James Ruane stepped down as Chairman of the Board effective 13 September 2022 and his directorship is deemed to have changed from an Independent Non-Executive Director to a Non-Executive Director effective 20 October 2022. Seamus Hughes was appointed to the Board as Independent Non-Executive Director on 07 January 2022. David Kingston retired from the Board on 07 February 2022. Alberto Vacca was appointed to the Board as Non-Executive Director on 01 February 2023 and Angelo Agnelli resigned effective the same date.

Directors and secretary and their interests

The Company has no disclosures to make under Section 329 of the Companies Act, 2014 with regard to the interests of the Directors and Secretary, who held office at 31 December 2022 in the shares or debentures or loan stock of the Company or of group companies at the beginning or end of the year.

Accounting records

The Directors believe that they have complied with the requirements of Section 281 of the Companies Act 2014 with regard to adequate accounting records by employing a service provider and personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at the premises of its service provider, Irish Progressive Services International Limited, at Block C, Irish Life Centre, Lower Abbey Street, Dublin 1.

Events since the financial year end

There have been no material events since the reporting date requiring adjustment to or disclosure in the financial statements.

Political Donations

There have been no political donations made during the year (2021: €Nil).

Independent Auditors

In accordance with Section 383 (2) of the Companies Act 2014 the auditors, PricewaterhouseCoopers, Chartered Accountants, have indicated their willingness to continue in office.

Statement of relevant audit information

The Directors have confirmed that:

- So far as they are aware of, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- Each Director has taken all of the steps they ought to have taken as Director in order to be aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations as set out in section 225 of the Companies Act 2014 and confirm that:

- A compliance policy statement is documented in the Company's corporate governance framework, setting out its internal policies, respecting compliance by the Company with its relevant obligations;
- Appropriate arrangements and structures have been put in place that are, in the Directors' opinion designed to secure material compliance with the Company's relevant obligations;
- A review has been completed in respect of the financial year to which the report relates, of any arrangements or structures that have been put in place.

Appreciation

The Directors wish to thank everyone who has contributed to the Company's continuing development, in particular our policyholders, our employees, our distributors, our service providers and our advisors.

The financial statements were approved by the Board of Directors on 15 March 2023, and signed on its behalf by:

Davide Moia
Director

Seamus Hughes
Director

Date: 15 March 2023

Darta Saving Life Assurance dac

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

Irish law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Under Irish law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Davide Moia
Director

Seamus Hughes
Director

Date: 15 March 2023

Independent auditors' report to the members of Darta Saving Life Assurance dac

Report on the audit of the financial statements

Opinion

In our opinion, Darta Saving Life Assurance dac's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' report and financial statements, which comprise:

- the Statement of Financial Position as at 31 December 2022;
- the Statement of Profit and Loss and Statement of Other Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

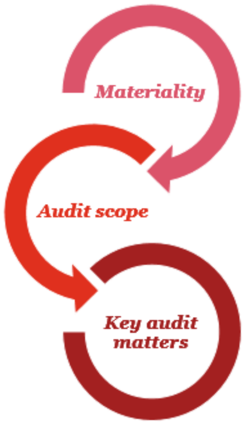
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the company.

Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the company in the period from 1 January 2022 to 31 December 2022.

Our audit approach

Overview



Overall materiality

- €33.3 million (2021: €5.4 million)
- Based on circa 0.15% of policyholder financial assets (2021: circa 1% of net assets).

Performance materiality

- €25.0 million (2021: €4.1 million)

Audit scope

- We performed a full scope audit of the company's financial statements, based on materiality levels.

Key audit matters

- Existence and valuation of policyholder financial assets.
- Recoverability of Italian tax asset.

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Existence and valuation of policyholder financial assets.	
Refer to note 1 (pages 23 to 25 and pages 27 to 28), note 2 (pages 28 to 36), note 11 (page 41) and note 13 (pages 42 and 43) to the financial statements	We gained an understanding of management's processes and controls relating to the custody and valuation of financial assets.
The policyholder financial assets included in the statement of financial position are held in the company's name at 31 December 2022 and are valued at fair value in line with IFRS.	We obtained independent confirmation from the custodians and discretionary asset managers of nominal asset holdings at 31 December 2022, reconciling the amounts held per the confirmations to the accounting records.
The policyholder financial assets comprise primarily equities, fixed income securities, collective investment schemes, derivatives and cash deposits.	We tested the valuation of the policyholder investment portfolio by agreeing the valuation of investments to independent third-party vendor sources and investment manager statements.
We focused on this area because it represents the principal element of the financial statements.	No matters were noted as a result of performing these procedures.

Recoverability of Italian tax asset	
Refer to note 1 (page 26) and note 9 (pages 40 and 41) to the financial statements Advance payments of tax are made by the company to the Italian revenue authorities periodically based on the value of policyholder policies. These are recognised as an asset in the statement of financial position and the advance payments are recoverable by way of deductions from policyholder capital gains tax liabilities. Where there are insufficient capital gains tax liabilities available to offset the advance payments made, the asset is recoverable from other taxes payable to the Italian revenue authorities by the company or other group companies. The directors' assessment that this asset is fully recoverable is a key judgement involving assessment of the various recovery mechanisms and the recovery period. The amount is significant to the financial statements. We focused on this area for those reasons.	We tested management's calculation of the amount of the Italian tax asset which is dependent upon the value of policyholder policies at the year-end and the tax rate specified in the Italian tax regulations. We considered management's assessment of the recoverability of the tax prepayment by reference to various recovery mechanisms available to the company, focusing on the financial position of the other group companies from which the asset can be recovered in the event of the other recovery mechanisms not being available. No matters were noted as a result of performing these procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We performed a full scope audit of the company's financial statements, based on materiality levels.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€33.3 million (2021: €5.4 million).
How we determined it	Circa 0.15% of policyholder financial assets (2021: circa 1% of net assets).
Rationale for benchmark applied	We have selected this benchmark as, in our view, policyholder financial assets is the most appropriate benchmark given the circumstances and nature of the Company's business.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €25.0 million.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1.7 million (2021: €270,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

In accordance with guidance on the audit of insurers issued by the Financial Reporting Council which is generally accepted in Ireland, we have applied a higher materiality threshold of EUR228.2 million (2021: EUR253.4 million) solely for the purpose of identifying and evaluating the effect of misstatements that are likely only to lead to a reclassification between line items within assets and liabilities, in particular unit-linked investment contract assets and liabilities.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's going concern assessment for the going concern period which covers a year from the date of approval of the financial statements;
- considering the projected solvency position of the company under a number of stress scenarios set out in the company's Own Risk and Solvency Assessment;
- considering the company's liquidity position; and
- reading the going concern disclosures included in the financial statements in order to assess whether the disclosures are appropriate and in accordance with reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Directors' report and financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Irish insurance laws and regulations and in particular the Solvency II Regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to judgmental areas of the financial statements. Audit procedures performed by the engagement team included:

- discussions with the Audit Committee, management and internal audit, including consideration of whether there are known or suspected instances of non-compliance with laws and regulation and fraud;
- inspecting key correspondence with the Central Bank of Ireland ('CBI'), including those in relation to compliance with laws and regulations;
- reading relevant meeting minutes including those of the Board, Audit Committee and Board Risk Committee;
- challenging assumptions made by management in accounting estimates and judgements;
- identifying and testing journal entries based on risk criteria; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 13 September 2018 to audit the financial statements for the year ended 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 31 December 2018 to 31 December 2022.

Paraic Joyce
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

16 March 2023

Darta Saving Life Assurance dac

Statement of Profit and Loss
for the financial year ended 31 December 2022

	Note	**2022** €'000	2021 €'000
Gross premiums written and earned		**15,726**	13,128
Outward reinsurance premiums		**(2,084)**	(1,752)
Net premiums written and earned	*3*	**13,642**	11,376
Investment return	*4*	**(3,657,580)**	1,470,184
Fees and other income	*5*	**394,331**	433,301
Total (expenses)/income		**(3,249,607)**	1,914,861
Change in investment contract liabilities	*17*	**3,657,417**	(1,471,829)
Change in technical provisions for insurance contracts	*18*	**(10,605)**	(150)
Total change in technical provisions		**3,646,812**	(1,471,979)
Insurance claims and benefits incurred		**(2,638)**	(344)
Ceded insurance claims and benefits incurred		**738**	208
Claims paid net of reinsurance		**(1,900)**	(136)
Acquisition and administration expenses	*6*	**(308,751)**	(305,044)
Finance costs	*7*	**(22)**	(135)
Profit before taxation		**86,532**	137,567
Taxation	*8*	**(10,830)**	(17,149)
Profit for the financial year attributable to equity holders		**75,702**	120,418

The accounting policies and the notes on pages 20 to 50 form an integral part of these financial statements.

Darta Saving Life Assurance dac

Statement of Other Comprehensive Income

for the financial year ended 31 December 2022

	2022	2021
	€'000	€'000
Profit for the financial year	**75,702**	**120,418**
Total comprehensive income	**75,702**	**120,418**

The accounting policies and the notes on pages 20 to 50 form an integral part of these financial statements.

Darta Saving Life Assurance dac

Statement of Financial Position
as at 31 December 2022

	Note	2022 €'000	2021 €'000
Assets			
Cash and cash equivalents		**209,223**	280,478
Advance payment of Italian Policyholders' Tax	*9*	**377,671**	393,035
Deferred acquisition costs	*10*	**69,155**	76,587
Policyholder financial assets			
Investments at fair value through profit or loss	*11*	**22,822,448**	25,342,599
Shareholder financial assets			
Investments at fair value through profit or loss	*11*	**622**	-
Other receivables	*12*	**45,708**	50,993
Right-of-use asset	*21*	**4,971**	6,871
Corporation tax receivable		**170**	-
Total assets		**23,529,968**	26,150,563

The accounting policies and the notes on pages 20 to 50 form an integral part of these financial statements.

Statement of Financial Position *(continued)*
as at 31 December 2022

	Note	2022 €'000	2021 €'000
Shareholders' equity			
Called up share capital	*14*	**5,000**	5,000
Capital contributions	*15*	**51,000**	51,000
Profit and loss reserve		**495,110**	479,408
Total Shareholders' equity interests		**551,110**	535,408
Liabilities			
Financial liabilities - investment contracts	*17*	**22,822,448**	25,342,599
Technical provisions for insurance contracts	*18*	**10,955**	350
Deferred income	*19*	**30,404**	33,575
Creditors and other payables	*20*	**109,892**	229,627
Lease Liability - current	*21*	**310**	348
Lease Liability - non-current	*21*	**4,849**	6,971
Corporation tax payable		**-**	1,685
Total liabilities		**22,978,858**	25,615,155
Total liabilities and shareholders' equity		**23,529,968**	26,150,563

The accounting policies and the notes on pages 20 to 50 form an integral part of these financial statements.

On behalf of the board

Davide Moia
Director

Seamus Hughes
Director

Date: 15 March 2023

Darta Saving Life Assurance dac

Statement of Changes in Equity
for the financial year ended 31 December 2022

	Called up Share Capital €'000	Capital Contributions €'000	Profit and loss Reserve €'000	Total Share-holders' equity interests €'000
Balance at 1 January 2022	**5,000**	**51,000**	**479,408**	**535,408**
Profit for the financial year	-	-	**75,702**	**75,702**
Total comprehensive income for the financial year	-	-	**75,702**	**75,702**
Dividends paid (Note 15)	-	-	**(60,000)**	**(60,000)**
Balance at 31 December 2022	**5,000**	**51,000**	**495,110**	**551,110**
Balance at 1 January 2021	5,000	51,000	408,990	464,990
Profit for the financial year	-	-	120,418	120,418
Total comprehensive income for the financial year	-	-	120,418	120,418
Dividends paid (Note 15)	-	-	(50,000)	(50,000)
Balance at 31 December 2021	5,000	51,000	479,408	535,408

The accounting policies and the notes on pages 20 to 50 form an integral part of these financial statements.

Darta Saving Life Assurance dac

Statement of Cash Flows
for the financial year ended 31 December 2022

	2022	2021
	€'000	€'000
Profit before taxation	**86,532**	137,567
Net change in fair value of investments	**3,657,417**	(1,471,829)
Net change in investment contract liabilities	**(3,657,417)**	1,471,829
Finance charges for lease liability	**22**	135
Net change in deferred acquisition cost	**7,432**	(4,771)
Net change in provision for deferred income	**(3,171)**	5,937
Interest Expense	**470**	2,070
Depreciation of right-of-use asset from IFRS16	**130**	443
	91,415	141,381
Decrease/(Increase) in trade and other receivables	**20,993**	(59,650)
(Decrease)/increase in trade and other payables	**(109,129)**	52,008
	(88,136)	(7,642)
Interest paid	**(1,360)**	(2,070)
Interest received	**890**	-
Corporation tax paid	**(12,686)**	(15,597)
	(13,156)	(17,667)
Net cash flows (used in)/generated from operating activities	**(9,877)**	116,072
Net cash flows from Company holdings in UL Funds	**(342)**	(42)
Net cash flows from investments FVPL	**(622)**	-
Net cash flows from IFRS 16 Leases	**(414)**	(434)
Net cash flows used in investing activities	**(1,378)**	(476)
Dividends paid	**(60,000)**	(50,000)
Net cash flows used in financing activities	**(60,000)**	(50,000)
Net cash flows (used in)/generated from total operations	**(71,255)**	65,596
Cash and cash equivalents at 1 January	**280,478**	214,882
Cash and cash equivalents at 31 December	**209,223**	280,478

Darta Saving Life Assurance dac

Notes to the Financial Statements

1. Accounting Policies

Darta Saving Life Assurance dac is a company domiciled in the Republic of Ireland and the principal accounting policies adopted by the Company are set out in this note.

Statement of compliance
As permitted under Irish company law, the Company has chosen to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

The IFRS adopted by the EU and applied by the Company are those that were effective at 31 December 2022. These have been consistently applied for the preparation of these financial statements.

Basis of preparation
The financial statements have been prepared in accordance with the Companies Act 2014 and IFRS as adopted by the EU, and on the historical cost basis except that the financial assets and liabilities are classified as at fair value through profit or loss.

The financial statements are expressed in Euro (€), which is the functional and presentation currency of the Company. All amounts in the financial statements have been rounded to the nearest €1,000.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the financial statements, the Directors considered a formal going concern assessment which included the Company's investment and financial performance, solvency coverage, liquidity, cyber risk and operational resilience. In making this assessment, the legacy impacts of COVID-19 and other macro-economic and political developments were considered. The assessment looked at future projections over its 3-year planning cycle to include a base case scenario and various stress tests which have been carried out as part of the Own Risk and Solvency Assessment ("ORSA") process. The Directors are satisfied that it is a reasonable basis for concluding that it is appropriate for the financial statements to be prepared on a going concern basis.

The Company applies the accruals concept for the recognition of expenses in the Statement of Profit and Loss in order to reflect the effect of the transactions as they occur and not as they are paid.

Adoption of newly effective and future Standards
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022.

The amendments to the standards noted below have not had a material impact on the financial statements.

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018 - 2020

1. Accounting Policies *(continued)*

Adoption of newly effective and future Standards *(continued)*

Standards not yet adopted, relevant to the Company are set out below:

IFRS 17: Insurance Contracts (effective for annual periods beginning on or after 1 January 2023).

IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard.

The aim of IFRS 17 is to standardise insurance accounting globally in order to improve comparability and increase transparency, and to provide users of accounts with the information they need to meaningfully understand the insurer's financial position, performance and risk exposure. It applies to, insurance contracts issued, to all reinsurance contracts, and to investment contracts with discretionary participating features if an entity also issues insurance contracts.

The Standard requires a current measurement model where estimates are remeasured in each reporting period. The general default measurement model is the 'Building Block Approach' (which is a discounted probability-weighted cash flow based model), with a simplified version of this called the 'Premium Allocation Approach' (for short term contracts with little variability). There is also a 'Variable Fee Approach' to deal with participating business where the policyholder liability is linked to underlying items. This will be the predominant measurement model for the Company's business.

Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts. The disclosure requirements are more detailed than currently required under IFRS 4 and the Company is currently addressing these additional disclosure requirements under IFRS 17.

Based on assessments undertaken by the Company up to the date of this report, the estimated impact that the initial application will have on the Company's total equity will be driven by the removal of the IFRS 4 technical provisions for insurance contracts comprising of the additional death benefits on certain contracts, valuation differences arising from the measurement of IFRS 17 unit linked insurance liabilities from Challenge Pro/Private policies, including the introduction of risk margin and contractual service margin (measured under the Variable Fee Approach), and the recognition of reinsurance assets covering the additional mortality risk on certain policies (measured under the Building Block Approach). These new accounting policies, assumptions and estimation techniques are subject to final management and internal governance reviews, including external auditors input.

While the equity impacts of adopting IFRS 17 on 1 January 2023 are not expected to be significant, these may change until the Company finalises its financial statements that include the date of initial application.

Product classification – investment and insurance contracts

Contracts under which the Company accepts significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder are classified as insurance contracts.

Insurance risk is significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario. An insurer shall assess the significance of insurance risk contract by contract. Contracts that qualify as insurance contracts remain an insurance contract until all risks and obligations are extinguished or expired.

Where the risk is primarily borne by the policyholder, the contract is deemed to be an investment contract.

1. Accounting Policies *(continued)*

Product classification – investment and insurance contracts *(continued)*

Where a direct contract contains both an investment and an insurance element (death benefit) the Company "unbundles" this contract into its constituent parts. The insurance element of the contract is accounted for as an insurance contract under IFRS 4 and the investment element of the contract is accounted for as an investment contract under IFRS 9. An investment contract classified as such on inception could subsequently be reclassified as an insurance contract, if it meets the insurance definition as described above.

Revenue - premiums earned in respect of insurance contracts (unbundling) are accounted for in the Statement of Profit and Loss in the same period in which they are earned. Reinsurance premiums are accounted for in accordance with the terms of the reinsurance contracts and the original contracts for which the reinsurance was concluded. Premiums ceded for reinsurance are deducted from premiums earned.

Claims – claims incurred and paid in respect of insurance contracts are unbundled under IFRS 4 and are accounted for in the Statement of Profit and Loss as Insurance claims and benefits incurred in the same period in which they are incurred. Reinsured claims are deducted from the Insurance claims and benefits incurred.

Investment contracts - recognition and measurement
Investment contract contributions received from policyholders are not recognised in the Statement of Profit and Loss as premiums but are accounted for as deposits in the Statement of Financial Position. Financial liabilities in respect of such contracts are presented in the Statement of Financial Position as "financial liabilities - investment contracts".

All investment contracts issued by the Company are designated on initial recognition as at fair value through profit or loss. The basis of this designation is that the financial assets and liabilities are managed and evaluated on a fair value basis.

The designation also eliminates, or significantly reduces, a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value.

The fair value of the Company's unit-linked investment contract liabilities is based on the fair value of the financial assets held within the appropriate unit-linked funds.

Changes in the fair value of investment contracts are included in the Statement of Profit and Loss in the period in which they arise.

Investment contract receivables and payables - Amounts due to and from policyholders, agents and others in respect of investment contracts are included in other receivables and creditors and other payables.

Deferred acquisition costs - Acquisition costs on investment contracts include sales commissions.
Also included within acquisition costs are the value of additional units credited to policyholder account balances upon initial investment in relation to certain products. These sales inducement costs are recoverable through penalties payable on surrender and from ongoing charges.

Acquisition costs are deferred as an explicit deferred acquisition cost asset, gross of tax, to the extent that they are recoverable out of future revenue margins to which they relate. Such costs are amortised through the Statement of Profit and Loss over the period in which the future revenue margins on the related contracts are expected to be earned. The rate of amortisation is based on a prudent assessment of the expected pattern of receipt of future revenue margins, taking account of persistency, from the related contracts. All other costs are recognised as expenses when incurred.

1. Accounting Policies *(continued)*

Investment contracts - recognition and measurement *(continued)*

Investment management services - Investment contracts issued by the Company involve the provision of investment management services. Fees charged for such services are recognised as revenue based upon the stage of completion of the contracts and are included under "fees and other income" in the Statement of Profit and Loss. Recurring fees are recognised as earned on an accruals basis. Front-end fees received at the inception of a contract are deferred and amortised over the anticipated period for which the services will be provided, over the expected term of the contract.

Claims and surrenders - For all contracts, the additional payment paid to policyholders' beneficiaries in the event of a death claim, claims incurred and benefits paid, including the ceded portion, are disclosed separately in the Statement of Profit and Loss.

Investment return

Income from financial assets comprises interest and dividend income, net gains/losses on financial assets classified as fair value through profit or loss, and net gains/losses on financial assets classified as fair value through other comprehensive income.

Net changes in the fair value of financial assets at fair value through profit or loss are included in the Statement of Profit and Loss in the period in which they arise, as well as dividend and interest income earned from these assets. Net changes in the fair value of available for sale financial assets are included in the Statement of Other Comprehensive Income in the period in which they arise.

Dividend income is recorded on the ex-dividend date. Bond income is recorded on the accrual basis and deposit interest is recorded on a receipts or accruals basis as applicable, calculated using an effective interest methodology.

Realised gains and losses are calculated as the difference between the net sale proceeds and original cost. Unrealised gains and losses are calculated as the difference between the fair value of financial assets at the end of the accounting period and the fair value at the beginning of the period or the purchase price for assets acquired during the period.

Financial assets

Financial assets are initially measured at fair value, plus, in the case of assets not designated at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs in relation to financial assets designated at fair value through profit or loss are expensed immediately. After initial recognition, the Company measures financial assets at fair value through profit or loss and fair value through other comprehensive income without any deduction for transaction costs it may incur on disposal. The fair values of investments are based on quoted bid prices.

The financial assets for unit-linked contracts are exclusively held on behalf of, and for the benefit of, unit-linked policyholders. To ensure consistency with the corresponding accounting treatment for the unit-linked contracts, these investments are designated at fair value through profit and loss on initial recognition. The basis of this designation is that the financial assets and liabilities are managed and evaluated together on a fair value basis. This designation also eliminates or significantly reduces a measurement inconsistency that would otherwise occur if these financial assets were not measured at fair value and the changes in fair value were not recognised in the Statement of Profit and Loss.

1. Accounting Policies *(continued)*

Offsetting

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

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses. There were no offset trading positions in 2022 (2021: €Nil).

Impairment

The Company recognises loss allowances for 'Expected Credit Loss' ("ECL") for those financial instruments, which are not measured at fair value through profit or loss.

The IFRS 9 forward-looking ECL model requires considerable judgement about how changes in economic factors affect ECLs and is determined on a probability-weighted basis. This impairment model applies to financial assets measured at amortised cost or 'fair value through other comprehensive income' ("FVOCI"). Under IFRS 9, loss allowances are measured on either of the following bases and accounted for in the Statement of Profit and Loss:

- *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *Lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

Measurement

The Company measures ECL over the remaining life of a financial instrument in a way that reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

The amount of ECL recognised as a loss allowance depends on the change in credit risk of the financial instrument since origination and whether the credit risk on those financial instruments has increased significantly since initial recognition. In order to determine the appropriate ECL, a financial instrument is allocated to a stage dependent on the credit risk relative to when the financial instrument was originated:

Stage 1 – includes financial instruments that have not had a Significant Increase in Credit Risk (SICR) since initial recognition. For these assets, 12-month ECL is recognised. 12-month ECL is the ECL that results from default events that are possible within 12 months of the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. Therefore, all financial assets in scope will have an impairment provision equal to at least 12-month ECL;

Stage 2 – includes financial instruments that have had a SICR since initial recognition but that does not have objective evidence of impairment. For these assets, lifetime ECL is recognised, being the ECL that results from all possible default events over the expected life of the financial instrument;

1. Accounting Policies *(continued)*

Impairment *(continued)*

Stage 3 – includes financial assets that have objective evidence of impairment at the reporting date, i.e. are credit-impaired. For these assets, lifetime ECL is recognised.

Held at amortised cost:

As at 31 December 2022, there were no debt securities measured at amortised cost and therefore the ECL is nil (31 December 2021: nil).

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances and deposits with a maturity of less than 90 days. These assets are measured at amortised cost. All cash is available on demand.

Recognition of financial assets and liabilities
Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

De-recognition of financial assets and liabilities
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and the asset qualifies for de-recognition in accordance with IFRS 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation
Taxation comprises current and deferred taxation and is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax, including Irish corporation tax and foreign tax, is provided on the Company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the Statement of Financial Position date.

Except where otherwise required by accounting standards, full provision without discounting is made for all temporary differences which have arisen but not reversed at the Statement of Financial Position date. Deferred tax balances are provided at rates of taxation expected to prevail at the time of reversal.

A deferred tax asset is recognised where it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred income
The income that is deferred is in respect of investment contracts on which a front-end fee is applied in relation to services to be provided in future periods. The deferred income reserve is amortised over the anticipated life of the contracts.

1. Accounting Policies *(continued)*

Advance Payment of Italian Policyholders' Tax

Payments to the Italian authorities as a result of the Company being a withholding tax agent are recognised as assets. Those assets are presented within the Statement of Financial Position in their nominal amounts (no discounting is applied). The payments are recoverable from deductions made from capital gains made by policyholders, by offset against taxes payable to Italian revenue within a period of five years or, after five years they may be transferred to a company in the same group or this unrecovered balance may be carried forwards within the asset to be recovered against the next payment that will fall due.

The exit tax liability ("ETL") at year end is netted firstly against the previous sixth year recoverable asset. Any excess ETL is netted against the remaining recoverable asset, whereas any excess sixth year recoverable asset is netted against the year-end liability. Italian legislation makes provision for a cap on the size of the Advance Payment of Italian Policyholders' Tax held on the Statement of Financial Position. For the end of 2022 this was 160 basis points ("bps") (2021: 170bps) of the Italian policyholder mathematical reserves. This cap reduces by 10bps per annum until 2025 when it will be 125bps thereafter. The recoverable amount of the asset is reviewed at each year end.

Foreign currencies

The reporting and functional currency of the Company is the Euro. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rates ruling at the Statement of Financial Position date and revenues, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euros at foreign exchange rates ruling at the dates the fair value is determined. Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are included in the Statement of Profit and Loss.

Provision

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of past events, under which it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the provision can be reliably estimated.

Critical accounting estimates and judgments

The Company's critical accounting policies and estimates and the application of these policies and estimates are considered by management for each reporting period.

Deferred acquisition costs

In determining the amount of front-end fees and acquisition costs to defer in relation to the Company's contracts, judgments must be made in relation to the lives of the contracts and therefore the time period over which these balances are amortised to the Statement of Profit and Loss. For open ended unit-linked products, the expected life of the policy is subject to a high degree of judgement and can change significantly over time with changes in investor sentiment and market or product development. In making an appropriate estimate for each reporting period, account is taken of actual past experience and future expectations and of practice, where appropriate, within the Allianz Group.

1. Accounting Policies *(continued)*

Critical accounting estimates and judgments *(continued)*

Product classification
A key judgement relates to the classification of the insurance policies written by the Company as investment contracts. Contracts with an insurance risk of 10% of premiums paid less partial withdrawals taken, capped at €50k are classified as insurance contracts by the Company. Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts. In cases where an investment contract contains both an insurance and deposit component, the Company unbundles these components if the insurance component can be measured reliably.

Italian tax asset
The asset arising from the advance payment of Italian policyholder Italian tax obligations is expected to be recoverable either by deduction from tax withheld on behalf of policyholders, by offset against taxes payable to Italian revenue within a period of five years or by surrender to group companies after five years, or this unrecovered balance may be carried forwards within the asset to be recovered against the next payment that will fall due. A key judgement exercised by Directors is that it is appropriate to carry this asset at its full future recoverable value without impairment.

Deferred income
Deferred income typically refers to where the Company deducts an upfront charge from the premium in order to fund payment of upfront commission but which is not recognised immediately in the Statement of Profit and Loss. Such income is amortised over the expected life of the policy, in line with the amortisation of deferred acquisition costs, and any unamortised amount is recognised when the policy is surrendered.

Valuation of financial instruments
The Company classifies fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3: Valuation techniques using significant unobservable inputs.
This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

In general, financial assets and liabilities are transferred from level 1 to level 2 when liquidity, trade frequency and activity are no longer indicative of an active market. Conversely, the same policy applies for transfers from level 2 to level 1.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques.

1. Accounting Policies *(continued)*

Valuation of financial instruments *(continued)*

Observable prices and model inputs are usually available in the market for listed Equity and Fixed Income securities, Collective Investment Schemes and exchange traded derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The portfolio bonds which are classified in the Collective Investment Schemes category are priced from first principles when individual holdings are known. Where the portfolio bonds are managed under a discretionary asset management agreement the valuations are provided directly by the investment managers.

Technical provisions for insurance contracts
The Company's Personal Way, Periodical Income Solution and Easy Selection products allow policyholders to add an optional additional death benefit to their policies. This amount is €50k per policy (maximum of €100k per life assured). Where the life assured is under 66 years old (or 76 years old for business sold from the 25th of June 2022), the Company's Challenge Pro products automatically provide an additional death benefit (10% of premiums paid less partial withdrawals taken, capped at €50k). Premium charges taken in relation to these additional death benefits are unbundled from total premiums collected and presented in the Statement of Profit and Loss as Insurance premium income under IFRS 4. Any insurance claims paid in relation to these additional death benefits during the year are also unbundled and are presented separately in the Statement of Profit and Loss as Insurance claims and benefits incurred under IFRS 4. Calculations were performed at 31 December 2022 to assess the level of additional technical provisions which might be required for these products. Having carried out those calculations, which involved the projection of expected future income and outgo on the products in question, technical provisions for insurance contracts of €10,955k (2021: €350k) in the Statement of Financial Position in respect of the additional death benefits on these contracts have been accounted for. During the year the Company altered the product offering to enhance the amount of mortality risk benefits which has resulted in a significant increase to the technical provisions for insurance contracts under IFRS4.

Share based payments
The ultimate parent company, Allianz SE, operates a group share based employee incentive plan. The scheme comprises options consisting of restricted stock units. Note 26 to the financial statements provides further details on the operation of the scheme.

The fair value of the amounts payable to employees in respect of the scheme which is settled in cash is recognised as an expense with a corresponding increase in liabilities over the period that the employees unconditionally become entitled to the payment. The liability is remeasured at each reporting date and at settlement date. Changes in the fair value of the liability are split appropriately between employee costs and investment return in the profit and loss account.

2. Financial risks and risk management

The Company is exposed to a range of risks through its financial assets and its financial liabilities and also in relation to the accounting estimates and judgements it needs to make in the preparation of its financial statements and its regulatory returns.

2. Financial risks and risk management *(continued)*

These risks are described below together with the risk management approaches adopted by the Company.

Ultimate responsibility for the Company's risk management rests with the Directors and the Board is supported by the operation of a number of committees that meet on a regular basis to review and monitor the Company's risk exposures. A number of policy statements have been prepared and approved by the Directors which set out parameters and limitations to manage and limit financial risks. The Company's policies define the approach to risk management and how the controls, procedures, limits and escalation procedures are implemented to ensure that risks are managed in line with the Risk Appetite, as approved by the Board. The Board has approved a wide range of policies covering operational and risk aspects of our business. These policies are subject to regular review. The Company has not substantially changed the approaches adopted to manage its financial risks from the previous accounting period.

Risks associated with investment and insurance contracts
The Company matches all the liabilities under investment contracts with assets in the funds for which the unit prices for the contracts are based, and the Company aims to ensure that the investment policy adopted for these funds is consistent with that communicated to policyholders in their contract documentation. The market and credit risk relating to policyholder financial assets is borne by policyholders as any change in the value of their assets results in an equivalent change in the amount of the Company's obligation to them. However, the Company does have exposure to persistency and an indirect exposure to market risk in respect of the contracts.

Traditionally the Company's unit-linked products have offered a minimal additional death benefit of up to 1% of the fund value. The Personal Way, Soluzione Reddito and Periodical Solution product offerings include the option of additional death benefits with an extra charge levied to pay for the additional benefit.

The Challenge Pro products offer policyholders an additional death benefit of 10% of the premiums paid less partial withdrawals taken, capped at €50k.

Persistency risk is the risk that the policyholder cancels the contracts, in whole or in part, thereby exposing the Company to lower annual management fees than that projected in the product pricing. The Company manages this risk by ensuring that its distributors only sell such policies to customers with a medium to long term investment horizon and through maintaining high levels of customer care. Early redemptions are reviewed and analysed to determine potential trends requiring attention. Persistency risk is regularly monitored and revised as necessary, to ensure it is in line with expectations.

Market risk arises for the Company on the value of the fees earned, from the consequent impact of a loss of fair value resulting from adverse fluctuations in equity prices, interest rates and foreign currencies.

A number of financial risks also arise within the investment contracts and these are carried by the holders of these contracts. These risks are:

- Market risk in respect of fluctuation in interest rates, equity prices and foreign currency rates.
- Credit risk in respect of exposure to counterparties.

The Company manages these risks taking into account the objectives of the investment funds in which the policyholders invest, as set out in the documentation given to the policyholders.

Market risk is managed on a daily basis by the investment managers who are responsible for monitoring the effect of changes in the fair value of assets in each fund. The investment managers execute purchases and sales of securities in accordance with their expectations of future market movements. The performance of the funds that results from the investment managers' choices is monitored on a regular basis by the Investment Committee.

Underwriting risk
The Company is exposed to minimal mortality risk due to the nature of its business and due to having reinsurance arrangements in place on the applicable chargeable death benefits attaching to the unit linked business.

2. Financial risks and risk management *(continued)*

Risks associated with other financial assets

The Company does not hold any other financial assets that are not attributable to investment contracts, apart from a derivative instrument associated with restricted stock units as part of the group share based employee incentive plan. Darta records a provision, the amount of which depends on the Allianz SE share price. To mitigate the resulting volatility in profit or loss (P&L), standardized hedging contracts are executed between Darta and Allianz SE (so called "Hedge RSUs"). These Hedge RSUs are accounted for as derivative assets. Note 26 to the financial statements provides further details on the operation of the scheme.

The main risks that the Company is exposed to in respect of their assets are 'credit risk', 'market risk' and 'liquidity risk'.

Credit risk occurs for these assets if the counterparty is unable to pay amounts in full when due and the key areas where the Company may be exposed are in respect of:

- Cash balances and deposits held with credit institutions.
- Receivables due from debtors and reinsurers.
- Recovery of the advance payment of the Italian Policyholders' Tax.
- Policyholder financial assets.

Substantially all of the assets backing retail business of the Company are held by one counterparty. In relation to the assets backing the private insurance business, these are held with a number of individual counterparties. Bankruptcy or insolvency of these counterparties may cause the Company's rights with respect to the investments held by these counterparties to be delayed or limited. The Company monitors its risk by monitoring the credit quality of each counterparty.

The Company does not directly invest in unlisted investments for the retail unit linked funds. As the Company does not appoint the individual custodians to the Collective Investment Schemes in which they invest, the Board has agreed to allow investment in such instruments only where they are regulated by a recognised regulator.

For Private Insurance policies, the investment policy allows investment in a universe of assets, some of which may not be regularly traded. However, the policy conditions for private insurance allow for the settlement of a claim by way of an in-specie transfer, thereby allowing for the settlement of claims, even where the asset is illiquid.

Bond issuer risk for retail business is reduced by investing in bonds that are backed by an EU Government or if corporate bonds are held, these are limited to a specified limit and are restricted to those of a short-term duration.

Risk exposure to credit institutions is managed by only using approved institutions and includes for the Company the cash-pool arrangement with Allianz SE., which has significant cash holdings at year end.

Amounts receivable from debtors are subject to a credit control process.

The balance remaining on the Italian Policyholders' Tax is recoverable from deductions made from gains made by policyholders when they surrender their policies, and in the event that any balance remains unrecovered after five years, an agreement has been made where that balance may be transferred to the parent company at face value, or this unrecovered balance may be carried forwards within the asset to be recovered against the next payment that will fall due.

2. Financial risks and risk management *(continued)*

Risks associated with other financial assets *(continued)*

Credit risk *(continued)*

Policyholder assets are the assets backing the unit-linked investment contracts and the holders of these contracts bear the credit risk arising from these assets.

The credit risk exposure and ratings of financial and other assets which are most susceptible to credit risk are set out in tables below:

Table 1 *- Credit risk exposure and ratings of financial and other assets which are most susceptible to credit risk as at 31 December 2022.*

	From AAA to AA+	From AA to A+	From A to BBB	From BBB- to B-	Not rated	Assets held for policy-holders	Total
	€000's	€000's	€000's	€000's	€000's	€000's	€000's
Advance payment of Italian Policyholders' Tax	-	-	-	-	377,671	-	377,671
Shareholder Investments at fair value through profit or loss	-	622	-	-	-	-	622
Investments at fair value through profit or loss:							
Equities	-	-	-	-	-	75,408	75,408
Fixed income securities	-	-	-	-	-	609,734	609,734
Investments in Collective Investment Schemes **	-	-	-	-	-	21,836,324	21,836,324
Derivatives	-	-	-	-	-	(21,098)	(21,098)
Deposits, Cash & Cash equivalents and other	-	-	-	-	-	322,080	322,080
Other receivables	-	-	-	-	45,708	-	45,708
Right-of-use asset	-	-	-	-	4,971	-	4,971
Corporation tax receivable	-	-	-	-	170	-	170
Cash and cash equivalents	-	165,129	18,414	-	25,680	-	209,223
Total assets bearing credit risk	-	165,751	18,414	-	454,200	22,822,448	23,460,813

Notes to the Financial Statements *(continued)*

2. Financial risks and risk management *(continued)*

Risks associated with other financial assets *(continued)*

Credit risk *(continued)*

Table 2 *- Credit risk exposure and ratings of financial and other assets which are most susceptible to credit risk as at 31 December 2021.*

	From AAA to AA+	From AA to A+	From A to BBB	From BBB- to B-	Not rated	Assets held for policy-holders	Total
	€000's	€000's	€000's	€000's	€000's	€000's	€000's
Advance payment of Italian Policyholders' Tax	-	-	-	-	393,035	-	393,035
Investments at fair value through profit or loss:							
Equities	-	-	-	-	-	66,616	66,616
Fixed income securities	-	-	-	-	-	607,343	607,343
Investments in Collective Investment Schemes **	-	-	-	-	-	24,400,002	24,400,002
Derivatives	-	-	-	-	-	(96)	(96)
Deposits, Cash & Cash equivalents and other	-	-	-	-	-	268,734	268,734
Other receivables	-	-	-	-	50,993	-	50,993
Right-of-use asset	-	-	-	-	6,871	-	6,871
Cash and cash equivalents	-	272,268	4,917	-	3,293	-	280,478
Total assets bearing credit risk	-	272,268	4,917	-	454,192	25,342,599	26,073,976

** The Investments in Collective Investment Schemes ("CIS") are various Unit Linked SICAV funds which are all UCITS compliant and as a consequence are required to have an independent custodian taking custody of the assets of the SICAV. Therefore, counterparty credit risk exists to the extent of the ability of the custodian to return assets held. All policyholder assets are segregated and ringfenced from the Custodian's assets and protected against any action against the Custodian. These CIS are chosen by the various asset managers, responsible for the investment portfolio of each fund. These SICAVs are mainly domiciled in Luxembourg, Ireland, Italy, Switzerland and France.

Notes to the Financial Statements *(continued)*

2. Financial risks and risk management *(continued)*

Risks associated with other financial assets *(continued)*

Credit risk *(continued)*

Table 3 *- Credit risk exposure and ratings of Fixed income securities within policyholder assets (see table 1 above) which are most susceptible to credit risk as at 31 December 2022.*

	From AAA to AA+	From AA to A+	From A to BBB	From BBB- to B-	Not rated	Total
	€000's	€000's	€000's	€000's	€000's	€000's
Investments at fair value through profit or loss:						
Fixed income securities	200,434	93,510	189,620	125,836	334	609,734
Total Fixed income securities bearing credit risk	200,434	93,510	189,620	125,836	334	609,734

Table 4 *- Credit risk exposure and ratings of Fixed income securities within policyholder assets (see table 2 above) which are most susceptible to credit risk as at 31 December 2021.*

	From AAA to AA+	From AA to A+	From A to BBB	From BBB- to B-	Not rated	Total
	€000's	€000's	€000's	€000's	€000's	€000's
Investments at fair value through profit or loss:						
Fixed income securities	123,753	131,643	351,947	-	-	607,343
Total Fixed income securities bearing credit risk	123,753	131,643	351,947	-	-	607,343

2. Financial risks and risk management *(continued)*

Risks associated with other financial assets *(continued)*

Market risk is the risk of change in fair value of a financial instrument due mainly to fluctuations in interest rates, equity prices, and foreign currency rates.

a) ***Interest rate risk*** arises primarily from the Company's investments in deposits and fixed income securities. The change in interest yields is reviewed on a regular basis when the Company prepares projections of its solvency position.

In 2021, only Deposits were held at year end and exposed to interest rate risk.
In 2022, only Deposits were held at year end and exposed to interest rate risk.

As the Company has no exposure to fixed income securities the Company has amended the sensitivity from changes in yield to changes in interest rates. As at 31 December 2022 the Company's interest rate sensitive investments excluding unit linked business amount to a market value of €164m (2021: €272m). The Company would have gained €1.6m (2021 gain €2.7m) or lost €1.6m (2021 loss €2.7m) in value in the event of interest rates shifting by positive 100 basis points and negative 100 basis points respectively.

b) The Company's net exposure to ***equity price risk*** is limited to the equity securities content of its holdings in unit-linked funds.

There is exposure to direct equity price risk through equities held by policyholders of €75m in 2022 (2021: €67m). A 1% price increase would lead to equities increasing by €754k in 2022 (2021: €666k). Such a movement would be offset by the financial liabilities - investment contracts.

There is indirect exposure to equity and other market price risk through investments in collective investment schemes of ("CIS") €21,836m (2021: €24,400m) held by the policyholders. A 1% price increase would lead to "CIS" increasing by €218m in 2022 (2021: €244m). Such a movement would be offset by the financial liabilities – investment contracts. The Company does not directly hold any investment in a CIS at year end (2021: €Nil).

c) ***Foreign currency risk*** can arise due to fluctuations in foreign exchange rates. The Company does not have any significant exposure to such movements as its investments are mainly denominated in Euro. For investment contracts, no direct market risk arises for the Company, as changes in the value of and income arising from the assets and liabilities underlying these contracts are matched with the changes in the Company's obligations to the policyholders.

2. Financial risks and risk management *(continued)*

Risks associated with other financial assets *(continued)*

Liquidity risk is defined as risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

In managing the Company's assets and liabilities, the Company seeks to ensure that cash is at all times available to settle liabilities as they fall due. Available funds are invested in call accounts and available on demand. The Company's treasury position is reviewed on a regular basis and cash balances are maintained to meet due liabilities. The Company can avail of a limited line of credit arranged by its parent company for short term liquidity requirements that may arise from timing factors. The Company also participates in a cash-pool arrangement with Allianz SE where most of the Company cash was held at year end.

For investment contract redemptions, cash paid out is funded by the redemption of the unit linked assets supporting the contract liability. The policy conditions for private insurance allow for the settlement of a claim by way of an in-specie transfer, thereby allowing for the settlement of claims, even where the asset is illiquid.

An analysis of the contractual maturity of the Company's financial liabilities at 31 December 2022 is set out in the following table:

2022	**No stated maturity**	**Within 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
	€000's	**€000's**	**€000's**	**€000's**	**€000's**
Liabilities - investment contracts	**22,822,448**	**-**	**-**	**-**	**22,822,448**
Technical provisions for insurance contracts	**10,955**	**-**	**-**	**-**	**10,955**
Creditors and other payables	**-**	**109,170**	**722**	**-**	**109,892**
Lease liability	**-**	**310**	**1,315**	**3,534**	**5,159**
Total	**22,833,403**	**109,480**	**2,037**	**3,534**	**22,948,454**

2. Financial risks and risk management *(continued)*

Risks associated with other financial assets *(continued)*

Liquidity risk *(continued)*

The table below sets out comparative contractual maturity data as at 31 December 2021:

2021	No stated maturity	Within 1 year	Between 1 and 5 years	Over 5 years	Total
	€000's	€000's	€000's	€000's	€000's
Liabilities - investment contracts	25,342,599	-	-	-	25,342,599
Technical provisions for insurance contracts	350	-	-	-	350
Creditors and other payables	-	228,761	866	-	229,627
Corporation tax payable	-	1,685	-	-	1,685
Lease liability	-	348	1,638	5,333	7,319
Total	**25,342,949**	**230,794**	**2,504**	**5,333**	**25,581,580**

Where the liabilities - investment contracts are classified as having "no stated maturity", the policies are whole of life contracts, which can be surrendered at any time, subject to penalty charges and notice periods as set out in the policy documentation. Within the first three months, policyholders can request disinvestment of their funds with five working days' notice. Where the technical provisions for insurance contracts have no stated maturity, they will unwind along with the related insurance contracts.

3. Net premiums written and earned

	2022	2021
	€'000	€'000
Insurance premium income		
Gross premium written and earned	**15,726**	13,128
Less outward reinsurance premiums	**(2,084)**	(1,752)
Net premium written and earned	**13,642**	11,376

3. Net premiums written and earned *(continued)*

As permitted per the Company's accounting policy for certain products under IFRS 4, premiums relating to death benefits are unbundled from total premiums collected and presented in the Statement of Profit and Loss as insurance premium income, with the investment element accounted for as investment under IFRS 9. For the financial year ended 31 December 2022 premium income of €3,244m (2021: €5,166m) relates to investment contracts and are not included in "Net premiums written and earned" in the Statement of Profit and Loss, in accordance with IFRS 9 (see Note 17 "Financial liabilities – investment contracts").

4. Investment return

	2022	2021
	€'000	€'000
Policyholder investment return		
Investment income from equities	**1,571**	1,492
Interest income from fixed income securities	**6,854**	3,981
Investment income from collective investment funds	**4,839**	3,740
Income from other financial assets	**10,475**	11,584
Fund expenses borne by policyholders	**(4,673)**	(4,673)
Net realised (losses)/gains on financial assets	**(135,857)**	961,553
Net unrealised (losses)/gains on financial assets	**(3,540,626)**	494,152
	(3,657,417)	1,471,829
Shareholders' investment return		
Interest income from financial assets	**889**	-
Interest (expense) from cash	**(1,188)**	(1,640)
Net realised gains on financial assets	**70**	-
Net unrealised gains/ (losses) of financial assets	**66**	(5)
	(163)	(1,645)
	(3,657,580)	1,470,184

5. Fees and other income

	Note	**2022**	2021
		€'000	€'000
Management fee income		**380,421**	423,743
Income from other policy charges		**10,428**	15,115
Other income		**311**	380
Movement in deferred income	*19*	**3,171**	(5,937)
		394,331	433,301

6. Acquisition and administration expenses

		2022	2021
		€'000	€'000
Acquisition costs		**12,284**	20,660
Change in deferred acquisition costs	*10*	**7,432**	(4,771)
Loyalty bonus expense		**762**	774
Administration expenses		**288,273**	288,381
		308,751	305,044

All of the acquisition costs are in respect of commissions paid and sales inducements on new business.

Administration expenses	**2022**	2021
	€'000	€'000
Commission expenses – ongoing	**258,149**	257,410
Operating expenses:		
Wages and salaries	**4,669**	4,418
Social welfare costs	**535**	418
Pension costs	**305**	319
Other administration expenses	**19,271**	17,359
Depreciation of right-of-use asset	**130**	443
Investment management fees and expenses	**5,214**	8,014
	288,273	288,381

6. Acquisition and administration expenses *(continued)*

Included in the administration expenses are the following:

Auditors' remuneration (excluding VAT)	**2022**	2021
	€'000	€'000
Audit of statutory financial statements	**114**	103
Audit of statutory financial statements – IFRS 17 non-recurring	**207**	-
Other assurance services	**45**	40
	366	143

Other assurance services relate to Solvency II audit services which are prescribed under law or regulation.

Directors' emoluments	**2022**	2021
	€'000	€'000
Salaries and related benefits	**724**	324
Fees as directors	**356**	192
Compensation for loss of office paid to a Director	**-**	459

The average monthly number of employees during the year was as follows:	**2022**	2021
	Number	Number
Administration	**43**	40
Finance	**8**	10
	51	50

7. Finance costs	**2022**	2021
	€'000	€'000
Finance charges for IFRS 16 - Lease liabilities	**22**	135

8. Taxation	**2022**	2021
	€'000	€'000
Current tax expense	**10,830**	17,149
Total corporation tax expense	**10,830**	17,149

8. Taxation *(continued)*

	2022 €'000	2021 €'000
Reconciliation of effective tax charge:		
Profit before taxation	**86,532**	137,567
Corporation tax at the standard rate of 12.5% (2021: 12.5%)	**10,816**	17,196
Effects of		
Over provision in prior years	-	(37)
Capital allowances	**(12)**	(29)
Disallowed and capital items expensed	**(49)**	19
Disallowed expense	**75**	-
Total corporation tax charge	**10,830**	**17,149**

9. Advance payment of Italian Policyholders' Tax

The Company operates in Italy on a "freedom of services" basis and in 2005 opted to implement the *sostituto d'imposta* tax regime. The *sostituto d'imposta* tax regime entails an annual "advance payment" to the Italian fiscal authorities of an amount currently equal to 0.45% (2021: 0.45 %) of the Italian policyholder mathematical reserves, as at the year end. Each annual advance payment can be recovered from any exit tax subsequently deducted from policyholders or by offset against taxes payable to Italian revenue within a period of five years. To the extent that an unrecovered balance remains after five years have elapsed, the balance of the advance payment made five years earlier may be sold to the parent company at face value for recovery against their Italian tax liabilities €377,671k (2021: €393,035k), or this unrecovered balance may be carried forwards within the asset to be recovered against the next payment that will fall due.

Italian legislation makes provision for a cap on the size of the Advance Payment of Italian Policyholders' Tax. For the end of 2022 this was 160bps (2021: 170bps) of the Italian policyholder mathematical reserves. The effect of the capping was to reduce the amount of net payment to the Italian Tax Authorities by €115.2m in 2022 (2021:€Nil). For the end of 2022 the €54m (2021: €Nil) amount unrecovered from five years earlier due to the effect of capping is carried forwards within the asset to be recovered against the next payment that will fall due.

Asset	*Note*	**2022 €'000**	2021 €'000
Balance at 1 January		**393,035**	339,614
Net payable in respect of the financial year	*20*	-	94,611
Recoveries in respect of the financial year		**(15,527)**	(41,190)
Over provision in respect of prior year		**163**	-
Balance at 31 December		**377,671**	393,035

9. Advance payment of Italian Policyholders' Tax *(continued)*

Liability	*Note*	**2022 €'000**	2021 €'000
Balance at 1 January		**94,611**	41,625
Net payable in respect of the financial year	*20*	**-**	94,611
Paid during the financial year		**(94,611)**	(41,625)
Balance at 31 December		**-**	94,611

10. Deferred acquisition costs

	2022 €'000	2021 €'000
Balance at 1 January	**76,587**	71,816
Acquisition costs incurred in the financial year	**13,240**	24,455
Amount credited to Statement of Profit and Loss	**(20,672)**	(19,684)
Balance at 31 December	**69,155**	76,587

11. Investments at Fair value through Profit or loss

Policyholder financial assets

	2022 €'000	2021 €'000
Investments at fair value through profit or loss		
Equities	**75,408**	66,616
Fixed income securities	**609,734**	607,343
Collective Investment Schemes	**21,836,324**	24,400,002
Derivative Instruments	**(21,098)**	(96)
Deposits, Cash & Cash Equivalents and Others	**322,080**	268,734
	22,822,448	25,342,599

11. Investments at Fair value through Profit or loss (continued)

Shareholder financial assets	Note	2022	2021
		€'000	€'000
Investments at fair value through profit or loss			
Derivatives	26	**622**	-
		622	-

12. Other receivables	2022	2021
	€'000	€'000
Amounts falling due within one year		
Management fees receivable from the funds	**31,618**	35,133
Prepayments	**3,410**	1,406
Other	**10,680**	14,454
	45,708	50,993

13. Fair value disclosures

Note 1 Valuation of financial instruments, details the valuation techniques and inputs used for fair value hierarchy and measurement. The table below analyses financial instruments, measured at fair value at the end of 2022, by the level in the fair value hierarchy into which the fair value measurements is categorised:

Financial assets as at 31 December 2022	Total fair value	Level 1	Level 2
	€'000	€'000	€'000
Shareholder financial assets	**622**	-	**622**
Derivative Instruments	622	-	622
Policyholder financial assets	**22,822,448**	**22,280,243**	**542,205**
Equities	75,408	75,408	-
Fixed income securities	609,734	609,734	-
Collective Investment Schemes	21,836,324	21,294,119	542,205
Derivative Instruments	(21,098)	(21,098)	-
Deposits, Cash & Cash Equivalents and Others	322,080	322,080	-
Total Financial Assets	**22,823,070**	**22,280,243**	**542,827**

Financial liabilities as at 31 December 2022	Total fair value	Level 1	Level 2
	€'000	€'000	€'000
Financial liabilities - investment contracts	**22,822,448**	-	**22,822,448**
Total Financial Liabilities	**22,822,448**	-	**22,822,448**

13. Fair value disclosures *(continued)*

Financial assets as at 31 December 2021	**Total fair value**	**Level 1**	**Level 2**
	€'000	**€'000**	**€'000**
Policyholder financial assets	**25,342,599**	**24,712,372**	**630,227**
Equities	66,616	66,616	-
Fixed income securities	607,343	607,343	-
Collective Investment Schemes	24,400,002	23,769,775	630,227
Derivative Instruments	(96)	(96)	-
Deposits, Cash & Cash Equivalents and Others	268,734	268,734	-
Total Financial Assets	**25,342,599**	**24,712,372**	**630,227**

Financial liabilities as at 31 December 2021	**Total fair value**	**Level 1**	**Level 2**
	€'000	**€'000**	**€'000**
Financial liabilities - investment contracts	**25,342,599**	**-**	**25,342,599**
Total Financial Liabilities	**25,342,599**	**-**	**25,342,599**

There were no transfers between levels in 2022 and 2021.
There were no Level 3 assets at 31 December 2022 (2021: €Nil).

With the exception of Advanced Payment of Italian Policyholders' Tax, there are no differences between fair values and carrying amounts of other financial assets at the Statement of Financial Position date. The carrying value of the Advanced Payment of Italian Policyholders' Tax is €377,671k (fair value: €350,889k) (2021: €393,035k) (fair value: €395,390k).

14. Called up share capital

	2022	2021
	€'000	€'000
Authorised:		
5,000,000 (2021: 5,000,000) ordinary shares of €1 each	**5,000**	5,000
Issued		
5,000,000 (2021: 5,000,000) ordinary shares of €1 each	**5,000**	5,000

15. Capital contributions

The Company received no capital contributions during the year (2021: €Nil).

During the year ended 31 December 2022, the Company has paid a €60m dividend (2021: €50m) to the immediate parent Allianz S.p.A in respect of the financial year ended 31 December 2022. A dividend of €60m was paid in January 2023 which was not included as a liability in the Statement of Financial Position at the 2022 year end and will be accounted for in 2023 financial statements.

16. Capital position statement (Unaudited)

Effective from 1 January 2016, the Solvency II Directive replaced the Solvency I regulatory solvency requirements. The Company has assessed its overall solvency needs using the Solvency II basis. This covers the preparation of the Solvency II Balance Sheet (which differs from the IFRS balance sheet) and the Solvency Capital Requirement ("SCR")/Minimum Capital Requirement ("MCR"). For the purposes of calculating its Solvency II Pillar I capital requirements, the SCR is calculated by applying the Standard Formula in accordance with the requirements set out in Regulation 114 of SI 485 of 2015. At 31 December 2022, the Company's available capital resources were in excess of the regulatory capital requirements on a Solvency II basis.

The Company's capital coverage ratio is 178% of SCR as at 31 December 2022 (2021: 148%). The final amount of the SCR is still subject to Supervisory assessment.

The Company maintains a capital structure with a combination of share capital, capital contributions and retained profits, consistent with the Company's risk profile and the regulatory and market requirements of its business.

The Company is regulated in Ireland by the Central Bank of Ireland and is required to observe the rules for the amount and structure of the solvency capital for the business that it carries on.

The Company carries out regular projections of its capital adequacy and these are reviewed by the Board to ensure that satisfactory levels of cover are maintained. Capital adequacy and solvency cover are reported to the Central Bank of Ireland on a quarterly and annual basis.

No instances of non-compliance with solvency capital requirements were reported by the Company to the Central Bank of Ireland during the year.

17. Financial liabilities – investment contracts

Investment contracts:	**2022** **€'000**	2021 €'000
Balance at 1 January	**25,342,599**	21,103,847
Premiums collected	**3,243,766**	5,166,338
Change in investment contract liabilities	**(3,657,417)**	1,471,829
Claims paid	**(1,706,951)**	(1,954,371)
Fees paid by the unit funds	**(406,575)**	(451,985)
Sales inducements & Bonus Builder	**7,026**	6,941
Balance at 31 December	**22,822,448**	25,342,599

18. Technical provisions for insurance contracts

Insurance contracts:	**2022 €'000**	2021 €'000
Balance at 1 January	**350**	200
Change in technical provisions for insurance contracts *	**10,605**	150
Balance at 31 December	**10,955**	350

* During the year the Company altered the product offering to enhance the amount of mortality risk benefits, a majority of which are provided free of charge to the policyholders. This has resulted in a significant increase to the technical provisions for insurance contracts under IFRS4. The free of charge mortality benefits were increased on the AllianzBank retail business from 0.02% or 0.01% of fund value to 1% or 0.1% of fund value, depending on age of the life assured at date of death.

19. Deferred income

	2022 €'000	2021 €'000
Balance at 1 January	**33,575**	27,638
Movement during the year	**(3,171)**	5,937
Balance at 31 December	**30,404**	33,575

The income that is deferred is in respect of investment contracts on which a front-end fee is applied in relation to services to be provided in future periods. The deferred income reserve is amortised over the anticipated life of the contracts. The amount of deferred income that is expected to be earned more than 12 months after the Statement of Financial Position date is €22.9m (2021: €25.6m).

20. Creditors and other payables

	Note	**2022 €'000**	2021 €'000
Amounts falling due within one year			
Amounts due to group companies		**4,347**	5,465
Advance payment of Italian Policyholders' Tax	*9*	**-**	94,611
Premium deposits		**39,657**	37,671
Claims payable		**59,643**	85,396
Value Added Tax		**137**	153
Social welfare / PAYE		**139**	131
Loyalty bonus payable		**1,426**	2,965
Derivatives related payable		**556**	-
Provision for share based scheme	*26*	**428**	-
Other creditors and accruals		**3,559**	3,235
		109,892	229,627

Amounts due to group companies are principally in respect of initial and ongoing commissions and investment management fees.

21. Leases

Right-of-use asset – PPE	**2022 €'000**	**2021 €'000**
Gross Acquisition Cost	**8,200**	8,200
Accumulated Depreciation	**(1,461)**	(1,329)
Reduction *	**(1,768)**	-
Balance at 31 December	**4,971**	6,871

Lease Liability	**2022 €'000**	**2021 €'000**
Current: Within one year	**310**	348
Non-current:		
One to five years	**1,315**	1,638
Over five years	**3,534**	5,333
	4,849	6,971
Balance at 31 December	**5,159**	7,319

Interest Expenses relating to leases	**2022 €'000**	**2021 €'000**
Within one year	**90**	129
One to five years	**303**	445
Over five years	**313**	531
Balance at 31 December	**706**	1,105

* In June 2022 following the scheduled lease review, the rental charge payable was reduced from €0.43m to €0.40m per annum effective until the next lease review in 2027. At inception of the lease, rent increases of 5% had been anticipated at five yearly intervals, however these were removed following the scheduled lease review. These adjustments together led to a reduction in the value of lease asset and liability of €1.8m. Furthermore these adjustments produced €108k and €313k reductions in the finance costs and depreciation charges respectively in 2022.

22. Ultimate parent undertaking and parent undertaking of larger group

The Company's ultimate parent undertaking is Allianz SE, a company incorporated in Germany. The Company's immediate parent undertaking is Allianz S.p.A., a company incorporated in Italy.

The largest group in which the results of the Company are consolidated is that headed by Allianz SE, incorporated in Germany. The consolidated financial statements of this group are available to the public and may be obtained from Allianz SE, Konigstrasse 28, 80802 Munich, Germany.

The smallest group in which the results of the Company are consolidated is that headed by Allianz S.p.A., a company incorporated in Italy.

23. Related party transactions

The Company received/provided a number of services from related parties. The related party activities which the Company now has are as follows:

- The Company has agreements with Allianz S.p.A., Allianz Global Investors GmbH, Investitori SGR S.p.A. and PIMCO Europe Limited for the receipt of fund management services;
- The Company has an agreement with Allianz S.p.A. for the receipt of fiscal, internal audit and legal services;
- The Company has an agreement with Allianz Technology SE for the receipt of IT services;
- The Company has agreements with Allianz Bank Financial Advisors S.p.A. for the receipt of banking and custodian services and for product distribution;
- The Company has agreements with Allianz Ireland plc. for the receipt of internal audit services;
- The Company has an agreement with Allianz Global Life dac for the provision of office space and other infrastructural services, and for the receipt of actuarial function, risk function, IT, and other miscellaneous services.
- The Company has an agreement with Metafinanz Informationssysteme GmbH for the receipt of IT consultancy services.
- The Company has an agreement with Allianz SE for the receipt of marketing and distribution activities, Solvency II models, insurance, cashpool and other services.

Transactions with Directors

The Directors' compensations are short term in nature and are as follows:

	2022	2021
	€'000	€'000
Salaries and related benefits	**724**	324
Fees as directors	**356**	192
Compensation for loss of office paid to a director	**-**	459

The above figures reflect the remuneration paid by the Company to all Board members.

Transactions with Key Management Personnel

Transactions with key management personnel including the Chief Executive Officer are set out below.
The key management personnel compensations are short term in nature and are as follows:

	2022	2021
	€'000	€'000
Salaries and related benefits	**1,465**	**1,004**
Compensation for loss of office paid to a director	**-**	**459**

23. Related party transactions *(continued)*

Transactions with other related parties:

Name of the Company	Relationship	(Payable) at 1 January 2022	Expense payable by the Company	Income receivable by the Company	Payments/ (receipts)	(Payable) at 31 December 2022
		€'000	€'000	€'000	€'000	€'000
Allianz SE	parent	(55)	(1,842)	-	1,362	(535)
Allianz S.p.A.	parent	(164)	(319)	-	159	(324)
Allianz Bank Financial Advisors S.p.A.	group	(3,455)	(263,756)	95	265,208	(1,908)
Allianz Global Investors GmbH	group	(545)	(1,897)	828	1,188	(426)
Allianz Global Life dac	group	(100)	(2,012)	1,004	700	(408)
Allianz Ireland p.l.c.	group	-	(250)	-	250	-
Allianz Technology SE	group	(322)	(1087)	-	1,172	(237)
Investitori SGR S.p.A.	group	(578)	(1,594)	-	1,830	(342)
Metafinanz Informationssysteme GmbH	group	(40)	(94)	-	134	-
PIMCO Europe Limited	group	(206)	(719)	-	758	(167)

€18,504m (2021: €20,448m) of the €22,822m (2021: €25,343m) policyholder assets at year-end were managed by related Allianz SE companies. Total realised and unrealised losses on policyholder assets managed by related Allianz SE companies are €2,989m loss (2021: €1,115m gain). €25.7m (2021: €3.3m) of the shareholders' cash and cash equivalents at year end were managed by Allianz Bank Financial Advisors S.p.A. and a further €164.3m (2021: €272.3m) was managed through an inter-company cash-pool agreement with Allianz SE.

24. Disclosure of interests in unconsolidated structured entities

Included in policyholder financial assets are investments in Collective Investment Schemes ("CIS") which may be considered to be interests in unconsolidated structured entities under IFRS 12 *'Disclosure of interests in unconsolidated structured entities'*. The CIS are predominantly regulated SICAV funds which are all UCITS compliant. These CIS are chosen by the various asset managers, responsible for the investment portfolio of each fund. These SICAVs are mainly domiciled in Luxembourg, Ireland, Italy, Switzerland and France.

The table below sets out the country of domicile of these CIS investments:

Country	**Value of Total CIS 31 December 2022**	Value of Total CIS 31 December 2021
	€'000	€'000
Luxembourg	**14,791,869**	16,146,884
Ireland	**5,461,900**	7,350,708
Italy	**926,095**	315,101
Switzerland	**429,098**	463,005
France	**219,133**	120,645
Other	**8,229**	3,659
Total CIS	**21,836,324**	24,400,002

24. Disclosure of interests in unconsolidated structured entities *(continued)*

The table below sets out the interest held by the policyholders with regard to the geographical region where the underlying investments of the CIS are held as at 31 December 2022:

Geographical Region (Unaudited)	Percentage of underlying CIS on look through basis	Value of underlying CIS on look through basis
		€'000
Europe	44.6%	9,728,312
North America	33.8%	7,389,307
Asia	10.9%	2,383,674
United Kingdom	6.8%	1,483,444
South America	0.9%	198,940
Middle East	0.7%	150,710
Australia	0.6%	139,902
Central America	0.6%	127,654
Africa	0.5%	107,914
Cayman Islands	0.4%	93,923
British Virgin Islands	0.1%	16,665
Other	0.1%	15,879
Total CIS – Policyholder	**100%**	**21,836,324**

The CIS are of varying sizes and are all financed by investor equity, having been established for the purpose of collective investment activity.

The maximum gross exposure to loss is the carrying value of €21,836m (2021: €24,400m) but the net exposure to loss borne by the shareholders of the Company is €Nil for these CIS as the investments are held on behalf of the policyholders. The shareholders do not directly hold any investment in a CIS at the year-end (2021: €Nil).

The majority of the units in the CIS can be redeemed daily. The Company has been advised that it is legally possible to suspend pricing of internal policyholder funds in the presence of exceptional circumstances outside the control of the Company. This would also apply in cases where CIS prices are available but trading has been restricted.

The policyholder financial assets as at 31 December 2022 were €22,822m of which €21,836m were made up of CIS. At 31 December 2022 €18,504m (2021: €20,448m) of the policyholder financial assets were managed by other entities in the Allianz Group.

During the financial year, the Company or policyholders did not provide financial support to unconsolidated structured entities and has no current intention of providing financial or other support.

25. Subsequent events

A dividend of €60m was paid in January 2023 which was not included as a liability in the Statement of Financial Position at the 2022 year end and will be accounted for in the 2023 financial statements. There were no other events subsequent to the year-end which require disclosure in or adjustment to these financial statements.

26. Share based payments

Members of the Company's executives may participate in the Allianz Group Equity Incentive Scheme. The scheme comprises of Restricted Stock Units (RSUs) and is administered and managed by the ultimate parent company, Allianz SE.

RSUs constitute the right to receive the value of an Allianz SE share equivalent to the stock market price at the time of exercise. RSUs granted from 2011 are subject to a vesting period of 4 years.

The fair value of the RSUs (equal to the market price of one Allianz SE share less expected future dividends) is expensed over the period that the employees unconditionally become entitled to the payment. The fair value is re-measured at each reporting year. The expense recorded in the Statement of Profit and Loss in 2022 is €108k (2021: Nil).

The amount included in the investment return is €67.5k gain (2021: Nil). The liability recorded in the financial statements in respect of the RSUs as at 31 December 2022 was €428k (31 December 2021: Nil).

The number of RSUs allocated to an individual are based upon a combination of local and Allianz Group performance against plan and individual executive performance against predefined targets, the same rules that apply throughout the Allianz Group. During the year, 1,069 RSUs were allocated to employees of the Company for 2022 and in addition to this, 2,348 RSUs were transferred into the company from previous years.

This is the first year 2022 that RSU was recorded in the financial statements of the Company, hence there was a transfer in the current year relating to the previous 2 years.

27. Contingencies

There were no contingent liabilities at 31 December 2022 (2021: €Nil).

28. Approval of financial statements

The Board of Directors approved these financial statements on 15 March 2023.