Allianz p.l.c.

Solvency and Financial Condition Report

For the year ended 31 December 2023

Registered number: 143108

Contents

List of tables

List of figures

Executive Summary

Allianz plc (hereafter referred to as "AZI" or the "Company"), has prepared this Solvency Financial Condition Report (hereafter "SFCR") to satisfy the public disclosure requirements under the Commission Delegated Regulation (EU) 2015/35 (hereafter 'Delegated Regulation') of the European Parliament supplementing Directive 2009/138/EC, known as Solvency II, which came into effect from 1 January 2016. This report covers the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management process of the Company as set out in the Delegated Regulation. The ultimate administrative body that has responsibility for all these matters is the Company's Board of Directors, who use the assistance of various governance and control functions that it has put in place to monitor risk and manage the business.

A. Business and Performance

The Company is a wholly owned subsidiary of Allianz Holdings plc and is ultimately owned by Allianz SE, who offers non-life insurance, life/health insurance, reinsurance and asset management products and services in over 70 countries, with the largest of its operations in Europe. Allianz SE, the parent company of the Allianz Group, has its headquarter in Munich, Germany, and holds the legal form of a European company or Societas Europaea (SE).

The Company is regulated by the Central Bank of Ireland and complies with the "Corporate Governance Requirements for Insurance Undertakings 2015". The Company is also regulated by the Financial Conduct Authority for conduct of business rules in respect of its business in Northern Ireland. It does not write any business in Northern Ireland anymore and entered into the UK Supervised Run-Off (SRO) regime. The principal activity of the Company is the transaction of property, motor and liability insurance business within the Republic of Ireland. The Company offers a wide range of non-life insurance products to both individual and corporate customers.

The Company is one of the leading non-life insurers in Ireland. The key performance indicators for 2023 are noted below:

	2023	2022 (restated)
Insurance revenue	**€649.1m**	€624.4m
Insurance service result	**€80.8m**	€85.4m
Profit for the financial year	**€41.9m**	€46.6m
Shareholders' funds	**€321.5m**	€275.8m

Table 1: Key performance indicators

Shareholders' funds of €321.5m were €46m higher than the 2022 level also reflecting the payment of dividends of €54m, profit for the financial year of €42m and other comprehensive income of €58m driven by the impact of changes in yields on the investment portfolio and the impact thereof on discounted insurance and reinsurance contract liabilities and assets. The capital and solvency position remains strong, the latter continues to be supported through a quota share reinsurance arrangement.

B. System of Governance

The Company's system of governance is tailored to the nature, scale and complexity of the Company and has been implemented in accordance with the Corporate Governance Requirements for Insurance Undertakings 2015 and the Pillar II requirements of the Solvency II Directive. The Company's Board of Directors (hereafter 'the Board') is responsible for the effective, prudent and ethical oversight of the Company. The management of the business and affairs of the Company and implementation of the corporategovernance structures are carried out under the direction and supervision of the Board. The Board strives to keep the current corporate governance framework up to date with new legislation. The Board of Directors retains primary responsibility for business decisions and corporate governance within the Company at all times and may delegate authority to sub-committees or management to act on behalf of the Board in respect of certain matters. The Board is composed of a majority of non-executive directors and performs its duties with the support of sub-committees. In this regard, the Board established four sub-committees: Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee. However, the Board retains oversight of each of the Committees, and each committee has documented terms of reference which evidence the responsibilities delegated to them. The general operational management and control of the Company is delegated by the Board to the Chief Executive Officer under the Board Charter, supported by an executive Board of Management.

The Company complies with the Conduct Standards (incl. Additional Conduct Standards), Fitness and Probity and Minimum Competency Code requirements of the Central Bank of Ireland, the Allianz Group Fit and Proper Policy and its own internal Conduct Standards Policy, Minimum Competency Code Policy and Fitness and Probity Policy. The latter sets out principles, criteria and processes to ensure the fitness and probity of those persons who manage the undertaking or work within key control functions.

The Company is committed to having an Internal Control System (ICS) in place that fulfils its organisational needs and all relevant regulatory requirements. The Company's ICS is embedded into the operational and organisational setup throughout the Company and is articulated along the three-lines of defence model. According to this model, the first line of defence covers business operations; assurance functions (i.e. risk management, actuarial, compliance and legal) represent the second line, while internal audit provides the third line of defence.

C. Risk Profile

The company uses the Allianz Internal Model to calculate the solvency capital requirement. For all material risks, a comprehensive quantitative and qualitative risk management process is in place that incorporates (i) risk identification, (ii) risk assessment, (iii) risk response and control activities, (iv) risk monitoring, and (v) risk reporting. The section on the risk management system also includes a description of the risk management strategies and processes for each risk category.

D. Valuation for Solvency Purposes

This SFCR provides information on the Market Value Balance Sheet (hereafter 'MVBS') and a comparison of MVBS and statutory financial statements, which are based on International Financial Reporting Standards (IFRS) adopted by the European Union and the provisions of the Companies Act 2014. Therefore, a quantitative and qualitative explanation of material differences in the valuation of assets, technical provisions and other liabilities is included.

E. Capital Management

The Company uses a Central Bank of Ireland approved Internal Model for the calculation of the Solvency Capital Requirement (SCR). The Company was sufficiently capitalised at year end 2023 with own funds exceeding the SCR by €163m resulting in a solvency coverage ratio of 198%.

A. Business and Performance

A.1 Business

A.1.1 Financial Supervision, Group Membership and Legal Structure

Allianz plc is a non-life insurance company located at Allianz House, Elmpark, Merrion Road, Dublin 4, Republic of Ireland.

The Company is a subsidiary of Allianz Holdings plc, who, in turn, is a wholly owned subsidiary of Allianz Europe B.V. Allianz Europe B.V. is owned by Allianz SE. The directors regard Allianz SE (registered in Germany) as the ultimate parent company, with its headquarter in Koeniginstrasse 28, 80802 Munich, Germany and holding the legal form of a European company (Societas Europaea).

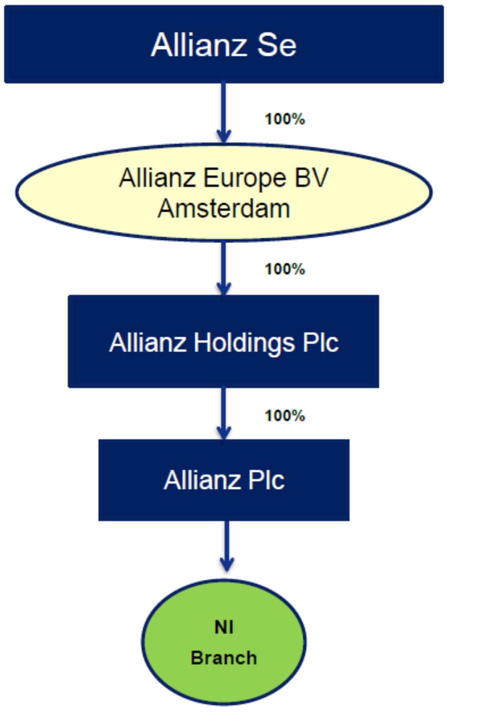


Figure 1: Current Corporate Group Structure of Allianz plc as at 31 December 2023

A.1.2 External Auditor

PriceWaterhouseCoopers (PwC) audited the financial statements of the company and issued an unqualified opinion. They are located at Spencer Dock, North Wall Quay, Dublin 1, Ireland. The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and the provisions of the Companies Act 2014. This was the first set of financial statements prepared in accordance with IFRS. The Audit Committee of the Company has appointed PwC Ireland as auditor for the fiscal year 2023.

A.1.3 Supervisor

The Company is regulated by the Central Bank of Ireland (CBI), PO Box 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland. During 2023, the Company was subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. It does not write any business in Northern Ireland anymore and has entered into the UK Supervised Run-Off (SRO) regime.

The German Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht" or "BaFin"), Dreizehnmorgenweg 13-15, 53175 Bonn, Germany, is responsible for the overall supervision of the Allianz Group.

A.1.4 Principal Activities

The principal activity of the Company is the transaction of property, motor and liability insurance business within the Republic of Ireland ("ROI"). The Company offers a wide range of non-life insurance products to both retail and corporate customers. The Company is one of the leading non-life insurers in Ireland.

A.1.5 Significant Business and Other Events

Insurance activity
The Company renewed the 50% quota share agreement with Allianz Re Dublin dac for 2023.

Regulatory developments
The Solvency II directive came into effect on 1 January 2016. The Company met its requirements during 2023.

UK exit from the EU (Brexit)
The impact of Brexit continues to be closely monitored and any knock-on impact on the ROI economy from trading with the UK. The Company operates a matched asset and liability position in Sterling for NI business which limits foreign currency exposure in the results. In 2023, the Company entered into the Supervised Run Off Regime (SRO), which allows firms to manage their business in order to wind it down in an orderly fashion.

Appointments and resignations
Details of directors' appointments and resignations during 2023 are provided in note B.1.2 Board Oversight.

Adoption of new and revised International Financial Reporting Standards
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and the provisions of the Companies Act 2014. This is the first set of financial statements prepared in accordance with IFRS. The previous basis of preparation was Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101"), under which the recognition, measurement and presentation is consistent with IFRS, with the exception of certain disclosure requirements.

The Company has applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023. IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features.

The Company has also applied IFRS 9 from 1 January 2023. IFRS 9, Financial Instruments, issued by the International Accounting Standards Board (IASB) in July 2014, fully replaces IAS 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new forward-looking impairment model for debt instruments and provides new rules for hedge accounting.

A.2 Underwriting Performance

This section contains an analysis of the underwriting performance of the Company. Underwriting performance is a non-GAAP financial metric and the Company has aligned its definition of underwriting performance with QRT S.05.01 as:

- *(Net earned) premiums – claims incurred (including changes in other technical provisions) – expenses incurred.*

The insurance service result of €80.8m as reported in the financial statements is different to the QRT S.05.01 presentation. The key differences are as follows:

€'m	2023	2022
Insurance service result (As per financial statements)	**80.8**	**85.4**
IFRS 17 adjustments	(38.6)	(44.3)
Investment management expenses excluded for SII reporting	(2.6)	(3.6)
Underwriting result	**39.6**	**37.5**

Table 2: Insurance service result reconciliation to underwriting result

IFRS 17 adjustments include discounting of technical provisions, risk adjustment and interest expenses on deposits from reinsurers and instalment billing income, which was previously recorded within net investment result under the previous accounting framework. Investment management expenses are excluded for Solvency II reporting. The commentary below is on underwriting result as reported under QRT S.05.01.

A.2.1 Overall underwriting performance

2023 saw an improvement in underlying premiums written as further detailed below and cost containment measures, offset by adverse development in claims largely caused by flood losses related to Storm Babet.

Premium

Gross premium written of €675m was 10% higher than 2022. The increase in premium was driven largely by retail business through a combination of rate strengthening and increase in policy volumes, while maintaining underwriting discipline.

Underwriting result

Underwriting result – total		
€'m	**2023**	**2022**
Gross Written Premium	**674.8**	**615.9**
Net Earned Premiums	**289.5**	**280.6**
Net Claims Incurred	(158.1)	(145.8)
Net expenses incurred	(91.8)	(97.3)
Underwriting result	**39.6**	**37.5**

Table 3: Non-life - Underwriting result

A.2.2 Underwriting performance by Solvency II Line of Business

Net Underwriting Result – by Solvency II line of business		
	2023 €'m	**2022 €'m**
Motor	14.7	4.1
Fire and other damage to property insurance	5.0	15.9
General liability insurance	18.1	14.2
Marine, aviation and transport insurance	0.5	1.1
Other	1.3	2.2
Total	**39.6**	**37.5**

Table 4: Underwriting result by Solvency II line of business

The margin on total business remained relatively consistent in 2023 due to cost containment measures partially offset by adverse claims development caused by flood losses related to Storm Babet. Motor vehicle liability insurance continues to be the Company's largest line of business. The margin on motor business increased versus 2022 due to lower inflation and frequency. The underwriting margin on fire and property damage was negatively impacted by higher large loss experience and the impacts of Storm Babet. General liability insurance benefited from lower large losses.

A.3 Investment Performance

The Company assets held for investment purposes are used to match the insurance liabilities and shareholders' funds. The vast majority of assets are invested in bonds.

A.3.1 Information on Income and Expenses Arising from Investments

In 2023, the total investment return in the profit and loss account amounted to €(0.7)m. The components were net interest income offset by realised and unrealised losses from financial instruments measured at fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"), credit impairment losses, interest accretion, foreign exchange rate changes and investment expenses. The decline in commercial real estate values due to interest rate hikes and continued inflationary pressure on property yields in 2023 resulted in a write down to the profit and loss account of €10.3m on property funds. The Company continues to take a long-term investment perspective, and careful attention to risk has been valuable in navigating through the uncertain environment. At year-end 2023, 95% of the investments were held in fixed income assets and the Company's strategy remains relatively conservative. An analysis of the investment result by type of asset is shown below:

	Debt instruments	**Equities**	**Real Estate, Cash & Other**	**Total**
2023	**€'m**	**€'m**	**€'m**	**€'m**
Net interest income	22.5	-	2.2	24.7
Net gain / (loss) from financial instruments measured at FVOCI	(3.2)	-	-	(3.2)
Net gain / (loss) from financial instruments measured at FVTPL	0.3	-	(8.4)	(8.1)
Net credit impairment losses	(1.8)	-	-	(1.8)
Subtotal	17.8	-	(6.2)	11.6
Income from fair value options, trading, interest accretion and FX	n.a.			(8.0)
Investment expenses	n.a.			(4.3)
Total income (net of expenses) arising from investments				**(0.7)**

2022 (restated)	Debt instruments €'m	Equities €'m	Real Estate, Cash & Other €'m	Total €'m
Net interest income	14.5	-	2.3	16.8
Net gain / (loss) from financial instruments measured at FVOCI	(4.0)	-	-	(4.0)
Net gain / (loss) from financial instruments measured at FVTPL	(10.7)	-	(4.9)	(15.6)
Net credit impairment losses	(2.7)	-	-	(2.7)
Subtotal	**(2.9)**	**-**	**(2.6)**	**(5.5)**
Income from fair value options, trading, interest accretion and FX	*n.a.*			8.8
Investment expenses	*n.a.*			(4.3)
Total income (net of expenses) arising from investments				**(1.0)**

Table 5: Analysis of the investment result in the profit and loss account

A.3.2 Gains/Losses Recognised Directly in Equity

The following amounts were recorded in the statement of other comprehensive income. Capital gains arising from market movements in financial assets held at FVOCI including expected credit loss. There were also capital losses in the defined benefit pension scheme from changes in pension discount rate and mortality assumptions. The impact of changes in market interest rates on the value of the insurance and reinsurance contract liabilities and assets are reflected in the statement of other comprehensive income.

€'m	2023	2022
Gain / (Loss) on financial assets at FVOCI	67.3	(163.5)
Re-measurements of defined benefit surplus	(5.2)	2.5
Unrealised gains from re/insurance contracts	5.2	63.9
Deferred tax relating to these items	(9.5)	13.4
Total other comprehensive income	**57.8**	**(83.7)**

Table 6: Composition of the other comprehensive income

A.3.3 Information about Investments in Securitisation

In relation to the Solvency II Market Value Balance Sheet items, securitisation is defined as the sum of investments in 'structured notes' and 'collateralised securities'. As of 31 December 2023, the Company has no exposure to collateralised securities or structured notes. Collateralised securities primarily comprise Asset Backed Securities (ABS) and Mortgage-Backed Securities (MBS) according to the Solvency II classification rules. Covered bonds are not categorised as investments in securitisation as those are assigned to the corporate bonds exposure.

B. System of Governance

B.1 General Information on the System of Governance

B.1.1 General Information

Responsibility for corporate governance in terms of the overall management and oversight of the Company lies with the Board of Directors (Board). The Board is committed to high standards of corporate governance. This section describes the corporate governance framework and how the principles of good governance are applied. The framework is subject to ongoing review to help ensure compliance with applicable existing and new Irish and European legislation.

The Board is responsible for:

- the business strategy for the Company;
- the strategy for the ongoing management of material risks including, inter alia, liquidity risk;
- setting and overseeing:
    - the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company;
    - a robust and transparent organisational structure with effective communication and reporting channels;
    - a remuneration framework that is in line with the risk strategies of the Company; and
    - an adequate and effective internal control framework, that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

The Board is supported in satisfying its responsibilities by the Board of Management (BoM) who oversee the day-to-day operations of the Company.

A key component of the System of Governance is the independence and work of the control functions within the Company. Section B.2 describes the fit and proper requirements implemented by the Company to ensure that the control functions have the ability to carry out their duties. In addition, the Company carries out regular internal assessments of the effectiveness of each function to ensure their current and ongoing appropriateness.

The Internal Control System is described in Section B.4 and specifically includes the risk governance structure of the Company based on the three lines of defence model. This covers the key responsibilities of the control functions, how they achieve independence in carrying out their roles and their reporting responsibilities to the Board.

There have been no material changes to the System of Governance during 2023. The overall company strategy and governance structure have not changed, and the annual review of the strategy and corporate plan followed the same robust governance processes as in previous years.

The key elements of the corporate governance framework currently in place are detailed below.

B.1.2 Board Oversight

The 2023 Board comprised a number of non-executive directors and one executive director. The roles of the chairman and chief executive are separate. The Board members were as follows:

Dr. Brigitte Bovermann (German) - Non-Executive and Chairman of the Board
Sean McGrath - Chief Executive Officer (resigned 31st March 2023)
Sean Casey - Independent Non-Executive
Ann Kelleher - Independent Non-Executive
Dr. Ulf Lange (German) - Non-Executive (resigned 8th September 2023)
Alan Holmes - Independent Non-Executive
Dermot Browne - Independent Non-Executive
Phillip Gronemeyer (German) - Chief Executive Officer (appointed 1st April 2023)
Dr. Michael Ruf (German) - Non-Executive (appointed 8th September 2023)

The Board meets regularly and also operates an effective committee structure with defined terms of reference to assist it in its governance of the Company. There are defined matters specifically reserved for Board decision. Seven Board meetings were held during 2023 where some of the key responsibilities include approving the annual risk appetite of the Company, monitoring adherence to the risk appetite through review of corporate plans and operations supported by a full system of financial reporting, planning and budgetary control, regular management accounts reporting against budget and key performance indicators.

There are separate audit, remuneration, nomination and risk committees. All committees are comprised exclusively of non-executive directors.

The composition and nature of these committees during 2023 is outlined below:

Board Committees	
Risk Committee	3 Members -Chairperson: Independent Non-Executive – Sean Casey -Independent Non-Executive – Ann Kelleher -Independent Non-Executive – Alan Holmes
Audit Committee	3 Members -Chairman: Independent Non-Executive – Dermot Browne -Independent Non-Executive – Sean Casey -Non-Executive – Dr. Ulf Lange (resigned 8th September 2023) -Non-Executive – Dr. Michael Ruf (appointed 8th September 2023)
Nomination Committee	3 Members -Chair and Non-Executive – Dr. Ulf Lange (resigned 8th September 2023) -Chair and Non-Executive – Dr. Michael Ruf (appointed 8th September 2023) -Independent Non-Executive – Ann Kelleher -Independent Non-Executive – Dermot Browne
Remuneration Committee	3 Members -Chair and Non-Executive – Dr. Ulf Lange (resigned 8th September 2023) Chair and Non-Executive – Dr. Michael Ruf (appointed 8th September 2023) -Independent Non-Executive – Ann Kelleher -Independent Non-Executive – Dermot Browne

Table 7: Allianz plc Committees

B.1.3 Internal Control System

The directors have overall responsibility for the Company's Internal Control System and for reviewing its effectiveness. The Company has in place a three-level internal control model known as the three lines of defence model: Operational controls constitute the first line of defence (operational controls embedded within processes and performed in a structured, diligent, and timely manner). Assurance and oversight functions constitute the second level of defence (such as compliance, actuarial, risk, legal). Internal audit constitutes the third line of defence. Further detail can be found in B.4 below. Responsibility for implementation of the Internal Control System is delegated to executive management. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and compliance. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's Internal Control System is designed to provide the directors with reasonable assurance on management of business objectives and compliance, that physical and financial assets are safeguarded, transactions are authorised and recorded properly, and that material errors and irregularities are either prevented or detected with minimum delay.

The Company applies a Non-Financial Risk Management (NFRM) Framework to support effective management of reporting risks, compliance risks and other operational risks (e.g. relating to information security, business continuity, outsourcing, legal) under the Internal Control System. The NFRM constitutes a harmonization with respect to the principles, processes, methodologies (e.g. risk assessment, issue classification) and reporting formats employed by second line of defence functions as part of their responsibility to oversee operational risk management by the business.

Steering and controlling the Company is further supported by a set of corporate rules. At Group level, Allianz SE has defined a policy framework that outlines the relevant criteria for creating and updating corporate rules including the underlying rule-setting process which each entity of the Allianz Group, including the Company, must apply subject to review from a local legal and regulatory perspective. The policy framework comprises four levels (from top to bottom):

- Allianz Code of Conduct;
- Allianz Policies;
- Allianz Standards; and
- Allianz Functional Rules.

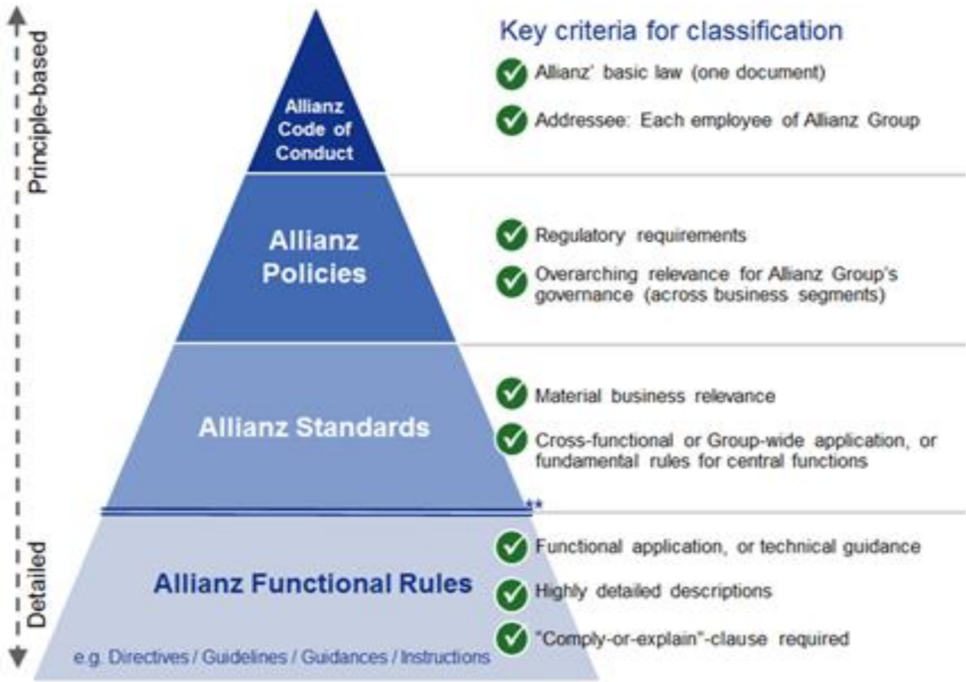


Figure 2: Policy framework of Allianz Group

The Company has developed a suite of local policies in order to ensure that these Group rules are applied as well as all other local regulatory requirements. The adoption of these rules has been approved by the Board or its Risk Committee as required. The most material of these policies from a System of Governance perspective are outlined below:

Policy	Owner	Department
Internal Audit Policy	Head of Internal Audit	Internal Audit
Risk Management Policy	Chief Risk Officer	Risk Management
Compliance Policy	Head of Compliance	Compliance
Actuarial Policy	Head of Actuarial Function	Actuarial
Fitness and Probity Policy	Head of People & Culture	People & Culture
Outsourcing Policy	Outsourcing Committee Chair	Outsourcing Committee
Capital Management Policy	Chief Financial Officer	Finance
Financial Reporting Policy	Chief Financial Officer	Finance
Remuneration Policy	Head of People & Culture	People & Culture
Legal Policy	In-House Legal Counsel	Legal
Governance and Control Policy	Chief Risk Officer	Risk Management
IT Policy	Head of Information Technology	Information Technology

Table 8: Allianz plc policies in relation to the System of Governance

Besides the general elements related to any control activities as shown above and in addition to the risk management framework, specific controls are implemented around entity level controls, financial reporting, IT, risk capital calculation, underwriting and investments. All of these are supplemented by an appropriate suite of management reports.

B.1.4 Risk Management

Effective risk management is established through the risk management system. This includes the risk management system policy documentation, risk governance embedded in the organisational structure, regular risk reporting, risk management processes and systems. The Internal Model is fully integrated into the risk management system and is the key tool used by management to aid decision making. The risk management strategy articulates the Company's attitude to the recognition and management of risk. The risk management principles and objectives are set down in the risk management strategy and are inter-related with the Company's corporate strategy and risk appetite statement.

The Board is ultimately responsible for risk management and carries out this function in conjunction with its risk sub-committee (the "Risk Committee"), through delegation of authority to the chief executive and through the defined reserved powers of the Board structure. The Risk Committee carries out its duties by regular review of the risk profile of the Company. This is achieved via appropriate Internal Model and other capital model output, reviews of the top risks in the risk register across all risk categories to which the Company is exposed and other risk assessments as required. The Risk Committee provides regular updates to the Board on the risk profile of the Company and adherence to the approved risk appetite statement.

A Management Risk Committee, chaired by the Chief Risk Officer, assists the Board of Management and the Risk Committee in the running of the risk management activities. It is supported by management sub committees such as the Parameters and Assumptions Approval Committee for the Internal Model and the Outsourcing Committee. The Chief Risk Officer leads the risk management function and is responsible for the Internal Model, risk management processes and risk reporting to the Risk Committee and Board of Directors as appropriate. Risk reporting includes regular and continuing analysis of risks relating to trading operations and performance, monitoring of adherence to the Board-approved policies including the risk appetite statement, monitoring of capital and reserving adequacy and updates to the Company's risk register including operational and emerging risks. The Internal Model is a key component of the Company's risk management system.

Other key procedures which the directors have established to provide effective risk management and internal control are:

- the Company Internal Audit Function reports to the Audit Committee which reviews the reports and plans of internal audit and reports from the independent external auditor to monitor and provide reasonable assurance of internal control;

- the Company has an established organisational structure with clearly defined lines of responsibility and reporting. Key risks are controlled through defined authorisation levels and appropriate control procedures. Staff and line management are responsible for day-to-day risk management and decision making and therefore have a primary responsibility for establishing and maintaining an effective control environment (first line of defence). Staff and line management have a responsibility to work with the Risk Management Function to identify, assess, monitor, and report risk. Line management are also responsible to ensure that their staff receive appropriate training. Experienced and suitably qualified staff are responsible for important business functions.

B.1.5 Directors' Compliance Statement

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and Tax laws ('relevant obligations'). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that, in their opinion, is appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review of the Company's compliance arrangements and structures has been conducted during the period.

B.1.6 Board of Management

The Board of Management ("BoM") manages the Company on a day-to-day basis under the supervision of the Board. Its responsibilities include, inter alia, setting the business objectives and the strategic direction, establishing a sound business organisation and implementing an effective risk management system. Certain management tasks are delegated to individual members of the BoM. These responsibilities comprise responsibilities for business segments as well as functional responsibilities. The organisational structure at year end 2023 was as follows:

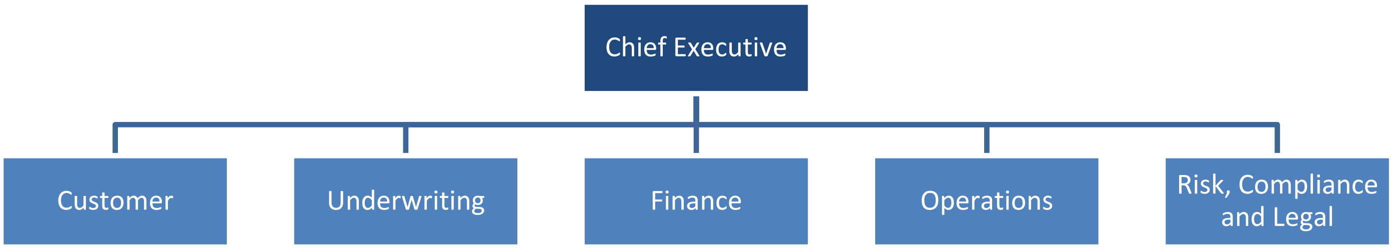


Figure 3: Organisational Structure

A part of the BoM's work is assigned to management committees under the first line of defence. These committees comprise members of the BoM with other members of senior management. The following first line management committees operated throughout 2023:

- Underwriting Policy Committee
- Reserving Committee
- Reinsurance Committee
- Investment Committee
- Financial Reporting and Disclosure Committee
- Customer Forum

Details of the allocation of responsibilities and relevant procedures are outlined in the documented terms of reference for each committee. Key decisions in the Company are discussed and approved in the respective committees. The second and third line functions are appropriately represented on these committees, and there are clear policies and procedures in place to ensure that any input from these functions required for a decision is included in the relevant documentation.

B.1.7 Declaration of Conformity with the Corporate Governance Code for Insurance Undertakings Issued by the CBI

The Company complied with the "Corporate Governance Requirements for Insurance Undertakings 2015" (the Code) in 2023. The Code imposes minimum corporate governance standards for insurance undertakings including provisions on the membership of the Board of Directors, the role and responsibilities of the Chairman and other directors and the role and operation of various Board committees. The Company has been designated under the Code as a "High Impact designated Institution" and complies with the requirements for same.

B.1.8 EU Solvency II Directive

The Company meets the requirements of the EU Solvency II Directive (Directive). The objective of the Directive is to implement solvency requirements that better reflect the risks that insurers and reinsurers face. The Company has adopted the Allianz Group developed internal capital model into which its business details are fed and from which an appropriate risk capital charge is calculated. The governance structure of the Company has been reviewed to ensure that formal risk management processes are fully embedded in line with the Code and the Solvency II Directive.

B.1.9 Remuneration Policy and Practices

B.1.9.1 Remuneration Principles

The Company's Remuneration Policy sets the framework for the remuneration system and facilitates the implementation of regulatory requirements. The implementation of the Remuneration Policy is guided by the principle of proportionality, taking into account the nature of the business, size, complexity and regulation of the business and is consistent with the framework operated throughout the Allianz Group.

B.1.9.2 Principles of Remuneration Policy including any Fixed or Variable Proportions

Remuneration structures and incentives are designed to encourage sustainable value creating activities for the Company. The Remuneration Policy and practices are set relative to the following principles:

- The Remuneration Policy and related practices support the Company's business objectives, risk strategy and values.
- The Remuneration Policy applies to all Company staff and takes into account the respective roles of administration, customer service, Solvency II Key Functions and Senior Management.
- The policy includes both fixed and variable components, and these are appropriately balanced.
- When defining an individual's performance both financial and non-financial performance will be considered. Non-financial performance includes adherence to all Company policies which include, but are not limited to, the Code of Conduct, Conduct Standards, business ethics, project delivery and personal development.
- The policy is transparent, clearly documented and appropriately communicated. The Company is committed to providing competitive compensation and benefits to all employees based on merit and equality. The objectives of the Remuneration Policy are to promote transparency, fairness and performance expectations for each staff member. The Remuneration Policy is designed to ensure unauthorised or unwarranted excessive risk taking does not take place within the organisation.

B1.9.3 Remuneration Components – General Principles for Employees

The model provides for a balance between fixed and variable remuneration components. The Company's employees are entitled to join the Company pension scheme which is administrated under a Master Trust. The following components set the remuneration structure for senior executives to comply with applicable regulations with some individual variations in the mix of components:

- **Base salary:**
  Base salary is the fixed remuneration component. The base salary remunerates employees' daily work and depends on the level of responsibility and skills required for the job. Annual adjustments also take account of sustained performance in the position, the performance of the company, general economic and compensation market conditions. The proportion of the fixed component within total remuneration is designed to balance performance incentives and to avoid excessive risk-taking. Base salary is expressed as an annual cash amount which is paid in monthly instalments and subject to the appropriate deductions. Base pay is reviewed annually and approved by the Company's Remuneration Committee of the Board and as appropriate by Allianz SE. There are also packages which include fringe benefits such as death in service benefit, medical insurance and permanent health insurance.

- **Variable remuneration:**
  Variable remuneration is designed to encourage and reward achievement of both annual performance goals and the sustainable success of the Group and local companies. Eligibility to participate in the variable remuneration scheme depends on the individual's job and responsibilities. It is structured to align with Allianz' overall risk positioning strategy and to reward personal contributions. Annual targets, both quantitative and qualitative are set and communicated in advance of the performance period and generally conform with SMART (specific, measurable, attainable, relevant and time-bound) principles. In the case of breaches of the Allianz Code of Conduct, Conduct Standards, compliance or other relevant criteria, the pay-out can be either reduced partially or in full. Certain key executive roles are also subject to the Allianz Group Executive Accountability Regime and monitored annually in line with Group procedures for compensation planning. The Company's Remuneration Committee also approves variable compensation in respect of executives, and as appropriate there is Allianz SE oversight and approval. Members of the Board of Management and other executives may participate in the Allianz Group Equity Incentive Scheme, subject to the rules of the scheme. The scheme comprises of Restricted Stock Units (RSUs) that are administered and managed by the ultimate parent company, Allianz SE. RSUs constitute the right to receive the value of an Allianz SE share equivalent to the stock market price at the time of exercise. The variable remuneration of second and third line Control Functions is based on personal objectives only with no influence from the Company's financial results in line with the Central Bank of Ireland requirements in this regard. The profit share scheme is established and all employees are entitled to participate, subject to the rules of the scheme. Pay-out is determined by overall Company performance and is subject to confirmation by the external auditors of the Company.

B.1.10 Material Transactions

The Company paid two dividends totalling €54m during 2023. All other material transactions of the Company with other Allianz Group entities were conducted on an arm's length basis. These transactions primarily relate to reinsurance business ceded by the Company to Group companies and to payments for services provided by the parent and other Group companies along the provision of IT infrastructure by Allianz Technology and Investment Management services with PIMCO.

There were no transactions with directors or others with significant influence in the period.

B.2 Fit and Proper Requirements

The Company complies with the Fitness and Probity requirements of the Central Bank of Ireland. In addition, the Company also complies with the Allianz Group Fit and Proper Policy where there are no conflicts from a local legal and regulatory perspective. In order to facilitate compliance with these requirements, the Company has also adopted its own internal 'Fitness and Probity Policy and Procedure' which was reviewed in 2023. The review was completed having regard to the obligations pursuant to the Central Bank (Individual Accountability Framework) Act, 2023 which was enacted in March 2023. The Individual Accountability Framework ("IAF") includes the following core pillars:

1. Senior Executive Accountability Regime (SEAR): This will require in-scope firms to set out clearly and fully where responsibility and decision-making lie within the firm's senior management.
2. Conduct Standards: These include the Common Conduct Standards, which are a set of expected standards of conduct which apply to certain individuals in all regulated firms, and the Additional Conduct Standards which apply to senior executives in all regulated firms, which applied from 29 December 2023.
3. Enhancements to the current Fitness & Probity (F&P) Regime: This includes clarifying firms' obligations to proactively certify that individuals carrying out certain specified functions are fit and proper.
4. Amendments to the Administrative Sanctions Procedure (ASP): A key change will be the CBI's ability to take enforcement action under the ASP directly against individuals for breaches of their obligations rather than only for their participation in breaches committed by a firm.

The Conduct Standards and enhancements to the Fitness and Probity regime are set out in legislation and were applicable from 29 December 2023. The Feedback Statement issued by the CBI in November 2023 confirms that the SEAR Regulations that describe responsibilities of specific roles and requirements of firms will apply to in-scope firms from 1 July 2024 and to (Independent) Non-Executive Directors at in-scope firms from 1 July 2025.

Conduct Standards (including Additional Conduct Standards)
The People & Culture department together with the relevant business areas reviewed all employees to identify those individuals who would be "in-scope". "In-scope" employees in Allianz Ireland were identified as those individuals in MCC and / or F&P roles, as illustrated below. The requirements were fully implemented from December 2023.

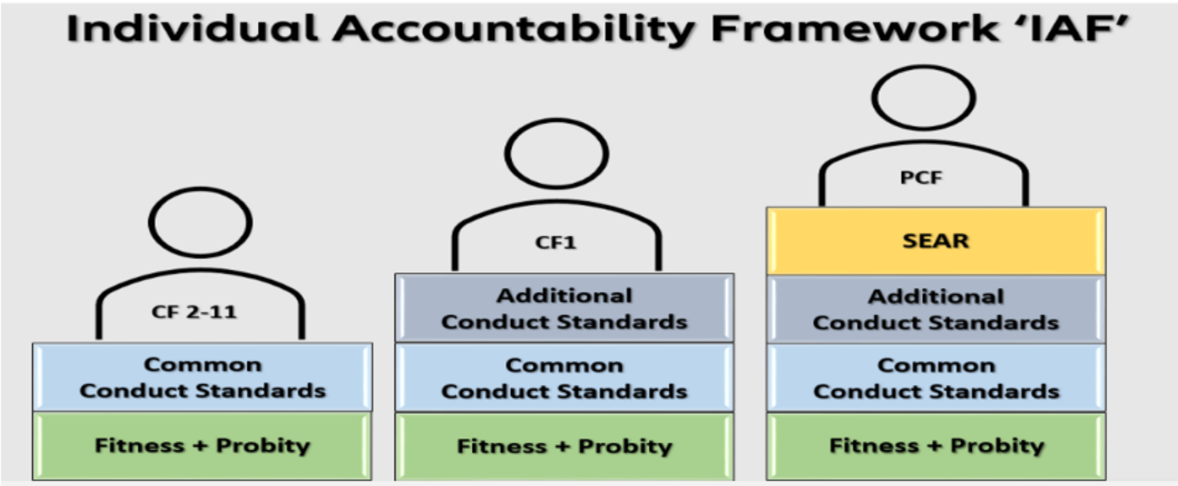


Figure 4: Application of IAF to employees in Allianz Ireland

The Allianz Group Fit and Proper Policy sets out principles, criteria and processes which ensure the fitness and propriety of the Board members, the Senior Management and Key Functions holders (as defined in the policy). The Central Bank of Ireland ("CBI") has designated certain functions as being Pre-Approval Controlled Functions (PCF). The Company will not appoint a person to a PCF role without the prior written approval of the CBI. In addition to the foregoing, and in advance of making any offer to appoint a person to a PCF role, the Company carries out a full and thorough due diligence exercise on all proposed appointments at PCF level in order to determine that the person is:

i. Competent and capable;
ii. Honest and ethical and acts with integrity; and
iii. Financially sound

This process is managed by the Company Secretary.

The Fitness and Probity Policy contains a definition of fitness and probity and the fitness and probity requirements for the various relevant positions and describes the processes necessary to ensure the fitness and probity of the persons holding these positions. Those processes are:

- At recruitment:
    - The specific fitness requirements for the position must be determined along with a written job specification which sets out the responsibilities for the role.
    - A copy of the candidate's curriculum vitae must be available.
    - Several interviews, one of which with a People & Culture professional, are to be conducted, where the interview process is aligned with the requirements of the role (number of interviews and diversity of interviewers).
    - Searches carried out against the individual (judgment, bankruptcy and directorship searches via an external provider, searches against regulatory websites to ensure the individual has not been sanctioned or worked for a company which has been sanctioned by a supervisory authority, negative news screening). Furthermore, background checks include the verification of the information provided for the relevant educational and professional qualifications, and a reference check.
    - Where an individual is being proposed to a Pre-Approval Controlled Function role ("PCF"), once the due diligence has been completed the individual must populate the individual questionnaire for submission to the CBI. Once the CBI confirms their approval of the appointment, only then may the individual commence performance of the PCF role within the Company.
- Regular reviews through performance reviews (for all persons in the scope of the Allianz Group Fit and Proper Policy) and career development conferences (for the Senior Management and Solvency II Key Function Members) take place on an annual basis.
- In terms of ongoing monitoring, a bi-annual review of the PCF holders and Controlled Function positions 1 and 2, is carried out in terms of requesting the PCF holders and Controlled Function 1 and Controlled Function 2 holders to confirm whether they are aware of any material developments in relation to their compliance with the Fitness and Probity requirements of which the Company ought to be aware. On an annual basis, for PCF holders and Controlled Function 1 and Controlled Function 2 holders, searches in relation to any regulatory sanctions, bankruptcy, judgment, and restricted/disqualified directors and negative news screenings are carried out. In relation to the other Controlled Function holders, the individuals are required to confirm on an annual basis that they continue meeting their obligations under the CBI Fitness and Probity Standards, a sample of those holders is also subject to regulatory sanctions, bankruptcy, judgment and restricted/disqualified director searches and negative news screenings as part of the annual review.

On an ongoing basis, professional training ensures that the fitness requirements are constantly met and training on ethical business behaviour, consumer protection, sanctions, anti-fraud and anti-corruption is offered to provide employees with clear rules for proper behaviour.

Controlled Functions, which relate to having significant influence and compliance responsibilities, are included in the Fitness and Probity Policy. Responsibility for the Fitness and Probity Policy lies with the Head of People and Culture. The review of persons performing Controlled Function ("CF") 1 and 2 roles, is completed on at least an annual basis by the People and Culture department by (i) requesting those individuals to confirm whether they are aware of any material developments in relation to their compliance with the CBI Fitness and Probity Standards of which the Company ought to be aware and (ii) completing a review of the information and documentation provided by the individual as part of the Company's Fitness and Probity Policy and Procedure. The People and Culture department carry out searches of individuals identified in the Company as CF 1 and 2 as outlined above.

The Company submits an Annual PCF Confirmation Return to the CBI and maintains appropriate information and records in order to demonstrate its compliance with the CBI Fitness and Probity Standards. Solvency II Key Function holders, the directors and any person performing a Pre-Approval Controlled Function within the Company are subject to the fitness and probity standards and the Code issued under Section 50 of the Central Bank Reform Act 2010.

All persons performing Pre-Approval Controlled Functions have declared that they meet the fitness and probity standards, that they are competent and capable, act honestly, ethically and with integrity, and are financially sound.

The Company does not outsource any of its key functions to an external undertaking. This narrative relates mainly to the CBI's Fitness and Probity requirements from a prudential regulatory perspective.

The Company's Solvency II Key Function holders have been identified as follows:

Solvency II Key function	Solvency II Key Function Holder
Risk Management Function	Chief Risk Officer
Compliance Function	Head of Compliance
Internal Audit Function	Head of Internal Audit
Actuarial Function	Head of Actuarial Function
Legal Function	Company Secretary / Legal Counsel
Accounting and Reporting Function	Chief Financial Officer

Table 9: The Company's Solvency II Key Function holders

B.3 Risk Management System Including the ORSA

B.3.1 Risk Management Framework

The Company considers risk management to be one of its core competencies. It is therefore an integral part of its business process. The Company's risk management framework covers, on a risk-based approach, all operations including IT, processes, products, and departments within the Company. The key elements of the Company's risk management framework are:

- Promotion of a strong risk management culture, supported by a robust risk governance and control structure.
- Consistent application of an integrated risk capital framework across the Company to protect its capital base and support effective capital management.
- Integration of risk considerations and capital needs into management and decision-making processes through the attribution of risk and allocation of capital to the various business segments.

This comprehensive framework ensures that risks are identified, analysed, assessed and managed in a consistent manner across the Company.

The Company's risk strategy is to deliver its business strategy whilst remaining within the bounds of its defined risk appetite. The Company's risk appetite is defined by clear risk appetite statements and limit structures. Close risk monitoring and reporting allows the Company to detect potential deviations from its risk tolerance at an early stage.

For the benefit of shareholders and policyholders alike, the risk management framework adds value to the Company through the following four primary components:

Risk strategy and risk appetite: The Company's risk strategy clearly defines its risk appetite. It ensures that rewards are appropriate for the risks taken and that the delegated authorities are in line with the overall risk-bearing capacity. The risk-return profile is improved through the integration of risk considerations and capital needs into decision-making processes. This also keeps risk strategy and business objectives consistent with each other and allows the Company to take opportunities within defined risk tolerance.

Risk identification and assessment: A sound risk identification and assessment framework forms the foundation for adequate risk-taking and management decisions such as individual transaction approvals, new product approvals, and the approval of strategic asset allocations. The framework includes risk assessments, risk standards, valuation methods, and standards for underwriting.

Risk reporting and monitoring: A comprehensive qualitative and quantitative risk reporting and monitoring framework provides senior management with the transparency and risk indicators to help them decide on the Company's overall risk profile and whether it is within the agreed risk appetite.

Communication and transparency: Finally, transparent and robust risk disclosure provides the basis for communicating this strategy to internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing. It also strengthens the risk awareness and risk culture throughout the Company.

B.3.1.1 Strategy and Objectives

The risk strategy is a core element of the Company's risk management framework that defines a strategy for the management of risks that the Company faces during the pursuit of its broader business strategy. The risk strategy is an expression of the Company's attitude towards the recognition and handling of risk and includes risk management objectives, principles and the general risk appetite.

The Corporate Strategy, the Risk Strategy and the Risk Appetite are all set by the Board and are dependent upon, and inter-related with, one another. At the centre of the Company's corporate planning and risk management activity are the 'Corporate Objectives'. These Corporate Objectives are largely static objectives that guide the Corporate Strategy and underpin the Risk Strategy and Risk Appetite. Broadly speaking they represent the long term desires of the shareholders.

Figure 5: Illustration of the interdependencies involved in strategy development

The Corporate Strategy, pursuant to the Corporate Objectives, is set on an annual basis and follows the Corporate Planning process. The process consists of the following stages:

1. **Strategic Dialogue:** The annual Strategic Dialogue takes place in the second quarter and agrees the key strategic objectives for the business over the following three years through discussion between the Company and relevant Allianz SE Board of Management members and stakeholders.
2. **Corporate Plan:** The annual corporate plan is prepared following the Strategic Dialogue and represents the detailed planning phase of the process. The key performance targets and capital position, for the current forecast year and three following years, form the basis for discussions at the Planning Dialogue.
3. **Planning Dialogue:** The Planning Dialogue takes place in the fourth quarter of each year and challenges the outcome of the corporate plan preparation in terms of performance and risk appetite. It ensures the outcome is aligned with both the Strategic Dialogue and Allianz Group's strategic direction. It is attended by members of the Board of Management (BoM), the relevant Allianz SE Business Division and other Allianz SE senior management representatives. The agreed plan is then recommended to the Board for approval.

The Corporate Strategy is informed by the amount of risk that the Company is willing and able to accept. Implementation of the risk strategy is supported by the risk appetite, which establishes in more concrete terms the risk tolerance level of the Company with respect to all material qualitative and quantitative risks.
The Company's risk appetite inherently contains the following six core elements:

- Setting target ratings for top risks,
- Setting a status for emerging risks (i.e. act, watch, at the horizon),
- Allocating capital and defining minimum (target) capital ratios,
- Managing liquidity to ensure flexibility,
- Defining quantitative financial limits, and
- Defining strategies, policies and procedures

The risk strategy and corresponding risk appetite are transferred into standardised limit management processes covering all quantified risks throughout the Company and taking into account the effects of risk diversification and risk concentration. It also includes appetite for operational risks (including financial misstatements, consumer protection, claims, IT, information security, outsourcing, people and culture , remuneration, reputation, compliance, data protection, legal and operational losses) and Environmental, Social and Governance (ESG) risks.

B.3.1.2 Risk Governance Structure

As key elements of the Company's risk management framework, risk governance structures are in place to enable an integrated management of relevant risks and ensure that the risk profile remains consistent with the Company's risk strategy and capacity to bear risks.

B.3.1.2.1 Overall Risk Organisation and Roles in Risk Management

The Risk Strategy and Risk Appetite are reviewed and approved by the Board on an annual basis in line with the corporate planning process. Responsibility for update of the documents rests with the Chief Risk Officer (CRO). Specific risk types are managed at a more detailed strategy and policy level. Strategy and policy documentation is in place for the following risk areas:

- Underwriting Risk,
- Market Risk,
- Credit Risk,
- Operational Risk,
- Liquidity Risk.

Risk area strategy and policy documents are updated upon material change to the Risk Strategy, Risk Management Policy, Risk Appetite Framework as well as relevant Allianz Group policies, standards and functional rules or at least annually. Documents will be reviewed by the relevant business areas and submitted to the Management Risk Committee (MRC) and the Board Risk Committee (RiCo) for recommendation for ultimate approval by the Board.

The Company has developed a comprehensive risk universe in line with the Allianz Group Risk methodology. Each of the risk categories and sub categories from the Company's risk universe is mapped to the risk area strategy and policies.

In addition to the above, the protection of the reputation of the Company is a key risk management objective as set down in the Company's Risk Strategy. The standards for management of reputational risks are set down in the Risk Management Policy.

The CRO is responsible for providing comprehensive, understandable and well interpreted information on the above risk areas, enabling management to understand the Company's overall risk profile. The CRO leads the Risk Management Function. The roles and responsibilities of the Risk Management Function are documented in the Risk Management Policy, which is reviewed and approved by the Board on an annual basis.

The Company has an integrated structure in place to oversee the operation of the Risk Management Framework and in turn the Risk Management Function operating within the Company. The Board has overall responsibility for ensuring an effective risk management system is in place throughout the Company. The Board must ensure that it (collectively) has an adequate understanding of each of the components of the risk management system and, also, of the technical aspects underpinning risk management including the Internal Model and the calculation of technical provisions. The Board is responsible for the approval of several important risk management documents including strategies, policies and regulatory disclosures. The RiCo assists the Board in fulfilling its responsibilities regarding risk management. This includes the advance review of information and documentation prior to Board review. The RiCo has responsibility for escalating issues and risk appetite breaches to the Board as appropriate. The RiCo Terms of Reference are reviewed and approved by the Board on an annual basis. The MRC is a risk oversight committee made up of members of the BoM. The committee, which is chaired by the CRO, reports directly to the RiCo. The MRC is responsible for oversight and challenge of the risk management structures in place. The MRC Terms of Reference are reviewed and approved by the BoM annually.

B.3.1.3 Risk Management Process

B.3.1.3.1 Adequacy of Internal Risk Capital Model to Business Profile and Model Governance

The Company uses the Allianz Group Internal Model for the purposes of calculating the Company's Solvency Capital Requirement (SCR). The Company works within the Group model governance framework covering both Group managed and locally managed model components. The use of the Internal Model is subject to approval by the Board of Directors of the Company. In line with Solvency II requirements, a set of compulsory model governance and control principles is applied to the whole life cycle of the internal risk capital model. The Allianz Internal Model Governance Framework encompasses the governance rules and principles to ensure the initial and ongoing appropriateness of the Internal Model. The framework covers the whole life cycle of the Internal Model from model development to model implementation and use. Specifically, key topics covered include model updates, model changes, independent validation, approval, implementation, operational use and the monitoring of the ongoing appropriateness for use. The following standards and documents constitute the main model governance building blocks:

- Allianz Standard for Model Governance;
- Allianz Standard for Model Change;
- Model Governance Policy;
- Model Change Policy;
- Model Use Policy; and
- Model Validation Policy.

The Parameters and Assumptions Approval Committee (PAAC) oversees the model governance framework and activity of the Company. The PAAC reports to the MRC. The PAAC oversees a well-defined calendar of activities including model calibration and model validation. Specifically, the model governance framework requires a regular re-validation of model components with appropriate success criteria and escalation in case of an issue. Ultimately the Board approves the Internal Model annually via the Annual Validation Report. This report details all relevant model validation results to assess the appropriateness of the Internal Model.

The Internal Model is fully embedded in the Company and is used extensively in key business decisions.

B.3.1.3.2 Top Risk Assessment and Other Specific Risk Management Processes

The Top Risk Assessment (TRA) is the Company's process for the identification, assessment, mitigation and monitoring of both quantifiable and non-quantifiable risks (including concentration risks) which have the potential to significantly threaten the achievement of the Company's objectives. The process follows a standard qualitative assessment methodology as defined in the Allianz Standard for Top Risk Assessment.

The TRA process starts with a structured annual assessment to identify risks that may merit consideration under the TRA. A preliminary identification of top risk candidates is performed by the Risk Management Function based on a comprehensive TRA checklist including a review of emerging risks and prior year top risks as well as consideration of selected external industry reports and changes in internal and external business and control environments. The top risk candidates are challenged and validated by the MRC and RiCo to determine the scope for a given year. In a next step, the in-scope top risks are discussed and assessed together with the BoM risk owners and the respective risk experts throughout the Company. Actions are taken to mitigate any risks where the risk assessment is above the agreed target level.

Although the end-to-end TRA process occurs on an annual cycle, quarterly monitoring activities are also in place. In the event that, due to the emergence of new potential top risks during the year, an extraordinary out-of-cycle update to the set of in-scope top risks is required, the general TRA process applies.

In addition to the TRA and the processes outlined in Section C, the Company has some further specific risk management processes in place.

The Company identifies, assesses, manages and monitors operational risks and control weaknesses via structured risk and control assessments through the Non-Financial Risk Management (NFRM) process and with involvement of risk experts. The NFRM is a risk management process by which the Risk Management Function provides independent oversight on operational risks. As part of this process, the Company must ensure, through performance of a qualitative analysis that effective controls or other risk mitigation activities are in place for all potentially large-impact operational risks. Results from previous NRFM activities and occurred Operational Risk Events are taken into account when carrying out the analysis.

The management of legal, compliance and outsourcing risks is covered as part of the broader operational risk management framework with dedicated policies in place.

In general, liquidity risk is a secondary risk for the Company because it follows external events, such as natural disasters, that are generally reflected in the internal risk capital model. As part of the regular monitoring of liquidity risk, the Company produces a rolling liquidity forecast considering cash-flow sources and needs over forward-looking time horizons of varying length under base and stressed positions. This assessment is performed by the Risk Management Function with input from the Investments and Finance area and in accordance with the Company's Liquidity Risk Strategy and Policy.

Identified emerging risks are assigned to individual BoM members and regularly monitored following a structured process. Updates are reported to the MRC and RiCo. An annual "deep dive" workshop is held with the BoM for the identification of new emerging risks and opportunities, also considering external reports on emerging risks, the documentation of existing emerging risks and their potential impact on the Company.

The management of strategic risks is implicitly embedded into the annual Strategic Dialogue process, including the establishment of strategic priorities and execution of the steps to achieve them.

B.3.2 Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment (ORSA) on at least an annual basis, known as a "regular" ORSA, as well as following any internal or external events or transactions with the potential to materially alter the Company's risk profile, with the latter being called an "ad-hoc" ORSA. The ORSA is a comprehensive assessment of all risks inherent to the business in order to determine whether current and future capital will be sufficient to ensure ongoing solvency. It goes beyond the determination of capital needs provided solely through application of risk capital models by additionally considering non-modelled risks, stress testing and scenario analysis, model limitations, and how risks translate into capital needs or are otherwise mitigated. The ORSA process and the ORSA report are integral to the Company's decision-making processes. Capital management is a key use of the ORSA and elements of the ORSA are aligned with the planning process to ensure that it is used in the decision in relation to the capital adequacy of the Company. Another important use of the ORSA is the development of key management actions that are designed to aid the Company in achieving its strategic and corporate objectives. These actions are documented in the ORSA report and tracked by the MRC and RiCo on a quarterly basis. The MRC, RiCo and Board provide regular guidance on and challenge of ORSA activities, for example, in proposing additional scenarios to be assessed.

B.3.2.1 ORSA Process

The main elements and associated timing of the ORSA process are outlined in the diagram below:

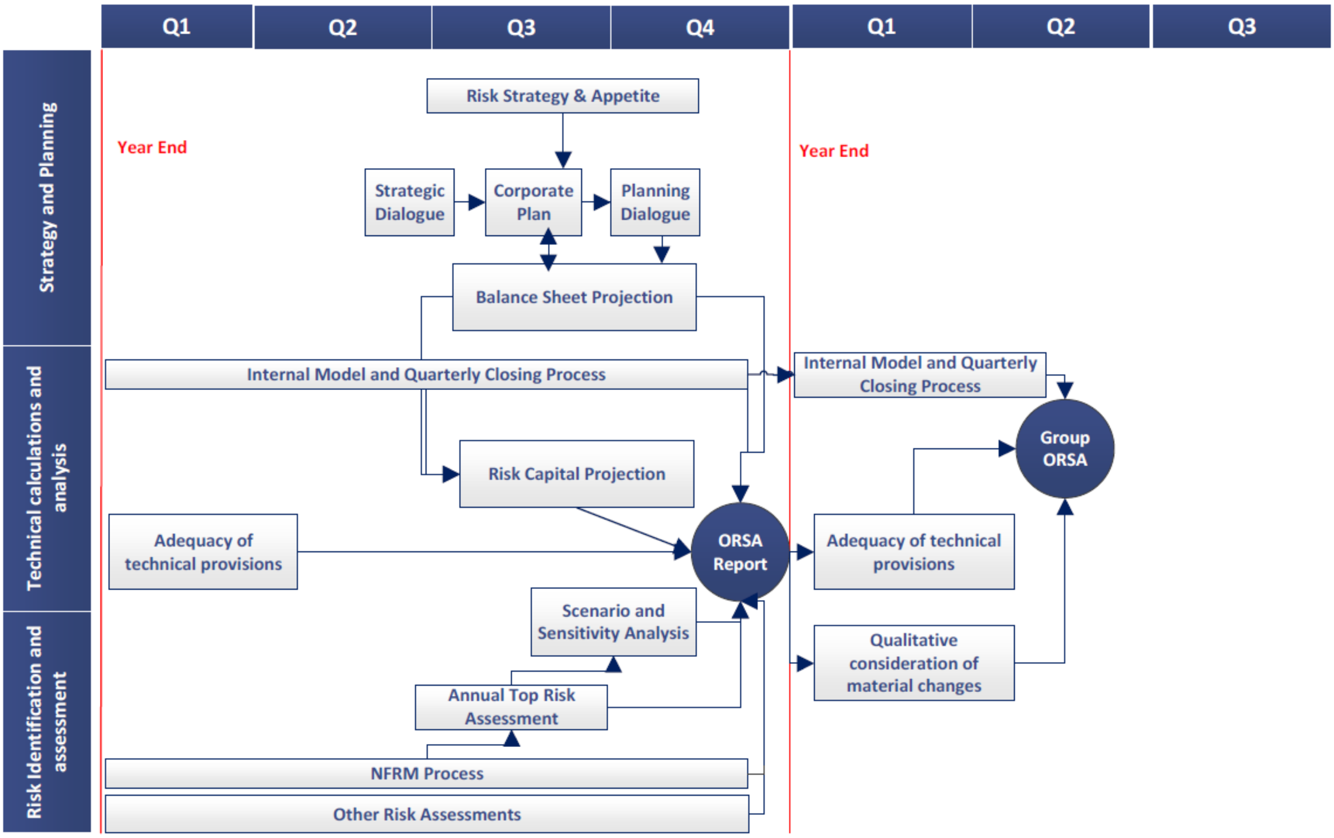


Figure 6: ORSA process

The outcome of each ORSA is documented in an ORSA Results Report, which contains all risk-related information that is relevant for the overall ORSA conclusion. The sources of information used and the approach followed in performing the ORSA are captured in a separate ORSA Process Report. Preparation of the ORSA Results and Process Reports is coordinated by the Risk Management Function. The MRC discusses the outcome of the ORSA, challenging the results where necessary, in order to submit the ORSA conclusion and corresponding ORSA Results Report to the RiCo for review, challenge and recommendation to the Board for ultimate approval. The Board has overall responsibility for reviewing the ORSA Results Report and challenging, either directly or through delegates, as appropriate, the completeness of the assessment, its conclusions and its ultimate approval. The conclusion reached in the ORSA Results Report assesses whether current and projected capitalisation is sufficient, even under the various stresses and scenarios considered, and whether the Company would be in a position to withstand any further deteriorations arising externally. It also assesses whether all material risks have been identified and sufficiently managed within the risk appetite, including model limitations and risks not reflected in the risk capital model, taking into account the adequacy and effectiveness of the System of Governance and the outcomes of the NFRM process. The approved report is provided to the Central Bank of Ireland and to Allianz Group.

B.4 Internal Control System

The Company is committed to having an Internal Control System in place that fulfils its organisational needs and all relevant regulatory requirements. The Company's Internal Control System is based on a strong control culture which emphasises and demonstrates to all relevant employees the importance of internal controls. As part of this, the Company seeks to avoid policies and practices that may provide incentives for inappropriate activities.

The Company operates a "three lines of defence" model consisting of multiple committees, control functions and individuals with specified responsibilities and authority.

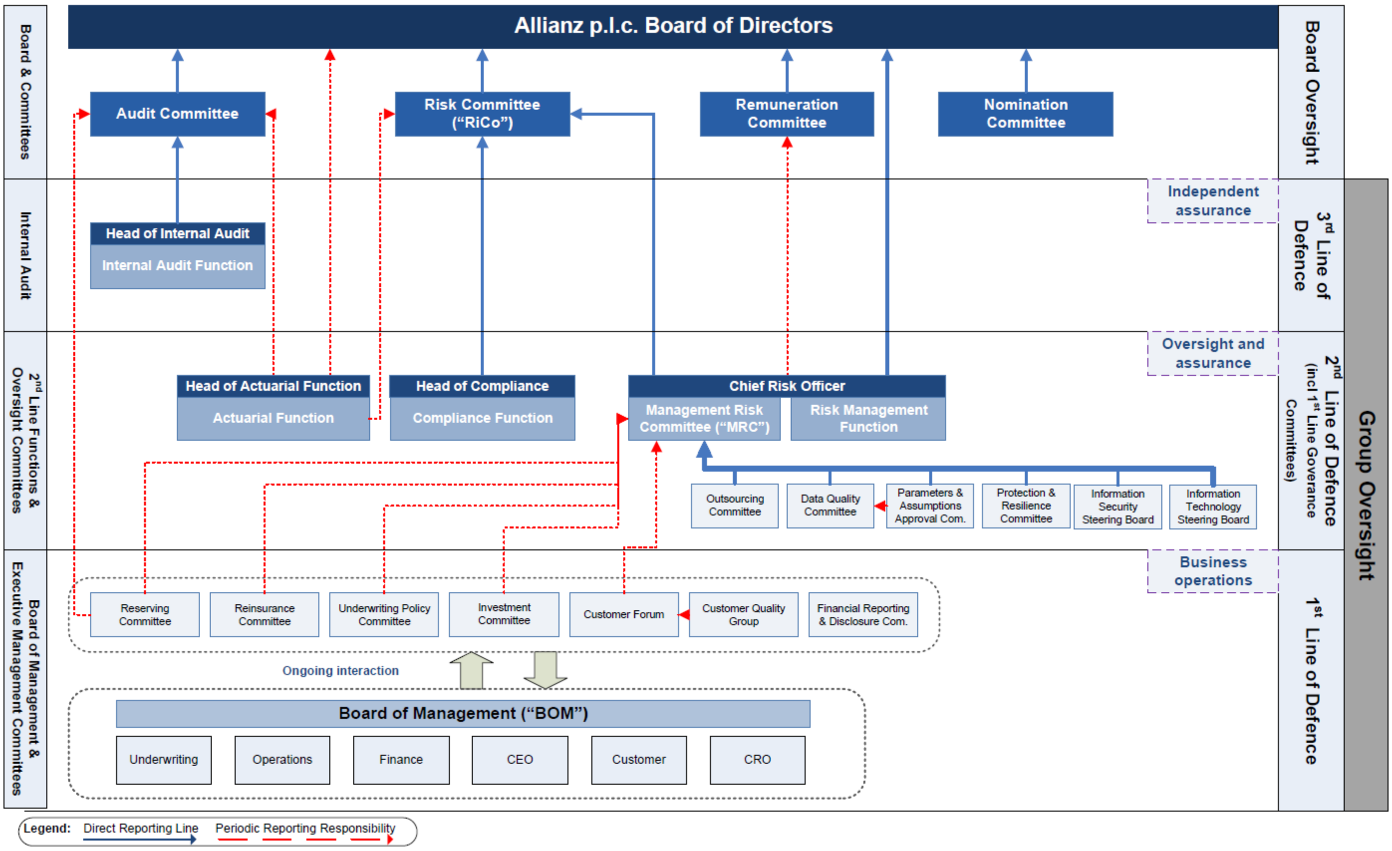


Figure 7: Three lines of defence

B.4.1 Three Lines of Defence Model

The Company applies a "three lines of defence" model with graduated control responsibilities.

- **The "First line of defence"** is performed in the business through the management of day-to-day activities, risk management and controls. Key activities include:
  - Operational management of risks and returns by taking responsibility for or directly influencing the origination, pricing and acceptance of risks;
  - Designing and implementing methodologies, models, management reports or other control standards to support the optimisation of risks and returns; and
  - Participating in business decisions based on an equal vote.

  Any functions not deemed as second or third line perform first line controls.

- **The "Second line of defence"** provides independent oversight and challenge of the day-to-day risk taking and controls by the first line. It is performed by the control functions Risk Management, Compliance, Legal and Actuarial. Key activities include:
  - Defining the overarching control frameworks;
  - Performing control activities;
  - Providing assurance on the design and operation of the control environment, including the evaluation (or validation), reporting or effectiveness of control frameworks and methodologies; and

    - Advising on risk mitigation strategies and control activities.

Its competencies include:
    - Independence in terms of reporting lines, objectives, target setting and compensation towards the first line responsibility;
    - A direct reporting line to the relevant member of the BoM;
    - The right to veto business decisions on sound reasons; and
    - The right to participate in key business decision processes (but no direct management) and to request all relevant information necessary to make a professional judgement.

- **The "Third line of defence"** provides independent assurance across the first and second lines. It is performed by the Internal Audit Function and its key activities include:
    - An independent assessment of the effectiveness and efficiency of the Internal Control System; and
    - A review of the Company's System of Governance.

Relationship between control functions within the "three lines of defence" model
To ensure an effective Internal Control System, all functions are obliged to cooperate and to exchange necessary information and advice. Given that control activities may be exercised by staff in different organisational units, appropriate mechanisms are in place between the control functions to allow fully informed and educated decision-making.

Relationship between second line functions and Internal Audit Function
The Actuarial, Compliance, Legal and Risk Management Functions are separated from the Internal Audit Function. The Actuarial, Compliance, Legal and Risk Management Functions are included in the audit programme and methodology of the Internal Audit Function, including a periodic assessment of the adequacy and effectiveness of these functions. The Head of Internal Audit keeps the Heads of Actuarial, Compliance, Legal and Risk Management informed of any audit findings in their areas of responsibility. For further details on the description on the Internal Audit Function, please see Section B.4.5 ("Internal Audit Function").

Joint responsibilities of second and third line functions
The Risk Management, Actuarial, Compliance, Legal and Internal Audit Functions jointly ensure and assess, at least once per year, that clear and consistent responsibilities and processes regarding the control framework are in place and executed (e.g. via discussions at the Management Risk Committee meetings or involvement in the System of Governance review). These functions closely cooperate, maintain reciprocal oversight and are aware of the concrete tasks and competencies of each sister function. The responsibility of the Internal Audit Function to independently assess the effectiveness and efficiency of the Company's Internal Control System remains unaffected.

B.4.2 Compliance Activity

The Head of Compliance is the Key Function Holder as regards the independent Compliance Function of the Company and is part of the second line of defence. The objectives of the Compliance Function are:

- Supporting and monitoring compliance with applicable law, regulations and administrative provisions issued by regulatory and supervisory authorities in order to assess the impact of these on the Company and to protect the Company against compliance risks. This includes early identification, monitoring, assessment, and mitigation of these risks in conjunction with the relevant business areas;
- Identifying, documenting and assessing compliance risks associated with the business activities of the Company;
- Ensuring ongoing compliance with regulatory requirements and internal corporate rules through ongoing monitoring and compliance testing;

- Regular staff training on compliance matters, including but not limited to: Countering the Financing of Terrorism (CFT) and financial sanctions, consumer protection, anti-corruption and anti-bribery, anti-fraud and code of conduct;
- Educating staff on compliance issues and acting as a point of contact within the Company for compliance queries from staff members;
- Establishing written guidance to staff on the appropriate implementation of compliance laws, rules and standards through policies and procedures and other documents such as internal codes of conduct and practice guidelines;
- Reviewing the policies and procedures on a regular basis to ensure that they remain appropriate and up to date;
- Attending regular functional committees within the Company, including but not limited to the MRC, Outsourcing Committee and Customer Forum;
- Advising senior management and the Board on compliance with laws, regulations and standards, including keeping them informed on developments in these areas;
- Liaising with external bodies including regulatory authorities, insurance associations and external experts;
- Reporting to the Board and its sub-committees on compliance-related matters;
- Interacting with the Allianz Group compliance function through the submission of any Allianz Group reporting requirements in a timely manner; exchanging best practices with other members of the compliance functions in the Group; aligning policies to the compliance framework of Allianz Group, where applicable and possible in accordance with local legislation; and
- Overseeing the resolution of compliance issues reported to the Compliance Function or otherwise identified by the Compliance Function and reporting on the issue resolution process to Senior Management (through the MRC and/or BoM) and to the Board (through the RiCo).

The role is a Pre-Approval Controlled Function and the Head of Compliance reports directly to the CRO as well as to the RiCo and has a functional reporting line to the Head of Compliance of Allianz Group.

The Compliance Policy is approved by the Board and the Compliance Plan is reviewed and approved annually by the Board. The risk areas assigned to the Compliance Function (Compliance Risk Areas) include:

- Sales Compliance/Consumer Protection;
- Professional Conduct and Ethics, i.e. confidentiality, conflicts of interest, professional practices and the prevention of insider trading as set out in the Code of Conduct;
- Anti-Financial Crime:
  - Anti-corruption and anti-bribery;
  - Anti-fraud;
  - Economic sanctions compliance.
- Market Integrity:
  - Capital Markets compliance;
  - Conflicts of Interest and
  - Fitness, probity and competency of the staff of the Company.

On a regular basis, the Compliance Function reviews documentation and assesses the compliance risk associated with the Company's business activities. This helps to ensure that the overall compliance framework appropriately reflects the risk exposure. The Compliance Function supports the Risk Management Function in the TRA and in the NFRM at a Company level. The results are reviewed and used for steering of compliance programmes as well as for the overall compliance planning process. The Compliance Policy details organisational safeguards and powers. As specified in the Compliance Policy, the Compliance Function has general oversight regarding all areas of applicable laws, rules and regulations pertaining to the topics listed above. This includes the interpretation of the relevant legal and regulatory requirements, monitoring of all relevant regulatory changes and advising Senior Management on regulatory topics. As part of the second line of defence of the Company, the Compliance Function interacts with other functions and contributes to reinforcing the risk and control frameworks of the Company.

B.4.3 Legal Function

The Legal Function is the legal advisor to the Company. This, in particular, comprise the following tasks:

- Legal advice;
- Carrying out the legal reviews of contracts and agreements;
- Managing non-claims related litigation and the appointment of external legal counsel;
- Corporate legal matters and corporate governance including maintenance of all statutory Company registers; and
- Implementing and embedding the antitrust framework within the Company.

B.4.4 Actuarial Function

Refer to Section B.6 Actuarial Function for an outline of second line of defence activities.

B.4.5 Internal Audit Function

Refer to Section B.5 Internal Audit for an outline of third line of defence activities.

B.5 Internal Audit Function

B.5.1 Internal Audit Function

The mission of Internal Audit is to enhance and protect organisational value by providing independent, risk-based and objective assurance, advice and insight.

The Internal Audit Function operates in line with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing. An Internal Audit Policy is in place. This constitutes a local adaption of the Allianz Group Audit Policy, taking into consideration the specific circumstances and requirements of the Company and any local legal and regulatory requirements where applicable. Compliance with the Group Internal Audit Policy is mandatory within Allianz Group.

The Internal Audit Policy establishes the core principles of the Internal Audit function within the Company, its key responsibilities, tasks and processes as well as its organisational framework. The policy is supplemented by the Internal Audit Charter and the local Standard Audit Manual ('SAM'), which is derived from the Allianz Group SAM.

The Head of Internal Audit in the Company is the owner of the Internal Audit Policy and responsible for maintaining and updating the Policy. The document will be reviewed at least once per year. The Policy and all material changes require approval by the Audit Committee and Board of Directors of the Company.

The advisory function of Internal Audit may not jeopardise its core audit activities and the fulfilment of its audit plan.

B.6 Actuarial Function

The Head of Actuarial Function ("HoAF"), a PCF, is the key function holder and part of the second line of defence in relation to reporting, oversight and controlling activities.

The Actuarial Function performs tasks that are based on regulatory and business requirements. This consists of coordination and calculation of technical reserves for accounting and regulatory purposes and other controlling and reporting figures, expression of an opinion on the overall underwriting policy, on the adequacy of the reinsurance arrangements, and on the ORSA process, and contribution to the effective implementation of the risk management system.

The core tasks performed by the Actuarial Function in 2023, as defined by the Domestic Actuarial Regime and Related Governance, issued by the CBI in 2018 and the Guidance for (Re)Insurance Undertakings on the Head of Actuarial Function Role, issued by the CBI in 2018, included:

- The co-ordination of the calculation of reserves / technical provisions (and other figures) to be reported for accounting and regulatory purposes;
- Providing an opinion on the compliance of the technical provisions, as reported in the annual QRTs, with all relevant Solvency II requirements;
- The expression of an opinion on the overall underwriting policy including pricing and product development and the adequacy of reinsurance arrangements;
- Contribution to the effective implementation of the risk management system; and
- Provision of an opinion on the ORSA process.

The Head of Actuarial Function for the Company produces all of the above on an annual basis. In relation to technical provisions requirements, the Head of Actuarial Function provides an Actuarial Opinion on Technical Provisions (‘AOTP’) to the CBI and an Actuarial Report on Technical Provisions (‘ARTP’) supporting the AOTP to the Board. The regime also requires an independent peer review of the technical provisions and the associated AOTP and ARTP, thereby providing an independent view of the Company’s reserving / calculation of technical provisions every two years. The Company also engages with an independent actuary to perform a more limited scope independent reserve review of standard casualty lines in the interim years.

The Actuarial Function operates in such a way that necessary independence from the day-to-day risk-taking and risk-mitigating (first line of defence) activities are maintained. This requires that no undue influence be exercised over the Actuarial Function, in terms of reporting, objectives, target-setting, compensation or other means.

B.7 Outsourcing

Outsourcing is a relationship or arrangement, including intra group arrangements, between an insurance undertaking with a service provider, whether supervised or not, by which the service provider performs a function or activity, whether directly or by sub-outsourcing, relating to the core business that would otherwise be performed in-house by the insurance undertaking itself. The Company outsources and enters into arrangements where such arrangements align with the Company’s strategy in respect of outsourcing and where the risk can be effectively managed.

The Company has an Outsourcing Policy (including the outsourcing strategy) which complies with the Allianz Group Outsourcing Policy subject to amendments to comply with local legal and regulatory requirements. The Outsourcing Policy is consistent with and promotes sound and effective risk management and enables the Company to identify, manage, monitor and report on such outsourcing risk to which it is or might be exposed.

The Outsourcing Policy establishes the principles and processes for outsourcing of functions or services to an internal or external provider. Its main objective is to determine the relevant processes and strategies for outsourcing on a company level and to ensure adherence to regulatory requirements. In particular, this includes key definitions for outsourcing, criteria for selecting, mandating and monitoring providers, the strategy and risk appetite, the classification criteria, determination of clear roles and responsibilities as well as controlling rights, and rules for the closing and termination of outsourcing agreements.

Elements of the outsourcing process which are specifically considered in the Outsourcing Policy include:

- Identification and categorisation of outsourcing arrangements;
- Consideration of impact of outsourcing;
- Due diligence and risk assessment;
- Written agreement including SLAs;
- Monitoring;
- Contingency planning and exit strategies;
- Reporting requirements;
- Notification to the CBI.

In particular, prior to deciding on an outsourcing arrangement, the Company should ensure that the following factors have appropriately been taken into account as part of the due diligence:

- How the outsourcing provided shall affect the Company's business strategy and its ability to continue to meet its regulatory obligations;
- Regulatory compliance;
- Reputation and experience;
- Exit strategy;
- Location of the service provider (e.g. where the provider is located outside the EU, how any potential restriction of access to data or premises have been considered and appropriately addressed and if there is any off-shoring risk involved);
- Information security in the event of the provider handling Company's customer or commercially sensitive data to ensure confidentiality and compliance with data protection;
- Business continuity management for providers providing business critical services;
- Human Resource practices and standards where applicable in respect of the activities being carried out;
- The fitness and probity of the relevant individuals in the service provider where applicable in respect of the activities being carried out;
- The service provider's obligation to disclose information and data, including its ability to provide access to data to the CBI and external auditors;
- Any actual or potential conflict of interest and how these are/will be managed;
- The service provider's financial stability in order for them to perform the outsourced function;
- Data protection law;
- The service provider's resources, ability, capacity and relevant authorisations required in order for them to perform the outsourced function; and
- Details of the regulatory status of the service provider.

ESG and diversity and inclusion aspects are considered under the Outsourcing Framework as well. The CBI shall be notified at least six weeks before the outsourcing is due to come into effect where notification is required in accordance with the "Notification Process for (Re)Insurance Undertakings when Outsourcing Critical or Important Functions or Activities under Solvency II" guideline. At least the following information should be included in the outsourcing notification regarding the outsourcing of a critical or important function or activity: description of the scope and rationale for the outsourcing; the service provider's name and contact details; and additional information as set out in the guidelines, in case of outsourcing of a key function. The Outsourcing Policy sets the criteria for determining whether a function or activity is critical or important. Within the Company, "critical" or "important" activities are those deemed essential for the activity of the Company having regard to the fact that the Company could not deliver its service to its customers without these functions or activities. This definition is in line with the Article 49 of the Solvency II Directive.

All outsourcing arrangements are subject to ongoing monitoring and review.

An internal Outsourcing Committee is in place which meets quarterly to ensure oversight of Outsourcing activities. As at 31st December 2023, for the critical operational functions/activities that are outsourced, please see the table below:

Number	Supplier	Critical operational functions/activities	Jurisdiction
1	Allianz Technology SE	IT Services	Germany & Ireland Branch
2	Forward Emphasis International Limited	Policy & Claims Administration	Ireland
3	Thornpart Adjusters Limited	Claims & Assistance Management	Ireland
4	ProAdjust Limited	Claims & Assistance Management	Ireland
5	PIMCO Europe Limited	Investment Management	United Kingdom

Table 10: List of outsourcers providing critical operational functions/activities

B.8 Any Other Information

The Company continuously aims to improve its compliance and governance systems by ensuring that they are reviewed and evaluated, and recommendations are made to the Board regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis and complaints, breaches and risk events, and incremental development as the systems mature.

The Company's Governance and Control Policy requires the Company to undertake a review of its System of Governance on an annual basis. This exercise was undertaken in 2023 under the coordination of the Risk Management Function supported by Internal Audit. This review considers a five years cycle assessment and testing plan, covering both the design adequacy and the operating effectiveness of the framework. The Company concluded that its System of Governance was designed appropriately and operating effectively in all material respects.

C. Risk Profile

C.1 Summary of Risk Profile

The Company's principal activity is the transaction of property, motor and liability insurance business in the Republic of Ireland. As a result, the main risks and therefore drivers of the risk capital requirement are insurance-related risks. The Company's strategic position is to maintain and expand its underwriting portfolio through accepting exposures at economic prices and providing good value and quality service to its policyholders.

Within the Company, risk is measured and steered based on the Internal Model, which derives risk capital assuming a 1-in-200 year deterioration in Own Funds over one year.

Risks related to operating performance are managed through a system of corporate planning and budgetary control together with monthly and quarterly management accounting processes. The Board-approved risk appetite framework requires the Company to report risk appetite metrics to the Board on a quarterly basis in order to provide an early warning in relation to events that could threaten the ability of the Company to meet its corporate objectives. The risk appetite framework also defines a range of limits covering all risk categories, and any breaches of these limits require a remediation plan which must be approved by the Risk Committee.

No material risk has been transferred to special purpose vehicles, and the Company has no material exposure arising from off-balance sheet positions.

Based on the information available as of mid of February, the Company is expected to remain sufficiently capitalised and compliant with both the regulatory Solvency Capital Requirement and Minimum Capital Requirement.

C.2 Detailed Overview by Risk Category

C.2.1 Underwriting Risk

C.2.1.1 Risk Exposure

The general insurance underwritten by the Company is both of a short-tail nature such as motor, household and commercial property business and longer-tail in the form of commercial liability and marine business.
The Internal Model is the key measure used to assess underwriting risk. No material change has occurred to this measure during 2023.

The Company uses reinsurance to mitigate underwriting risk within a defined risk appetite, to protect its solvency and to improve the efficiency of its capital use.

Underwriting risk, continually assessed by management, is primarily made up of the following risk types:

- Reserve risk;
- Premium risk:
    - Premium non-catastrophe ("non-cat") risk;
    - Premium natural catastrophe ("nat-cat") risk; and
    - Premium terror risk.

Further details are provided below.

Reserve risk

The projection of outstanding losses is based upon the Company's historical experience. It is a key assumption that this historical data will be predictive of the future loss reporting and claims development of the Company. These projections are predominantly based on the following accepted actuarial reserving methods:

- Paid Loss Development Method;
- Incurred Loss Development Method;
- Expected Loss Ratio Method;
- Paid Bornhuetter-Ferguson Method;
- Incurred Bornhuetter-Ferguson Method; and
- Frequency / Severity Method.

The final selected loss estimates are based on a judgemental consideration of the results of each method and qualitative information such as that provided in meetings with experts from various other departments. The choice of method to estimate ultimate losses considers, among other things, the line of business, the number of years of experience and the accident year. The impact of extraordinary events on reserving levels and methods is also taken into account.

There are instances where past data is not appropriate or where no data exists to project ultimate claims. These include new lines of business, recent accident years where the claims experience has not emerged, process changes leading to uncertainty over future development patterns and changes in the external claims environment. In these cases, explicit assumptions are made about the level of claims inflation and expected changes in claims frequency. The booked claims provision includes a qualitative reserve on top of the actuarial best estimate reserves.

Reserve risk measures the volatility over a one-year time horizon of the best estimate reserves that are held to cover claims resulting from past events that have not yet been settled. Liability and motor business are the key drivers of reserve risk capital. Most reserve risk capital is held in respect of the longer-tail injury lines of business, for which the ultimate claims settlement amounts are subject to considerable uncertainty due to, for example, late reporting of claims or changes in the claims environment.

Premium risk

Premium risk measures the volatility of underwriting profitability over a one-year time horizon. Motor business is the most significant contributor to premium non-cat risk capital, followed by liability and property business.

Premium nat-cat measures the risk arising from the perils of flood, freeze and windstorm. Terror risk is not considered to be material compared to premium non-cat and premium nat-cat risk. External and bespoke in-house models are used to support the modelling of natural catastrophe and terror events.

C.2.1.2 Risk Concentration

The Company aims to maintain a balanced risk profile, writing various types of non-life insurance risks - including property, motor, liability and marine business - across different customer segments within the Republic of Ireland. Management of concentrations (including reinsurance concentrations) is discussed in the risk mitigation section below, as well as in Section C.4 (“Risk Diversification”).

C.2.1.3 Risk Mitigation

The Company mitigates underwriting risks in line with the defined risk appetite as described in the following:

- **Mitigation of risks relating to reserving, including latent claims**
  Close monitoring is performed of claims settlement averages and savings or deteriorations on settlements. Actuarial management meet regularly with internal claims management and external professional society peer groups to discuss claims handling and developments in the external claims environment. The Head of Actuarial Function provides an annual statutory actuarial opinion on the level of reserves / technical provisions, and an annual third-party expert review by reputable firms of consulting actuaries to report on reserving adequacy is also commissioned.

  The risk of unanticipated latent claims, or adverse developments arising from the Company's historic portfolio of liabilities, is reviewed at periodic Actuarial and Claims meetings. The emergence of new types of claims is monitored on an ongoing basis and such claims are fully reserved for if deemed required.

  Specific assumptions relating to the calculation of the claims reserves are reviewed at the quarterly Reserving Committee meetings.

- **Mitigation of risks relating to underwriting**
  The Company's underwriting strategy and acceptance criteria are communicated through comprehensive underwriting guidelines which are adhered to on a strict basis. Risk acceptance is controlled through structured delegated underwriting authority limits (DUAs) for underwriting staff. DUAs are allocated based on business needs and appropriate skill sets and are reviewed regularly.

- **Mitigation of risks relating to pricing**
  Actuarial management conduct regular reviews of rating changes on renewals and new business compared to budget. They evaluate whether a product's price covers both its costs and the required profit and risk margins. Frequent tracking of product profitability against target loss ratios is also performed.

- **Mitigation of risks relating to claims management**
  As with underwriting, claims registration and estimation is governed by strict guidelines and procedures. These include formal regular claims estimate review processes, regular training of personal injury and damage staff and regular reviews of large cases by senior management.

  At an overall level, monitoring of average settlement costs and a legal panel help ensure that claims are being settled appropriately. Senior Claims management apply a proactive approach in monitoring developments in the internal claims handling process and the external claims environment for trends that have the potential to impact the Company.

- **Mitigation of risks relating to reinsurance concentration and significant weather events or catastrophes**
  The reinsurance structure and the extent of cover are reviewed annually by the Reinsurance Committee, the Risk Committee and the Board of Directors to ensure that the levels of protection being purchased are sufficient in relation to developments in exposure and are within the risk appetite of the Company. These reviews are supported through sophisticated modelling techniques used by the Company as part of the Internal Model together with actuarial and risk management input. The required reinsurance cover is placed only with reinsurers that meet Allianz Group counterparty requirements as manifested in the reinsurer security listing which is updated annually. Catastrophe reinsurance protecting the Company's risk portfolio against significant windstorm and other natural hazards is purchased based on the outputs of sophisticated probabilistic catastrophe models.

C.2.1.4 Risk Sensitivity

Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis. For underwriting risk, these include 1-in-5 year stresses on both the net underwriting result and the net reserve deterioration.

C.2.2 Market Risk

C.2.2.1 Risk Exposure

Market risk is the risk of loss arising due to changes in market prices or parameters influencing market prices. This includes changes in market prices due to a worsening of market liquidity.

The Company has invested in fixed income products, derivatives, collective investment schemes, private equity limited partnerships and loans. These investments are subject to market risk whereby the value of the investments may fluctuate as a result of changes in market prices, changes in market interest and inflation rates or changes in the foreign exchange rates of the currency in which the investments are denominated.

The Internal Model is the key measure used to assess market risk. No material change has occurred to the market risk profile during 2023.

The sub-sections below provide further details with regard to each individual market risk type:

Interest Rate Risk

The Company's assets held for investment purposes are used to match the insurance liabilities and shareholders' funds. The fair values of the Company's liabilities and fixed interest security assets depend on interest rate term structures and are therefore exposed to adverse yield developments. Since asset and liability cash flows cannot be perfectly matched, e.g. due to the timing of cash-flows, the Company is exposed to interest rate risk. The average duration of the fair value insurance liabilities is low and, as such, the SCR of the Company is not highly sensitive to interest rate movements.

Foreign Exchange (FX) Risk

FX risk is the risk that fluctuations in exchange rates may lead to a material change in the value of currency assets and liabilities. FX risk is not significant as most business is transacted in Euro, and the Company has a policy of matching its non-Euro currency liabilities with assets of the same currency denomination on an economic basis. The net currency exposure is reviewed monthly in arrears, and surpluses or deficits are addressed through the purchase and sale of currency.

Inflation Risk

As an insurer, the Company is exposed to changing inflation rates, predominantly due to inflation of claims costs (e.g. driven by price, wage and court-award inflation) and the inflation of pension obligations which may lead to increased liabilities. This is managed by investing in inflation-linked bonds and derivatives.

Credit Spread Risk

The Company's internal risk capital framework allows for the risk of declining market values of its fixed income assets, such as bonds, due to the widening of credit spreads. The key factors driving credit spread risk capital are credit rating and the duration of fixed income assets.

Equity Risk

Equity risk is the risk that the value of investments may fluctuate as a result of changes in equity prices. The equity risk of the Company arises from its non-traded equity exposure.

Real Estate Risk

Real estate risk is the risk that arises from the possibility that changes in real estate values may affect the value of the portfolio.

C.2.2.2 Risk Concentration

The main market risk concentration for the Company is credit spread. The investment strategy is primarily focused on fixed income instruments, and the fixed income portfolio is broadly diversified.

C.2.2.3 Risk Mitigation

The extent of the exposure to market risk is mitigated by the formulation of, and adherence to, clearly defined investment policy statements which are regularly reviewed and approved by the Board of Directors. Limits are set in relation to the magnitude and nature of risk exposures which can be undertaken. These guidelines are subject to strict internal controls and reporting procedures and are monitored by both the Investment and Finance Committees, which are chaired by the Chief Financial Officer and Chief Executive Officer respectively and include other senior management members as well as members of the Board of Directors.

In addition, the employment of appropriately qualified and experienced personnel to manage the Company's investment portfolio and the contractual appointment of external investment experts also serve to mitigate the risks. The Company has not changed the processes used to manage its risks relative to previous periods.

An overview is provided below on the key risk mitigation techniques and the processes for monitoring their continued effectiveness, by individual market risk type:

- **Interest rate risk** is managed, in the main, by matching the average duration of the fixed interest debt securities held to the average duration of the fair value insurance liabilities that they support;
- **FX risk** is managed through the Company's policy of matching its non-Euro currency liabilities with assets of the same currency denomination on an economic basis;
- **Inflation** assumptions are taken into account in the Company's product development and pricing processes, and the risk of changing inflation rates is reflected in the Internal Model and managed by investing in inflation-linked bonds as needed;
- **Credit spread risk** is managed by selecting assets with a strong credit rating. As part of the segregated fund's mandates, all non-Emerging Market ("EM") debt, must be rated "BBB-" or better by Standard & Poor's, or equivalent Moody's rating, at the time of purchase. EM debt must be rated "B-" or above;
- **Equity risk** is managed by strict adherence to investment policy statement guidelines detailing strong-quality quoted stock indices as benchmarks, together with specified tolerances for benchmark deviations and concentration risk. Strict procedures are also followed in the event of investing in unquoted stocks; and
- **Real estate risk** is managed by strict adherence to investment policy statement guidelines detailing target returns as benchmarks, together with specified tolerances for benchmark deviations and concentration risk.

Market risk in respect of pension assets and liabilities is managed similarly by the Trustees within the pension scheme.

C.2.2.4 Risk Sensitivity

Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis. For market risk, these include stresses on equities, interest rates, credit spreads and a combination of such market shocks.

C.2.3 Credit Risk

C.2.3.1 Risk Exposure

Credit risk is defined as the potential economic loss in the value of the Company's portfolio due to changes in the credit quality of its counterparties ("migration risk") or the inability or unwillingness of counterparties to fulfil contractual obligations ("default risk"). Key areas where the Company is exposed to credit risk are:

- **Investment credit risk:** Counterparty risk in respect of debt securities, cash and cash equivalents;
- **Reinsurance credit risk:** Reinsurers' share of insurance liabilities and amounts due from reinsurers in respect of claims already paid; and
- **Other counterparty credit risk:** Amounts due from insurance intermediaries and other policyholders, either through normal credit terms or other instalment billing.

Credit spread risk is excluded from the scope of credit risk and is considered under market risk.

The Internal Model is the key measure used to assess credit risk. No material change has occurred to the credit risk profile during 2023.

C.2.3.2 Risk Concentration

Details of credit risk concentrations have been provided below:

- **Investment credit risk:** The investment strategy is primarily focused on fixed income instruments and the fixed income portfolio is broadly diversified.
- **Reinsurance credit risk:** Concentrations of reinsurance credit risk exist due to the specialised nature of reinsurance; however, the debt profile and exposure are actively managed. Due to the quota share agreement, Allianz Re Dublin dac holds more than 73% of total net reinsurance exposure as at the 31st of December 2023. Other than Allianz Re Dublin dac, only Irish Life Assurance plc (counterparty to a pension annuity buy-in transaction during 2023) holds balances in excess of 5% of total net reinsurance exposure as at the 31st of December 2023.
- **Other counterparty credit risk:** There are concentrations of risk in relation to the intermediaries through which the Company distributes its business, but the Company believes that the Central Bank of Ireland's rules in relation to separate client bank accounts greatly mitigate this risk.

C.2.3.3 Risk Mitigation

Controls in place to mitigate credit risk include the following:

- **Investment credit risk:** As part of the segregated fund's mandates, all non-Emerging Market ("EM") debt, must be rated "BBB-" or better by Standard & Poor's, or equivalent Moody's rating, at the time of purchase. EM debt must be rated "B-" or above. Additional concentration risk limits are defined, including those for individual issues, issuers and country exposures.

The Company controls its exposures to loans and receivables according to dedicated credit risk policies that reflect the individual considerations of the risk categories. These policies are supported by a series of procedures (e.g. counterparty assessment processes) and limits (e.g. investment and bank counterparty limits), which are designed to ensure that the Company's risk appetite is not exceeded.

- **Reinsurance credit risk:** Reinsurance is used to manage insurance risk. Reinsurance does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder.

  Reinsurance security is limited to a small number of highly regarded reinsurers that offer the best long-term security. Reinsurance is only placed with companies that meet the Allianz Group's security criteria.

  On the 31st of December 2023, 99.6% of the net reinsurance exposure related to companies with a credit rating of A or better.

- **Other counterparty credit risk:** Insurance receivables are closely monitored via the credit control process. For amounts due from intermediaries, credit terms are applied which are determined by a range of factors including the type of business, size of account and financial standing. Intermediaries are obliged to return annual accounts to the Central Bank of Ireland for inspection to assess their financial status as they are directly regulated firms.

  In addition, the majority of intermediaries are affiliated to broker representative organisations who insist that their members are adequately bonded. Business dealt with on a direct basis is on a "cash only" basis and no credit is extended. Broker credit performance is monitored by the Company's Agency Control Committee on a quarterly basis. Provisions are made where there is a doubt over the recoverability of any balance.

  For policyholders, credit is managed so that the amount due is matched to the unexpired risk. Where amounts fall outside credit terms, a full range of credit control procedures is applied. Where these are not successful, the debt is impaired.

C.2.3.4 Risk Sensitivity

Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis.

C.2.4 Liquidity Risk

C.2.4.1 Risk Exposure

Liquidity risk is the risk that requirements from current or future payment obligations cannot be met or can only be met on the basis of adversely altered conditions. The Company is exposed to daily calls on its cash resources, mainly from claims.

The principal objective of the Company's treasury function is to ensure that sufficient funding is available at an optimal cost and net cash-flows are monitored on a daily basis. The Company has sufficient liquidity to meet its requirements and no material change occurred to the liquidity risk profile of the Company during 2023.

C.2.4.2 Risk Concentration

There are no significant liquidity risk concentrations within the Company portfolio at year-end 2023.

C.2.4.3 Risk Mitigation

Liquidity risk is managed in line with the Company's Liquidity Risk Strategy and Policy. The relationship between cash-flow needs and cash-flow sources is monitored prospectively on a quarterly basis as part of the Board-approved risk appetite framework. The Company's Liquidity Risk Strategy and Policy defines the process for managing liquidity risk.

The Company's stock of liquid assets is set out in investment parameters approved by the Board and is maintained at a level considered sufficient to meet both normal and abnormal trading condition requirements and to ensure that a contingency plan is in place to mitigate the risk of extreme liquidity events.

C.2.4.4 Risk Sensitivity

Forward-looking stresses are performed on the "liquidity intensity ratio" (i.e. the ratio of cash-flow needs to cash-flow sources) over rolling time horizons of varying length between 1 week and 12 months. At year-end 2023, none of these stresses led to a material deterioration in the liquidity risk profile of the Company.

Expected Profits in Future Premiums

The expected profits in future premiums are not considered to be material for the Company due to the nature of non-life insurance business. While cash-flows from future premiums are an important consideration in assessing liquidity risk, the expected profits in these future premiums do not form a material part of this assessment.

C.2.5 Operational Risk

C.2.5.1 Risk Exposure

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes and systems, from human misbehaviour or error and from external events. Operational risk includes legal and compliance risk and excludes strategic and reputational risk. Nevertheless, the management of operational risk is closely related to the management of reputational risk as reputational risks normally result from the occurrence of non-reputational risk events such as operational risks. Losses from operational risk may be in the form of additional expense, regulatory sanctions or legal settlements.

The Internal Model is the key measure used to assess operational risk. No material change has occurred to the operational risk profile during 2023.

C.2.5.2 Risk Concentration

The relevant functions of the Company are regularly involved in both the assessment of operational risks and the analysis of operational risk events. As such, potential structural weaknesses which affect the Company as a whole and may, under certain circumstances, indicate a concentration of operational risks, are identified in a timely manner. Depending on the necessity, pertinent countermeasures are taken within the scope of the risk management system so that the Company is not exposed to any material concentrations of operational risk.

C.2.5.3 Risk Mitigation

The Company seeks to manage its operational risk exposure and to minimise related financial losses through an Operational Risk Strategy and Policy, approved by the Board of Directors. The two primary and complementary processes in place for operational risk identification within the Company are the Non-Financial Risk Management (NFRM) Framework and the Top Risk Assessment (TRA) processes. The NFRM process is the Company's structured and formalised approach for ensuring that operational risks are identified, assessed, mitigated and monitored. Through performance of the NFRM process, the Risk Management Function oversees and supports the business functions with respect to the management of operational risks associated with the Company's business activities. The TRA is an annual process for the identification and assessment of all enterprise risks, some of which may be operational risks. The TRA is informed by the NFRM process and aims to identify 'top risks' which require the attention of Senior Management, as opposed to the NFRM process which addresses risks at a process level.

The Company is regulated by the Central Bank of Ireland and must ensure that it conducts its business in accordance with regulatory requirements at all times. On an ongoing basis, the Company has no appetite for systemic exposure of regulatory compliance risk and no appetite for risk incidents or compliance incidents on an ongoing basis that impact materially on the reputation of the Company or its shareholders. The Company has controls in place to mitigate the material operational risk exposures and a regular reporting process is established to provide assurance to the Board of Directors that controls are operating effectively and in compliance with regulatory requirements.

C.2.5.4 Risk Sensitivity

Deteriorations in material operational risk exposures are considered through scenarios as part of the Top Risk Assessment. Furthermore, expert judgment is utilised to analyse important 1-in-20 year scenarios for the calibration of the Internal Model for operational risk.

C.2.6 Other Material Risks

Further details with regard to other material risk exposures have been provided below.

C.2.6.1 Pension Risk

Risk exposure
The Company operates a Defined Benefit pension scheme which was closed to future accrual from the 31st of December 2015. The pension scheme trust, as required by the Pension Acts, is a legal entity separate from the Company. The Board of Trustees of the scheme has responsibility for the management and administration of the trust affairs and for acting in the best interests of the members in accordance with the terms of the Trust Deed and Rules.

The Company is exposed to longevity risk, i.e. the risk that due to improving life expectancies, the current estimate of future pension liabilities might be insufficient. The Internal Model is the key measure used to assess longevity risk and the risk associated with the pension scheme in general.

Risk concentration
There are no significant concentrations of risks within the pension scheme at year-end 2023.

Risk mitigation
From a Company perspective, the financial and capital implication of operating the scheme is monitored by the Financial Reporting and Disclosure Committee. In addition, monitoring of pension risk is a standing agenda item at the quarterly Risk Committee meetings.

Risk sensitivity
Please refer to Section C.5 for a description of the stress and scenario tests performed on the most material risks on a quarterly basis. For pension risk, these include stresses on interest rates and equities.

C.2.6.2 Reputational Risk

Risk exposure

The Company's reputation as a well-respected and socially responsible insurance provider is influenced by its behaviour in a range of areas such as product quality, corporate governance, financial performance, customer service, employee relations, intellectual capital and corporate responsibility including environmental, social and governance (ESG) aspects. Reputational risk is the risk of an unexpected drop in the value of the in-force business, or the value of future business caused by a decline in the reputation of Allianz Ireland or Allianz Group from the perspective of its stakeholders.

No material changes occurred to the level of reputational risk during 2023.

Risk concentration

There are no significant reputational risk concentrations within the Company at year-end 2023.

Risk mitigation

Reputational risk management decisions are integrated into the overall risk management framework and relevant business activities (e.g. underwriting and investments), and reputational risks are identified and assessed as part of the TRA and NFRM processes, during which Senior Management also decides on risk mitigation strategies and related actions.

Risk sensitivity

Deteriorations in reputational risk exposures are considered as part of the TRA and NFRM processes.

C.2.6.3 Strategic Risk

Risk exposure

Strategic risk is the risk of an unexpected negative change in the value of the Company, arising from the adverse effect of management decisions regarding business strategies and their implementation.
No material changes occurred to the level of strategic risk during 2023.

Risk concentration

There are no significant strategic risk concentrations within the Company at year-end 2023.

Risk mitigation

Strategic objectives are discussed and agreed with the main shareholder (Allianz SE) and with the Board of Directors on an annual basis as part of the Strategic Dialogue and Planning Dialogue. The Company's strategy is aligned with the amount of risk that the Board is willing to accept. This is further outlined in the Risk Appetite Framework which is approved by the Board annually.

Once the strategy is approved, there is a strong control process in place that incorporates constant and regular monitoring of implementation success and adherence to the Board-approved risk appetite. Strategic risks are also considered as part of the TRA process.

Risk sensitivity

Deteriorations in strategic risk exposures are considered as part of the TRA process.

C.3 Prudent Person Principle

Allianz Group has set up a comprehensive risk management framework in order to promote a strong risk management culture. This framework is laid down in the Allianz Corporate Rules Book and implemented for the Company through appropriate local policies where there are no conflicts from a local legal and regulatory perspective. The guiding principle for investment risk management is the Prudent Person Principle (Article 132 of the Solvency II EU Directive).

The Prudent Person Principle comprises both a portfolio and a single-investment dimension:

- All assets need to be invested to ensure the quality, security, liquidity, profitability and availability of the investment portfolio as a whole. This also includes the need to structure the investment portfolio appropriately in accordance with the nature and duration of insurance liabilities covered by these assets.
- Assets are only admissible if the investors can properly identify, measure, monitor, manage, control, report their risks and appropriately integrate them into their solvency assessment.

Additionally, the Prudent Person Principle lays down criteria for the quality of processes and the qualifications of the people working in the Investment Management Function.

C.3.1 Portfolio Dimension of the Prudent Person Principle

The Strategic Asset Allocation (SAA) defines the long-term investment strategy for the overall investment portfolio. The SAA is based on a detailed asset-liability analysis that respects the financial frame of the Company. The financial frame comprises a consistent set of all investment-relevant Key Performance Indicators (KPIs), e.g. the degree of asset-liability cash-flow match, the Solvency Coverage Ratio based on the Internal Model and limits on financial risks, as well as a mid-term view of their development and impact.

When setting up the SAA, care is taken to ensure an adequate target level of quality and security (e.g. ratings, collateral) together with a sustainable return as well as sufficient liquidity and availability of the investment portfolio as a whole.

This ex-ante assessment is substantiated by an ongoing adherence to the SAA (including leeways and limits) in the investment process and an ex-post monitoring in order to allow for corrective action in case of target deviations.

In addition to the general asset class limits set by the SAA, the Company's risk management framework imposes consistent and well-balanced limits on investment risks and financial risks arising from all types of assets and counterparty exposures, hence addressing both market and credit risk factors.

The Company's Board of Directors has adopted the Allianz Group Financial Limit Framework for limit-setting via the Company's Risk Appetite Framework. The Board has delegated the authority for limit approval to the Risk Committee. All limits are subject to annual review and approval.

Further information on the Company's investment portfolio composition can be found in Section A.3.

C.3.2 Single-Investment Dimension of the Prudent Person Principle

To ensure that single investment decisions adhere to the Prudent Person Principle, the Company and Allianz Group have:

- specified a catalogue of routine investments (Standard Investment List); and
- set up a New Financial Instrument (NFI) process for non-routine investments.

The Standard Investment List relates to investments that are performed on a regular basis for a considerable period of time and are adequately catered for in internal processes and IT systems and for which the entity has thorough investment expertise. Standard Investments constitute the basis of each insurance portfolio.

Before performing any investment of a non-routine nature, the NFI process must be adhered to in order to assess, in particular, the ability to manage all investment-specific risks, the consistency with policyholders' interests and the impact of the relevant investment on the quality, security, profitability, liquidity and availability of the whole portfolio.

C.3.3 Special Governance regarding the Use of Derivatives

Derivatives in the insurance portfolios are only allowed insofar as they contribute to a reduction of risks or facilitate efficient portfolio management.

The use of investment portfolio derivatives must always take place within an approved derivative strategy that defines motivation, background and scope, risks addressed by the strategy, eligible instruments, limits for steering and appropriate risk control (e.g. via netting, collateral and avoidance of counterparty concentrations), and countermeasures in the event that a limit is reached.

Details are governed by the Allianz Functional Rule for Derivatives.

C.4 Risk Diversification

Diversification typically occurs in the context of combined risks that are not, or only partly, dependent on each other. This may be the case for risks in different regions, different entities or for different types of risks. For example, an operational risk event can be regarded as highly independent of a change in credit spreads.

Diversification is a key element in managing risks efficiently by limiting the economic impact of any single event and by contributing to relatively stable results in general. Therefore, the aim is to maintain a balanced risk profile without any disproportionately large risk concentrations and accumulations. The monitoring of concentrations and accumulations of non-market risks is carried out on a standalone basis (i.e. before diversification effects) within a limit framework in order to avoid substantial losses from single events such as natural catastrophes, terror or credit events. Also, avoiding concentration risk in the asset portfolio is a key principle of the Prudent Person Principle.

Given that the Company transacts property, motor, liability and marine insurance business within the Republic of Ireland, diversification is key to its business model. Also, significant diversification occurs between the non-life and pension portfolios due to low correlations between the relevant risk factors. The level of diversification within the non-life and pension portfolios and at the overall portfolio level is monitored on a regular basis.

C.5 Stress and Scenario Testing

Based on an analysis of potential deteriorations in own funds over a range of percentiles for each modelled risk category and risk type, the Company concludes that reserve risk is the key risk at all return periods. Further key risks on a standalone basis include premium non-cat and interest rate risk.

To proactively manage the Company's risk profile, sensitivity and scenario tests are performed on regular basis for risks which are deemed to be the most material, i.e. primarily the risks outlined above. These sensitivity and scenario tests have been carried out as at year-end 2023 and the solvency coverage ratio has been re-assessed and compared with the risk appetite thresholds in each case. Amongst others, the following sensitivities are analysed:

- **Equity:** Shocks on the respective market indices with prices of all equities (traded as well as non-traded indices) decreasing/increasing by 30%;

- **Interest Rates Up/ Down:** +100/-100 and +50/-50 basis points (bps) shifts in interest rates including anchoring to an ultimate forward rate;
- **Combined shock**: Financial market turbulence with interest rates down 50bps, equities down 30% and credit spreads up 50bps;
- **Volatility Adjustment zero:** The Company is no longer permitted to avail of the Volatility Adjustment benefit;
- **Credit Spread Up:** 50 bps upwards shift in credit spreads across all rating categories, including subsequent effects on the Volatility Adjustment benefit;
- **Capital Management Stress:** Combined market stress consisting of a -100 bps interest rates shock, -10% to -35% equity shock depending on equity type, -10% real estate shock and rating-specific credit spread shocks accounting for more severe hits to lower than higher-rated investments (including subsequent effects on the Volatility Adjustment benefit);
- **Underwriting (Non-Cat and Nat-Cat):** Combination of the 1-in-5 year non-cat loss and a €10m nat-cat loss;
- **Reserve Strengthening:** 1-in-5 year net reserve deterioration based on the Internal Model reserve risk distribution;
- **Non-Financial Shock:** 1-in-5 year non-financial shock calculated as 66% of the 1-in-10 year non-financial shock stemming from insurance, business, longevity and operational risk.

These are standardised shocks on single or multiple risk factors which are based on pre-defined variations of specific parameters. The Company's solvency coverage ratio is analysed individually under these hypothetical scenarios (e.g. increase in interest rate by 100 basis points). If such an event were to occur, the observed developments would, however, materialise in a more complex way and not in isolation (e.g. interest rates would move together with other market parameters such as inflation, equities and credit spreads). Therefore, these sensitivities aim to provide valuable information on drivers to which the Company's solvency coverage ratio is sensitive and an indication of the potential magnitude. However, actual observed developments can be more or less pronounced depending on the specific realised circumstances.

As part of the Own Risk and Solvency Assessment (ORSA) process, the above sensitivities and further sensitivities on a range of key corporate plan and capital modelling assumptions as well as additional business scenarios are assessed to determine the solvency coverage impact over the business planning horizon. A healthy solvency coverage position has been confirmed as part of the 2023 ORSA process. In cases where extreme events were projected to lead to risk appetite breaches, appropriate capital management tools are in place to mitigate such breaches. Stress and scenario testing helps management to understand the sensitivities of the Company's solvency coverage to potential adverse events and key planning assumptions.

C.6 Any Other Information

All material information regarding the risk profile of the Company has been provided above.

Regarding the Company's approach to climate change risk, please note that short, medium and longer-term aspects are considered as part of the ORSA process. The two main types of climate change risk to which the Company is exposed are physical and transition risk. Physical risk relates to potential negative financial impacts that could arise from direct or indirect physical effects due to increasing severity or frequency of extreme weather events or long-term shifts in climate patterns caused by climate change. Transition risk arises from the process of transitioning towards a low-carbon economy and may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements relating to climate change.

The Company mitigates its exposure to the physical risks of climate change by holding a well-diversified asset portfolio, a high proportion of which is invested in developed economies which are deemed to be well-placed to withstand the physical shocks arising from climate change. Also from an underwriting perspective, the Company is well covered against physical risk impacts through reinsurance, annual repricing of insurance contracts and active management of business flows in hazard zones. On the transition risk side, Environmental, Social and Governance (ESG) ratings are an important criterion for the Company’s asset managers, and ESG investment and underwriting metrics are included within the Company’s Risk Appetite Framework. The Company assesses its portfolio carbon footprint for the global equity and corporate bond portfolio each quarter with a view to reducing emissions in line with Allianz Group targets.

The Company conducts climate scenario analyses on both the asset and liability sides of the balance sheet, with the results providing an insight into how the Company’s risk profile may be affected by climate change and helping to ensure that the risks are appropriately mitigated. The Company also performs a qualitative materiality assessment in order to identify key risks and opportunities in relation to climate change risk and to agree upon management actions that should be undertaken in order to mitigate any material risks.

D. Valuation for Solvency Purposes

In order to compare the assets as reported in the Financial Statements based on IFRS and Solvency II, the IFRS data is remapped to the MVBS line-item structure. The classes shown below are therefore the same as used in the Solvency II Market Value Balance Sheet. The aggregation is based on the nature and function of assets and their materiality for solvency purposes. The recognition and valuation rules used for preparing the financial statements under IFRS and those used to value assets and liabilities for solvency purposes are described in the paragraphs below.

D.1 Assets

D.1 Assets	IFRS	Reclass adjustments	Solvency II valuation adjustments	Solvency II
1. Goodwill	-	-	-	-
2. Deferred acquisition costs	-	-	-	-
3. Intangible assets	10.2	-	(10.2)	-
4. Deferred tax assets	21.1	(22.2)	1.1	-
5. Pension benefit surplus	39.5	6.3	-	45.8
6. Property, plant and equipment held for own use	21.9	-	(0.7)	21.2
7. Investments (other than assets held for index/unit-linked)	1,594.1	61.5	0.6	1,656.2
7.1 Property (other than for own use)	7.5	-	-	7.5
7.2 Holding in related undertakings, including participation	-	-	-	-
7.3 Equities	7.7	-	-	7.7
7.3.1 Equities – listed	-	-	-	-
7.3.2 Equities – unlisted	7.7	-	-	7.7
7.4 Bonds	1,486.1	62.6	0.6	1,549.3
7.4.1 Government Bonds	336.1	-	-	336.1
7.4.2 Corporate Bonds	1,150.0	62.6	0.6	1,213.2
7.4.3 Structured notes	-	-	-	-
7.4.4 Collateralised securities	-	-	-	-
7.5 Collective Investments Undertakings	83.6	-	-	83.6
7.6 Derivatives	0.7	-	-	0.7
7.7 Deposits other than cash equivalents	1.1	6.3	-	7.4
7.8 Other investments	7.4	(7.4)	-	-
8. Assets held for index-linked and unit-linked contracts	-	-	-	-
9. Loans and mortgages	78.7	(62.6)	(0.6)	15.5
9.1 Loans on policies	-	-	-	-
9.2 Loans and mortgages to individuals	-	-	-	-
9.3 Other loans and mortgages	78.7	(62.6)	(0.6)	15.5
10. Reinsurance recoverables from:	84.1	734.2	(49.8)	768.5
10.1 Non-life and health similar to non-life	84.1	734.2	(49.8)	768.5
10.1.1 Non-life excluding health	82.7	728.7	(48.5)	762.9
10.1.2 Health similar to non-life	1.4	5.5	(1.3)	5.6
10.2 Life and health similar to life, excl. health/index-linked	-	-	-	-
10.2.1 Health similar to life	-	-	-	-
10.2.2 Life excl. health and index-linked and unit-linked	-	-	-	-
10.3 Life index-linked and unit-linked	-	-	-	-
11. Deposits to cedants	-	-	-	-
12. Insurance and intermediaries' receivables	149.6	(136.3)	-	13.3
13. Reinsurance receivables	0.8	-	-	0.8
14. Receivables (trade, not insurance)	4.4	1.1	-	5.5
15. Own shares (held directly)	-	-	-	-
16. Amounts due in respect of own fund item or initial funds	-	-	-	-
17. Cash and cash equivalents	30.9	1.1	-	32.0
18. Any other assets, not elsewhere shown	-	-	2.2	2.2
Total assets	**2,035.3**	**583.1**	**(57.4)**	**2,561.0**

Table 11: Comparison of MVBS and IFRS balance sheet – Assets

D.1.1 Goodwill

Goodwill is not applicable for the Company.

D.1.2 Deferred Acquisition Costs

Under IFRS 17, there is no longer separate presentation of deferred acquisition costs. In the MVBS, cash flows relating to DAC are included in the best estimate of the technical provisions.

D.1.3 Intangible Assets

This line item includes intangible assets other than goodwill. Intangible assets are non-monetary assets without physical substance. Under IFRS, intangible assets are measured at amortised cost. They are only recognised in the MVBS when they are separable and there is evidence of exchange transactions for the same or similar assets, indicating it is saleable in the marketplace. They are measured at fair value with their market price. No intangible assets are recognised in MVBS at year end 2023.

D.1.4 Deferred Tax Assets

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised in line with IAS 12 only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be future taxable profits available against which the temporary differences can be utilised.

D.1.5 Pension Benefit Surplus

Pension benefit obligations are measured in accordance with IAS 19 as the Company considers the valuation method according to IAS 19 the most appropriate valuation under Solvency II.

Allianz p.l.c. operates a Defined Benefit pension scheme for qualifying employees. The scheme closed to future accrual of benefits on 31 December 2015, and from 1 January 2016 pension benefit is delivered to all qualifying employees through a Defined Contribution pension scheme.

The Defined Benefit scheme is a funded pension scheme governed by a trust deed. The trustees of the scheme are required by law to act in the best interests of members and are responsible for setting certain policies, e.g. investment policy, of the scheme. An actuarial valuation of each of the scheme's obligations using the projected unit method and a fair valuation of each of the scheme's assets is performed annually by external actuaries in accordance with the requirements of IFRS.

Defined Benefit plans

The following table sets out the defined benefit obligation and the fair value of plan assets:

	2023 €'m	**2022 €'m**
Fair Value of plan assets	331.3	324.7
Defined benefit obligation	(285.4)	(275.2)
Related deferred taxation liability	(6.4)	(6.7)
Total Net Defined Benefit Balance	**39.5**	**42.8**

Table 12: Changes in Defined Benefit obligation

The chart below shows the current asset allocation:

as of 31 December	2023 €'m	2023 %	2022 €'m	2022 %
Equity securities	24.7	7.4	21.7	6.7
Debt securities	191.6	57.8	263.8	81.2
Real estate	7.3	2.2	14.0	4.3
Other	107.7	32.6	25.2	7.8
Total	**331.3**	**100.0**	**324.7**	**100.0**

Table 13: Asset allocation

During the financial year the Company entered into an annuity longevity swap transaction with Irish Life to transfer its fixed pension payment obligations to Irish Life in exchange for variable payments. The year-on-year changes in debt securities and Other assets in the table above represent the transfer of assets underlying the transferred fixed payment obligations to Irish Life and the recognition of a receivable due from Irish Life.

The actuarial valuation is dependent upon a series of assumptions, the key assumptions being discount rates and rate of pension increases as follows:

	2023 %	2022 %
Rate of increase in pensions in payment	2.25	2.6
Discount rate	3.2	3.7

Table 14: Actuarial assumptions

There are no valuation differences between IFRS and MVBS values, but the MVBS presentation excludes deferred tax which has been reclassified to item 4. Deferred Tax Assets.

D.1.6 Property, plant and equipment held for own use

Property, plant and equipment held for own use includes tangible assets which are intended for permanent use and is measured at cost less depreciation and accumulated impairment losses in IFRS. Under Solvency II guidelines property, plant and equipment must be measured at economic fair value. The IFRS values are assumed to approximate fair value, except in specific instances where an adjustment is required. Lease contracts are recognised on the statement of financial position as tangible assets and other creditors for lease payments.

D.1.7 Investments

Property (other than for own use)

This category includes an investment property of €7.5m which is measured at cost in accordance with IAS 40 and IFRS 16. There is no difference between IFRS and MVBS values.

Equities

This category includes Private equity fund investments of €7.7m (2022: €7.6m) which are measured at fair value in accordance with IAS 39. The fair value of private equity funds is delivered as net asset values by the fund managers. The net asset values are calculated using industry-specific valuation methods. Allianz plc has only limited insight into the specific inputs used by the fund managers and hence a narrative sensitivity analysis is not applicable. There is no difference between IFRS and MVBS values.

Bonds

This category includes government and corporate bonds. Government bonds are bonds issued by public authorities, e.g. central governments, supra-national government institutions, regional governments or municipal governments. Corporate bonds include bonds issued by corporations and covered bonds which are backed by cash flows from mortgages or public sector loans. All financial assets as defined in IFRS 9 are valued at fair value.

As at 31 December 2023 in €'m:

€'m	IFRS	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
7.4.1 Government Bonds	336.1	-	-	336.1
7.4.2 Corporate Bonds	1,150.0	62.6	0.6	1,213.2
7.4.3 Structured notes	-	-	-	-
7.4.4 Collateralised securities	-	-	-	-
Total Bonds	**1,486.1**	**62.6**	**0.6**	**1,549.3**

As at 31 December 2022 in €'m:

€'m	IFRS	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
7.4.1 Government Bonds	343.7	-	-	343.7
7.4.2 Corporate Bonds	1,056.9	53.4	-	1,110.3
7.4.3 Structured notes	-	-	-	-
7.4.4 Collateralised securities	-	-	-	-
Total Bonds	**1,400.6**	**53.4**	**-**	**1,454.0**

Table 15: Table of Company bonds

Their fair values are based on quoted bid prices on an active market. Fair values for unlisted securities, if held, are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. There is no valuation difference between IFRS and MVBS for bonds.

Collective investment undertakings

Investment Funds are defined as undertakings for collective investment in transferable securities in an alternative investment fund as defined in Article 4(1) of Directive 2011/61/EU. Investment Funds mainly include debt funds, real estate funds and private equity funds. All financial assets as defined in IFRS 9 are valued at fair value.

The fair value of Investment Funds of €83.6m (2022: €77.2m) is determined by alternative valuation methods.

There is no valuation difference between IFRS and MVBS for Investment Funds.

Derivatives

Derivatives are classified as Held for Trading (HFT) unless they have been designated as hedges. The derivatives are over the counter (OTC) and the majority are related to an executive incentive scheme with the remainder relating to FX forward contracts. The derivatives were put in place to protect against the associated liability recorded in the balance sheet. All derivatives are held at fair value in line with IFRS 9. Fair values are obtained from quoted prices prevailing in active markets where available. Otherwise, valuation techniques including discounted cash flow analysis and option pricing are used to value the instruments. Gains and losses arising from HFT derivatives are recognised in investment return or investment charges in the profit and loss account.

There is no difference between IFRS and MVBS values.

Deposits other than cash equivalents

Deposits other than cash equivalents include short-term investments measured at nominal amount as the nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles. All financial assets as defined in IFRS 9 are valued at fair value. There is no valuation difference between IFRS and MVBS.

Other Investments

Other investments are not applicable for the Company.

D.1.8 Assets held for index-linked and unit-linked funds

Assets held for index-linked and unit-linked funds are not applicable for the Company.

D.1.9 Loans and Mortgages

As at 31 December 2023 Allianz plc held €78.7m (2022: 74.7m) in Loans and Mortgages. Loans and mortgages are measured at amortized cost using the effective interest method under IFRS while they are measured at their fair value in the MVBS. One instrument, a profit participation note valued at €62.6m, has been reclassified from a loan under IFRS to a corporate bond in line with EIOPA requirements for registered bonds and promissory notes.

D.1.10 Reinsurance recoverable

For details on reinsurance recoverable refer to the section on Non-Life Technical Provisions D.2.4. Reinsurance recoverable.

Non-life and health similar to non-life

See comment above (D.1.10).

Life and health similar to life, excl. health/index-linked

Life and health similar to life, excl. health/index-linked is not relevant for the Company.

Life index-linked and unit-linked

Life index-linked and unit-linked is not relevant for the Company.

D.1.11 Deposits to cedants

Deposits to cedants are not relevant for the Company.

D.1.12 Insurance and intermediaries' receivables

Insurance and intermediaries' receivables include amounts due by policyholders, insurers, and others participating in the insurance business that are not included in cash inflows of technical provisions. Receivables from insurance and intermediaries are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty. The nominal value is considered a good proxy for the fair value for Solvency II within the materiality and proportionality principles. Under MVBS receivables from insurance and intermediaries past due are transferred to technical provisions.

D.1.13 Reinsurance receivables

Reinsurance receivables include amounts due by reinsurers that are linked to the reinsurance business but that are not reinsurance recoverables. They include receivables from reinsurers that relate to settled claims of policyholders or beneficiaries, payments in relation to other than insurance events or settled insurance claims. Reinsurance receivables are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles. Under MVBS reinsurance receivables past due are transferred to technical provisions.

D.1.14 Receivables (trade, not insurance)

Receivables (trade, not insurance) include amounts receivable from employees or various business partners and are not insurance-related. Receivables (trade, not insurance) are measured at nominal value with an adjustment for probability of default for counterparty risk under IFRS and MVBS, unless the market value deviates materially from the adjusted nominal value. Then, the market value is used in the MVBS.

As at 31 December 2023:

€'m	IFRS	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
Other debtors	4.4	1.1	-	5.5
Receivables (trade, not insurance)	**4.4**	**1.1**	**-**	**5.5**

As at 31 December 2022:

€'m	IFRS (restated)	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
Other debtors	9.7	2.0	0.0	11.7
Receivables (trade, not insurance)	**9.7**	**2.0**	**0.0**	**11.7**

Table 16: Breakdown of Receivables

D.1.15 Own shares

Not relevant for the Company.

D.1.16 Amounts due in respect of own fund item or initial funds

Not relevant for the Company.

D.1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They typically have maturities of three months or less from the acquisition date and are subject to an insignificant risk of change in their fair value. Cash and cash equivalents are measured at nominal amount. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles.

There are no valuation differences between IFRS and Solvency II.

D.1.18 Any other assets, not elsewhere shown

Any other assets represent the value attributable to prepayments made whereby the Company has the legal right to clawback the pro-rated value of the prepayment in the event of termination of the underlying agreement.

D.2 Technical Provisions

D.2.1 Technical provisions per Aggregated-LoB as of 31 December 2023

The technical provisions are discounted using risk-free yield curves that include volatility adjustment The impact of including the volatility adjustment at year end 2023 was to reduce the net technical provisions by c€4.3m. The following table shows the MVBS technical provisions gross of reinsurance recoverables as shown in QRT S.02.01.02:

€'m **As at 31 December 2023**	**IFRS**	**Reclassification Adjustments**	**Solvency II Valuation Adjustments**	**Solvency II Values**
19. Technical provisions - non life	1,557.8	(105.9)	(55.2)	1,396.7
19.1. Technical provisions - non-life (excluding health)	1,546.2	(106.0)	(54.9)	1,385.3
19.1.1 TP calculated as a whole				
19.1.2 Best Estimate	1,531.6	(106.0)	(67.0)	1,358.6
19.1.3 Risk margin	14.6	-	12.1	26.7
19.2. Technical provisions - health (similar to non-life)	11.6	0.1	(0.3)	11.4
19.2.1 TP calculated as a whole				
19.2.2 Best Estimate	11.5	0.1	(0.4)	11.2
19.2.3 Risk margin	0.1	-	0.1	0.2

€'m **As at 31 December 2022**	**IFRS (restated)**	**Reclassification Adjustments**	**Solvency II Valuation Adjustments**	**Solvency II Values**
19. Technical provisions - non life	1,485.8	(118.9)	(50.3)	1,316.6
19.1. Technical provisions - non-life (excluding health)	1,474.6	(118.9)	(49.5)	1,306.2
19.1.1 TP calculated as a whole				
19.1.2 Best Estimate	1,459.0	(118.9)	(60.9)	1,279.2
19.1.3 Risk margin	15.6	-	11.4	27.0
19.2. Technical provisions - health (similar to non-life)	11.2	-	(0.8)	10.4
19.2.1 TP calculated as a whole				
19.2.2 Best Estimate	11.1	-	(0.9)	10.2
19.2.3 Risk margin	0.1	-	0.1	0.2

Table 17: MVBS technical provisions

The following tables show the Company's non-life technical provisions, both gross and net of reinsurance, by material line of business as at 31 December 2023 and 31 December 2022:

2023 Line of Business	**Gross Best Estimate Liability**	**Risk Margin**	**Recoverables from Reinsurance contracts and SPVs**	**Total Technical Provisions net of Recoverables**
Motor	570.1	11.2	(322.3)	259.0
Fire and other damage to property insurance	160.8	2.4	(101.9)	61.3
General liability insurance	597.3	12.4	(319.8)	289.9
Credit and suretyship insurance	15.9	0.2	(10.4)	5.7
Other	25.7	0.7	(14.1)	12.3
Total	**1,369.8**	**26.9**	**(768.5)**	**628.2**

2022 Line of Business	**Gross Best Estimate Liability**	**Risk Margin**	**Recoverables from Reinsurance contracts and SPVs**	**Total Technical Provisions net of Recoverables**
Motor	550.5	11.7	(319.8)	242.4
Fire and other damage to property insurance	122.9	3.0	(80.7)	45.2
General liability insurance	575.3	11.6	(310.8)	276.1
Credit and suretyship insurance	15.9	0.2	(10.3)	5.8
Other	24.8	0.7	(14.1)	11.4
Total	**1,289.4**	**27.2**	**(735.7)**	**580.9**

Table 18: MVBS technical provisions on Aggregated-LoB basis

The technical provisions correspond to the current amount that the Company would have to pay if it was to transfer its insurance obligations immediately to another (re)insurance undertaking. The calculation of technical provisions equals the sum of Best Estimate Liabilities and a Risk Margin, which are calculated separately. Further quantitative information can be found in Appendix H - QRT S.17.01.02.

The technical provisions are discounted using risk-free yield curves that include volatility adjustment. The impact of including the volatility adjustment at year end 2023 was to reduce the net technical provisions by c€4.3m.

D.2.1.1 Actuarial methodologies and assumptions

Proportionality
The Actuarial Function ensures that the technical provisions are determined by using data, assumptions and methods that are proportionate to the risk profile of the Company, taking into account the nature, scale and complexity of the risks.

Materiality
Each Actuarial Function review establishes a level of materiality concept appropriate for reserving and consistent for the purposes of using it under IFRS and under Solvency II. This enables informed decisions on each aspect of the reserving process in assessing the potential for a material misstatement of technical provisions. Levels of materiality are different from company to company and at operating entity or Group level and are relative to the scale and complexity of the underlying business.

Expert judgment
Valuation of technical provisions is a process which requires expert judgment in a number of areas, for example, regarding the credibility assigned to historical data, the extent to which reliance should be placed on prospective models and the requirement to consider uncertainty in the estimation. Regardless of the technique, judgment is required in making additions or adjustments to the estimates to allow for circumstances not included in the history that need to be incorporated in the Best Estimate Liabilities (for example events not in data). Hence, expert judgment is not dissociated from any task performed by the Actuarial Function. Its role is expressed in complementing the statistical analysis performed, in the interpretation of the results and in the identification of a solution in the presence of shortcomings.

As part of the analysis, the actuary in charge shows the appropriateness of the expert judgment to avoid biased estimates that either over- or underestimate the true underlying risk. However, expert judgment is not applied in isolation unless there is no reliable alternative, for example because of a scarcity of relevant data. Where an assumption depends on expert judgment, this shall be applied by person(s) with the relevant knowledge, understanding and comprehension of the subject.

Simplifications

The following simplifications are used in the calculation of technical provisions due to materiality and/or expert judgement:

- Article 42 of the Delegated Regulation specifies that *"Adjustments to take account of expected losses due to default of a counterparty….shall be calculated separately from the rest of the amounts recoverable"*. For calculation of the CDA the Company uses the simplification specified in Article 61 of the Delegated Regulation (see Section D.2.4 below).
- For the calculation of the Risk Margin (see Section D.2.1.3 below) the Company assumes that the Solvency Capital Requirement ("SCR") in future years reduces in line with the run-off of the technical provisions.

D.2.1.2. Best Estimate Liabilities (BEL)

The BEL represent the probability-weighted average of the future cash flows, taking into account the time value of money (expected present value of future cash flows) and using the relevant risk-free interest rate term structure (i.e. currency specific swap-rate curve with volatility adjustment). The following is noted:

- BEL are calculated for both in-force and bound but not incepted contracts at the valuation date, based on up-to-date and credible information and realistic assumptions and using adequate, applicable and relevant actuarial and statistical methods.
- The cash flow projection used in the calculation of the BEL takes account of all the cash inflows and cash outflows required to settle the insurance and reinsurance obligations over the lifetime thereof, including future claims, future expenses (maintenance, servicing, overhead, commission, investment management), and future premiums (contracted premiums).
- BEL comprise both claims provisions and premium provisions which are calculated separately.
- The calculations are performed on a gross basis without deduction of the amounts recoverable from reinsurance contracts. These amounts are calculated separately. The premium provisions relate to future expected claim events covered by (re)insurance obligations falling within the contract boundary whereas the claims provisions relate to claim events that have already occurred, regardless of whether the claims arising from these events have been reported or not.
- The BEL consider the full range of future events and includes low probability and extreme events ("low frequency, high severity"), i.e. latent claims and events not in data.

D.2.1.3 Risk Margin

The market value of liabilities is defined as the discounted BEL plus a risk margin. The risk margin is defined as the cost of capital required to run off the business until final settlement, thus representing the cost of holding the necessary capital in excess of BEL.

To calculate the cost of capital the risk profile for the underlying business is required. The Solvency Capital Requirement ("SCR") is the risk capital required for one year only. Hence, the projected SCR for individual points of time in the future needs to be estimated. Solvency II only requires an allowance for the cost of holding non-hedgeable risk capital. No risk margin is required for hedgeable financial risks as these can be transferred to the capital markets. The cost of capital is the expected cost of transferring the non-hedgeable financial, insurance and operational risks to another insurer, reinsurer or other market participant. The rate assumed is 6%, per article 39 of the Delegated Regulation.

D.2.2 Uncertainty – Level of sensitivity

There is an inherent uncertainty in any estimate of loss reserves. This is because the ultimate liability for claims is subject to the outcome of events yet to occur. Examples of these events include jury decisions, court interpretations, legislative changes, subsequent damage to property, changes in the medical conditions of claimants, public attitudes and social/economic conditions such as inflation. While the technical provisions reflect the best estimate of the ultimate claims liability of the in-force business, future claims emergence is likely to deviate, possibly materially, from these estimates.

An analysis of the level of sensitivity of models used to derive Best Estimate Liabilities is performed to gain an understanding of the volatility of the underlying business. Sensitivity testing of the models is not only limited to stochastic simulations, e.g. bootstrapping. It can also consider model uncertainty, which includes scenario testing, consideration of the result of ranges coming from different models and back-testing to monitor the change in estimates due to additional information. Stochastic simulations are used to estimate uncertainty in future claims development based on the selected Best Estimate Liabilities. If the internal risk capital model is applied, the approach that is defined under the Internal Model framework is followed. Allowance for model uncertainty in the valuation process produces different point estimates. This is achieved by considering the results from the application of different methods, i.e. paid, incurred or frequency/severity, because different methods credit the importance of certain information over others. Scenario testing is the variation of specific underlying assumptions within the methods, which are also used to derive a range of possible estimates. For example, scenario testing provides a good insight on the effects of inflation or events not in data on reserve estimation. Back-testing validates the choice of previous selections and highlights the limitations in the accuracy of estimates over time. If the assumptions used in the range of calculations mentioned above are reasonable, the outcome might contribute to the final decision regarding the ultimate reserve levels.

The range of possible outcomes is based on statistical modelling of past events. The level of uncertainty is clearly explained to ensure the correct use of the results. Based on this modelling, key assumptions or those with potentially material impact are monitored closely. The analysis suggests a 1-in-4 chance of current reserves deteriorating by €24m post quota share (2022: €28m post quota share) and a 1-in-10 chance of current reserves deteriorating by €48m post quota share (2022: €53m post quote share). We note that the level of uncertainty can be influenced by changes in the mix of reserves by line of business and/or the modelled uncertainty for each line.

Actual versus expected analysis is carried out regularly to assess the reasonableness of the methodologies and parameter selections. This includes a reconciliation of the current and previous loss reserve valuations. All material deviations/differences are analysed between actual and expected experience. The same applies to changes in assumptions and methodology. These are investigated and satisfactorily explained. Expert judgment is included in the validation process.

A movement analysis is carried out between the current quarter and prior year-end. The purpose of the movement analysis is to provide an insight into the movement of reserves between two periods. The full movement in reserves should reconcile to the balance sheet at the beginning and the end of the analysed period. Transparency of movements is generated by a breakdown into major contributors such as:

- payments made from reserves,
- new information relevant for reserve estimation,
- the change in judgement on reserve estimates,
- new business covered, and
- adjustments to the scope to match opening and ending reserves.

The scope of the movement analysis includes claims reserves and premium provision but not the risk margin.

D.2.3 Valuation differences between Solvency II and IFRS

Although the wording for the definition of best estimate under IFRS and Solvency II is not identical, the same theoretical concepts and calculation methods are applied in the estimation process. Judgments with regard to model selection and calibration are also identical. Events not in data under Solvency II, which are a form of scenario testing under IFRS, are considered under both regimes.

In comparison with IFRS, there are three main differences under Solvency II: Premium provisions, discounting based on risk-free rates including volatility adjustment and risk margin. Separate calculations of these three individual aspects are required and also approved by the Actuarial Function for recording in the MVBS. The following table sets out differences between valuation for financial reporting and valuation for solvency purposes on a net basis.

€'m **As at 31 December 2023**	**IFRS**	**MVBS**	**Variance**
Liability for Remaining Coverage / Premium Provision	49.3	22.2	27.1
Liability for Incurred Claims / Claims Provision	583.7	579.0	4.8
Risk adjustment / Risk Margin	14.7	26.9	(12.2)
Net Technical provisions – non-life	**647.7**	**628.1**	**19.7**
Deposits / Deposits from reinsurers	718.5	729.9	(11.4)
Net Technical provisions incl. Desposits	**1,366.2**	**1,358.0**	**8.3**

Table 19: Valuation differences of technical provisions net of reinsurance

The differences between the best estimate technical provisions valuation for solvency purposes and the valuation in the financial statements can be split into the following drivers:

- Premium provisions: MVBS and IFRS have different definitions for contract boundaries. Accordingly, IFRS unearned premium reserves differ from the Solvency II premium provisions. Under Solvency II the premium provision is equal to a best estimate of future cashflows in respect of legally bound but unexpired exposures rather. The Liability for Remaining coverage represents the unearned proportion of written premium (UPR) minus deferred acquisition costs. Expected profits are immediately recognised which is not the case under IFRS (UPR) methodology.
- Future premium: Under Solvency II future premiums are treated as a technical provision but under IFRS future premiums are treated as a non-technical provision.
- There is an explicit risk margin in Solvency II allowing for the cost of capital of transferring non-hedgeable financial, operational and insurance risks. The IFRS 17 Risk Adjustment reflects uncertainties arising from non-financial risks and is part of the Liability for Incurred Claims.
- Discounting: Solvency II technical provisions are calculated by discounting the cash flows with a risk-free interest rate curve including volatility adjustment, while the Company's IFRS Liability for Incurred Claims is derived based on an IFRS 17 specific curve.

D.2.4 Reinsurance recoverables

€'m As at 31 December 2023	IFRS	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
Technical provisions – non-life (excluding health)	82.7	728.7	(48.5)	762.9
Technical provisions - health (similar to non-life)	1.4	5.5	(1.3)	5.6
Technical calculated as a whole	**84.1**	**734.2**	**(49.8)**	**768.5**

€'m As at 31 December 2022	IFRS	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II Values
Technical provisions – non-life (excluding health)	41.9	728.8	(40.2)	730.5
Technical provisions - health (similar to non-life)	5.7	-	(0.4)	5.3
Technical calculated as a whole	**47.6**	**728.8**	**(40.6)**	**735.8**

Table 20: Non-life – Reinsurance recoverables according to MVBS

The amounts recoverable from reinsurance contracts are calculated consistently with the boundaries of the underlying insurance or reinsurance contracts to which they relate.

The calculation of reinsurance recoverables is based on the best estimate for the recoverable. No risk margin is reported in the section of the reinsurance recoverable as the risk margin recognised within the technical provisions is already net of reinsurance. In addition, a Counterparty Default Adjustment (CDA) is calculated using the simplification specified in Article 61 of the Delegated Regulation.

The time difference between recoveries and direct payments is taken into account when calculating the reinsurance recoverables. For the purpose of calculating the amounts recoverable from reinsurance contracts, the cash-flows shall only include payments in relation to compensation of insurance events and unsettled insurance claims.

Cash in-flows include at least:

- recoverables from reinsurance contracts and recoverables for related expenses, and
- reinsurance commission and profit participation as specified in individual reinsurance contracts.

Cash out-flows include at least:

- future premiums / adjustment premiums for reinsurance contracts

The result from the calculation of reinsurance recoverables is adjusted to take into account the CDA, i.e. the expected losses due to default of the counterparty as a result of insolvency or a dispute. This adjustment shall be based on an assessment of the probability of default of the counterparty and the loss resulting therefrom (loss-given-default).

D.2.5 Methods

The methods used in calculation of technical provisions are appropriate for the nature and complexity of the risks. Some aspects (but not limited to) that are considered are as follow:

- the type of business being valued,
- the type of reinsurance cover in place,
- the maturity of the business,
- the Company's environment,
- relevant industry practice, and

- the particular circumstances of the Company.

In the analysis of the claim experience, the following aspects (but not limited to) are considered:

- claim frequency,
- claim severity,
- pattern of claim occurrence (or seasonality),
- development of reporting of claims,
- development of claim settlement or finalisation,
- development of claim payments,
- development of incurred losses,
- incidence and development of large claims, and
- the potential impact of catastrophes.

Diagnostics are also used to help identify potential trends and/or anomalies in the data.

D.2.5.1 Estimation in special cases

The section above might not be applicable for special types of business or claims where standard methods are not appropriate. Hence, alternative methodologies tailored to the individual characteristics are considered. When such alternative methodologies are employed, the rationale for the selected approach, methodology, potential validation and back-testing are documented. Events not in data and qualitative adjustments are examples where such documentation is requested.

Examples where the Company considers alternative methodologies are:

- Asbestos and other latent claims; and
- Covid-19 related business interruption claims

D.2.5.2 Discounting and cash flow of technical provisions

Risk-free discount rates are used to discount future best-estimate cash flows. The reference rate is the swap yield curve appropriate to the currency of the cash flows, unless the concept of proportionality applies, plus a volatility adjustment.

The Company applies the volatility adjustment according to article 77d of Directive 2009/138/EC. As at 31 December 2023 a change of the volatility adjustment to zero would:

- increase the technical provisions (gross of reinsurance) by €9.2m and decrease the Own Funds by €7.4m; and
- increase the Solvency Capital Requirement by €7.6m and the Minimum Capital Requirement by €3.4m.

The Company does not apply:

- The matching adjustment (Article 77b of the Solvency II Directive);
- the transitional risk-free interest rate term structure (Article 308c of the Solvency II Directive); and
- the transitional deduction (Article 308d of the Solvency II Directive).

D.3 Other Liabilities

D.3 Other liabilities	IFRS	Reclassification adjustments	Solvency II valuation adjustments	Solvency II
23. Contingent liabilities	-	-	-	-
24. Provisions other than technical provisions	18.7	-	-	18.7
25. Pension benefit obligations	-	-	-	-
26. Deposits from reinsurers	-	738.3	(8.4)	729.9
27. Deferred tax liabilities	17.0	(15.9)	1.6	2.7
28. Derivatives	-	-	-	-
29. Debts owed to credit institutions	1.1	1.1	-	2.2
30. Financial liabilities other than debts owed to credit institutions	27.9	-	-	27.9
31. Insurance and intermediaries payables	31.0	(30.2)	-	0.8
32. Reinsurance payables	14.2	(4.0)	-	10.2
33. Payables (trade, not insurance)	2.2	-	-	2.2
34. Subordinated liabilities	-	-	-	-
34.1. Subordinated liabilities not in BOF	-	-	-	-
34.2. Subordinated liabilities in BOF	-	-	-	-
35. Any other liabilities, not elsewhere shown	43.9	(0.3)	(3.0)	40.6
Total other liabilities	**156.0**	**689.0**	**(9.8)**	**835.2**

Table 21: Comparison of MVBS and IFRS balance sheet – Liabilities

D.3.1 Contingent liabilities

The Company does not have any current contingent liabilities. Contingent liabilities are measured at the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability using the basic risk-free interest rate term structure. Under IFRS, contingent liabilities are not recognised in the balance sheet but are disclosed with their best estimate in the notes according to IAS 37. Contingent liabilities are recognised in the MVBS if they are material.

D.3.2 Provisions other than technical provisions

These provisions refer to liabilities of uncertain timing and amount. They include, e.g. staff-related provisions, provisions for stock-based compensation, and provisions for legal expenses. The provisions are valued at nominal value and this is considered to be a good proxy for fair value. There are no differences in valuation of provisions other than technical provisions between IFRS and Solvency II.

D.3.3 Deposits from reinsurers

Deposits received from reinsurers represent the collateral contractually withheld by the Company from its reinsurers and represents their share of the Company’s technical liabilities. For IFRS these deposits are measured at their repayment amount, including future deposit interest, and are discounted to reflect the time value of money. For MVBS the deposits are revalued to their market value. A valuation difference is noted for Solvency II due to premium provision being discounted under Solvency II, whereas liabilities for remaining coverage are not discounted under IFRS given their short-term nature.

D.3.4 Deferred tax liabilities

Deferred tax liabilities (DTL) are the amounts of corporation tax payable in future periods with respect to taxable temporary differences. Deferred taxes are recognised and valued in relation to all assets and liabilities that are recognised for Solvency II or for tax purposes. There is no expiry date for deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet. The difference between MVBS and IFRS relates mostly to deferred taxes on temporary differences resulting from revaluation adjustments concerning values of assets and liabilities under IFRS and MVBS.

D.3.5 Derivatives

Derivatives are financial instruments that have values based on the expected future price movements of the assets to which they are linked. Derivatives with negative values are reported on the liability side. Derivatives are measured at fair value according to IFRS 9 without taking into account adjustments for own credit standing. There is no liability for derivatives in IFRS or MVBS. Refer to Section D.1.7 for the derivative classified as an asset.

D.3.6 Debts owed to credit institutions

Debts owed to credit institutions are liabilities to banks, the carrying amount is considered to be a reasonable estimate of the fair value.

D.3.7 Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions as defined in IFRS 9 are valued at fair value.

D.3.8 Insurance and intermediaries' payables

Insurance and intermediaries' payables refer to amounts due to policyholders, insurers and others participating in the insurance business, but are not technical provisions. They include amounts past-due to (re)insurance intermediaries (e.g. commissions due to intermediaries but not yet paid) and excludes loans and mortgages due to insurance companies, if they are not linked to insurance business but are only related to financing (and are, therefore, included in financial liabilities). They are generally measured at their nominal amount, without taking account of subsequent changes to own credit standing. The nominal value is considered a good proxy for the fair value within the materiality and proportionality principles.

The reclassification difference relates to the recognition of commissions that are already included in payables under IFRS while they are recognised within technical provisions in the MVBS.

D.3.9 Reinsurance payables

Reinsurance payables are amounts payable, due to reinsurers other than deposits that are linked to the reinsurance business, but that are not included in reinsurance recoverables. They include payables to reinsurers that relate to ceded premiums. Under IFRS 17 reinsurance payables are recorded within assets for remaining coverage and they are measured at their nominal amount without taking account of subsequent changes to own credit standing. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.

Reinsurance payables are measured at the amount due, which represents the amount expected to be paid. As these are liabilities, there is no allowance made for own credit standing.

The reclassification difference mainly relates to the recognition of certain premiums that are already included in the payables under IFRS while they are recognised within technical provisions in the MVBS.

D.3.10 Payables (trade, not insurance)

Payables (trade, not insurance) include the total amount of trade payables, including amounts due to employees, suppliers, etc. and are not insurance related. Payables are generally recognised with their settlement amount under IFRS which is also considered to be the market value. There is a revaluation difference between IFRS and MVBS relating to the write-off of deferred income.

D.3.11 Subordinated liabilities

Subordinated liabilities are not applicable to the Company.

D.3.12 Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown include any liabilities that are not included in the other balance sheet items. They are generally measured at their nominal amount, without taking account of subsequent changes to own credit standing. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.

D.4 Alternative Methods for Valuation

Information on alternative methods for valuation is provided under the description of the MVBS line items respectively.

D.5 Any Other Information

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the financial statements. In forming this view, the directors have reviewed the Company’s corporate plan for 2024 to 2026, the conclusions reached in the 2023 ORSA report, the current and expected future trading performance, the Company’s capital position, the key risks facing the business.

All important information regarding the valuation of its assets, technical provisions and other liabilities for solvency purposes is addressed in the above sections.

E. Capital Management

E.1 Own Funds

E.1.1 Objectives, policies and process for managing own funds

Capital is a key resource for the Company and is used to support the business in achieving its corporate objectives. It is a key part in determining the Company's risk strategy and defining the risk appetite regarding risk bearing capacity of the business. The Company's Capital Management Policy describes the set of activities undertaken by the Company to ensure that appropriate capitalisation is maintained to achieve the corporate objectives.

The Board bears the overall responsibility for capital management and is responsible for the Capital Management Policy and the related Risk Appetite Framework.

Any capital repatriation recommendations (e.g. dividends) are proposed by management to the Board of Directors within the framework set out within the Company's Capital Management Policy. The Board of Directors has the final say on any capital repatriation decisions.

The current liquidity plan and solvency projections reflect all planned changes in Own Funds for the next 3 years. There were no material changes over the reporting period with regards to objectives, policies and processes employed by the Company for managing its Own Funds.

E.1.2 Structure amount and quality of Own Funds

The classification into tiers follows the criteria set out in articles 93 to 96 of the Solvency II Directive 2009/138/EC as well as in articles 69 to 78 of the Solvency II Delegated Regulation. Ordinary share capital (paid-in), share premium related to ordinary share capital, surplus funds and the reconciliation reserve are classified as Tier 1 unrestricted Own Funds, the amount equal to the value of net deferred tax assets is classified as Tier 3 Own Funds as detailed in QRT S.23.01.01.

The Basic Own Funds amount to €329.1m (2022: €281.7m) and consist of €329.1m (2022: €276.5m) Tier 1 unrestricted Own Funds and nil (2022: €5.2m) Tier 3 Own Funds. Tier 1 unrestricted Own Funds relate to fully paid-in share capital of €31.3m (2022: €31.3m) along with share premium of €0.5m (2022: €0.5m), the Reconciliation Reserve amounting to €286.9m (2022: €234.3m) and Other Own Fund items approved by the supervisory authority as Basic Own Funds of €10.4m (2022: €10.4m).

The Company holds no ancillary Own Funds. The Reconciliation Reserve consists of retained earnings. There are no items deducted from Own Funds and no restrictions affecting the availability and transferability of same. The amount of Basic Own Funds that is eligible to cover the Solvency Capital Requirement is €329.1m (2022: €281.7m) and €329.1m (2022: €276.5m) for the Minimum Capital Requirement. The following table provides details with regard to the individual Basic Own Funds items and the respective classification into tiers below:

In €'m as at 31 December 2023	**Total**	**Tier 1 unrestricted**	**Tier 2**	**Tier 3**
Ordinary share capital (gross of own shares)	31.3	31.3	-	-
Share premium account related to ordinary share capital	0.5	0.5	-	-
Reconciliation Reserve (solo)	286.9	286.9	-	-
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	10.4	10.4	-	-
Total Basic Own Funds after adjustments (solo)	**329.1**	**329.1**	**-**	**-**

In €'m as at 31 December 2022	Total	Tier 1 unrestricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	31.3	31.3	-	-
Share premium account related to ordinary share capital	0.5	0.5	-	-
Reconciliation Reserve (solo)	234.3	234.3	-	-
An amount equal to the value of net deferred tax assets	5.2	-	-	5.2
Other Own Fund items approved by the supervisory authority as basic own funds not specified above	10.4	10.4	-	-
Total Basic Own Funds after adjustments (solo)	**281.7**	**276.5**	**-**	**5.2**

Table 22: Classification of Own Funds

No items of the Company's Basic Own Funds are subject to the transitional arrangements referred to in Article 308b (9) and (10) of Directive 2009/138/EC.

E.1.3 Reconciliation between IFRS (Statutory accounts) and MVBS excess assets over liabilities

The €7.6m (2022: €6.0m) difference between IFRS equity and MVBS Own Funds is attributable to four key items:

1. IFRS balance sheet items that are not recognised in the MVBS (e.g. intangible assets) and MVBS items that are not recognised in IFRS.
2. Revaluation to fair value of assets and liabilities that are valued at amortised cost under IFRS (such as financial assets measured at amortised cost).
3. Differences in recognition and valuation of technical provisions, reinsurance recoverable and deposits from reinsurers.
4. Deferred taxes on the above-mentioned balance sheet differences.

The following table reconciles the IFRS equity to MVBS Own Funds.

As at 31 December	€'m 2023	€'m 2023	€'m 2022	€'m 2022 (restated)
IFRS Equity		**321.5**		**275.8**
Deposits from reinsurers		8.4		3.3
Gross Technical Provisions	67.4		61.7	
Reinsurance Technical Provisions	(49.8)		(42.2)	
Net Technical Provisions		**17.6**		**19.5**
Risk Margin		(12.2)		(11.5)
Other Asset Revaluations	(9.0)		(6.3)	
Other Liability Revaluations	3.3		3.0	
Total Revaluations		**(5.7)**		**(3.3)**
Deferred Tax		(0.5)		(2.0)
Forseeable Dividend		0.0		0.0
MVBS Own Funds		**329.1**		**281.8**

Table 23: Reconciliation IFRS to MVBS

The line-by-line description of the differences between IFRS and MVBS can be found in Section D of this report.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Determination of SCR and MCR

When determining the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR"), the Company uses results derived from the Allianz Internal Model.

E.2.2 Values of the SCR and MCR

The SCR at the 31st of December 2023 amounts to €166m (2022: €165m) and the MCR amounts to €75m (2022: €74m). A split of the SCR by the different risk categories modelled by the Internal Model is shown in the following table:

Risk Category	**SCR at 31/12/2023 in EUR (€m)**	**SCR at 31/12/2022 in EUR (€m)**
Market Risk	132	139
Insurance Risk	165	161
Longevity Risk	11	27
Business Risk	10	8
Credit Risk	24	26
Operational Risk	30	27
Sum of standalone risks	372	**389**
Diversification impact	(200)	(217)
Loss absorbing capacity of deferred taxes	(5)	(7)
SCR	**166**	**165**

Table 24: SCR split by risk category

While the SCR in above table above is consistent with QRT S.25.03.21, please note that there are differences in the levels of risk capital within each risk category and the diversification benefit. This is due to the fact that the above table is based on standalone risk capital whereas QRT S.25.03.21 applies diversification within each risk category, e.g. it allows for diversification between the various types of market risk. Also, the above table presents longevity risk explicitly whereas it is integrated into Underwriting Risk in QRT S.25.03.21.

E.2.3 Inputs used for the MCR calculation

The calculation of the MCR, which can be seen in QRT S.28.01.01, follows the methodology described in the Solvency II regulation and uses the SCR as an input parameter for determining the possible range for the MCR.

E.2.4 Material Changes to the SCR or MCR over the reporting period

The SCR increased slightly from €165m at year-end 2022 to c€166m at year-end 2023, which is not considered to be material. The overall diversification benefit as a proportion of total standalone risk capital has decreased slightly to 53.8% at year-end 2023 compared to 55.8% at year-end 2022.

The MCR increased by less than €1m compared to year-end 2022. This was primarily driven by the small increase in the SCR, since the MCR is capped at 45% of the SCR.

E.3 Use of the Duration-Based Equity Risk Sub-module in the Calculation of the Solvency Capital Requirement

The Company does not make use of the duration-based equity risk sub-module.

E.4 Differences Between the Standard Formula and any Internal Model Used

Internal Model Uses

The key areas in which the Internal Model is used within the Company are as follows:

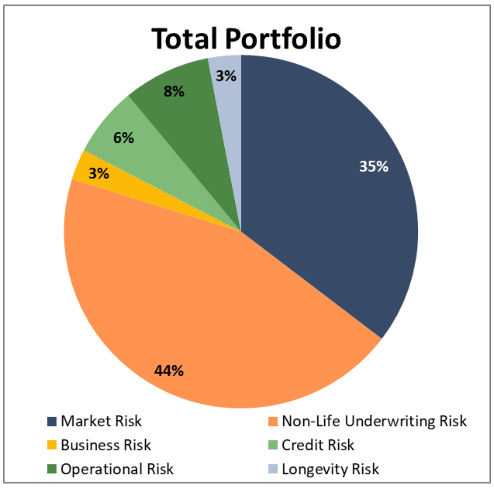
- Calculation of SCR,

- ORSA,
- Business planning,
- Monitoring and control of risk,
- Decision-making and steering.

These Internal Model uses and supporting analyses are reported to the relevant committees and senior management and, where appropriate, the Board. Senior management and the Board have sufficient familiarity with the Internal Model to challenge its outputs and ensure its ongoing appropriateness for use within the business. It is a fundamental element for risk-based and forward-looking steering. Moreover, by using an Internal Model, the calculated risk capital better reflects the underlying business profile and is therefore more appropriate compared to the Standard Formula approach of Solvency II.

E.4.1 Scope of the internal model

The Internal Model covers all risk categories reflecting the Company's risk profile which are deemed quantifiable under Solvency II; it is therefore a full Internal Model. The pie charts below show how total standalone risk capital at year-end 2023 is sub-divided between the different risk categories for the "total portfolio" (i.e. including the pension scheme) and the "non-life portfolio" (i.e. excluding the pension scheme):



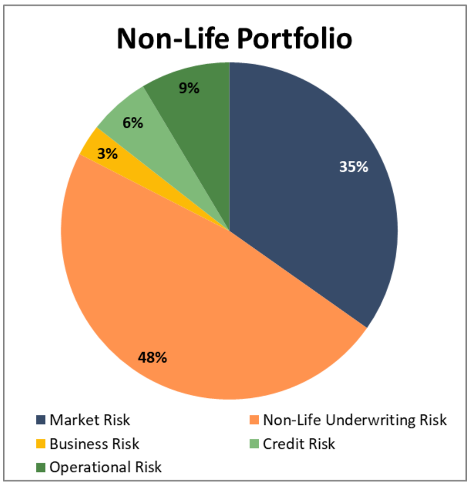


Figure 8: Contribution to standalone risk capital by risk category

As may be seen from the above, non-life underwriting risk and market risk are the most significant risk categories at year-end 2023, contributing 44% and 35% respectively to the sum of standalone risk capital at the "total portfolio" level. Credit and operational risk contribute 6% and 8% respectively to the sum of standalone risk capital. Please note that the allocation of the various risk categories is broadly similar at the "non-life portfolio" level, although the contribution of non-life underwriting risk to the sum of standalone risk capital is relatively more material under this view (48% as compared to 44%) due to the omission of pension longevity risk.

The following table provides an overview of the diversified risk capital (Solvency Capital Requirement, or "SCR"), Own Funds and solvency coverage ratio of the Company at year-ends 2023 and 2022:

€'m	YE 2023	YE 2022
SCR	166	165
Own Funds	329	282
Coverage Ratio	**198%**	**171%**

Table 25: Overview of diversified risk capital, Own Funds and solvency coverage ratio

Please note that the official MVBS Own Funds in the table above includes pension surplus in line with IFRS reporting. For risk appetite monitoring purposes, pension surplus is excluded from Own Funds in order to provide appropriate risk steering incentives.

The Board-approved Risk Appetite Framework requires the Company to maintain a solvency coverage ratio above the annually-defined alert and action barrier thresholds; the solvency coverage is well above these metrics at year-end 2023.

The risk appetite metrics provide an early warning in relation to events that could threaten the ability of the Company to meet its corporate objectives and are reported to the Board on a quarterly basis. They also define a range of limits covering all risk categories, and any breaches of these limits require a remediation plan which must be approved by the Risk Committee. No material risk has been transferred to special purpose vehicles, and the Company has no material exposure arising from off-balance sheet positions.

The risk categories covered by the Internal Model are presented and explained in Section C.

E.4.2 Methodology underlying the Internal Model

The Company's internal risk capital model is based on a Value-at-Risk (VaR) approach using a Monte Carlo simulation. The starting point of the risk calculation is the Market Value Balance Sheet (MVBS) and the attribution of each position to the relevant risk categories. Risk capital is defined as the change in economic value over the projected time period based on the underlying distribution assumptions for each risk factor. Where possible, the distributions are calibrated to market data or the Company's own internal historical data, e.g. for setting actuarial assumptions. In addition, the Company considers recommendations from the insurance industry, supervisory authorities and actuarial associations when calibrating model parameters.

Following this approach, the loss in the portfolio value of the Company's businesses in the scope of the model within a specified timeframe ("holding period") and probability of occurrence ("confidence level") is determined. The risk capital is computed as the 99.5%-VaR from the profit and loss distribution over a one-year holding period where, in each scenario, the change in economic value is derived from the joint realisation of all risk factors. This 1-in-200 year event is modelled as an instantaneous loss across all balance sheet positions.

The Internal Model contains different risk categories, which can themselves be further subdivided into different risk types.

For each type or level, the Internal Model delivers risk capital figures on a standalone basis, i.e. before diversification with other risk types or categories, but also on an aggregated level taking diversification into account (see Section E.4.3, "Aggregation of Risks"). A more detailed description of each risk category can be found in Section C.

For the valuation of Technical Provisions, a Volatility Adjustment is applied on top of the risk-free interest rate curve (see section D.2.5.2, "Discounting and cash flow of Technical Provisions"). As the Volatility Adjustment (VA) is derived from credit spreads, simulated changes in the credit spreads conceptually also imply changes in the Volatility Adjustment in each underlying scenario of the risk calculation. These changes can consequently be anticipated and considered in the valuation of Technical Provisions in each underlying scenario to reflect them in the risk capital. Therefore, the Internal Model contains a dynamic component to cover this impact. The Company's approach to model the dynamic component differs methodologically from the static EIOPA VA concept underlying the Standard Model. In the Internal Model risk capital calculations, the impact of the dynamic movement of the Volatility Adjustment based on the credit spread movements of the Company's own portfolio is reflected. This asset-side effect is transferred to the liability side of the balance sheet by using asset and liability durations. To account for deviations to the EIOPA VA methodology, the Company applies a more conservative, reduced application ratio for the dynamic Volatility Adjustment. A regular validation is performed to verify the appropriateness and prudency of the approach used.

E.4.3 Aggregation of Risks

For the aggregation of risks, the Company applies an industry-standard approach known as the “Gaussian copula”. The dependence structure between risks included in this copula is defined by a matrix of correlations. Where possible, the Company derives correlation parameters for each pair of risks through statistical analysis of historical market data, considering quarterly observations over several years. In the event that historical market data or other portfolio-specific observations are insufficient or not available, correlations are derived according to a well-defined Group-wide process. Correlations are determined by the Correlation Settings Committee, which combines the expertise of risk and business experts across Allianz Group and are assessed for their local appropriateness to the Company as part of a validation exercise. In general, correlation parameters are selected to represent the level of a joint movement of risks under adverse conditions.

To calculate diversified risk capital, the change in economic value is determined for the 1-in-200 year event arising from a joint realisation of risks based on the methodology described in the previous section.

E.4.4 Main differences per risk module between the internal model and the standard formula

A fundamental difference between the Standard Formula and Internal Model is that the Standard Formula uses factor-based shocks whereas the Internal Model derives the risk capital by simulating each risk driver (and its corresponding economic Profit & Loss impact) based on its assumed distribution and interdependence with other risk drivers.

The following table provides an overview of differences between the Standard Formula and Internal Model by risk module:

Risk Module	Standard Formula (factor-based approach)	Internal Model (stochastic simulation)
Equity	Several standardised equity shocks, depending on classification of equity investments: ▪ 39 % for equities listed in countries that are members of EEA or OECD (type 1) ▪ 49 % for remaining equity-type investments, commodities, and alternative investments (type 2) ▪ Symmetric adjustment is applied to 39 % and 49 %, base shocks depending on the relation between the current and the average historical market level. ▪ Strategic participation with a risk charge of 22 % ▪ Other reduced capital charges for qualifying infrastructure (corporate) and long-term equity investment ▪ Aggregation of equity shocks based on simplified correlation assumption of 0.75 between type 1 and the rest	Underlying distribution for each equity risk factor modelled is calibrated to market data ▪ Traded equity indices (ca. 35 % - 60 %, depending on the index) ▪ Non-traded equity indices (ca. 10 % - 80 % depending on the index and risk classification) ▪ Strategic participations (35 %) ▪ Volatility stress applied ▪ Aggregation is based on correlations between different risk factors calibrated to market data and expert estimates
Interest rate	▪ Pre-defined up/down shocks as percentage change to the EIOPA risk-free rates varying by term to maturity from 20 % to 75 %; minimum up-shock of 100 bps ▪ Worst case of up and down scenario determines capital requirements ▪ Down shocks of the negative rates are not allowed	▪ Underlying distributions of interest rate term nodes are calibrated to market data for each interest rate curve modelled ▪ Interest rates shocks in up to 10 nodes are modelled stochastically, no min/max shock size applied ▪ Volatility stress applied ▪ Shifted log-normal model allows for down-shocks in negative rates
Equity / Interest rate volatility	▪ Not covered explicitly	▪ Explicit risk factors for equity / interest rate implied volatility levels, with the underlying distributions being calibrated to market data
Inflation	▪ Not covered explicitly	▪ Explicit risk factors for inflation expectation rates, with the underlying distributions being calibrated to market data
Real estate	▪ 25% for all properties	▪ Country/sector-specific real estate indices (shocks ranging from ca. 19 % – 33 %)
Spread	Spread risk is subdivided into three categories for bonds and loans, securitizations, and credit derivatives. Shock impacts are calculated using a pre-defined methodology for each category and summed up to obtain the overall spread module figure: ▪ For bonds, loans, and securitizations, shock factors depend on the respective modified duration and credit rating. No spread risk on certain bonds and loans (e.g. EEA sovereign bonds) denominated and funded in domestic currency ▪ For credit derivatives, shock factors for an increase in spreads depend on the credit rating of the underlying. Down shock of 75 % for all ratings; shock is then determined by the larger resulting capital requirement ▪ Where approved by the regulator, the EIOPA volatility adjustment is used as a constant discount rate for the valuation of the technical provisions	Modelling of various spreads differentiated by, e.g. sector, rating, country/region. The underlying distribution of each spread modelled is calibrated to market data. The main differences are: ▪ EEA sovereign bonds, AAA and AA rated non-EEA sovereign bonds, supranational bonds, and mortgage loans on residential property are not exempted from spread risk ▪ Shocks for securitizations which are calibrated under the Internal Model are lower than those in the Standard Formula, which can be as high as 100 % ▪ For valuation purposes of the Technical Provisions, the EIOPA Volatility Adjustment is used where approved by the regulator. In addition, the Volatility Adjustment is also modelled dynamically within the risk capital calculation. The dynamic component's contribution towards the value of the Technical Provisions is determined based on the own portfolio movements caused by simulated changes in credit spreads during risk capital calculation.

Currency		▪ +/- 25 % for each currency, except for currencies pegged to the EUR ▪ Worst-case scenario is selected for each currency ▪ No diversification/netting of cross currencies	▪ Exchange rate shocks for different currencies vs. EUR (from ca. 18 % - 33 % depending on the currency)
Concentration		▪ Formula based on exposure, rating, and total assets held	▪ Implicitly covered in the credit risk models and via diversification in market risk modules

Credit risk / Counterparty default risk		▪ Scope: Limited to specific exposure types
		  ▪ Type 1: Mainly reinsurance arrangements, derivatives, cash at bank, deposits with ceding undertakings, and commitments
		  ▪ Type 2: Mainly receivables, policyholder debtors, retail mortgage loans
		  ▪ Counterparty default risk module does not contain bond portfolio and credit insurance
		▪ Methodology: Closed-formula approach to determine, for exposures in scope of the module, possible losses resulting from unexpected counterparty default
		▪ Parameters: Assigned according to Delegated Regulation (e.g. PDs, LGDs). PDs predominantly based on ratings from external rating agencies
			▪ Scope: Much broader including
			  ▪ Investment portfolio: Fixed-income investments, cash positions, derivatives, securities lending and structured transactions, receivables, off-balance exposures (e.g. guarantees and commitments)
			  ▪ Reinsurance exposures
			  ▪ Credit insurance exposures
			▪ Methodology: Portfolio model based on Monte Carlo simulation and covering default and migration risk. Loss distribution is determined by taking into account interdependencies and exposure concentrations.
			▪ Parameters: Mostly own internal estimates (e.g. PDs, LGDs). Ratings derived via an internal rating approach which is based on long-term ratings from rating agencies

Underwriting risk for life and health		▪ Mortality risk: 15 % increase in mortality rates, 0.15 % mortality calamity ▪ Longevity risk: 20 % decrease in mortality rates ▪ Morbidity risk: 35 % increase in the first year, 25 % thereafter, 20 % decrease for recovery rates ▪ Lapse risk: the lowest of 50 % up and down shock and 70 %/40 % mass lapse shock, depending on business type (retail/non-retail) ▪ Expense risk: 10 % increase in expenses + 1 % increase in expense inflation	▪ Mortality risk: Based on company experience, mortality calamity shock is set by expert judgement and is the same as in the Standard Formula ▪ Longevity risk: Derivation of combined level / trend stress is based on the application of a Lee-Carter mortality model using historical population data ▪ Morbidity risk: Based on company experience, morbidity calamity shock is set by expert judgement ▪ Lapse risk: Based on company experience, lapse mass shock is set by expert judgement ▪ Expense risk: Expert judgement stresses for level and inflation sub-risks are set to same values as in the Standard Formula. In addition, the internal model covers a cost calamity shock for new business risk, which is not modelled under the Standard Formula.
Underwriting risk for non-life & health (not similar to life techniques)	**Premium and reserve risk**	In the Standard Formula, a factor-based approach is used to estimate the combined premium and reserve risk: ▪ Standard volatility factors (market averages) by Solvency II line of business are applied to different volume measures, such as net earned premiums and net claim reserves ▪ In a linear correlation approach, values are aggregated over Solvency II lines of business and risk modules using pre-defined correlations ▪ Different submodules for Non-Life and Health (not similar to life techniques) Solvency II lines of business ▪ Allowance for geographical diversification based on a pre-defined set of regions	In the Internal Model, premium non-catastrophe and reserve risk are modelled individually: ▪ Actuarial models are fitted to local company-specific data, leading to a better reflection of the Company's individual risk profile ▪ Standard actuarial techniques such as frequency / severity modelling and bootstrapping are used ▪ The model is more granular than Solvency II line of business and in line with the risk profile observed in the Company ▪ Reinsurance application for premium risk is more advanced in the Internal Model, as single large losses are modelled separately and non-proportional reinsurance contracts can be applied ▪ The aggregation method used is based on a Copula approach ▪ Direct credit insurance exposures are modelled in the credit risk module

	Catastrophe risk	▪ Catastrophe risk is split into four modules: natural catastrophe, non-proportional property reinsurance, man-made, other ▪ Standardised shock scenarios are applied as specified by the Delegated Regulation ▪ The 1-in200 year natural catastrophe loss is largely based on shocked sums insured and gross premiums. Reinsurance is applied based on the consideration of single events. Separate approach for health catastrophe risk (mass accident, accident concentration and pandemic modules)	▪ Natural-catastrophe risk is based on probabilistic models, which use special modelling techniques to combine portfolio data (such as the geographic distribution and characteristics of insured objects and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses ▪ Man-made risk is modelled together with premium non-catastrophe risk ▪ Reinsurance can be reflected, e.g. single event losses are simulated and mitigated with the respective reinsurance arrangement, if applicable
	Business risk	▪ Only lapse risk is considered, with a focus on deterioration of future earnings	▪ Both the lapse and the cost risk are explicitly modelled with a focus on cost coverage
Loss absorbing capacity of tax		▪ The adjustment is equal to the change in value of deferred taxes that results from an instantaneous loss of an amount equal to the Basic Solvency Capital Requirement (BSCR) plus capital requirement for operational risk plus adjustment for the loss-absorbing capacity of technical provisions. ▪ Under the Standard Formula, only the corporate tax rate is considered.	▪ The tax relief on risk capital is based on tax rates applied to the overall market value balance sheet shock in the 99.5 % quantile scenario, capped at the level of net deferred tax liabilities plus loss carry-back capacity. ▪ In the Internal Model framework, a separate tax rate for equities (where applicable) is considered in addition to the corporate tax rate.
Loss-absorbing capacity of technical provisions		▪ Ensures that for participating business there is no multiple usage of the future discretionary benefit buffers (FDB) ▪ The BSCR is calculated with and without allowance for FDB, and the total relief is limited to the current value of FDB.	▪ As SCR figures are calculated directly on a net basis, based on replicating portfolios for Technical Provisions, they already include the loss-absorbing capacity of Technical Provisions. ▪ The cross-effects framework further defines a combined shock analysis based on which a capital add-on is applied if multiple usage of buffers should be present.
Intangible asset risk		▪ 80 % of intangible assets recognized	▪ Intangible asset risk is not covered by the Internal Model.
Operational Risk		▪ Factor-based approach based on earned premium amount and Technical Provisions	▪ Scenario-based risk modelling approach ▪ Risk identification within each entity ▪ Aggregation of operational risks based on loss frequency and loss severity distributions
Aggregation		▪ Simple correlation approach with predefined correlations between risk modules	▪ Aggregation based on correlation matrix calibrated where possible to available market data or based on expert judgement in case no or limited data is available. ▪ Aggregation model (Copula approach)

Table 26: Overview of differences between the Standard Formula and Internal Model

For non-life underwriting risk, there are only small differences in the risk types covered by the Internal Model compared to the Standard Formula. The main categories are reflected in both models, and there is no material risk covered by the Standard Formula that is not covered by the Internal Model.

In the Standard Formula, the mandatory Fire Cat scenario requires the maximum concentration of property risk within a 200m radius to be assessed on a sum insured basis. This is considered by the Company to be far more remote than a 1-in-200 year scenario, as a man-made catastrophe event would have to occur in the exact area at which the Company’s concentrations are located and would have to cause a complete loss to all properties. The Company is satisfied that the Internal Model gives an appropriate reflection of fire catastrophe losses and of its risk profile as a whole.

The credit risk module of the Internal Model, in contrast to the counterparty default risk module of the Standard Formula, covers the entire bond and loan portfolio and also credit insurance exposures. This approach allows the Company to model diversification and concentration effects across all credit risk bearing exposures.

For life underwriting risk, the covered risks are not aligned between the two models. The Internal Model covers longevity risks for pension obligations for employees, whereas this risk is not accounted for in the Standard Formula.

Operational risk capital for the Standard Formula is calculated following a factor-based approach, where the underlying economic risk profile is only partly reflected. In contrast, the Internal Model calculation of operational risk capital is based on the Company's operational risk management framework (described in Section C.3.5) which leads to an adequate coverage of the underlying risks.

In general, the Internal Model offers a higher diversification benefit as it reflects more adequately the diversification within risk modules. In particular, the Internal Model accounts for diversification by country and sector within market risk sub-modules which is neglected in the Standard Formula calibration. The diversification effects within market risk modules and sub-modules are deemed more appropriate given the long historical time series used for calibration including occurred crisis scenarios. One example for the impact of this difference would be the lower credit spread risk capital in the Internal Model, in combination with the dynamic VA offset for credit spread risk which is only permitted in the Internal Model. Therefore, the quantitative impact on the overall SCR requirement based on the Standard Formula is generally higher than under the Internal Model.

The Company is confident that the Internal Model approach is much better suited to represent its risk profile.

E.4.5 Nature and appropriateness of data

Various sources of data are used as input to the Internal Model and for the calibration of parameters as described in previous sections. Where reasonable, the input data is identical to the data used for other purposes, for example for local reporting (IFRS). The appropriateness of this data is regularly verified internally and by external auditors.

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

The Company complied with the Minimum Capital Requirement and the Solvency Capital Requirement for year-end 2023.

E.6 Any other information

All important information regarding the capital management of the undertaking is addressed in the above sections.

F. Glossary

BaFIN	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BEL	Best Estimate Liability
CBI	Central Bank of Ireland
CF	Controlled Functions
EIOPA	European Insurance & Occupational Pensions Authority
GAAP	Generally Accepted Accounting Practice
LoB	Line of Business
MRC	Management Risk Committee
MVBS	Market Value Balance Sheet
MCR	Minimum Capital Requirement
NFRM	Non-Financial Risk Management
OE	Operating Entity
OECD	Organisation for Economic Co-operation and Development
ORSA	Own Risk & Solvency Assessment
P&C	Property & Casualty
PCF	Pre-approval Controlled Function
PIMCO	Pacific Management Investment Company
RiCo	Risk Committee
RM	Risk Margin
SAA	Strategic Asset Allocation
SCR	Solvency Capital Requirement
TP	Technical Provisions
TRA	Top Risk Assessment
UPR	Unearned Premium Reserve

G. References

Allianz Group, “Allianz Group Code of Conduct”;
Allianz Group, “Allianz Standard for Operational Risk Management”;
Allianz Group, “Allianz Standard for Model Governance”;
Allianz Group, “Allianz Standard for Model Change” ;
Allianz Group, “Allianz Standard for Protection and Resilience”;
Allianz Group, “Allianz Standard for Credit Risk Management”;
Allianz Group, “Allianz Group Information Technology and Information Security Policy”;
Allianz Group, “Allianz Privacy Standard”;
Allianz Group, “Allianz Standard for P&C Underwriting”;
Allianz Group, “Allianz Standard for Liquidity Risk Management”;
Allianz Group, “Credit Risk Modelling Framework”;
Allianz Group, “Hedging for Life Insurance with Fair Value Options”;
Allianz Group, “Minimum Standards for New Financial Instrument Implementation”;
Allianz Group, “Allianz Standard for Communications”;
Allianz Group, “Allianz Standard for Top Risk Assessment”;
Allianz Group, “Allianz Operational Risk Event Capture Guideline”;
Allianz Group, “Allianz Guideline for Operational Risk Scenario Analysis”;
Allianz Group, “Allianz Guideline for Data Quality Assurance”;
Allianz Group, “Allianz Guideline for Expert Judgement”;
Allianz Group, “Allianz Model Change and Update Guideline”;
Allianz Group, “Allianz Guideline for Validation of Qualitative Elements”;
Allianz Group, “Allianz Standard for Own Risk and Solvency Assessment”;
Allianz Group, “Allianz Standard for Risk Capital Measurement and Aggregation”;
Allianz Group, “Allianz Guideline for Management Ratio and Financial Limits”;
Allianz Group, “Allianz Functional Rule for Non-Financial Risk Management”;
Allianz plc, “ALM / SAA Policy”;
Allianz plc, “Solvency II Data Quality Policy”;
Allianz plc, “ORSA Policy”;
Allianz plc, “Product Oversight and Governance Policy”;
Allianz plc, “Protection and Resilience Policy”;
Allianz plc, “Reinsurance Strategy”;
Allianz plc, “Risk Appetite Framework”;
Allianz plc, “Risk Management Strategy”;
Allianz plc, “Actuarial Policy”;
Allianz plc, “Internal Audit Policy”;
Allianz plc, “Capital Management Policy”;
Allianz plc, “Fitness and Probity Policy and Procedure”;
Allianz plc, “Compliance Policy”;
Allianz plc, “Outsourcing Policy”;
Allianz plc, “Financial Reporting and Disclosures Committee Terms of Reference”;
Allianz plc, “Investment Committee Terms of Reference”;
Allianz plc, “Outsourcing Committee Terms of Reference”;
Allianz plc, “Reinsurance Committee Terms of Reference”;
Allianz plc, “Reserving Committee Terms of Reference”;
Allianz plc, “Board Risk Committee Terms of Reference”;
Allianz plc, “Reserving Policy”;
Allianz plc, “Operational Risk Strategy and Policy”;
Allianz plc, “Risk Management Policy”;
Allianz plc, “Governance and Control Policy”;
Allianz plc, “Information Technology Policy ”;
Allianz plc, “Legal Policy”;

Allianz plc, “Underwriting Risk Strategy & Policy”;
Allianz plc, “Liquidity Risk Strategy & Policy”;
Allianz plc, “Credit Risk Strategy & Policy”;
Allianz plc, “Market Risk Strategy & Policy”;
Allianz plc, “Tax Policy”;
Allianz plc, “Model Change Policy”;
Allianz plc, “Model Governance Policy”;
Allianz plc, “Model Validation Policy”;
Allianz plc, “Model Use Policy”;
Allianz plc, “Financial Reporting Policy”;
Allianz plc, “Regulatory Reporting Committee Terms of Reference”;
Allianz plc, “Policy on Non Audit Services Supplied by Audit Firms”.
Central Bank of Ireland, “Central Bank Reform Act”, 2010;
Central Bank of Ireland, “Corporate Governance Code for Credit Institutions and Insurance Undertakings”, 2015;
Central Bank of Ireland, “Guidelines on Preparing for Solvency II - Submission of Information”, 2013;

European Insurance and Occupational Pensions Authority (EIOPA), “Guidelines on Submission of Information to National Competent Authorities (EIOPA-CP-13/010)”, 2013;

European Parliament and European Council, “Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)”, 2009.

H. Annex: Quantitative Reporting Templates

This Annex lists the annual quantitative templates submitted to the CBI in respect of the year ended 31 December 2023.

The following templates are reproduced in this Annex:

Code	Template Name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.17.01.02	Non-life Technical Provisions
S.19.01.21	Non-life insurance claims
S.22.01.21	Impact of long term guarantees measures and transitionals
S.23.01.01	Own funds
S.25.05.21	Solvency Capital Requirement - for undertakings using an internal model (partial or full)
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	45,821
Property, plant & equipment held for own use	**R0060**	21,220
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	1,656,113
Property (other than for own use)	**R0080**	7,461
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	7,695
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	7,695
Bonds	**R0130**	1,549,291
Government Bonds	**R0140**	336,168
Corporate Bonds	**R0150**	1,213,122
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	83,549
Derivatives	**R0190**	731
Deposits other than cash equivalents	**R0200**	7,387
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	15,487
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	15,487
Reinsurance recoverables from:	**R0270**	768,524
Non-life and health similar to non-life	**R0280**	768,524
Non-life excluding health	**R0290**	762,938
Health similar to non-life	**R0300**	5,586
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	13,302
Reinsurance receivables	**R0370**	800
Receivables (trade, not insurance)	**R0380**	5,509
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**	32,061
Any other assets, not elsewhere shown	**R0420**	2,190
Total assets	**R0500**	**2,561,027**

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	1,396,673
Technical provisions – non-life (excluding health)	**R0520**	1,385,291
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	1,358,598
Risk margin	**R0550**	26,693
Technical provisions - health (similar to non-life)	**R0560**	11,382
TP calculated as a whole	**R0570**	-
Best Estimate	**R0580**	11,167
Risk margin	**R0590**	215
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
TP calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
TP calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	18,747
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	729,925
Deferred tax liabilities	**R0780**	2,634
Derivatives	**R0790**	41
Debts owed to credit institutions	**R0800**	2,244
Financial liabilities other than debts owed to credit institutions	**R0810**	27,861
Insurance & intermediaries payables	**R0820**	763
Reinsurance payables	**R0830**	10,161
Payables (trade, not insurance)	**R0840**	2,243
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	40,608
Total liabilities	**R0900**	**2,231,901**
Excess of assets over liabilities	**R1000**	**329,126**

Internal

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**	5,918	-	-	168,599	78,493	3,081	210,102	175,106	163
Gross - Proportional reinsurance accepted	**R0120**	208	-	-	356	136	-	4,351	4,280	3
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	3,124	-	-	86,534	40,243	1,836	123,969	97,165	89
Net	**R0200**	3,003	-	-	82,422	38,386	1,245	90,484	82,221	77
Premiums earned										
Gross - Direct Business	**R0210**	5,908	-	-	159,053	73,892	3,678	201,782	172,702	87
Gross - Proportional reinsurance accepted	**R0220**	175	-	-	366	140	-	3,940	3,996	3
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	3,104	-	-	81,797	37,956	2,124	123,836	96,329	50
Net	**R0300**	2,979	-	-	77,623	36,075	1,555	81,886	80,369	40
Claims incurred										
Gross - Direct Business	**R0310**	2,448	-	-	110,511	18,103	354	109,780	75,371	301
Gross - Proportional reinsurance accepted	**R0320**	470	-	-	123	13	0	4,270	2,566	0
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	1,451	-	-	56,259	9,214	181	62,693	43,023	209
Net	**R0400**	1,466	-	-	54,376	8,902	174	51,356	34,913	93
Expenses incurred	**R0550**	538	-	-	20,568	14,954	853	25,412	27,197	17
Balance - other technical expenses/income	**R1200**									
Total expenses	**R1300**									

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	-	-	18,565					660,027
Gross - Proportional reinsurance accepted	**R0120**	-	-	-					9,334
Gross - Non-proportional reinsurance accepted	**R0130**				-	-	-	-	-
Reinsurers' share	**R0140**	-	-	9,282	-	-	-	-	362,241
Net	**R0200**	-	-	9,282	-	-	-	-	307,120
Premiums earned									
Gross - Direct Business	**R0210**	-	-	17,934					635,034
Gross - Proportional reinsurance accepted	**R0220**	-	-	-					8,621
Gross - Non-proportional reinsurance accepted	**R0230**				-	-	-	-	-
Reinsurers' share	**R0240**	-	-	8,967	-	-	-	-	354,162
Net	**R0300**	-	-	8,967	-	-	-	-	289,493
Claims incurred									
Gross - Direct Business	**R0310**	-	-	13,575					330,442
Gross - Proportional reinsurance accepted	**R0320**	-	-	-					7,443
Gross - Non-proportional reinsurance accepted	**R0330**				-	-	-	-	-
Reinsurers' share	**R0340**	-	-	6,782	-	-	-	-	179,812
Net	**R0400**	-	-	6,793	-	-	-	-	158,074
Expenses incurred	**R0550**	-	-	1,721	-	-	-	-	91,259
Balance - other technical expenses/income	**R1200**								-
Total expenses	**R1300**								91,259

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
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	**R0050**	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**	2,174	-	-	36,545	9,074	(2,591)	26,230	23,337	228
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	1,076	-	-	28,204	6,565	127	24,270	17,502	27
Net Best Estimate of Premium Provisions	**R0150**	1,097	-	-	8,341	2,508	(2,718)	1,960	5,835	201
Claims provisions										
Gross	**R0160**	8,993	-	-	512,468	11,930	3,387	134,549	573,958	15,641
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	4,509	-	-	281,133	6,377	1,847	77,660	302,333	10,418
Net Best Estimate of Claims Provisions	**R0250**	4,484	-	-	231,335	5,553	1,540	56,890	271,625	5,222
Total Best estimate - gross	**R0260**	11,167	-	-	549,013	21,004	796	160,779	597,295	15,868
Total Best estimate - net	**R0270**	5,581	-	-	239,676	8,061	(1,178)	58,850	277,460	5,423
Risk margin	**R0280**	215	-	-	11,215	22	211	2,415	12,442	207
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**	11,382	-	-	560,229	21,026	1,007	163,194	609,737	16,075
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	5,586	-	-	309,337	12,942	1,974	101,930	319,835	10,445
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	5,796	-	-	250,892	8,084	(967)	61,264	289,902	5,630

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
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	**R0050**	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	-	-	8,763	-	-	-	-	103,760
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	3,792	-	-	-	-	81,565
Net Best Estimate of Premium Provisions	**R0150**	-	-	4,971	-	-	-	-	22,195
Claims provisions									
Gross	**R0160**	-	-	5,079	-	-	-	-	1,266,005
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	2,682	-	-	-	-	686,959
Net Best Estimate of Claims Provisions	**R0250**	-	-	2,397	-	-	-	-	579,046
Total Best estimate - gross	**R0260**	-	-	13,842	-	-	-	-	1,369,764
Total Best estimate - net	**R0270**	-	-	7,367	-	-	-	-	601,241
Risk margin	**R0280**	-	-	181	-	-	-	-	26,908
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**	-	-	14,023	-	-	-	-	1,396,673
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	6,475	-	-	-	-	768,524
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-	-	7,548	-	-	-	-	628,149

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year/Underwriting year	Z0020	1. Accident year

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +			In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100											8,084		R0100	8,084	8,084
N-9	R0160	93,146	51,239	26,991	28,825	28,876	12,842	8,983	6,599	4,636	2,885			R0110	2,885	265,022
N-8	R0170	82,667	62,320	32,282	26,372	33,603	16,903	12,144	6,494	4,371				R0170	4,371	277,155
N-7	R0180	95,865	56,099	35,534	33,010	29,631	18,966	16,198	8,607					R0180	8,607	293,910
N-6	R0190	95,741	61,043	36,807	35,118	18,635	18,972	14,175						R0190	14,175	280,490
N-5	R0200	97,930	50,314	26,844	25,517	29,167	17,147							R0200	17,147	246,919
N-4	R0210	90,427	44,188	21,792	19,165	15,546								R0210	15,546	191,117
N-3	R0220	81,018	56,558	38,488	30,370									R0220	30,370	206,433
N-2	R0230	92,476	49,534	16,028										R0230	16,028	158,038
N-1	R0240	99,235	63,498											R0240	63,498	162,733
N	R0250	119,360												R0250	119,360	119,360
													Total	R0260	300,071	2,209,261

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +			Year end (discounted
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											101,249		R0100	91,044
N-9	R0160	-	-	116,747	96,582	59,582	45,040	33,106	24,073	16,065	11,505			R0110	10,399
N-8	R0170	-	177,000	141,026	116,543	78,688	52,310	33,882	23,328	17,561				R0170	15,910
N-7	R0180	225,364	196,582	161,858	131,427	104,636	78,738	57,486	48,551					R0180	44,200
N-6	R0190	244,260	199,720	156,632	118,329	91,215	62,611	41,745						R0190	37,864
N-5	R0200	225,833	181,393	147,103	121,425	80,510	55,078							R0200	49,938
N-4	R0210	215,308	180,582	146,547	118,389	86,398								R0210	78,559
N-3	R0220	276,477	256,757	221,461	180,401									R0220	165,383
N-2	R0230	235,137	201,139	169,971										R0230	154,310
N-1	R0240	240,916	213,965											R0240	198,799
N	R0250	231,584												R0250	215,445
													Total	R0260	1,061,850

Annex I
S.22.01.21
Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee 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	1,396,673	-	-	9,153	-
Basic own funds	R0020	329,126	-	-	(6,480)	-
Eligible own funds to meet Solvency Capital Requirement	R0050	329,126	-	-	(6,480)	-
Solvency Capital Requirement	R0090	166,087	-	-	7,633	-
Eligible own funds to meet Minimum Capital Requirement	R0100	329,126	-	-	(6,480)	-
Minimum Capital Requirement	R0110	74,739	-	-	3,435	-

Annex I
S.23.01.01
Own funds

		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 (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	31,250	31,250		-	
Share premium account related to ordinary share capital	R0030	493	493		-	
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	286,965	286,965			
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	10,418	10,418	-	-	-
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	329,126	329,126	-	-	-
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	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	329,126	329,126	-	-	-
Total available own funds to meet the MCR	R0510	329,126	329,126	-	-	
Total eligible own funds to meet the SCR	R0540	329,126	329,126	-	-	-
Total eligible own funds to meet the MCR	R0550	329,126	329,126	-	-	
SCR	R0580	166,087				
MCR	R0600	74,739				
Ratio of Eligible own funds to SCR	R0620	198.17%				
Ratio of Eligible own funds to MCR	R0640	440.37%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	329,126	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720	-	
Other basic own fund items	R0730	42,161	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-	
Reconciliation reserve	R0760	286,965	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	-	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	33,118	
Total Expected profits included in future premiums (EPIFP)	R0790	33,118	

Annex I
S.25.05.21
Solvency Capital Requirement - for undertakings using an internal model (partial or full)

		Solvency Capital Requirement	Amount modelled	USP
		C0010	C0070	C0090
Risk type				
Total diversification	R0020	(77,887)	-	-
Total diversified risk before tax	R0030	171,565	-	-
Total diversified risk after tax	R0040	166,087	-	-
Total market & credit risk	R0070	155,221	-	-
Market & Credit risk - diversified	R0080	69,431	-	-
Credit event risk not covered in market & credit risk	R0190	-	-	-
Credit event risk not covered in market & credit risk - diversified	R0200	-	-	-
Total Business risk	R0270	10,434	-	-
Total Business risk - diversified	R0280	9,488	-	-
Total Net Non-life underwriting risk	R0310	165,188	-	-
Total Net Non-life underwriting risk - diversified	R0320	124,687	-	-
Total Life & Health underwriting risk	R0400	11,194	-	-
Total Life & Health underwriting risk - diversified	R0410	11,194	-	-
Total Operational risk	R0510	29,682	-	-
Total Operational risk - diversified	R0520	29,682	-	-
Other risk	R0530	-	-	-

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	240,466
Diversification	R0060	(77,887)
Adjustment due to RFF/MAP nSCR aggregation	R0120	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	166,087
Capital add-ons already set	R0210	-
Capital add-ons already set - Article 37 (1) Type a	R0211	-
Capital add-ons already set - Article 37 (1) Type b	R0212	-
Capital add-ons already set - Article 37 (1) Type c	R0213	-
Capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	166,087
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	(5,478)
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 Requirement for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	-
Net future discretionary benefits	R0460	-

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	87,304

		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	5,581	2,866
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	239,676	81,885
Other motor insurance and proportional reinsurance	R0060	8,061	38,925
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	1,243
Fire and other damage to property insurance and proportional reinsurance	R0080	58,850	90,480
General liability insurance and proportional reinsurance	R0090	277,460	82,227
Credit and suretyship insurance and proportional reinsurance	R0100	5,423	78
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	7,367	9,282
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Overall MCR calculation

		C0070
Linear MCR	R0300	87,304
SCR	R0310	166,087
MCR cap	R0320	74,739
MCR floor	R0330	41,522
Combined MCR	R0340	74,739
Absolute floor of the MCR	R0350	4,000
		C0070
Minimum Capital Requirement	R0400	74,739