Aviva Life & Pensions Ireland (ALPI) dac

Solvency and Financial Condition Report

Year ended 31 December 2022

*An addendum has been added on 15.03.2024 on page 2
Section E of this report

Contents

Summary

Aviva Life & Pensions Ireland

Aviva Life & Pensions Ireland dac (“ALPI”, “ALPI DAC” or “the Company”) is an Irish life assurance company writing life and pensions business. It provides a range of life insurance and savings products in Ireland, including income protection, mortgage protection, pensions, group protection, investment bonds, and regular premium savings products. In addition, the Company also insures a block of overseas European life assurance business, which was previously written in Aviva Life & Pensions UK Limited (UKLAP) prior to Brexit.

This Report

This Solvency and Financial Condition Report (SFCR) has been prepared in line with the requirements of the Solvency II regulations, to assist the various stakeholders of Aviva Life & Pensions Ireland dac in understanding the nature of its business, how it is managed and its solvency position. This report discloses the eligible own funds, required capital and solvency ratio of the Company according to the Solvency II Standard Formula for the period ending 31 December 2022.

The information as disclosed in this report is prepared in conformity with the Solvency II legislation and the guidance provided by EIOPA. This SFCR report covers the Business and Performance of the Company, its System of Governance, Risk Profile, valuation for Solvency Purposes and Capital Management. The party with ultimate responsibility for all of these matters is the Company’s Board of Directors; with the assistance of various governance and control functions it has put in place to monitor and manage the business. The Solvency II Standard Formula is used throughout to determine the Solvency Capital Requirements.

The Company’s financial year runs to 31 December each year and it reports its results in Euro. Amounts in this report are presented in €1,000’s. Due to this, rounding differences may occur. These rounding differences have no material impact. Throughout this document, figures quoted are consistent with those previously reported to the Irish regulator.

Executive Summary

For a summary of each of the sections in this report, please refer to the following:

Section A. Business and Performance

This section provides information on ALPI DAC’s business, organisational structure and financial performance. It also refers to significant events during 2022, including the war in Ukraine and high inflation.

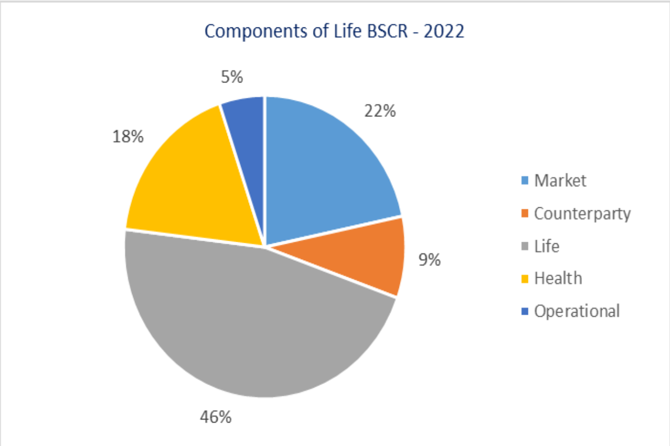
Section B. System of Governance

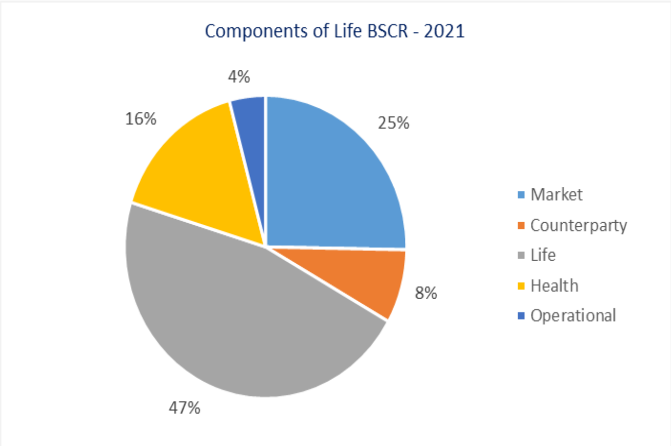
The Company’s governance and risk frameworks are detailed in this section of the report.

Section C. Risk Profile

This section explains the Company’s main risk exposures together with how we assess, mitigate and monitor them. The risks outlined include underwriting, market, credit, liquidity and operational risk.

The Company's risk profile is measured by the Solvency Capital Requirement (SCR), which is calculated in accordance with the Standard Formula. The following charts provide a split of the Basic Solvency Capital Requirement (BSCR) by risk module for Year End 2022 and 2021, without allowing for diversification.





Section D. Valuation for Solvency Purposes

This section deals with how we value the Company's assets and liabilities for the purposes of Solvency II and shows the values of these assets and liabilities at 31 December 2022 as compared with the prior year end.

Section E. Capital Management

The capital held by the Company is outlined in this section, together with the SCR.

The Company uses the Standard Formula to calculate its SCR. The Company's SCR at 31 December 2022 is €364.1m. This is covered by €591.8m of eligible capital, providing a Solvency II surplus of €227.7m and a Solvency II coverage ratio of 163%.*

			€1,000
Solvency Ratio	**2022**	**2021**	**Variance**
Eligible Own funds	591,787	629,077	(37,290)
Required capital	364,131	417,427	(53,296)
Surplus	227,656	211,650	16,006
Ratio	**163%**	**151%**	**12%**

*Addendum to original published report – 15.03.2024

During 2023 the Company identified an error in the calculation of the Solvency II technical provisions at 31 December 2022 as reported in this 2022 Solvency and Financial Condition Report (SFCR). The error was isolated to the calculation of Solvency II technical provisions, with no customer detriment and no impact on the reported financial statements.

The impact of correcting the error is to decrease the Solvency Coverage Ratio from 163% referred to throughout this SFCR to 144% at 31 December 2022.

This does not allow for actions the Company could have taken to improve solvency cover. If those actions were allowed for, then the solvency cover would increase to over 150% at 31 December 2022.

In addition, management have put in place measures to strengthen the risk and control environment of the calculation of the technical provisions.

The table below summarises the revised results with the corrections made to the Solvency II technical provisions compared to originally reported results.

			€1,000
Solvency Ratio	**2022 Revised**	**2022**	**Impact of Update**
Technical Provisions	13,031,734	12,963,896	67,838
Eligible Own funds	523,949	591,787	(67,838)
Required capital	364,131	364,131	—
Surplus	159,818	227,656	(67,838)
Ratio	**144%**	**163%**	**(19)%**

This addendum reflects the only changes to the content of this SFCR from the original published version. Hereafter the results disclosed in the body of the SFCR reflect the original published results.

A. Business and Performance

In this Chapter

This section of the report outlines business structure, activities and performance of Aviva Life & Pensions Ireland dac over the year to 31 December 2022.

A.1 Business

A.1.1 Business overview

ALPI dac is an Irish life assurance company writing life and pensions business which has been helping our customers look after their protection, pension and investment needs for over 180 years. We are one of Ireland's most established life assurance companies with a reputation for reliability and efficiency and are committed to our approximately 250,000 Irish customers. We manage assets totaling €14 billion and generated total premiums of €1,745 million in 2022.

ALPI DAC is a Designated Activity Company and business is primarily written within the Republic of Ireland, with some overseas business also written in Belgium, France, Germany, Iceland, Italy and Sweden. The Company's operating address and registered office is:

Aviva Life & Pensions Ireland dac

Building 12

Cherrywood Business Park

Loughlinstown

Co. Dublin

D18 W2P5

Ireland

UKLAP purchased Friends First from Achmea on 31st May 2018. ALPI dac is now fully owned by its parent company, Aviva Life and Pensions UK Limited, which is ultimately owned by Aviva plc. Aviva plc, a public limited company incorporated under the laws of England and Wales, is the holding company of the Group. The Group is the UK's leading Insurance, Wealth and Retirement business, helping 18.7 million customers.

The Group's purpose is to be with you today, for a better tomorrow. The Group provides our customers with insurance, wealth and retirement solutions through our businesses in the UK, Ireland, Canada and Aviva Investors, each with high quality businesses and strong market positions. The Group also has international investments in India, China and Singapore.

Aviva have been meeting the needs of their Irish customers since 1780. Today, Aviva provide a wide range of insurance and savings products – from life insurance to pensions, investments and asset management. Our market-leading life and pensions propositions enable us to continue to service our Irish customers, helping them save for their future, draw a secure income in retirement and insure what matters most to them.

Aviva is the UK's largest insurer and they also have a strong international presence in Europe, Canada and Asia. Its head office is located at:

St. Helen's,

1 Undershaft,

London

EC3P 3DQ,

England

A.1.2 Organisational structure

The group structure is summarised in chart 1 below, while chart 2 shows the structure of ALPI dac as at 31 December 2022. All subsidiaries of ALPI dac exist for the purpose of managing unit-linked property assets.

Chart 1: Group Structure - Aviva

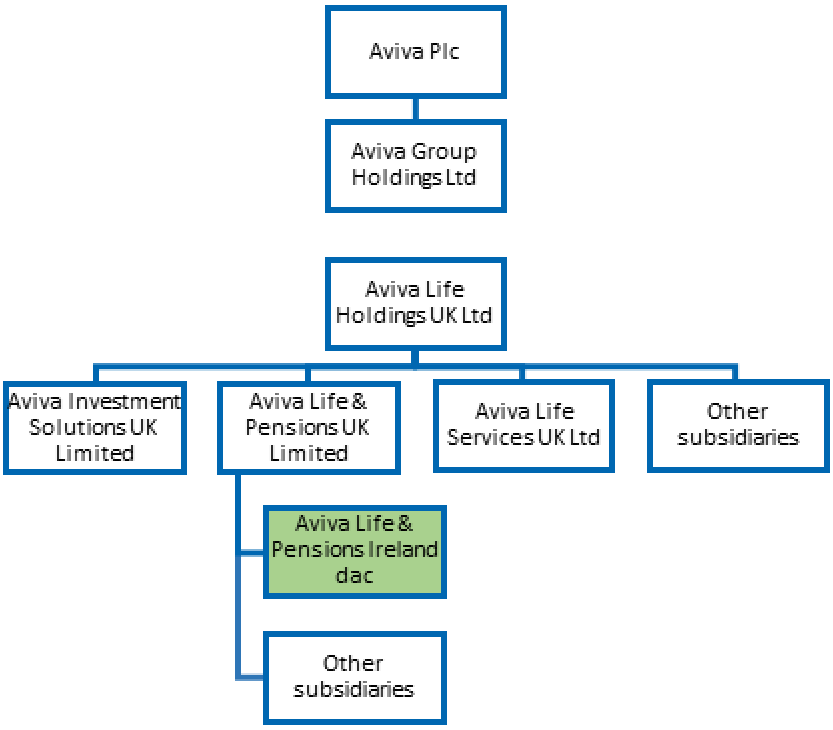
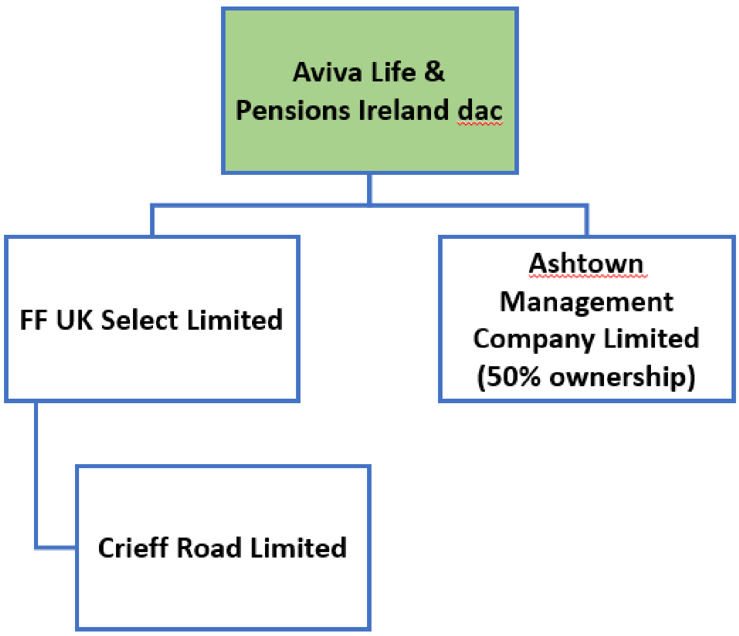


Chart 2: Group Structure – Aviva Life & Pensions Ireland dac



Aviva Life and Pensions Ireland dac has registered offices at Building 12, Cherrywood Business Park, Loughlinstown, Co. Dublin, D18 W2P5.

Supervisor
ALPI dac is regulated by the Central Bank of Ireland (CBI). Contact details for the CBI are as follows:

Address	Central Bank of Ireland, New Wapping St., North Wall Quay, Dublin 1

The Group's Supervisor is the Prudential Regulation Authority ("PRA"), which is part of the Bank of England. Contact details for the PRA are as follows:

Address	20 Moorgate, London, EC2R 6DA
Telephone number	+44 (0) 20 7601 4444

External auditor
The Company's external auditors are PricewaterhouseCoopers LLP. Contact details are as follows:

Address	One Spencer Dock, North Wall Quay, Dublin 1.

A.1.3 Significant events in the reporting period

Ukraine Crisis & Cost of Living
The onset of war in Ukraine resulted in market volatility and a sharp rise in inflation expectations. This was followed by interest rate rises throughout the year, as Central Banks tackled rising inflation. Both interest rate and inflation rises have a material impact on the balance sheet of a life insurer, such as ALPI dac.

Current Banking Concerns
Following Silicon Valley Bank (SVB) and Credit Suisse banking industry concerns, the situation is being monitored continuously and an assessment of potential impacts on ALPI dac is ongoing. There is no direct impact on ALPI dac with no shareholder exposure to the US banks that have failed nor to any additional tier 1 bonds impacted by Credit Suisse. ALPI dac does hold €2.8m in a Credit Suisse bond but have been advised that no immediate action is required. Overall, there is no impact in the short term to ALPI dac but resulting macroeconomic uncertainty means there are a number of potential impacts longer term which are assessed on an ongoing basis by ALPI dac.

A.1.4 Other information

Business Activities
ALPI dac's key mission is to provide tailored protection, retirement and investment solutions that provide our customers with benefits when they need them most. We provide a range of flexible life and savings products, including:

- **Individual income protection**, providing an alternative income if illness or injury stops you from working long-term
- **Individual mortgage and life insurance protection**, providing security in the event of illness, accident or death
- **Income protection and life insurance protection for Groups** (usually employees of specific companies) known as group risk business
- **Pension funding products**, including group, personal and executive pensions, annuities and retirement drawdown products known as approved retirement funds (ARFs), allowing our customers to really enjoy their retirement when it comes
- **Savings and investment products**, including lump sum bonds and regular premium savings products, to help our customers fund the future they want

Our products and services in Ireland are introduced to customers solely by Financial Brokers who can help in identifying financial needs and provide advice on the right products to meet those needs now and in the future.

Business development
The Irish economy experienced 12% growth in 2022, while the domestic sector grew by 8%. However, growth slowed in the final three months of the year. The insurance industry experienced an increase in 2022 of 10% in new sales (excluding investment only business), measured on an Annual Premium Equivalent (APE) basis, the industry benchmark.

A.2 Underwriting Performance

Gross premium income (insurance contracts) for the company decreased to €377m for the year from €385m in 2021. Contributions to Investment Contracts increased to €1,369m (2021: €1,304m). Gross claims incurred for 2022 amounted to €478m (2021: €474m). Gross consideration paid out in respect of investment contracts was €1,044m in the year (2021: €1,056m).

New sales were profitable on best estimate assumptions. Value of New Business (VNB) for the full year 2022 was €41.7m, higher than the 2021 figure of €25.7m.

The table below includes premiums, claims and expenses in relation to insurance and investment contracts, split by business line, in line with guidance on the contents of QRT S.05.01 Premiums, Claims and Expenses:

Underwriting Performance by Line of Business	Health insurance €1,000	Insurance with profit participation €1,000	Index-linked and unit-linked insurance €1,000	Other life insurance €1,000	2022 Total €1,000
Gross written premiums	81,228	9,247	1,441,162	214,297	1,745,935
Net earned premiums	71,324	8,557	1,383,863	(69,420)	1,394,324
Claims incurred (net)	43,603	148,321	1,064,931	86,986	1,343,841
Expenses incurred	20,178	5,376	108,392	60,965	194,911
Other expenses	—	—	—	—	—
Total Expenses	20,178	5,376	108,392	60,965	194,911

Underwriting Performance by Line of Business	Health insurance €1,000	Insurance with profit participation €1,000	Index-linked and unit-linked insurance €1,000	Other life insurance €1,000	2021 Total €1,000
Gross written premiums	74,783	15,185	1,375,415	224,013	1,689,396
Net earned premiums	64,432	10,494	1,319,329	(81,968)	1,312,287
Claims incurred (net)	39,745	150,262	1,077,747	100,883	1,368,638
Expenses incurred	14,234	5,801	119,676	36,793	176,504
Other expenses	—	—	—	—	—
Total Expenses	14,234	5,801	119,676	36,793	176,504

The tables below include premiums, claims and expenses in relation to insurance and investment contracts, split by geographical areas, in line with guidance on the contents of QRT S.05.01 Premiums, Claims and Expenses:

Underwriting Performance by Geographical Areas	France €1,000	Ireland €1,000	Belgium €1,000	Germany €1,000	Iceland €1,000	Italy €1,000	Sweden €1,000	Total 2022 €1,000
Gross written premiums	968	1,681,635	9,179	49,193	3,590	597	773	1,745,935
Gross claims incurred	9,073	1,468,461	10,161	25,148	3,269	2,733	3,218	1,522,063
Total Expenses	—	194,911	—	—	—	324	—	195,235

Underwriting Performance by Geographical Areas	France €1,000	Ireland €1,000	Belgium €1,000	Germany €1,000	Iceland €1,000	Italy €1,000	Sweden €1,000	Total 2021 €1,000
Gross written premiums	550	1,620,897	9,591	52,493	4,290	612	963	1,689,396
Gross claims incurred	6,240	1,470,863	12,088	25,753	4,896	5,049	5,082	1,529,971
Total Expenses	—	182,745	—	—	—	262	—	183,007

The business written outside of Ireland results from the Overseas Life Assurance Business (OLAB) portfolio which was accepted as part of the Part VII transfer during 2019. This business is 100% reinsured to Aviva Life and Pensions UK Ltd. Additionally, business written in Italy is through the Area Life business which was transferred in April 2020.

A.3 Investment performance

A.3.1 Measurement of investment performance

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised investment gains and losses.

A significant portion of the Company's insurance business relates to unit-linked policies and policies written into with-profits funds. For these lines of business excess investment performance is effectively passed on to our policyholders. Outside of these lines of business the Company holds assets which are expected to perform in line with our Best Estimate Liabilities. Hence, any changes to asset values are 'matched' by changes to policyholder liabilities.

The following tables outline the investment performance of ALPI dac's unit-linked and non-linked investments in 2022, with a comparison to the previous year. The tables are prepared as per the guidance for QRT S09.01.

Income from Unit-Linked Investments

	Dividends	Interest	Rent	Total Income	Gains and Losses	Total 2022	Total 2021
Income from Unit-Linked Investments	**€1,000**	**€1,000**	**€1,000**	**€1,000**	**€1,000**	**€1,000**	**€1,000**
Equity and Unit Trusts	56,427	—	—	56,427	(887,194)	(830,767)	1,047,568
Fixed Income	—	6,321	—	6,321	(97,298)	(90,978)	25,941
Property	—	—	34,441	34,441	(27,457)	6,984	38,128
Cash and deposits	—	717	—	717	17,096	17,812	(8,050)
Derivatives	—	—	—	—	(20,204)	(20,204)	(6,300)
Other Investments	—	—	—	—	(1,382)	(1,382)	—
Grand Total	**56,427**	**7,037**	**34,441**	**97,905**	**(1,016,440)**	**(918,535)**	**1,097,287**

Total investment income for unit-linked investments in 2022 was a loss of €918.5m in comparison to a gain of €1,097.3m in 2021. The main reason for this large change was due to unrealised gains and losses in the Equity and Unit Trusts portfolio.

Income from Non-Linked Investments

	Dividends	Interest	Rent	Total Income	Gains and Losses	Total 2022	Total 2021
Income from Non-Linked Investments	**€1,000**	**€1,000**	**€1,000**	**€1,000**	**€1,000**	**€1,000**	**€1,000**
Equity and Unit Trusts	1,080	—	—	1,080	(25,290)	(24,210)	10,137
Fixed Income	—	59,186	—	59,186	(578,131)	(518,945)	(80,982)
Property	—	—	—	—	(1,136)	(1,136)	941
Cash and deposits	—	83	—	83	(472)	(390)	933
Derivatives	—	(6,402)	—	(6,402)	(120,913)	(127,315)	(132,612)
Other Investments	—	—	—	—	(137)	(137)	2,039
Grand Total	**1,080**	**52,866**	**—**	**53,947**	**(726,079)**	**(672,132)**	**(199,544)**

As can be seen from the above table, total investment income for non-linked investments in 2022 was a loss of €672.1m in comparison to a loss of €199.5m in 2021, the change being largely due to unrealised gains and losses in the fixed income portfolio and derivative holdings.

Total investment return on unit-linked and non-linked investments has decreased to €-1590.7m in 2022, compared to €897.7m in 2021.

Interest income on debt securities and other fixed income securities, loans secured by mortgages, other loans and deposits with credit institutions is recognised using the effective interest method.

Dividends are included as investment income on the date that the shares become quoted ex-dividend. Rents and interest income and expenses are included on an accruals basis.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments recognised in the year represent the difference between the fair value at the balance sheet date and their purchase price or, if they have previously been fair valued, their fair value at the last balance sheet date. The movement in unrealised gains and losses recognised in the year also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

A.4 Performance of Other Activities

Nothing to report.

A.5 Any Other Information

Nothing to report.

B. System of Governance

In this Chapter

This section of the report sets out information regarding the 'System of Governance' in place within the Company.

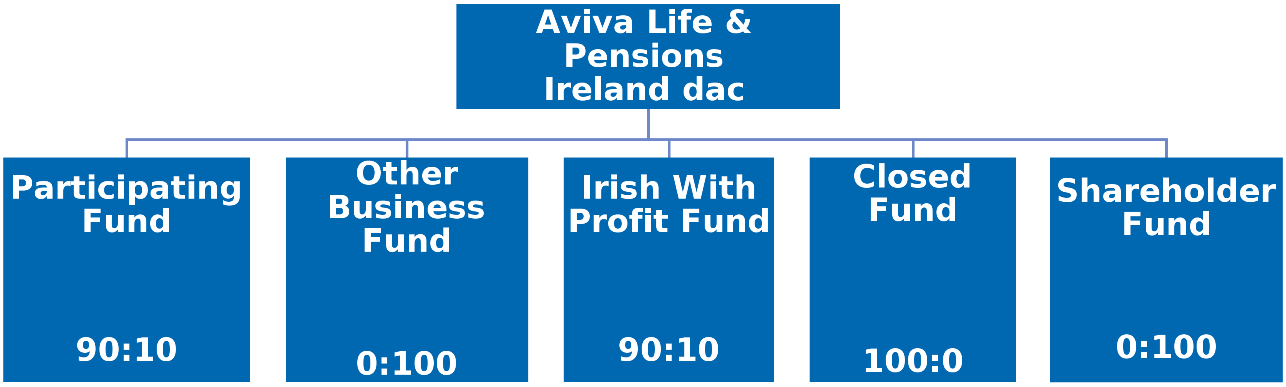
Details of the structure of the Company's "administrative, management or supervisory body" (defined as including the Board, subsidiary boards and Board sub-committees) are provided. The roles, responsibilities and governance of key control functions (defined as the Risk, Compliance, Internal Audit and Actuarial functions) are also provided. Other components of the system of governance are also outlined, including the risk management system and internal control system implemented across the business.

B.1 General information on the system of governance

B.1.1 Overview of the Company's system of governance

Company Structure

The Company has one policyholder fund with four sub-funds and a shareholder fund.



Participating Fund (90:10)

The business in the Participating Fund is conventional with profits business (both life and pensions), non-profit life assurance and pension business (written up to March 1996), and the unitised with profits investment component of unit linked policies written in the Other Business Fund. The fund continues to write increments to group life and pension schemes.

The shareholders are entitled to transfers from the Participating Fund equal to 10% of the distributed surplus each year. However, the shareholders are liable to meet any shortfall.

Closed Fund (100:0)

This is the conventional business taken over from National Mutual Life Assurance Company in 1995. The fund is closed to new business. The shareholders have no entitlement to any of the surplus in the Closed Fund. There are guarantees that limit the expenses and tax, which can be charged to the Closed Fund.

Irish With Profit Fund (IWPF) (90:10)

This fund contains the with-profit liabilities of former Irish branch of Aviva Life & Pensions UK Ltd business and was transferred into ALPI dac on 29 March 2019. This fund operates on a 90:10 basis.

Other Business Fund (OBF) (0:100)

This consists of conventional life and pension non-profit business, unit linked business and conventional Income Protection. Shareholders are entitled to 100% of any surplus arising at each statutory valuation. A "With Profits" fund choice is available on many policies. Where this fund is selected the investment component of each premium is passed to (reinsured into) the Participating Fund or the Irish With Profit Fund (IWPF).

Some of the unit linked funds provide investment performance guarantees namely the "With Profits" funds and "Protected Equity" funds. The investment performance guarantees on Trackers and on most Protected Equity funds are provided by third parties – the Company is not obliged to meet the guarantees.

The OBF continues to write regular and single premium unit-linked life and pension business. The OBF also writes regular premium term business (including critical illness), regular premium Income Protection business and group life and Income Protection risk schemes.

The Overseas Life Assurance Business (OLAB) that was accepted as part of the Part VII transfer is included within the Ordinary Business Fund. This business includes a mix of unit-linked, non-linked protection, and with-profits business. However, no ring-fencing applies from the Company's perspective, as the business is 100% reinsured to Aviva Life & Pensions UK Ltd.

Shareholders Fund (0:100)

This fund holds the assets and liabilities not attributed to the long-term business funds.

Organisational structure

As summarised in Chart 1 in Section A.1 ALPI is a wholly owned subsidiary of Aviva Life & Pensions UK Limited and has ultimate parent of Aviva plc. ALPI has a number of subsidiaries which are summarised in Chart 2 in Section A.1. These subsidiaries exist for the purpose of managing property assets within the policyholder portfolios. The Participating, Other Business, Closed, IWPF and Shareholder Funds are legally part of ALPI.

Governance Framework

The Board is legally accountable for the business of ALPI, retains primary responsibility for corporate governance at all times and is responsible for organising and directing the affairs of the Company in a manner that is most likely to promote the success of the Company. The Board operates in accordance with a terms of reference and also in compliance with the Central Bank of Ireland's (CBI's) Corporate

Governance Requirements for Insurance Undertakings (2015) and the Aviva Delegated Authority Framework which set outs the powers and responsibilities reserved by the Shareholder or delegated by it to the Board.

The Board has established four Board committees: Audit Committee, Risk Committee, Nominations Committee and Remuneration Committee, each with a written terms of reference and rules with respect to composition, delegated tasks and responsibilities and reporting requirements to the Board.

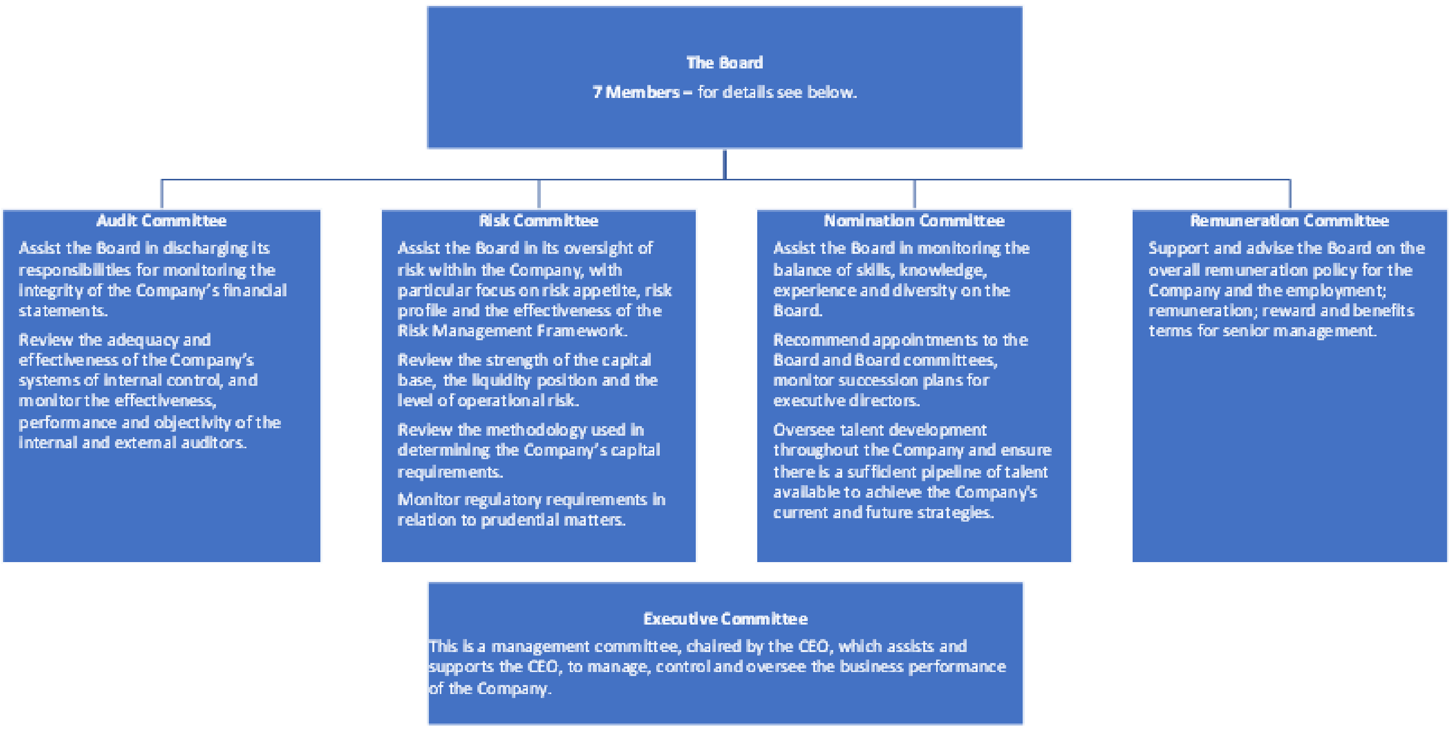
The Board appoints a Chief Executive Officer (CEO) who has ultimate executive responsibility for the operation, compliance and performance of the Company, within delegated authority limits approved by the Board. The CEO appoints each member of the Executive Committee, subject to the approval of the Board. The Executive Committee assists and supports the CEO, in the day to day management, control and oversight of the business. The Executive Committee and each member of it shall report to the CEO, as shall such other functions as he or she shall designate from time to time, and the CEO shall delegate responsibility to each function subject to and in accordance with the terms of the Aviva Delegated Authority Framework and a statement of authority given to each individual.

B.1.2 Board and Committee Structure

The Board is responsible for promoting the long-term success of the Company and for setting its strategy. It sets the Company's risk appetite and satisfies itself that financial controls and risk management systems are robust. The system of governance throughout the Company aids effective decision-making and supports the achievement of the Company's objectives for the benefit of policyholders and the shareholder.

The Board has established various committees and delegated responsibilities to assist in its oversight of risk management and the approach to internal controls. The duties of the Board and of each of its committees are set out in their respective terms of reference. The terms of reference list both those items that are specifically reserved for decision by the Board and those matters that must be reported to the Board.

The diagram below shows the segregation of responsibilities between the various committees, in addition to a description of the main roles of each.



Composition of the Board and Board Committees

The composition of the Board and Board Committees is summarised in the table below.

Director's Name	Status on Board	Membership and status on Sub-Committees
Paul Raleigh (Irish)	Chair	Nomination – Chair Remuneration - Member
David Swanton (Irish)	Chief Executive Officer	
Helen Nolan (Irish)	Independent Non-Executive Director	Audit – Chair Risk – Member Nomination – Member Remuneration - Chair
Aidan O'Donnell (Irish)	Independent Non-Executive Director	Audit – Member Risk - Chair Nomination - Member Remuneration - Member
Frances Bruce (British)	Non-Executive Director	Audit - Member Risk - Member
Stephen Doherty	Non-Executive Director	Risk - Member
Virginia Lawlor (Irish)	Chief Financial Officer	

Each year the directors are required to attest in a Compliance Statement that the Company has established such processes and procedures as are necessary to maintain proper records and that an adequate system of controls is maintained over these transactions and records. Separately, the directors are required to attest annually that the Company has complied with the provisions of the requirements of the Corporation Governance Requirements for Insurance Undertakings (2015) issued by the CBI. No matters of concern arose from either of these attestations.

Directors' Fees

Generally, directors who provide their services and do not otherwise receive a salary from the Company, or the Aviva Group, receive a fee for their services as disclosed in the Statutory Accounts.

Independent Non-Executive Directors (INEDs) receive a basic annual fee in respect of their Board duties. Further fees are paid for membership and, where appropriate, chairing Board committees. The Chairman receives a fixed annual fee. Fees are reviewed annually taking into account market data and trends and the scope of specific Board duties. The Chairman and INEDs do not participate in any incentive or performance plans or pension arrangements and do not receive an expense allowance. INEDs are reimbursed for reasonable expenses, and any tax arising on those expenses is settled directly by the Company.

Non-Executive Directors are remunerated by fellow subsidiaries of Aviva plc for their services and executive employment with the Aviva Group. They are not remunerated for their service as board directors of the Company and the amount of time spent performing their duties is incidental to their roles across the Aviva Group.

The remuneration policy provides market competitive remuneration and incentivises Executive Directors (EDs) to achieve both the annual business plan and the longer-term strategic objectives of the Company. Significant levels of deferral and an aggregate shareholding requirement align EDs' interests with those of shareholders and aid retention of key personnel. As well as rewarding the achievement of objectives, variable remuneration can be zero if performance thresholds are not met.

Remuneration for Executive Directors is split between basic salary, variable components, pensions, benefits, relocation and shareholding requirement, in the shares of the ultimate parent company.

The main forms of variable remuneration for EDs are:

- Annual bonus: Awards are based on performance in the year. Performance is assessed against a range of relevant financial, employee, customer and risk targets designed to incentivise the achievement of strategy as well as individual strategic objectives. Targets are set annually, and pay-out levels are determined based on performance against those targets. A significant proportion of any bonus award is deferred into shares which vest in three equal tranches; and
- Long-Term Incentive Plan (LTIP): Shares are awarded which vest over a three-year period, in some cases dependent on the achievement of performance conditions over that period, such as growth in operating earnings per share.

Base salaries are benchmarked externally to ensure there is not an overreliance on variable pay by any individual. Total remuneration is leveraged, with a suitable percentage of pay 'at risk' against the achievement of stretching goals, which is aligned with the Company's risk profile and employee behaviour.

B.1.2.3 Other employees

The Company's remuneration policies are fully aligned with those of Aviva Group. For the company it is important to have a reward framework that prevents excessive risk taking, aligns interests to those of the Company, ensures we attract and retain people with the talent needed to maintain and deliver on the strategy and is compliant with regulation and legislation.

Principles of the Company's Remuneration Policy

- Provides a competitive total remuneration package which supports the attraction, development, and retention of employees; reinforces our values and behaviours; and is in line with appropriate regulatory and legal practice.
- Promotes both annual and long-term strategic objectives by setting stretching and appropriate targets.
- Differentiates reward based on performance; incorporates Group, business unit and individual performance including financial and non-financial objectives.
- Aligns senior executives' and senior managers' remuneration with the interests of shareholders and other key stakeholders.
- Remuneration directly aligned to risk; reward policies promote sound and effective risk management and do not encourage risk-taking that exceeds the risk tolerance of the company and are subject to Malus and Clawback policies.

B.1.2.4 Pension and early retirement schemes

The Company operates a defined contribution pension scheme for all staff into which both employees and employer contribute on an agreed basis. The Scheme is administered by Willis Towers Watson on behalf of the Company and Trustees.

Many employees also have deferred entitlements from now frozen defined benefit schemes.

B.1.2.5 Material transactions with shareholders and persons exercising significant influence during the period

There were no material transactions during the period.

B.2 Fit and proper requirements

B.2.1 Fit and Proper Policy

The Company has a 'Fit and Proper Policy' (the 'Policy') which has been approved by the Board and is regularly reviewed with the last review having taken place in October 2021 and approved by the Board Risk Committee in November 2021.

The purpose of this Policy is to formally set out the relevant policies and procedures to ensure that the members of the administrative, management or supervisory body collectively in the Company possess both the Fitness, appropriate qualifications, experience and knowledge about:

a. insurance and financial markets;

b. business strategy and business model;

c. system of governance;

d. financial and actuarial analysis; and

e. regulatory framework and requirements.

relevant to their role; and Probity; honesty, ethical behaviour, financially sound and behaves with integrity; to effectively carry out their role.

It is the initial responsibility of ALPI dac's Human Resource function to determine if a role profile falls within the scope of the Fit and Proper Policy which is automatically applied to all employees in Control Functions (CFs) including Pre-Approval Control Functions (PCFs) as defined in the Central Bank Reform Act 2010 (Sections 20 and 22). PCF's also require the pre-approval of the Central Bank of Ireland prior to taking up their positions.

Under the Policy an assessment must be completed before a person becomes the holder of a PCF or CF role. ALPI dac makes all reasonable inquiries to obtain information, including collecting sensitive information that it believes may be relevant to an assessment of whether the person is fit and proper to hold the position the person is proposed to be appointed to. This includes, but is not limited to, verification of educational or professional qualifications, reference checks and a review of available public information in relation to directorships, judgements, bankruptcy etc.

The Policy also requires that all PCF and CF position holders must be in a position to comply with the Standards as set out in the Policy on an ongoing basis and a Fit & Proper self-declaration is completed by all PCF / CF individuals on an at least annual basis.

B.3 Risk management system including the ORSA

B.3.1 Overall risk management system: strategies, processes and reporting procedures

The Risk Management Framework (RMF) forms an integral part of the management and Board processes and decision-making framework across the Company. The key elements of this framework comprise risk appetite (including risk preferences and risk tolerances); risk governance, including risk policies and business standards; and the processes used to identify, measure, monitor and report risks, including the use of risk models and stress and scenario testing.

To promote a consistent and rigorous approach to risk management across all parts of the business, there is a set of risk policies and business standards which set out the requirements for risk strategy, appetite, and minimum requirements for the Company's operations.

For the purposes of risk identification and measurement, risks are usually grouped by risk type: credit, market, liquidity, underwriting and operational risk. Risks falling within these types may affect a number of metrics including those relating to balance sheet strength, liquidity and profit. They may also affect the performance of the products delivered to customers and the service to customers and distributors, which can be categorised as risks to the brand and reputation or as conduct risk.

A regular top-down risk assessment and reporting process is facilitated by the Risk Management function. This includes the consideration of emerging risks and is supported by deeper thematic reviews. This, together with the risk and control self-assessment (RCSA) process, are the main processes used to Identify, Measure, Manage, Monitor, Report (IMMMR) risks. They are run separately but are complementary. The RCSA process is run by the first line, with challenge by the Risk Management function. It focuses on operational risks, which are recorded on 'iCARE', the Company's risk management system.

Risk models are an important tool in the measurement of risks and are used to support the monitoring of the risk profile and in the consideration of the risk management actions available. A range of stress tests are carried out (where one risk factor, such as interest rates, is assumed to vary) and scenario tests (where combinations of risk factors are assumed to vary) to evaluate their impact on the business and the management actions available to respond to the conditions envisaged.

The Risk Management function is accountable for quantitative and qualitative oversight and challenge of the IMMMR process and for developing the RMF. Internal Audit provides an independent assessment of the risk framework and internal control processes.

Board oversight of risk and risk management across the Company is maintained on a regular basis through the Board Risk Committee.

The Board has overall responsibility for determining risk appetite, which is an expression of the risk the business is willing to take. Risk appetites are set for solvency, liquidity, climate, macro, longevity and interest rate risk. The position against appetite is monitored and reported to the Board Risk Committee on a regular basis (normally quarterly).

It is recognised that it is important to have an appropriate risk culture ("tone from the top"). An appropriate culture includes the effective management of exposures, adequate resourcing, effective communication, malpractice reporting, a business ethics code that is annually signed up to by employees, and a commitment to integrity, ethical behaviour and compliance.

A risk and control goal is set for senior management as part of the annual bonus plan to help drive and reward effective risk management and a robust control environment. This is assessed on an annual basis by the Risk Management function.

B.3.2 The 'three lines of defence model', and roles and responsibilities of key functions

Roles and responsibilities for risk management are based around the 'three lines of defence model' where employees are involved in the management and mitigation of risk. The roles of the three lines of defence each contribute to embedded risk management.

The first line: management monitoring

Management are responsible for the application of the RMF, for implementing and monitoring the operation of the system of internal control and for providing assurance to the Board Risk Committee (BRC), Operational Risk and Conduct Committee (ORCC), Asset and Liability Committee (ALCO) and Audit Committees, and the Board.

The second line: Risk Management, Compliance and Actuarial functions

The Risk Management function is accountable for developing the RMF and for the quantitative and qualitative oversight and challenge of the IMMMR process. As the business responds to changing market conditions and customer needs, the Risk Management function regularly monitors the appropriateness of the Company's risk policies and the RMF to ensure they remain up to date.

The Compliance function supports and advises the business on the identification, measurement and management of its regulatory, financial crime and conduct risks. It is also accountable for monitoring and reporting on the compliance risk profile.

The Actuarial function is accountable for actuarial methodology, reporting to the relevant governing body on the adequacy of reserves and capital requirements, as well as underwriting and reinsurance arrangements.

Refer to sections B.4. and B.6 for further details on the roles, responsibilities, authority, resources, independence and reporting lines of the Compliance and Actuarial functions respectively, and how their independence is ensured.

The third line: Internal Audit

This function provides independent and objective assessment on the robustness of the RMF and the appropriateness and effectiveness of internal control to the Audit, Conduct, Risk and Investment Committees, and the Board.

Refer to section B.5 of this report for details on the roles, responsibilities, authority, resources, independence and reporting lines of the Internal Audit Function.

B.3.3 Risk Management function

The Risk Management function is responsible for the design and implementation of the risk management system. The Risk Management function reports to the board on material risks identified, together with any other specific areas of risk requested by the board, and assists the board and management in the effective operation of the risk management system through the provision of specialist analysis and quality reviews, an aggregated view of the risk profile, and an assessment of the key risks associated with the business's strategy, major projects, strategic investments and other key decisions.

The Risk Management function has authority to review all areas of the business and has full, free and unrestricted access to all activities, records, property and personnel necessary to complete its work. The scope of Risk's activities extends to all legal entities, joint ventures, partnerships, outsourcing and reinsurance arrangements.

The Risk Management function operates as part of the Global Risk function, which includes the Actuarial and Compliance functions as well as Risk Management. Further information on the Compliance and Actuarial functions is set out in sections B.4 and B.6 respectively.

B.3.4 Integration of risk management into the decision making processes

All key management level decisions must have the support of the Risk Management function before proceeding and the Chief Risk Officer has the power of veto.

B.3.5 Risk management system: Own risk and solvency assessment ("ORSA")

The ORSA Report is the outcome of the combined processes and procedures (collectively ORSA processes) in place to manage and assess the risk and solvency position of the Company. The goal of the ORSA process is to provide a continuous and forward-looking assessment of the short-term and long-term risks that the Company faces, or may face, ensuring that solvency requirements are met at all times.

The ORSA processes comprise a number of elements of the RMF which are embedded in the business through the requirements of supporting risk policies and business standards around strategy, planning, capital management, stress and scenario testing and use of Solvency II capital in decision making.

In combination, these elements create a holistic overview of the elements of risk that may impact the Company, and which should be taken into account by management in day-to-day decision-making, in particular through the use of Solvency II capital, and ensures risk and capital management are connected.

The ORSA Report articulates the Board's formal view of the capital the Company needs to hold, given the risks currently faced by the business and how these might evolve over time, in line with delivery of the business strategy. It summarises a high level description of the key components of the underlying ORSA processes and the key outcomes from these processes.

Consistent with the three lines of defence model, first-line management is responsible for the implementation of the majority of the underlying ORSA processes.

The output from the ORSA processes is reported to the Board and the Risk Committee regularly during the year. The ORSA Report is produced annually, usually following the Board's approval of the Company's three-year Business Plan. The Chief Risk Officer is responsible for producing the ORSA Report which is reviewed and approved by the Risk Committee and the Board.

The Board has approved that for the purpose of ORSA, capital resources and requirements are measured on the basis of Solvency II requirements for determining Solvency II Own Funds and SCR.

Solvency II capital, (as a risk-based capital measure), is embedded at the heart of the Company's risk and capital evaluation and is used as a key input to a wide range of business and strategic decisions. Solvency II capital is calculated using the Standard Formula.

The RMF, supported by risk policies and business standards, sets out the areas where businesses are expected to use Solvency II capital management information as part of their decision-making and risk management processes. This ensures that requirements to use Solvency II capital are embedded within the instructions of how the relevant processes (for example asset liability management or strategy and planning) are to be performed.

B.4 Internal control system

B.4.1 Internal Control Statement

The Company has a robust risk oversight process in place. The Operational Risk and Control Management (ORCM) framework facilitates the development of robust and reliable internal controls and ensures the following:

- Consistent identification, measurement, management, monitoring and reporting of all key risks;
- The controls are proportionate to manage risks, are adequately documented, maintained and reviewed;
- Documentation of agreed 'route to green' (RTG) plans for risks out of tolerance;
- The risk and control environment is monitored and reported upon regularly.

The Operational Risk & Conduct Committee has defined terms of reference and appropriate membership, with proceedings adequately recorded and actions followed up.

The Company's organisational structure includes the operation of a three lines of defence model, segregation of duties, a delegated authorities framework, and the consideration of risk management and control responsibilities when setting objectives for and reviewing the performance of all staff.

B.4.2 Compliance function

The Company has a Compliance Function which is established pursuant to Solvency II and the Compliance Policy of the Company. Due to the increasing focus that the Company and Regulators place on Financial Crime matters the Compliance Function is split into a Compliance Team and a Financial Crime team. A Regulatory Risk Monitoring team exists within the risk function which provides monitoring activities to the Company.

The primary purpose of the Compliance function is to assess and manage the business's exposure to regulatory risk. The Compliance function is an integral part of the RMF and constitutes a key part of corporate governance. The function is a critical contributor to the safe and sound operation of the business and underpins the achievement of strategic and business goals.

Three key processes comprise the Company's compliance activity:

- Conduct regulatory risk management (including monitoring regulatory developments), performed by the Compliance function (including the Financial Crime Team) and including activities such as;
  - Setting conduct and financial crime policy framework;
  - Provide advice, support, guidance and challenge on conduct and financial crime risk; and,
  - Manage conduct and financial crime regulatory engagement.
- Prudential regulatory risk management (including monitoring regulatory developments), performed by the Risk Management function and including activities such as;
  - Provide advice, support, guidance and challenge on prudential regulatory risk; and,
  - Manage prudential regulatory engagement.
- Legal developments monitoring is performed by the Legal and Company Secretarial functions.

The Compliance function (including Financial Crime) has authority to review all areas of the business and has full, free and unrestricted access to all activities, records, property and personnel necessary to complete its work.

The Company has a Compliance Charter which is reviewed regularly by the Board and sets out, inter alia: the interacting responsibilities and reporting duties of the Compliance function and the Company. In addition, the Board Risk Committee will approve the Compliance Plan for each calendar year and thereafter assess the performance of the function in achieving the plan, or otherwise.

B.5 Internal Audit function

B.5.1 Roles and responsibilities

The role of the Internal Audit function is defined in the ALPI DAC's Internal Audit Charter, which is reviewed and approved annually by the ALPI DAC Audit Committee. The Charter sets out the purpose, activities, scope and responsibilities of the function and the arrangements for the management of the function, including ensuring its independence from first and second-line management.

The scope of Internal Audit assurance activities includes:

- Assessing and reporting on the effectiveness of the design and operation of the framework of controls which enable risk to be assessed and managed;
- Assessing and reporting on the effectiveness of management actions to address deficiencies in the framework of controls and risks that are out of tolerance;
- Assessing key events such as acquisitions/divestments and outsourcing decisions to determine and report on whether key risks are being adequately addressed. Internal Audit may also assess relevant post-mortem or "lessons learned" analysis following significant adverse events at the organisation or in the industry; and
- Undertakes advisory projects for management, provided that they do not threaten Internal Audit's actual or perceived independence from management.

Internal Audit is responsible for performing these activities efficiently and effectively, but it is not responsible for setting ALPI DAC's risk appetite or for the effectiveness of the framework of controls.

The ALPI DAC Audit Committee receives quarterly control reports from Internal Audit and challenges management on the actions being taken to evidence that the governance, risk management and controls remain effective; whether the overall level of operational risk remains within appetite and if not, to challenge management to address this within an acceptable timeframe.

B.5.2 Independence and objectivity of the Internal Audit function

Internal Audit must be independent from management at all times in order to be effective in performing its activities. The Internal Audit Function maintains its independence and objectivity by having a direct reporting line to the Chairperson of ALPI DAC's Audit Committee and a functional reporting line to the UK Life Chief Audit Officer, who reports to the Group Chief Audit Officer.

The Chairperson of the ALPI DAC Audit Committee is responsible for recommending the appointment or removal of the ALPI DAC Chief Audit Officer to the Board and to participate, jointly with the Group Chief Audit Officer or designee, in the determination of the objectives of the ALPI DAC Chief Audit Officer and the evaluation of their levels of achievement, including consultation with the ALPI DAC Chief Executive Officer.

Internal Audit staff have no direct responsibility or authority over any operational activities reviewed and would not relieve others of such responsibilities. Internal auditors previously working in ALPI DAC, but outside Internal Audit, will not perform or manage reviews in the business area for which they were previously responsible for a period of at least one year after the end of their role within the business. This excludes performing or managing reviews in similar business areas in other legal entities or operating units for which they were not previously responsible. Internal auditors on rotation from a business unit will not perform or manage reviews in the business area for which they were previously responsible.

Internal Audit provides the ALPI DAC Audit Committee with an annual confirmation of its independence, supported by an independence declaration form signed by all members of Internal Audit staff. Internal Audit is authorised to review all areas of the Company and has full, free, and unrestricted access to all activities, records, property, and personnel necessary to complete their work.

B.6 Actuarial Function

B.6.1 Role and Responsibilities

The Head of Actuarial Function is appointed by the Board. The Actuarial Function is accountable for actuarial methodology, reporting to the relevant governing body on the adequacy of reserves and capital requirements, and on the adequacy of underwriting and reinsurance arrangements.

The actuarial reporting teams report to the Head of Actuarial Function. However, there is a separate independent second line Actuarial Function team that is maintained to challenge the work of the first line reporting team.

In co-ordinating the calculation of technical provisions, the first and second line Actuarial Function teams work closely to agree a number of principles in respect of the calculation of technical provisions (best estimate liabilities) and capital requirements. To ensure independence, the second line team does not participate in their calculation. The first line team is responsible for running the model, the application of controls and the preparation of results. The second line team reviews and challenges the results of each step of the process and reports on them to the Board.

The Head of Actuarial Function's reporting line is direct to the CEO. The Actuarial Function works closely with Risk Management and elements of the Compliance Function to form an effective second line of defence. The Head of Actuarial Function is a member of the Executive Committee and attends the Board, Risk, Audit and Finance committees as necessary.

B.6.2 Authority and Resources of the Actuarial Function

The Actuarial Function has authority to review all areas of the business and has full, free and unrestricted access to all activities, records, property and personnel necessary to complete its work. All persons employed by the Actuarial Function in a defined actuarial role, are subject to Aviva's Fit and Proper minimum requirements to ensure they have the required skills and knowledge to comply with their role and responsibilities.

B.7 Outsourcing

The Board has approved an Outsourcing Policy which must be followed in circumstances where the company seeks to outsource any activities which, as a life assurance entity it might otherwise be expected to carry out itself, but where the company has identified benefits in outsourcing that activity. This policy is cognisant of the Solvency II requirements when outsourcing such activities and seeks to comply with all requirements.

The policy sets out the requirements which must be followed prior to outsourcing such activities and the ongoing monitoring of these activities. This is to ensure that any outsourcing activity is undertaken in accordance with a structured control process with appropriate and ongoing accountability and responsibility within the company as the regulated entity. Close management oversight and monitoring of outsourced relationships is required under the policy. The policy is also in compliance with local laws, regulations and best practice.

The company outsources a number of critical important operational functions as defined by applicable Solvency II regulations, CBI guidelines and the company's internal supplier classification tool. These mainly relate to Investment management of own funds and unit linked policyholder funds, middle and back end office administration services, the provision of printing and mailing services for policyholder communications, and, as a result of Brexit, the administration of an Overseas Life Assurance Book (OLAB) book of business which is a closed book.

Being part of a large insurance group there are Intracompany outsourcing arrangements with Aviva Central Services that provide a number of group services, e.g. finance, actuarial & IT infrastructure, all of which are subject to the same monitoring and oversight. All such providers are based in the EU and India but primarily in Ireland and the UK. The reason for outsourcing the above functions include utilising external third party specific skills, leveraging knowledge and skills internally within the group and cost synergies.

An outsourcing oversight committee is in place and meetings shall be held not less than 4 times per year and at such other times as required. The purpose of the Committee is oversight of outsourcing risk and outsourcing arrangements (including critical 3rd party non-outsourcing), to enable a holistic view of the management of 3rd parties in ALPI, ensuring activities are in line with ALPIs business plan and risk appetite.

In choosing each of the service providers, the Company has satisfied itself that each provider has the capacity and authorisation required by law to deliver the required functions or activities satisfactorily, in accordance with its outsourcing policy.

B.8 Any other information

The Company's system of governance is adequate for the nature, scale and complexity of the risks inherent in its business. The system of governance is assessed periodically and policies are reviewed regularly.

C. Risk Profile

In this Chapter

Overview of the Company's risk profile

This section identifies the different risks to which the Company is exposed, the measures used to assess these risks, the techniques used to mitigate these risks and the processes to monitor the risk exposures. The appetite for different risks is set by our Board.

Risk assessment is carried out regularly. It is identified using management information, experience and trend analysis, information from the Risk Management function and risk committee and any external data available.

The Company holds capital in order to ensure that it can meet its obligations across a wide range of risk scenarios. The main basis used by the Company to determine the amount of capital to hold is the Solvency II Solvency Capital Requirement (SCR). This determines the capital needed if a 1 in 200 year loss event occurs. The Company has adopted the Standard Formula approach to determine the capital required based on its risk profile. An assessment has been carried out by the Company to confirm that its use of the Standard Formula is appropriate. The Standard Formula provides information on stresses to each of the risk types. Additional scenario based stresses are carried out as part of the ORSA. Based on these results, the company is satisfied that the Standard Formula is appropriate.

The Company notes that the vast majority of its Best Estimate Liabilities (BEL) relate to either unit-linked business or business within with-profits funds where the BEL reflects the value of the assets in the funds.

Scenario and stress testing are used in addition to the SCR to determine the target level of capitalisation.

The use of capital alone is not sufficient to mitigate risk. A variety of risk mitigation techniques are used in addition to reduce and manage risk, e.g. reinsurance, operational controls. These techniques are described in more detail below.

The risk mitigation techniques are constantly monitored and reviewed to ensure that they remain effective.

As at Q4 2022, the majority of non-linked assets held were invested in Sovereign Bonds, Corporate Bonds and Cash which produce regular income to meet outgoings. The Company considers these assets to be highly liquid and of an appropriate duration. Therefore, liquidity is not considered to be a key risk. Where appropriate the Company has used Reinsurance to mitigate against risk. All remaining risks are present mainly for the benefit of policyholders and are acceptable from the Company's point of view.

C.1 Underwriting risk

C.1.1 Description

Underwriting risk is the risk of loss due to unexpected variation in the amount or timing of claims, premiums or expenses on the policies that we have underwritten. Aviva Life & Pensions Ireland dac currently writes life insurance business which results in material exposures to the following risks:

a. Mortality - the risk of loss due to adverse deviations in the timing and amounts of claims due to higher than expected mortality rates

b. Longevity - the risk of loss due adverse deviations in the timing and amounts of claims due to lower than expected mortality rates

c. Morbidity - the risk of loss due to adverse deviations in the timing and amount of claims due to higher than expected claim rates or lower than expected recovery rates

d. Expense - the risk of loss due to adverse deviations in the timing and amount of expenses incurred by the business

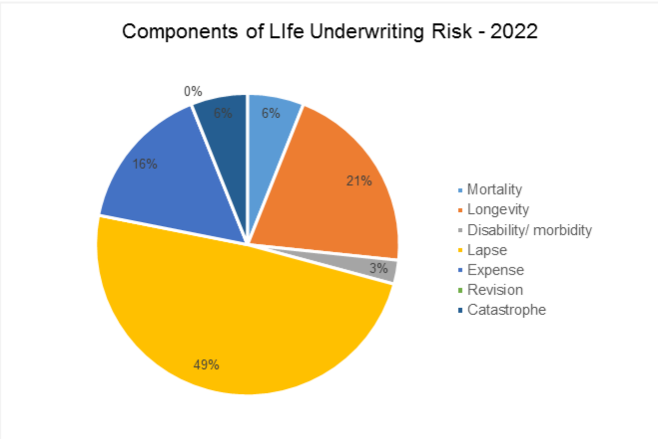
e. Lapse - the risk of loss due to policies surrendering earlier than expected

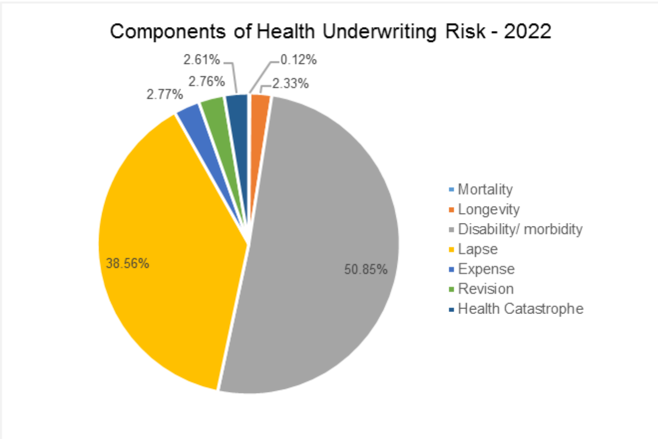
f. Catastrophe – the risk of losses in the event of a catastrophic event, e.g. a pandemic

g. Revision – the risk of adverse variation of an annuity's amount as a result of an unanticipated revision of the claims process.

Insurance products expose ALPI DAC to one or more of these risks; we use our experience to identify, measure, manage and mitigate these risks.

The risks above have been quantified using the Standard Formula. The charts below show the relative significance of each component on the life and health underwriting risks as at 31st December 2022.





C.1.2 Risk Management

Risk Committee

See Section B.3 for details about this committee.

Own Risk and Solvency Assessment (ORSA)

The ORSA (refer to section B.3.5.) describes the processes and procedures used by ALPI DAC to identify, measure, monitor, manage and report the risks being faced and to determine the own funds necessary to ensure that overall solvency needs are met at all times. This is required as part of Solvency II.

As part of this process we identify and measure all risks, both qualitatively and quantitatively. Processes are devised to monitor and manage these risks. Stress tests are also carried out which will enable us to determine the level of risk we are exposed to. We also carry out projections to ensure that we meet solvency requirements in the future.

Reinsurance

We use reinsurance to reduce our exposure to the risk of adverse claims experience. Our reinsurance limits are set by our Risk Committee based on our risk appetite. We regularly review our reinsurance strategy and make changes when necessary.

Underwriting

Our underwriting process allows us to assess the risks before we write a policy, and also at claim stage before we pay a claim.

Product Pricing

When developing products risk is taken into consideration, the acceptable level of risk is determined in advance by our Risk Committee. The experience of our products is monitored and compared to expectations and this information is used in the pricing of new products or in premium reviews.

We also monitor sales to ensure the volume and mix of new business are in line with expectations.

Risk Concentration

Almost all of our risk is insured in Ireland, with European life assurance business being 100% reinsured. This can lead to a concentration risk. Similarly, we face concentration risk from our group risk schemes. Some of this risk is mitigated through reinsurance.

C.2 Market risk

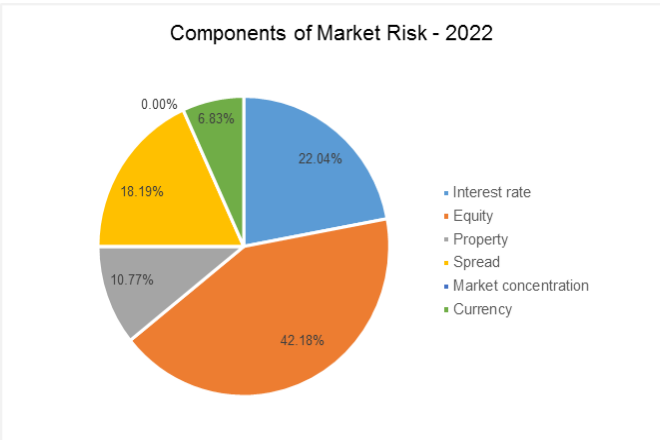
C.2.1 Description

Market risk is the risk of loss arising due to changes in the market price of assets. The main areas of market risk are as follows:

- Equity risk - the risk of loss arising from a fall in equity values. The Company is primarily exposed to equity risk through future management charges on the unit linked funds and equity holdings in the defined benefit pension scheme but may have exposure in respect of any direct equity holdings in non-linked funds. The equity risk on unit linked funds is accepted by the Company on behalf of its policyholders.
- Property risk - the risk of loss arising from a fall in property values, either direct or indirect holdings. The Company is exposed to property risk through in respect of future management charges on the unit linked funds. In addition, the Company is exposed to property risk for any non-linked property holdings. The property risk on unit linked funds is accepted by the Company on behalf of its policyholders.
- Currency risk - the risk resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of currency exchange rates. The Company is exposed to currency risk through non-euro denominated non-linked and unit linked asset holdings. In addition, the Company is exposed to currency risk in respect of future management charges on the unit linked funds. The currency risk on unit linked assets is accepted by the Company on behalf of its policyholders.
- Spread risk - the risk of loss or adverse change in the value of assets and liabilities, resulting from fluctuations in the credit standing of issuers of securities. The Company is exposed to spread risk through non-linked corporate bond holdings.
- Interest rate risk - the impact of changes in interest rates on Own Funds. It relates to any mismatch of the durations of the assets and liabilities. It also includes any duration mismatch identified within the Company defined benefit pension scheme. Interest rate risk on unit linked funds is accepted by the Company on behalf of its policyholders.
- Concentration risk - this arises on any single exposure or group of exposures with the same counterparty. Government bonds are not subject to concentration risk. Given the Company's large holding of government bonds, its concentration risk is zero.

The above risks have been quantified using the Standard Formula.

The chart below shows the relative significance of each risk at 31 December 2022.



C.2.2 Risk Management

ORSA

As part of the ORSA process market risks are assessed. In addition, stress tests are carried out which will enable us to determine the level of risk we are exposed to. This can help us to determine the best mitigation methods.

Monitoring

Our Asset and Liability Committee regularly monitors market risk to ensure that the level or risk is within our risk limits. They can identify trends and deviations over time and take action to reduce the level of risk.

Asset liability matching

All unit linked liabilities are matched with appropriate assets. Annuities are matched by bonds of appropriate nature and duration.

C.3 Credit risk

C.3.1 Description

Credit risk is the risk of loss from a counterparty's unexpected inability to meet its contractual obligations or deterioration in credit standing. Our main source of counterparty risk is from our investments, namely government bonds, corporate bonds and bank deposits. We are also exposed to counterparty risk through our reinsurance arrangements.

Counterparty default risk has been quantified using the Standard Formula.

The 100% reinsurance of European life assurance business to UKLAP represents the Company's largest counterparty exposure.

C.3.2 Risk Management

Investments

Investment in government bonds is diversified across the Eurozone. We invest in a range of sovereigns that are of sufficient credit quality. Our Asset and Liability Committee identifies these counterparties. For bank deposits we have a range of approved institutions. The investments are continually monitored to ensure that we are operating within our risk limits.

Reinsurance

We only interact with reinsurers that have a satisfactory credit rating. We regularly monitor the credit rating of our reinsurers. Where possible we would enter into a collateral agreement in order to mitigate some of the risk. We also avoid large exposures to a single reinsurer where possible.

ORSA

As part of the ORSA process stress tests are carried out which will enable us to determine the level of risk we are exposed to. This can help us to determine the best mitigation methods.

Risk concentration

Our main sources of risk concentration arise from our investments in bonds and cash, and also our reinsurance arrangements. We try where possible to diversify to ensure that we are not overly exposed to any particular counterparty.

C.4 Liquidity risk

C.4.1 Description

Liquidity risk is the risk of loss due to the inability to meet a financial obligation to a policyholder or other creditor as it falls due. This can happen even when a company meets all its solvency requirements. Liquidity risk is monitored regularly to ensure that the level of risk remains acceptable. We do not expect liquidity to be a key risk.

C.4.2 Risk Management

Investments

As at 31 December 2022 the majority of the non-linked assets are invested in sovereign bonds and cash, these produce regular income to meet outgoings. These are highly liquid assets and of an appropriate duration. Adequate funds are held in cash for day to day expenses; these are reviewed regularly.

Unexpected claims

This can result from higher than expected claims or policy surrenders. This is mitigated by investing in high quality liquid assets that can be realised over a short period. Some policy conditions allow us to defer claim payments in the case of illiquid underlying assets.

Stress testing

Stress testing is carried out to ensure that we have sufficient liquidity in extreme circumstances. This will enable us to reduce the liquidity risk.

Risk concentration

As all of our insured risk is in Ireland, the concentration risk is that of excessive claims, which could lead to liquidity problems. Stress testing should highlight this risk.

Expected Profit in Future Premiums

We are required by the regulations to state the expected profit included in future premiums. The total amount of expected profit included in future premiums (EPIFP) is set out in the table below.

Expected Profit in Future Premiums	2022 €1,000	2021 €1,000
EPIFP Life insurance	190,138	183,034
EPIFP Non-Life insurance	—	—
EPIFP Health insurance	—	—
EPIFP % Tier 1 EOF	33%	29%

The EPIFP increased by €7.1m in 2022.

C.5. Operational risk

C.5.1 Description

Operational risk is the risk of loss caused by inadequate or failed internal processes, people and systems or from external events. It can also arise in a changing regulatory environment if we fail to demonstrate compliance in the event of a change.

Operational risk has been quantified using the Standard Formula. We accept a certain amount of operational risk as part of our business model.

C.5.2 Risk Management

Business Continuity Plan (BCP)

The Company has a BCP in place. The BCP includes an external site where the Company can relocate in the event that the office or computer systems become unusable for a period. The testing of the BCP indicates that the Company could bring its systems live at the external sites in a matter of hours.

Cyber risk security measures

The Company's IT department has in place an extensive range of security measures to protect the integrity of the system and the security of the data. It also engages with the business to ensure awareness of the threats that exist. This includes conducting education sessions with all staff. IT engages with external experts to benchmark its security posture against best practice.

Regulatory changes

Regulations are monitored by the relevant departments in the company. Any changes will be reviewed and procedures put in place to ensure that we continue to demonstrate compliance.

ORSA

As part of the ORSA process operational risks are assessed. In addition, stress tests are carried out which will enable us to determine the level of risk we are exposed to. This can help us to determine the best mitigation methods.

Risk concentration

All of our administration is carried out in one office in South County Dublin, this represents a concentration risk. This has been significantly mitigated with our BCP mentioned above, together with a very significant increase in remote working since 2020.

Other Operational risks are likely to result in a financial loss. The Company believes it has satisfactory processes and controls to address and manage its Operational Risk.

C.6 Any other information

C.6.1 Sensitivity analyses

This section sets out indicative sensitivities to a range of key factors. For each sensitivity we show the impact of a change in that single factor while leaving all other factors unchanged. The factors examined are as follows:

- Interest rates – The impact of a 0.5% increase/decrease in interest rates on the value of both assets and liabilities.
- Expenses – The impact of a permanent 5% increase in all expenses and a 0.5% increase in expense inflation.
- Lapses – The impact of a permanent 10% increase in lapses.
- Mortality – The impact of a permanent 5% increase in the mortality rates (excluding annuitants).
- Morbidity – The impact of a permanent 5% increase in morbidity rates.
- Annuitant Mortality – The impact of a permanent 5% decrease in the mortality rate of people to whom we pay annuities.
- Equity Values – The impact of a 10% decrease in equity values on both assets and liabilities.
- Property Values – The impact of a 25% decrease in property values on both assets and liabilities.

The table below shows the absolute change in cover ratio under each sensitivity at 31 December 2022:

Base Solvency Coverage	**161%**
Sensitivities to Key Factors	**Impact on Solvency**
0.5% increase in interest rates	0.6 %
0.5% decrease in interest rates	(1.8)%
Increase of 5% in expenses & 0.5% in inflation	(8.3)%
10% increase in lapses	0.6 %
5% increase in mortality rates	(0.8)%
5% increase in morbidity rates & 3% reduction in recovery rates	(2.0)%
8% decrease in annuitant mortality rates	(10.1)%
10% decrease in equity values	0.1 %
25% decrease in property values	(1.1)%

C.6.2 Prudent Person Principle

The Company ensures that its assets are invested in accordance with the Prudent Person Principle as set out in Article 132 (Directive 2009/138/EC) through the collective application of its risk policies and business standards. These ensure that the Company invests in assets whose risks it can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs having regard to the term and nature of its liabilities. The Company's Asset Liability Management Business Standard and certain provisions of the Investment Management Business Standard contain mandatory requirements to ensure that the Company develops its own set of key risk indicators and takes into account the risks associated with its investments without relying only on the risk being adequately captured by the capital requirements. Risk appetites by risk type are also set and monitored by the Company. Other business standards set requirements for the quality of investment assets (including setting risk limits to control the market and credit risk within a portfolio), matching of assets to liabilities, diversification of invested assets and use of derivatives.

C.6.3 Other Information

The current process for monitoring the risks, the risk-mitigation techniques in place and the material concentrations of risk to which the business is exposed as a result of COVID 19 for each of the Company's key risk types are as follows:

Underwriting risk

The principal Life underwriting risks impacted by the Covid-19 pandemic are mortality and morbidity risks, where our greatest geographic exposure is to Ireland. We have reinsurance in place to reduce our net exposure to potential losses. We have a high-level of quota share reinsurance in place on Individual Protection business, and for Group Life protection we have surplus reinsurance for individual claims and a lower-level of quota share reinsurance.

Underwriting procedures on Individual Life Protection products limit our exposure to cohorts of the population at highest risk of Covid-19 (i.e. the elderly and those with pre-existing conditions). While we have greater potential net exposure through Group Life Protection, we are taking pricing actions to limit our potential exposure from new business. We have experienced an offset to increased protection claims as a result of Covid-19 from reserve releases on our annuity portfolio.

For Income Protection business, while we have some potential exposure to income protection claims arising from Covid-19, our policy terms typically include a deferment period after which benefits become payable to policyholders, and in most cases the deferment period is longer than the symptomatic period of Covid-19. This materially decreases our exposure.

Market risk

As a result of the financial market impact of Covid-19 we have taken a number of actions to reduce our exposure to equity, property, and interest rate risk across all our markets. Actions include purchasing risk-mitigating derivative hedges, asset disposals and reallocations and reducing new business sales in certain markets and products.

Credit risk

As a result of the financial market impact of Covid-19 we have taken a number of actions to reduce our exposure to credit spread and counterparty default risk across all our markets. Actions include purchasing risk-mitigating derivative hedges, asset disposals and reallocation and reducing new business sales in certain markets and products.

Liquidity risk

We continue to closely monitor the Company's liquidity position on a daily basis. Liquidity remains very satisfactory as we have large cash holdings and also hold significant amounts of sovereign bonds which, at the moment, can be quickly converted to cash if required.

Operational risk

Covid-19 is resulting in some changes to operational processes that have been designed to ensure operational risks remain at an acceptable level. Further information is provided in Section B.

Asset management risk

In our asset management processes, our focus has been on our operational processes, including those around liquidity management within our funds, to ensure continued and uninterrupted service to our customers.

C.7 Other Material Risks

There is no other material information relevant to the risk profile of the Company.

D. Valuation for Solvency Purposes

In this Chapter

The table below gives an overview of the Company's assets and liabilities as at 31 December in the Balance Sheet for Solvency II purposes in each of the last two years.

Balance Sheet – IFRS and Solvency II

Balance Sheet	2022 €1,000	2021 €1,000
Assets		
Intangible assets	—	—
Deferred tax assets	9,700	—
Property, plant & Equipment held for own use	21,648	24,050
Investments (excl index-linked and unit-linked funds)	2,720,588	3,688,116
Assets held for index-linked and unit-linked funds	9,354,699	10,054,376
Loans & mortgages	171,050	244,465
Reinsurance recoverables	1,805,481	2,055,914
Deposits to cedants	—	—
Insurance & intermediaries receivables	19,935	20,246
Reinsurance receivables	77,781	73,658
Receivables	32,684	23,976
Own shares	—	—
Cash and cash equivalents	45,737	49,259
Any other assets, not shown elsewhere	35,512	57,529
Total assets	**14,294,814**	**16,291,590**
Liabilities		
Technical provisions - non-life (excl health)	—	—
Technical provisions - health (similar to non-life)	—	—
Technical provisions - health (similar to life)	235,777	296,540
Technical provisions - life (excl health/UL)	2,780,091	3,635,922
Technical provisions - unit-linked	9,948,028	10,893,655
Contingent liabilities	—	—
Provisions other than technical provisions	9,950	20,913
Pension benefit obligations	6,334	16,834
Deposits from reinsurers	4,039	4,488
Deferred tax liabilities	—	11,267
Derivatives	110,268	42,163
Debts owed to credit institutions	42,511	41,515
Financial liabilities other than debts owed to credit institutions	14,267	80,956
Insurance & intermediaries payables	318,880	319,195
Reinsurance payables	17,517	17,003
Payables	105,190	98,391
Subordinated liabilities	—	—
Any other liabilities, not shown elsewhere	25,285	21,195
Total liabilities	**13,618,135**	**15,500,037**
Excess of assets over liabilities	**676,679**	**791,553**

D.1 Assets

D.1.1 Key Assumptions and Methodology for Asset Valuation

The asset values shown in the Solvency II balance sheet presented below are at "economic value". In general, the following definition is used for economic value:

- Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction
- Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction

The following hierarchy is used by the Company to derive the economic value of an asset or liability, excluding the determination of the economic value of insurance liabilities.

Level 1: The best evidence of the economic value is a quoted price in an active, deep, liquid and transparent market (mark-to-market) for identical assets or identical liabilities. If quoted prices exist for similar assets or liabilities, the value of these should be used with an adjustment to reflect the prices.

Level 2: If a quoted price does not exist or the market is deemed not to be active, the Company uses a valuation technique in determining the economic value. The Company will use a valuation technique which is commonly used in the industry (best practices) and will use market observable inputs (mark-to-model). Level 2 also comprises market quotes for products with similar characteristics.

Level 3: If the key inputs of the valuation technique are not observable in the market or deemed not to be reliable, the Company will use its own inputs (if meeting the data quality requirements) as basis for the variables (mark-to-model). If a model is used to value a (financial) liability, the input parameters regarding the own credit standing may not be changed after the initial assessment.

Level 4: In any other case, the Company will use "expert judgment" as basis for determining the economic value of assets or liabilities.

When measuring the economic value, the Company will take into account any characteristic of the asset or liability including any restriction on the sale or use of the assets.

The table below shows the valuation hierarchy used to put a value on the Company's assets:

Valuation Hierarchy	Level 1 €m	Level 2 €m	Level 3 €m	Total 2022 €m
Debt securities	340	2,128	288	2,756
Equity security investments	2,140	—	—	2,140
Investment property	—	—	516	516
Loans	—	—	171	171
Other investments	4,636	631	103	5,369
Investments in subsidiaries	—	—	1	1
Total	**7,116**	**2,759**	**1,078**	**10,953**

When possible the "look through" principle is used, in order to group all investments with similar risks together at the same balance sheet item. A look through procedure considers an investment at the most granular level of detail and distinguishes all risks involved. The Company looks for the economic substance of the (financial) instrument.

D.1.2 Comparison of Financial Statements and Solvency II assets

The Financial Statements of the company are prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Acts 2014.

When considering the definitions of economic value outlined above under Solvency II, it can be concluded that these closely match the current definitions as used within the International Financial Reporting Standards.

In the financial statements, the Company either measures or discloses the fair value of its investments. For most financial investments, since they are quoted on an active market, this is deemed to present a fair reflection for being an economic value. An active, deep, liquid and transparent ('ADLT') market for the asset or liability is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Transactions are taking place on a regular basis at arm's length.

D.2 Technical provisions

D.2.1 Definition of Technical Provisions

"Technical Provisions", as outlined on the Solvency II balance sheet, represents the measurement of the obligations stemming from insurance contracts the Company has written. These are contracts in which the Company assumes the insurance risk from another party - a policyholder. From the perspective of Solvency legislation an insurance contract is defined as selling business according to one of the defined lines of business by an authorised life or non-life insurer. The definition of the lines of business describes which risks are transferred from the policyholder to the insurer. The following lines of business are used:

- Health insurance (direct business) without options and guarantees;
- Insurance with profit participation;
- Index-linked and unit-linked life insurance without options and guarantees;
- Index-linked and unit-linked life insurance with options and guarantees; and
- Other life without options and guarantees.

The Technical Provisions are the sum of a Best Estimate Liability and a Risk Margin, together with Technical Provisions calculated as a whole in the case of unit-linked business. Each of these is calculated separately and dealt with in turn below.

Best Estimate Liability

"Best Estimate Liabilities" are the best estimate of the value of the Company's obligations under the policies it has written.

Best Estimate Liabilities are based on 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. They are presented gross on the Balance Sheet (i.e. without deduction of the amounts recoverable from reinsurance contracts – see below).

Best Estimate Liabilities are calculated on a policy-by-policy basis.

Risk Margin

The "Risk Margin" reflects the extra premium another insurer would be expected to require to take over and meet the Company's insurance obligations.

The Risk Margin is calculated by determining the cost of providing an amount of Eligible Own Funds equal to the Solvency Capital Requirement (SCR) necessary to support the insurance obligations over their lifetime. The rate used to determine this cost is called the "Cost-of-Capital rate". It is set at 6% in the regulations.

Reinsurance Recoverables

Reinsurance reduces the Company's exposure to risks around variables such as mortality and longevity. "Reinsurance Recoverables" are netted off the Best Estimate Liabilities and Risk Margin. They are amounts:

1. the Company expects to recover from reinsurers based on recognised reinsurance contracts; or
2. already claimed from reinsurers based on previous or existing reinsurance contracts.

The valuation of the Reinsurance Recoverable consists of the following components:

- Best estimate of the recoverable of the reinsurance contract;
- Adjustment for timing differences; and
- Adjustment for the expected loss due to default of the counterparty.

For valuing the Reinsurance Recoverables, the Company applies a probability weighted average of the cash flows taking into consideration the probability of default and timing differences.

D.2.2 Technical provisions

As described above, under Solvency II the technical provisions relating to insurance liabilities are made up of the Best Estimate Liability and the Risk Margin. The table below breaks down these components as at 31st December 2022, together with the impact of Reinsurance Recoverables:

Best Estimate Liabilities & Risk Margin	Health €1,000	Life €1,000	Unit-Linked €1,000	2022 €1,000	2021 €1,000
Best Estimate Liabilities	206,506	2,732,374	(125,076)	2,813,804	3,830,284
Risk Margin	29,270	47,718	52,805	129,793	178,487
Gross Technical provisions	235,777	2,780,091	9,948,028	12,963,896	14,826,117
Reinsurance Recoverables	55,421	882,544	867,516	1,805,481	2,055,914
Technical Provisions allowing for reinsurance recoverables	180,356	1,897,547	9,080,512	11,158,415	12,770,203

D.2.3 Key Assumptions and Methodology in Determining the Technical Provisions

In order to value the technical provisions, as the future is uncertain assumptions are required for factors that are expected to vary. There are three main types of assumptions – demographic, economic and expense assumptions.

Demographic assumptions include when people are likely to die, how long people are likely to live and when are they likely to surrender their policies.

Economic assumptions include the discount rate, the rate of investment return and inflation.

Expense assumptions include policy maintenance expenses and investment expenses.

As well as assumptions, an actuarial model is also required to project future cashflows from each of the Company's insurance policies, including inflows such as premiums and outflows such as claims and expenses.

Please refer to section D.2.4. below for further information on the model and assumptions used.

Basic Risk-free interest rate term structure (RFR)

One of the economic assumptions required to determine the best estimate of the insurance liabilities is the relevant risk-free interest rate (RFR) as published by EIOPA. The RFR includes the currency-specific (Euro) element of the Volatility Adjustment (see below), however the country-specific element of the Volatility Adjustment for Ireland is zero. No other long-term guarantee assessment (LTGA) measures (Matching Adjustment or Transitional Measures) are used by the Company.

Volatility adjustment

The Volatility Adjustment (VA) is a reduction to technical provisions to reflect temporary distortions in spreads. It reduces the technical provisions by increasing the interest rate used to calculate the Best Estimate Liability. Volatility adjustments are prescribed by EIOPA on a currency and country basis.

The Company uses the VA when determining the best estimate of the insurance liabilities. The use of the VA is governed by a risk management assessment. The Central Bank of Ireland (CBI) determines whether the use of the VA is appropriate and it granted application of use of the VA for the Company in November 2019.

The Volatility Adjustment for the Euro at year end 2022 was determined by EIOPA as 0.19% (end of 2021 it was 0.03%).

Technical provisions excluding Volatility adjustment

The following table shows the impact of the Volatility Adjustment on the technical provisions.

Impact of Volatility Adjustment	Including Volatility Adjustment €1,000	Excluding Volatility Adjustment €1,000	Impact Volatility Adjustment €1,000
Technical provisions minus recoverables from reinsurance	11,158,415	11,173,409	(14,994)
Technical provisions – non-life (excluding health)	—	—	—
Technical provisions - health (similar to non-life)	—	—	—
Technical provisions - health (similar to life)	180,356	182,587	(2,232)
Technical provisions – life (excluding health and index-linked and unit-linked)	1,897,547	1,909,488	(11,940)
Technical provisions – index-linked and unit-linked	9,080,512	9,081,334	(822)
Technical provisions – non-life (excluding health)	—	—	—

The Volatility Adjustment reduces net technical provisions by €15.0m in total (€2.2m reduction for Health, €11.9m reduction for Life and €0.8m reduction for Unit-Linked).

D.2.4 Uncertainty associated with the technical provisions

Valuation of the technical provisions requires the analysis of the underlying liabilities and the collection of qualitative and quantitative information. By its very nature, quantifying the level of uncertainty associated with the calculation of Technical Provisions is a difficult task. For the purposes of this report the Company have commented on this uncertainty under the following headings:

Assumptions

The choice of assumptions is the main source of uncertainty. As the future is uncertain, actual experience will be different to what is assumed.

The assumptions are best-estimate, determined based on internal or external data collected by the Company and are consistent with information provided by the financial markets and generally available data on insurance and reinsurance risks. Assumptions are subject to second line review (refer to section B.3) and the assumptions setting process is longstanding and well established. Assumptions are reviewed quarterly to ensure they remain appropriate.

The technical provisions relating to unit linked insurance contracts are mainly determined by the value of assets in the unit linked funds. This, therefore, limits the amount of uncertainty for these types of policies.

Model

An appropriate valuation method has been selected to ensure that the nature and complexity of the insurance technical risks have been appropriately addressed. The selection of the appropriate method is based on expert judgement which has considered, among other things, the quality, quantity and reliability of the available data and analyse all important characteristics of the business.

The limitations of the method are known (some of the simplifications used are set out below).

- The Company has three profit sharing funds. The best estimate liabilities for these funds should include any distribution of surplus. At present the distribution of surplus of two of these funds is approximated based on the current market value of the funds' assets relative to the corresponding best estimate liabilities modelled. This leads to adjustments to modelled figures.
- Individual member data is not available to enable a valuation on a member by member basis for Group Risk. Best estimate liabilities are modelled by applying a loss ratio. This leads to adjustments to modelled figures.
- Some very old group pensions business remained on a system managed by Friend Provident (UK) after the Company became a separate entity. This data was never transferred to the Company core systems. Best Estimate Liabilities are measured using a roll up methodology.

Data

The stage of collecting and analysing the data requires compilation of appropriate data from internal operational systems and relevant external data. Data is subject to ongoing review by the first line (refer to section B.3). Furthermore, the quality of policy data is subject to an annual data integrity check. This is to ensure completeness of data and also to check the validity of certain data items, namely:

- Policy Counts
- Annual Premiums
- Sum Assureds
- Secured Amounts (i.e. benefits on non-linked pension contracts)
- With Profit Bonus Amounts

D.2.5 Comparison of financial statements and Solvency II liabilities

The table below shows the differences between the financial statements and Solvency II liabilities, for each material line of business as at 31 December 2022:

Comparison of financial statements and Solvency II liabilities	Health €1,000	Life €1,000	Unit-Linked €1,000	2022 Total €1,000	2021 Total €1,000
Gross financial statements Liabilities	259,619	2,881,730	10,259,316	13,400,666	15,518,322
Adjustment for Solvency II	(23,843)	(101,639)	(311,288)	(436,770)	(592,954)
Technical Provisions	235,777	2,780,091	9,948,028	12,963,896	14,826,117
TPs calculated as a whole	—	—	10,020,299	10,020,299	10,817,346
Gross BEL	206,506	2,732,374	(125,076)	2,813,804	3,830,284
Risk Margin	29,270	47,718	52,805	129,793	178,487

The main differences in the assumptions used for the financial statements and Solvency II are:

- In valuing the liabilities shown in the financial statements a valuation interest rate is used which is based on the yields of the assets held. Under Solvency II a risk-free yield (as prescribed by EIOPA) is used.
- Under Solvency II all liabilities are valued using best estimate assumptions. However, liabilities in the financial statements include margins to allow for adverse experience.
- The Solvency II liabilities include an allowance for the risk associated with them (the 'Risk Margin'). This is not included in the valuation of liabilities in the financial statements.
- Under Solvency II the discounted present value of all cashflows up to the contract boundary is included. The financial statements cashflows can continue beyond the contract boundaries used for solvency.
- For Unit-linked and With-Profits business, the inclusion of all future cashflows will reflect profits arising from these lines of business – asset management charges (in the case of unit-linked) and shareholder transfers (in the case of with-profits). These future profits are not recognised in the financial statements and the liabilities are effectively set equal to the assets.

For more information on the comparison of financial statement and Solvency II liabilities, see section E.1.4 below.

D.3 Other liabilities

This section describes the following other liabilities which the Company has valued for Solvency II purposes, together with any differences in comparison with the financial statements:

- D.3.1. Provisions other than Technical provisions
- D.3.2. Contingent Liabilities
- D.3.3. Pension Benefit Obligations
- D.3.4. Payables
- D.3.5. Any Other Liabilities
- D.3.6. Deferred Taxes

D.3.1 Provisions other than technical provisions

A provision is recognised when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Outlined below are the "Other Provisions" shown in the Solvency II balance sheet for year end 2022 and 2021. The figures have been discounted to their net present value of future cash flows.

Provisions other than Technical Provisions	2022 €1,000	2021 €1,000
Other Provisions as at 31 December	9,950	20,913

During the year provision was made for an onerous lease in relation to an own use property.

D.3.2 Contingent liabilities

The Company assesses at each reference date whether "contingent liabilities" are to be recognised. Based on these assessments contingent liabilities are zero at the end of 2022 and also at prior year end, both for Solvency II purposes and in the financial statements.

D.3.3 Pension Benefit obligations

Pensions Benefit Obligations are an employee benefit and are shown below. These relate to the difference between the liabilities and the assets in any pension plans the Company operates.

Pension Benefit Obligations	2022 €1,000	2021 €1,000
Pension Benefit Obligations	6,334	16,834

The reduction in the pension scheme obligations during the year related to market movements, primarily strong equity markets.

The Company presents other employee benefits (such as salaries, already declared bonuses) as part of the "other liabilities" on the Solvency II balance sheet (refer to D.3.5. below). Employee benefits are all obligations of the employer to employees or former employees.

The economic value of employee benefits is currently measured by reference to the value according to IAS 19R, which is included in the financial statements.

D.3.4 Payables

Payables are measured in the Solvency II balance sheet as per the value presented in the financial statements. Payables due for a period less than three months are normally not discounted. However, if the contractual due period exceeds three months or the impact of not discounting is deemed to be material discount is applied. At the reference dates no discounting is applied.

Payables	2022 €1,000	2021 €1,000
Payables from direct insurance	318,880	319,195
Payables on reinsurance	17,517	17,003
Claims accepted in relation to non inforce contracts	—	—
Credits	—	—
Taxes	105,190	98,391
Total	**441,586**	**434,590**

D.3.5 Any other liabilities

All other liability balance sheet entries are presented under this heading. This includes:

- Accruals not related to investments or investment property;
- Claims accepted not yet paid out in relation to contracts no longer in force;
- Other liabilities as presented as part of the Financial Statements.

Other liabilities are measured at their economic value. The Company considers the value as presented in the Financial Statements to be a fair representation of this economic value. Presented below is a breakdown of the “Any Other Liabilities” figure shown in the balance sheets.

Other Liabilities	2022 €1,000	2021 €1,000
Accruals and deferred income	25,285	21,195
Other	—	—
Total	**25,285**	**21,195**

D.3.6 Deferred taxes

Deferred tax is determined using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts used for taxation purposes. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The principles as defined by IAS 12 are applied. Deferred tax is recognised on valuation adjustments made between the financial statements and the Solvency II balance sheet. The Company assesses the recoverability of these adjustments, in conjunction with the changes in the deferred tax position.

Each addition to the deferred tax due to the valuation differences is calculated as that change in valuation multiplied by the corporation tax rate in Ireland of 12.5%.

Deferred tax entries in the Solvency II balance sheet are outlined below:

Deferred Taxes	2022 €1,000	2021 €1,000
Deferred tax assets	9,700	—
Deferred tax liabilities	—	(11,267)
Net deferred tax liability/asset	**9,700**	**(11,267)**

D.4 Alternative methods of valuation

D.4.1 Company approach to valuation

The Company does not use alternative valuation techniques.

D.5 Any other information

D.5.1 Impact of Ukraine crisis and Inflation

The Company has continued to monitor the impact of the Ukraine crisis and sharp rise in inflation on the business throughout 2022.

Technical provisions have been prepared based on conditions and best estimate assumptions at 31 December 2022.

D.5.2 Going Concern

This SFCR is prepared on the basis that the business is a going concern, which is assessed by the Company annually.

The going concern and longer-term viability review includes consideration of the Company's current and forecast solvency and liquidity positions over a three-year period through management's 2023-2025 business plan and evaluates the results of stress and scenario testing. The Company's stress and scenario testing considers the Company's capacity to respond to a series of relevant financial, insurance or operational shocks should future circumstances or events differ from the current assumptions in the business plan, focussing on the impacts on Company solvency, cash remittances and liquidity.

The Directors have reasonable expectations, having made appropriate enquiries that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue. As a result, the Directors consider it appropriate to adopt the going concern basis in preparing the annual financial statements and SFCR.

E. Capital Management

In this Chapter

E.1 Own Funds

E.1.1 Capital Adequacy Policy

The capital adequacy of the Company is governed by the Capital Management Policy. The main principles of this policy are as follows:

- The statutory board is responsible for the solvency of the Company;
- The Company aims to keep an adequate level of capital;
- Solvency II is the leading capital regime for the Company;
- The Company and the Board are satisfied that the Standard Formula states an acceptable level of capital for the company. Therefore, the minimum level is defined as the level where the Company is capitalised at 100% SCR;
- The Board has expressed that the capital in the Company needs to be set at a level to ensure solvency cover exceeds the minimum level in many but not all circumstances.

Every calendar year, management of the Company produces a Business Plan for a prospective 3-year period, which is discussed in meetings of the Board in the second half of the year and approved before the end of the year. Under normal circumstances, as the Board wishes to create value, the Basic Own Funds will increase in the Business Plan period.

The Board will, as part of the Business Planning process, also carry out an assessment on the company's own view of the risks it is exposed to and contains forward looking projections for Basic Own Funds and Solvency Capital Requirement under certain stressed scenarios other than those projected in the Business Plan.

On the basis of these investigations the Board has a satisfactory view of how the SCR ratio might develop in the future, under central Business Plan assumptions as well as stressed scenarios.

The corporate governance mechanism around the calculation of the SCR ratio and potential declarations of dividends or requests for capital injections is set out in the Capital Management Policy. The Board will periodically, at least annually, assess the adequacy of this policy and make amendments where appropriate.

E.1.2 Eligible Own Funds

Own funds represent the excess of the value of the assets over the value of the technical provisions plus other liabilities. The Company's own funds total €591.8m at 31 December 2022. The tables below show a breakdown of the Company's own funds at both 31st December 2022 and 31 December 2021.

31 December 2022	Total €1,000	Tier 1 unrestricted €1,000	Tier 1 restricted €1,000	Tier 2 €1,000	Tier 3 €1,000
Ordinary share capital (gross of own shares)	96,559	96,559	—	—	—
Share premium related to ordinary share capital	—	—	—	—	—
Surplus funds	98,901	98,901	—	—	—
Preference shares	—	—	—	—	—
Share premium related to preference shares	—	—	—	—	—
Reconciliation reserve	(30,643)	(30,643)	—	—	—
Subordinated liabilities	—	—	—	—	—
An amount equal to the value of net deferred tax assets	9,700	—	—	—	9,700
Other own fund items approved by the supervisory authority as basic own funds not specified above	417,270	417,270	—	—	—
Available own funds to meet SCR	**591,787**	**582,087**	**—**	**—**	**9,700**
Available own funds to meet MCR	582,087	582,087	—	—	—
Eligible own funds to meet SCR	**591,787**	**582,087**	**—**	**—**	**9,700**
Eligible own funds to meet MCR	582,087	582,087	—	—	—

31 December 2021	Total €1,000	Tier 1 unrestricted €1,000	Tier 1 restricted €1,000	Tier 2 €1,000	Tier 3 €1,000
Ordinary share capital (gross of own shares)	96,559	96,559	—	—	—
Share premium related to ordinary share capital	—	—	—	—	—
Surplus funds	151,927	151,927	—	—	—
Preference shares	—	—	—	—	—
Share premium related to preference shares	—	—	—	—	—
Reconciliation reserve	(122,203)	(122,203)	—	—	—
Subordinated liabilities	—	—	—	—	—
An amount equal to the value of net deferred tax assets	—	—	—	—	—
Other own fund items approved by the supervisory authority as basic own funds not specified above	502,795	502,795	—	—	—
Available own funds to meet SCR	**629,077**	**629,077**	**—**	**—**	**—**
Available own funds to meet MCR	629,077	629,077	—	—	—
Eligible own funds to meet SCR	**629,077**	**629,077**	**—**	**—**	**—**
Eligible own funds to meet MCR	629,077	629,077	—	—	—

There was a €37.3m decrease in own funds during 2022.

Eligible Own Funds

Eligible Own Funds	2022 €1,000	2021 €1,000
Tier 1	582,087	629,077
Tier 2	—	—
Tier 3	9,700	—
Total Eligible own funds	**591,787**	**629,077**

Tier 1 capital
Tier 1 capital is of the highest quality and is the most loss absorbent and permanent form of capital. It includes ordinary share capital, non-cumulative preference shares and the reconciliation reserve.

Tier 2 capital
Tier 2 capital is likely to include cumulative preference shares and subordinated liabilities with a shorter duration.

Tier 3 capital
Tier 3 capital includes any other capital that does fall into the tier 1 and tier 2 categories, including net deferred tax asset. Tier 3 is the lowest quality capital. At end 2022, the Company has a net deferred tax asset of €9.7m – this is a change in tax position relative to prior years.

Own funds must be eligible to cover the Solvency Capital Requirement and the Minimum Capital Requirement. The Solvency Capital Requirement must be backed by at least 50% tier 1 capital and no more than 15% tier 3 capital. The Minimum Capital Requirement must be backed by at least 80% tier 1 capital and no tier 3 capital.

As our capital is 98% tier 1, there are no issues with regards to capital eligibility.

Reconciliation reserve
The Company has not paid a dividend in respect of 2022.

Reconciliation Reserve	2022 €1,000	2021 €1,000
Excess of assets over liabilities	676,679	791,553
Own shares (held directly and indirectly)	—	—
Foreseeable dividends, distributions and charges	—	32,700
Other basic own fund items	(622,430)	(751,281)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	(84,892)	(129,775)
Reconciliation reserve	**(30,643)**	**(122,203)**

E.1.3 Own Fund Restrictions/Deductions
There is a restriction on the distributable surplus in the Irish With Profit Fund (IWPF) of €84.9m which is not included within Available Own Funds. This represents the Inherited Estate of the fund.

E.1.4 Bridge Own Funds Financial Statements - Balance Sheet

The Company's financial statements are completed on a different valuation basis to Solvency II. The table below shows the difference between the equity in the financial statements and the Solvency II own funds as at 31 December 2022 and 31 December 2021.

		€1,000
Bridge Own Funds Financial Statements to Solvency II	**2022**	**2021**
Equity attributable to Equity holder	512,425	545,677
Valuation differences		
in respect of assets	(422,509)	(254,981)
in respect of technical provisions	436,770	347,300
in respect of other liabilities	149,993	153,556
Total valuation differences	164,254	245,875
Total SII excess of assets over liabilities	**676,679**	**791,553**

The differences are explained by differences in the valuation basis from financial statements to Solvency II and also due to some reclassification of items between lines.

E.1.5 Solvency Ratio

Details of the Company's Solvency Ratio are shown in the table below, along with the impact of removing the volatility adjustment used.

There are restricted own funds of €84.9m (see E.1.3 for details).

			€1,000
Solvency Ratio	**2022**	**2021**	**Variance**
Eligible Own funds	591,787	629,077	(37,290)
Required capital	364,131	417,427	(53,296)
Surplus	227,656	211,650	16,006
Ratio	**163%**	**151%**	**12%**

			€1,000
Impact of Volatility Adjustment on Solvency Ratio	**Including Volatility Adjustment**	**Excluding Volatility Adjustment**	**Impact Volatility Adjustment**
Eligible Own funds	591,787	578,667	13,120
Required capital	364,131	366,849	(2,719)
Surplus	227,656	211,818	15,838
Ratio	**163%**	**158%**	**5%**

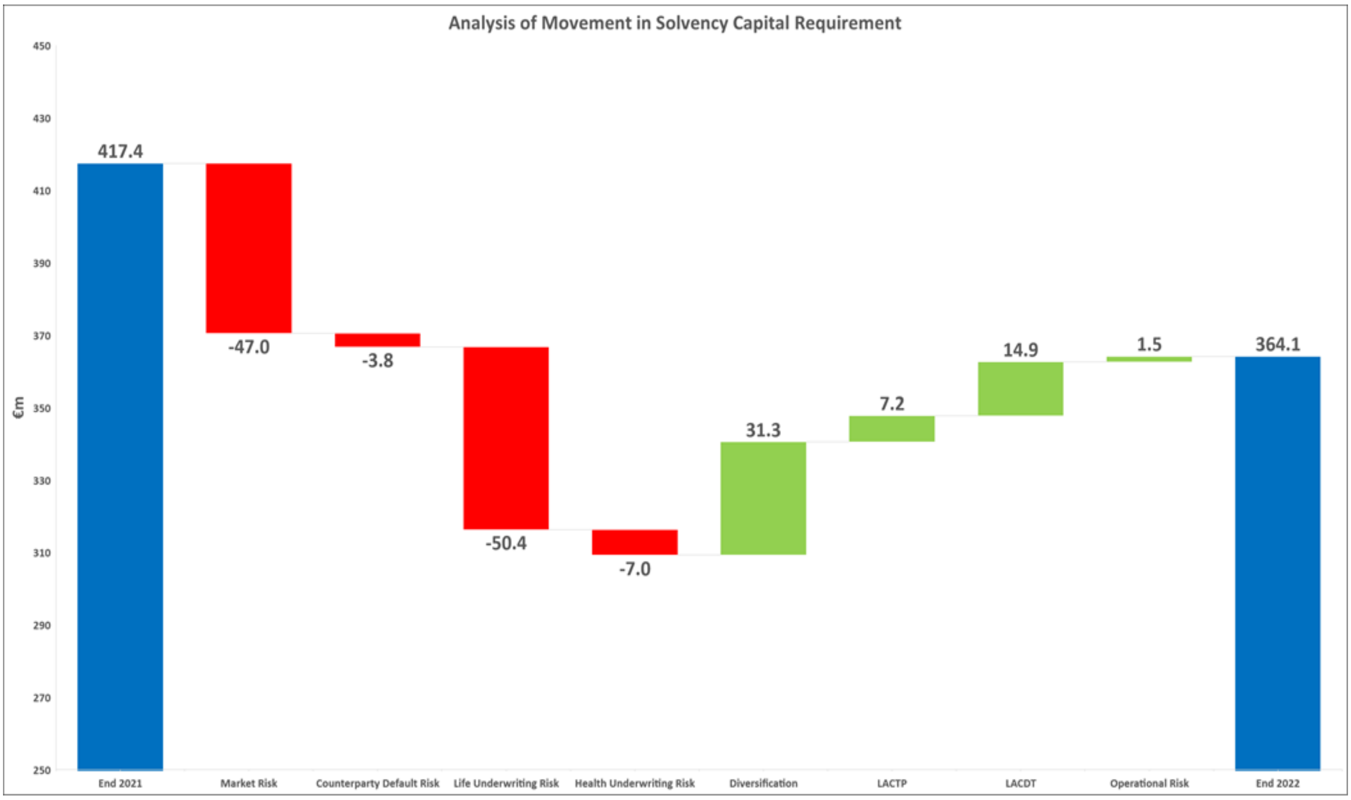
E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement

Under Solvency II regulations, insurance companies are required to hold a risk-based capital amount for solvency purposes, which is calculated by considering the capital required for the company to withstand a number of different shocks. The next table presents the total solvency capital required (SCR) and breaks this down by risk sub-module.

			€1,000
Solvency Capital Requirement	**2022**	**2021**	**Variance**
Market risk	121,070	168,056	(46,986)
Counterparty default risk	48,647	52,406	(3,759)
Life underwriting risk	258,876	309,285	(50,410)
Health underwriting risk	99,814	106,854	(7,040)
Non-life underwriting risk	—	—	—
Diversification	(138,845)	(170,103)	31,258
Intangible asset risk	—	—	—
Basic Solvency Capital Requirement	**389,561**	**466,498**	**(76,937)**
Operational risk	29,027	27,534	1,493
Loss-absorbing capacity technical provisions	(54,457)	(61,695)	7,238
Loss-absorbing capacity deferred taxes	—	(14,910)	14,910
Loss-absorbing capacity expected profits (PIM only)	—	—	—
Solvency Capital Requirement	**364,131**	**417,427**	**(53,296)**

The SCR reduced by approximately €53.3m. A graphical illustration of this increase is as follows:



The reasons for the increase in the SCR are as follows:

- Market risk: Overall the market risk increased by €47.0m. The key drivers of this was a drop in spread risk. This was driven by an immediate annuity reinsurance transaction, together with a drop in the value of underlying assets due to interest rate increases.
- Counterparty Default Risk (CDR): There has been a reduction in Counterparty Default Risk of €3.8m, driven by lower Type 1 counterparty exposures in with-profit funds.
- Life risks: Overall the life risks reduced by €50.4m. The key drivers of this reduction is lower longevity risk following the annuity reinsurance transaction, together with reductions in longevity and expense risks following the interest rate increases.
- Health risks: Health risk has reduced by €7.0m, primarily due to lower disability risk.
- Diversification: Diversification has reduced by €31.3m during the year, in line with the significant reduction in life and market risk.
- Loss Absorbing Capacity of Technical Provisions (LACTP): Loss Absorbing capacity of Technical Provisions reduced by €7.2m, in line with lower BSCR in the with-profit funds.
- Loss Absorbing Capacity of Deferred Taxes (LACDT): Loss Absorbing capacity of Deferred Taxes decreased by €14.9m to zero, as the Company now has a deferred tax asset rather than deferred tax liability.
- Operational risk: Operational risk reduced by €1.5m in line with written premiums and unit-linked expenses.

E.2.2 Minimum Capital Requirement

The MCR is a less onerous capital requirement than the SCR. It represents a minimum level below which the amount of financial resources should not fall. The MCR is based on a linear function of net technical provisions and capital-at-risk. It is subject to a floor of 25% of SCR and a ceiling of 45% of SCR.

The table below shows a comparison of the MCR to the own funds as at 31 December 2022 and 31 December 2021.

			€1,000
Minimum Capital Requirement	**2022**	**2021**	**Variance**
Eligible Own Funds to cover MCR	582,087	629,077	(46,990)
MCR	101,961	129,485	(27,523)
Eligible Own Funds / MCR	**571%**	**486%**	**85%**

The MCR has decreased by €27.5m during 2022.

E.2.3 Use of Simplified Calculations

In calculating the life catastrophe risk SCR, we use the simplification which is in line with the requirements of Article 96, Commission Delegated Regulation (EU) 2015/35.

E.2.4 Undertaking Specific Parameters

We do not use undertaking specific parameters.

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

The Company does not use a duration-based equity risk approach.

E.4 Differences between the Standard Formula and Internal Model

The Company does not use an internal model.

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

The Company is compliant with both the Minimum Capital Requirement and Solvency Capital Requirement.

E.6 Any other information

The capital of the Company is monitored on an ongoing basis and the Company continues to maintain strong solvency levels and expects to continue to meet its Solvency Capital Requirements. During 2022, the Company's balance sheet exposure and solvency position has been reviewed, following the Ukraine crisis and market volatility.

F. Appendices

In this Chapter

F.0 Cautionary statement

This announcement contains, and we may make other verbal or written 'forward-looking statements' with respect to certain of Aviva's plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives. Statements containing the words 'believes', 'intends', 'expects', 'projects', 'plans', 'will', 'seeks', 'aims', 'may', 'could', 'outlook', 'likely', 'target', 'goal', 'guidance', 'trends', 'future', 'estimates', 'potential' and 'anticipates', and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the announcement include, but are not limited to: the impact of ongoing uncertain conditions in the global financial markets and the local and international political and economic situation generally (including those arising from the Russia-Ukraine conflict); market developments and government actions (including those arising from the evolving relationship between the UK and the EU); the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value or yield of our investment portfolio and impact our asset and liability matching; the unpredictable consequences of reforms to reference rates, including LIBOR; the impact of changes in short or long-term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including the impact of COVID-19) on our business activities and results of operations; the transitional, litigation and physical risks associated with climate change; our reliance on information and technology and third-party service providers for our operations and systems; the impact of the Group's risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; poor investment performance of the Group's asset management business; the withdrawal by customer's at short notice of assets under the Group's management; failure to manage risks in operating securities lending of Group and third-party client assets; increased competition in the UK and in other countries where we have significant operations; regulatory approval of changes to the Group's internal model for calculation of regulatory capital under the UK's version of Solvency II rules; the impact of actual experience differing from estimates used in valuing and amortising deferred acquisition costs (DAC) and acquired value of in-force business (AVIF); the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events and malicious acts (including cyber attack and theft, loss or misuse of customer data); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation (for example, IFRS 17); the inability to protect our intellectual property; the effect of undisclosed liabilities, separation issues and other risks associated with our business disposals; and other uncertainties, such as diversion of management attention and other resources, relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US, Canada or elsewhere, including changes to and the implementation of key legislation and regulation. Please see Aviva's most recent Annual Report for further details of risks, uncertainties and other factors relevant to the business and its securities.

Aviva undertakes no obligation to update the forward looking statements in this announcement or any other forward-looking statements we may make. Forward-looking statements in this report are current only as of the date on which such statements are made.

This report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to who this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

F.1 Public disclosure quantitative reporting templates

The following pages contain the Company's public disclosure templates, as listed below:

- S.02.01.02 Balance Sheet
- S.05.01.21 Premiums, claims and expenses by line of business
- S.12.01.02 Life and health SLT technical provisions
- S.22.01.21 Impact of long term guarantees and transitional measures
- S.23.01.01 Own Funds
- S.25.01.21 Solvency Capital Requirement – For undertakings using the standard formula and partial internal model
- S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or re-insurance activity

Annex I
S.02.01.02
Balance Sheet

Amount in 000s		Solvency II Value
Assets		C0010
Intangible assets	R0030	—
Deferred tax assets	R0040	9,700
Pension benefit surplus	R0050	—
Property, plant & equipment held for own use	R0060	21,648
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	2,720,588
Property (other than for own use)	R0080	4,470
Holdings in related undertakings, including participations	R0090	519,888
Equities	R0100	146
- Equities - Listed	R0110	—
- Equities - Unlisted	R0120	146
Bonds	R0130	1,891,961
- Government Bonds	R0140	1,362,521
- Corporate Bonds	R0150	529,440
- Structured Notes	R0160	—
- Collateralised securities	R0170	—
Collective Investments Undertakings	R0180	136,364
Derivatives	R0190	40,260
Deposits other than cash equivalents	R0200	97,949
Other investments	R0210	29,550
Assets held for index-linked and unit-linked contracts	R0220	9,354,699
Loans & mortgages	R0230	171,050
- Loans on policies	R0240	1,157
- Loans & mortgages to individuals	R0250	—
- Other loans & mortgages	R0260	169,893
Reinsurance recoverables from:	R0270	1,805,481
- Reinsurance recoverables - Non-life and health similiar to non-life	R0280	—
- Reinsurance recoverables - Non-life excluding health	R0290	—
- Reinsurance recoverables - Health similar to non-life	R0300	—
- Reinsurance recoverables - Life and health similar to life, excluding health and index-linked and unit-linked	R0310	937,965
- Reinsurance recoverables - Health similar to life	R0320	55,421
- Reinsurance recoverables - Life excluding health and index-linked and unit-linked	R0330	882,544
- Reinsurance recoverables - Life index-linked and unit-linked	R0340	867,516
Deposits to cedants	R0350	—
Insurance & intermediaries receivables	R0360	19,935
Reinsurance receivables	R0370	77,781
Receivables (trade, not insurance)	R0380	32,684
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	45,737
Any other assets, not elsewhere shown	R0420	35,512
Total assets	R0500	**14,294,814**
Liabilities		
Technical provisions - Non-life	R0510	—
- Technical provisions - Non-life (excluding health)	R0520	—
- TP calculated as a whole - Non-life (excluding health)	R0530	—
- Best Estimate - Non-life (excluding health)	R0540	—
- Risk margin - Non-life (excluding health)	R0550	—
- Technical provisions - Health (similar to non-life)	R0560	—
- TP calculated as a whole - Health (similar to non-life)	R0570	—
- Best Estimate - Health (similar to non-life)	R0580	—
- Risk margin - Health (similar to non-life)	R0590	—
Technical provisions - Life (excluding index-linked and unit linked)	R0600	3,015,868
- Technical provisions - Health (similar to life)	R0610	235,777
- TP calculated as a whole - Health (similar to life)	R0620	—
- Best Estimate - Health (similar to life)	R0630	206,506
- Risk margin - Health (similar to life)	R0640	29,270
- Technical provisions - Life (excluding health and index-linked and unit-linked)	R0650	2,780,091
- TP calculated as a whole - Life (excl health, index-linked and unit-linked)	R0660	—
- Best Estimate - Life (excl health, index-linked and unit-linked)	R0670	2,732,374
- Risk margin - Life (excl health, index-linked and unit-linked)	R0680	47,718
Technical provisions - Index-linked and unit-linked	R0690	9,948,028
- TP calculated as a whole - Index-linked and unit-linked	R0700	10,020,299
- Best Estimate - Index-linked and unit-linked	R0710	(125,076)
- Risk margin - Index-linked and unit-linked	R0720	52,805
Contingent liabilities	R0740	—
Provisions other than technical provisions	R0750	9,950
Pension benefit obligations	R0760	6,334
Deposits from reinsurers	R0770	4,039
Deferred tax liabilities	R0780	—
Derivatives	R0790	110,268
Debts owed to credit institutions	R0800	42,511
Financial liabilities other than debts owed to credit institutions	R0810	14,267
Insurance & intermediaries payables	R0820	318,880
Reinsurance payables	R0830	17,517
Payables (trade, not insurance)	R0840	105,190
Subordinated liabilities	R0850	—
- Subordinated liabilities not in BOF	R0860	—
- Subordinated liabilities in BOF	R0870	—
Any other liabilities, not elsewhere shown	R0880	25,285
Total liabilities	R0900	**13,618,135**
Excess of assets over liabilities	R1000	**676,679**

Annex I
S.05.01.21
Premiums, claims and expenses by line of business
Amounts in 000s

		Line of Business for: life e insurance obligation						Life reinsurance obligations		
		Health [accepted non-proportional reinsurance]	Insurance with profit participation	Unit-linked or index-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C026o	C0270	C0280	C0300
Premiums written										
Gross - Direct Business	R1410	81,228	9,247	1,441,162	214,297					1,745,935
Reinsurers' share	R1420	9,904	690	57,300	283,717					351,611
Net	R1500	71,324	8,557	1,383,863	(69,420)					1,394,324
Premiums earned										
Gross - Direct Business	R1510	81,228	9,247	1,441,162	214,297					1,745,935
Reinsurers' share	R1520	9,904	690	57,300	283,717					351,611
Net	R1600	71,324	8,557	1,383,863	(69,420)					1,394,324
Claims incurred										
Gross - Direct Business	R1610	52,200	167,572	1,108,010	194,281					1,522,063
Reinsurers' share	R1620	8,597	19,251	43,079	107,295					178,222
Net	R1700	43,603	148,321	1,064,931	86,986					1,343,841
Changes in other technical provisions										
Gross - Direct Business	R1710	108,291	468,304	1,188,922	558,526					2,324,043
Reinsurers' share	R1720	74,428	98,290	235,516	(42,602)					365,632
Net	R1800	33,863	370,014	953,406	601,128					1,958,411
Expenses incurred	R1900	20,178	5,376	108,392	60,965					194,911
Other expenses	R2500	0	0	0	0	0	0	0	0	0
Total expenses	R2600	0	0	0	0	0	0	0	0	194,911

Annex I
S.12.01.01
Life and Health SLT Technical Provisions
Amounts in 000s

		Insurance with profit participation	Unit-linked or index-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010	0	10,020,299			0					10,020,299
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	0	711,570			0					711,570
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030	1,073,191		(224,046)	98,970		1,659,183	0	0	0	2,607,298
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	R0080	111,402		56,975	98,970		771,142				1,038,490
Best estimate minus recoverables from reinsurance and SPV - Total	R0090	961,789		(281,022)			888,041				1,568,808
Risk Margin	R0100	3,456	52,805			44,261			0	0	100,523
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110										
Best estimate	R0120										
Risk margin	R0130										
Technical provisions - Total	R0200	1,076,647	9,948,028			1,703,444					12,728,120

			Health [accepted non-proportional reinsurance]		Annuities stemming from non-life insurance contracts and relating to health insurance obli	Health reinsurance	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020	0					0
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		206,506	0	0	0	206,506
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default	R0080		55,421				55,421
Best estimate minus recoverables from reinsurance and SPV - Total	R0090		151,085				151,085
Risk Margin	R0100	29,270			0	0	29,270
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110						
Best estimate	R0120						
Risk margin	R0130						
Technical provisions - Total	R0200	235,777					235,777

Annex I
S.22.01.01
Impact of long term guarantees and transitional measures
Amounts in 000s

		Amount with LG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical Provisions	R0010	12,963,896	0	0	29,015	0
Basic Own Funds	R0020	591,787	0	0	(13,120)	0
Eligible own funds to meet Solvency Capital Requirement	R0050	591,787	0	0	(13,120)	0
Solvency Capital Requirement	R0090	364,131	0	0	2,719	0
Eligible own funds to meet Minimum Capital Requirement	R01 00	582,087	0	0	(13,120)	0
Minimum Capital Requirement	R0110	101,961	0	0	238	0

Annex I
S.23.01.01
Own Funds
Amounts in 000s

		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	96,559	96,559			
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	98,901	98,901			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	(30,643)	(30,643)			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	9,700				9,700
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	417,270	417,270			
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 ow funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	**591,787**	**582,087**			**9,700**
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 - Solo	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	591,787	582,087			9,700
Total available own funds to meet the MCR	R0510	582,087	582,087			
Total eligible own funds to meet the SCR	R0540	591,787	582,087			9,700
Total eligible own funds to meet the MCR	R0550	582,087	582,087			
SCR	R0580	**364,131**				
MCR	R0600	**101,961**				
Ratio of eligible own funds to SCR	R0620	**162.52 %**				
Ratio of eligible own funds to MCR	R0640	**570.89 %**				

		C0060
Reconciliation Reserve		
Excess of assets over liabilities	R0700	676,679
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	622,430
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	84,892
Reconciliation reserve	R0760	**(30,643)**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	190,138
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total expected profits included in future premiums (EPIFP)	R0790	**190,138**

Annex I
S.25.01.21
Solvency Capital Requirement - For undertakings using the standard formula
Amounts in 000s

Component Description		Gross solvency capital requirement	Simplifications	USP
		C0110	C0120	C0090
Market risk	R0010	121,070		
Counterparty default risk	R0020	48,647		
Life underwriting risk	R0030	258,876		
Health underwriting risk	R0040	99,814		
Non-life underwriting risk	R0050	—		
Diversification	R0060	(138,845)		
Intangible asset risk	R0070	—		
Basic Solvency Capital Requirement	R0100	389,561		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	**29,027**
Loss-absorbing capacity of technical provisions	R0140	54,457
Loss-absorbing capacity of deferred taxes	R0150	—
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	—
Solvency Capital Requirement excluding capital add-on	R0200	364,131
Capital add-on already set	R0210	
Solvency capital requirement	R0220	364,131
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	337,853
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	26,278
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	—
Diversification effects due to RFF nSCR aggregation for article 304	R0440	—

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity
Amounts in 000s

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R01 00		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	101,961

		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	640,181	
Obligations with profit participation - Future discretionary benefits	R0220	321,608	
Index-linked and unit-linked insurance obligations	R0230	9,027,707	
Other life (re)insurance and health (re)insurance obligations	R0240	1,039,126	
Total capital at risk for all life (re)insurance obligations	R0250		14,260,964

Overall MCR calculation

		C0070
Linear MCR	R0300	101,961
SCR	R0310	364,131
MCR cap	R0320	163,859
MCR floor	R0330	91,033
Combined MCR	R0340	101,961
Absolute floor of the MCR	R0350	3,700

		C0070
Minimum Capital Requirement	R0400	101,961