# Darta Saving Life Assurance dac

## Directors' report and financial statements

**For the financial year ended 31 December 2023**

*Registered number 365015*

# Darta Saving Life Assurance dac

| ***Contents*** | ***Pages*** |
|---|---|

# Darta Saving Life Assurance dac

## Directors and other information

**Directors**

| | |
|---|---|
| Pietro S. Iovane | Chairman (Italian, Non-Executive) |
| James Ruane | (Non-Executive retired effective 19 October 2023) |
| Angelo Agnelli | Italian (Non-Executive resigned effective 01 February 2023) |
| Patricia Colton | (Independent Non-Executive) |
| Davide Moia | Italian (Executive) |
| Fabiana Rossaro | Italian (Non-Executive) |
| Alberto Vacca | Italian (Non-Executive appointed effective 01 February 2023) |
| Giampaolo Viseri | Italian (Non-Executive resigned effective 30 September 2023 ) |
| Elaine Hanly | (Independent Non-Executive) |
| Seamus Hughes | (Independent Non-Executive) |

**Registered office**

Maple House, Temple Road
Blackrock
Dublin

**Secretary**

Francis O'Hara
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

BNP Paribas S.A., Succursale Italia
Piazza Lina Bo Bardi, 3
20124 Milano
Italy

# Darta Saving Life Assurance dac

## Directors and other information *(continued)*

| | |
|---|---|
| **Solicitors** | Dillon Eustace<br>33 Sir John Rogerson's Quay<br>Dublin 2 |
| **Service Provider** | FNZ (Europe) DAC<br>Block C, Irish Life Centre, Lower Abbey Street<br>Dublin 1 |

**Investment Managers**

Addvision Wealth Mgt S.A.
Agora Investments SGR S.p.A.
Alasia S.A.
Allianz Global Investors GmbH
Amundi SGR S.p.A
Auriga Partners
Aquila Patrimonial AG
Azimut
Banca del Ceresio S.A.
Banca Julius Baer & Co. S.A.
Banor Capital Ltd.
Blackrock (Netherlands) B.V.
CA Indosuez Finanziaria S.A.
Candriam Luxembourg
Capital International Management Company
Carmignac Gestion Luxembourg
CGM Italia Sim S.p.A.
Colombo Wealth Management
Credit Suisse Asset Management (Switzerland) Ltd.
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.
FIL Pensions Management

**Investment Managers**

Finpartner Financial Services S.A.
Franklin Templeton Investment Management Ltd.
Gamma Capital Markets Ltd.
Goldman Sachs Asset Management International
Henderson Global Investor Limited
ICAM & Partners S.A.
Invesco Asset Management S.A.
Investitori SGR S.p.A.
Janus Henderson Investors UK Limited
JP Morgan Asset Management (UK) Ltd.
Kairos AM S.A.
Kairos Partners SGR S.p.A.
M&G Investment Management Ltd.
Morgan Stanley Investment Management Ltd.
Olympia Wealth Management Ltd.
Pictet & Cie (Europe S.A.)
Pictet & Cie S.A. Geneve
Pictet Asset Management Ltd - Italian Branch
PIMCO Europe Ltd.
Reyl Intesa Sanpaolo
Robeco Institutional Asset Management B.V.
Rothschild Milano
Safe Capital Management S.A.
Schroder Investment Management Ltd
Soave Asset Management
Threadneedle Asset Management Limited
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 2023 On 1 January 2023 Darta Saving Life Assurance dac ('the Company') adopted IFRS 17 'Insurance Contracts' with respect to certain contracts held by the Company meeting the conditions and scope of the standard, and as required applied the requirements retrospectively with comparatives restated from the transition date, 1 January 2022. The Company has applied IFRS 9 from 1 January 2018.

**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. Certain products offered by the Company have additional death benefits and loss protection features. The Company's investment contracts are measured under IFRS 9 and the insurance contracts are measured under IFRS 17.

Despite the challenging economic conditions, which include heightened geopolitical tensions and their implications, the Company has maintained a strong performance. The Company had sales for 2023 of €3,278m, which were 1% higher than the previous year (2022: €3,244m), comprised of 72% (2022: 59%) insurance contracts and 28% (2022: 41%) investment contracts. The products contributing to total sales were Challenge and Challenge Pro 95% (2022: 91%), Blazar 2% (2022: 3%), Personal Way 2% (2022: 3%), Private Insurance contracts 1% (2022: 1%) and; Other 0% (2022: 2%). These sales are not included in the "Insurance Revenue" and "Net result from investment contracts" as required by IFRS 17 and 9.

Total policyholder fund assets stood at €25,645m (2022: €22,822m) at the financial year end, comprised of €12,780m (2022: €9,977m) insurance contracts and €12,865m (2022: €12,845m) investment contracts. Movement during the year was driven by net inflows of €1,162m (2022: €1,537m) and net income, expenses and capital gains/(losses) of €1,661m (2022: (€4,058m)). Claims incurred during the year amounted to €2,115m, an increase of €408m from the prior year (2022: €1,707m). The amount of death claims decreased in 2023 at €419m (2022: €460m), so surrenders of €1,696m (2022: €1,247m) accounted for the increase in claims.

Total policyholder liabilities stood at €25,648m (2022: €22,849m), comprised of €12,783m insurance contracts (2022: €10,004m) and €12,865m investment contracts (2022: €12,845m). Insurance contract liabilities are further comprised of €11,856m (2022: €9,183m) present value of future cashflows, €169m (2022: €149m) risk adjustment and €739m (2022: €644m) contractual service margin. Included in insurance contracts liabilities is net receivables/(payables) of €19m (2022: €28m). The contractual service margin increased by 15%, compared to 31 December 2022, mainly due to new business acquisition and positive equity movement during the year.

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

The result for the Company for 2023 is set out in the Statement of Profit and Loss on page 17 and this shows a net profit from total operations under IFRS 9/17 of €91.3m after taxation, compared to net profit of €91.7m (previously €75.7m under IFRS 9/4) for 2022. Net insurance result before taxation is €65.4m, compared to €54.0m for 2022. Net result from investment contracts before taxation is €48.3m, compared to €52.8m for 2022. The Company's Statement of Financial Position is set out on pages 19 and 20 and this shows that shareholders' equity at the financial year end was €491.7m compared with €565.9m at the end of 2022. Note 24 to the financial statements confirms that the Company had a satisfactory surplus over regulatory Solvency II capital requirements at year end.

**Result for the financial year and the state of affairs at the financial year end** *(continued)*

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 satisfied with the Company’s performance during the year.

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 €33.00 per share amounting to €165m was paid by the Company in 2023 (2022: €60m).

**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 2023 financial year or up to the date of signing of this report are set out on page 2. Alberto Vacca was appointed to the Board as Non-Executive Director on 1 February 2023 and Angelo Agnelli resigned effective the same date.

Giampaolo Viseri resigned as Non-Executive Director on 30 September 2023. James Ruane retired as Non-Executive Director on 19 October 2023.

### 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 2023, 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 service provider and personnel with appropriate expertise and by providing adequate resources to the financial and actuarial functions. The accounting records of the Company are maintained at the premises of its service provider FNZ (Europe) DAC, 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 (2022: €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.

# Darta Saving Life Assurance dac

## Directors' Report *(continued)*

**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 13 March 2024, and signed on its behalf by:

**Davide Moia**
***Director***

**Seamus Hughes**
***Director***

**Date: 13 March 2024**

# Darta Saving Life Assurance dac

## Statement of Directors' responsibilities

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

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** | **Seamus Hughes** |
| ***Director*** | ***Director*** |

**Date: 13 March 2024**

*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 2023 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 2023;
- 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 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 14 to the financial statements, we have provided no non-audit services to the company in the period from 1 January 2023 to 31 December 2023.

pwc

## Our audit approach

*Overview*


Overall materiality

- €43.3 million (2022: €33.3 million)
- Equates to circa 0.17% of policyholder financial assets (2022: circa 0.15% of policyholder financial assets).

Performance materiality

- €32.5 million (2022: €25.0 million)

Audit scope

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

Key audit matters

- Appropriateness of the methodology and assumptions applied in the valuation of insurance contract liabilities.
- Recoverability of Italian tax prepayment.
- Existence and valuation of policyholder financial assets.

### *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*** |
|---|---|
| *Appropriateness of the methodology and assumptions applied in the valuation of insurance contract liabilities.*<br><br>*Refer to Note 1- "Accounting Policies - IFRS 17: Insurance Contracts and Valuation of insurance liabilities", Note 2 - "Financial risk and risk management - Underwriting risk", Note 6 - "Insurance and Reinsurance Contract Balances" and Note 7 - "Movements in Insurance Contract Liabilities" to the financial statements.*<br><br>The Company adopted IFRS 17 during the year ended 31 December 2023. IFRS 17 outlines a general model for the valuation of both insurance and reinsurance contracts falling within the scope of the standard. Unit linked insurance contracts which contain significant insurance risk are measured using the variable fee approach ("VFA") set out in IFRS 17. | We tested the design and operating effectiveness of selected key controls over the actuarial methodology, data and assumptions used by management in calculating the insurance contract liabilities.<br><br>We assessed the reasonableness of the actuarial methodologies and models used by management in the calculation of the insurance contract liabilities by reference to recognised actuarial practices and standards with the assistance of our life actuarial specialists.<br><br>With the assistance of our life actuarial specialists, we assessed the reasonableness of the assumptions used by management with a focus on the assumptions for premium top-ups, persistency and expenses by reference to the company's historical experience. |

| | |
|---|---|
| Under IFRS 17, the insurance contract liabilities for in scope unit linked insurance contracts consist of:<br>• the present value of future cashflows ("PVFCF"), which is the estimate of future cash flows expected to arise as the insurance contracts are fulfilled;<br>• a risk adjustment for non-financial risk, reflecting the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts; and<br>• a contractual service margin ("CSM"), representing the unearned profit that the Company will recognise as insurance revenue as and when the Company provides insurance services over the expected duration of the insurance contracts.<br><br>The valuation of the insurance contract liabilities and in particular the PVFCF involves the use of complex actuarial models, assumptions about future events and significant amounts of data. The determination of the PVFCF also requires the use of judgement by management.<br><br>Changes in the key assumptions selected by the Company in relation to future premium top ups, persistency and expense assumptions could materially impact the valuation of the PVFCF, with an offsetting impact on the estimated CSM.<br><br>We considered this to be a key audit matter as it represents a key estimate in the financial statements involving significant judgements by management which impact on the classification and disclosures within the financial statements. | We tested the completeness and accuracy of the underlying data used by the company's actuaries in calculating the insurance contract liabilities by agreeing the data to underlying systems or source documentation on a sample basis.<br><br>We also assessed the appropriateness of the disclosure in the financial statements.<br><br>Based on the work performed and the evidence obtained, we determined that the methodologies and assumptions used in the valuation of the insurance contract liabilities to be appropriate. |
| *Recoverability of Italian tax prepayment*<br><br>*Refer to Note 1 - "Accounting policies - Advance Payment of Italian Policyholders' Tax", and Note 17 - "Advance payment of Italian Policyholders' Tax" to the financial statements*<br><br>We considered this to be a key audit matter as the recoverability of the Italian tax prepayment is dependent on a number of factors over a considerable period of time. The key factors that need to be considered in assessing recoverability are whether there will be future taxes payable to offset the prepayment against or whether the Company will be able to surrender unutilised tax prepayments to group companies. | We evaluated management's recoverability assessment including assumptions made in relation to future taxes payable and Allianz S.p.A.'s capacity to purchase the asset, should such need arise for reasonableness.<br><br>No matters were noted as a result of performing our procedures over the recoverability of the Italian tax prepayment. |

| *Existence and valuation of policyholder financial assets* | |
|---|---|
| *Refer to Note 1 - "Accounting Policies - Financial assets and Valuation of financial instruments",, Note 2 - "Financial risks and risk management - Risks associated with financial assets and liabilities" and Note 19 "Investments at fair value through profit or loss" to the financial statements.*<br><br>The policyholder financial assets of €25,644 million included in the statement of financial position are held in the company's name at 31 December 2023 and carried at fair value in line with IFRS as adopted by the European Union.<br><br>The policyholder financial assets comprise primarily equities, fixed income securities, collective investment schemes, derivatives and cash deposits.<br><br>We considered this to be a key audit matter as financial assets represent the principal assets held by the company. | We assessed the design and tested the operating effectiveness of controls relating to the custody and valuation of financial assets.<br><br>We obtained independent confirmation from the custodians and discretionary asset managers of nominal asset holdings at 31 December 2023 on a sample basis.<br><br>We reconciled the amounts held per the confirmations to the accounting records and tested a sample of the reconciling items to supporting documentation.<br><br>We tested the valuation of the policyholder investment portfolio by agreeing the valuation of investments to independent third-party vendor sources or independent confirmations from the investment manager on a sample basis.<br><br>We also assessed the appropriateness of the disclosures of the financial assets in the financial statements.<br><br>No matters were noted as a result of performing these procedures on the existence and valuation of policyholder financial assets |

## *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.

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.

pwc

*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*** | €43.3 million (2022: €33.3 million). |
| ***How we determined it*** | Equates to circa 0.17% of policyholder financial assets (2022: circa 0.15% of policyholder financial assets) which takes into account requirements related to the audit of group financial statements of the parent entity. |
| ***Rationale for benchmark applied*** | We have selected this benchmark as, in our view, policyholder 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 €32.5 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 €2.2 million (2022: €1.7 million) 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 €256.4 million (2022: €228.2 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 and evaluating management's going concern assessment for the going concern period which covers a year from the date of approval of the financial statements and challenging the key assumptions. In evaluating these forecasts we considered the entity's historic performance and considered whether the forecast assumptions were consistent with those used in other areas of the entity's business activities;
- 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 by reviewing and comparing these to regulatory and the company's solvency capital requirement; and
- considering and assessing the company's liquidity position through the going concern assessment period.

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.

pwc

## 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 2023 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 set out on page 8, 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, Italian and Irish tax laws. 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 posting manual journal entries to manipulate financial performance and management bias in accounting estimates and 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 in 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.

pwc

## 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 6 years, covering the years ended 31 December 2018 to 31 December 2023.

Padraig Osborne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

20 March 2024

## Statement of Profit and Loss

***for the financial year ended 31 December 2023***

| | Note | 2023<br>€'000 | 2022<br>€'000 |
|---|---|---|---|
| Insurance revenue | | **194,620** | 187,561 |
| Insurance service expenses | | **(133,296)** | (119,108) |
| Net expenses from reinsurance contracts held | | **(1,931)** | (1,713) |
| **Insurance service result** | *4* | **59,393** | 66,740 |
| Interest result | | **7,253** | 58 |
| Valuation result | | **977,868** | (1,569,568) |
| Investment expenses | | **(2,084)** | (1,289) |
| **Net investment income/(expenses)** | | **983,037** | (1,570,799) |
| Finance (expenses)/income from insurance contracts issued | | **(977,152)** | 1,558,116 |
| Finance income/(expenses) from reinsurance contracts held | | **133** | (23) |
| **Net insurance finance (expenses)/income** | | **(977,019)** | 1,558,093 |
| **Investment result** | *5* | **6,018** | (12,706) |
| **Net insurance result** | | **65,411** | 54,034 |
| Net result from investment contracts | *11* | **48,284** | 52,846 |
| Non-insurance related acquisition and administration expenses | *14* | **(8,800)** | (2,060) |
| **Profit before income tax** | | **104,895** | 104,820 |
| Taxation | *16* | **(13,580)** | (13,116) |
| **Profit for the financial year attributable to equity holders** | | **91,315** | 91,704 |

The accounting policies and the notes on pages 23 to 89 form an integral part of these financial statements.

## Statement of Other Comprehensive Income
***for the financial year ended 31 December 2023***

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Profit for the financial year** | | **91,315** | 91,704 |
| *Items that may be reclassified to profit or loss* | | | |
| Finance (expenses)/income from reinsurance contracts held | *5* | **(520)** | 1,491 |
| Deferred tax | *16* | **65** | (186) |
| **Other comprehensive (losses)/income for the year, net of tax** | | **(455)** | 1,305 |
| **Total comprehensive income for the financial year** | | **90,860** | 93,009 |

The accounting policies and the notes on pages 23 to 89 form an integral part of these financial statements.

## Statement of Financial Position

***as at 31 December 2023***

| | | **31 Dec 2023 €'000** | 31 Dec 2022 €'000 (Restated) | 1 Jan 2022 €'000 (Restated) |
|---|---|---|---|---|
| **Assets** | *Note* | | | |
| Cash and cash equivalents | | **145,481** | 209,223 | 280,478 |
| Advanced payment of Italian Policyholder's Tax | *17* | **363,150** | 377,671 | 393,035 |
| Deferred acquisition costs | *18* | **47,511** | 58,043 | 65,090 |
| **Policyholder financial assets** | | | | |
| Investments at fair value through profit or loss | *19* | **25,644,930** | 22,822,448 | 25,342,599 |
| **Shareholder financial assets** | | | | |
| Investments at fair value through profit or loss | *19* | **752** | 622 | - |
| Reinsurance contract assets | *6,8* | **4,101** | 4,606 | 3,313 |
| Other receivables | 20 | **27,551** | 33,242 | 36,545 |
| Right-of-use asset | *28* | **4,629** | 4,971 | 6,871 |
| Corporation tax receivable | | **-** | 170 | - |
| Deferred income tax asset | *16* | **-** | - | 361 |
| **Total assets** | | **26,238,105** | 23,510,996 | 26,128,292 |

The accounting policies and the notes on pages 23 to 89 form an integral part of these financial statements.

## Statement of Financial Position *(continued)*
***as at 31 December 2023***

| | Note | **31 Dec 2023 €'000** | 31 Dec 2022 €'000 (Restated) | 1 Jan 2022 €'000 (Restated) |
|---|---|---|---|---|
| **Shareholder's equity** | | | | |
| Called up share capital | *22* | **5,000** | 5,000 | 5,000 |
| Capital contributions | *23* | **51,000** | 51,000 | 51,000 |
| Profit and loss reserves | | **435,234** | 508,919 | 477,215 |
| Other reserves | | **515** | 970 | (335) |
| **Total Shareholders' equity interests** | | **491,749** | 565,889 | 532,880 |
| **Liabilities** | | | | |
| Insurance contract liabilities | *6,7* | **12,783,093** | 10,003,773 | 10,317,158 |
| Investment contract liabilities | 25 | **12,864,501** | 12,844,941 | 15,078,905 |
| Deferred income | *26* | **14,986** | 19,292 | 22,078 |
| Creditors and other payables | *27* | **76,971** | 69,831 | 168,266 |
| Lease Liabilities - current | *28* | **318** | 310 | 348 |
| Lease Liabilities - non-current | *28* | **4,531** | 4,849 | 6,971 |
| Corporation tax payable | | **305** | - | 1,686 |
| Deferred income tax liabilities | *16* | **1,651** | 2,111 | - |
| **Total liabilities** | | **25,746,356** | 22,945,107 | 25,595,412 |
| **Total liabilities and shareholders' equity** | | **26,238,105** | 23,510,996 | 26,128,292 |

The accounting policies and the notes on pages 23 to 89 form an integral part of these financial statements.

On behalf of the board

**Davide Moia**
***Director***

**Seamus Hughes**
***Director***

**Date: 13 March 2024**

# Darta Saving Life Assurance dac

## Statement of Changes in Equity

***for the financial year ended 31 December 2023***

| | Called up Share Capital | Capital Contribut-ions | Profit and Loss Reserve | Other reserves | Total Share-holders' equity interests |
|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| **Balance 1 January 2023, as previously reported** | **5,000** | **51,000** | **495,110** | **-** | **551,110** |
| Adjustment on initial application of IFRS 17, net of tax | **-** | **-** | **13,809** | **970** | **14,779** |
| **Restated balance at 1 January 2023** | **5,000** | **51,000** | **508,919** | **970** | **565,889** |
| Profit for the financial year | **-** | **-** | **91,315** | **-** | **91,315** |
| Other comprehensive losses | **-** | **-** | **-** | **(455)** | **(455)** |
| **Total comprehensive income for the financial year** | **-** | **-** | **91,315** | **(455)** | **90,860** |
| Dividends paid | **-** | **-** | **(165,000)** | **-** | **(165,000)** |
| **Balance at 31 December 2023** | **5,000** | **51,000** | **435,234** | **515** | **491,749** |
| Balance 1 January 2022, as previously reported | 5,000 | 51,000 | 479,408 | - | 535,408 |
| Adjustment on initial application of IFRS 17, net of tax | - | - | (2,193) | (335) | (2,528) |
| **Restated balance at 1 January 2022** | 5,000 | 51,000 | 477,215 | (335) | 532,880 |
| Profit for the financial year | - | - | 91,704 | - | 91,704 |
| Other comprehensive income | - | - | - | 1,305 | 1,305 |
| Total comprehensive income for the financial year | - | - | 91,704 | 1,305 | 93,009 |
| Dividends paid | - | - | (60,000) | - | (60,000) |
| **Restated balance at 31 December 2022** | 5,000 | 51,000 | 508,919 | 970 | 565,889 |

The accounting policies and the notes on pages 23 to 89 form an integral part of these financial statements.

## Statement of Cash Flows

***for the financial year ended 31 December 2023***

| | 2023 | 2022 |
|---|---|---|
| | €'000 | €'000 |
| **Profit before taxation** | **104,895** | 104,820 |
| Net change in reinsurance assets | **(15)** | 198 |
| Net change in investments at fair value through profit & loss | **(2,822,482)** | 2,520,151 |
| Net change in insurance liabilities | **2,779,320** | (313,385) |
| Net change in investment contract liabilities | **19,560** | (2,233,964) |
| Finance charges for lease liability | **90** | 22 |
| Net change in deferred acquisition cost | **10,532** | 7,047 |
| Net change in provision for deferred income | **(4,306)** | (2,786) |
| Interest (Income)/Expense | **(6,934)** | 470 |
| Depreciation of right-of-use asset from IFRS16 | **342** | 130 |
| | **81,002** | 82,703 |
| Decrease in trade and other receivables | **19,994** | 19,073 |
| Increase/(decrease) in trade and other payables | **7,139** | (98,497) |
| | **27,133** | (79,424) |
| Interest paid | **(177)** | (1,360) |
| Interest received | **7,111** | 890 |
| Corporation tax paid | **(13,500)** | (12,686) |
| | **(6,566)** | (13,156) |
| **Net cash flows generated from/(used in) operating activities** | **101,569** | (9,877) |
| Net cash flows from Company holdings in Unit Linked Funds | **217** | (342) |
| Net cash flows from investments Fair value through P&L | **(128)** | (622) |
| Net cash flows from IFRS 16 Leases | **(400)** | (414) |
| **Net cash flows used in investing activities** | **(311)** | (1,378) |
| Dividends paid | **(165,000)** | (60,000) |
| **Net cash flows used in financing activities** | **(165,000)** | (60,000) |
| **Net cash flows used in total operations** | **(63,742)** | (71,255) |
| Cash and cash equivalents at 1 January | **209,223** | 280,478 |
| **Cash and cash equivalents at 31 December** | **145,481** | 209,223 |

# 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 2023. 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, macro-economic and political developments were considered. The assessment looked at future projections over the Company's 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 2023. Those that may be relevant to the Company are set out below:

*New Standard:*

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

*Amendments:*

Definition of Accounting Estimates (Amendments to IAS 8)
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

1. **Accounting Policies** *(continued)*

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

*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 Standard applies to: insurance contracts issued by an entity with specified exceptions; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as ‘a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In the Statement of Financial Position, an entity is required to measure profitable insurance contracts at the risk-adjusted present value of the future cash flows plus unearned profit for services to be provided under the contract.

IFRS 17 requires an entity to recognise profit from a group of insurance contracts over the period the entity provides services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity is required to recognise the loss immediately. The Standard also requires insurance revenue, insurance service expenses, and insurance finance income or expenses to be presented separately.

As at 1 January 2022, the Company:
- Has derecognised any existing balances that would not exist had IFRS 17 always been applied (e.g. policyholder liabilities and deferred acquisition costs for insurance contracts measured under IFRS 4);
- Has identified, recognised and measured groups of insurance and reinsurance contracts in-force as if IFRS 17 had always been in-force to the extent that it is practicable to do so. Wherever impracticable, the Company has made use of permitted modifications in determining the transition balances; and
- Recognised any resulting difference in equity, including deferred tax impact.

See Note 3 for the *Methods used and amounts determined on transition to IFRS 17* for the reconciliation of total reserves arising from adoption of IFRS 17.

*Definition of Accounting Estimates*

Definition of Accounting Estimates amends IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. This information was considered by the Company in disclosing the accounting estimates in the financial statements.

*Disclosure of Accounting Policies*

Disclosure of Accounting Policies amends IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures. This information was considered by the Company in disclosing the material accounting policies in the financial statements.

1. **Accounting Policies** *(continued)*

**The amendments to the standard noted below have not had a material impact on the financial statements:**

*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)*

These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

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

*Classification of Liabilities as Current and Non-current (effective for annual periods beginning on or after 1 January 2024)*

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to certain conditions.

**Significant Accounting Policies**

The following paragraphs describe material accounting policies that are relevant for the Company's financial statements:

**Insurance contracts - Product classification**

Insurance contracts are contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Insurance risk is significant if an insured event could cause an insurer to pay significant additional benefits in any scenario with commercial substance, and if there is at least one scenario where the insurer has the possibility of a loss on a present-value basis.

The assessment of whether insurance risk is significant is made at a contract level by looking at the relationship between the amounts payable in case of an insured event occurring and the amounts payable at surrender/maturity. Contracts where the additional amounts payable are 10% or higher relative to the surrender/maturity value in any scenario with commercial substance are considered to be insurance contracts. This approach is aligned to the Allianz Group recommended approach to product classification. Contracts that qualify as insurance are accounted for under IFRS 17, and these contracts remain insurance contracts until all risks and obligations are extinguished or expired.

**Summary of measurement approaches**

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

| | **Product classification** | **Measurement model** |
|---|---|---|
| **Contracts issued** | | |
| Unit-linked insurance contracts | Insurance contracts with direct participation features | Variable Fee Approach ("VFA") |
| Unit-linked investment contracts without discretionary participation features | Financial instruments | Financial liabilities measured at Fair Value Through Profit or Loss (FVTPL) under IFRS 9 |
| **Reinsurance contracts held** | | |
| Quota share reinsurance | Reinsurance contract held | Building Block Approach ("BBA") |

1. **Accounting Policies** *(continued)*

**Insurance contracts - Product classification** *(continued)*

The Company's unit-linked insurance contracts are all considered to have direct participation features under IFRS 17 since the policyholder participates in the returns on the underlying unit-linked funds and payments to policyholders are linked to those funds. Such contracts are measured using the variable fee approach under IFRS 17.

Reinsurance contracts held by the Company are accounted for using the general measurement model under IFRS 17, which is the BBA. The assessment with regards to measurement model is made at inception of the contract and is not revised subsequently, except in the case of a substantial modification of the contract.

**Insurance contracts - Separation of components**

IFRS 17 requires the separation of embedded derivatives, distinct investment components, and performance obligations to provide non-insurance goods and services at inception of a contract, if certain conditions are met. The Company has not identified embedded derivatives and material performance obligations embedded in insurance contracts to provide non-insurance goods and services.

Unit-linked insurance contracts contain an investment component which is the policyholder share of the underlying items (i.e. the account value). These investment components are not accounted for separately as they are considered to be non-distinct on account of being highly inter-related with the host insurance contract.

**Insurance contracts - Unit of account**

The unit of account is the group of contracts level at which all recognition, measurement and reporting requirements of IFRS 17 are applied. This would be a group of insurance contracts, determined in line with the level of aggregation requirements laid out in the Standard. In order to aggregate contracts into groups of contracts, the Company first aggregates individual contracts into portfolios of insurance contracts based on the product type for each contract. Contracts within the same product type are expected to be subject to similar risks and are managed together.

These portfolios are then divided into profitability buckets based on a contract-level assessment of the expected future cash flows for each contract. Contracts that are expected to be loss-making are classified into a group of onerous contracts, and profitable contracts are subjected to a suite of stress tests to divide these into a group of contracts that has no significant possibility of becoming onerous subsequently and a group of remaining contracts. Contracts within each profitability bucket are then divided further into annual cohorts based on the date of initial recognition to ensure that contracts issued more than 12 months apart are placed in separate groups.

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

1. **Accounting Policies** *(continued)*

**Insurance contracts - Recognition and derecognition**

Groups of insurance contracts issued are initially recognised at the effective date (i.e. the date of premium investment). For some of the Company's unit-linked contracts that are classified as investment contracts at inception, policyholders can "transform" their policies into insurance subject to acceptance by the Company. Given that these contracts will qualify as insurance only when they transform, the date of initial recognition for these contracts will be the transformation date. This is the date on which insurance coverage begins for these transformed policies.

An insurance contract is derecognised when it is extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled).

**Insurance contracts - Measurement**

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). The LRC consists of the fulfilment cash flows ("FCF") and the contractual services margin ("CSM"). The fulfilment cash flows in turn comprise of the present value of future cash flows within the contract boundary ("PVFCF") and the risk adjustment for non-financial risk ("RA"), in addition to any receivables/(payables) that relate to future service. The LIC comprises of the insurance-related receivables/(payables) relating to past service.

**Amounts recognised in the Statement of Financial Position - Insurance**

*Present value of future cash flows within contract boundary ("PVFCF")*

The estimates of future cash flows comprise all cash flows expected to arise as the insurance contract is fulfilled. In estimating these future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. These include premiums from policyholders, payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling the contracts. Death benefit riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

Depending on the type of services provided, other costs that are incurred in fulfilling the contracts include:
- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Company will incur in providing investment services;
- an allocation of fixed and variable overheads; and
- other costs specifically chargeable to the policyholders under the terms of the contracts.

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows using discount rates determined in line with IFRS 17 requirements, resulting in the PVFCF included within the Insurance Contract Liabilities.

1. **Accounting Policies** *(continued)*

**Amounts recognised in the Statement of Financial Position – Insurance** *(continued)*

*Present value of future cash flows within contract boundary ("PVFCF") (continued)*

The PVFCF is updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and discount rates. As at 31 December 2023, the PVFCF of insurance contracts was €11,856m (31 December 2022: €9,183m) included within the Insurance Contract Liabilities on the Statement of Financial Position.

*Risk adjustment for non-financial risk ("RA")*

The risk adjustment for non-financial risk reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. Such non-financial risks include insurance risks, lapse and expense risk.

The Company applies a Cost of Capital approach with a Cost of Capital rate of currently 6 % as under Solvency II. The main differences relative to Solvency II are:

- the risk adjustment for gross and ceded business is calculated separately;
- the risk adjustment allows for diversification benefits arising from being part of the Allianz Group which are reflected in the premiums the Company charges policyholders;
- no allowance is made for operational risk in the risk adjustment; and
- the input risk capitals used in the risk adjustment are averaged over the previous three years to address cross effects with financial risks that are excluded from the scope of the risk adjustment.

As at 31 December 2023, the RA of insurance contracts was €170m (31 December 2022: €149m) included within the Insurance Contract Liabilities on the Statement of Financial Position. This corresponds to a confidence level range of 65% to 70% (2022: 65% to 70%).

*Contractual service margin ("CSM")*

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as insurance revenue as and when it provides insurance contract services in the future.

At initial recognition for a profitable contract, the premium (i.e. the change in assets) received is higher than the fulfillment cash flows (i.e. the PVFCF and the RA for that contract, or the increase in liability). To ensure that no profit is recognised at inception, the CSM is set equal to the difference between the premiums and the fulfilment cash flows. At initial recognition for an onerous (i.e. unprofitable) contract, the expected loss (i.e. the excess of the fulfillment cash flows over the premium) is recorded immediately in the Statement of Profit and Loss as a loss component.

The subsequent measurement of the CSM is dependent on the measurement model used for the group of contracts.

For reinsurance contracts measured under the BBA, the CSM gets adjusted for:

- the effect of new contracts being added to the group (if any);
- interest accreted on the carrying amount of the CSM during the reporting period;
- changes in the fulfilment cash flows that relate to future service except for those that are driven by financial risk. If these changes exceed the carrying amount of the CSM, the excess results in a loss component. These changes are measured at the discount rates specified at initial recognition; and
- the amount of CSM recognised as insurance revenue because of the transfer of insurance services during the period.

1. **Accounting Policies** *(continued)*

**Amounts recognised in the Statement of Financial Position – Insurance** *(continued)*

*Contractual service margin (“CSM”) (continued)*

For insurance contracts measured under the VFA, the CSM gets adjusted for:
- the effect of new contracts being added to the group (if any);
- the change in the variable fee the entity expects to earn from the underlying items, unless the CSM is not enough to absorb that change, in which case the CSM would become zero and the excess results in a loss component;
- changes in the fulfillment cash flows that relate to future service, unless the CSM is not enough to absorb that change, in which case the CSM would become zero and the excess results in a loss component; and
- the amount of CSM recognised as insurance revenue because of the transfer of insurance services during the period.

The release of CSM into insurance revenue is determined based on the concept of “coverage units”, which are a measure of the services provided to policyholders under the insurance contracts. The ratio of coverage units relating to the current period to the total coverage units determines the CSM release factor. Applying this release factor to the contractual service margin remaining at the end of the reporting period (before any allocation) determines the amount recognised as revenue in the current period, with the remaining balance being allocated to the remaining coverage period.

The Company uses policyholder account values as the coverage units for its unit-linked insurance contracts. This is considered to be appropriate since account values are the most suitable proxy for the predominant investment-related service provided to policyholders under the insurance contracts.

As at 31 December 2023, the CSM of insurance contracts was €739m (31 December 2022: €644m) included within the Insurance Contract Liabilities on the Statement of Financial Position. In 2023, the CSM recognised for services provided was €42.5m (2022: €40.5m) included within the Insurance Revenues on the Statement of Profit and Loss. In 2023, the losses on onerous insurance contracts was €0.8m (2022: €0.5m) included within the Insurance Service Expenses on the Statement of Profit and Loss.

*Receivables and payables*

IFRS 17 is conceptually based on a prospective cash view. All expected future cash flows arising from the contract are considered and reflected in one position, the insurance contract liabilities. Therefore, receivables/(payables) and from insurance contracts as well as any deposits are part of the insurance contract liabilities.

**Reinsurance contracts**

The Company recognises reinsurance contracts to reflect the reinsurance arrangements it has entered into. Under these contracts a part of the mortality risk on the underlying insurance contracts is transferred to the reinsurer. The reinsurance contracts held are reported separately in the Statement of Profit and Loss and the Statement of Financial Position These reinsurance contracts are measured using the BBA, and are subject to the same IFRS 17 requirements outlined for the insurance contracts earlier, except for the following key differences:
- Reinsurance contracts are recognised on the date the first underlying contract is issued;
- The risk adjustment for reinsurance contracts held reflects the risk being transferred to the reinsurer;
- The CSM for reinsurance contracts held is not floored at zero; with the CSM representing the net cost/gain of entering into the reinsurance arrangements. This cost/gain is recognised in the insurance service result as and when services are received under the reinsurance contracts; and
- Coverage units for the reinsurance contracts are the projected sums at risk ceded under the contracts.

1. **Accounting Policies** *(continued)*

**Amounts recognised in the Statement of Profit and Loss - Insurance**

*Insurance revenue*

The Company recognises insurance revenue as it provides services under groups of insurance contracts. For contracts measured under the VFA, the insurance revenue relating to services provided for each reporting period represents the total of the changes in the LRC that relate to services for which the Company expects to receive consideration, and comprises the following items:

- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year, excluding amounts allocated to a potential loss component and repayments of investment components;
- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services; and
- Amounts related to insurance acquisition cash flows.

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue.

*Insurance service expenses*

These expenses consist of claims and other insurance service expenses incurred during the period as well as the amortisation of insurance acquisition cash flows, but exclude repayments of investment components. Furthermore, they include the changes in the fulfilment cash flows relating to the LIC, the losses on onerous groups of contracts and reversals of such losses. For the insurance contracts with direct participation features, it also includes an adjustment for experience adjustments of the non-financial underlying items.

Insurance service expenses include only costs that relate directly to the fulfilment of the insurance contracts. Other expenses not meeting the above categories are included in Non-insurance related acquisition and administration expenses in the Statement of Profit and Loss.

*Net expenses from reinsurance contracts held*

Reinsurance expenses are recognised similarly to insurance revenue. The net expenses from reinsurance expenses reflects the allocation of the ceded reinsurance premiums to the current period, which is offset by the amounts recoverable from the reinsurer for incurred claims.

*Interest result*

Interest result is recognised on an accrual basis using the effective interest method.

*Valuation result*

Valuation result includes all interest and dividend income and investment expenses as well as realised and unrealised gains and losses from financial assets carried at fair value through profit and loss underlying the insurance policyholder contracts.

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 financial assets through other comprehensive income are included in the Statement of Other Comprehensive Income in the period in which they arise.

1. **Accounting Policies** *(continued)*

**Amounts recognised in the Statement of Profit and Loss - Insurance** *(continued)*

*Valuation result (continued)*

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.

Valuation result arising from financial assets underlying insurance contracts are presented as "Valuation result" within Investment result.

*Net insurance finance expenses*

Net insurance finance expenses consist of finance income or expenses from insurance contracts issued and reinsurance contracts held. The main component relates to mirroring of the valuation result from the assets underlying insurance contracts which are measured under the VFA. It also includes the interest accretion of the fulfilment cash flows and the CSM as well as the changes in the fulfilment cash flows due to changes in financial assumptions for reinsurance contracts measured under the BBA.

**Investment contracts - Product classification**

Where the risk is primarily borne by the policyholder, the contract is deemed to be an investment contract in accordance with IFRS 9. An investment contract classified as such on inception could subsequently "transform" and be reclassified as an insurance contract, if it meets the insurance definition described above.

**Investment contracts – Recognition and measurement**

**Amounts recognised in Statement of Financial Position - Investment**

*Investment contract assets/liabilities*

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 "Investment contract liabilities".

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.

1. **Accounting Policies** *(continued)*

**Investment contracts – Recognition and measurement** *(continued)*

**Amounts recognised in Statement of Financial Position - Investment** *(continued)*

*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.

*Deferred income*
Deferred income arising from investment contracts 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.

*Investment contract receivables/(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.

**Amounts recognised in the Statement of Profit and Loss - Investment**

**Net result from investment contracts**
The net result from investment contracts consists of fee and commission income, claims and benefits paid to the policyholders, expenses attributed to unit-linked investment contract, valuation result and changes to the investment contracts liabilities.

*Fee and commission income*
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 “Fee and commission income” within the “Net Result from investment contracts” 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 benefits incurred*
For investment contracts, the additional payment paid to policyholders’ beneficiaries in the event of a death claim are disclosed under “Claims and benefits incurred” within the “Net result from investment contracts” in the Statement of Profit and Loss.

1. **Accounting Policies** *(continued)*

**Investment contracts – Recognition and measurement** *(continued)*

**Amounts recognised in the Statement of Profit and Loss - Investment** *(continued)*

*Expenses attributed to investment contract*
Expenses comprised of commissions, administrative and investment expenses that relate to investment contracts are disclosed within the "Net result from investment contracts" in the Statement of Profit and Loss.

*Valuation result*
Income from financial assets underlying investment contracts comprises interest and dividend income and net gains/losses on financial assets classified as fair value through profit or loss. Valuation result arising from financial assets underlying investment contracts are included within "Net result from investment contracts," with the corresponding amount recorded in "Change in investment contract liabilities."

**Financial assets underlying insurance and investment contracts**

Financial assets are initially measured at fair value. In the case of assets not designated at fair value through profit or loss, transaction costs that are directly attributable to their acquisition are capitalised. 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.

**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 2023 (2022: €Nil).

1. **Accounting Policies** *(continued)*

**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;

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 2023, there were no debt securities measured at amortised cost and therefore the ECL is Nil (31 December 2022: Nil).

1. **Accounting Policies** *(continued)*

**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.

**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.

**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.

**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 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 2023 this was 150 basis points ("bps") (2022: 160bps) 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.

1. **Accounting Policies** *(continued)*

**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, assumptions and judgements**

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

**Valuation of Insurance liabilities**

The Company applies significant assumptions and judgements in the following aspects of the determination of the CSM amounts that are recognised in the Statement of Profit and Loss. For unit-linked insurance contracts, the investment-related services are highly inter-related with the insurance services, and hence the coverage period of the insurance contracts includes periods in which the Company provides investment related services.

In performing the above determination, management applies judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognised in the Statement of Profit and Loss for the period.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates.

*Present value of future cash flows*

The present value of future cash flows is calculated through full policy-by-policy cash flow projections on a deterministic scenario using best estimate assumptions.

*Persistency*

The Company derives lapse and surrender assumptions based on the Company's own experience. A history of lapse and surrender experience over the last 5 years is sourced from the Company's policy administration data. Statistical methods are used to derive adjustments to the Company's own experience and any trends in the data, to arrive at expected future lapse and surrender rates. An analysis is then performed of these rates in comparison to the assumptions previously used. Assumptions are set for each major product line. Changes in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM.

1. **Accounting Policies** *(continued)*

**Critical accounting estimates, assumptions and judgements** *(continued)*

**Valuation of Insurance liabilities** *(continued)*

*Mortality*

The Company derives mortality assumptions based on the Company's own experience supplemented by an internal Allianz Group mortality table for Italy. An investigation into the Company's experience over the total history available is performed and statistical methods are used to adjust the mortality tables to produce expected mortality rates in the future over the duration of the insurance contracts. Changes in mortality rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM.

*Expenses*

The Company projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using planned expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. The expense inflation assumption is based on expected price and wage inflation. Changes in expense assumptions could increase or decrease estimates of future cash outflows, and hence decrease or increase the CSM.

*Top-ups*

The contract boundary under IFRS 17 includes all future premiums, including voluntary "top-up" premiums paid by policyholders. Hence, the Company introduced an assumption for future top-up premiums it expects policyholders to pay into their unit-linked policies.

The Company derives this assumption based on the Company's own experience. A history of top-up premiums received over the last 5 years is sourced from the Company's policy administration data, and used to generate expected future top-up rates based on the initial premium in-force. An analysis is then performed of these rates in comparison to the assumptions previously used. Statistical methods are used to derive adjustments to the Company's own experience and any trends in the data, to arrive at expected future top-up rates. Analysis is performed and assumptions are set by major product line. An increase in top-up assumptions would increase the CSM, while a decrease in top-ups would reduce the CSM.

*Discount rates*

According to IFRS 17, all future cash flows must be discounted. The IFRS 17 requirements for the interest curves used in the discounting are principle based. An entity should use observable market data based on a risk-free base curve and portfolio-specific adjustments to reflect the illiquidity of insurance obligations in determining the interest curves. The Company applies a bottom-up approach in which the basic risk-free liquid yield curves are usually derived from swap rates or government yields for the specific currency and adjusted for remaining credit risk. These risk-free liquid yield curves are then adjusted to reflect illiquidity of the underlying insurance liabilities based on reference portfolios, if applicable.

For contracts measured under the BBA (which is the reinsurance contracts held by the Company), the discount rates at initial recognition are locked-in to ensure that the CSM is only adjusted for changes relating to non-financial assumptions and variances. The fulfilment cash flows are measured at both locked-in rates and current rates, with the difference recorded in Other Comprehensive Income.

1. **Accounting Policies** *(continued)*

**Critical accounting estimates, assumptions and judgements** *(continued)*

**Valuation of Insurance liabilities** *(continued)*

*Discount rates (continued)*

The table below sets out the continuously compounded spot rates used to discount the cash flows of insurance contracts:

| | As of 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | 1 year | 5 years | 10 years | 20 years | 30 years |
| Unit-linked contracts | 3.4% | 2.4% | 2.5% | 2.5% | 2.5% |
| | As of 31 December 2022 | | | | |
| | 1 year | 5 years | 10 years | 20 years | 30 years |
| Unit-linked contracts | 3.2% | 3.2% | 3.1% | 2.8% | 2.7% |
| | As of 1 January 2022 | | | | |
| | 1 year | 5 years | 10 years | 20 years | 30 years |
| Unit-linked contracts | -0.6% | -0.1% | 0.2% | 0.5% | 1.1% |

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to Note 2.

**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.

**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.

1. **Accounting Policies** *(continued)*

**Critical accounting estimates, assumptions and judgements** *(continued)*

**Valuation of Financial instruments** *(continued)*

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.

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.

**Share based payments**
The ultimate parent company, Allianz SE, operates a Group share based employee incentive plan. The scheme comprises options consisting of performance restricted stock units. Note 33 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.

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. Policy statements have been prepared and approved by the Directors which set out parameters and limitations to manage and limit financial risks and operational 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. 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 insurance and investment contracts

The Company matches all the policyholder liabilities under insurance and 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. Though market and credit risk relating to the value of policyholder financial assets is borne by policyholders, the future profits from investment and insurance contracts are dependent on the performance of the policyholder funds, expenses incurred, how long the policyholder keeps the policy and the level of claims incurred under insurance benefits.

***Underwriting risk***

Underwriting risk comprises of mortality risk, persistency risk and expense risk.

- The Company is exposed to **mortality risk** through the loss of future profits and from increased numbers of policyholder insurance claims in future cash flows. Mortality risk is partly mitigated through the reinsurance of some death benefits.

- **Persistency risk** is the risk that the policyholder lapses (i.e. cancels) the contracts, in whole or in part, thereby exposing the Company to the loss of future profits. 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 to ensure it is in line with expectations.

- The Company is exposed to the **expense risk** from unexpected increases in the maintenance costs associated with the servicing of contracts. The Company manages this through the annual budgeting process and regular expense analyses.

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

***Underwriting risk*** *(continued)*

The table below outlines the impact of underwriting related shocks on the PVFCF, RA, CSM, pre-tax profit and Shareholder equity. The mortality shock is based on increasing the mortality rate assumptions used to estimate the future cash flows. The lapse shock is based on increasing lapse assumptions used to estimate the future cash flows. The expenses shock is based on stressing future expenses allowed for in the estimate of future cash flows. This analysis presents the sensitivities after risk mitigation by reinsurance and assumes that all other variables remain constant. There is no impact on the outstanding insurance and reinsurance receivables/(payables), and hence, these are not included in the table below.

***Table 1*** *- Underwriting risk exposure as at 31 December 2023.*

| | PVFCF | RA | CSM | Total | Impact on PVFCF | Impact on RA | Impact on CSM | Impact on net insurance liabilities | Impact on pre-tax profit (current period) | Impact on Share-holders 'equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| *Actual amounts as at 31 December 2023* | | | | | | | | | | |
| Net insurance liabilities | **11,863,741** | **169,005** | **727,539** | **12,760,285** | | | | | | |
| *Mortality rate - 15% increase* | | | | | | | | | | |
| Net insurance liabilities | **11,885,208** | **162,877** | **712,400** | **12,760,485** | **21,466** | **(6,129)** | **(15,139)** | **198** | **(82)** | **(173)** |
| *Lapse/surrender rates - 10% relative increase* | | | | | | | | | | |
| Net insurance liabilities | **11,915,925** | **155,111** | **689,005** | **12,760,041** | **52,184** | **(13,895)** | **(38,533)** | **(244)** | **268** | **214** |
| *Expenses - 10% increase* | | | | | | | | | | |
| Net insurance liabilities | **11,902,233** | **164,475** | **696,072** | **12,762,780** | **38,492** | **(4,531)** | **(31,467)** | **2,494** | **(2,494)** | **(2,182)** |

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

***Underwriting risk*** *(continued)*

***Table 2*** *- Underwriting risk exposure as at 31 December 2022.*

| | PVFCF | RA | CSM | Total | Impact on PVFCF | Impact on RA | Impact on CSM | Impact on insurance liabilities | Impact on pre-tax profit (current period) | Impact on Share-holders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| *Actual amounts as at 31 December 2022* | | | | | | | | | | |
| Net insurance liabilities | 9,190,571 | 148,568 | 632,435 | 9,971,574 | | | | | | |
| *Mortality rate - 15% increase* | | | | | | | | | | |
| Net insurance liabilities | 9,203,725 | 144,382 | 623,718 | 9,971,825 | 13,154 | (4,186) | (8,716) | 252 | (30) | (221) |
| *Lapse/surrender rates - 10% relative increase* | | | | | | | | | | |
| Net insurance liabilities | 9,240,001 | 134,871 | 596,524 | 9,971,396 | 49,431 | (13,696) | (35,910) | (175) | 232 | 154 |
| *Expenses - 10% increase* | | | | | | | | | | |
| Net insurance liabilities | 9,218,831 | 144,867 | 609,570 | 9,973,268 | 28,260 | (3,701) | (22,864) | 1,695 | (1,695) | (1,483) |

An increase in mortality rates reduces future profits due to higher projected claims, reducing the CSM. This in turn reduces pre-tax profit and Shareholder equity. The larger impact on Shareholder equity is driven by changes in insurance accumulated OCI on reinsurance contracts, which impacts Shareholder equity but not profit. An increase in lapse rates results in lower future charges collected, resulting in a decrease in expected future profits, reducing the CSM. Pre-tax profits and Shareholder equity are increased slightly due to knock-on impacts of the lapse shock on the coverage units used to determine the CSM release in the current period. An increase in maintenance expenses increases future outflows and thus reduces the Company's expectation of future profits, reducing the CSM. This in turn reduces pre-tax profit and Shareholder equity.

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

**Risks associated with financial assets and liabilities**

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

***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 investment component of the insurance contracts. These risks are carried by the holders of these contracts:

- 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.

The Company does not hold any other financial assets that are not attributable to investment and insurance contracts, apart from an investment associated with restricted stock units as part of the Group share based employee incentive plan. Note 33 to the financial statements provides further details on the operation of the scheme.

***Credit risk*** occurs for the following assets if the counterparty is unable to pay amounts in full when due:

- 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 custodian counterparty. In relation to the assets backing the private insurance business, these are held with a number of individual counterparties. While the Company's assets are segregated for the Company's benefit in the custodian book, bankruptcy or insolvency of these counterparties may cause delay or limit the Company's rights with respect to the investments held by these counterparties. The Company monitors 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 customers 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.

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

**Risks associated with financial assets and liabilities** *(continued)*

***Credit risk*** *(continued)*

Bond issuer risk for retail business is reduced by investing in bonds that are backed by an EU or certain OECD Governments. If corporate bonds are held by the Company, these are subject 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 forward within the asset to be recovered against the next payment that will fall due.

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

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

**Risks associated with other financial assets** *(continued)*

***Credit risk*** *(continued)*

The credit risk exposure and ratings of financial and other assets (excluding deferred acquisition costs) are set out in tables below:

***Table 1*** *- Credit risk exposure and ratings of financial and other assets (excluding deferred acquisition costs) as at 31 December 2023.*

| | From AA to A+ | From A to BBB | From BBB- to B- | Not rated | Assets held for policy-holders | Total |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **Advance payment of Italian policyholders' tax** | - | - | - | 363,150 | - | 363,150 |
| **Shareholder Investments at fair value through profit or loss** | 752 | - | - | - | - | 752 |
| **Investments at fair value through profit or loss:** | | | | | | |
| Equities | - | - | - | - | 77,971 | 77,971 |
| Fixed income securities | - | - | - | - | 1,377,315 | 1,377,315 |
| Investments in Collective Investment Schemes ** | - | - | - | - | 23,858,140 | 23,858,140 |
| Derivatives | - | - | - | - | 12,221 | 12,221 |
| Deposits, Cash & Cash equivalents and other | - | - | - | - | 319,283 | 319,283 |
| **Reinsurance Contract Assets** | - | - | - | 4,101 | - | 4,101 |
| **Other receivables** | - | - | - | 27,551 | - | 27,551 |
| **Right-of-use asset** | - | - | - | 4,629 | - | 4,629 |
| **Cash and cash equivalents** | 154,360 | (17,504) | - | 8,625 | - | 145,481 |
| **Total assets bearing credit risk** | 155,112 | (17,504) | - | 408,056 | 25,644,930 | 26,190,594 |

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

***Credit risk*** *(continued)*

***Table 2*** *- Credit risk exposure and ratings of financial and other assets (excluding deferred acquisition costs) as at 31 December 2022.*

| | From AA to A+ | From A to BBB | From BBB- to B- | Not rated | Assets held for policy-holders | Total |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| 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 |
| Reinsurance Contract Assets | - | - | - | 4,606 | - | 4,606 |
| Other receivables | - | - | - | 33,242 | - | 33,242 |
| 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 | - | 446,340 | 22,822,448 | 23,452,953 |

** 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, Switzerland, Italy and France.

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

***Credit risk*** *(continued)*

***Table 3*** - *Credit risk exposure and ratings of Fixed income securities within policyholder assets (see table 1 above) as at 31 December 2023.*

| | **From AAA to AA+** | **From AA to A+** | **From A to BBB** | **From BBB- to B-** | **Not rated** | **Total** |
|---|---|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| **Investments at fair value through profit or loss:** | | | | | | |
| Fixed income securities | **182,599** | **178,313** | **455,420** | **559,324** | **1,659** | **1,377,315** |
| **Total Fixed income securities bearing credit risk** | **182,599** | **178,313** | **455,420** | **559,324** | **1,659** | **1,377,315** |

***Table 4*** - *Credit risk exposure and ratings of Fixed income securities within policyholder assets (see table 2 above) 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 | €'000 | €'000 | €'000 | €'000 | €'000 |
| 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 |

### 2. Financial risks and risk management *(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 held in policyholder financial assets underlying the insurance and investment contracts. The change in interest yields is reviewed on a regular basis when the Company prepares projections of its solvency position.

   *Shareholder interest rate risk exposure*
   As at 31 December 2023 the Company's interest rate sensitive investments excluding unit-linked business relates mainly to a cash-pool arrangement with Allianz SE amounting to €148m (2022: €164m). The Company would have gained €1.5m (2022: gain €1.6m) or lost €1.5m (2022: lost €1.6m) in value in the event of interest rates shifting by positive 100 basis points or negative 100 basis points respectively.

   *Policyholder investment contracts interest rate risk exposure*

   An increase (decrease) in interest rates decreases (increases) the value of fixed income securities held in policyholder funds underlying the investment contracts would be offset by the decrease (increase) in investment contract liabilities.

## Notes to the Financial Statements *(continued)*

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

**Market risk** *(continued)*

***Interest rate risk*** *(continued)*

*Policyholder insurance contracts interest rate risk exposure*

The table below outlines the impacts of interest rate shocks on the assets underlying the insurance contracts, PVFCF, RA, CSM, pre-tax profit and Shareholder equity. The interest rate shocks are applied by shocking the interest rate sensitive investments in the policyholder fund values and also the interest rates used to calculate the PVFCF. This analysis presents the sensitivities after risk mitigation by reinsurance and assumes that all other variables remain constant. There is no impact on the outstanding insurance and reinsurance receivables/(payables), and hence, these are not included in the table below.

***Table 1*** *– Interest rate risk exposure for IFRS 17 modelled business as at 31 December 2023.*

| | Assets underlying insurance contracts | PVFCF | RA | CSM | Total | Impact on assets underlying insurance contracts | Impact on PVFCF | Impact on RA | Impact on CSM | Total impact on insurance contract liabilities | Impact on pre-tax profit (current period) | Impact on Share-holders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| *Actual amounts as at 31 December 2023* | | | | | | | | | | | | |
| Investments at FVPL | 12,780,429 | | | | | | | | | | | |
| Net insurance liabilities | - | 11,863,741 | 169,005 | 727,539 | 12,760,285 | | | | | | | |
| *Risk free rate - 50 bp decrease* | | | | | | | | | | | | |
| Investments at FVPL | 12,883,947 | - | - | - | - | 103,518 | - | - | - | - | - | - |
| Net insurance liabilities | - | 11,954,365 | 173,929 | 736,387 | 12,864,681 | - | 90,624 | 4,924 | 8,848 | 104,396 | (584) | (768) |
| *Risk free rate - 50 bp increase* | | | | | | | | | | | | |
| Investments at FVPL | 12,676,911 | - | - | - | - | (103,518) | - | - | - | - | - | - |
| Net insurance liabilities | - | 11,771,766 | 164,572 | 719,542 | 12,655,880 | - | (91,975) | (4,433) | (7,997) | (104,405) | 609 | 776 |

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

**Market risk** *(continued)*

***Interest rate risk*** *(continued)*

*Policyholder insurance contracts interest rate risk exposure (continued)*

***Table 2*** *– Interest rate risk exposure for IFRS 17 modelled business as at 31 December 2022.*

| | Assets underlying insurance contracts | PVFCF | RA | CSM | Total | Impact on assets underlying insurance contracts | Impact on PVFCF | Impact on RA | Impact on CSM | Total impact on insurance contract liabilities | Impact on pre-tax profit (current period) | Impact on Share-holders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| *Actual amounts as at 31 December 2022* | | | | | | | | | | | | |
| Investments at FVPL | 9,977,507 | | | | | | | | | | | |
| Net insurance liabilities | - | 9,190,571 | 148,568 | 632,435 | 9,971,574 | | | | | | | |
| *Risk free rate - 50 bp decrease* | | | | | | | | | | | | |
| Investments at FVPL | 10,050,708 | - | - | - | - | 73,201 | - | - | - | - | - | - |
| Net insurance liabilities | - | 9,253,307 | 152,588 | 639,635 | 10,045,530 | - | 62,736 | 4,020 | 7,200 | 73,956 | (491) | (661) |
| *Risk free rate - 50 bp increase* | | | | | | | | | | | | |
| Investments at FVPL | 9,904,306 | - | - | - | - | (73,201) | - | - | - | - | - | - |
| Net insurance liabilities | - | 9,126,817 | 144,908 | 625,896 | 9,897,621 | - | (63,754) | (3,660) | (6,539) | (73,953) | 507 | 659 |

A decrease in interest rates increases the value of fixed income securities held in policyholder funds underlying the insurance contracts and thus increases the PVFCF. The CSM is higher due to higher expected future profits and also lower discounting. The opposite are true for an increase in interest rates. Pre-tax profits and Shareholder equity are impacted slightly due to knock-on impacts of the shocks on the coverage units used to determine the CSM release in the current period. The larger impact on Shareholder equity is driven by changes in insurance accumulated OCI on reinsurance contracts, which impacts Shareholder equity but not profit.

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

***Market risk*** *(continued)*

***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 equity price risk through equities and CIS held by policyholders of €23,936m in 2023 (2022: €21,911m).

*Policyholder investment contracts equity price risk exposure*

A price increase (or decrease) on equities and CIS held within the policyholder assets underlying the investment contracts would be offset by the investment contract liabilities.

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

***Market risk*** *(continued)*

***Equity price risk*** *(continued)*

*Policyholder insurance contracts equity price risk exposure*

The table outlines the impacts of equity price shocks on the assets underlying the insurance contracts, PVFCF, RA, CSM, pre-tax profit or loss and Shareholder equity. The equity shocks are applied by shocking the equity price sensitive investments in the policyholder fund values. This analysis presents the sensitivities after risk mitigation by reinsurance and assumes that all other variables remain constant. There is no impact on the outstanding insurance and reinsurance receivables/(payables), and hence, these are not included in the table below.

***Table 3*** *– Equity price risk exposure for IFRS 17 modelled business as at 31 December 2023.*

| | Assets underlying insurance contracts | PVFCF | RA | CSM | Total insurance contract liabilities | Impact on assets underlying the contracts | Impact on PVFCF | Impact on RA | Impact on CSM | Total impact on insurance contract liabilities | Impact on pre-tax profit (current period) | Impact on Share-holders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| *Actual amounts as at 31 December 2023* | | | | | | | | | | | | |
| Investments at FVPL | 12,780,429 | | | | | | | | | | | |
| Net insurance liabilities | - | 11,863,741 | 169,005 | 727,539 | 12,760,285 | | | | | | | |
| *Equity - 30% decrease* | | | | | | | | | | | | |
| Investments at FVPL | 10,962,627 | - | - | - | - | (1,817,802) | - | - | - | - | - | - |
| Net insurance liabilities | - | 10,164,114 | 152,814 | 627,918 | 10,944,846 | - | (1,699,627) | (16,191) | (99,621) | (1,815,439) | (2,363) | (2,068) |
| *Equity - 30% increase* | | | | | | | | | | | | |
| Investments at FVPL | 14,598,231 | - | - | - | - | 1,817,802 | - | - | - | - | - | - |
| Net insurance liabilities | - | 13,550,428 | 184,587 | 840,444 | 14,575,460 | - | 1,686,687 | 15,582 | 112,906 | 1,815,175 | 2,627 | 2,299 |

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

***Market risk*** *(continued)*

***Equity price risk*** *(continued)*

*Policyholder insurance contracts equity price risk exposure (continued)*

***Table 4*** *– Equity price risk exposure for IFRS 17 modelled business as at 31 December 2022.*

| | Assets underlying insurance contracts | PVFCF | RA | CSM | Total insurance contract liabilities | Impact on assets underlying the contracts | Impact on PVFCF | Impact on RA | Impact on CSM | Total impact on insurance contract liabilities | Impact on pre-tax profit (current period) | Impact on Share-holders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| *Actual amounts as at 31 December 2022* | | | | | | | | | | | | |
| Investments at FVPL | 9,977,507 | | | | | | | | | | | |
| Net insurance liabilities | | 9,190,571 | 148,568 | 632,435 | 9,971,574 | | | | | | | |
| *Equity - 30% decrease* | | | | | | | | | | | | |
| Investments at FVPL | 8,601,598 | - | - | - | - | (1,375,909) | - | - | - | - | - | - |
| Net insurance liabilities | | 7,898,207 | 136,234 | 563,147 | 8,597,587 | - | (1,292,364) | (12,334) | (69,287) | (1,373,985) | (1,924) | (1,683) |
| *Equity - 30% increase* | | | | | | | | | | | | |
| Investments at FVPL | 11,353,416 | - | - | - | - | 1,375,909 | - | - | - | - | - | - |
| Net insurance liabilities | | 10,477,343 | 160,647 | 707,398 | 11,345,388 | - | 1,286,772 | 12,080 | 74,963 | 1,373,815 | 2,094 | 1,832 |

A decrease in equity prices decreases the value of equity securities held in policyholder funds underlying the insurance contracts and thus decreases the PVFCF. The CSM is lower due to lower expected future profits. This in turn reduces pre-tax profits and Shareholder equity. The opposite is true for an increase in equity prices.

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

**Market risk** *(continued)*

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 and insurance 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 offset by changes in the investment contract liabilities and insurance contract liabilities.

**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 and insurance 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 (excluding deferred income and deferred income tax liabilities) at 31 December 2023 is set out in the following table:

| 2023 | No stated Maturity | Within 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| Investment contract liabilities | 12,864,501 | - | - | - | 12,864,501 |
| Insurance contract liabilities | 12,764,185 | 18,908 | - | - | 12,783,093 |
| Creditors and other payables | - | 76,226 | 745 | - | 76,971 |
| Lease liabilities | - | 318 | 1,341 | 3,190 | 4,849 |
| Corporation tax payable | - | 305 | - | - | 305 |
| Total liabilities | 25,628,686 | 95,757 | 2,086 | 3,190 | 25,729,719 |

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

**Liquidity risk** *(continued)*

The table below sets out comparative contractual maturity data as at 31 December 2022:

| 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 |
| Investment contract liabilities | 12,844,941 | - | - | - | 12,844,941 |
| Insurance contract liabilities | 9,976,116 | 27,657 | - | - | 10,003,773 |
| Creditors and other payables | - | 69,109 | 722 | - | 69,831 |
| Lease liabilities | - | 310 | 1,315 | 3,534 | 5,159 |
| Total liabilities | 22,821,057 | 97,076 | 2,037 | 3,534 | 22,923,704 |

Where the investment and insurance contract liabilities are classified as having "no stated maturity", the policies are whole of life contracts, which can be surrendered at any time, in some instances 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.

**Maturity analysis of insurance and reinsurance held**

The following table shows the undiscounted expected future cash outflows (inflows) for insurance and reinsurance contracts held by expected timing based on best estimate actuarial assumptions. Examples of cash outflows are payment of claims and expenses, and examples of cash inflows are premiums.

| **2023** | **Within 1 year** | **2 - 3 years** | **4 - 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| **Insurance contracts** | **186,741** | **758,046** | **797,470** | **17,262,583** | **19,004,840** |
| **Reinsurance contracts held** | **1,098** | **1,913** | **1,545** | **5,374** | **9,930** |
| | **187,839** | **759,959** | **799,015** | **17,267,957** | **19,014,770** |

| 2022 | Within 1 year | 2 - 3 years | 4 - 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| Insurance contracts | (85,371) | 224,023 | 382,821 | 15,289,125 | 15,810,598 |
| Reinsurance contracts held | 1,053 | 1,876 | 1,553 | 5,208 | 9,690 |
| | (84,318) | 225,899 | 384,374 | 15,294,333 | 15,820,288 |

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

***Liquidity risk*** *(continued)*

### Amounts payable on demand

For insurance and investment contracts, the amounts payable on demand (or surrender value) and the carrying amount of the respective groups of contracts are presented in the following table:

| | **2023** | **2023** | 2022 | 2022 |
|---|---|---|---|---|
| | **€'000** | **€'000** | €'000 | €'000 |
| | **Amounts payable on demand** | **Carrying amount** | Amounts payable on demand | Carrying amount |
| Unit – linked insurance contracts | **12,780,429** | **12,783,093** | 9,977,507 | 10,003,773 |
| Unit – linked investment contracts | **12,864,501** | **12,864,501** | 12,844,941 | 12,844,941 |

## 3. Methods used and amounts determined on transition to IFRS 17

IFRS 17 is required to be applied in a fully retrospective manner unless it is impracticable to so. In these cases, the Standard allows the use of two alternative approaches to transition, namely the modified retrospective approach ("MRA") and the fair value approach ("FVA").

For the insurance/reinsurance contracts issued/held by the Company, full retrospective application was considered to be impracticable for all contracts issued prior to transition. Under IFRS 17, estimates of future cash flows are required to include cash flows relating to expected future top-ups (which are included within the contract boundary under IFRS 17). Given that these were considered to be outside the contract boundary under SII, there was no assumption in place for expected future top-ups prior to 2022. The assumptions were set for the first time in early 2022 and setting this assumption involved a degree of expert judgement. Determining these assumptions for periods prior to 2022 would have been subject to the risk of hindsight being exercised since the use of expert judgement made it impossible to ensure that the assumptions would not be influenced by actual top-up experience up to 2022. As a result, full retrospective application of IFRS 17 was deemed impracticable and accordingly, the Company used the MRA to determine the transition balances for all contracts issued prior to transition to IFRS 17.

The following modifications were undertaken in the calculation of the IFRS 17 transition balances.

- Groups of contracts were determined based on information available at the transition date, as opposed to the date of initial recognition, in line with the modification allowed in the IFRS 17 Standard.
- The transition CSM has been calculated for the Company's unit-linked insurance business using the MRA as follows:
  a) The future risk-adjusted profits at transition date are estimated by comparing the account value (or fair value of the underlying items) to the sum of the PVFCF and risk adjustment.
  b) The profits that would have been released prior to transition are estimated as the historic fee income net of claims and expenses. This amount is then reduced by the amount of risk adjustment released prior to transition.
  c) The amounts in (a) and (b) are added together to get the estimated CSM at inception of the contracts.
  d) The amount calculated in (c) is then rolled forward to the transition date by adjusting it for CSM that would have been released in periods prior to the transition date. This results in the transition CSM.

### 3. Methods used and amounts determined on transition to IFRS 17 *(continued)*

### 3.1 Reconciliation of total reserves

The following tables shows the reconciliation of total reserves in the adoption of IFRS 17.

**Reconciliation of total reserves at 1 January 2022 (date of transition to IFRS 17)**

At 1 January 2022, the net impact on total shareholders' equity on initial application of IFRS 17 was €2.5m, as shown in the Statement of Changes in Equity and detailed below:

| | Reinsurance contract assets | Insurance contract liabilities | Profit and Loss Reserve | Other reserves | Total Reserves |
|---|---|---|---|---|---|
| | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| **Balance 1 January 2022, as previously calculated under IFRS 4/9** | - | 10,264,043 | 479,408 | - | **479,408** |
| **Recognition of reinsurance assets measured under IFRS 17** | | | | | |
| Present value of future cash | (6,974) | | | | |
| Risk adjustment | 838 | | | | |
| Contractual service margin | 9,581 | | | | |
| *Net transition impact from reinsurance assets* | 3,445 | | 3,828 | (383) | **3,445** |
| **Reversal of the investment component element of insurance contracts previously measured under IFRS 9** | | (10,263,693) | 10,263,693 | | |
| **Derecognition of "unbundled" Technical Provisions for insurance contracts under IFRS 4** | | (350) | 350 | | |
| **Recognition of insurance liabilities measured under IFRS 17** | | | | | |
| Present value of future cash | | 9,665,854 | | | |
| Risk adjustment | | 98,212 | | | |
| Contractual service margin | | 506,311 | | | |
| | | 10,270,377 | (10,270,377) | | |
| *Net transition impact from insurance liabilities* | | | (6,334) | | **(6,334)** |
| **Tax impact** | | | 313 | 48 | **361** |
| **Restated balance at 1 January 2022** | **3,445** | **10,270,377** | **477,215** | **(335)** | **476,880** |

## 3. Methods used and amounts determined on transition to IFRS 17 *(continued)*

### Reconciliation of total reserves at 31 December 2022

At 31 December 2022, the net impact on total shareholders' equity on initial application of IFRS 17 was €14.8m, as shown in the Statement of Changes in Equity and detailed below:

| | Reinsurance contract assets | Insurance contract liabilities | Profit and Loss Reserve | Other reserves | Total Reserves |
|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| **Balance 31 December 2022, as previously calculated under IFRS 4/9** | - | 9,988,462 | 495,110 | - | **495,110** |
| **Recognition of reinsurance assets measured under IFRS 17** | | | | | |
| Present value of future cash | (7,780) | | | | |
| Risk adjustment | 727 | | | | |
| Contractual service margin | 11,595 | | | | |
| *Net transition impact from reinsurance assets* | 4,542 | | 3,433 | 1,109 | **4,542** |
| **Reversal of the investment component element of insurance contracts previously measured under IFRS 9** | | (9,977,507) | 9,977,507 | | |
| **Derecognition of "unbundled" Technical Provisions for insurance contracts under IFRS 4** | | (10,955) | 10,955 | | |
| Recognition of insurance liabilities measured under IFRS 17 | | | | | |
| Present value of future cash | | 9,182,791 | | | |
| Risk adjustment | | 149,295 | | | |
| Contractual service margin | | 644,030 | | | |
| | | 9,976,116 | (9,976,116) | | |
| Other | | | 2 | | |
| *Net transition impact from insurance liabilities* | | | 12,348 | | **12,348** |
| **Tax impact** | | | (1,972) | (139) | **(2,111)** |
| **Restated balance at 31 December 2022** | **4,542** | **9,976,116** | **508,919** | **970** | **509,889** |

## 3. Methods used and amounts determined on transition to IFRS 17 *(continued)*

### 3.2 Insurance revenue and CSM by transition method

An analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables.

| Insurance contracts issued | *Note* | 2023 €'000 Contracts measured under the modified retrospective transition approach | 2023 €'000 New contracts and contracts measured under the full retrospective approach | 2023 €'000 Total |
|---|---|---|---|---|
| **Insurance revenue** | | | | |
| CSM recognised for the services provided | *4* | **36,396** | **6,059** | **42,455** |
| **CSM as at 1 January** | *6* | **579,422** | **64,608** | **644,030** |
| Changes that relate to current service | | | | |
| CSM recognised for the services provided | | **(36,396)** | **(6,059)** | **(42,455)** |
| Changes that relate to future service | | | | |
| Changes in estimates that adjust the CSM | *7.2* | **46,249** | **30,421** | **76,670** |
| Effects of contracts initially recognised in the period | *7.2,9* | **-** | **60,807** | **60,807** |
| | | **9,853** | **85,169** | **95,022** |
| **CSM as at 31 December** | *6* | **589,275** | **149,777** | **739,052** |

| Reinsurance contracts accepted | *Note* | 2023 €'000 Contracts measured under the modified retrospective transition approach | 2023 €'000 New contracts and contracts measured under the full retrospective approach | 2023 €'000 Total |
|---|---|---|---|---|
| **Insurance revenue** | | | | |
| CSM recognised for the services provided | *8.2* | **(1,175)** | **(153)** | **(1,328)** |
| **CSM as at 1 January** | *6* | **10,276** | **1,319** | **11,595** |
| Changes that relate to current service | | | | |
| CSM recognised for the services provided | | **(1,175)** | **(153)** | **(1,328)** |
| Changes that relate to future service | | | | |
| Changes in estimates that adjust the CSM | *8.2* | **(51)** | **70** | **20** |
| Effects of contracts initially recognised in the period | *8.2,9* | **-** | **1,052** | **1,052** |
| Insurance finance income or expenses (net) | *8.2* | **137** | **38** | **174** |
| | | **(1,089)** | **1,007** | **(82)** |
| **CSM as at 31 December** | *6* | **9,187** | **2,326** | **11,513** |

**3. Methods used and amounts determined on transition to IFRS 17** *(continued)*

**3.2 Insurance revenue and CSM by transition method** *(continued)*

| Insurance contracts issued | *Note* | 2022 €'000 Contracts measured under the modified retrospective transition approach | 2022 €'000 New contracts and contracts measured under the full retrospective approach | 2022 €'000 Total |
|---|---|---|---|---|
| Insurance revenue | | | | |
| CSM recognised for the services provided | *4* | 38,866 | 1,645 | 40,511 |
| CSM as at 1 January | | 506,311 | - | 506,311 |
| Changes that relate to current service | | | | |
| CSM recognised for the services provided | | (38,866) | (1,645) | (40,511) |
| Changes that relate to future service | | | | |
| Changes in estimates that adjust the CSM | *7.2* | 111,977 | 10,249 | 122,226 |
| Effects of contracts initially recognised in the period | *7.2,9* | - | 56,004 | 56,004 |
| | | 73,111 | 64,608 | 137,719 |
| CSM as at 31 December | *6* | 579,422 | 64,608 | 644,030 |

| Reinsurance contracts accepted | *Note* | 2022 €'000 Contracts measured under the modified retrospective transition approach | 2022 €'000 New contracts and contracts measured under the full retrospective transition approach | 2022 €'000 Total |
|---|---|---|---|---|
| Insurance revenue | | | | |
| CSM recognised for the services provided | *8.2* | (1,174) | (62) | (1,236) |
| CSM as at 1 January | | 9,581 | - | 9,581 |
| Changes that relate to current service | | | | |
| CSM recognised for the services provided | | (1,174) | (62) | (1,236) |
| Changes that relate to future service | | | | |
| Changes in estimates that adjust the CSM | *8.2* | 1,754 | 269 | 2,023 |
| Effects of contracts initially recognised in the period | *8.2,9* | - | 1,109 | 1,109 |
| Insurance finance income or expenses (net) | *8.2* | 115 | 3 | 118 |
| | | 695 | 1,319 | 2,014 |
| CSM as at 31 December | *6* | 10,276 | 1,319 | 11,595 |

### 4. Insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts for 2023 and 2022 is included in the following tables.

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Insurance revenue** | | | |
| Insurance revenue from contracts measured under the VFA | | | |
| Amounts relating to changes in the liability for remaining coverage | | | |
| Insurance service expenses incurred | | **131,266** | 129,841 |
| CSM recognised for services provided | | **42,455** | 40,511 |
| Change in the risk adjustment | | **18,344** | 15,032 |
| Recovery of insurance acquisition cash flows | | **2,555** | 2,177 |
| **Total insurance revenue** | | **194,620** | 187,561 |

| | | **2023** | 2022 |
|---|---|---|---|
| **Insurance service expenses** | | **€'000** | €'000 |
| Incurred claims | | **(705)** | (912) |
| Losses on onerous contracts | | **(757)** | (534) |
| Acquisition and administrative expenses | *14* | **(131,834)** | (117,662) |
| **Total insurance service expenses** | *7* | **(133,296)** | (119,108) |

| | | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Net expenses from reinsurance contracts held** | | | |
| Allocation of reinsurance premium | | **(2,504)** | (2,451) |
| Amounts recoverable from reinsurers for incurred claims | | **573** | 738 |
| **Total net expenses from reinsurance contracts held** | *8* | **(1,931)** | (1,713) |
| | | | |
| **Total insurance service result** | | **59,393** | 66,740 |

**5. Investment result**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Net investment income** | | | |
| Interest result | | | |
| Interest income | | **7,344** | 1,201 |
| Finance costs | | **(91)** | (1,143) |
| | | **7,253** | 58 |
| Valuation result | | | |
| Shared-based payment fair value changes | | **36** | (145) |
| Valuation result | *13* | **977,832** | (1,569,423) |
| | | **977,868** | (1,569,568) |
| Investment expenses | *14* | **(2,084)** | (1,289) |
| Net investment income recognised in P&L | | **983,037** | (1,570,799) |

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Net insurance finance (expenses)/income** | | **€'000** | €'000 |
| Finance (expenses)/income from insurance contracts issued | | | |
| Change in fair value of underlying items | | **(977,832)** | 1,569,423 |
| Experience adjustment cost result | | **680** | (11,307) |
| Finance (expenses)/income from insurance contracts issued recognised in P&L | *7* | **(977,152)** | 1,558,116 |

| | 2023 | 2022 |
|---|---|---|
| Finance (expenses)/income from reinsurance contracts held | **€'000** | €'000 |
| Interest expense | **62** | 62 |
| Effect of changes in interest rates and other finance income (expenses) (net) | **(449)** | 1,406 |
| | **(387)** | 1,468 |
| Finance income/(expenses) from reinsurance contracts held recognised in P&L | **133** | (23) |
| Finance (expenses)/income from reinsurance contracts held recognised in OCI | **(520)** | 1,491 |
| **Total investment result recognised in P&L** | **6,018** | (12,706) |
| **Total investment result recognised in OCI** | **(520)** | 1,491 |

**6. Insurance and reinsurance contract balances**

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Insurance contracts** | | | |
| **Contracts measured under the VFA** | | | |
| Present value of future cashflows | | **11,855,502** | 9,182,791 |
| Risk adjustment | | **169,631** | 149,295 |
| Contractual service margin | | **739,052** | 644,030 |
| Receivables | | **(14,373)** | (12,403) |
| Payables and deposits | | **33,281** | 40,060 |
| | *7* | **12,783,093** | 10,003,773 |

| | | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Reinsurance contracts** | | | |
| **Contracts measured under the BBA** | | | |
| Present value of future cashflows | | **(8,239)** | (7,780) |
| Risk adjustment | | **626** | 727 |
| Contractual service margin | | **11,513** | 11,595 |
| Receivables | | **470** | 926 |
| Payables and deposits | | **(269)** | (862) |
| | *8* | **4,101** | 4,606 |

**7. Movements in insurance contract liabilities**

The following tables analyse the movements in the insurance contract liabilities during the reporting period. The first set of tables analyses the movements in the liability for remaining coverage and liability for incurred claims. The second set analyses the movements of contracts measured under the VFA by measurement components.

**7.1 Analysis by remaining coverage and incurred claims**

| | | 2023 | 2023 | 2023 | 2023 |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| | | Liability for remaining coverage | | Liability for incurred claims | |
| | *Note* | Excluding loss component | Loss component | Contracts measured under VFA | Total |
| **Insurance contract liabilities as of 1 January** | *6* | 9,991,677 | 521 | 11,575 | 10,003,773 |
| **Insurance revenue** | *4* | (194,620) | - | - | (194,620) |
| **Insurance service expenses** | | | | | |
| Incurred claims and other incurred insurance service expenses | | (97,127) | - | 227,146 | 130,019 |
| Amortisation of insurance acquisition cash flows | *14* | 2,555 | - | - | 2,555 |
| Losses on onerous groups of contracts and reversals of such losses | | - | 722 | - | 722 |
| | *4* | (94,572) | 722 | 227,146 | 133,296 |
| **Investment component** | | (805,503) | - | 805,503 | - |
| **Cash flows in the period** | | | | | |
| Premiums received | | 2,919,014 | - | - | 2,919,014 |
| Insurance acquisition cash flows | *14* | (14,123) | - | - | (14,123) |
| Incurred claims paid and other insurance service expenses paid | | - | - | (1,032,649) | (1,032,649) |
| Receivables/(payables) | | (13,028) | - | 4,278 | (8,750) |
| | | 2,891,863 | - | (1,028,371) | 1,863,492 |
| **Finance income and expenses from insurance contracts (net)** | *5* | 977,152 | - | - | 977,152 |
| **Insurance contract liabilities as of 31 December** | *6* | 12,765,997 | 1,243 | 15,853 | 12,783,093 |

## Notes to the Financial Statements *(continued)*

### 7. Movements in insurance contract liabilities *(continued)*

### 7.1 Analysis by remaining coverage and incurred claims *(continued)*

| | *Note* | 2022 | 2022 | 2022 | 2022 |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| | | Liability for remaining coverage | | Liability for incurred claims | |
| | | Excluding loss component | Loss component | Contracts measured under VFA | Total |
| Insurance contract liabilities as of 1 January | | 10,282,573 | - | 34,585 | 10,317,158 |
| Insurance revenue | *4* | (187,561) | - | - | (187,561) |
| Insurance service expenses | | | | | |
| Incurred claims and other incurred insurance service expenses | | 246,904 | - | (130,494) | 116,410 |
| Amortisation of insurance acquisition cash flows | *14* | 2,177 | - | - | 2,177 |
| Losses on onerous groups of contracts and reversals of such losses | | - | 521 | - | 521 |
| | *4* | 249,081 | 521 | (130,494) | 119,108 |
| Investment component | | (881,076) | - | 881,076 | - |
| Cash flows in the period | | | | | |
| Premiums received | | 2,095,075 | - | - | 2,095,075 |
| Insurance acquisition cash flows | *14* | (12,187) | - | - | (12,187) |
| Incurred claims paid and other insurance service expenses paid | | - | - | (750,582) | (750,582) |
| Receivables/(payables) | | 3,888 | - | (23,010) | (19,122) |
| | | 2,086,776 | - | (773,592) | 1,313,184 |
| Finance income and expenses from insurance contracts (net) | *5* | (1,558,116) | - | - | (1,558,116) |
| Insurance contract liabilities as of 31 December | *6* | 9,991,677 | 521 | 11,575 | 10,003,773 |

**7. Movements in insurance contract liabilities** *(continued)*

**7.2 Analysis by measurement component – contracts measured under the VFA**

| | *Note* | **2023 €'000 Present value of future cash flows and Receivables/ (payables)** | **2023 €'000 Risk adjustment** | **2023 €'000 Contractual service margin** | **2023 €'000 Total** |
|---|---|---|---|---|---|
| **Insurance contract liabilities as of 1 January** | *6* | **9,210,448** | **149,295** | **644,030** | **10,003,773** |
| **Changes that relate to current service** | | | | | |
| CSM recognised for the services provided | *4* | **-** | **-** | **(42,455)** | **(42,455)** |
| Change in RA, that does not relate to future or past service | *4* | **-** | **(18,344)** | **-** | **(18,344)** |
| Experience adjustments | | **(491)** | **-** | **-** | **(491)** |
| | | **(491)** | **(18,344)** | **(42,455)** | **(61,290)** |
| **Changes that relate to future service** | | | | | |
| Changes in estimates that adjust CSM | | **(95,951)** | **19,281** | **76,670** | **-** |
| Changes in estimates that do not adjust CSM (losses on groups of onerous contracts and reversals of such losses) | | **722** | **-** | **-** | **722** |
| Effects of contracts initially recognised in the period | *9* | **(80,206)** | **19,399** | **60,807** | **-** |
| | | **(175,435)** | **38,680** | **137,477** | **722** |
| **Cash flows in the period** | | | | | |
| Premiums received for insurance contracts issued | | **2,919,014** | **-** | **-** | **2,919,014** |
| Insurance acquisition cash flows | | **(14,123)** | **-** | **-** | **(14,123)** |
| Incurred claims paid and other insurance service expenses paid, including Investment component | | **(1,032,649)** | **-** | **-** | **(1,032,649)** |
| Receivables/(payables) | | **(8,750)** | **-** | **-** | **(8,750)** |
| | | **1,863,492** | **-** | **-** | **1,863,492** |
| **Finance income and expenses from insurance contracts (net)** | *5* | **977,152** | **-** | **-** | **977,152** |
| **Other changes** | | **(756)** | **-** | **-** | **(756)** |
| **Insurance contract liabilities as of 31 December** | *6* | **11,874,410** | **169,631** | **739,052** | **12,783,093** |

## 7. Movements in insurance contract liabilities *(continued)*

### 7.2 Analysis by measurement component - contracts measured under the VFA *(continued)*

| | Note | 2022<br>€'000<br>Present value of future cash flows and Receivables/ Payables | 2022<br>€'000<br>Risk adjustment | 2022<br>€'000<br>Contractual service margin | 2022<br>€'000<br>Total |
|---|---|---|---|---|---|
| Insurance contract liabilities as of 1 January | | 9,712,636 | 98,211 | 506,311 | 10,317,158 |
| Changes that relate to current service | | | | | |
| CSM recognised for the services provided | *4* | - | - | (40,511) | (40,511) |
| Change in RA, that does not relate to future or past service | *4* | - | (15,032) | - | (15,032) |
| Experience adjustments | | (12,897) | - | - | (12,897) |
| | | (12,897) | (15,032) | (40,511) | (68,440) |
| Changes that relate to future service | | | | | |
| Changes in estimates that adjust CSM | | (172,852) | 50,626 | 122,226 | - |
| Changes in estimates that do not adjust CSM (losses on groups of onerous contracts and reversals of such losses) | | 521 | - | - | 521 |
| Effects of contracts initially recognised in the period | *9* | (71,494) | 15,490 | 56,004 | - |
| | | (243,825) | 66,116 | 178,230 | 521 |
| Cash flows in the period | | | | | |
| Premiums received for insurance contracts issued | | 2,095,075 | - | - | 2,095,075 |
| Insurance acquisition cash flows | | (12,187) | - | - | (12,187) |
| Incurred claims paid and other insurance service expenses paid, including Investment component | | (750,582) | - | - | (750,582) |
| Receivables/(payables) | | (19,123) | - | - | (19,123) |
| | | 1,313,183 | - | - | 1,313,183 |
| Finance income and expenses from insurance contracts (net) | *5* | (1,558,116) | - | - | (1,558,116) |
| Other changes | | (533) | - | - | (533) |
| Insurance contract liabilities as of 31 December | *6* | 9,210,448 | 149,295 | 644,030 | 10,003,773 |

## 8. Movements in reinsurance contract assets

The following tables analyses the movements in the reinsurance contract assets during the reporting period. The first set of tables analyses the movements in the asset for remaining coverage and asset for incurred claims. The second set analyses the movements of contracts measured under the BBA by measurement components.

**8.1 Analysis by remaining coverage and incurred claims**

| | | 2023 | 2023 | 2023 | 2023 |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| | | Asset for remaining coverage | | Asset for incurred claims | |
| | *Note* | Excluding loss component | Loss recovery component | Contracts measured under BBA | Total |
| **Reinsurance contract assets as of 1 January** | *6* | **4,606** | **-** | **-** | **4,606** |
| **Allocation of reinsurance premium** | | **(2,504)** | **-** | **-** | **(2,504)** |
| **Amounts recoverable from reinsurers** | | | | | |
| Incurred claims recovered and other expenses recovered | | **-** | **-** | **573** | **573** |
| | *4* | **(2,504)** | **-** | **573** | **(1,931)** |
| **Cash flows in the period** | | | | | |
| Premiums paid, including amounts held in deposits | | **2,250** | **-** | **-** | **2,250** |
| Amounts received | | **-** | **-** | **(573)** | **(573)** |
| Receivables/(payables) | | **136** | **-** | **-** | **136** |
| | | **2,386** | **-** | **(573)** | **1,813** |
| **Finance income and expenses from reinsurance contracts (net)** | *5* | **(387)** | **-** | **-** | **(387)** |
| **Reinsurance contract assets as of 31 December** | *6* | **4,101** | **-** | **-** | **4,101** |

## 8. Movements in reinsurance contract assets *(continued)*

### 8.1 Analysis by remaining coverage and incurred claims *(continued)*

| | | 2022 | 2022 | 2022 | 2022 |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| | | Asset for remaining coverage | | Asset for incurred claims | |
| | *Note* | Excluding loss component | Loss recovery component | Contracts measured under BBA | Total |
| Reinsurance contract assets as of 1 January | | 3,313 | - | - | 3,313 |
| Allocation of reinsurance premium | *4* | (2,451) | - | - | (2,451) |
| Amounts recoverable from reinsurers | | | | | |
| Incurred claims recovered and other expenses recovered | | - | - | 738 | 738 |
| | *4* | (2,451) | - | 738 | (1,713) |
| Investment component | | | | | |
| Cash flows in the period | | | | | |
| Premiums paid, including amounts held in deposits | | 2,080 | - | - | 2,080 |
| Amounts received | | - | - | (738) | (738) |
| Receivables/(payables) | | 196 | - | - | 196 |
| | | 2,276 | - | (738) | 1,538 |
| Finance income and expenses from reinsurance contracts (net) | *5* | 1,468 | - | - | 1,468 |
| Reinsurance contract assets as of 31 December | *6* | 4,606 | - | - | 4,606 |

## 8. Movements in reinsurance contract assets *(continued)*

### 8.2 Analysis by measurement component – contracts measured under the BBA

| | *Note* | 2023<br>€'000<br>Present value of future cash flows and Receivables/ (payables) | 2023<br>€'000<br>Risk adjustment | 2023<br>€'000<br>Contractual service margin | 2023<br>€'000<br>Total |
|---|---|---|---|---|---|
| **Reinsurance contract assets as of 1 January** | *6* | **(7,716)** | **727** | **11,595** | **4,606** |
| **Changes that relate to current service** | | | | | |
| CSM recognised for the services provided | | **-** | **-** | **(1,328)** | **(1,328)** |
| Change in RA, that does not relate to future or past service | | **-** | **(53)** | **-** | **(53)** |
| Experience adjustments | | **(550)** | **-** | **-** | **(550)** |
| | *4* | **(550)** | **(53)** | **(1,328)** | **(1,931)** |
| **Changes that relate to future service** | | | | | |
| Changes in estimates that adjust CSM | | **153** | **(173)** | **20** | **-** |
| Effects of contracts initially recognised in the period | *9* | **(1,134)** | **82** | **1,052** | **-** |
| | | **(981)** | **(91)** | **1,072** | **-** |
| **Cash flows in the period** | | | | | |
| Premiums paid | | **2,250** | **-** | **-** | **2,250** |
| Amounts received | | **(573)** | **-** | **-** | **(573)** |
| Receivables/(payables) | | **136** | **-** | **-** | **136** |
| | | **1,813** | **-** | **-** | **1,813** |
| **Finance income and expenses from insurance contracts (net)** | *5* | **(604)** | **43** | **174** | **(387)** |
| **Reinsurance contract assets as of 31 December** | *6* | **(8,038)** | **626** | **11,513** | **4,101** |

**8. Movements in reinsurance contract assets** *(continued)*

**8.2 Analysis by measurement component – contracts measured under the BBA** *(continued)*

| | *Note* | 2022<br>€'000<br>Present value of future cash flows and Receivables/ (payables) | 2022<br>€'000<br>Risk adjustment | 2022<br>€'000<br>Contractual service margin | 2022<br>€'000<br>Total |
|---|---|---|---|---|---|
| Reinsurance contract assets as of 1 January | | (7,106) | 838 | 9,581 | 3,313 |
| Changes that relate to current service | | | | | |
| CSM recognised for the services provided | | - | - | (1,236) | (1,236) |
| Change in RA, that does not relate to future or past service | | - | (87) | - | (87) |
| Experience adjustments | | (390) | - | - | (390) |
| | *4* | (390) | (87) | (1,236) | (1,713) |
| Changes that relate to future service | | | | | |
| Changes in estimates that adjust CSM | | (1,996) | (27) | 2,023 | - |
| Effects of contracts initially recognised in the period | *9* | (1,225) | 116 | 1,109 | - |
| | | (3,221) | 89 | 3,132 | - |
| Cash flows in the period | | | | | |
| Premiums paid | | 2,080 | - | - | 2,080 |
| Amounts received | | (738) | - | - | (738) |
| Receivables/(payables) | | 196 | - | - | 196 |
| | | 1,538 | - | - | 1,538 |
| Finance income and expenses from insurance contracts (net) | *5* | 1,463 | (113) | 118 | 1,468 |
| Reinsurance contract assets as of 31 December | *6* | (7,716) | 727 | 11,595 | 4,606 |

## 9. Impact of contracts recognised in the year

The effects on the measurement components arising from contracts initially recognised in the period which are measured under the VFA and BBA are summarised in the following tables.

**Insurance contracts initially recognised in the period**

| | **2023** | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| **Present value of future cash flows** | | |
| Present value of future cash outflows | | |
| Claims and other insurance expenses payable | **(3,076,504)** | (2,472,039) |
| Insurance acquisition cash flows | **(9,472)** | (7,956) |
| | **(3,085,976)** | (2,479,996) |
| Present value of future cash inflows | **3,166,182** | 2,551,490 |
| Net present value of future cash flows | **80,206** | 71,494 |
| **Risk adjustment** | **(19,399)** | (15,490) |
| **Contractual service margin** | **(60,807)** | (56,004) |
| | **-** | - |

| **Reinsurance contracts initially recognised in the period** | **2023** | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| **Present value of future cash flows** | | |
| Present value of future cash outflows | **1,265** | 1,525 |
| Present value of future cash inflows | **(2,399)** | (2,750) |
| Net present value of future cash flows | **(1,134)** | **(1,225)** |
| **Risk adjustment** | **82** | 116 |
| **Contractual service margin** | **1,052** | 1,109 |
| | **-** | - |

## 10. Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in future Statements of Profit and Loss is provided in the following table. The pattern of recognition does not contain unwinding of valuation rates and expected over-return of assets for contracts measured using the VFA. Furthermore, the future CSM release will also include amounts related to new contracts written in future periods. Consequently, the CSM release should not be interpreted as the CSM release expected for future periods.

| **Number of years until expected to be recognised** | *Note* | **Total CSM for insurance contracts** | **Total CSM for reinsurance contracts** |
|---|---|---|---|
| **As at 31 December 2023** | | **42,455** | **(1,328)** |
| **1** | | **44,451** | **(1,302)** |
| **2** | | **43,316** | **(1,196)** |
| **3** | | **41,755** | **(1,093)** |
| **4** | | **40,215** | **(992)** |
| **5** | | **38,798** | **(898)** |
| **6- 10** | | **174,238** | **(3,233)** |
| **11 - 20** | | **234,561** | **(2,303)** |
| **>20** | | **121,718** | **(496)** |
| **Total** | | **781,507** | **(12,841)** |
| **CSM recognised for services provided** | *7,8* | **(42,455)** | **1,328** |
| **CSM as at 31 December 2023** | *6* | **739,052** | **(11,513)** |

**10. Expected recognition of the contractual service margin** *(continued)*

| Number of years until expected to be recognised | *Note* | Total CSM for insurance contracts | Total CSM for reinsurance contracts |
|---|---|---|---|
| As at 31 December 2022 | | 40,511 | (1,236) |
| 1 | | 38,296 | (1,232) |
| 2 | | 37,859 | (1,159) |
| 3 | | 37,277 | (1,076) |
| 4 | | 36,474 | (994) |
| 5 | | 35,642 | (912) |
| 6- 10 | | 163,008 | (3,388) |
| 11 - 20 | | 204,796 | (2,384) |
| >20 | | 90,678 | (450) |
| Total | | 684,541 | (12,831) |
| CSM recognised for services provided | *7,8* | (40,511) | 1,236 |
| CSM as at 31 December 2022 | *6* | 644,030 | (11,595) |

**11. Net result from investment contracts**

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| Valuation result | *13* | **1,087,020** | (2,087,964) |
| Fee and commission income | *12* | **221,336** | 229,366 |
| Total income / (expenses) | | **1,308,356** | (1,858,598) |
| Change in investment contract liabilities | *25* | **(1,087,020)** | 2,087,964 |
| Expenses attributed to investment contracts | *14* | **(171,519)** | (174,807) |
| Claims and benefits incurred | | **(1,533)** | (1,713) |
| | | **(1,260,072)** | 1,911,444 |
| | | **48,284** | **52,846** |

For the financial year ended 31 December 2023, premium income of €932m (2022: €1,316m) relates to investment contracts and are not included in the "Net result from investment contracts" in the Statement of Profit and Loss, in accordance with IFRS 9 (See Note 25 "Investment contract liabilities").

## 12. Fee and commission income

**Fees and commission income**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | €'000 | €'000 |
| Management fee income | | 212,930 | 222,824 |
| Income from other policy charges | | 4,347 | 3,917 |
| Movement in deferred income | 26 | 4,059 | 2,625 |
| | | 221,336 | 229,366 |

## 13. Valuation result

The following investment returns relate to insurance contracts included in the "Valuation Result" and investment contracts that are not included in the "Net result from investment contracts" in the Statement of Profit and Loss, in accordance with IFRS 9 (See Note 25 "Investment contract liabilities").

| | Note | 2023 | 2023 | 2023 |
|---|---|---|---|---|
| | | €'000 | €'000 | €'000 |
| | | Assets underlying insurance contracts | Assets underlying investment contracts | Total |
| **Policyholder investment return** | | | | |
| Investment income from equities | | 806 | 904 | 1,710 |
| Interest income from fixed income securities | | 6,923 | 11,814 | 18,737 |
| Investment income from collective investment funds | | 1,464 | 2,308 | 3,772 |
| Income from other financial assets | | 8,973 | 13,235 | 22,208 |
| Fund expenses borne by policyholder | | (2,131) | (3,578) | (5,709) |
| Net realised losses on financial assets | | (64,865) | (67,835) | (132,700) |
| Net unrealised gains on financial assets | | 1,026,662 | 1,130,172 | 2,156,834 |
| | 5,25 | 977,832 | 1,087,020 | 2,064,852 |

**13. Valuation result** *(continued)*

| | | 2022 | 2022 | 2022 |
|---|---|---|---|---|
| | | €'000 | €'000 | €'000 |
| | | Assets underlying insurance contracts | Assets underlying investment contracts | Total |
| Policyholder investment return | | | | |
| Investment income from equities | | 690 | 881 | 1,571 |
| Interest income from fixed income securities | | 382 | 6,472 | 6,854 |
| Investment income from collective investment funds | | 1,149 | 3,690 | 4,839 |
| Income from other financial assets | | 3,456 | 7,019 | 10,475 |
| Fund expenses borne by policyholder | | (1,680) | (2,993) | (4,673) |
| Net realised losses on financial assets | | (22,727) | (113,130) | (135,857) |
| Net unrealised losses on financial assets | | (1,550,693) | (1,989,903) | (3,540,596) |
| | *5,25* | (1,569,423) | (2,087,964) | (3,657,387) |

**14. Acquisition and administration expenses**

An analysis of expenses incurred by the Company in 2023 is included in the table below:

| | | Insurance contracts | | | Investment contracts | |
|---|---|---|---|---|---|---|
| | | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| **2023** | *Note* | **Expenses attributed to insurance acquisition cash flows** | **Investment expenses** | **Non-insurance related acquisition and administration expenses** | **Expenses attributed to investment contract cash flows** | **Total** |
| Acquisition costs | | **10,238** | **-** | **-** | **6,824** | **17,062** |
| Amortisation of insurance acquisition cash flows | *7* | **2,555** | **-** | **-** | **-** | **2,555** |
| Capitalisation of insurance acquisition cash flows | *7* | **(14,123)** | **-** | **-** | **-** | **(14,123)** |
| Change in deferred acquisition costs - investment | *18* | **-** | **-** | **-** | **10,285** | **10,285** |
| Loyalty Bonus expense | | **-** | **-** | **-** | **(22)** | **(22)** |
| Administration expenses | | **133,164** | **2,084** | **8,800** | **154,432** | **298,480** |
| | *4,11* | **131,834** | **2,084** | **8,800** | **171,519** | **314,237** |

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

€131.8m (2022: €117.7m) are included in Insurance service expenses in the Statement of Profit and Loss. €171.5m (2022: €174.8m) attributable and non-attributable expenses relating to investment contracts are included within Net result from investment contracts. €8.8m (2022: €2.1m) non-insurance related acquisition and administrative expenses are not directly attributable to fulfilling insurance contracts.

## 14. Acquisition and administration expenses *(continued)*

Administration expenses of €298.5m is further comprised of the following:

**Administration expenses**

| | Insurance contracts | | | Investment contracts | |
|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| **2023** | **Expenses attributed to insurance contracts cash flows** | **Investment expenses** | **Non-insurance related acquisition and administration expenses** | **Expenses attributed to investment contracts cash flows** | **Total** |
| Commission expenses - ongoing | **122,225** | **-** | **-** | **131,198** | **253,423** |
| *Operating expenses* | | | | | |
| Wages and salaries | **1,532** | **-** | **1,022** | **2,427** | **4,981** |
| Social welfare costs | **157** | **-** | **104** | **247** | **508** |
| Pension costs | **104** | **-** | **70** | **166** | **340** |
| Other administration expenses | **8,968** | **-** | **7,604** | **17,084** | **33,656** |
| Depreciation of right-of-use asset | **178** | **-** | **-** | **165** | **343** |
| Investment management fees and expenses | **-** | **2,084** | **-** | **3,145** | **5,229** |
| | **133,164** | **2,084** | **8,800** | **154,432** | **298,480** |

An analysis of expenses incurred by the Company in 2022 is included in the table below:

| | | Insurance contracts | | | Investment contracts | |
|---|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 | €'000 |
| 2022 | *Note* | Expenses attributed to insurance acquisition cash flows | Investment expenses | Non-insurance related acquisition and administration expenses | Expenses attributed to investment contract cash flows | Total |
| Acquisition costs | | 9,037 | - | - | 9,101 | 18,138 |
| Amortisation of insurance acquisition cash flows | *7* | 2,177 | - | - | - | 2,177 |
| Capitalisation of insurance acquisition cash flows | *7* | (12,187) | - | - | - | (12,187) |
| Change in deferred acquisition costs - investment | *18* | - | - | - | 6,948 | 6,948 |
| Loyalty Bonus expense | | - | - | - | (1,466) | (1,466) |
| Administration expenses | | 118,635 | 1,289 | 2,060 | 160,224 | 282,208 |
| | *4,11* | 117,662 | 1,289 | 2,060 | 174,807 | 295,818 |

**14. Acquisition and administration expenses** *(continued)*

Administration expenses of €282.2m is further comprised of the following:

| | Insurance contracts | | | Investment contracts | |
|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 |
| 2022 | Expenses attributed to insurance acquisition cash flows | Investment expenses | Non-insurance related acquisition and administration expenses | Expenses attributed to investment contract cash flows | Total |
| Commission expenses - ongoing | 109,715 | - | - | 142,581 | 252,296 |
| *Operating expenses* | | | | | |
| Wages and salaries | 1,214 | - | 826 | 2,629 | 4,669 |
| Social welfare costs | 139 | - | 95 | 301 | 535 |
| Pension costs | 79 | - | 54 | 172 | 305 |
| Other administration expenses | 7,431 | - | 1,085 | 10,542 | 19,058 |
| Depreciation of right-of-use asset | 57 | - | - | 73 | 130 |
| Investment management fees and expenses | - | 1,289 | - | 3,926 | 5,215 |
| | 118,635 | 1,289 | 2,060 | 160,224 | 282,208 |

Included in the administration expenses are the following:

| **Auditor's remuneration** (excluding VAT) | **2023** | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| Audit of statutory financial statements | **115** | 114 |
| Audit of statutory financial statements - IFRS 17-related procedures | **172** | 207 |
| Other assurance services | **45** | 45 |
| | **332** | 366 |

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

| | **2023** | 2022 |
|---|---|---|
| ***Directors' emoluments*** | **€'000** | €'000 |
| Salaries and related benefits | **658** | 724 |
| Fees as directors | **339** | 356 |
| | **997** | 1,080 |

| **The average number of employees during the period was as follow:** | **2023** | 2022 |
|---|---|---|
| | **Number** | Number |
| Administration | **49** | 43 |
| Finance | **7** | 8 |
| | **56** | 51 |

### 15. Finance costs

| | 2023 | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| Finance charges for IFRS 16 - Lease liabilities | **90** | 22 |

### 16. Taxation

| | 2023 | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| Current tax expense | **13,975** | 10,830 |
| Deferred tax (income)/expense | **(395)** | 2,286 |
| **Total income tax expenses** | **13,580** | 13,116 |

| **Reconciliation of effective tax charge** | 2023 | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| Profit before taxation, as previously reported* | - | 86,532 |
| Profit before taxation | **104,895** | - |
| **Taxable profit** | **104,895** | 86,532 |
| Corporation tax at the standard rate of 12.5% (2022: 12.5%) | **13,112** | 10,816 |
| *Effects of* | | |
| Capital allowances | **14** | (12) |
| Disallowed and capital items expenses | **(26)** | (49) |
| Disallowed expense | **875** | 75 |
| **Current tax expense recognised in P&L** | **13,975** | 10,830 |

| **Deferred income tax liabilities/(assets)** | 2023 | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| Balance at 1 January | **2,111** | (361) |
| Deferred tax (income)/expense recognised in P&L | **(395)** | 2,286 |
| Movement during the year recognised in Equity | **(65)** | 186 |
| **Balance at 31 December** | **1,651** | 2,111 |

*Current tax in the previous year was calculated based on IFRS 4.

### 17. 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 0.60% (2022:0.45%) 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 six 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 or this unrecovered balance may be carried forward 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 2023 this was 150bps (2022: 160bps) 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 €132.4m in 2023 (2022:€115.2m). For the end of 2023 the €28m (2022: €54m) amount unrecovered from before 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.

Movement of the Advance Payment of Italian Policyholders' Tax is set out below:

| | **2023** | 2022 |
|---|---|---|
| **Asset** | **€'000** | €'000 |
| **Balance at 1 January** | **377,671** | 393,035 |
| Recoveries in respect of the financial year | **(11,905)** | (15,527) |
| Offset from other taxes* | **(2,616)** | - |
| Over provision in respect of prior period | - | 163 |
| **Balance at 31 December** | **363,150** | 377,671 |

| | **2023** | 2022 |
|---|---|---|
| **Liability** | **€'000** | €'000 |
| **Balance at 1 January** | - | 94,611 |
| Paid during the financial year | - | (94,611) |
| **Balance at 31 December** | - | - |

*In 2023, an offset of stamp duty payable was permitted by the Italian Revenue against the Italian Policyholders' Tax asset.

## 18. Deferred acquisition costs

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Balance at 1 January** | | **58,043** | 65,090 |
| Acquisition costs incurred in the financial year | | **6,015** | 10,057 |
| Amortisation incurred in the financial year | | **(16,300)** | (17,005) |
| Change in deferred acquisition costs reflected in the Statement of Profit and Loss | *14* | **(10,285)** | (6,948) |
| Transformation to insurance contracts | | **(247)** | (99) |
| **Balance at 31 December** | | **47,511** | 58,043 |

Change in deferred acquisition costs relating to investment contracts is reflected within Net result from investment contracts.

## 19. Investments at Fair value through Profit or loss

The composition of underlying items for insurance contracts with direct participation features and investment contracts without direct participation features and their fair values are disclosed in the following table:

| | **2023** | **2023** | **2023** |
|---|---|---|---|
| | **€'000** | **€'000** | **€'000** |
| **Policyholder financial assets** | **Unit-linked insurance contracts** | **Unit-linked investment contracts without DPF** | **Total** |
| **Equities** | **37,909** | **40,062** | **77,971** |
| **Fixed Income Securities** | **577,568** | **799,747** | **1,377,315** |
| **Collective Investment Schemes** | **11,956,028** | **11,902,112** | **23,858,140** |
| **Derivative Instruments** | **459** | **11,762** | **12,221** |
| **Cash, Cash Equivalents and Others** | **208,465** | **110,818** | **319,283** |
| | **12,780,429** | **12,864,501** | **25,644,930** |

| | 2022 | 2022 | 2022 |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| Policyholder financial assets | Unit-linked insurance contracts | Unit-linked investment contracts without DPF | Total |
| Equities | 33,289 | 42,119 | 75,408 |
| Fixed Income Securities | 44,797 | 564,937 | 609,734 |
| Collective Investment Schemes | 9,763,219 | 12,073,106 | 21,836,324 |
| Derivative Instruments | (998) | (20,100) | (21,098) |
| Cash, Cash Equivalents and Others | 137,201 | 184,880 | 322,080 |
| | 9,977,507 | 12,844,941 | 22,822,448 |

## 19. Investments at Fair value through Profit or loss *(continued)*

| **Shareholder financial assets** | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Investments at fair value through profit or loss** | | | |
| Performance Restricted Stock Units | *33* | **752** | 622 |
| | | **752** | 622 |

## 20. Other receivables

| | **2023** | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| **Amounts falling due within one year** | | |
| Management fees receivable from the investment funds | **20,136** | 19,214 |
| Other | **6,725** | 10,618 |
| Prepayments | **690** | 3,410 |
| | **27,551** | 33,242 |

## 21. 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 2023, by the level in the fair value hierarchy into which the fair value measurements is categorised:

| **Financial assets as at 31 December 2023** | **Total fair value** | **Level 1** | **Level 2** |
|---|---|---|---|
| | **€'000** | **€'000** | **€'000** |
| **Shareholder financial assets** | **752** | **-** | **752** |
| Investments at fair value through profit or loss | 752 | - | 752 |
| **Policyholder financial assets** | **25,644,930** | **25,103,676** | **541,254** |
| Equities | 77,971 | 77,971 | - |
| Fixed income securities | 1,377,315 | 1,377,315 | - |
| Collective Investment Schemes | 23,858,140 | 23,316,886 | 541,254 |
| Derivative Instruments | 12,221 | 12,221 | - |
| Deposit, Cash and Cash Equivalents and Others | 319,283 | 319,283 | - |
| **Total Financial Assets** | **25,645,682** | **25,103,676** | **542,006** |

| **Financial liabilities as at 31 December 2023** | **Total fair value** | **Level 1** | **Level 2** |
|---|---|---|---|
| | **€'000** | **€'000** | **€'000** |
| **Investment contract liabilities** | **12,864,501** | **-** | **12,864,501** |
| **Total Financial Liabilities** | **12,864,501** | **-** | **12,864,501** |

## 21. Fair value disclosures *(continued)*

| 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 |
| Investment contract liabilities | 12,844,941 | - | 12,844,941 |
| Total Financial Liabilities | 12,844,941 | - | 12,844,941 |

There were no transfers between levels in 2023 and 2022.
There were no Level 3 assets at 31 December 2023 (2022: €Nil).

Included within the Policyholder financial assets are the assets underlying the insurance contracts of €12,780m (2022: €9,977m) with the corresponding insurance liabilities measured under IFRS 17 of €12,783m (2022: €10,004m). 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 €363,150k (fair value: €350,063k) (2022: €377,671k) (fair value: €350,889k ).

## 22. Called up share capital

| | **2023** | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| *Authorised:* | | |
| 5,000,000 (2022: 5,000,000) ordinary shares of €1 each | **5,000** | 5,000 |
| Issued | | |
| 5,000,000 (2022: 5,000,000) ordinary shares of €1 each | **5,000** | 5,000 |

### 23. Capital contributions

The Company received no capital contributions during the year (2022: €Nil).

During the year ended 31 December 2023, the Company has paid dividends of €165m (2022: €60m) to the immediate parent Allianz S.p.A in respect of the financial year ended 31 December 2023.

### 24. Capital position statement (Unaudited)

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 2023, 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 153% of SCR as at 31 December 2023 (2022: 178%). 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.

### 25. Investment contract liabilities

Net change in investment contract liabilities of €19.6m (2022: (€2,234m)) is comprised of the following:

| | | **2023** | 2022 |
|---|---|---|---|
| | *Note* | **€'000** | €'000 |
| **Balance at 1 January** | | **12,844,941** | 15,078,905 |
| Premiums collected | | **932,418** | 1,315,925 |
| Change in investment contract liabilities | *13* | **1,087,020** | (2,087,964) |
| Claims paid | | **(1,321,888)** | (1,136,915) |
| Fees paid by the unit funds | | **(217,996)** | (228,910) |
| Sales inducements & Bonus Builder | | **4,790** | 7,026 |
| Transformation to insurance contracts | | **(464,784)** | (103,126) |
| **Balance at 31 December** | | **12,864,501** | 12,844,941 |

### 26. Deferred income

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| **Balance at 1 January** | | **19,292** | 22,078 |
| Movement during the year | *12* | **(4,059)** | (2,625) |
| Transformation to insurance contracts | | **(247)** | (161) |
| **Balance at 31 December** | | **14,986** | 19,292 |

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 €11.0m (2022: €14.6m).

### 27. Creditors and other payables

| | *Note* | **2023** | 2022 |
|---|---|---|---|
| | | **€'000** | €'000 |
| ***Amounts falling due within one year*** | | | |
| Claims payable - investment contracts | | **51,555** | 48,068 |
| Premium deposits | | **8,724** | 12,141 |
| Amounts due to group companies | *30* | **4,055** | 4,347 |
| Loyalty bonus payable to policyholders | | **1,387** | 1,426 |
| Provision for share based scheme | *33* | **530** | 428 |
| Value Added Tax | | **222** | 137 |
| Social welfare / PAYE | | **149** | 139 |
| Derivatives related payable | | **-** | 556 |
| Other creditors, accruals and provisions | | **10,349** | 2,589 |
| | | **76,971** | 69,831 |

Amounts due to group companies are principally in respect of initial and ongoing commissions and investment management fees.
Other creditors and accruals include a provision payable to Italian fiscal authorities.

**28. Leases**

| | **2023** | 2022 |
|---|---|---|
| **Right-of-use asset - PPE** | **€'000** | €'000 |
| Gross Acquisition Cost | **8,200** | 8,200 |
| Accumulated Depreciation | **(1,803)** | (1,461) |
| Reduction* | **(1,768)** | (1,768) |
| **Balance at 31 December** | **4,629** | 4,971 |

| | **2023** | 2022 |
|---|---|---|
| **Lease Liability** | **€'000** | €'000 |
| **Current:** Within one year | **318** | 310 |
| **Non-current** | | |
| One to five years | **1,341** | 1,315 |
| Over five years | **3,190** | 3,534 |
| | **4,531** | 4,849 |
| **Balance at 31 December** | **4,849** | 5,159 |

| | **2023** | 2022 |
|---|---|---|
| **Interest Expenses relating to leases** | **€'000** | €'000 |
| Within one year | **85** | 90 |
| One to five years | **280** | 303 |
| Over five years | **253** | 313 |
| | **618** | 706 |

* 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.

**29. 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.

**30. 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, support for the calculation of Risk capital, 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 and
- The Company has reinsurance agreement with Allianz Re.

**Transactions with Directors**

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

| | **2023** | 2022 |
|---|---|---|
| ***Directors' emoluments*** | **€'000** | €'000 |
| Salaries and related benefits | **658** | 724 |
| Fees as directors | **339** | 356 |
| | **997** | 1,080 |

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:

| | **2023** | 2022 |
|---|---|---|
| | **€'000** | €'000 |
| Salaries and related benefits | **1,403** | 1,465 |

**30. Related party transactions** *(continued)*

**Transactions with other related parties:**

| Name of the Company | Relationship | (Payable) at 1 January 2023 | Expense payable by the Company | Income receivable by the Company | Payments/ (receipts) | Receivable/ (Payable) at 31 December 2023 |
|---|---|---|---|---|---|---|
| | | **€'000** | **€'000** | **€'000** | **€'000** | **€'000** |
| Allianz SE | parent | (535) | (1,982) | 6,417 | (3,900) | - |
| Allianz S.p.A. | parent | (324) | (228) | - | 332 | **(220)** |
| Allianz Bank Financial Advisors S.p.A. | group | (1,908) | (264,270) | 607 | 263,414 | **(2,157)** |
| Allianz Global Investors GmbH | group | (426) | (2,212) | - | 1,928 | **(710)** |
| Allianz Global Life dac | group | (408) | (1,744) | 1,116 | 978 | **(58)** |
| Allianz Ireland p.l.c. | group | - | (261) | - | 261 | - |
| Allianz Technology SE | group | (237) | (1,438) | - | 1,467 | **(208)** |
| Investitori SGR S.p.A. | group | (342) | (1,709) | - | 1,492 | **(559)** |
| Metafinanz Informationssysteme GmbH | group | - | (159) | - | 159 | - |
| PIMCO Europe Limited | group | (167) | (612) | - | 636 | **(143)** |
| Allianz Re | group | - | (281) | 285 | 210 | **214** |

€21,385m (2022: €18,504m) of the €25,645m (2022: €22,822m) 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 €1,627m gain (2022: €2,989m loss). €8.6m (2022: €25.7m) of the shareholders' cash and cash equivalents at year end were managed by Allianz Bank Financial Advisors S.p.A. and a further €148.2m (2022: €164.3m) was managed through an inter-company cash-pool agreement with Allianz SE.

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, Switzerland, Italy and France.

**31. Disclosure of interests in unconsolidated structured entities**

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

| Country | Value of Total CIS 31 December 2023 | Value of Total CIS 31 December 2022 |
|---|---|---|
| | **€'000** | €'000 |
| Luxembourg | **16,033,420** | 14,791,869 |
| Ireland | **6,775,826** | 5,461,900 |
| Switzerland | **473,220** | 429,098 |
| Italy | **306,117** | 926,095 |
| France | **267,987** | 219,133 |
| Other | **1,570** | 8,229 |
| **Total CIS** | **23,858,140** | 21,836,324 |

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 2023:

| Geographical Region (Unaudited) | Percentage of underlying CIS on look through basis | Value of underlying CIS on look through basis |
|---|---|---|
| | **%** | **€'000** |
| Europe | 43.3% | 10,315,010 |
| North America | 36.7% | 8,769,500 |
| Asia | 9.3% | 2,221,963 |
| United Kingdom | 7.1% | 1,693,532 |
| South America | 1.0% | 232,915 |
| Australia | 0.7% | 158,082 |
| Central America | 0.6% | 136,171 |
| Middle East | 0.5% | 122,847 |
| Africa | 0.4% | 99,877 |
| Cayman Islands | 0.3% | 74,337 |
| Other | 0.1% | 33,906 |
| **Total CIS – Policyholder** | **100%** | **23,858,140** |

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 €23,858m (2022: €21,836m ) 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 (2022: €Nil).

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

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 2023 were €25,645m of which €23,858m were made up of CIS. At 31 December 2023 €21,385m (2022: €18,504m) 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.

**32. Subsequent events**

There were no other events subsequent to the year-end which require disclosure in or adjustment to these financial statements.

**33. Share based payments**

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

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

The fair value of the Performance RSUs (equal to the market price of one Allianz SE share less expected future dividends) is expensed over the period that the employees 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 2023 is €264k (2022: €108k).

The amount included in the investment return is €173k gain (2022: €67.5k). The liability recorded in the financial statements in respect of the Performance RSUs as at 31 December 2023 was €530k (31 December 2022: €428k).

The number of Performance 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, 682 RSUs (2022: 1,069) were allocated to employees of the Company for 2023.

**34. Contingencies**

There were no contingent liabilities at 31 December 2023 (2022: €Nil).

**35. Approval of financial statements**

The Board of Directors approved these financial statements on 13 March 2024.