LOMBARD INTERNATIONAL ASSURANCE

30+ years of making legacy count

Solvency and Financial Condition Report 2023

Lombard International Assurance S.A.

Contents

Introduction

This Solvency and Financial Condition Report ("SFCR") has been prepared in line with the requirements of the Solvency II Regulations, to assist clients of Lombard International Assurance S.A. ("the Company") and other relevant stakeholders in understanding the nature of its business, how it is managed, and its solvency position.

This report covers the Business and Performance of the Company, its system of Governance, Risk Profile, Valuation for Solvency II Purposes and Capital Management. In particular this report includes full reporting of the Solvency II valuation undertaken at 31 December 2023, and the associated capital position for the Company. Those results are also presented in the Quantitative Reporting Templates ("QRTs") that can be found in the Appendix to this report.

The ultimate administrative body with responsibility for all of these matters is the Company's Board of Directors ("BoD"/the "Board"), with the help of various governance and control functions that it has put in place to monitor and manage the business.

Business Overview

Headquartered in Luxembourg, Lombard International Assurance S.A. is an insurance carrier specialising in manufacturing unit-linked life insurance solutions. These solutions are distributed by various regulated intermediaries serving the wealth, estate and succession planning needs of upper affluent, high and ultra-high net worth ("HNW" and "UHNW") individuals and families. These intermediaries include private banks, family offices, asset managers, independent wealth and financial advisers, wealth and insurance brokers, professional advisory firms and other advisers active in the private wealth sector.

The Company serves over 10 markets providing multi-jurisdictional wealth assurance solutions on an international basis, with a deep understanding of local regulations, cultures and attitude.

Funds managed by Blackstone Group L.P. own Lombard International Group. Blackstone Group L.P. is one of the world's leading investment firms with $1,040 billion in assets under management as at 31 December 2023.

2023 Business Performance

In 2023, the Company delivered a resilient performance in new business and an improved operational profit, thanks to a robust revenue stream and adequate expense management. This resilient operational performance was delivered despite one-off costs for adapting to the increasingly complex regulatory environment in the Company's main locations. These results further reinforce the strength of the Company's business model and strategy in building a sustainable business that serves the wealth planning needs of the upper affluent, HNW and UHNW clients.

In 2023, the Company delivered:

- New Business Premiums of €3.2 billion, driven by strong contributions from a number of core markets including France, Sweden, Italy, Portugal and the United Kingdom.
- Assets under Administration were increased to €48.0 billion (as at 31 December 2023) mainly due to positive market performance while net flows remained slightly positive.
- The Company is in robust health and financially strong as it continues to build excellent momentum and presence in its specialised sector.

Strategic Focus and priorities for the year ahead

The Company's commitment to being the European leader in unit-linked life insurance remains steadfast. For more than thirty years, Lombard International Assurance has successfully served the cross-border wealth, estate, and succession planning needs of upper affluent, high net worth, and ultra-high net worth individuals and their families.

Central to its forward-looking strategy is an unwavering dedication to sustainable growth and operational excellence underpinned by its strong balance sheet and financial strength.

Following a resilient performance in 2023, the Company is poised to intensify its strategic initiatives in 2024 by focusing on optimising resource allocation and development in core markets. The Company will continue to invest in technology, digital solutions, and its in-house talent, all aimed at strengthening its position in the core markets it serves, and deepening relationships with clients and partners in those markets.

The Company will therefore strengthen its investments in the upgrade of its processes and systems, enhancing its digital infrastructure and overall boosting its operational efficiency. Driven by a commitment to excellence in service delivery and value creation for clients and partners, the Company is set to accelerate the execution of its Transformation Plan. This will position the Company as a stronger, more agile and resilient business, capable of seizing opportunities and delivering sustainable value to all its stakeholders.

Industry Recognition

The Company's employees are at the core of the business, and their unrivalled expertise across multiple markets and functions is what enables Lombard International Assurance to offer clients best-in-class solutions and retain our market leading position.

In 2023, the Company continued to garner industry accolades, winning multiple awards that recognized its commitment to excellence and innovation. These are testament to the hard work and dedication of the talented team, showcasing their unwavering drive to lead the way. The Company is proud to have been honoured with the following awards during the past year:

- Gold Employer Partner status, from STEP
- Best Financial Services Group Europe, from Global Banking & Finance Review
- Decade of Excellence – Financial Services Group Europe, from Global Banking & Finance Review
- Leading Luxembourg Life Insurance Provider in France, from Leaders League
- Best Wealth Planning Team, from WealthBriefing
- Best Insurance-Based Wealth Solutions Provider, from Private Banker International Global Wealth Awards

Investing for sustainable and profitable growth

The Company's commitment to maintaining its leadership position in the Luxembourg unit-linked life insurance sector remains steadfast.

With a focus on the sustainable growth of the business, the Company is committed to continued investment in technology, digital solutions, and its in-house talent. This is all aimed at strengthening its position and deepening its relationships with partners and clients.

Against the backdrop of evolving regulatory requirements, the Company also continues to further enhance and strengthen its back office. This has included recruiting additional experienced compliance professionals and investment in the latest digital compliance software. This will ensure we remain fully equipped to provide expert, compliant solutions to our partners and clients, now and in the future.

Our ongoing commitment to sustainability

At the forefront of the sustainable investing revolution stands Europe – a testament to the proactive role played by the EU in establishing a robust regulatory framework. This framework has empowered financial industry players to integrate ESG criteria into their business operations and value propositions, raising expectations and standards. By constructing new frameworks, Europe is addressing areas that traditionally cause hesitancy among investors, fostering an environment in which ESG investing can flourish.

Like the wider industry, as a business, the Company is fully committed to determining and refining its ESG targets, defining our path forward, and gauging our progress along the way. The Company recognises the significant capacity of the industry to drive transformative change, and it hold itself accountable for measuring performance beyond financial outcomes.

Business performance

The following table shows the growth in the AuA during 2023:

Insurance Business AUA €m	31 Dec. 2023	31 Dec. 2022
Opening	44,642.0	48,113.7
Gross Inflow	3,234.0	4,584.1
Outflow	(3,167.4)	(3,062.7)
Investment Return	3,308.1	(4,993.1)
Closing	48,016.7	44,642.0

The following table shows the solvency position as at 31 December 2023:

Solvency €m	31 Dec. 2023	31 Dec. 2022
Solvency Own Fund (A)	678.1	665.3
Solvency Capital Requirement (B)	518.5	482.4
Solvency II Free Assets (A-B)	159.7	183.0
Solvency Ratio (A/B)	130.8%	137.9%

The Company's Chief Financial Officer, Rui Pinto; Chief Actuary, Edward Maguire; and Chief Risk Officer, Cyril Pinton, confirm that, to the best of their knowledge:

a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of Solvency II Regulations as applicable; and

b) It is reasonable to believe that, at the date of the publication of the SFCR, the Company continues to comply, and will continue to comply in future.

Rui Pinto
Chief Financial Officer

Edward Maguire
Chief Actuary

Cyril Pinton
Chief Risk Officer

A. Business Performance

The business of the Company is predominantly the provision of unit-linked life insurance contracts to upper affluent, high net worth and ultra-high net worth clients.

A.1 Business

A.1.1 Name and legal form of the undertaking

Lombard International Assurance S.A. is incorporated in Luxembourg and is a company limited by shares ("Société Anonyme"). The Company's registered address is 4, rue Lou Hemmer, L-1748 Senningerberg.

A.1.2 Supervision

Under Solvency II, the Company is supervised by the Commissariat aux Assurances ("CAA") in Luxembourg. The CAA may be contacted at 11, rue Robert Stumper, L-2557 Luxembourg.

A.1.3 Position within the legal structure of the Group

The Company is an undertaking of Lombard International Assurance Holdings S.à r.l. (LIAH), the ultimate insurance holding company which has its head office in an EEA State, Luxembourg and both are supervised by the CAA.

A.1.4 Holders of qualifying holdings in the undertaking

The person(s), to the knowledge of the Company, who were direct holders of qualifying holdings in the Company at any time during the reporting period and at the end of the financial year was LIAH, a private limited liability company incorporated in Luxembourg.

As at the reporting date, LIAH, as direct holder of qualifying holdings in the Company, owned 100% of the shares of the Company and was able to exercise 100% of the voting power at any general meeting.

The sole shareholder of LIAH, owning 100% of the shares of LIAH is LIA Holdings Limited, a private limited company incorporated in the United Kingdom.

A.1.5 External auditor of the undertaking

The independent auditor of the Company is Ernst & Young, Société Anonyme, 35E, Avenue John F. Kennedy, L-1855 Luxembourg.

A.1.6 Material Lines of Business and Material Geographical Areas

The Company's primary business is unit-linked life insurance.

The Company offers wealth structuring solutions in a number of key markets including Italy, France, the UK, Sweden and Belgium as well as a number of other jurisdictions.

A.1.7 Full Time Equivalent Employees

The number[1] of Full Time Equivalent ("FTE") employees is 435.

1 Average number of FTE during 2023.

A.2 Underwriting performance

The Company writes unit-linked life insurance and life protection policies, and therefore has two lines of business under Solvency II: life and index-linked and unit-linked insurance. The unit-linked business has very low levels of insurance risk. In addition, the Company utilises reinsurance to limit its overall risk exposure as well as to reduce the volatility of its underwriting performance.

The table below shows the Company's premiums and claims for the year ended 31 December 2023:

€m	31 Dec. 2023	31 Dec. 2022
Gross Premiums Written	3,234.0	4,584.1
Reinsurers' Share	3.6	3.1
Net	3,230.4	4,581.0
Gross Claims Incurred	3,165.8	3,061.2
Reinsurers' Share	0.0	0.0
Net	3,165.8	3,061.2

A.3 Investment performance

The Company conducts the business of writing unit-linked life insurance policies. In general, the investment performance of assets is passed on to clients through an equivalent variation in client benefits. Any change in benefits results in a proportionate variation in the administration fees, but the Company's matching policy ensures that at all times assets are in place to meet client liabilities.

Excess assets held by the Company are invested in short-term money market funds, which provide access to a diversified pool of high credit-quality assets. The expected investment return of these assets is low, because focus is on security rather than yield.

The tables below show the Company's investment income and investment charges for the year ended 31 December 2023:

Investment Income €m	31 Dec. 2023	31 Dec. 2022
Income From Participating Interests	0.9	3.4
Income From Other Investments	755.2	678.1
Realised Gains On Investments	1,940.8	2,063.2
Unrealised Gains On Investments	6,683.6	713.2
Total Investment Income	9,380.5	3,457.9

Investment Charges €m	31 Dec. 2023	31 Dec. 2022
Investment Management Charges	168.3	167.0
Realised Losses On The Sale Of Investments	1,637.3	2,199.6
Unrealised Losses On Investments	4,123.7	5,944.1
Total Investment Charges	5,929.3	8,310.7

The main driver of the positive performance during 2023 was the positive market movement.

A.4 Performance of other activities

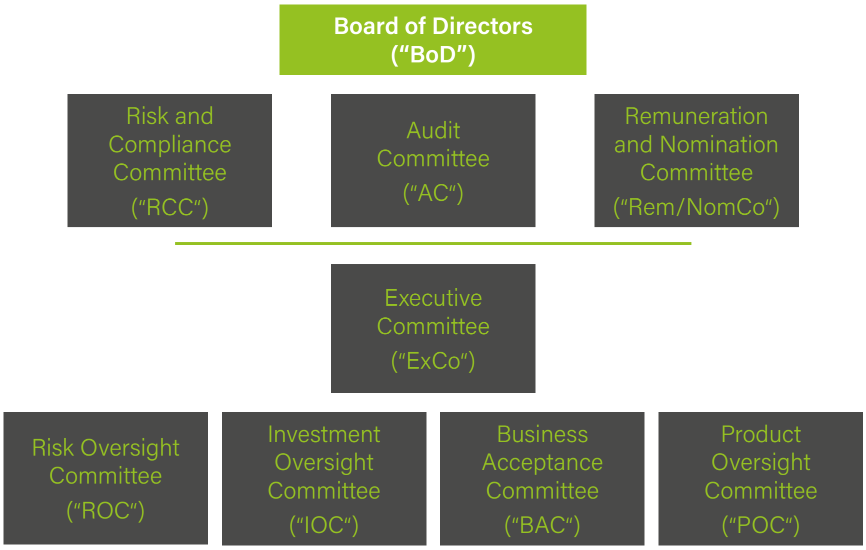
The Company does not perform any other activity.

System of Governance

B.1 General information on the System of Governance

B.1.1 Introduction

In order to ensure that risk management is appropriately embedded in the decision-making process, the Company has implemented an efficient risk oversight conducted by governing bodies and adequate delegation of authorities. The Company has adopted the following risk governance structure, in line with the delegation of authorities from the BoD:



The BoD has overall responsibility for the management of risks. It has appointed three sub-committees to focus on specialised matters as follows:

- The RCC assists the BoD in fulfilling its governance responsibility for internal control, compliance monitoring and risk management;
- The AC assists the BoD in fulfilling its governance responsibility for financial reporting, and internal and external audit; and
- The Rem/NomCo assists the BoD in reviewing remuneration programs in accordance with business objectives and risk exposure.

The BoD further delegates authority to Management to carry out its strategy and the priorities as defined by it which include, among otherss:

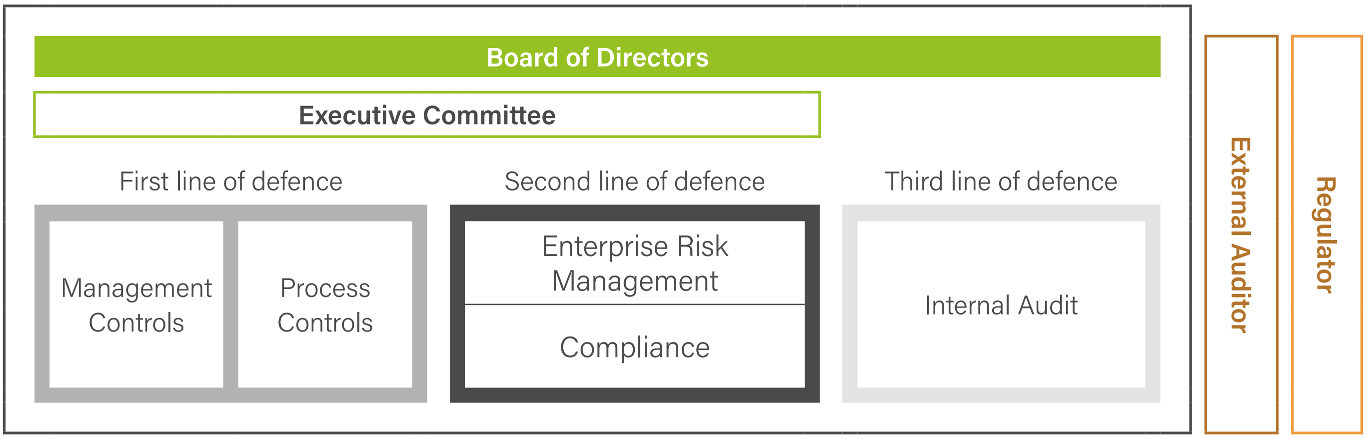
- Implementation of Board-approved corporate strategy;
- Management and supervision of commercial, operational and financial performance;
- Development and implementation of policies and procedures to further corporate objectives;
- Risk management and control;
- Human Resources: planning management and control.

The ExCo is directly appointed by the BoD to carry out the BoD strategy. The ExCo is responsible for the overall leadership and management of the Company with the authority to make all decisions in matters delegated to it by the BoD. The ExCo delegated authority to sub-committees as follows:

- The ROC ensures that critical risks are identified, assessed, monitored and managed by appropriate control processes;
- The IOC oversees the risk management processes in relation to client investment risks as well as for the operational set-up related to client investments;
- The BAC assesses the overall risk of specific policy application files and decides on their acceptance or rejection, considering the risk appetite of the Company; and
- The POC, responsible for the product lifecycle, from analysis and design to development, launch, maintenance and review.

The Company's Governance Framework operates as a "three-lines" model[2], in line with prudent market practices:

- The first line is made up of the departmental management. Business unit managers and directors are accountable for the risks they run, and for the compliance and control environment in their units. They are supported by appointed risk-matter experts.
- The second line is composed of Risk and Compliance. More information is available under Section B4.
- The third line is assumed by Internal Audit. More information is available under Section B5.



The BoD composition during 2023 was as follows: Norbert Becker, Florent Albert, Jan Carendi, Sharon Ludlow, Stuart Parkinson, and Victor Rod.[3]

B.1.2 Remuneration policy

The remuneration policy is defined in compliance with applicable regulatory requirements and best market practice. It discourages risk taking beyond defined risk appetite, prevents non-sustainable decision making and avoids situations of conflict of interest. Given the role that remuneration and incentive could play in influencing behaviour and therefore business decision making, the Company is committed to incorporate sustainability into remuneration frameworks to enhance the linkage between sustainability, purpose and pay.

Compensation schemes are designed to take into account competences and skills, compliance with internal governance rules, achievement of goals and performance. It ensures equal, controlled and compliant remuneration practices that foster sustainable business decisions to preserve clients' interests while maintaining a high motivation level of staff.

This policy applies to all staff members, with specific provisions for material risk takers.

2 This model is formally referred to as the Three-lines of defence model.
3 Virginie Lagrange resigned with effect as of 11 April 2023; Victor Rod was appointed with effect as of 1 May 2023.

The remuneration framework:

- ensures that remuneration is adequate and linked to the mandate of the individual;
- rewards the overall delivery of the business strategy, the achievement of financial results and long-term growth and sustainability;
- aims at paying fair base pay, based on market practice, and at recognising and rewarding collective and individual performance via variable remuneration;
- encourages sound corporate governance and a strict compliance with internal rules and procedures;
- does not reward excessive risk taking outside of confirmed risk appetite;
- considers the principle of proportionality in defining the remuneration principles in such a way as to take into account the internal organisation and the nature, the scale and the complexity of the risks inherent to the business.

The remuneration includes:

- fixed remuneration;
- annual discretionary variable remuneration depending on the Company results and the performance of the employee. For material risk takers, a deferral mechanism is applied.

The individual performance assessment is subject to calibration sessions pursuing the following objectives:

- a consistent approach throughout the Company;
- relevance of the criteria used to evaluate performance;
- application of a fair process;
- a dedicated conversation around low and high performers.

B.1.3 Material transactions

During 2023, the Company distributed dividends totalling €5,500,000 (a dividend of €25,000,000 was distributed in 2022).

B.2 Fit and proper requirement

B.2.1 Specific requirements

The Fit & Proper Policy specifies the principles by which the Company, its subsidiaries, branches and related entities ensure that all Board Members, ExCo members including the Managing Director, all Key Function Holders and all Authorized Signatories are expected to demonstrate their fitness and propriety ("Fit and Proper") for performing their role pursuant to the regulations and the principles for what is deemed Fit and Proper therein.

The Managing Director, through the company secretarial team, must notify the Regulator of any changes to the identity of any Individuals in Scope with all the information needed to confirm these persons are Fit and Proper for the roles they will be fulfilling.

Any temporary replacement (termination or prolonged absence) shall be notified to the Regulator with a foreseeable date of actual replacement, which should not be longer than 12 months after the termination.

B.2.2 Process of assessing fit and proper requirements

The individuals in scope[4], among which the Key Function Holders, are subject to a Fit and Proper assessment based on the fitness and propriety criteria outlined below and that is performed by the Human Resources team with support from the relevant ExCo members and Compliance department, as needed (in case any conflicts of interest or independence issues arise):

a) **Experience and qualifications:** taking into account the nature, scale and complexity of the business and the responsibilities of the position concerned.

b) **Good reputation:** assessing reputation regardless of the nature, scale and complexity of the business and/or role.

c) **Governance and Independence:** when performing the assessment on the suitability of the Individuals in Scope, the overall functioning of the role within the corporate governance has to be assessed.

Assessments must be performed prior to the recruitment and/or in case of appointment at the ExCo or Board level, periodically (every 3 years) to ensure that Individuals in Scope are and remain Fit and Proper. It is the responsibility of each Individual in Scope to inform Human Resources of any event which may affect their suitability and declare any conflict of interest to the Compliance function as per the Conflict of Interest Policy. These events and/or conflict of interest may trigger a new Fit and Proper assessment.

Any Appointment of an Individual in Scope is done by the Board based on a written Fit and Proper report or may be granted conditionally, pending completion of a Fit and Proper assessment at the discretion of the Board.

Individuals in Scope and Authorized signatories no longer fulfilling the Fit and Proper requirements as from a particular point in time can no longer remain in such role or keep their signature power unless the requirements can and will be met again within one month.

B.3 Risk management system including the Own Risk and Solvency Assessment ("ORSA")

B.3.1 Risk Management

The Company's Enterprise Risk Management ("ERM") Framework is at the heart of the business decision-making process and is key to ensuring a robust control environment to sustain the Company's sustainable success and growth. All key decisions made in the Company such as product initiatives, new projects, capital management, reinsurance arrangement review, investment strategy, marketing strategy and distribution strategy follow internal governance processes, which include an assessment of the risk exposure, mitigation strategies and a need for an ad hoc ORSA.

The ERM Framework describes the processes in which all departments are involved within the scope of their tasks and the support the Risk Function provides in its risk management activities. The key elements are:

- Risk Appetite;
- Risk Governance, including policies, committees as well as roles and responsibilities;
- The processes and procedures to identify, assess, manage, monitor and report the short- and long-term risks that the Company faces, to determine the capital required to ensure that its overall solvency needs are met at all times.

As with all insurance undertakings, the Company faces different risks which are spread across the organisation. These risks are classified in the following three main categories:

- Strategic risks;
- Financial risks;
- Operational risks.

The latter also include sustainability risks, such as environmental, social or governance events or conditions that, if they occur, could have an actual or potential impact on the Company.

4 Individuals in scope are as follows: Board Members, Executive Committee members including the Managing Director, Chief Risk Officer, Chief Compliance Officer, Money Laundering Reporting Officer, Deputy Money Laundering Reporting Officer, Head of Internal Audit, Chief Actuary; and Person(s) Responsible for the Distribution of the Company's products.

Risk Appetite

The Company has defined a risk strategy which is formalised through its Risk Appetite Framework (RAF). The RAF expresses the level of risk that the Company is willing to assume to achieve its strategic objectives. Risk Appetite Statements have been defined through qualitative statements, and where possible supported by quantitative limits. These have been integrated into operational processes, so that risk appetite statements become actionable by the departments.

In addition, Risk Appetite Statements are further translated and articulated into corporate policies and procedures compliant with all regulations in force, which document the risk governance, mitigation and controls in place to address its major risks.

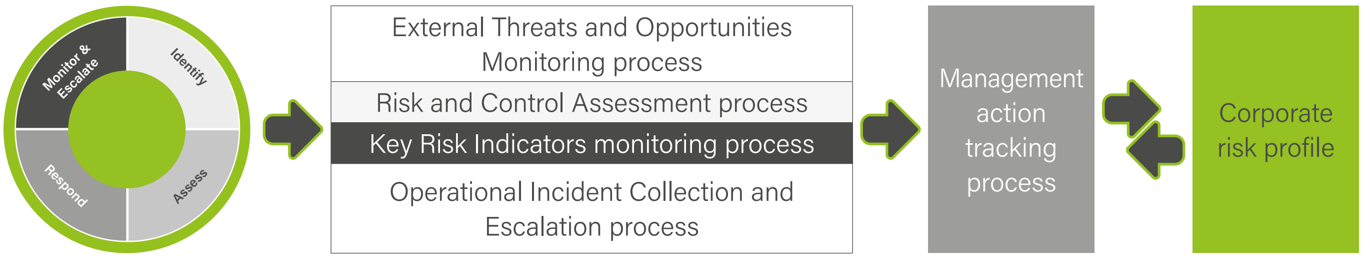
The RAF is reviewed at least once a year and is tabled at the Risk Oversight Committee and Executive Committee for pre-approval and submitted to the Risk & Compliance Committee for final approval.

Risk Governance

The design and operation of the ERM Framework is the responsibility of the Company's Risk Function, as delegated by the Board and the ExCo. The roles, responsibilities, authorities, objectives and scope of the Risk Function in relation to the risk and control activities performed within the Company are outlined in the Risk & Control Charter.

Risk Management Process

The Company's risk management processes are built, as below illustrated, to meet the risk identification, assessment, response, monitoring and escalation requirements.



External Threats and Opportunities Monitoring process: This process is designed to ensure Company-wide early awareness of external threats and opportunities, including legal or regulatory changes. It allows for both expert and business input in the assessment of these threats and opportunities and on the appropriateness of associated mitigation steps. Finally, the process ensures an audit trail of the agreed risk strategy and mitigating actions.

Risk and Control Assessment process: Objective of this process is to provide a regular assessment of individual risks taking into account the existing risk exposure and effectiveness of controls and mitigating actions in place. For risks assessed as being beyond the risk appetite, mitigating actions are identified and implemented.

Key Risk Indicators Monitoring process: Key Risk Indicators are identified and measured to monitor, on an ongoing basis, risk exposure versus risk appetite. These can either be internal or external indicators. Targets have been defined, and when breached, rationale is investigated and mitigating actions are identified and implemented, where relevant.

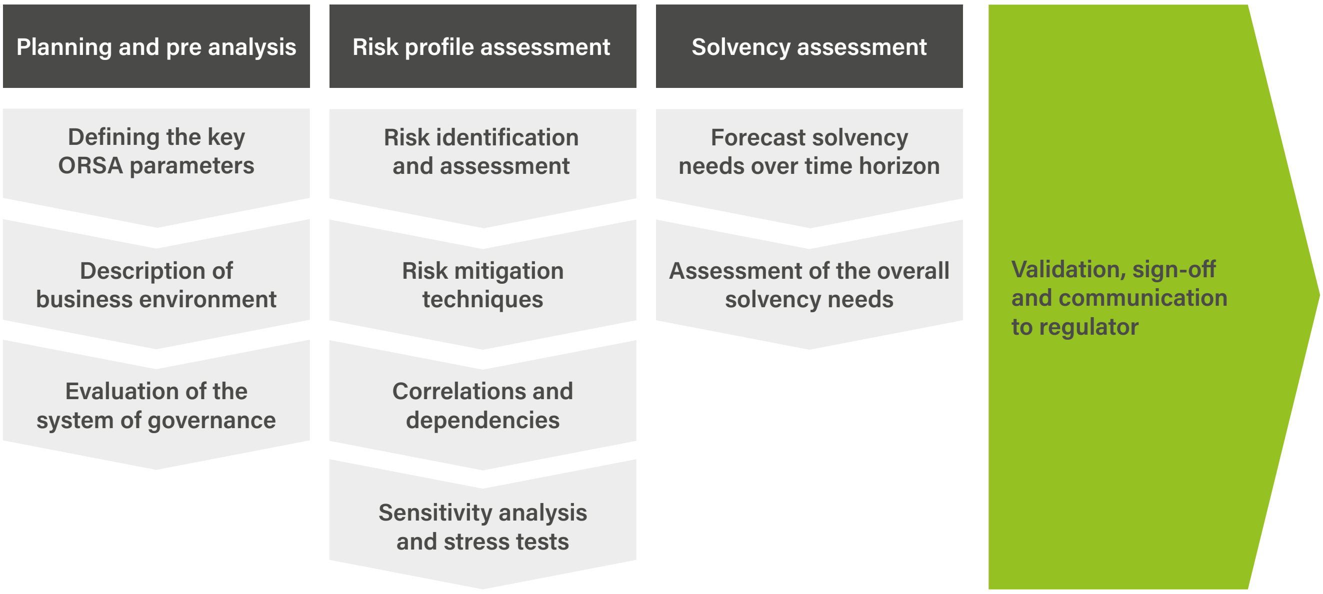
Operational Incident Collection process: There is a logging and escalation process, available for every employee of the Company, to report any operational incident including control failures. Material operational incidents are investigated for root-cause analysis and lessons learnt. Corrective and preventive actions are established when necessary. Trend analysis is also performed based on incident data to surface and prevent non-material but recurrent issues.

Management Action Tracking process: All risk management actions coming from any ERM processes or risk governance meetings are centralised in a dedicated tool. Deadline rebasing is subject to restrictive rules managed by the Risk Function. Objective being to ensure that risks are appropriately and timely mitigated.

Outputs of all the above-mentioned processes contribute to the production of the "Corporate Risk" report which is provided on a quarterly basis to support the Non-Executive Audit and Risk Committee in its risk oversight duty.

B.3.2 Own Risk and Solvency Assessment

In compliance with the applicable local law and European Solvency II requirements, overall performance of the ORSA requires the combination of multiple pieces of information coming from existing processes in the organisation. Overall ORSA process is coordinated by the Risk Function throughout the year and comprises the process steps illustrated below:



The ORSA is an integral part of the business strategy and is taken into account, on an on-going basis, in strategic decisions making and in planning processes. It consists in a forward-looking assessment of the Company's risk and solvency position over the business planning horizon, and includes as well:

- an assessment of the continuous compliance with the Solvency Capital Requirement and Technical Provisions;
- an assessment of the appropriateness of the Standard Formula relative to the Company's current and emerging risk profile.

Since 2022, the ORSA also includes a detailed analysis of climate change risks and the potential implications for the Company.

Based on the CAA authorization on 7 May 2018, no separate ORSA report is prepared for the Company. Outcomes of the ORSA process are summarised in the ORSA Report and ORSA Supervisory Report of LIAH. The reports are reviewed and approved by the Board of Managers (BoM) of LIAH and submitted to the CAA.

Before submission to the BoM, the ROC validates and the RCC reviews the ORSA report, in order to confirm that:

- a suitable assessment of the risk profile and overall on-going solvency needs has been conducted;
- appropriate processes are in place to properly identify, assess, manage and monitor the risks and solvency position, including appropriate risk governance and risk awareness;
- the entity is projecting to have sufficient internal capital and liquidity to meet its solvency needs and obligations to policyholders over the business planning period, including stressed situations.

Comprehensive management reporting ensures that the significant parameters of the ORSA are consistently monitored and reported regularly to the ExCo, the ROC and/or the RCC. This includes performance against regulatory and internal capital and liquidity requirements and performance against the risk strategy under the ORSA planning horizon.

As per the ORSA procedure and due to its evolving nature (based on business mix, environment factors, etc.), the Company has identified the material events that might trigger a re-evaluation and new iteration of the ORSA. This encompasses both internal and external triggers. Material risk profile changes captured through product initiatives, new projects, capital management changes, reinsurance arrangement reviews, investment strategy changes, marketing and distribution strategy changes already foresee in their operational processing an assessment for potential ORSA impacts where significant.

B.4 Internal Control System

The Company's Internal Control System aims at ensuring:

- that the Company adheres to applicable laws and regulations;
- that the instructions (including corporate policies and guidelines) issued by executive management are adequately implemented;
- that the Company's internal processes are in line with professional and ethical standards;
- the reliability of reporting, information and communication.

B.4.1 Internal Control

The Company has established an Internal Control Framework which is owned by the Risk Function as part of the second line. The aim of the framework is to enhance and protect organisational value by providing the executive management with risk-based, independent and objective assurance on the design and effectiveness of the controls.

Regular reports are provided to the ROC and RCC contributing to the strengthening of the implemented control system.

Overall the Internal Control Framework brings ongoing assurance to the Company by monitoring on a regular basis its business activities and their effectiveness.

B.4.2 Compliance

Similarly to the Risk Function, the Compliance Function forms an integral part of the Internal Control System and operates on the second line.

The roles, responsibilities, authorities, objectives and scope of the Compliance Function in relation to the compliance activities performed within the Company are outlined in the Compliance Charter.

The objectives of the Compliance Function are to:

- Act as an adviser in compliance matters within the organisation;
- Coordinate with Regulatory Affairs the internal monitoring of the cross-border regulatory changes process;
- Assess the compliance risks of the Company;
- Organise, coordinate and structure compliance-related controls;
- Report accordingly to executive management, the ROC and the BoD directly or through the RCC.

The Compliance Function focuses on compliance risks, which are defined as the risks the Company may suffer following a failure to conduct business in accordance with the regulatory rules in force.

The main compliance risks are as follows:

- legal and regulatory risks;
- risk of sanctions;
- reputation risk;
- risk of breach of ethical rules;
- risk of breach of the Company's policies and requirements.

The Compliance Function brings ongoing assurance to the Company by monitoring its key regulatory requirements as defined in the Compliance Risk Assessment and Compliance Monitoring Plan.

In consideration of proportionality and subject matter expertise, the Compliance Function may delegate day-to-day management and responsibility to other functions while retaining oversight responsibility.

B.5 Internal Audit Function

B.5.1 Implementation

The position of the Internal Audit Function within the organization and its powers and responsibilities are outlined in the Internal Audit Charter, which sets out the role, authorities, objectives and scope of the Internal Audit Function in relation to the internal audit activity within the Company.

The purpose of the Internal Audit Function is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight to the Audit Committee, which is a sub-committee of the Board of the Company, and executive management.

The Head of Internal Audit submits, at least annually, a risk-based 12-month audit plan and a 4-year plan to the AC for approval. The plan can be revised and adjusted as necessary, in response to changes in the Company's business, risks, operations, programs, systems and controls.

The internal audit activities encompass, but are not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, the AC, and executive management on the adequacy and effectiveness of governance, risk management, compliance and control processes for the Company. The internal audit function shall assess inter alia:

- Adequacy and effectiveness of risk management and control across the entire business;
- Monitoring of compliance with the laws and regulations;
- Adequacy of the administrative, accounting and IT organisation;
- Safeguarding of securities and assets;
- Adequacy of the segregation of duties and of the execution of transactions;
- Accurate and complete registration of the transactions and the provision of accurate, complete, relevant and understandable information available without delay to the Board, specialised committees and, where appropriate, Senior Management and the Regulators;
- Implementation of the decisions taken by the executive management and by the persons acting by delegation and under its responsibility;
- Compliance with the procedures governing the solvency or prudential regime;
- Operation and effectiveness of the second line functions.

B.5.2 Independence from other functions

Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.

The Head of Internal Audit reports administratively to the Managing Director of Lombard International Assurance S.A and functionally to the Chairperson of the AC, with whom direct bilateral meetings take place at least on a quarterly basis. The absence of direct operational responsibility or authority over any of the activities audited, together with this reporting structure ensures independence.

B.6 Actuarial Function

Responsibilities and scope of the activities performed by the Actuarial Function are described in the Company's Actuarial Charter. Key responsibilities and tasks include:

- Coordinate the calculation of the technical provisions, the best estimates and the regulatory capital requirements according to the provisions of prevailing regulation, ensuring appropriateness of methodologies and assumptions used and assessing the sufficiency and quality of related data, models and assumptions.
- Express an opinion on the underwriting policy and the adequacy of reinsurance agreements.

- Inform and advise the governing bodies on the above elements.
- Contribute to the effective implementation of the risk management system.
- Contribute to the monitoring of the profitability of new business.

B.7 Outsourcing

When choosing an outsourcing provider for any critical or important function or activity, the Company carries out all necessary steps to ensure that:

- a detailed examination is performed of the potential service providers' ability and capacity to deliver the required functions or activities satisfactorily, taking into account the objectives and needs;
- the service provider has adopted all means to ensure that no explicit or potential conflict of interest with the entity impairs the needs of the outsourcing provider undertaking;
- the outsourcing provider has the necessary financial resources to perform additional tasks in a proper and reliable way, and that all staff of the service provider who will be involved in providing the outsourced functions or activities are sufficiently qualified and reliable;
- the entity enters into a written agreement with the outsourcing provider which clearly allocates the respective rights and obligations of the entity and the outsourcing provider (even for intragroup outsourcing);
- the general terms and conditions of the outsourcing provider agreement are authorized and understood by the entity's management;
- the Company includes in its risk management systems and controls a process for monitoring and reviewing the quality and performance of the services provided according to the agreement;
- the outsourcing activity does not represent a breach of any data protection regulation or any other laws;
- the outsourcing provider is subject to the same provisions that are applicable to the entity regarding the safety and the confidentiality of the information related to its clients;
- the Company considers in its own contingency planning the possibility of having to face an emergency situation or business disruption arising from a failure or a problem of the outsourcing provided;
- the Company has to notify the supervisory authorities, in a timely manner, prior to the outsourcing of material (critical or important) functions or activities as well as any subsequent material developments with respect to those functions or activities;
- there are rules in place covering cloud outsourcing.

The table below lists the critical or important activities outsourced:

Activity	Jurisdiction	Internal / External
Fund Administration of Internal Collective Funds	Luxembourg	External
Printing of clients' communication and marketing communication	Luxembourg	External
Archiving management	Luxembourg	External
Payroll services	Luxembourg	External
Software Platform for creation and maintenance of pre-contractual documentation (Key Information Documents)	Italy	External
Tax services (submission of tax forms and tax payments where required)	France Italy Cyprus Malta Spain Portugal Greece	External

Risk Profile

Section C describes the risks profile of the Company with specific information provided on the level of regulatory capital held for each of the categories of risk including Market risk, Underwriting risk and Operational risk. The Company has adopted the Standard Formula specified in the Solvency II legislation. The risk profile covering Underwriting, Market, Credit, Liquidity and Operational risk are described individually in Sections C.1 to C.5, with additional information in sections C.6 and C.7.

The Company predominantly writes pure unit-linked products which have no investment guarantees and limited insurance coverage. Any material death cover, over a certain defined level, is passed on to reinsurers. This results in an immaterial direct exposure to market risk and mortality risk.

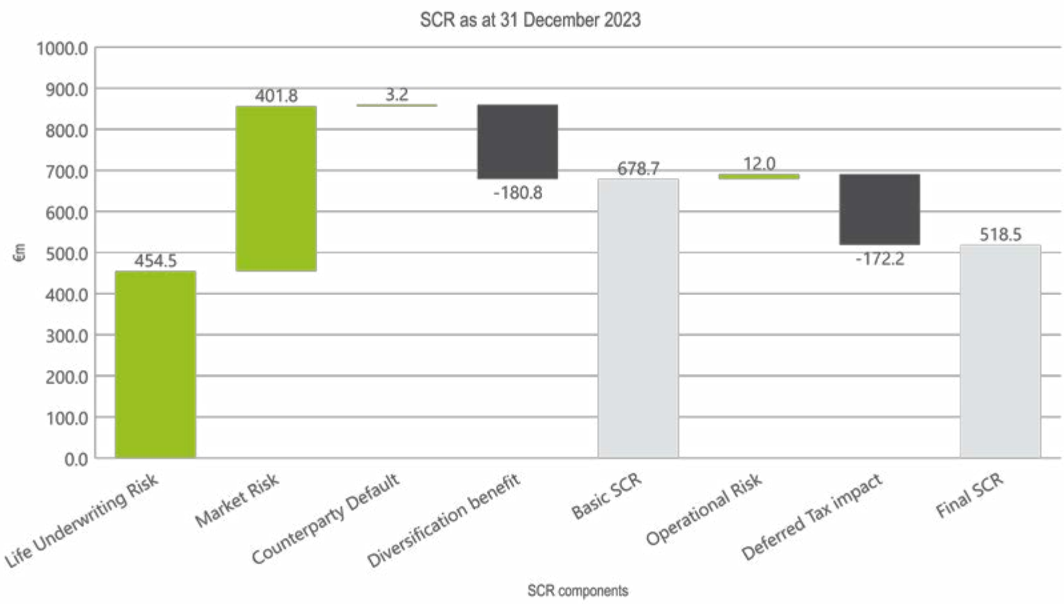
Further, no cash strain arises on policyholder withdrawal as the withdrawal options are limited to a return of policyholder assets.

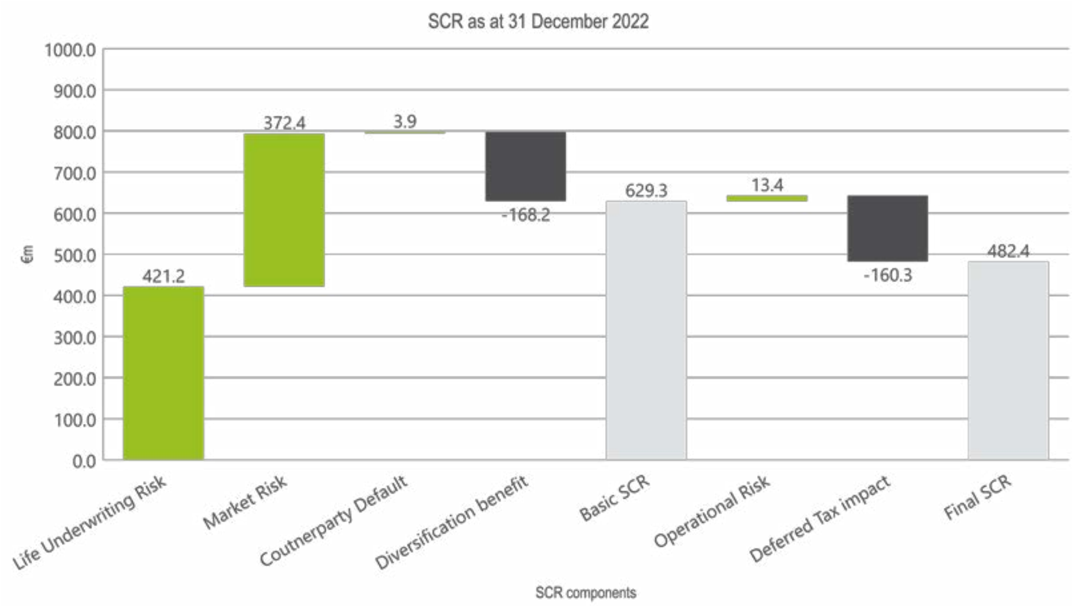
Notwithstanding all of the above, there is an indirect exposure to market and insurance risks which relates to the loss of future potential profits. This exposure can arise either from adverse market conditions, which may reduce the policyholder assets in the future, or policyholder withdrawals, again leading to reduced assets. The result of both being a reduction in future expected fee income collected from the policyholder assets.

This feature is the primary driver of the level of the capital charges underlying the SCR.

Finally, the Company is exposed to the risk of loss from operational events. These events can lead to cash strain. This risk is monitored and mitigated through the operation of the Company's ERM framework and the ORSA process.

The following graph illustrates the components of the risk profile driving the level of SCR, which is produced using the Standard Formula under the Solvency II rules.

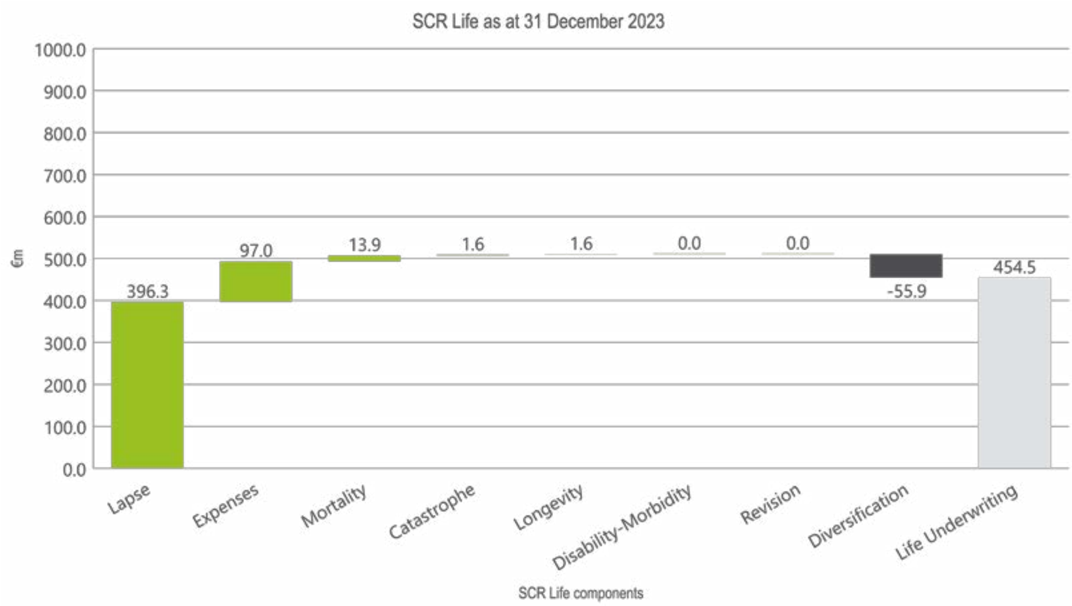




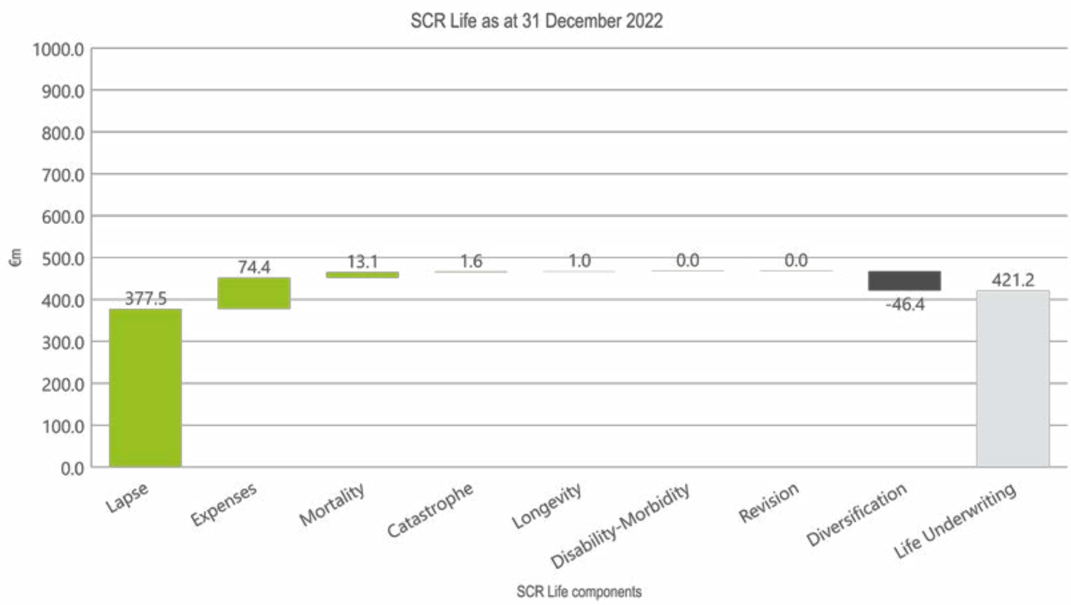
C.1 Underwriting risk

Underwriting risk arises from the obligations inherent to the life insurance business and predominantly covers the risks of death and withdrawal. Reinsurance is employed to reduce the level of death risk. The Company does not write any Longevity business (Pensions Annuities) or Health insurance and has limited exposure to catastrophe events.

As of 31 December 2023, the capital requirements for each of the life underwriting risks have been determined as follows:



The Life underwriting SCR grew over the year in line with the business.



Identification and assessment

LIA's exposure to Life Underwriting risk can be split into several categories which are listed below by order of magnitude.

Lapse risk

Lapse risk is the risk of loss resulting from changes in the expected level of lapses, including potential mass lapse events. End of 2023, this risk generated 78% of Company's Life SCR before diversification (81% in 2022).

Expense risk

The second risk category in terms of weight in the Life SCR is the Expense Risk. It can be defined as the risk of loss resulting from changes in the level of the expenses incurred in servicing insurance contracts, including the increase of inflation rates. As at 31 December 2023, this risk represented 19% of Company's Life SCR before diversification (16% in 2022).

Mortality risk

Mortality risk is the potential loss due to mortality rates being higher than expected. This is less significant for the Company, mostly due to the nature of its business and through the use of reinsurance. End of 2023, it represented 3% of Company's Life SCR before diversification (also 3% in 2022).

Longevity risk

Longevity Risk – risk of loss resulting from life expectancy being higher than expected, represented less than 1 % of Company's Life SCR before diversification end of 2023 (also <1% in 2022).

Catastrophe risk

Life Catastrophe Risk, defined as risk of loss resulting from extreme or irregular events impacting life insurance business, represented less than 1 % of Company's Life SCR before diversification end of 2023 (also <1% in 2022).

Disability risk

The Company has no exposure to disability risk.

Morbidity risk

The Company has no exposure to morbidity risk.

Revision risks

The Company has no exposure to revision risk.

Risk mitigation

A set of measures is in place to mitigate Life underwriting risks.

The Company applies a thorough underwriting process to evaluate potential risks prior to their acceptance and an extensive use of reinsurance is made to transfer out any significant mortality risk.

All products undergo a product approval process prior to their launching and are regularly reviewed once they are on the market, to ensure, among other things, that the fee structure is adequate and all risk is correctly priced.

Inflation levels are monitored on a regular basis and the results of the analysis are taken into account when establishing the product fee structure.

Budget analysis and forecasting also take place regularly and provide a clear vision in terms of cost management and control within the Company's business strategy.

Sensitivity

Sensitivity tests have been performed with respect to the Life risk factors, that can adversely impact the Company's Solvency position. The methodology consisted in applying various instantaneous shocks and maintaining the modified conditions for the entirety of projections. In terms of Life underwriting risks, sensitivity scenarios included shocks on Lapses, Expenses and Inflation, each of them performed on a standalone basis, i.e. without taking into account any diversification effects between different stresses. None of the sensitivities has resulted in the Company's solvency ratio going below 100%.

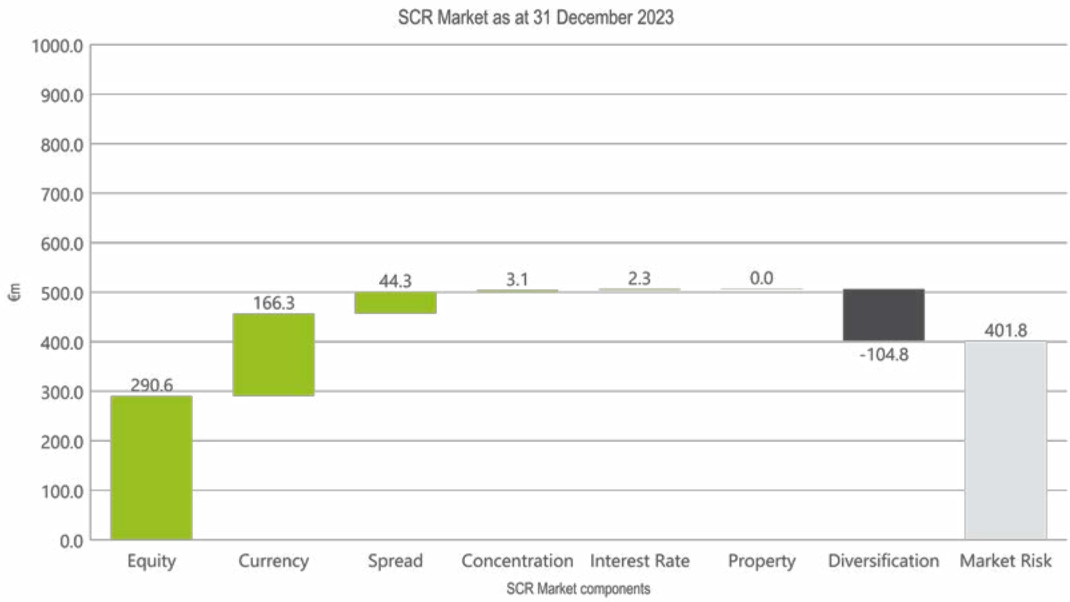
C.2 Market risk

Market risk is associated with losses resulting from adverse changes in market prices of assets, liabilities and financial instruments.

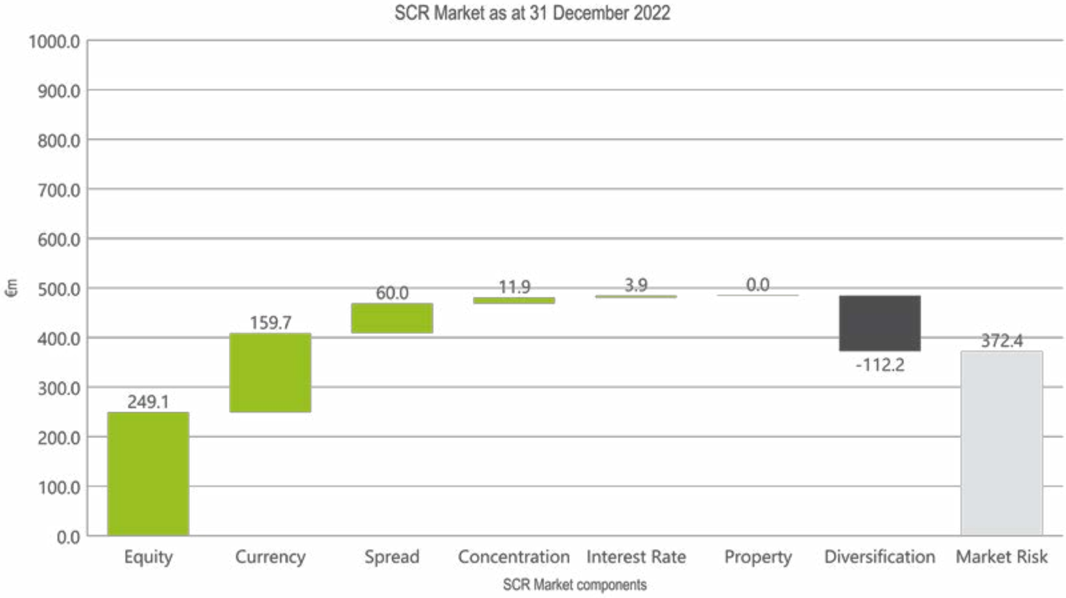
The unit-linked nature of the Company's products means market risk is borne by the policyholder, and the shareholder assets of the Company are currently invested in short term low risk investment classes. The Company faces the risk that market fluctuations will reduce its asset based fees, resulting in lower revenues.

Identification and assessment

As of 31 December 2023, the capital requirements for each of the Market risks have been determined as follows:



Over 2023 the Market SCR grew in line with the business.



Equity risk

Equity risk consists the largest element of the Market SCR and arises due to the level of equities and associated assets held in the unit linked business, representing 57% of Market SCR before diversification as at 31 December 2023 (51% end of 2022).

Currency risk

Currency risk results from changes in currency exchange rates which affect the level of non-euro policyholder assets and fee income not expressed in euros.

As at 31 December 2023 it represented 33% of the Market SCR before diversification (also 33% end of 2022).

Spread risk

Spread risk covers potential losses from changes in the level of credit spreads, and indirectly impacts on fee income through changes in the market value of bond type assets. This risk accounted for 9% of the Market SCR before diversification as at 31 December 2023 (12% end of 2022).

Concentration risk

Concentration risk, defined as the loss resulting from lack of diversification in the asset portfolio or large exposure to default risk by a single issuer. This risk accounted for 1% of SCR before diversification as at 31 December 2023 (2% end of 2022).

Interest rate risk

Interest rate risk is the risk of loss resulting from changes in the term structure of interest rates, this kind of market risk has a very limited impact on the Company's SCR and represented less than 1% as at 31 December 2023 (also <1% end of 2022).

Property risk

There was no exposure to Property risk.

Risk mitigation

In addition to holding the required capital as per standard formula, Market risks are mitigated through a set of measures.

Market risk is mitigated through the operation of the ERM framework which includes defined policies for Financial risk (including credit and liquidity) and risk appetite.

Sensitivity

Sensitivity tests have been performed with respect to the Market risk factors, that can adversely impact the Company's Solvency position. The methodology consisted in applying instantaneous shocks, including scenarios with stresses on asset prices as well as on the interest rates, each of them performed on a standalone basis, i.e. without taking into account any diversification effects between different stresses. None of the sensitivities has resulted in the Company's solvency ratio going below 100%.

C.3 Credit risk

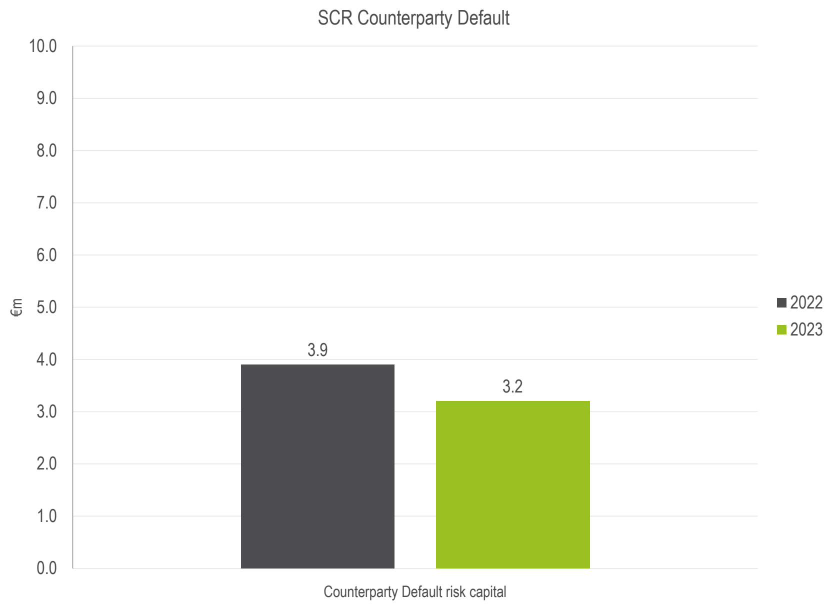
Credit risk refers to Default risk and Downgrade risk, with Default risk defined as the risk of losses because on the inability of a counterparty to honour its financial obligations and Downgrade risk – as the risk of counterparties being downgraded, thus leading to additional capital requirements. Both risks arise principally through exposure to debt security investments, bank deposits, derivative counterparties, and reinsurance counterparties, insurance and investment contracts receivables.

Identification and assessment

The Company's Credit risk profile is based on the Standard formula Counterparty Default risk module.

Credit risk has a very limited impact on the Company's SCR, as the Company has a low risk appetite for this type of risk and takes preventive measures to avoid it.

As of 31 December 2023, the company had an exposure of €3.2m to Counterparty default risk (€3.9m end of 2022):



Risk mitigation

The Company performs regular monitoring of counterparties' credit ratings, has adopted a risk averse approach to such risks and has a stated policy of not actively pursuing or accepting credit risk.

C.4 Liquidity risk

Liquidity risk arises from the inability to meet company's payment obligations, due to lack of available liquidities.

Identification and assessment

Unit-linked nature of the Company's activity limits significantly its exposure to this kind of risk. This risk is not part of the Solvency II standard formula calculation, but the Company applies proactive measures to avoid and/or mitigate it.

Risk mitigation

To mitigate this risk, the Company ensures that it maintains sufficient financial resources to meet its obligations as they fall due through the application of a liquidity risk policy and through the development of its liquidity risk management plan, as well as through its reinsurance policy.

As of 31 December 2023, the expected profit included in future premiums (EPIFP) of the Company was equal to 0€, as no future premiums are considered in Company's solvency position calculation.

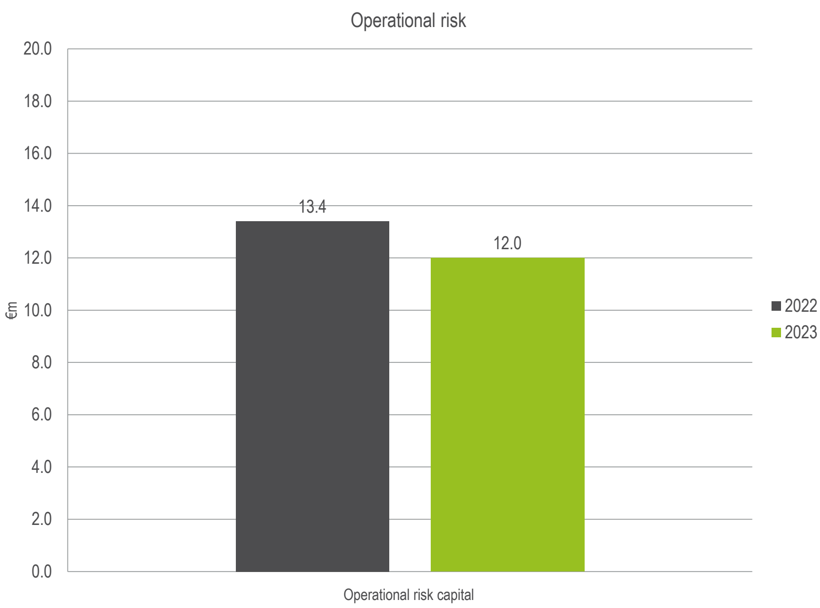
C.5 Operational risk

Operational risk is the risk of financial losses arising from inadequate or failed internal processes, personnel or systems, or from external events.

Identification and assessment

Operational risks are assessed, monitored and minimised through the Enterprise Risk Management (ERM) and Internal Control processes wherever possible, in order to identify and assess potential operational risk scenarios.

As at 31 December 2023, the company's SCR for operational risk was €12.0m (€13.4m end of 2022), based on the Solvency II Standard formula approach:



Risk mitigation

The Company mitigates its operational risks through several tools and measures.

On top of holding the required capital as per standard formula, The Company carries out regular controls and monitoring of operational risks at all levels of business activity, including identification of potential operational risks, as part of the integrated ERM Framework and Internal Control processes and root cause analysis of any business incidents.

C.6 Other material risks

No other material risks.

C.7 Any other information

As part of the Company's ongoing risk management approach the Company performs a range of stress and scenario tests, reporting on the output as part of ORSA. The stress and scenario testing comprises two elements:

- sensitivity and stress testing of the financial and capital position to changes in key modelling assumptions;
- exploration of plausible adverse scenarios that may arise in the normal course of business – these are derived from the key drivers of business and the schedule of significant risks to the Company. Where possible the Company undertakes quantitative analysis of solvency and profit and loss impacts, augmented with qualitative analysis if modelling is not appropriate. This scenario testing also includes analysis of new risks emerging in the business and a programme of reverse stress testing.

Valuation for Solvency Purposes

D.1 Assets

Assets €m (31 Dec. 2023)	Luxembourg GAAP[5]	Adjustments	Solvency II 31 Dec. 2023	Solvency II 31 Dec. 2022
Deferred Acquisition Costs	13.1	(13.1)	0.0	0.0
Intangible Assets	11.3	(11.3)	0.0	0.0
Property, Plant & Equipment Held For Own Use	2.2	0.0	2.2	2.4
Investments (Other Than Assets Held For Index-Linked And Unit-Linked Contracts)	112.7	2.3	115.0	98.5
Assets Held For Index-Linked And Unit-Linked Contracts	48,016.7	0.0	48,016.7	44,642.0
Reinsurance Assets	67.5	(59.9)	7.6	52.3
Insurance And Intermediaries Receivables	305.8	14.2	320.0	316.4
Cash And Cash Equivalents	118.4	0.0	118.4	64.4
Any Other Assets, Not Elsewhere Shown	2.6	0.0	2.6	2.4
Total Assets	**48,650.3**	**(67.8)**	**48,582.6**	**45,178.4**

D.1.1 Investments

Investments were mainly comprised of money market funds and fixed income securities.

a) Money Market Funds and assets received in advance from policyholders

As at 31 December 2023, the Company had €79.9m(2022: €55.8m) invested in money market funds and €2.4m as assets received in advance from policyholders (2022: €17.5m).

These investments were valued at lower of cost and market value in the Statutory Financial Statements.

Under Solvency II, the money market funds are valued at fair value, based on market prices at the reporting date, which are quoted prices in active markets. As these are publicly traded securities, the market prices are readily available and are actively traded. No significant estimates or judgements are used in the valuation of these investments. As at 31 December 2023, their market value is €81.9m (2022: €55.9m).

b) Participations

Participations in related entities are valued at lower of cost and market value in the Statutory Financial Statements. As at 31 December 2023, participations in related entities amounted to €0.4m (2022: €0.4m).

Under Solvency II, valuing all assets and liabilities of the subsidiary Company and related entities is carried out in accordance with the valuation principles of Commission Delegated Regulation (EU) 2015/35. They are valued at €0.7m (2022: €0.8m).

c) Loans to affiliated undertakings

As at 31 December 2023, the Company does not have any loans to affiliated undertakings (2022: nil).

5 Generally Accepted Accounting Principles.

d) Fixed income securities

As at 31 December 2023, fixed income securities amounted to €14.7m (2022: €14.0m).

e) Deposits with credit institutions

As at 31 December 2023, deposits with credit institutions amounted to €15.3m (2022: €10.3m).

D.1.2 Receivables

Receivable balances are mainly related to fees receivable and foreign tax advances made in respect of applicable insurance policies. As at 31 December 2023, the Company had a total receivables balance of 320.0m (2022: 316.4m). Receivables are valued at fair value under Solvency II.

D.1.3 Cash and cash equivalents

Cash at bank and in hand, as at 31 December 2023, amounted to €118.4m (2022: €64.4m), of which €48.9m (2022: €24.2m) related to cash received from policyholders. Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. The value of cash and cash equivalents in the Company's financial statements is the same as for Solvency II.

D.1.4 Intangible Assets

Deferred acquisition costs balances and goodwill are valued at zero under Solvency II regulations and are effectively removed in the preparation of the Solvency II balance sheet. Intangible assets, other than goodwill, are recognised in the Solvency II balance sheet at a value other than zero, only if they can be sold separately, and it can be demonstrated that there is a value for the same or similar assets, that has been derived from quoted market prices in active markets.

D.1.5 Assumptions and judgements

The areas where assumptions and judgment are exercised by management include determining the value of deferred income taxes.

D.1.6 Reconciliation of Statutory valuation of assets to Solvency II valuation

- Accounting policy differences: As noted in D.1.4 above, goodwill, deferred acquisition costs, and other Intangible assets are reassessed at zero value under Solvency II. The associated impact on deferred taxes is reflected in other liabilities (D.3);
- Reassessment of participations: As noted in D.1.1 above, Solvency II requires that subsidiaries are valued using the equity method. The overall impact is positive principally as a result of positive net equity of the participations;
- Deferred tax: The adjustments listed resulted in an impact in the deferred tax liability.

D.2 Technical Provisions

D.2.1 Introduction

The Company has one material line of business that is unit-linked life insurance. The Technical Provisions were as follows:

Technical Provision in €m	31 Dec. 2023	31 Dec. 2021
Best Estimate (of future) Liabilities	47,064.6	43,760.0
Risk Margin	274.8	252.1
Total Technical Provisions	47,339.4	44,012.1

The Solvency II technical provisions have moved from €44,012.1m at 31 December 2022 to €47,339.4m in line with total assets.

D.2.2 Valuation methodology

Under Solvency II, the Technical Provisions comprise a Best Estimate Liability and a Risk Margin.

D.2.2.1 Best Estimate Liability

The Company's Best Estimate Liability has been calculated at a per-policy level for the policies in-force at the valuation date.

It is the present value of all future expected cash-flows allowing for claims, expenses and lapses. Allowance is made for reinsurance.

D.2.2.2 Risk Margin

The Risk Margin is determined as the cost of holding the Solvency Capital Requirement over the lifetime of the insured portfolio. This cost is determined by applying a prescribed cost of capital rate of 6% p.a. to each year's projected Solvency Capital Requirement, and then discounting these amounts at the risk-free rate.

The projected Solvency Capital Requirement figures have been determined using the Standard Formula approach, consistent with the calculation of the initial Solvency Capital Requirement, but only allowing for risks that are deemed to be non-hedgeable. The Company views the market risk arising from fluctuations in the value of its linked funds as being hedgeable, and therefore no allowance has been made for market risk within the projection of the Solvency Capital Requirement.

D.2.3 Judgements

D.2.3.1 Projection of Solvency II Capital Requirement for Risk Margin

Calculation of the Risk Margin requires projection of the Solvency Capital Requirement. Reflecting the relatively simple nature of the business and risks, a simplified method has been adopted in line with "Method 1" outlined in Guideline 62 of European Insurance & Occupational Pensions Authority ("EIOPA") guidelines on the valuation of Technical Provisions (i.e. the methodology involving the least simplifications). This uses a series of "risk drivers" to project how each component of the initial Solvency Capital Requirement runs off over the lifetime of the portfolio.

D.2.4 Assumptions

D.2.4.1 Mortality

The Company reviews the mortality assumptions on an annual basis, taking into account relevant industry information.

D.2.4.2 Lapses

Lapse assumptions (full and partial surrender rates) are based on analysing the Company's experience from 2019 to 2023. Some additional judgement may be applied where the Company expects the future to be different from past experience.

D.2.4.3 Expenses

The expense assumptions include allowance for administration costs and corporate overhead costs incurred. The corporate costs have been apportioned so that the total maintenance cost represents the anticipated ongoing expenses, including systems development costs, which are expected to arise in future years in meeting the policy servicing requirements of the in-force business.

D.2.4.4 Interest and Inflation Rates

The Solvency II regulations specify the risk-free interest rate term structure to be used. The Company used the Euro rates as provided by the EIOPA. The Company did not use the matching adjustment. Full detail of the Euro interest rate curve prescribed for use at 31 December 2023 can be found at https://www.eiopa.europa.eu/document/download/dcde2272-05ad-4997-ba0b-efcffcd7b653_en?filename=EIOPA_RFR_20231231.zip

The assumption for future inflation is derived from Euro denominated inflation swap data.

D.2.5 Uncertainty associated with the value of the Technical Provisions

The value of the Technical Provisions includes uncertainty in that they are based on the expected value of future cash-flows. The assumption-setting processes described above are designed to reduce uncertainty by using past experience with adjustments where there are appropriate reasons to expect that future expectations may differ from past performance.

D.2.6 Differences between Solvency II valuations and valuations for Financial Statements

The following table shows the differences between Solvency II valuations and valuations for Financial Statements:

€m	31 Dec. 2023	31 Dec. 2022
Luxembourg GAAP Insurance Contract Liabilities	48,084.3	44,694.5
Best Estimate of Future Liabilities under Solvency II	47,064.6	43,760.0
Risk Margin	274.8	252.1
Solvency II Technical Provisions	47,339.4	44,012.1

D.2.7 Matching Adjustments

No matching adjustments have been applied.

D.2.8 Volatility adjustments

The volatility adjustment, referred to in Article 77d of Directive 2009/138/EC has not been applied.

D.2.9 Transitional Risk Free Interest Rate

The transitional risk-free interest rate term structure referred to in Article 308c of Directive 2009/138/EC has not been applied.

D.2.10 Transitional Deduction

The transitional deduction referred to in Article 308d of Directive 2009/138/EC has not been applied.

D.2.11 Reinsurance Recoverable

At 31 December 2023, the reinsurance recoverables were valued at €7.5m (€52.3m in 2022).

There were no special purpose vehicles.

D.2.12 Material Changes

There have been no material changes made in the calculation of the Technical Provisions compared to the previous reporting period.

D.3 Other liabilities

The table below shows the other liabilities:

€m	31 Dec. 2023	31 Dec. 2022
Provisions Other Than Technical Provisions	18.4	8.3
Deferred Tax Liabilities	186.7	184.1
Insurance & Intermediaries Payables	168.4	144.9
Payables (Trade, Not Insurance)	169.6	147.4
Any Other Liabilities, Not Elsewhere Shown	17.0	16.2

D.4 Alternative methods for valuation

There are no other valuation methods used.

Capital Management

E.1 Own funds

The Company, in line with its Capital Management Policy, maintains capital at a level that enables it to carry out its current business plan within its risk appetite. The BoD of the Company sets an appropriate target level of solvency cover given the risks to which the business is currently exposed and those implicit in the Company's medium term business plan.

The composition of the Company's Own Funds is as follows:

€m	31 Dec. 2023	31 Dec. 2022
Ordinary Share Capital	40.8	40.8
Share Premium Accounts	10.7	10.7
Reconciliation Reserve	626.7	613.9
Total Basic Own Funds After Deductions	678.1	665.3
Adjustments For Ineligible Assets	0.0	0.0
Solvency II Excess Of Assets Over Liabilities	678.1	665.3

The reconciliation reserve at 31 December 2023 is mostly comprised of the value of future profits expected from the in-force business.

The table below reconciles the equity in the Financial Statements and the Solvency II excess over liabilities:

€m	31 Dec. 2023	31 Dec. 2022
Statutory Accounts Excess Of Assets Over Liabilities	177.0	166.0
Reassessment Of Participation	2.4	0.5
Accounting Policy Differences	498.8	498.9
Solvency II Excess Of Assets Over Liabilities	678.1	665.3

The Own Funds of the Company were impacted by the profit generated during the year.

The whole amount of the Own Funds is eligible to cover the Solvency Capital Requirement and the Minimum Capital Requirement.

There are no amounts within the Own Funds that arise from transitional arrangements, and no ancillary Own Funds.

€m	31 Dec. 2023	31 Dec. 2022
Deferred Tax Asset	0.0	0.0

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Introduction

The Solvency Capital Requirement and Minimum Capital Requirements have been determined using the Standard Formula approach set out in Commission Delegated Regulation (EU) 2015/35. No material simplified methods or undertaking specific parameters have been used in this assessment.

The amounts of Solvency Capital Requirement and Minimum Capital Requirement as at 31 December 2023 were as follows:

€m	31 Dec. 2023	31 Dec. 2022
Solvency Capital Requirement	518.5	482.4
Minimum Capital Requirement	233.3	217.1

E.2.2 Risk Modules

The table below shows the Solvency Capital Requirement of the Company by Risk Module:

Solvency Capital Requirement in €m	31 Dec. 2023	31 Dec. 2022
Life Underwriting	454.5	421.2
Market Risk	401.8	372.4
Credit Risk	3.2	3.9
Basic Solvency Capital Requirement	678.7	629.3
Operational Risk	12.0	13.4
Adjustment for Deferred Tax	(172.2)	(160.3)
Final Solvency Capital Requirements	518.5	482.4

Details on each Risk module are provided in Section C. "Risk profile".

The Company is not subject to any level of capital add-on.

E.2.3 Material changes

The movement in the Company's Solvency Capital Requirement during 2023 was mainly due to new business and investment performance which impact in particular Market risk and Lapse risk. Growth in the capital requirement generally moves in line with AuA. The final amount of the Solvency Capital Requirement is subject to supervisory assessment.

E.2.4 Adjustment for the loss-absorbing capacity of deferred taxes

€m	31 Dec. 2023	31 Dec. 2022
Adjustment for the loss-absorbing capacity of deferred taxes	(172.2)	(160.3)

The adjustment for the loss-absorbing capacity of deferred taxes is equal to the change in the value of deferred taxes of insurance and reinsurance undertakings that would result from an instantaneous loss of an amount that is equal to the sum of the following:

a) the Basic Solvency Capital Requirement;

b) the adjustment for the loss-absorbing capacity of technical provisions;

c) the capital requirement for operational risk.

The adjustment for the loss-absorbing capacity of deferred taxes is tested for recoverability against future taxes on the value of expected future profits.

E.3 Use of the duration-based equity risk submodule in the calculation

The duration based equity risk sub module has not been used in the calculation of the Solvency Capital Requirement.

E.4 Difference between the standard formula and any internal model used

No internal or partial internal model has been used in the calculation of the Solvency Capital Requirement.

E.5 Non-compliance with Minimum Capital Requirement and non-compliance with the Solvency Capital Requirements

The Company has maintained Own Funds in excess of the Minimum Capital the Minimum Capital Requirement and Solvency Capital Requirement throughout the period.

F. Appendix

F. Appendix: Quantitative Reporting Templates

In € as at 31 December 2023

QRT ref	QRT Template name
S.02.01.02	Balance sheet
S.04.05.21.03	Home country: Life insurance and reinsurance obligations
S.04.05.21.04	Top 5 countries (by amount of gross premiums written): Life insurance and reinsurance obligations
S.12.01.02	Life and Health SLT Technical Provisions
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	2,154,767
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	115,009,166
Property (other than for own use)	R0080	–
Holdings in related undertakings, including participations	R0090	747,915
Equities	R0100	–
Equities – listed	R0110	–
Equities – unlisted	R0120	–
Bonds	R0130	14,671,875
Government Bonds	R0140	14,671,875
Corporate Bonds	R0150	–
Structured notes	R0160	–
Collateralised securities	R0170	–
Collective Investments Undertakings	R0180	84,273,759
Derivatives	R0190	–
Deposits other than cash equivalents	R0200	15,315,617
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	48,016,695,515
Loans and mortgages	R0230	–
Loans on policies	R0240	–
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	–
Reinsurance recoverables from:	R0270	7,543,627
Non-life and health similar to non-life	R0280	–
Non-life excluding health	R0290	–
Health similar to non-life	R0300	–
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	7,543,627
Health similar to life	R0320	–
Life excluding health and index-linked and unit-linked	R0330	7,543,627
Life index-linked and unit-linked	R0340	–
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	–
Reinsurance receivables	R0370	–
Receivables (trade, not insurance)	R0380	319,977,168
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	118,415,978
Any other assets, not elsewhere shown	R0420	2,741,672
Total assets	**R0500**	**48,582,537,893**

		C0010
Liabilities		
Technical provisions – non-life	R0510	–
Technical provisions – non-life (excluding health)	R0520	–
Technical provisions calculated as a whole	R0530	–
Best Estimate	R0540	–
Risk margin	R0550	–
Technical provisions – health (similar to non-life)	R0560	–
Technical provisions calculated as a whole	R0570	–
Best Estimate	R0580	–
Risk margin	R0590	–
Technical provisions – life (excluding index-linked and unit-linked)	R0600	5,808,710
Technical provisions – health (similar to life)	R0610	–
Technical provisions calculated as a whole	R0620	–
Best Estimate	R0630	–
Risk margin	R0640	–
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	5,808,710
Technical provisions calculated as a whole	R0660	–
Best Estimate	R0670	5,734,679
Risk margin	R0680	74,031
Technical provisions – index-linked and unit-linked	R0690	47,333,576,846
Technical provisions calculated as a whole	R0700	–
Best Estimate	R0710	47,058,899,237
Risk margin	R0720	274,677,609
Other technical provisions	R0730	
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	18,350,070
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	186,696,115
Derivatives	R0790	–
Debts owed to credit institutions	R0800	–
Financial liabilities other than debts owed to credit institutions	R0810	–
Insurance & intermediaries payables	R0820	168,410,460
Reinsurance payables	R0830	–
Payables (trade, not insurance)	R0840	169,584,977
Subordinated liabilities	R0850	–
Subordinated liabilities not in Basic Own Funds	R0860	–
Subordinated liabilities in Basic Own Funds	R0870	–
Any other liabilities, not elsewhere shown	R0880	16,964,908
Total liabilities	**R0900**	**47,899,392,086**
Excess of assets over liabilities	**R1000**	**683,145,807**

S.04.05.21.03

Home country: Life insurance and reinsurance obligations

		Home country
		C0030
Gross Written Premium	R1020	188,082,081
Gross Earned Premium	R1030	188,082,081
Claims incurred	R1040	533,990,357
Gross Expenses Incurred	R1050	15,493,325

S.04.05.21.04

Top 5 countries (by amount of gross premiums written): Life insurance and reinsurance obligations

		Top 5 countries: life and health SLT
		C0040
Gross Written Premium	R1020	2,568,695,190
Gross Earned Premium	R1030	2,568,695,190
Claims incurred	R1040	2,435,147,609
Gross Expenses Incurred	R1050	91,269,288

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S.12.01.02
Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance		
		Insurance with profit participation		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
Technical provisions calculated as a whole	R0010	–	–			–		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	–	–			–		
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030	–		–	47,058,899,237		–	5,734,679
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	–		–	–		–	7,543,627
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	–		–	47,058,899,237		–	(1,808,948)
Risk Margin	R0100	–	274,677,609			74,031		
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0110	–	–			–		
Best estimate	R0120	–		–	–		–	–
Risk margin	R0130	–				–		
Technical provisions – total	R0200	–	47,333,576,846			5,808,710		

Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees			
C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
–	–	–				–	–	–
–	–	–				–	–	–
–	–	47,064,633,916						–
–	–	7,543,627		–	–	–	–	–
–	–	47,057,090,289		–	–	–	–	–
–	–	274,751,640						–
–	–	–	–			–	–	–
–	–	–		–	–	–	–	–
–	–	–	–			–	–	–
–	–	47,339,385,556	–			–	–	–

S.23.01.01

Own funds

		Total	Tier 1 – unrestricted
		C0010	C0020
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	40,806,875	40,806,875
Share premium account related to ordinary share capital	R0030	10,674,161	10,674,161
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–	–
Subordinated mutual member accounts	R0050	–	–
Surplus funds	R0070	–	–
Preference shares	R0090	–	–
Share premium account related to preference shares	R0110	–	–
Reconciliation reserve	R0130	626,664,771	626,664,771
Subordinated liabilities	R0140	–	–
An amount equal to the value of net deferred tax assets	R0160	–	–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	–	–
Deductions			
Deductions for participations in financial and credit institutions	R0230	–	
Total basic own funds after deductions	R0290	**678,145,807**	678,145,807
Ancillary own funds			
Unpaid and uncalled ordinary share capital callable on demand	R0300	–	–
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–	–
Unpaid and uncalled preference shares callable on demand	R0320	–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–	–
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–	–
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–	–
Other ancillary own funds	R0390	–	–
Total ancillary own funds	R0400	–	–

		C0010	C0020
Available and eligible own funds			
Total available own funds to meet the SCR	R0500	678,145,807	678,145,807
Total available own funds to meet the MCR	R0510	678,145,807	678,145,807
Total eligible own funds to meet the SCR	R0540	678,145,807	678,145,807
Total eligible own funds to meet the MCR	R0550	678,145,807	678,145,807
SCR	R0580	**518,467,016**	
MCR	R0600	**233,310,157**	
Ratio of Eligible own funds to SCR	R0620	**1.3080**	
Ratio of Eligible own funds to MCR	R0640	**2.9066**	

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	683,145,807
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	5,000,000
Other basic own fund items	R0730	51,481,036
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–
Reconciliation reserve	R0760	**626,664,771**
Expected profits		
Expected profits included in future premiums (EPIFP) – Life business	R0770	–
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–
Total Expected profits included in future premiums (EPIFP)	R0790	–

S.25.01.21

Solvency Capital Requirement – for undertakings on Standard Formula

S.25.01.21.01

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0100
Market risk	R0010	401,770,121	–
Counterparty default risk	R0020	3,170,281	
Life underwriting risk	R0030	454,536,934	–
Health underwriting risk	R0040	–	–
Non-life underwriting risk	R0050	–	–
Diversification	R0060	(180,728,376)	
Intangible asset risk	R0070	–	
Basic Solvency Capital Requirement	R0100	**678,748,961**	

S.25.01.21.02

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	11,987,805
Loss-absorbing capacity of technical provisions	R0140	–
Loss-absorbing capacity of deferred taxes	R0150	(172,269,749)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency Capital Requirement excluding capital add-on	R0200	518,467,016
Capital add-on already set	R0210	–
Solvency capital requirement	R0220	**518,467,016**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	–
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	–
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	–
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	–
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

S.25.01.21.04

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	No

S.25.01.21.05

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	(172,269,749)
LAC DT justified by reversion of deferred tax liabilities	R0650	(172,269,749)
LAC DT justified by reference to probable future taxable economic profit	R0660	–
LAC DT justified by carry back, current year	R0670	–
LAC DT justified by carry back, future years	R0680	–
Maximum LAC DT	R0690	(172,269,749)

S.28.01.01

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

S.28.01.01.03

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	329,468,835

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation – guaranteed benefits	R0210	–	
Obligations with profit participation – future discretionary benefits	R0220	–	
Index-linked and unit-linked insurance obligations	R0230	47,058,899,237	
Other life (re)insurance and health (re)insurance obligations	R0240	–	
Total capital at risk for all life (re)insurance obligations	R0250		80,772,311

S.28.01.01.05

Overall MCR calculation

		C0070
Linear MCR	R0300	329,468,835
SCR	R0310	518,467,016
MCR cap	R0320	233,310,157
MCR floor	R0330	129,616,754
Combined MCR	R0340	233,310,157
Absolute floor of the MCR	R0350	4,000,000
Minimum Capital Requirement	R0400	**233,310,157**

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