



Allianz
Darta Saving

DARTA SAVING LIFE ASSURANCE DAC
(trading as ALLIANZ DARTA SAVING)

SOLVENCY AND FINANCIAL CONDITION
REPORT

COVERING THE PERIOD 1 JANUARY 2023 TO 31 DECEMBER 2023

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Overview

This report has been prepared in accordance with the requirements set out in Regulations 34, 52, 55 to 57, 255 and 258 of Statutory Instrument 485 of 2015, the European Union (Insurance and Reinsurance) Regulations 2015¹ (“The 2015 Regulations”)² and Articles 290 to 298, 305 to 311, 359 and 365 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (“Solvency II Delegated Acts”).

This report also seeks to fulfil the requirements included in the European Insurance and Occupational Pensions Authority (“EIOPA”) Guidelines on reporting and public disclosure (“The EIOPA Reporting Guidelines”) and Guidelines as issued by the Central Bank of Ireland (“Central Bank”).

¹ The 2015 Regulations have the effect of transposing Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (“Solvency II Directive”) into Irish Law effective 1 January 2016.

² These requirements are practically identical to those requirements of Articles 35, 51, 53 to 55, Paragraph 2 of Article 254 and 256 of Directive 2009/138/EC.

Executive Summary

Overview of the Company

Darta Saving Life Assurance dac, trading as Allianz Darta Saving, (“Allianz Darta”, “We” or the “Company”) is authorised in Ireland to transact life assurance business in the European Union (“EU”) under the 2015 Regulations.

We operate on a Freedom of Services basis. In our business model, aspects of policy administration and fund accounting are outsourced to an external third party. This allows us to manufacture and distribute our products in a low-cost and flexible manner.

We mainly distribute unit-linked products through Allianz Bank Financial Advisors SpA. (“Allianz Bank”) in Italy. In addition, a small number of Private Insurance portfolio bond products, unit-linked products and a long-term care product are sold through other non-Allianz channels in Italy. We are exposed to mortality risk through the features of certain products.

We also distribute unit-linked products, on a limited scale, through brokers in Lithuania on a Freedom of Services basis.

Detailed information on our business profile is set out in Section A.1 below.

Performance

Over recent years, we have enjoyed success selling unit-linked insurance products in Italy, through Allianz Bank. The table below shows premiums, claims, expenses, change in Technical Provisions, and investment returns; all as reported in the Quantitative Reporting Templates under Solvency II, and appended to this report.

Index-linked and unit-linked insurance	2023	2022
	€'000	€'000
Premiums earned (net of reinsurance)	3,275,278	3,241,682
Claims incurred (net of reinsurance)	(2,117,136)	(1,708,850)
Increase/(decrease) in Technical Provisions (net of reinsurance) ³	(2,822,482)	2,509,545
Expenses	(312,521)	(309,837)
Policyholder Investment Returns	2,064,852	(3,657,417)
Underwriting performance	87,991	75,123

Although we sell business outside of Italy, the current volume sold is less than 1% (2022: less than 1%) of the total business sold during the year. Therefore, we have determined that information pertaining to non-Italian business is not material. Approximately 2% (2022: 2%) of our premium revenue is sourced from non-Allianz affiliated brokers in Italy.

³ As determined in accordance with International Financial Reporting Standards for the purposes of our Financial Statement reporting.

We prepare our financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”), under which certain line items are treated differently to the approach applied under Solvency II. On 1 January 2023 we adopted IFRS 17 ‘Insurance Contracts’ (“IFRS 17”), for those contracts fitting the definition of Insurance Contract under that Standard. As required by the standard we applied the requirements under the modified retrospective approach with comparatives restated from the transition date, 1 January 2022.

The following table sets out our profit after tax from all lines of business and geographies where business is carried out over the reporting period, as reported in accordance with IFRS.

Profit after tax	2023 €'000	2022 restated €'000
Index-linked and unit-linked insurance	91,315	91,704

Differences between underwriting performance set out above and IFRS profit after tax relate to income and expense items relating directly to our Shareholders and the effect of taxation.

Detailed information on our performance during the reporting period is set out in Sections A.2 to A.4 below.

Significant events

Rise in geopolitical tensions

The geopolitical tensions escalated throughout 2023, with the ongoing invasion of Ukraine by Russia and the subsequent outbreak of the Israel/Hamas conflict serving as notable examples of this escalation. The outcomes and escalations stemming from these conflicts are inherently unpredictable but can undoubtedly have lasting impacts on critical aspects such as supply chains, inflation rates, and overall economic growth.

From a solvency and liquidity perspective, we have demonstrated our resilience. Despite the ongoing market volatility throughout the year, we have successfully maintained sufficient capital coverage and liquidity. This provides us with confidence that we are able to withstand a wide range of potential stresses and continue operating without significant financial strain.

We are carefully monitoring the evolution of inflationary impacts, the geopolitical situation, and are managing our portfolios to ensure that we continue to have sufficient resources to meet our solvency capital needs.

Bank failures

Silicon Valley Bank and Signature Bank both failed in the United States during March 2023. Neither the Company nor our Policyholders are materially exposed to either of these banks.

On March 19, 2023, UBS announced the acquisition of Credit Suisse due to the latter facing financial difficulties. The Company does not have a direct exposure to Credit Suisse. However, certain

Policyholders held positions in funds managed by Credit Suisse Asset Management or had indirect exposure to Credit Suisse through crossholdings in other funds managed by our other Fund Managers

System of Governance

We have maintained an effective System of Governance, which provides for prudent and sound management of the business.

The ultimate responsibility for the business rests with the Board of Directors (“the Board”). The Board delegates certain responsibilities to its Committees and Senior Management, while retaining responsibility for overall control and strategic decisions. We place a high value on appointing fit and proper individuals and seek to ensure that each individual is suitably qualified to perform the role for which they have been recruited and that they are honest and trustworthy.

We have implemented a comprehensive risk management system, consistent with Allianz Group standards, applicable regulatory requirements and industry best practice, referred to as the Risk Management Framework. The Chief Risk Officer (“CRO”) and the Risk Management Function are responsible for setting an auditable framework for all risk-related activities undertaken. The Framework is achieved via the development, maintenance and monitoring of risk policies, limits and guidelines as well as the risk measurement methodology.

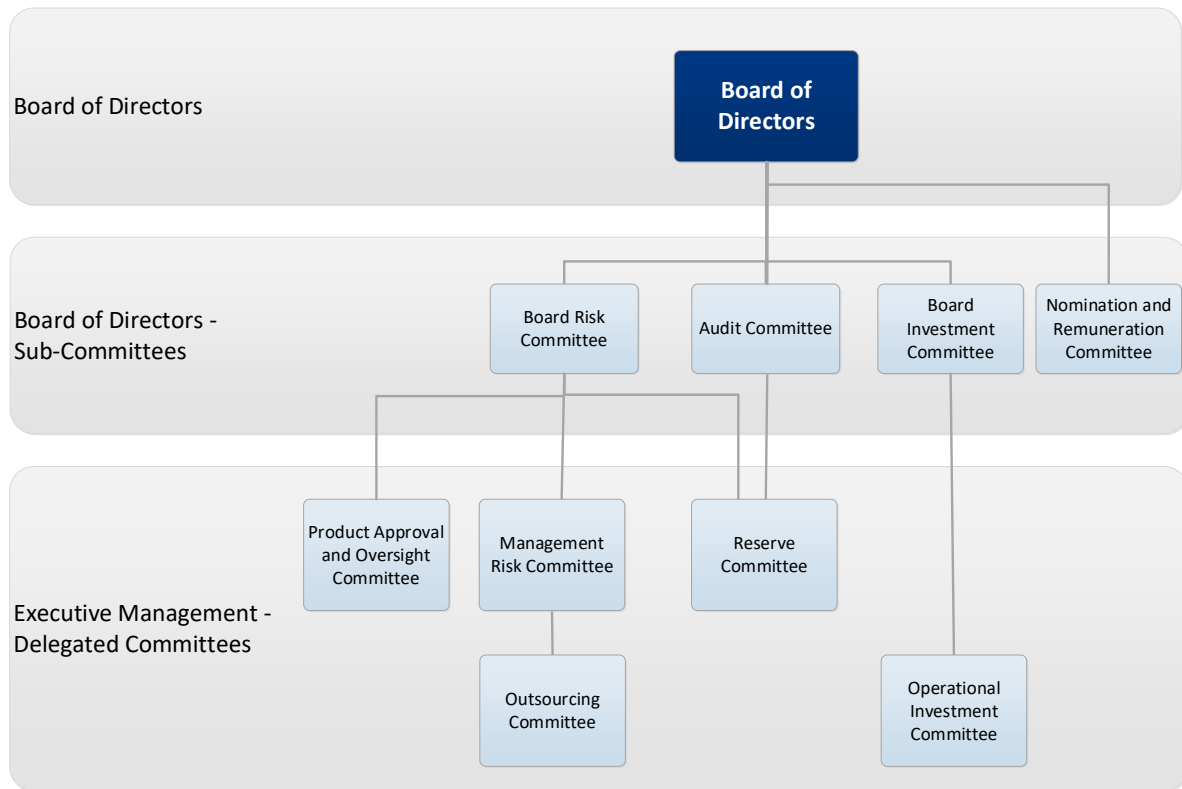
We have a comprehensive suite of internal controls in place, based on a three lines of defence model with graduated control responsibilities.

We perform a regular assessment of our Own Risk and Solvency needs (“the ORSA”), as directed by the Board. The ORSA is a collection of interlinked processes that have been implemented to identify, assess, monitor, manage and report on the short- and long-term risks that we face and to determine the amount of Regulatory Capital (“Own Funds”) necessary to ensure that overall solvency needs are met at all times.

Our annual review of our System of Governance was last undertaken during January 2024 by the Management Risk Committee, as supported by the Compliance, Risk, Finance, Internal Audit and Actuarial Functions, Operations Department and Products Department. This review covered both the design effectiveness and operating effectiveness of the Internal Control framework.

Based on the outcome of our review, we have concluded that our System of Governance is appropriate to the nature, scale and complexity of the risks inherent in the business. In general, external events have no impact on our System of Governance.

The following diagram sets out a summary of the governance structures we have in place.

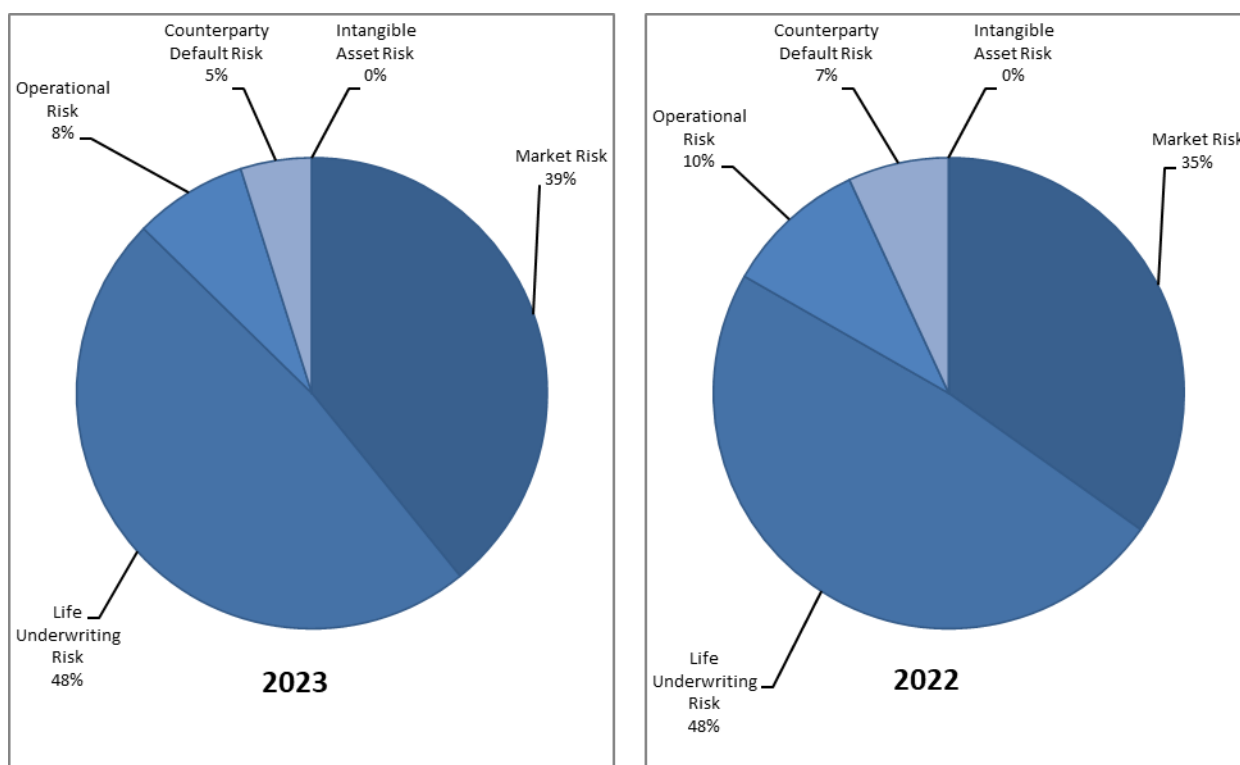


There have been a number of material changes in the System of Governance during the reporting period, as set out in Section B.1.3 below.

Detailed information on the System of Governance and related topics is set out in Section B below.

Risk profile

Risk is measured and managed based on the calculations derived using the Standard Formula, as set out in Solvency II. The continuing appropriateness of the Standard Formula in reflecting our risk profile is formally assessed annually as part of the completion of the Own Risk and Solvency Assessment (“ORSA”). The resulting risk profile, depicted in the chart below, indicates how risks are distributed over different risk categories and determines the regulatory capital requirements in accordance with Solvency II.



Section C provides a detailed description of our risk exposure by category of Solvency II risk.

Valuation for solvency purposes

The following table reconciles the equity position per the Financial Statements with Own Funds under Solvency II, accounting for differences in the recognition and measurement of assets and liabilities compared to IFRS.

	2023 €'000
Equity per Financial Statements	491,749
Adjusted for:	
Deferred Acquisition Costs	(47,511)
Deferred income	14,986
Solvency II Technical provisions revaluation ⁴	590,886
Reinsurance recoverables	(10,400)
Solvency II deferred tax liability	(68,669)
Bonus Builder provisions	1,387
Other	(2)
Excess of assets over liabilities for Solvency II purposes	972,426

Further detail on the valuation of assets, Technical Provisions and liabilities under Solvency II is provided in Section D below.

⁴ excludes reclassification of Unallocated Premiums

Capital Management

We operate within a defined Capital Management Framework. The primary objective of this Framework is to ensure adequate capital is available to fulfil regulatory requirements and specifically to cover the Solvency Capital Requirement (“SCR”) and Minimum Capital Requirements (“MCR”) at all times. The Framework consists of a target capital level, which is set based on an assessment of risk exposures, and our ability to withstand potential stresses as determined through the operation of the ORSA and Recovery Plan. Secondary objectives include adding economic value over the cost of capital and having Shareholders participate in the economic development through, for example, dividend payments.

There were no significant changes to the Capital Management Framework during the year.

SCR, as derived using the Solvency II Standard Formula, amounted to €638 million (2022: €517 million). Our SCR coverage ratio at 31 December 2023 was 153% (2022: 178%), as covered by eligible Tier 1 Own Funds of €972 million (2022: €922 million).

Our Minimum Capital Requirement (“MCR”) as at 31 December 2023 amounted to €175 million (2022: €156 million).

Dividends to the value of €60 million and €105 million were paid to Allianz SpA in January 2023 and August 2023, respectively (2022: €60 million).

More detail on our Capital Management approach is provided in Section E below.

A. Business and Performance

A.1 Business

A.1.1 Standing data

Name of Entity	Darta Saving Life Assurance dac, trading as Allianz Darta Saving	We are a Designated Activity Company incorporated in Ireland under the Companies Act, 2014.
Auditors	PwC	Signing Partner: Padraig Osborne PwC's address is: PricewaterhouseCoopers One Spencer Dock, North Wall Quay, Dublin 1
Holders of qualifying holdings in Allianz Darta	Allianz SpA (Parent) Allianz SE (Ultimate Parent)	Allianz SpA, incorporated in Italy, holds all of the issued share capital and voting rights. Allianz SpA is owned by Allianz SE, which is the ultimate parent. Allianz SpA's address is: Piazza Tre Torri, 3 20145 Milan Italy Refer to the simplified group structure, as set out in Section A1.3 below, for details of our position within the Group.

A.1.2 Supervision

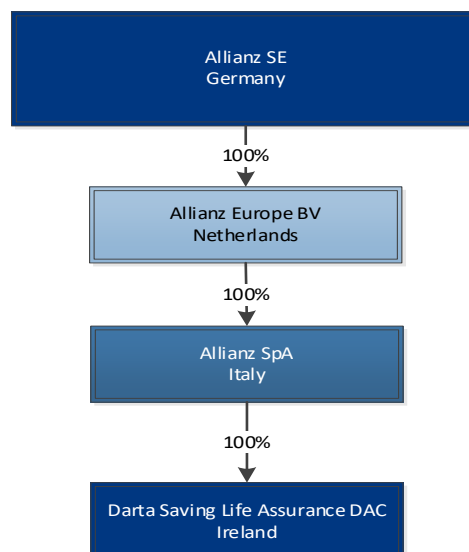
Level	National Competent Authority	Contact details
Allianz SE (Ultimate parent)	German Federal Financial Supervisory Authority ("BaFin")	The German Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht" – BaFin) Graurheindorfer Str. 108 53117 Bonn Postfach 1253 Germany
Allianz Darta (local level)	Central Bank of Ireland	Central Bank of Ireland, North Wall Quay Spencer Dock PO Box 11517 Dublin 1 Republic of Ireland

As we operate on a Freedom of Services basis in Italy and Lithuania, the Company complies with the business conduct rules as issued by the relevant Regulatory Authorities in each of these jurisdictions. Products are designed and reviewed to ensure compliance with the rules of the:

- Istituto per la Vigilanza Sulle Assicurazioni (“IVASS”) in relation to transparency during the sales process and with the rules set out in relation to management of the ongoing relationship with the policyholders in Italy.
- Conduct rules as set out by the Central Bank of the Republic of Lithuania.
- Anti-Money Laundering rules as applicable in Ireland, Italy and Lithuania.

A.1.3 Simplified group structure

The following diagram sets out a simplified group structure, displaying the Company’s parent and ultimate parent and their voting rights:



A1.4 Related undertakings

We do not hold any subsidiaries as at 31 December 2023 (2022: NIL).

A.1.5 Material lines of business

Our material lines of products are grouped in product families. None of our unit-linked products provide investment guarantees to Policyholders. In all cases the Policyholder bears the investment risk. Each product within a family offers similar features and benefits.

Business line	Type	Market	Distributor
Challenge Pro	Unit-Linked without guarantees	Italy	Allianz Bank
Challenge	Unit-Linked without guarantees	Italy	Allianz Bank
Blazar Family	Unit-Linked without guarantees	Italy	Allianz Bank Non-Allianz Brokers
Challenge Pro Private	Unit-Linked without guarantees	Italy	Allianz Bank
Private Bond Portfolio	Unit-Linked without guarantees	Italy	Non-Allianz Brokers Allianz Bank
Personal Target	Unit-Linked without guarantees	Italy	Allianz Bank Non-Allianz Brokers
Personal Way (and related products)	Unit-Linked without guarantees	Italy	Allianz Bank Non-Allianz Brokers
Bonus Builder	Unit-Linked without guarantees	Italy	Allianz Bank

A.1.6 Material changes in business

The following material changes in business occurred during the year:

- In March 2023, we introduced the new Smart Protection feature for the Challenge Pro and Challenge Private policyholders. Once activated, this feature offers enhanced protection in the event of the life insured's death. In such a case, the beneficiary will receive a repayment for any shortfall between the value of premiums paid (after deducting partial surrenders and including top-ups) and the market value at the time of death up a maximum of €200,000.
- Fund Changes: The funds offered as part of the Challenge family of products was reviewed, resulting in merging of some existing funds and the addition of new ones.
- The Darta Classic & Private product was launched in December 2023, offering policyholders within a specific target market the opportunity to invest up to 30% of their funds in private equity, corporate private debt, and infrastructure. This product allows policyholders to pursue investments in private markets globally through a strategic partnership with Allianz Global Investors.
- Our Long Term Care product offering was closed in 2023.

A.2 Underwriting performance

The table below shows premiums, claims, expenses and change in Technical Provisions combined with the investment returns as reported in the Quantitative Reporting Templates under Solvency II, where applicable.

Index linked and unit-linked insurance	2023	2022
	€'000	€'000
Premiums earned (net of reinsurance)	3,275,278	3,241,682
Claims incurred (net of reinsurance)	(2,117,136)	(1,708,850)
Changes in Technical Provisions ⁵ (net of reinsurance)	(2,822,482)	2,509,545
Expenses ⁶	(312,521)	(309,837)
Policyholder Investment Income	2,064,852	(3,657,417)
Underwriting performance	87,991	75,123

Although we sell business outside of Italy, the current volume sold is less than 1% (2022: less than 1%) of the total business sold during the year. Therefore, we have determined that information pertaining to non-Italian business is not material. Approximately 2% (2022: 2%) of our premium revenue is sourced from non-Allianz affiliated brokers in Italy.

We prepare our financial statements in accordance with IFRS, under which certain line items are treated differently to the approach applied under Solvency II.

On 1 January 2023 we adopted IFRS 17 'Insurance Contracts' ("IFRS 17") for those contracts meeting the definition of insurance contracts under the Standard. As required by the standard we applied the requirements under the modified retrospective approach with comparatives restated from the transition date, 1 January 2022.

IFRS 17 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".

The following table sets out our IFRS profits for our lines of business and geographies where business is carried out over the reporting period.

⁵ As determined in accordance with IFRS for the purposes of our Financial Statement reporting.

⁶ Includes expenses borne by the Policyholders.

	2023 €'000	2022 Restated €'000
Total Other Comprehensive Income	90,860	93,009

Differences between our underwriting performance set out above and IFRS profit after tax relate to income and expense items relating directly to our Shareholders, the treatment of life insurance contracts under IFRS 17 and the effect of taxation.

Profit after tax refers to total comprehensive income for the financial year as presented in the Company's Statement of Other Comprehensive Income in the annual financial statements.

A.3 Investment performance

A3.1 Investment performance

The following table provides an overview of the performance of investments held on behalf of our Policyholders and on behalf of our Shareholders over the reporting period together with a comparison with the previous reporting period, as shown in our IFRS financial statements:

	2023 €'000	2022 Restated €'000
Policyholder investment return :		
Index-linked and unit-linked business		
Investment Income from equities	1,710	1,571
Interest income from fixed interest securities	18,737	6,854
Investment Income from Collective Investment Funds	3,772	4,839
Income from other financial assets	22,208	10,475
Net realised (losses) on financial assets	(132,700)	(135,857)
Net unrealised gains/(losses) on financial assets	2,156,834	(3,540,596)
Policyholder Investment Income	2,070,561	(3,652,714)
Fund expenses borne by Policyholders	(5,709)	(4,673)
Total Policyholder Investment Income	2,064,852	(3,657,387)
Shareholder investment return		
Interest result	7,254	58
Investment expenses	(2,084)	(1,289)
Total Shareholder Investment Income/(Expense)	5,170	(1,231)

The overall increase in investment income year on year reflects the strong market performance experienced during the latter part of 2023 despite volatile market conditions.

A3.2 Gains/losses recognised directly in equity

No assets that would require gains or losses recognised directly in equity were held at any time during the reporting period.

A3.3. Investment in securitisation

At the time of this report, we do not hold any assets in securitisation vehicles.

A.4 Performance of other activities

We lease our business premises subject to an operating lease. Property, plant and equipment comprise a right-of-use asset recognised in respect of our premises. We account for this lease in accordance with IFRS 16 Leases, which requires us to recognise a right-of-use asset in our Statement of Financial Position within our Financial Statements at cost less depreciation.

Cost is determined with reference to the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any restoration cost due in respect of the asset at the end of the lease term and any lease payments made in advance of the lease commencement date (net of any incentives received).

We calculate depreciation using the straight-line basis from commencement of the lease until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use asset is subject to impairment assessments. This arrangement is not considered material to our overall performance.

We do not have any material finance leasing arrangements in place at this time; therefore, we do not have anything further to report in this regard.

We do not participate in other activities.

A.5 Any other information

All material information regarding the business and performance has been set out above.

B. System of Governance

B.1 General information

B.1.1 Overview of governance arrangements

This Section provides a detailed overview of the governance arrangements we have in place as at 31 December 2023. There have been a number of changes to our system of governance subsequent to 31 December 2023. Details of these changes are presented in Section B.1.3 below.

B.1.1.1 Board and sub-committees

	Responsibilities
Board	The role of the Board is to organise and direct the affairs of the Company, acting on a fully informed basis, in good faith, with due diligence and care in a manner designed to protect the interests of the Shareholder and other stakeholders such as Policyholders, Regulatory Bodies and staff.
Board Risk Committee ("BRC")	This Committee is responsible for recommending the Risk Appetite Statement and Risk Management Framework including risk strategy and policies to the Board for approval. It also oversees how risk and compliance matters are managed, the assumption setting process and monitors the effectiveness of risk management systems.
Audit Committee	This Committee is responsible for providing oversight of matters relating to financial and regulatory reporting. It keeps under review the internal control and risk management systems and oversees the external and internal audits.
Board Investment Committee	This Committee is responsible for overseeing the investment process of the Company and determining appropriate investment mandates, appointing asset managers and monitoring the performance of asset managers and custodians against the agreed mandates and contracts. It is also responsible for monitoring the performance of policyholders' investments against relevant benchmarks and the company's adherence to ESG principles and regulatory requirements in relation to investment activities.
Nomination and Remuneration Committee	This Committee is responsible for assisting the Board in fulfilling its oversight responsibilities for the appointment of Directors and Executive Management. It is also responsible for the overall remuneration strategy and associated policies of the Company.

The following table shows members (“M”) of our Board and Board Committees at 31 December 2023.

Director	Designation	Board	Audit Committee	Board Risk Committee	Board Investment Committee	Nomination & Remuneration Committee
P. Iovane	Group Director	Chair	-	-	-	M
P. Colton	Independent Non-Executive Director (“INED”)	M	M	Chair	-	M
D. Moia	Executive Director and Chief Executive Officer (“CEO”)	M	-	M	Chair	-
E. Hanly	INED	M	M	M	-	Chair
S. Hughes	INED	M	Chair	M	M	-
F. Rossaro	Group Director	M	-	-	M	-
A. Vacca	Group Director	M	-	-	M	-

B.1.1.2 Executive Management – Delegated Committees

Committee	Reporting line	Summary of responsibilities
Management Team Meeting (“MTM”)		All of the members of our management team attend a monthly meeting where status updates on each of their areas are provided for the information of the other managers. This is in addition to regular 1-to-1 meetings with the CEO.
Management Risk Committee (“MRC”)	Board Risk Committee	The MRC is responsible for supporting the Chief Risk Officer (“CRO”) in identifying, assessing, monitoring, managing and reporting on the key and material risk exposures. It assists the BRC in defining and monitoring adherence to the Company’s risk appetite and escalates unacceptable risks and exposures to the BRC and the CRO of Allianz SpA.
Reserve Committee	Board Risk Committee/ Audit Committee	The Reserve Committee’s ultimate goal is to achieve transparency and auditability of the Company’s models, valuation methodologies, assumptions, expert judgements and parameters, and material changes thereto, by ensuring appropriate governance and controls are in place, including the assessment of impacts and potential side effects across all affected reporting regimes. In addition, the Reserve Committee is responsible for the assessment of IFRS actuarial

Committee	Reporting line	Summary of responsibilities
		balances and the Solvency II Technical Provisions to ensure they have been calculated in accordance with the relevant requirements. The Reserve Committee approves the Solvency II quantitative reporting templates on a quarterly basis and recommends annual regulatory reports for approval to the Board where appropriate.
Product Approval and Oversight Committee (“PAOC”)	Board Risk Committee	The PAOC is responsible for setting appropriate product oversight and governance arrangements, such as the measures and procedures aimed at designing, reviewing and distributing products for customers. It is responsible for recommending any material changes to existing products or new products to the BRC for approval.
Outsourcing Committee	MRC	The Outsourcing Committee ensures that the outsourcing arrangements are managed in a manner that is consistent with both regulatory and the Group requirements. Its principal task is to ensure that all outsourcing activities are undertaken in accordance with the Outsourcing Framework as set out in the Outsourcing Policy.
Operational Investment Committee	Board Investment Committee	The Operational Investment Committee is responsible for the oversight of operational matters that relate to investment management processes and reports.
Information Technology Steering Board (“ITSB”)	MRC	ITSB provides governance and oversight of IT. The ITSB is responsible for making decisions on IT-related topics in support of strategic and business decisions.
Information Security Steering Board (“ISSB”)	MRC	The ISSB provides governance and oversight of Information Security. The ISSB is responsible for making decisions on Information Security-related topics in support of strategic and business decisions.
Sustainability Working Group	MRC	The Sustainability Working Group’s goal is integrating robust sustainability practices within the Company.

The following table shows the senior manager who are members (“M”) and Standing Guests (“G”) of our Executive Management Committees at 31 December 2023.

	MTM	MRC	Reserve Committee	PAOC	Operational Investment Committee	Outsourcing Committee	ITSB	ISSB	Sustainability Working Group
CEO	Chair	M	M	M	M	M	M	M	-
Chief Information Officer (“CIO”)*	M	-	-	-	-	-	M	M	-
Chief Operating Officer (“COO”)	M	M	-	M	-	Chair	Chair	M	-
CRO	M	Chair	M	M	M	M	G	G	M
Head of Actuarial Function (“HoAF”)*	M	M	Chair	M	-	-	-	-	-
Head of Anti-Money Laundering (“MLRO”)	-	G	-	-	-	-	-	-	-
Head of Compliance (“HOC”)	M	M	-	M	-	M	-	-	M
Head of Finance (“HOF”)	M	M	M	M	Chair	M	-	-	M
Head of Human Resources	M	-	-	-	-	-	-	-	M
Head of Internal Audit*	G	G	-	G	-	-	-	-	-
Head of Investments	M	G	-	M	M	M	-	-	M
Head of Product Development	M	-	-	Chair	G	G	-	-	M
Head of Protection & Resilience	M	G	-	-	-	G	-	-	-
Information Security Officer (“ISO”)	M	G	-	-	-	G	M	Chair	-

* roles outsourced.

B.1.2 Overview of the Solvency II Functions

B.1.2.1 Actuarial Function

The Actuarial Function, as led by the HoAF (PCF-48), has been outsourced to Allianz Global Life dac (“AGL”), in line with our Outsourcing Policy. The HoAF is an employee of AGL and is supported by a team of actuaries and trainee actuaries of varying levels of experience.

The HoAF has a solid functional reporting line to the Chair of the Board Risk Committee with direct unfettered access to the Board of Directors, as required. The HoAF is independent of all other functions and departments within Allianz Darta. A functional reporting line exists up to the Group Actuarial Function holder to ensure regulatory oversight from a Group perspective.

Refer to Section B.6 for more detail on the Actuarial Function.

B.1.2.2 Compliance Function

Our Compliance Function is led by the Head of Compliance (PCF-12). The Head of Compliance is an employee of Allianz Darta and is supported by a team of experienced professionals.

The Compliance Function is responsible for oversight, risk detection, prevention and advice with respect to the Compliance Risk areas of the Company. The Compliance Function is designed to supplement, not supplant, the responsibility of the Board and of senior management to ensure compliance with legislation and applicable guidelines.

The Head of Compliance reports directly to the CEO and has direct access to the Chair of the Board Risk Committee and the Board, as required. In line with all Allianz Group entities, there is a reporting line through to the Allianz Group Compliance Function and the Allianz SpA Compliance Function to ensure regulatory oversight from a Group perspective. This does not imply the transfer of responsibility or decision making outside of the Company and the Board remains responsible for all Compliance issues.

The Compliance Function is also responsible for oversight of the Data Protection Framework and Anti-Money Laundering Framework. The Head of Compliance is appointed as our Data Protection Officer. There is a separate Money Laundering Reporting Officer (PCF-52) who reports to the Head of Compliance.

Refer to Section B.4.2 for more detail on the Compliance Function.

B.1.2.3 Internal Audit

The Internal Audit Function, as led by the Head of Internal Audit (PCF-13), has been outsourced to Allianz Ireland plc, in line with our Outsourcing Policy.

The Head of Internal Audit reports directly to the Chair of the Audit Committee and has access to the Board, as required. The Internal Audit Function has a functional reporting line to the Audit Functions

at both our parent and ultimate parent levels and is subject to oversight by same. Steps are in place to ensure that the Internal Audit Function remains independent of all other functions at all times. Refer to Section B.5 for more detail on the Internal Audit Function.

B.1.2.4 Risk Management Function

The Risk Management Function is headed by the CRO (PCF-14). The CRO is supported by three additional team members and by the AGL Risk Management Function, who prepare the Solvency II risk capital calculations on our behalf, in line with our Outsourcing Policy.

The responsibilities of the Risk Management Function encompass identifying, measuring, mitigating, controlling and monitoring of all risks to the Company, having regard to the risk appetite and any regulatory requirements. The CRO reports directly to the CEO and has direct access to the Chair of the Board Risk Committee and the Board, if required. In line with all Allianz Group entities, our CRO also has a functional reporting line to the Allianz SpA CRO and Allianz Group CRO. This does not imply the transfer of responsibility or decision making outside of the Company and the Board remains responsible for risk issues.

Refer to Section B.3.1.2 for more detail on the implementation of Risk Management Function.

B.1.3 Material changes to the System of Governance

The following appointments, retirements and resignations took place during the year:

- C. Caredda was approved by the Central Bank to act as the Money Laundering Reporting Officer (PCF-52) effective from 21 November 2022. He took up the role on 3 January 2023.
- S. Ryan was approved by the Central Bank to act as the Head of Compliance (PCF-12) effective from 17 November 2022. He took up the role on 23 January 2023.
- A. Agnelli (Group Director) resigned as a director effective 1 February 2023.
- A. Vacca (Group Director) was appointed as a director effective 1 February 2023.
- G. Viseri resigned from the Board effective from 30 September 2023.
- J. Ruane (Non-Executive Director) retired effective from 19 October 2023.

No other material changes have occurred.

B.1.4 Remuneration

B.1.4.1 Policy and principles

The Board of Directors have approved a Remuneration Policy. The aim of this policy is to ensure that risk-taking incentives provided by our remuneration practices are consistent with our risk appetite and do not encourage unauthorised or unwanted risk-taking that would otherwise breach our appetite, whilst also ensuring that we are able to attract, develop and retain skilled individuals.

Each employee's total annual remuneration comprises an annual fixed component and an annual variable component. The fixed component represents a sufficiently high proportion of the total remuneration. We operate a fully flexible bonus policy, such that there is no obligation to pay bonuses if it is not appropriate to pay a bonus in the circumstances.

The variable component of an individual's salary is based on a combination of the performance of the employee in relation to established goals and targets and our overall results. Targets are agreed in the first quarter of each year. The measurement of the employee's performance in relation to established goals and targets considers factors other than financial performance and includes the ability for senior management to exercise judgement in deciding whether to pay out the bonus. Factors considered include acquired skills, personal development, compliance with our internal rules and procedures, compliance with the standards governing the relationship with Policyholders and contribution to the performance of the Company as a whole. The measurement of the overall results includes an assessment of whether these results are sustainable in the long-term.

Members of Executive Management may participate in the Allianz Group Equity Incentive Scheme, subject to the rules of the scheme. The scheme comprises of Restricted Stock Units ("RSU's") that are administered and managed by the ultimate parent Company, Allianz SE. RSUs constitute the right to receive the value of an Allianz SE share equivalent to the stock market price at the time of exercise.

The financial performance targets for the Head of Compliance and CRO is linked to the performance of the Allianz Group, as opposed to Allianz Darta, in order to remove any potential conflicts of interests.

The variable component of remuneration for any employee is limited to a maximum percentage of the employee's total remuneration.

B.1.4.2 Remuneration factors

The variable component is determined based on the application of a target-based system as agreed with each employee at the beginning of each performance period. The variable component of remuneration is designed to incentivise performance but at the same time does not provide incentives for risk taking that might be incompatible with the risk profile or Risk Appetite of the Company.

The variable Compensation of the Company's Key Function Holders and Staff is independent from the performance of the operational units and areas that are submitted to their control. This does, however, not prevent the setting of targets based on the Group performance indicators or the Company's performance indicators, as long as this does not run contrary to the control function and subject to compliance with local regulatory requirements.

B.1.4.3 Pension arrangements

We operate a defined contribution pension scheme for all employees. There were no supplementary pension payments made during the reporting period, nor were there any early retirement schemes in operation in respect of any member of staff during the reporting period.

B.1.5 Transactions with Shareholders, directors and persons who exercise significant influence

Our Shareholder, Allianz SpA, provides fiscal and legal support services.

Dividends to the value of €60 million and €105 million were paid to Allianz SpA in January 2023 and August 2023, respectively (2022: €60 million).

B.2 Fit and Proper requirements

We are subject to the Fit and Proper Requirements established under the Fitness & Probity Standards, as issued under Section 50 of the Central Bank Reform Act, 2010, the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations, 2011 (S.I. No. 437 of 2011) and Regulation 45 of the 2015 Regulations.

A Fitness & Probity Policy is in place, to ensure that all persons who effectively run the Company or hold other key functions are and remain fit to provide sound and prudent management through their professional qualifications, knowledge and experience and remain proper by being of good repute and integrity.

On 9 March 2023, the Central Bank (Individual Accountability Framework) Act 2023 (the "IAF Act") was enacted and it lays the foundations of the Individual Accountability Framework ("IAF") comprising four pillars:

- Conduct standards (applicable from 29 December 2023 for common conduct standards and additional conduct standards) (where business conduct standards will not be effective until the revised Consumer Protection Code is implemented).
- An enhanced fitness and probity regime (applicable from 29 December 2023).
- Reforms to simplify regulatory enforcement against individuals (applicable from 29 December 2023).
- The Senior Executive Accountability Regime ("SEAR") (applicable to in-scope firms (including us) from 1 July 2024 (with a 12-month deferral for Non-Executive Directors to 1 July 2025).

B.2.1 Fit and Proper – general requirements

The specific standard of fitness required for each position in scope of the Fitness & Probity Policy is set out in order to ensure that individuals occupying or proposed for such roles are competent and

capable. For each position the minimum level of previous experience, technical knowledge and qualifications in particular areas are set out.

The standard of probity required for the performance of positions within scope of the Fitness & Probity Policy shall always be at the same level. Therefore, each person holding a position in scope of the Fitness & Probity Policy must be honest, ethical, act with integrity and be financially sound.

B.2.2 Fit and Proper – monitoring process

Initial due diligence

The assessment of the individual's fitness for a role includes a review of previous experience, knowledge and professional qualifications, and demonstration of due skill, care, diligence and compliance with the relevant standards of the sector the person has worked in. The assessment is based on the review of the individual's curriculum vitae, in-depth interview process, obtaining references and carrying out due diligence checks.

The assessment of an individual's probity is based on their reputation reflecting any past conduct, criminal record, financial record and supervisory authority record. The assessment is based on due diligence checks verified by the Compliance Function and senior management.

Each proposed individual is required to certify that they are aware of the Fitness & Probity Standards, the administrative provisions to protect the Company against compliance risks and agree to abide by those Standards. They are also required to certify that they are not aware of any issue that may put their fitness or probity in doubt.

All reasonable steps are undertaken to ensure that sufficient information is obtained to enable us to make properly informed decisions as to the Fitness & Probity of our employees and the employees of outsourced service providers.

Approval from the Central Bank is required prior to appointment by the Board for certain positions ("PCF positions") within scope of the Fitness & Probity Policy.

Regular Reviews

The Fitness and Probity of individuals in scope of the Fitness & Probity Policy is reviewed annually and confirmed through annual performance reviews and ongoing due diligence. As part of this process, the following are assessed:

- Their integrity and trustworthiness, which form an integral part of our mandatory behavioural targets. Hence, annual performance reviews include an assessment of the proper behaviour of PCFs and CFs within the individual's roles.
- The leadership and management skills, as applicable.
- The relevant knowledge and technical skills for the specific role.

All individuals are required to confirm their agreement to continue to abide by the Fitness & Probity Standards by signing an Annual Agreement.

We investigate any concerns noted from the review. We reassess the Fitness & Probity of the person concerned, where applicable, and follow predefined procedures, as set out in our Fitness & Probity policy, to evaluate what actions should be taken, if any. Where appropriate, we notify the Central Bank of any action taken where an individual in a PCF Position does not comply with Fitness & Probity requirements.

Where a role in scope of the Fitness & Probity Policy is outsourced, we either ensure that equivalent processes are implemented by the Service Provider to ensure Fitness & Probity of their employees or we include the relevant individuals in Allianz Darta's Fitness & Probity process.

B.3 Risk Management System, including the Own Risk and Solvency Assessment

B.3.1 Risk Management System

B.3.1.1 Risk Management System

We have a Risk Management System in place with a primary objective of ensuring that all material quantifiable and non-quantifiable risks we face are adequately identified, assessed, monitored, mitigated and reported on in a timely manner.

We have implemented a comprehensive risk management process (referred to as the Risk Management Framework) that is consistent with Allianz Group standards and industry best practices. The Risk Management Framework covers all material quantitative and qualitative risks to which we are exposed.

Components of this Risk Management Framework include:

- i) **Risk identification and assessment** – Risk identification and assessment forms the foundation for risk management. The Risk Management Framework sets out processes for the identification of risk at the business operation level and company level (through the Top Risk Assessment process). In addition, emerging risks are identified monthly and discussed on at least a quarterly basis as part of our risk horizon scanning process.
- ii) **Risk Appetite, Risk Strategy and policies** – The Risk Appetite Statement sets out the aggregate level and types of risk we are willing to assume together with the maximum capacity for risks that we are willing to take on in order to achieve our strategic objectives and business plan.

Our Risk Strategy defines our risk appetite in a manner that is consistent with our business strategy. It ensures that returns are appropriately based on the risks taken and that the level of capital required, and the commensurate delegated authorities, is in line with our overall risk capacity and strategy.

Our policies define our approach to risk management and define how the controls, procedures, limits and escalation procedures are implemented to ensure that risks are managed in line with our Risk Appetite. The Board has approved a wide range of policies

covering operational and risk aspects of our business. Our policies are subject to regular review.

- iii) **Risk reporting and monitoring** – We have implemented a comprehensive qualitative and quantitative risk-reporting framework, in line with Allianz Group requirements. The reporting framework provides Senior Management and the Directors with transparent risk indicators to help them to understand our risk profile and our standing in relation to our stated risk appetite. Examples include Key Risk Indicator dashboards, emerging risk radars, ORSA reports, Recovery Plans and Top Risk Assessments. Each of these documents are reviewed and discussed at the MRC and Board Risk Committee, where action plans are agreed to address such risks identified. In addition, we have implemented (“Non-“)Financial Risk Management (“NFRM”) testing in line with Group requirements. NFRM ensures effective controls or other risk mitigation activities are in place for all significant Operational and Compliance risks. It has replaced the older Integrated Risk & Control System (“IRCS”) with a more formal, standardised and data-driven approach to identification of key risks, as well as documentation and testing thereof.
- iv) **Communication and transparency** – Transparent risk disclosure provides the basis for communicating our strategy and performance to internal and external stakeholders, ensuring a sustainable positive impact on risk awareness and risk culture.

In implementing the Risk Management Framework, we have established a “Three Lines of Defence” model for the management of risks, as outlined below:

	Three Lines of Defence Model		
	1st Line of Defence	2nd Line of Defence	3rd Line of Defence
	Business Operations Business management is responsible for the identification and assessment of risks and the implementation and enforcement of controls.	Oversight and Challenge Board Sub-Committees and Control Functions provide key oversight of activities in business operations and challenge the completeness/accuracy of the risk identification and implementation of controls.	Independent Assurance Internal Audit provides independent and objective assurance on the robustness of the Risk Management System and the appropriateness and effectiveness of the internal controls.
Executive Management Level	<ul style="list-style-type: none"> Chief Executive Officer Chief Operations Officer/Operations Investments Team/Product Development Management of outsource service providers Head of Finance/ Finance Function 	<ul style="list-style-type: none"> Chief Risk Officer Risk Management Function Head of Compliance/ Compliance Function Head of Actuarial Function/ Actuarial Function 	<ul style="list-style-type: none"> Head of Internal Audit/ Internal Audit Function
Executive Management Level Committees	<ul style="list-style-type: none"> Management Team Meeting Product Approval and Oversight Committee IT Steering Board Operational Investment Committee 	<ul style="list-style-type: none"> Management Risk Committee Outsourcing Committee Reserve Committee Information Security Steering Board 	
Board Level Committees		<ul style="list-style-type: none"> Board Risk Committee Board Investment Committee Nomination and Remuneration Committee 	<ul style="list-style-type: none"> Audit Committee

B.3.1.2 Implementation of the Risk Management Function

The main objectives of the Risk Management Function are:

- Supporting the first line-of-defence by helping ensure employees at all levels of the Company are aware of the risks related to their business activities and the appropriate response thereto.
- Supporting the Directors with development of a Risk Strategy and Risk Appetite.

- Monitoring of our risk profile to ensure it remains within our approved risk appetite and following up on instances of any breaches (i.e. via resolution directly with the first line-of-defence and other stakeholders or escalation to Management or the Directors).

We have implemented a Risk Management Policy, which sets out the roles, responsibilities and reporting requirements in respect of all risk matters.

The Risk Management Function is responsible for:

- The oversight, review and supervision of the identification, measurement, management, reporting and monitoring of risks.
- Monitoring our compliance with capital requirements.
- Developing and maintaining the Risk Management Framework, associated policies and Allianz Darta's Risk Strategy and Risk Appetite Statement.
- Providing independent oversight of all risk management activities.
- Providing independent reporting to the Board Risk Committee and MRC on risk issues, including changes in our risk profile.
- Providing independent assurance to the CEO and the Board Risk Committee that key risks are identified and managed.
- Monitoring and reporting on our compliance with our Risk Appetite Statement on a monthly basis to the MRC and quarterly to the Board Risk Committee.
- Developing an annual Risk Management Plan for performing the risk management cycle, which includes the completion of the Top Risk Assessment.
- Compiling and maintaining the Corporate Risk Register based on the Top Risk Assessment results.
- Facilitating the production of the ORSA and Recovery Plan and the reporting thereon.
- Providing reports on the above to the Board Risk Committee and the Board.
- Calculation of risk capital requirements and reporting thereon.

The CRO has the right to veto certain decisions of management where such decisions pose a threat to the solvency or liquidity of the Company or where such decisions may result in a breach of our Risk Appetite.

B.3.2 Own Risk and Solvency Assessment (“ORSA”)

B.3.2.1 Overview

The ORSA is a comprehensive assessment of all risks in the business to determine whether current and future capital will be sufficient to ensure sustained adequacy of solvency coverage in the face of these risks and whether the Company will continue to be liquid. The ORSA is an integral part of our business strategy and takes the nature, scale and complexity of the risks inherent in the business into consideration. We assess our overall solvency needs using the Solvency II Standard Formula.

B.3.2.2 The ORSA process

The ORSA is the collection of interlinked processes and sub-processes implemented to identify, assess, monitor, manage and report on the short term, medium term and long-term risks that we face and to determine the Own Funds necessary to ensure that overall solvency needs are met at all times. The ORSA is not a single report prepared once each year. Instead, it is the culmination of an iterative process on a continuous basis carried out throughout the year.

We perform a regular formal assessment (at least annually) of our solvency needs in respect of our own risk profile, approved risk appetite, risk tolerances and strategy of the business.

The performance of the ORSA is coordinated by the Risk Management Function and incorporates the input from different areas of the business (including the key control functions). The Board of Directors play a key role in steering the ORSA process and challenging the results. The ORSA comprises three stages:

- **Current state** – we determine our current risk profile. The assessment of current solvency needs determines whether we are adequately capitalised based on an identification and assessment of all material risks to which we are currently exposed. This assessment takes risk capital, available capital and stress scenario impacts on our solvency position, as well as the effectiveness of the internal control system into consideration. Risk capital under the ORSA reflects our own view of the risks we are exposed to and therefore, may be adjusted due to other risks that are not currently quantified by the Standard Formula.
- **Future state** – wherein we determine possible future solvency needs based on stress and scenario testing, including reverse stress testing. As part of the ORSA, our potential own funds and liquidity needs are assessed against our planning forecasts and under a range of forward-looking stress tests or stressed scenarios. The impact of each of these is assessed in order to ascertain its impact on our capital/solvency position and liquidity position. Projections are aligned with our regular planning horizon of three years.
- **Reporting** – The outcome of the formal ORSA is documented in an ORSA report that contains all information relevant to the overall ORSA conclusion, the results of the ORSA and an assessment of what actions should be taken.

Certain events or conditions could trigger performance of an additional ORSA outside of the regular annual process. The decision to perform an ad-hoc ORSA is ultimately coordinated by the CRO. The ad-hoc ORSA is designed such that the potential impact on solvency can be understood. Whether the ad-hoc ORSA is extended to consider other risks is at the discretion of the CRO, in consultation with the Board.

B.3.2.3 Review and approval of the ORSA

Each ORSA is subject to review by the MRC and Board Risk Committee, before being reviewed, discussed and approved by the Board. Once approved by the Board, the ORSA is distributed to all relevant staff and to the Central Bank of Ireland.

The HoAF is required to issue an opinion over each ORSA report that considers:

- The range of risks considered and the adequacy of the sets of scenarios.
- The appropriateness of financial projections.
- Whether the undertaking is continuously complying with the requirements regarding the calculation of Technical Provisions and the potential risks arising from uncertainties connected to this calculation.

B.3.2.4 Determination of Own Solvency Needs

Our Own Solvency Needs are determined based on the:

- The output of the Standard Formula as a starting point.
- Outcomes of the Top Risk Assessment process.
- Observations arising from the Business planning process.
- Assessment of the effectiveness of the Internal Control system.
- Analysis of the impacts of the stress scenarios.
- Testing performed over the continued appropriateness of the Standard Formula.

B.4 Internal Controls

B.4.1 Internal Control System

Our Internal Control System comprises a series of entity-level and process-level controls that have been embedded directly into our organisational and operational set-up.

Our control objectives include:

- Safeguarding the Company's existence and business continuity.
- Creating a strong control environment.
- Conducting control activities.
- Providing the various committees with the relevant information for their decision-making.
- Efficient and effective processes.
- Ensuring compliance with applicable laws and regulations.

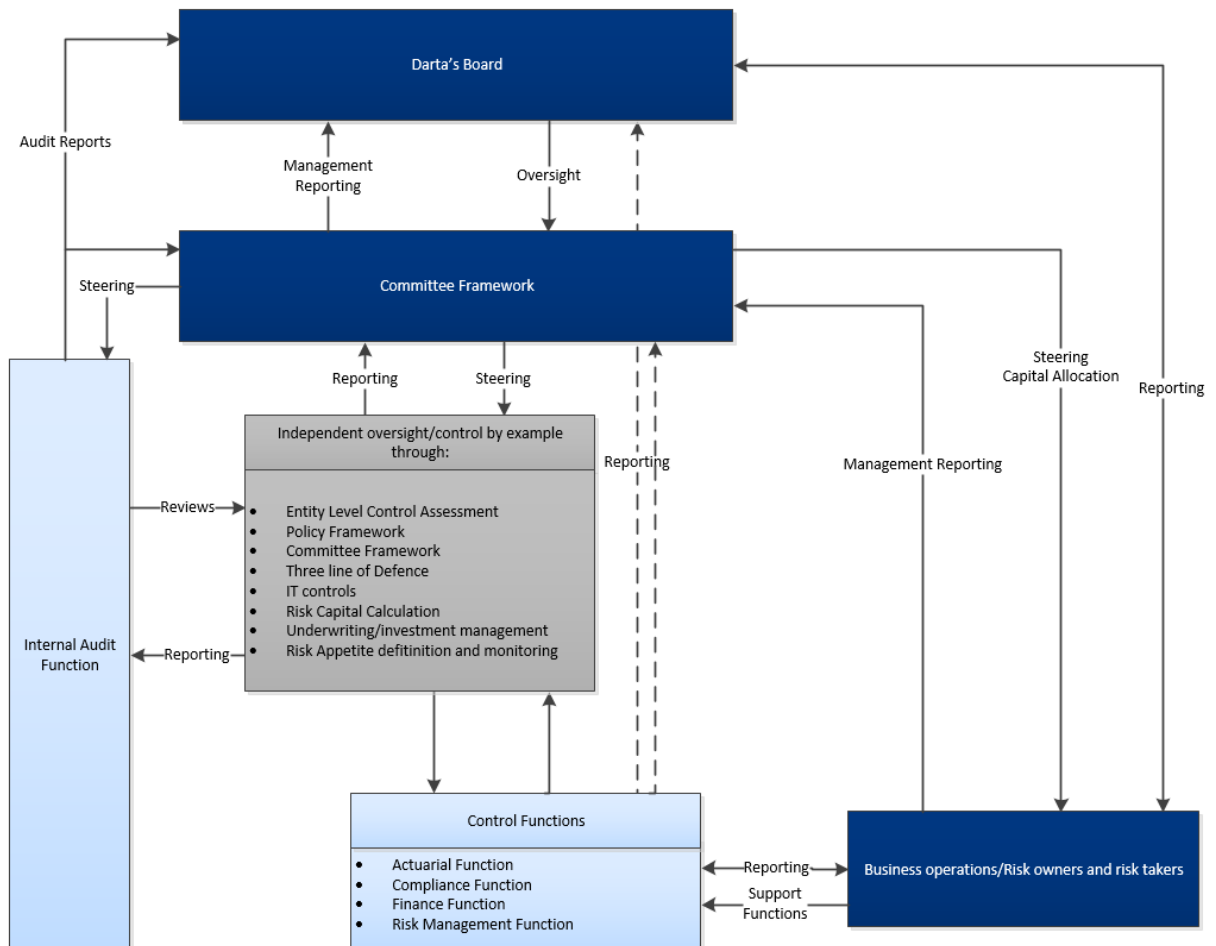
In order to achieve these objectives, we have a comprehensive suite of internal controls in place.

The general principles upon which the design of the suite of internal controls is designed are:

- Safeguarding and segregation of duties to avoid potential conflict of interests (for example approval of payments, or the authorisations of transactions).
- Material decisions are taken by at least two representatives of the Company ("four-eyes-principle"). Decision making processes at all management levels incorporate relevant unbiased information that facilitates sound business judgement.
- For the financial reporting process, we apply a control framework that aligns with the Allianz Group.

- Roles and responsibilities for the operation of internal controls are clearly defined and communicated. Responsible individuals are trained in the operation of the processes and controls.
- Effective fully documented processes are required, as supported by appropriately designed and effective key controls.

The following diagram summarises our Internal Control Framework:



B.4.2 Implementation of the Compliance Policy

The Compliance Function is responsible for:

- Supporting and monitoring compliance with applicable laws and regulations and administrative provisions to protect the Company against compliance risks. This includes the identification, assessment and mitigation of compliance risk arising.
- Advising senior management and the Board of Directors on compliance with laws and regulations adopted and assessing the possible impact of any changes in the legal environment on our operations.

Allianz Darta has implemented a Compliance Policy, which sets out the roles, responsibilities and reporting requirements in respect of compliance matters. The policy is reviewed regularly to ensure continued alignment with the appropriate requirements, both from an Allianz and from a Solvency II perspective and continues to be relevant to current and planned operations.

Compliance general activities and processes

As part of the Internal Control System, the Compliance Function completes a set of activities to achieve its objectives mainly by establishing and maintaining an adequate and effective Compliance Management System. This Compliance Management System comprises of the following elements:

- Promote a culture of integrity and compliance.
- Provide compliance training and communication.
- Provide advice on compliance matters.
- Establish and maintain compliance principles and procedures.
- Investigations, incidents and employee reporting.
- Interaction with regulatory authorities.
- Monitoring of control assessments and reporting.
- Identification of new regulations.
- Implementation of required changes due to regulatory change or new regulations.
- Reporting to the Board Risk Committee.
- Reviewing the System of Governance on at least an annual basis.

Compliance risk assessment

The Compliance Function identifies, documents and assesses the compliance risk associated with our business activities on a regular basis through application of the NFRM. This helps to ensure that the overall compliance framework reflects the risk exposure. The Compliance Function, Internal Audit and the Risk Management Function cooperate closely to manage these risks.

B.5 Internal Audit

B.5.1 Implementation of the Internal Audit Function

The Internal Audit Function independently:

- Reviews risk governance implementation, performs quality reviews of risk processes and tests adherence to business standards including the Internal Control System.
- Evaluates and makes recommendations for improvements in the effectiveness of the system of internal controls and governance through the application of a systematic, disciplined auditing approach.
- Develops an audit universe covering all risks, including those arising from outsourced functions, which is defined and revised annually using a risk-based approach and

subsequently used to steer and prioritise internal audit activities in the context of an overall objective to obtain adequate coverage of the entire universe within a 5-year audit plan.

- Issues an audit report including recommendations based on facts and professional judgment and a summary of the most important results, including an overall assessment for each audit performed.
- Performs follow-up monitoring to ensure that any deficiencies identified are resolved.

Internal Audit reviews the Internal Audit Policy on an annual basis to ensure that the roles, responsibilities, tasks and reporting requirements in respect of the Internal Audit Function are appropriate. The policy is supplemented by the local Standard Audit Manual, which is derived from the Allianz Group Standard Audit Manual.

B.5.2 Maintenance of independence of the Internal Audit Function

The Internal Audit Function is an independent assurance function forming the 'Third Line of Defence' in the Company's Governance and Internal Control Framework.

The Internal Audit Function has the authority to express its own assessment and recommendations but cannot give orders (except in cases of suspicion of illegal activities/fraud).

Independence is achieved by ensuring that Internal Audit is positioned outside of functional roles and responsibilities, that there are no obvious conflicts of interests in assignments and that auditors have not been engaged in drafting procedures, designing, implementing or operating systems, or implementing recommendations. They may not carry out operational roles.

The Head of Internal Audit reports directly to the Chair of the Audit Committee and has access to the Board, as required. The Internal Audit Function has a functional reporting line to the Audit Functions at both our parent and ultimate parent levels and is subject to oversight by same. Steps are in place to ensure that the Internal Audit Function remains independent of all other functions at all times.

The Internal Audit Function has the right to communicate with any employee and obtain access to any information, records or data necessary to carry out its responsibilities, to the extent legally permitted. It has the responsibility and the right to review activities, procedures and processes in all areas of the Company, without limitation. Internal Audit has the unlimited right to obtain information and management must inform Internal Audit of serious deficiencies and major changes in internal control systems. This information is handled with discretion and confidentiality.

In addition to auditing activities, management may seek the advice of Internal Audit on internal control related topics, which Internal Audit may provide. However, Internal Audit cannot compromise its independence and cannot implement working procedures. The advisory function of Internal Audit may not jeopardise its core audit activities and the fulfilment of its audit plan. The Head of Internal Audit must confirm the independence of the Internal Audit activity to the CEO and HOF (and Audit Committee), at least annually.

The Actuarial, Compliance and Risk Management Functions are separate from the Internal Audit Function with no instruction or reporting of one function into the other.

B.6 The Actuarial Function

The HoAF is a key function holder and part of the second line of defence in relation to reporting, oversight and controlling activities.

Our Actuarial Policy sets out the roles, responsibilities and reporting requirements in respect of the Actuarial Function.

The Actuarial Function performs tasks that are based on regulatory and business requirements and consist of coordination and calculation of technical reserves for accounting and regulatory purposes and other controlling and reporting figures.

The core tasks performed by the Actuarial Function in 2023, as defined by the “Domestic Actuarial Regime and Related Governance Requirements under Solvency II”, as issued by the Central Bank of Ireland in 2018, and the “Guidance for (Re)Insurance Undertakings on the Head of Actuarial Function Role”, as issued by the Central Bank of Ireland in 2016, include but are not limited to:

- The coordination and calculation of Technical Provisions for accounting and regulatory reporting purposes.
- Ensuring the appropriateness of the assumptions and valuation methodologies used in the calculation of the Technical Provisions.
- Expressing an opinion on the Technical Provisions.
- Providing an actuarial report on the Technical Provisions.
- Expressing an opinion on the overall underwriting policy and on the adequacy of the reinsurance arrangements.
- Expressing an opinion on the ORSA.
- Contributing to the effective implementation of the Risk Management System.

The HoAF produces all of the above on an annual basis. In relation to Technical Provisions requirements, the HoAF provides an Actuarial Opinion on Technical Provisions (“AOTP”) for the Central Bank of Ireland and an Actuarial Report on Technical Provisions (“ARTP”) supporting the AOTP for the Board. The regime also requires an independent peer review of the Technical Provisions and the associated AOTP and ARTP, thereby providing an “independent view of the Company’s reserving” every three years. A peer review was completed for year end 2021 by Deloitte Ireland.

The Actuarial Function cooperates closely with the Risk Management Function by:

- Contributing to methodologies, models and assumptions used for the assessment of risk.
- Expressing written annual opinions on key aspects of the business and its operation as outlined above.
- Contributing to the overall risk management process.

The HoAF supports the risk management framework through acting as the Chair of the Reserve Committee and by being a member of the Management Risk Committee and Product Approval and Oversight Committee.

B.7 Outsourcing

B.7.1 Overview

We currently outsource a number of key services to third parties, both within and outside of the Allianz Group. All important and critical outsourcing relationships require approval by the Board prior to being implemented.

Outsourcing of certain functions or services essential to the operation of the Company directly affects our Policyholder's interests. In order to appropriately safeguard these interests, we have certain policies and processes in place to adequately assess, mitigate and control the risks associated with outsourcing and to ensure business continuity in case of adverse events arising or the termination of a relationship with an outsource provider.

B.7.2 Outsourcing policy

We have a formal Outsourcing Policy in place, as approved by the Board, which is subject to review on at least an annual basis.

In summary, our Outsourcing Policy sets out:

- The roles and responsibilities of all key stakeholders involved in the outsourcing of functions and activities, including, but not limited to, the Board and its Committees, Outsourcing Committee, Risk Management Function, Compliance Function, Business Managers, Relationship Managers and Service Providers.
- The processes and procedures for the completion of due diligence to be carried out prior to electing to place business with a particular outsource service provider.
- The processes and procedures for obtaining appropriate approval for new or amended outsourcing relationships.
- The processes and procedures for the on-going monitoring of the activities and performance of outsource service providers.
- The requirement to develop and maintain contingency plans and exit strategies in respect of all important and critical outsourcing relationships.
- The reporting requirements, including escalation protocols, both within the Company, the Allianz Group and externally to the Central Bank.
- The steps required to be taken in the event of a major deviation by the Service Provider being identified.

B.7.3 Listing of critical and important outsourcing relationships

The critical or important operational functions outsourced are as follows:

Provided by	Activities covered	Location of provider
Allianz Group		
AGL	Actuarial Function, Regulatory Risk Capital calculations support, IT and other miscellaneous services	Ireland
Allianz Ireland plc	Internal Audit Function	Ireland
Allianz S.p.A	Fiscal, financial reporting support and legal services.	Italy
Allianz Technology SE (“Allianz Technology”)	Information Technology services	Ireland/Germany
Allianz Global Investors GmbH	Fund Management services	Germany
PIMCO Europe Ltd	Fund Management services	United Kingdom
Investitori SGR S.p.A.	Fund Management services	Italy
External Providers		
FNZ (Europe) dac (formerly Irish Progressive Services International Limited)	Third Party Administration	Ireland
Asset Managers (20)	Fund Management	Various European countries
External document archiving firms (4)	Document archiving	Ireland/Italy
F. O’Hara	Company Secretarial Services	Ireland

B.8 Other material information

B.8.1 Assessment of System of Governance

Our Internal Control Policy requires that we undertake a review of the System of Governance on an annual basis or ad-hoc, if extraordinary circumstances occur (such as in case of larger organisational or regulatory changes).

We have established a structured process to review our System of Governance, which is followed by a formal resolution of the Board, including the definition of mitigating activities. The coordination of the regular review process is assigned to the Head of Compliance. The results are reported to the MRC for review.

For the purpose of this governance review, a catalogue of single elements is identified which, in total, form the entire “System of Governance” of the Company. The objective of the regular review is to come to an assessment of the adequacy and effectiveness of single elements, as well as the entire System of Governance in accordance with our risk profile.

The use of the term “adequacy assessment” in this regard refers to the use of professional judgement as to whether the single governance element in question is adequately described, designed and implemented in relation to the respective risk profile in order to achieve the related objectives.

The overall System of Governance is designed and aligned appropriately and proportionately to support our business model and its underlying risk strategy and risk profile. Our operational and organisational setup has been designed to enable risk management structures and embed effective internal controls within the Company.

We continuously aim to improve the compliance, risk management and governance systems that we have in place by ensuring that they are reviewed and evaluated. Recommendations are made to the Board regarding the enhancement and development of the system. These recommendations include observations on the outcomes from controls monitoring, root cause analysis of complaints, breaches and risk events.

Our annual review was last undertaken during January 2024 by the MRC as supported by the Compliance Function, Risk Management Function, Finance Function, Internal Audit Function, Actuarial Function and the Operations Department. This review covered both the design effectiveness and operating effectiveness of the Internal Control framework.

Based on the outcomes of our review, we have concluded that our System of Governance is adequate to the nature, scale and complexity of the risks inherent in the business.

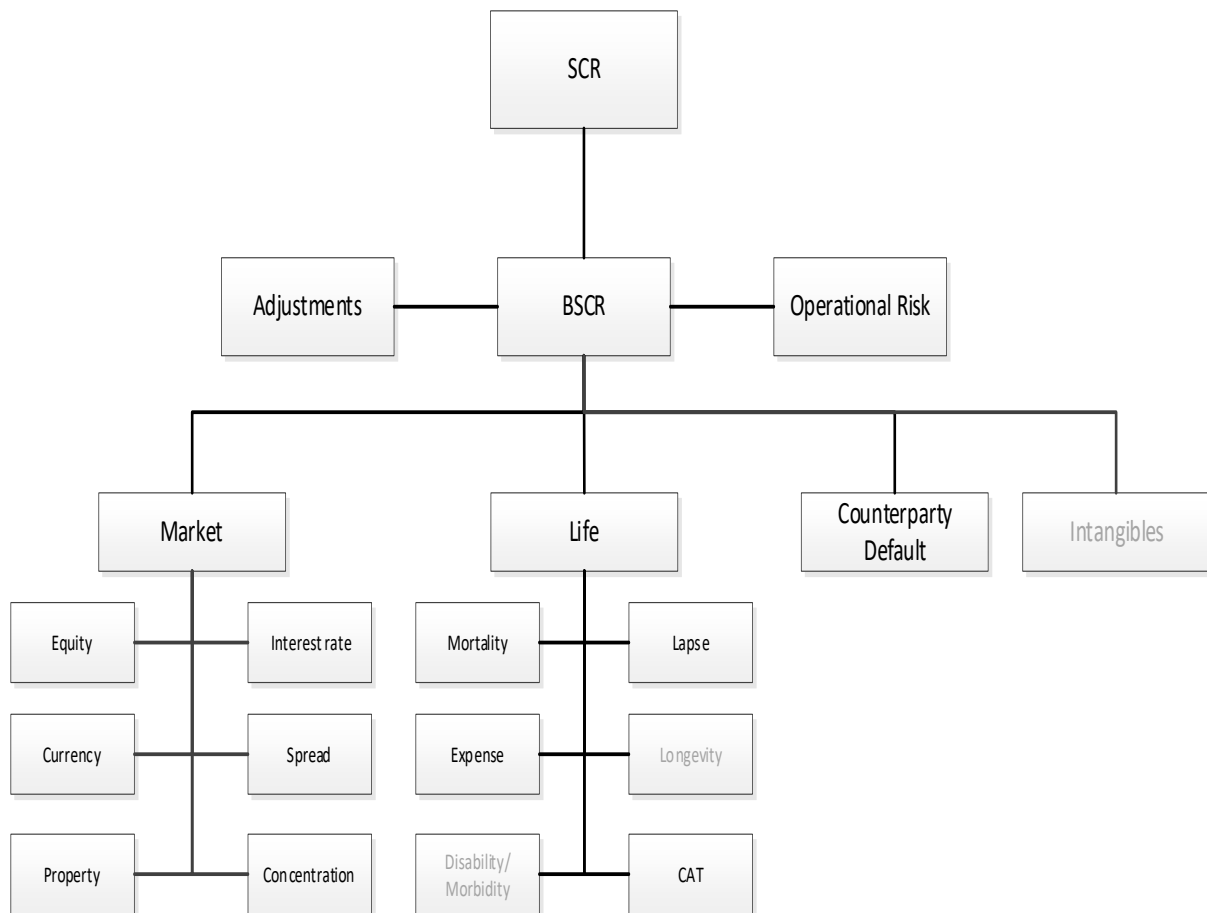
B.8.2 Other material information

In general, external events have no impact on our System of Governance.

All other material information regarding the System of Governance has been set out above.

C. Risk Profile

The majority of the risks we face are measured and managed based on the calculations derived using the Standard Formula, as set out in Solvency II. The Standard Formula comprises a set of individual risk modules each of which cover a certain type of risk to which we may be exposed. The risk modules are then aggregated in accordance with the Regulations to calculate our SCR. The following graphic represents a summarised version of the Standard Formula including the items that are most relevant to us.



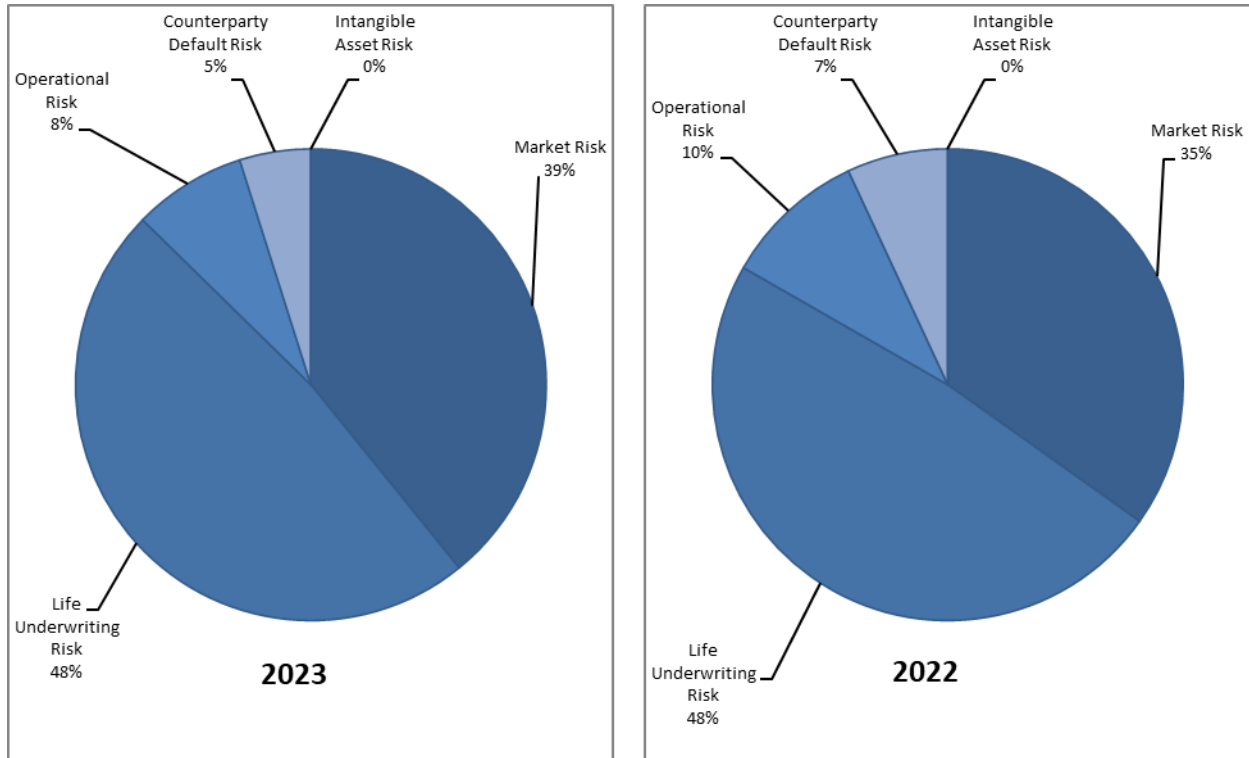
The resulting risk profile indicates how risks are distributed over different risk categories and determines the regulatory capital requirements in accordance with Solvency II.

The risks covered by the Standard Formula do not include Liquidity Risk, Strategic Risk or Reputational Risk. Section C.4 below sets out our considerations in respect of Liquidity Risk and Section C.6 below sets out our consideration in respect of Strategic Risk and Reputational Risk.

This Section provides a detailed description of our risk exposure by category of Solvency II risk, followed by detailed descriptions of each corresponding risk category in the different subsections.

Whilst the quantum of our SCR has increased due to an increase in the underlying size of our book, there have been no material changes in any of our risk exposures over the reporting period.

The charts below set out the resulting Basic (pre-diversification) Solvency Capital Requirement ("SCR") as at 31 December 2023 and 31 December 2022:



C.1 Life Underwriting risk

Life Underwriting risks have been split into expense risk, lapse risk, mortality risk and life catastrophe risk.

C.1.1 Risk exposure

The Standard Formula indicates that as at 31 December 2023 48% (2022: 48%) of our SCR is held in respect of life underwriting risk. Key life underwriting risks we are exposed to include:

Material risks	Risk assessment measures
<p>Expense risk</p> <p>The risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing policies.</p> <p>An increase in the level of expenses, whether due to estimation error, inflation being higher than expected or policy volumes being lower than expected, results in a reduction in future</p>	<p>Budgets are prepared on an annual basis and are subject to stringent challenge and review both within the Company and at a Group level.</p> <p>Actual expenses incurred are monitored against budgeted expenses for the month and year to date. Significant deviations are investigated and steps are taken to address the causes.</p> <p>Best estimate assumptions are reviewed and rebased annually as required.</p>

Material risks	Risk assessment measures
profitability and an increase in the provisions required for future expenses.	
<p>Lapse risk</p> <p>The risk of loss, or of adverse change in the value of policies, resulting from changes in the level or volatility of the rates of policy lapses.</p> <p>The occurrence of a mass lapse event results in a reduction in future profitability.</p>	<p>Lapse experience is monitored against budgetary expectations on a continual basis and any identified deviations from expected norms are investigated.</p> <p>The potential impact on Own Funds of the occurrence of a mass lapse event is projected for the purposes of calculating our capital requirements under Solvency II.</p> <p>Best estimate assumptions are reviewed and rebased annually as required.</p>
<p>Mortality risk</p> <p>The risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the cost of death benefits and a reduction in the projected future margins.</p>	<p>Actual claims experience is monitored against budgetary expectations on a continual basis and any identified deviations from expected norms are investigated.</p> <p>Best estimate assumptions are reviewed and rebased annually as required.</p>
<p>Life Catastrophe</p> <p>A Life-catastrophe event is defined for the purposes of Solvency II as an instantaneous increase in mortality rates of 15bps over the mortality rates used in the calculation of the Technical Provisions to reflect mortality experience in the following 12 months</p>	<p>The likely impact of a catastrophic event occurring is measured as part of the ORSA as part of the scenario analyses completed and during the capital setting processes.</p>

Exposure to lapse risk and expense revision risk has remained consistent year-on-year. No material changes in the measures have been applied during the period in respect of these risks.

C.1.2 Risk concentration

Our book is based in Italy with a small exposure to Lithuania. Therefore, there is a concentration risk to the exposure to a single market.

Lapse risk can increase in times of economic uncertainty. Therefore, there is a concentrated risk exposure to Italy and its economy.

C1.3 Risk mitigation techniques

Material risks	Risk mitigation techniques
Expense risk	<p>Contracts are in place with our service providers to ensure transparency over pricing of services.</p> <p>Expense risk is also factored in the pricing of our products through a best estimate allowance for expenses.</p> <p>Best estimate expense assumptions are reviewed and rebased annually.</p> <p>Expenses are monitored continually and any identified deviations from expected norms are addressed. .</p>
Lapse risk	<p>We price our products based on best estimate assumptions, including surrender rates.</p> <p>We carry out reviews of the on-going appropriateness of our products.</p> <p>Lapse experience is monitored against budgetary expectations on a continual basis and any identified deviations from expected norms are investigated.</p> <p>Best-estimate lapse assumptions are reviewed on at least an annual basis.</p> <p>A Future Management Action plan has been approved by the Board which sets out steps to be taken to reduce costs in the advent of a mass lapse event</p>
Mortality risk	A large proportion of the mortality risk is reinsured.
Life Catastrophe event	<p>Due to the nature of the products written, there is limited exposure to this class of risk.</p> <p>A significant proportion of the likely impact of life catastrophe risk is reinsured.</p>

C.1.4 Risk sensitivity

We carry out stress and scenario testing as part of the ORSA, which includes stress testing in respect of the level of death claims we experience, lapse risks and expense risks. As part of the ORSA, the SCR is recalculated following scenarios which subject it to significant increases in expenses and sharp increases in lapses, including the consideration of the impact of a potential higher mass lapse event occurring and the advent of extremely high incidences of deaths. The testing shows that we are resilient to such stresses.

C.2 Market risk

C.2.1 Risk exposure

C.2.1.1 Exposure

As at 31 December 2023 39% (2022: 35%) of our SCR, as calculated applying the Standard Formula, is held in respect of Market Risk.

Market risk results from unexpected losses arising due to changes in market prices or parameters influencing market prices. These include changes driven by equity prices (“equity risks”), interest rates (“interest rate risk”), real estate prices, exchange rates (“currency risk”), credit spreads (“spread risk”) and implied volatilities or due to changes in market prices due to a worsening of market liquidity.

As an inherent part of our operations, we collect premiums from our Policyholders and invest them in a wide variety of assets. The resulting investments back the unit-linked policy liabilities held on behalf of the Policyholders (“unit-linked assets”).

Some of our Policyholder investment funds use derivatives to hedge against adverse market movements (for example, protective puts) or to reduce our investment risk (for example, by using forwards, swaps or swaptions).

Due to the nature of the products we sell, our policyholders are exposed to various market risks including equity risk, spread risk, currency risk, indirect property pricing risk and to a lesser extent interest rate risk.

Poor performance in the unit-linked funds affects the value of fees earned as a second order risk. Adverse fluctuations in equity prices, interest rates and foreign currencies will result in a reduction in fee income and High Watermark Income earned. The Shareholder does not have any direct exposure to equities or debt securities.

The geopolitical tensions that arose in 2023 witnessed various significant events. Notably, Russia's ongoing invasion of Ukraine and the subsequent outbreak of the Israel/Hamas conflict exemplified the escalating nature of these tensions. The outcomes and escalations resulting from such conflicts are inherently unpredictable but can undoubtedly have lasting impacts on crucial aspects such as supply chains, inflation rates, and overall economic growth.

Silicon Valley Bank and Signature Bank both failed in the United States during March 2023. Neither the Company nor our Policyholders were materially exposed to either of these banks. UBS announced the acquisition of Credit Suisse due to the latter facing financial difficulties. The Company does not have a direct exposure to Credit Suisse. However, certain Policyholders held positions in funds managed by Credit Suisse Asset Management or had indirect exposure to Credit Suisse through crossholdings in other funds managed by our other Fund Managers.

Despite volatility in markets the value of the our Policyholder investments have increased as at 31 December 2023 as compared to 31 December 2022.

Over the long term, we may become increasingly exposed to market fluctuations as a result of transitional risks associated with Environmental (climate change), Social and Governance Risks. Refer to Section C.6 for more information on Environmental (climate change), Social and Governance Risks.

Concentration risk is also included in the calculation of market risk. However, this risk does not have a material impact on SCR.

C.2.1.2 Risk assessment measures

Our Investment Policy Statement details the approach to the management of risks arising in respect of unit-linked assets and Shareholder investments.

The performance of Policyholders' funds and compliance with investment mandates is monitored on a regular basis by the Investment Team, Operational Investment Committee and Board Investment Committee. The Board Investment Committee reports to the Board on a quarterly basis.

Each Asset Manager's performance is monitored on an ongoing basis, including monitoring of news feeds and developments, by the Investment Team.

Likewise, the performance of the Shareholder investments is monitored in line with the limits set out in the Investment Policy.

C.2.1.3 Application of the Prudent Person Principle

We apply the Prudent Person Principle to our entire investment portfolio through the application of the following principles:

- All assets need to be invested in such a way as to ensure the quality, security, liquidity, profitability and availability of the investment portfolio as a whole. This also includes the need to structure the investment portfolio such that it is appropriate to the nature and duration of insurance liabilities covered by these assets.
- Assets are only admissible if we can properly identify, measure, monitor, manage, control, report and appropriately integrate their risks as part of the ORSA.
- Asset Managers are subject to rigorous due diligence procedures prior to business being placed with them.
- Asset Managers are subject to review throughout the course of their association with us.
- Review meetings are held with the Asset Managers during which fund performance, investment strategies and risk management are discussed.
- All Asset Managers are provided with clear investment mandates and guidelines, which set out the upper and lower volatility limits, geographical exposure limitations, prohibited investments and concentration risk limits as set for individual Policyholder funds and Shareholder investments alike. The Board Investment Committee, Operational Investment Committee and Investment Team monitors compliance with these limits.

- Derivatives are used only for efficient portfolio management and never for speculative purposes.

C.2.2 Risk concentration

Market concentration risk is a standalone sub-module that feeds into the overall Market Risk SCR calculation.

Under the Solvency II Delegated Regulations, assets held in respect of life insurance contracts where the investment risk is fully borne by the Policyholders are not included in the calculation of concentration risk sub-module of the Market Risk SCR.

C.2.3 Risk mitigation techniques applied

Market risk exposures are mitigated through the following techniques:

- The performance of Policyholders' funds and compliance with investment mandates are monitored and reported on an exceptions basis. Exceptions identified are followed up in a timely manner.
- The Investment Team monitors compliance with volatility limits. Exceptions are reported to the Board Investment Committee and Operational Investment Committee on a regular basis. If volatility limits are breached, the Asset Manager so affected is requested to undertake corrective actions within a reasonable timeframe.
- Experienced Asset Managers, with strong records of positive returns, are mandated with investing Policyholder funds. The Asset Managers are subject to rigorous due diligence procedures prior to business being placed with them. Each Asset Manager's performance is monitored on an ongoing basis, including monitoring of news feeds and developments.
- All investments are subject to agreed geographical, concentration and volatility limits. Compliance with all limits imposed is monitored by the Investment Team and are reported to the Board Investment Committee and Operational Investment Committee on a regular basis.
- We continue to work closely with our asset managers to identify suitable Environmental, Social and Governance funds for inclusion in our customer offerings. In some cases, these funds will replace existing fund options entirely.
- When it comes to investing Shareholder Funds, we follow a conservative approach preferring to hold excess funds in the Group Cash Pool Facility.
- Our Investment Policy specifically prohibits investment in the following:

Investment types	Definition
Controversial Weapons Exclusions	Exclusion of producers of controversial weapons
Energy Exclusions: Coal-based businesses	Exclusion of coal-based business models
Energy Exclusions: Energy Watch List	No new investments in coal-based business models
Energy Exclusions: Unconventional Oil and Gas Oil Sands	Exclusion of oil sands-based business models
Energy Exclusions: Unconventional Oil and Gas Tight Oil and Gas – Fracking	Exclusion of tight oil-based business models relying on Hydraulic Fracturing ('Fracking')
Sovereign Bond Exclusions	Exclusion of Sovereign bond issuers (and sub-sovereign issuers) as included on the EU Financial Sanctions list
Engagement Exclusions	Exclusion of corporate issuers who, as part of their engagement with stakeholders such as investors, regulators, or the public, have failed to address or resolve concerns related to environmental, social, or governance issues. This could include instances where these issuers have not adequately responded to shareholder inquiries, failed to make progress on sustainability goals, or has faced significant controversies related to their business practices.

There has been no material change in the measures applied during the period in respect of these risks.

C.2.4 Risk sensitivity

As part of our ORSA process, we subject the investments to the equivalent of recessionary market conditions. Both the Solvency Coverage and liquidity needs were recalculated as part of the analysis of this scenario and it was determined that the Company is resilient to such stresses.

C.3 Credit risk (Counterparty default)

C.3.1 Risk exposure

C.3.1.1 Exposure

The Standard Formula indicates that as at 31 December 2023 5% (2022: 7%) of our SCR is held in respect of Counterparty risk or credit risk.

Credit risk is the unexpected loss in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments (i.e. payment overdue). Our exposure to credit risk, which includes counterparty risks, primarily occurs with respect to the following assets:

- Italian Withholding Tax ("IWT") Asset, arising because of participating in the "sostituto d'imposta" tax regime.

- Cash balances and deposits held with credit institutions.
- Receivables due from debtors.

C.3.1.2 Risk assessment measures

The credit quality of counterparties is monitored closely by the Finance and Risk Management Functions. A significant deterioration in the credit quality of a counterparty (for example, a downgrade of more than two credit rating categories in respect of a rated counterparty) acts as an early warning. The recoverability of debts is also closely monitored.

C.3.1.3 Application of the Prudent Person Principle

In line with the Prudent Person Principle, we have implemented an Investment Policy. This policy sets limits over the extent of permissible credit exposure by type of issuer in order to mitigate credit risk.

We have also set limits on the maximum amount of cash balances that can be deposited with individual financial institutions. As an overarching principle, we can only place investments, including cash balances, with counterparties approved by Allianz Group.

We have a contractual agreement in place with Allianz SE, through which excess available liquidity is transferred to the Group Cash Pool. This pool is centrally managed by a specialist team within the Group Treasury & Corporate Finance Function. The Central Cash Pooling within the Allianz Group offers the following benefits:

- Efficient use of available excess liquidity across the Group.
- The ability to take advantage of better conditions that would not be available individually.
- Access to a wider range of investment options and specialist expertise that may not be available locally.

All holdings are subject to Group defined limits as set out in the Credit Limit and Risk Management System (“CRISP”), which is an Allianz Risk Management System used to ensure that counterparty concentration risk does not exceed the Group’s risk-bearing capacity.

We may not invest in assets that are not included in the Allianz permissible asset database. Apart from limited exceptions, as approved by our Board, Shareholder investments are limited to securities rated as being at least equivalent to Standard and Poor’s BBB- rating at worst (“investment grade”).

We may only enter into reinsurance contracts with counterparties approved by Allianz Group. As per Allianz Group’s criteria only reinsurance counterparties with a minimum S&P credit rating of “A” are acceptable.

C.3.2 Risk concentration

As at 31 December 2023, we held a receivable to the value of €363m (2022: €378m) that is recoverable against future payments to the Italian Tax Authority.

As at 31 December 2023, we held deposits in the Group Cash Pool facility to the value of €148m (2022: €164m).

C.3.3 Risk mitigation techniques applied

We do not hold any investments on our own account. Were we to hold such investments, as part of the Allianz Group, we are covered by the CRISP system. The CRISP system also includes “watch list” reports and “blacklisted” counterparties. The CRISP system assists us in keeping concentration and counterparty risks within Group and local Risk Appetite. Exposure to or concentrations in respect of specific assets may not exceed those limits set out in the CRISP database, except where an explicit derogation has been provided by the Board or Allianz Group, as applicable.

Where required, compliance with these limits is monitored by the Finance Function and Investments Team and is reported on to the Board Investment Committee and Operational Investment Committee.

We have a letter of “parental support” in place, whereby we are able to assign any unrecovered Italian tax asset, which arises from the payment of the IWT each year, at face value to our Shareholder (irrespective of whether or not they have a sufficient tax liability to get immediate value for the credit).

Outstanding debtor balances are followed up on a regular basis by our Finance Team.

C.3.4 Risk sensitivity

Specific stress scenarios relating to the default of material receivables were analysed as part of the ORSA. Both the Solvency and liquidity needs were recalculated as part of the analysis of these scenarios and it was determined that the Company is resilient to such stresses. In addition, we prepare a paper each year wherein the recoverability of the IWT Asset is specifically reviewed, which is presented to the Audit Committee for review and approval.

C.4 Liquidity risk

C.4.1 Risk exposure

C.4.1.1 Exposure

Liquidity risk is the risk that current or future payment obligations cannot be met or can only be met based on adversely altered conditions. Liquidity risk can arise primarily if there are mismatches in the timing of cash flows.

Liabilities to Policyholders are matched by unit-linked assets such that there are units created for each fund equal to the number of units allocated to Policyholders. This is designed to ensure that sufficient assets of appropriate nature, term and liquidity are held to enable us to meet the liabilities to Policyholders as they become due. Our Policyholder's main exposure to liquidity risk arises through the investments backing their policy liabilities, although the effect of this risk is reduced by the nature of the investments held. On receipt of a claim, our Policyholders' positions are encashed and the proceeds are paid over.

In general, our products are well matched in terms of timing of cash flows, which reduces the extent of liquidity risk that may arise. However, some product offerings include an upfront allocation, which may result in liquidity strains in high sales volume periods.

Our Shareholder's main exposure to liquidity risks arises in respect of the unrecovered portion of the Italian Tax Asset and the requirement to pay expenses of the business as they arise from time to time.

There have been no material changes in our liquidity risk exposures over the reporting period.

C.4.1.2 Risk Assessment measures

The Policyholder's exposure to liquidity risk (arising in respect of the internal funds) is managed through compliance with the respective investment policies of each fund, as detailed in the Investment Mandates and Investment Guidelines, whereby, each fund is obligated to hold a percentage of their assets in highly liquid assets.

Company liquidity is monitored on a daily and monthly basis by the Finance Function.

A forward-looking cash flow projection over a 36-month period is performed based on the most up-to-date forecasts available. These cash flow projections, which form a part of the regular risk reporting process, are subjected to stress events that are introduced at the discretion of the Risk Management Function. This enables us to understand our potential future liquidity needs better. The outcomes of the projections are discussed at the MRC on a monthly basis and are reported to the Board on a quarterly basis.

C.4.1.3 Application of the Prudent Person Principle

Cash resources are held in reputable stable banks or within the Allianz Cash pool and are subject to upper limits on the amount of cash that may be held within any one institution at any one time. The banks that we use are approved counterparties as prescribed by the Allianz Group.

C.4.2 Risk concentration

In the past the main driver of liquidity stresses relates to the payment of IWT in June of each year. However, in recent years, the action of the legislative cap inherent in the tax calculation, has reduced the amounts payable to negligible levels. It is expected that payments in this regard may regain significance over the medium term.

C.4.3 Risk mitigation techniques applied

Liquidity risk is managed in line with the Risk Management Framework, which includes an Investment Policy and a Liquidity Risk Management Policy. These policies set out a number of measures that we actively use to ensure that we are able to pay our debts as they become due.

We have developed a Recovery Plan that outlines the steps to be taken in the unlikely event that the company encounters challenges in sourcing liquid funds.

We monitor the limits over the volume of products with additional allocations that may be sold closely.

C.4.4 Risk sensitivity

As part of the ORSA, consideration is given to the impacts in each of the stress scenarios on our liquid assets and our ability to continue to meet obligations as they become due. We are sensitive to extreme liquidity stresses as demonstrated through the testing performed. However, in most scenarios we are projected to maintain a reasonable liquidity buffer throughout the period 2024-2026.

C.4.5 Expected profits included in future premiums

The expected profit included in future premiums amounts to circa €14.9m (2022: €12.4m). The expected profit included in future premiums is the difference between the Best Estimate Liabilities and the Best Estimate Liabilities assuming no future premiums are received relating to existing business.

C.5 Operational risk

C.5.1 Risk exposure

C.5.1.1 Exposure

As at 31 December 2023 8% (2022: 10%) of Allianz Darta's SCR, as calculated in accordance with the Standard Formula, is held in respect of operational risk. The decrease in operational risk is in line with the decreases in our underlying expenses. Operational risks represent the losses resulting from inadequate or failed internal processes and can stem from a wide variety of sources, as summarised in the table below.

Sources of material exposures	
Categories	Definitions
External fraud (including cyber risks)	The external theft and fraud sub-category cover events arising from acts intended to defraud, misappropriate property or circumvent the law by a third party without the assistance of an internal party.
Internal Fraud (including cyber risks)	Where one or more current employees are knowingly involved in a theft or fraud, including unauthorized activity where there is no legal recourse, the event should be classified as internal fraud.
Employment practices and workplace safety	This category covers operational risk events resulting from incidents connected to employment agreements, human resource processes and health and safety laws.
Clients/Third party, Products and Business practices	An operational risk event may arise due to an unintentional or negligent failure to meet a professional obligation (including fiduciary and suitability requirements), or from the nature or design of a product.
Damage to physical assets	The damage to physical assets category is used to cover events arising due to natural / industrial disasters and malicious damage of company property.
Business disruption and system failures (including cyber risks)	This category covers operational risk events arising due to disruption of business operations or system failures.
Execution, delivery and process management	An operational risk event may arise due to failed transaction processes or process management failures in general. Operational risk events arising in back office areas fall within this category. These events will often be unintentional and could involve failure to properly document and/or complete business transactions.
Conduct Risk	The risk to the delivery of fair customer outcomes, or to market integrity. We are exposed to conduct risk through the failure of distributors to act in an ethical manner when distributing our products. This could arise through inappropriate sales activities or the brokers trying to increase their own fee income by coercing Policyholders to surrender and reinvest their funds in a manner that is detrimental to the Policyholder.

C.5.1.2 Risk assessment measures

Operational risk is monitored through the analysis of the number and nature of errors and near misses reported. The level and nature of complaints as logged by the Operations team are also analysed as part of this exercise.

The impact of these incidents on operational risk is measured using a “Rating Impact Scale” whereby operational incidents, breaches, unexpected losses or profits arising from operational incidents and near misses are rated and classified.

Compliance with legal and regulatory requirements is monitored by our Compliance Function.

Complaints and instances of litigation are closely monitored by our Compliance Function and Operations team and are reported on through the Key Risk Indicators by the Risk Management Function.

We have developed a series of metrics, based on the Allianz Group’s methodology and our own experience, to aid us in identifying whether our customers understand the products they hold or whether there are potential areas for concern in our selling process.

We closely monitor our outsource providers through:

- Scrutiny of performance metrics as compared to pre-defined service levels
- Regular operational and performance meetings
- The completion of oversight procedures by the Teams responsible for managing the relationship.

The performance of our outsource providers is formally discussed, at least quarterly, during our Outsourcing Committee meetings. The Outsourcing Committee will determine action plans to address underperformance by an outsource service provider, if required. Detailed exit plans have been developed, should it become necessary to terminate our relationship with an outsource service provider. These plans are reviewed at least annually.

C.5.2 Risk concentration

We are exposed to a single Third Party Administrator that carries out policy administration and fund accounting activities on our behalf.

We are exposed to the Group for the provision of IT services and support.

We are not exposed to any other significant concentrations of risk in respect of operational risks as at 31 December 2023.

C.5.3 Risk mitigation techniques applied

Exposure to operational risk is typically managed by the managers of our various business functions as part of their first line of defence responsibilities.

We also have a comprehensive set of policy statements in place, which are designed to control and mitigate our main sources of operational risk. Each policy sets out procedures to manage, mitigate and report operational risk.

One of the sources of operational risk is the outsourcing arrangements that have been put in place. To mitigate these risks, we have an Outsourcing Governance Framework in place, which includes an Outsourcing Policy. Section B.7 provides more detail on how we manage outsourcing arrangements.

We maintain an Operational Resilience Framework which incorporates Business Continuity, IT Service Continuity, Crisis Management and Third Party Risk Management. This ensures that we can effectively identify potential disruptions, assess their impact, and implement effective measures to mitigate the risks. The Operational Resilience Framework seeks to maintain critical business services in the face of unexpected challenges or disruptions.

We have a detailed Information Security policy in place that describes our Information Security Framework. This Framework is derived from Allianz's Group Information Security Framework, as adapted to meet local operational needs and regulatory requirements. As part of this Framework, we have a series of key controls and reporting measures in place, such as continuing user education and awareness campaigns, regular access reviews, network security and malware protection.

Our Compliance Function and Operations Function closely monitor complaints and instances of litigation, which are in turn reported on through the Key Risk Indicators prepared by the Risk Management Function. We have developed a series of metrics to aid us in identifying whether our customers understand the products they hold or whether there are potential areas for concern in our selling process.

Both our Compliance and Risk Management Teams conduct testing under NFRM, using a risk-based approach, to ensure that key risks are effectively controlled.

Our existing products are subject to regular review based on pre-defined metrics.

We conduct comprehensive due diligence procedures over prospective distributors before onboarding them and continue to review their behaviour and performance throughout the course of our relationship with them. The distribution agreements in place with our distributors include clauses that have been designed to prohibit undesirable sales practices. Our distributors are provided with training in respect of any new products introduced and new brokers are provided with training throughout the course of our relationship with them.

C.5.4 Risk sensitivity

We carry out stress and scenario testing as part of the ORSA, which includes stress testing the impact of operational risks. Our SCR was recalculated following scenarios, which subjected the Company to significant operational incidents. The testing showed that we are resilient to such stresses.

C.6 Other material risks

There are certain risks that are not adequately addressed or mitigated by additional capital and are therefore not considered in the Standard Formula. For identification, analysis, assessment and management of these risks, we use a systemic approach in which risk assessments are generally based on quantitative criteria or scenario analysis.

C.6.1 Risk exposure

C.6.1.1 Exposure

Material risk	Sources of material exposures
<p>Sustainability Risk</p> <p>Sustainability risks arise from Environmental, Social or Governance events or conditions with negative impacts on assets, profitability or reputation.</p> <p>Environmental Risk (Climate change)</p> <p>A change in average conditions, such as temperature or rainfall, in a region over an extended period. There are two categories of risk associated with climate change:</p> <ul style="list-style-type: none"> • Physical risks arising from climate change can: <ul style="list-style-type: none"> ○ Be event-driven (“acute”) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). ○ Relate to longer-term shifts (“chronic”) in rainfall amounts and temperature and increased variability in weather patterns (e.g. sea level rise). • Transitional climate-related risks are associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, 	<p>Sustainability risks present a diverse threat as the risks themselves may materialise within multiple risk categories. For example, business disruptions as a form of operational risk, stranded assets as a form of financial market risk, or reputational risks arising from a poor public perception of our Company as socially irresponsible.</p> <p>From a climate change perspective, we are most exposed to transition risk and the second order effects arising from climate change. For example, a significant shift in weather patterns may lead to market instability or the reduction in the prices of certain assets or reputational risk through association with companies that are no longer considered to be socially acceptable or no longer comply with updated regulations.</p>

Material risk	Sources of material exposures
<p>market responses, and reputational considerations.</p> <p>A sharp increase in physical risks would require the economy to transition more rapidly, leading to higher transition risks.</p> <p>Social Risk Risks arising from how a company manages its relationships with its customers, its workforce, its suppliers, the community it operates in and the political environment.</p> <p>Governance Risk Risks arising from the system underlying how the Company is directed and controlled in the interests of Shareholders and other stakeholders. Governance involves a set of relationships between management, the Board, the Shareholders and other stakeholders. It provides the structure and processes through which the Company's objectives are set, monitored, and results are evaluated.</p>	<p>Social risks may manifest in the form of conduct risk, legal risks or reputational risks. Certain risks, such as geo-political risks, may increase market and credit risks.</p> <p>Governance risks may manifest in the form of legal risks or reputational risks.</p>
<p>Reputational risk Unexpected drop in the value of in-force business or value of future business caused by a decline in our reputation or in the reputation of the Allianz Group from the perspective of its stakeholders.</p>	<p>Events arising as a result of an operational risk that negatively affect our reputation are likely to result in an increase in lapses and a decrease in new business.</p> <p>Non-compliance with laws and regulations.</p> <p>Impact of reputational issues within other companies in the Allianz Group.</p> <p>Distributors selling products on our behalf.</p> <p>Shifts in consumer attitudes as a result of sustainability related factors giving rise to reputational impacts.</p>

Material risk	Sources of material exposures
Strategic risk Unexpected negative changes in the Company's value arising from the adverse effect of management decisions regarding business strategies and their implementation.	Our current strategy of mainly selling unit-linked products into the Italian market exposes us to significant concentration and strategic risk. Potentially disruptive new market entrants. Shifts in customer demands and changes in attitudes as a result of sustainability related factors.

There have been no material changes in other risk exposures over the reporting period.

C.6.1.2 Risk assessment measures

Material risk	Risk assessment measures
Sustainability risks	As sustainability risks are transversal, we measure these risks through the Key Risk Indicators assigned to the classes of risk affected.
Reputational risk	We measure reputational risk using a "Rating Impact Scale" whereby incidents, breaches, losses and near misses that may affect our reputation are rated and classified.
Strategic risk	The profitability of the Company, new business volumes, finance reports, compliance reports and risk management reports are all considered when the Board assesses our exposure to strategic risk.

C.6.2 Risk concentration

Risk	Risk concentrations
Sustainability risks	We do not have any significant risk concentrations with regard to this class of risk.
Reputational risk	We have significant exposure to Allianz Bank in Italy. Reputational damage to this distributor may have a deleterious effect on the Company.
Strategic risk	It is acknowledged that in the short to medium term we continue to be exposed to significant strategic risk.

C.6.3 Risk mitigation techniques applied

Material risks	Risk mitigation techniques
<p>Sustainability risks</p>	<p>We have adopted a Sustainability Strategy during the year.</p> <p>The general strategy for management of these sustainability risks is to follow the management approach for the primary underlying risk (i.e. financial market risks, operational risks, etc.).</p> <p>We have processes and procedures in place to ensure compliance with the requirements of the European Union’s Directive on Sustainable Finance.</p> <p>Business Continuity Management plans and policies, including ability to work remotely.</p> <p>The impact of realising sustainability risks is assessed as part of our Own Risk and Solvency Assessment process throughout the year.</p>
<p>Reputational risk</p>	<p>Threats to our reputation and that of the wider Allianz Group are closely managed.</p> <p>In line with Allianz Group guidance, we have a Risk Management Framework in place to identify and mitigate potential sources of reputational risk.</p> <p>This Framework includes the completion of the annual TRA, an annual risk assessment of our anti-fraud and anti-corruption practices and constant Anti-Money Laundering (“AML”) monitoring.</p> <p>In addition, we have implemented a set of policies, including a reputational risk policy, anti-corruption policy and anti-fraud policy, with the aim of mitigating potential sources of reputational risk.</p>
<p>Strategic risk</p>	<p>As part of the strategic and planning process, we continually consider options to diversify our product portfolio and distribution channels.</p> <p>The implications of various strategies that may result in volatility in sales volumes (both positive and negative), Policyholders switching to lower margin products or mass lapses are assessed as part of our stress and scenario testing as set out in the ORSA.</p> <p>New trends observed in the market are closely monitored.</p>

C.6.4 Risk sensitivity

We carry out stress and scenario testing as part of the ORSA, which includes stress testing on the impacts of other material risks. The testing showed that the Company is resilient to such stresses.

C.7 Any other information

All material information regarding our risk profile has been set out above.

D. Valuation for solvency purposes

D.1. Assets

The following table lists our assets and provides an overview as to the valuation approach applied in respect of these assets. The asset classes described are the same as those used for the Solvency II Market Value Balance Sheet (“MVBS”).

2023	Note	IFRS	Reclassification adjustments	Valuation adjustments	Solvency II
Assets		€'000	€'000	€'000	€'000
Cash and cash equivalents		145,481	-	-	145,481
Advance payment of Italian Policyholders' Tax	D.1.1	363,150	(363,150)	-	-
Deferred acquisition costs	D.1.2	47,511	-	(47,511)	-
Policyholder financial assets				-	-
Investments at fair value through profit or loss	D.1.3	25,644,930	56,729	-	25,701,659
Shareholder financial assets					
Investments at fair value through profit or loss		752	-	-	752
Reinsurance recoverables	D.2.7	-	-	(6,500)	(6,500)
Reinsurance contract assets	D.2.7	4,101	269	(3,900)	470
Other receivables	D.1.1	27,551	(27,551)	-	-
Receivables (trade, not insurance)	D.1.1	-	370,929	-	370,929
Right-of-use asset	D.1.4	4,629	(4,629)	-	-
Property, plant and Equipment held for own use	D.1.4	-	4,629	-	4,629
Total assets		26,238,105	37,226	(57,911)	26,217,420

We prepare our financial statements in accordance with IFRS, as adopted by the European Union.

The following Sections contain qualitative and quantitative information on the valuation differences arising in respect the amounts under Solvency II and same in the Financial Statements.

D.1.1 Other Receivables/Receivables (trade, not insurance)

Receivables (trade, not insurance) include an advance payment of Policyholder tax to the Italian Authorities (“Italian Withholding Tax Asset”) and other prepayments.

Solvency II reporting	IFRS reporting
<p>Receivables are reported at their fair value, net of any amounts deemed doubtful debts.</p> <p>Any discounting in respect of this asset is adjusted within the Best Estimate Liability in the Technical Provisions.</p> <p>For Solvency II reporting purposes, the Italian Withholding Tax asset has been reclassified to the Receivables (trade, not insurance) line item in the Solvency II Balance Sheet.</p>	<p>For IFRS purposes, we carry receivables at their nominal amounts (no discounting is applied).</p> <p>Payments are made to the Italian authorities because we are a withholding tax agent. These payments are recognised as assets, which are presented within the Statement of Financial Position at 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 they may be transferred to a company in the same group after five years have elapsed. Alternatively, payments can be recovered after five years by offsetting against future prepayments or directly from the Italian authorities if no other means exist. In line with Group Accounting policy, we do not apply any discounting to the Italian Withholding Tax asset for the purposes of IFRS reporting.</p>

D.1.2 Deferred Acquisition Costs (“DAC”)

Solvency II reporting	IFRS reporting
<p>DAC is not recognised in accordance with Article 12 of the Solvency II Delegated Acts.</p>	<p>Under IFRS, acquisition costs in respect of investment contracts 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.</p> <p>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.</p> <p>DAC is not explicitly recognised in respect of insurance contracts as defined under IFRS 17.</p>

D.1.3 Policyholder Financial Assets – Investments at fair value through profit or loss/Assets held for index-linked and unit-linked funds

We hold unit-linked assets for the benefit of our Policyholders.

Solvency II reporting	IFRS reporting
The Policyholders' Funds are measured at fair value for Solvency II purposes.	For IFRS purposes, these assets have been categorised as "Investments at fair value through profit or loss" and are measured at fair value in the Statement of Financial Position in line with the requirements of IFRS 9.

Approximately 98% (2022: 98%) of the Policyholders' Funds have been individually valued through the application of quoted prices (unadjusted) obtained from an active market (recognised and active exchange) for identical assets. The remaining assets are valued using valuation techniques based on observable inputs. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of the valuation techniques applied is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

No Policyholders' Funds are valued using significant unobservable inputs.

D.1.4 Right-of-use asset/Property, Plant and Equipment held for own use

Solvency II reporting	IFRS reporting
<p>The right-of-use asset is treated in a manner consistent with that under IFRS.</p> <p>For Solvency II reporting purposes the lease recognised under IFRS 16 has been classified as property, plant and equipment held for own use.</p>	<p>The right-of-use asset is recognised in respect of our premises under IFRS 16 Leases.</p> <p>We carry the right-of-use asset in the Statement of Financial Position at cost less depreciation.</p> <p>Cost is determined with reference to the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any restoration cost due in respect of the asset at the end of the lease term and any lease payments made in advance of the lease commencement date (net of any incentives received).</p> <p>We calculate Depreciation using the straight-line basis from commencement of the lease until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.</p> <p>The right-of-use asset is subject to impairment assessments.</p>

D.2 Technical Provisions

D.2.1 Technical Provisions by material lines of business

The value of the Solvency II Technical Provisions is the sum of the Best Estimate Liability (“BEL”) plus a Risk Margin. As at 31 December 2023, the Technical Provisions were:

Unit-Linked Contracts without options and guarantees	2023 €'000
Best Estimate Liabilities	24,844,859
Risk Margin	218,195
Technical provisions	25,063,054

The Technical Provision calculations were performed in accordance with Article 75 to 86 of the Directive 2009/138/EC.

The BEL corresponds to the probability weighted average of future cash flows, taking account of the time value of money (expected present value of future cash-flows) using the relevant risk-free interest rate term structure. The unit liability is included in the BEL. The calculation of the BEL is based on up-to-date, credible information and best estimate assumptions. It is calculated gross, without deduction of amounts recoverable from reinsurance contracts and special purpose vehicles.

The Risk Margin is an addition to the BEL to ensure that the Technical Provisions are equivalent to the amount that insurance undertakings would be expected to require in taking over and meeting the insurance obligations. It reflects the cost of setting aside the Shareholder funds needed to cover the unhedgeable part of the SCR over the lifetime of the business at the prescribed cost of capital rate of 6% per annum.

D.2.2 Actuarial methodologies and assumptions

Methodology

Deterministic cash flow projection methods are used to calculate the Technical Provisions for all products.

Assumptions

Lapse rates

Lapse assumptions are based on our experience data, where appropriate. Where our surrender experience data for a given product is deemed statistically unreliable, the experience data on similar products within the Company or the Allianz Group are considered in the assumption setting exercise. Surrender rates cannot be predicted with certainty and actual future surrender experience will deviate from that assumed.

A review of lapse experience was conducted during 2023. The lapse assumptions were updated accordingly, leading to a decrease in Technical Provisions at year-end 2023.

Mortality

Mortality assumptions are based on our experience data, where appropriate. Where our mortality experience data is deemed statistically unreliable, the experience data on similar products within the Company or the Allianz Group are considered in the assumption setting exercise. Mortality rates cannot be predicted with certainty and actual future mortality experience will deviate from that assumed.

Given the low levels of death benefits offered (net of reinsurance), mortality assumptions are not material.

A review of mortality experience was conducted during 2023. The mortality assumptions were updated accordingly, leading to a small increase in Technical Provisions at year-end 2023.

Expenses

The expense assumptions are based on our 2023 plan, which includes a detailed bottom-up assessment of the expenses over the next three years. This considers past experience, expected portfolio development based on actuarial projections, expected future sales, new product initiatives, projects and staffing needs. The expense assumption setting exercise takes the expenses from the corporate plan into account, together with the terms and conditions of contractual arrangements relating to outsourced services, distribution channels and asset managers. There is uncertainty relating to future expenses.

The expense assumptions were updated in accordance with the most up to date contractual arrangements and the 2023 corporate plan, leading to an increase in Technical Provisions at year-end 2023.

Expense Inflation

The inflation rate is based on Eurozone market data (price inflation), changes in weekly wages according to the Central Statistics Office in Ireland and research conducted on wage inflation by Dr Shane Whelan. There is some uncertainty around how closely market and research data represent the nature of fixed expenses within the Company and, as such, past experience is not necessarily indicative of the future.

A review of the expense inflation assumption was conducted during 2023. The assumptions were updated accordingly leading to a decrease in Technical Provisions at year-end 2023.

Economic assumptions

Projected investment returns, interest rates and discount rates are based on the prescribed risk-free curve issued by EIOPA.

D.2.3. Uncertainty associated with the value of Technical Provisions

There is uncertainty as to the extent to which actual future experience will deviate from the assumptions used to calculate the Technical Provisions. In particular, we are exposed to deviations of actual experience from any of the assumptions discussed in the previous section. Sensitivity to key assumptions is tested in the ORSA, the Actuarial Function Report and in determining capital requirements.

These sensitivity tests show we are most exposed to market and surrender stresses that reduce projected future fund related revenues and to expense stresses that increase future expected costs.

D.2.4 Valuation differences between IFRS and Solvency II

The table below reconciles the Technical Provisions reported in the financial statements to those reported for Solvency II.

	2023 €'000
Insurance Contract Liabilities	12,783,093
Investment Contracts Liabilities	12,864,501
Total Contract Liabilities	25,647,594
Methodology Differences	(659,729)
Update Risk Adjustment to Risk Margin	48,564
Use Solvency II Curve	1,372
Other	25,253
Solvency II Technical Provisions	25,063,054

There are a number of methodology differences, as certain IFRS requirements are not applicable under Solvency II and vice versa:

- Under IFRS 17, the Contractual Service Margin is a liability representing the unearned profit that the Company will recognise as insurance revenue in the future and there is no allowance for expected future profits on investment contracts. Under Solvency II, this liability is removed and the expected future profits on investment contracts are included, reducing the liability. This decrease in liability is partially offset by differences in contract boundary requirements, due to the removal of future profits from expected future top-ups required under IFRS 17 which are not considered in the Solvency II Technical Provisions.
- Under IFRS 17, payables and receivables are included within the insurance contract liabilities. These are included on the Solvency II balance sheet, but are not categorised as Solvency II Technical Provisions.
- Solvency II Technical Provisions include non-attributable costs as well as an allowance for the discounting of the Italian tax asset, increasing the liability.
- The Solvency II Technical Provisions include a Risk Margin to allow for the cost of capital in respect of risks that cannot be hedged. Under IFRS, a Risk Adjustment is included. This is similar to the Solvency II Risk Margin, however there is no allowance for

operational risk and it allows for diversification benefits arising from being part of the Allianz Group. This leads to the Solvency II Risk Margin being higher than the IFRS 17 Risk Adjustment.

- Solvency II MVBS uses a risk-free discount rate for valuing liabilities. This rate does not take into account the specific risks associated with insurance contracts. IFRS 17, on the other hand, incorporates explicit risk adjustments in discount rates to reflect the inherent risks in insurance contracts. The impact of moving to prescribed Solvency II interest rate curves increases the liability marginally.
- The Other category relates to differences in how unattributable and unallocated premiums are treated, increasing the liability.

D.2.5 Application of the matching adjustment, the volatility adjustment and the transitional deduction

The matching adjustment referred to in Article 77b of the Solvency II Directive is not applied.

The volatility adjustment referred to in Article 77d of the Solvency II Directive is not applied.

The transitional deduction referred to in Article 208d of the Solvency II Directive is not applied.

D.2.6 Application of the transitional risk-free interest rate structure

The transitional measure on the risk-free interest rates referred to in Article 208c of the Solvency II Directive is not applied.

D.2.7 Recoverables from reinsurance contracts

Under Solvency II, we calculate the value of our reinsurance recoverables based on the present value of future expected cash flows associated with the reinsurance coverage, as calculated using the BEL model.

Our reinsurance recoverables are valued at -€6.5m and exist in relation to mortality benefits on some products. This is a liability but is not considered material when compared to the remaining balances.

We do not have any risk transfer arrangements with special purpose vehicles.

D.2.8 Use of simplified methods to calculate Technical Provisions

We do not make use of any material simplifications to calculate our Technical Provisions.

D.3 Other liabilities

2023	Note	IFRS	Reclassification adjustments	Valuation adjustments	Solvency II
Other Liabilities		€'000	€'000	€'000	€'000
Deferred income	D.3.1	14,986	-	(14,986)	-
Creditors and other payables	D.3.2	76,971	(40,859)	(1,387)	34,725
Insurance and intermediaries payable	D.3.2	-	69,027	-	69,027
Reinsurance payable		-	269	-	269
Deferred tax liability	D.3.3	1,651	-	68,669	70,320
Lease liability – current	D.3.4	318	(318)	-	-
Lease liability – non-current	D.3.4	4,531	(4,531)	-	-
Corporation Tax Payable		305	(305)	-	-
Provisions other than Technical Provisions	D.3.5	-	530	-	530
Any other liabilities, not elsewhere shown	D.3.4	-	7,069	-	7,069
Total other liabilities		98,762	30,882	52,296	181,940

No changes have been made to the valuation base used or to the estimation methods used during the reporting period. No material contingent liabilities have been recognised during the reporting period.

The following Sections contain qualitative and quantitative information on the differences arising in respect of the other liability classes reported under Solvency II and the other liability classes reported in the Financial Statements.

D.3.1 Deferred income

Solvency II reporting	IFRS reporting
Deferred income is not recognised for the purposes of Solvency II reporting.	Deferred income relates to front-end fees received at the inception of an investment contract that are deferred and amortised over the anticipated period for which the services will be provided, over the expected term of the contract. Deferred income is not explicitly recognised in respect of insurance contracts as defined under IFRS 17.

D.3.2 Creditors and other payables/Insurance and intermediaries payable

Solvency II reporting	IFRS reporting
<p>Creditors and other payables include taxes payable and other non-insurance related payables.</p> <p>The amount of any loyalty bonuses due in respect of the Bonus Builder product are calculated as an integral part of the calculation of Technical Provisions for the purposes of Solvency II.</p> <p>Therefore, in order to avoid double counting of this liability a revaluation adjustment is completed. Creditors and other payables are labelled “Payables (trade, not insurance)” for Solvency II reporting purposes.</p> <p>Insurance and intermediaries payable mainly comprise outstanding claims and commissions expense payable.</p> <p>Unallocated premiums have been reclassified to Technical Provisions for Solvency II reporting purposes.</p>	<p>Creditors and other payables include amounts accrued in respect of Bonus Builder product, which is designed to pay a loyalty bonus to the Policyholder through the allocation of additional units, at the end of a specific reference period rather than providing an upfront bonus.</p> <p>There are no other valuation differences between Solvency II reporting and IFRS reporting.</p>

D.3.3 Deferred tax liability

Solvency II reporting	IFRS reporting
<p>Deferred tax is recognised in line with the principles set out in Article 15 of the Solvency II Delegated Acts. We are required to:</p> <ul style="list-style-type: none"> • Recognise and value deferred taxes in relation to all assets and liabilities, including Technical Provisions. • Value deferred taxes, other than those arising from carrying forward unused tax losses, and Technical Provisions on the difference between the values ascribed under Article 82 of the 2015 Regulations and the values ascribed to those assets and liabilities as recognised and valued for tax purposes. 	<p>Corporate tax rates remain unchanged during the reporting period. No tax losses have been incurred in the current or preceding reporting period.</p> <p>The deferred tax calculation considers the tax regulations specific to particular assets and liabilities under the Irish tax regime.</p> <p>The approach to calculation of Deferred Tax for Solvency II purposes is consistent with the approach under IFRS. Differences in value, if any, may arise due to differences in values derived due to variations in treatment or valuation for the purposes of calculating tax under the two reporting bases.</p> <p>As at 31 December 2023, we do not have any unrecognised tax credits or tax losses for which</p>

Solvency II reporting	IFRS reporting
<ul style="list-style-type: none"> Ascribe a value in accordance with Articles 83 to 98 of the 2015 Regulations to the Technical Provisions. Recognise a deferred tax asset only where it is probable that future taxable profits will be available, against which the deferred tax asset can be utilised. <p>We have not recognised any deferred tax assets for the purposes of reporting under Solvency II as at 31 December 2023 (2022: Nil)</p>	<p>deferred tax has not been recognised in our Statement of Financial Position (December 2022: Nil).</p>

D.3.4 Lease liability/Other liabilities, not elsewhere shown

Solvency II reporting	IFRS reporting
<p>Lease liabilities are treated in a manner consistent with that under IFRS.</p> <p>For presentation purposes, lease liabilities are not disclosed as a separate line item. Instead, the lease liabilities are reclassified to the Other liabilities, not elsewhere shown line item.</p>	<p>We recognised a lease liability corresponding to the right-of-use asset discussed above (refer to D1.4 above) under IFRS 16.</p> <p>On initial recognition, the lease liability is made up of all fixed lease payments (include in substance fixed), variable payments based on an index or defined rate, amounts expected to be payable under any residual value guarantee and payments arising in respect of options that are reasonably certain to be exercised.</p> <p>Subsequently, the lease liability is reduced for payments made and increased for interest accrued. It is re-measured to reflect any reassessment or modification or if there are any changes to the in-substance fixed payments..</p>

D.3.5 Provisions other than Technical Provisions

Solvency II reporting	IFRS reporting
<p>These “provisions” are treated in a manner consistent with that under IFRS.</p> <p>For presentation purposes, these liabilities are reclassified out of creditors and other payables to the provisions other than Technical Provisions line item.</p>	<p>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.</p> <p>Under IFRS these liabilities are classified as creditors and other payables on the Statement of Financial Position.</p>

D.4 Alternative methods for valuation

The same basis of valuation as used in the Financial Statements is used unless another valuation basis is required under Solvency II. Differences between the IFRS and Solvency II basis for preparing the MVBS are set out above.

D.5 Any other information

All material information regarding valuation for Solvency II purposes has been set out above.

E. Capital Management

E.1 Own Funds

E.1.1 Policies and processes

We have a formal Capital Management Policy in place that has been approved by the Board. The objectives set out in our Capital Management Policy are:

- We shall protect our capital base and steps shall be taken to support effective capital management.
- We undertake to comply with regulatory minimum capital requirements.
- Our capital is managed using an adequate capital buffer above the minimum regulatory requirement.
- Capital management seeks to add economic value over the cost of capital.
- Management is committed to the economic development of the Allianz Group through dividend payments or other forms of repayment of capital contributed from time to time.
- The capital allocated for steering the business is based on the calculations performed according to the Solvency II Standard Formula, considering other constraints (such as liquidity) and the outcome of our ORSA. In line with Allianz Group requirements, we apply a three-year planning horizon.

No material changes have been introduced in respect of our capital management policies or accompanying processes during the reporting period.

E.1.2 Analysis of Own Funds

The following table sets out the components of our Own Funds.

2023	Total €'000	Tier 1 - unrestricted €'000	Tier 1 - restricted €'000	Status
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	-	-	-	
Ordinary share capital (gross of own shares)	5,000	5,000	-	Available
Reconciliation reserve	916,426	916,426	-	Available
Other own fund items approved by the supervisory authority as basic own funds not specified above	51,000	51,000	-	Available
Available and eligible own funds	972,426	972,426	-	
Total eligible own funds to meet the SCR	972,426		-	
Total eligible own funds to meet the MCR	972,426		-	

The classification of Own Funds into tiers follows the criteria set out in Regulations 107 to 111 of the 2015 Regulations⁷, as well as in Articles 69 to 78 of the Solvency II Delegated Regulation.

Capital contributions have been included in “other items approved by supervisory authority as basic own funds not specified above”. We obtained permission from the Central Bank to apply contributed capital as Tier 1 Basic Own Funds on 21 December 2015.

We do not hold any Tier 2 or Tier 3 type Own Funds.

The table below provides a breakdown of the reconciliation reserve, including explanations of the key components of the reserve:

Reconciliation reserve	2023 €'000	Comments
Excess of assets over liabilities	972,426	
Own shares (held directly and indirectly)	-	
Foreseeable dividends, distributions and charges	-	
Other basic own fund items	(56,000)	Represented by ordinary share capital and capital contributions
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	-	
Total reconciliation reserve	916,426	

⁷ Articles 93 to 96 of the Solvency II Directive

E.1.3 Reconciliation to equity in the Financial Statements

The following table reconciles our Own Funds under Solvency II to our Shareholder Equity as reported in our Financial Statements.

	2023 €'000	Explanation
Equity per Financial Statements	491,749	
Adjusted for:	-	
Deferred Acquisition Costs	(47,511)	DAC is included as part of the BEL for Solvency II reporting purposes.
Deferred income	14,986	Deferred income is included as part of the BEL for Solvency II reporting purposes.
Solvency II Technical provisions revaluation ⁸	590,886	Effect of adjustment from IFRS reserves to Solvency II Technical Provisions. Refer to the explanation provided in Section D.2.4 above.
Reinsurance recoverables	(10,400)	Recognition of reinsurance recoverable under Solvency II. Refer D.2.7 above
Solvency II deferred tax liability	(68,669)	Refer to the explanation provided in Section D.3.4 above.
Bonus Builder provisions	1,387	Adjustment from IFRS Creditors and Other payables included in Solvency II Technical Provisions.
Other	(2)	
Excess of assets over liabilities for Solvency II purposes	972,426	
Foreseeable Dividend	-	No dividends have been declared but are not yet paid as at 31 December 2023.
Own Funds	972,426	

We have not recognised any deferred tax assets for the purposes of reporting under Solvency II as at 31 December 2023.

⁸ excludes reclassification of Unallocated Premiums

E.1.4 Movement in Own Funds

The following table contains an analysis of the significant changes in Own Funds during the year.

	2023 €'000	Explanation
Opening Own Funds	921,689	
Contributions of Own Funds received	-	No capital contributions were received at any time during the reporting period
Own Funds redeemed	-	No capital was redeemed at any time during the reporting period
Dividends paid to Shareholders	(165,000)	€60m paid in January 2023 €105m paid in August 2023
Foreseeable dividends payable to Shareholders	-	
Movement in reconciliation reserve	215,737	Movement in Own Funds under Solvency II during the year.
Closing Own Funds	972,426	

E.1.5 Transitional arrangements

We have not made use of any transitional arrangements during the reporting period.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement and Minimum Capital Requirement

The following table contains an analysis of the components of our Solvency Capital Requirement.

Risk module	2023 €'000	2022 €'000
Market risk	351,991	256,973
Counterparty default risk	43,824	50,821
Life underwriting risk	433,223	356,281
Diversification	(191,110)	(157,208)
Intangible asset risk	-	-
Basic Solvency Capital Requirement	637,927	506,867
Operational risk	69,881	71,767
Loss-absorbing capacity of Technical Provisions	-	-
Loss-absorbing capacity of deferred taxes	(70,320)	(61,511)
Solvency Capital Requirement	637,488	517,123
Minimum Capital Requirement	174,886	155,963

The final amount of the Solvency Capital Requirement is still subject to supervisory assessment. Allianz Darta uses EIOPA's Solvency II Standard Formula and has not made use of undertaking-specific parameters during the reporting period.

E.2.2 Loss absorbing capacity of Deferred Taxes ("LACDT")

Solvency II allows for a reduction in the amount of the required capital through the adjustment for the loss absorbing capacity of Deferred Taxes ("LACDT"). The LACDT is an adjustment that can be applied to lower the SCR. In order to make use of this, we need to evidence that, in a recoverability assessment, the fiscal loss arising from the SCR shock can be recovered with taxable profits.

Evidence of recoverability may include, but is not limited to:

- Taxable profit in the year the shock occurs
- Taxable profit in the calendar years prior to the year in which the shock occurs ("carry back")
- Deferred tax liability on the Solvency II balance sheet
- Expected taxable profits after shock ("carry forward")

Our Basic SCR (or pre-tax SCR) was reduced by €70 million as at 31 December 2023 (2022: €62 million) which is capped at the value of the Deferred Tax Liability recognised for Solvency II reporting purposes. The Deferred Tax Liability arises as a consequence of the change in reporting basis from IFRS to Solvency II.

We have not recognised any deferred tax assets for the purposes of reporting under Solvency II as at 31 December 2023 (2022: Nil).

E.2.3 Use of simplifications

We have not applied any material simplifications when calculating our capital requirements during the reporting period.

E.2.4 MCR – inputs

The following table contains the inputs used to determine the MCR.

Component	2023 €'000	2022 €'000
Index-linked and unit-linked insurance obligations	24,851,359	22,171,322
Other life (re)insurance and health (re)insurance obligations	-	-
Total capital at risk for all life (re)insurance obligations	1,323,687	1,091,701
Overall MCR calculation		
Linear MCR	174,886	155,963
SCR	637,488	517,123
MCR cap	286,870	232,705
MCR floor	159,372	129,281
Combined MCR	174,886	155,963
Absolute floor of the MCR	4,000	4,000
Minimum Capital Requirement	174,886	155,963

The Linear Minimum Capital Requirement is a calculation based on the value of Technical Provisions and capital at risk.

The Linear Minimum Capital Requirement is subject to a respective floor of 25%, a cap of 45% of the SCR and absolute Floor of €4m.

E.2.5 Material changes in SCR and MCR

SCR increased to €638 million at 31 December 2023 from €517million at 31 December 2022. The main driver was an increase in the size of the Policyholder's assets and the impacts arising from updates to our technical assumptions during the year.

The MCR has increased compared to 2022 due to the increase in Technical Provisions.

E.3 Use of duration-based equity risk sub-module in the calculation of the SCR

We do not make use of the duration-based equity risk sub-module in the calculation of SCR.

E.4 Differences between the Standard Formula and any internal model used

We apply the Standard Formula to calculate our Solvency Capital Requirements. Therefore, this Section is not applicable.

E.5 Non-compliance with MCR and non-compliance with SCR

There were no instances of non-compliance with MCR or non-compliance with SCR during the period.

E.6 Any other information

E.6.1 Going concern

In light of the potential impact of current events, including increased geopolitical tensions, on the insurance industry and our business, our Directors considered a formal going concern assessment. This assessment included the impact of recent events on the business, investment and financial performance, solvency coverage, liquidity, cyber risk, and operational resilience. The assessment looked at future projections over our 3-year planning cycle, including a base case scenario and various stress tests carried out as part of the ORSA process.

We are well prepared to address potentially adverse future events, such as escalating geopolitical conflicts and inflationary shifts, due to our strong internal limit framework and risk management practices. The development of geopolitical conflicts is being carefully monitored, and we are managing our portfolios in conjunction with our Asset Managers to ensure that our policyholders

continue to enjoy reasonable returns. We closely monitor these developments to ensure that we have sufficient resources to meet our solvency capital needs.

Our 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 at least twelve months from the date on which the financial statements are authorised for issue.

E.6.2 Other matters

All material information regarding our Own Funds has been set out above.

Appendix 1 Prescribed templates

The following required reporting templates are in scope for the purposes of this report.

Commission Implementing Regulation (EU) 2023/895 of 4 April 2023

Article 4

- S.02.01.02 Balance sheet
- S.04.05.21 Premiums, claims and expenses by country
- S.05.01.02 Premiums, claims and expenses - using FS methods
- S.05.02.01 Premiums, claims and expenses by country
- S.12.01.02 Technical provisions for life and health insurers
- S.23.01.01 Own Funds, including Basic Own Funds and Ancillary Own Funds
- S.25.01.21 Standard Capital Requirement – for undertakings on Standard Formula
- S.28.01.01 Minimum Capital Requirement - only life or only non-life insurance or reinsurance activity

Solvency and Financial Condition Report

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S.02.01.02

Balance sheet

€'000

		Solvency II value C0010
Assets		
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	4,629
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	752
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	-
Government Bonds	R0140	-
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	752
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	25,701,659
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	(6,500)
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	(6,500)
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	-
Reinsurance receivables	R0370	470
Receivables (trade, not insurance)	R0380	370,929
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	145,481
Any other assets, not elsewhere shown	R0420	-
Total assets	R0500	26,217,420

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S02.01.02

Balance sheet (continued)

€'000

		Solvency II value
		C0010
Liabilities		
Technical provisions - non-life	R0510	-
Technical provisions - non-life (excluding health)	R0520	-
TP calculated as a whole	R0530	-
Best Estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	-
TP calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
TP calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	-
TP calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions - index-linked and unit-linked	R0690	25,063,054
TP calculated as a whole	R0700	-
Best Estimate	R0710	24,844,859
Risk margin	R0720	218,195
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	530
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	70,320
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	69,027
Reinsurance payables	R0830	269
Payables (trade, not insurance)	R0840	34,725
Subordinated liabilities	R0850	-
Subordinated liabilities not in BOF	R0860	-
Subordinated liabilities in BOF	R0870	-
Any other liabilities, not elsewhere shown	R0880	7,069
Total liabilities	R0900	25,244,994
Excess of assets over liabilities	R1000	972,426

S.04.05.21

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

€'000

Country	R1010
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		Top 5 countries (by amount of gross premiums written): life and health SLT				
		Home Country	IT	LT		
		C0030	C0040	C0050		
Gross Written Premium	R1020	-	3,277,318	247		
Gross Earned Premium	R1030	-	3,277,318	247		
Claims incurred	R1040	-	2,117,655	54		
Gross Expenses Incurred	R1050	29,547	282,961	14		

S.05.01.02

Premiums, claims and expenses by relevant line of business

€'000

		Line of business for:	
		Life Insurance Obligations	Total
		Index-linked and unit-linked insurance	
		C0230	C0300
Premiums written			
Gross	R1410	3,277,565	3,277,565
Reinsurers' share	R1420	2,286	2,286
Net	R1500	3,275,279	3,275,279
Premiums earned			
Gross	R1510	3,277,565	3,277,565
Reinsurers' share	R1520	2,286	2,286
Net	R1600	3,275,279	3,275,279
Claims incurred			
Gross	R1610	2,117,709	2,117,709
Reinsurers' share	R1620	573	573
Net	R1700	2,117,136	2,117,136
Expenses incurred	R1900	312,521	312,521
Balance - other technical expenses/income	R2500		
Total expenses	R2600		312,521
Total amount of surrenders	R2700	1,696,786	1,696,786

S.12.01.02

Life and Health SLT Technical Provisions

€'000

		Index-linked and unit-linked insurance			Total (Life other than health insurance, incl Unit- linked) C0150
		C0030	Contracts without options and guarantees	Contracts with options or guarantees	
			C0040	C0050	
Technical provisions calculated as a whole	R0010	-			-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-			-
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Gross Best Estimate	R0030		24,844,859	-	24,844,859
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		(6,500)	-	(6,500)
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		24,851,359	-	24,851,359
Risk Margin	R0100	218,195			218,195
Technical provisions - total	R0200	25,063,054			25,063,054
Expected profits in future premiums (EPIFP)	R0370	14,857			14,857

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S.23.01.01

Own Funds

€'000

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	5,000	5,000		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	916,426	916,426	-	-	-
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	51,000	51,000	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	972,426	972,426	-	-	-
Ancillary Own Funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary Own Funds	R0400	-			-	-

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S.23.01.01

Own Funds (continued)

€'000

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	972,426	972,426	972,426	972,426	972,426
Total available own funds to meet the MCR	R0510	972,426	972,426	972,426	972,426	
Total eligible own funds to meet the SCR	R0540	972,426	972,426	972,426	972,426	972,426
Total eligible own funds to meet the MCR	R0550	972,426	972,426	972,426	972,426	
SCR	R0580	637,488				
MCR	R0600	174,886				
Ratio of Eligible own funds to SCR	R0620	153%				
Ratio of Eligible own funds to MCR	R0640	556%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	972,426
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	56,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	916,426
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	14,857
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	14,857

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S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

€'000

		Gross solvency capital requirement		Simplifications
		C0110		C0120
Basic Solvency Capital Requirement				
Market risk	R0010	351,991		
Counterparty default risk	R0020	43,824		
Life underwriting risk	R0030	433,223		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	-		
Diversification	R0060	(191,110)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	637,927		

Basic Solvency Capital Requirement (USP)

		USP
		C0090
Life underwriting risk	R0030	-
Health underwriting risk	R0040	-
Non-life underwriting risk	R0050	-

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	69,881
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(70,320)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	637,488
Capital add-ons already set	R0210	-
of which, capital add-ons already set - Article 37(1) Type a	R0211	-
of which, capital add-ons already set - Article 37(1) Type b	R0212	-
of which, capital add-ons already set - Article 37(1) Type c	R0213	-
of which, capital add-ons already set - Article 37(1) Type d	R0214	-
Solvency capital requirement	R0220	637,488
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Approach to Tax Rate

		YES/NO
		C0109
Approach based on average tax rate	R0590	No

		LAC DT
		C0130
LAC DT	R0640	(70,320)
LAC DT justified by reversion of deferred tax liabilities	R0650	(70,320)
LAC DT justified by reference to probable future taxable economic profit	R0660	-
LAC DT justified by carry back, current year	R0670	-
LAC DT justified by carry back, future years	R0680	-
Maximum LAC DT	R0690	(70,320)

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

€'000

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR _L Result	R0200	174,886

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	24,851,359	
Other life (re)insurance and health (re)insurance obligations	R0240	-	
Total capital at risk for all life (re)insurance obligations	R0250		1,323,687

Overall MCR calculation

		C0070
Linear MCR	R0300	174,886
SCR	R0310	637,488
MCR cap	R0320	286,870
MCR floor	R0330	159,372
Combined MCR	R0340	174,886
Absolute floor of the MCR	R0350	4,000
Minimum Capital Requirement	R0400	174,886