

Berkeley Re DAC

Solvency and Financial Condition Report **Reporting period ended 31 December 2023**

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SUMMARY

This Report refers to the business of Berkeley Re DAC (“the Company”), a captive composite reinsurer, authorised and supervised by the Central Bank of Ireland (“CBI”). It provides the reader with information on the Company’s business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 December 2023.

The Company has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

The Company’s business strategy is to provide coverage for certain employee benefit (“EB”), product recall, marine cargo and property risks of Mondelēz International, Inc. (“Mondelēz”) which is one of the world’s largest snack companies. The impact of reinsurance risk volatility on the Company’s capital base is mitigated through the setting of appropriate policy limits and the purchase of retrocession from reputable rated counterparties. Investment of the Company’s funds is in line with the documented investment strategy, reflecting a ‘prudent person’ approach to the management of counterparty, concentration, interest rate and currency risk.

The Board of directors (“the Board”) has identified the key risks to which the Company is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that the Company can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals. Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over the business planning period and to better inform decision making within the Company.

As at 31 December 2023, the Company had eligible own funds of US\$226.8m (2022: US\$185.5m) available to meet its Solvency Capital Requirement (“SCR”) of US\$131.2m (2022: US\$102.9m); resulting in a Solvency Ratio of 173% (2022: 180%) which is in compliance with the Solvency II regulations. The Board is satisfied that the Company has adequate and appropriate capital to support its business operations. The Minimum Capital Requirement (“MCR”) of US\$32.8m (2022: US\$25.7m) was also satisfactorily met at the year-end with an MCR Ratio of 491% (2022: 526%). There were no instances of non-compliance with the capital requirements during the period.

A. BUSINESS & PERFORMANCE

A.1 Business

The Company was incorporated in Ireland in 2003 and in line with the requirements of the Companies Act 2014 converted to a designated activity company (DAC), limited by shares, effective 23 December 2015. The Company was authorised to undertake the business of life and non-life reinsurance from 15 July 2006. The Company is a captive composite reinsurance undertaking, underwriting only the risks of the Mondelēz group. The Company conducts all of its significant business activities from its offices in Ireland.

The Company's operating and registered address is:

Third Floor Metropolitan Building,
James Joyce Street
Dublin 1,
Ireland

The Company is authorised by the CBI, under the European Union (Insurance and Reinsurance) Regulations 2015, to carry out the business of life and non-life reinsurance as a composite reinsurance company.

The CBI's address is:

New Wapping Street,
North Wall Quay,
Dublin 1,
Ireland.

Mazars Ireland are the Company's external auditors and are located at Harcourt Centre, Block 3, Harcourt Road, Dublin 2, Ireland.

Employee Benefits

The Company underwrites employee benefits risks of Mondelēz employees and dependents for medical policies across the world. The risks relate to employee death, disability, medical costs or accident and are written on a country by country basis. The Company has reinsurance agreements with two cedants, Assicurazioni Generali S.p.A ("the Generali network") and AXA France Vie S.A. (the "MAXIS Global Benefits Network" being a joint venture between MetLife and AXA). The cedant companies then reinsure the risks to the Company in accordance with the level permitted by local regulations. The majority of the policies renew on 1 January each year.

Property Risks

Mondelēz buys commercial property insurance for its various factories and plants across the world. The programme is purchased on a co-insurance basis and is led by XL Reinsurance America Inc. ("AXA XL") and any such insurers within the AXA XL group of companies which issue insurance policies on behalf of the Mondelēz global property programme. The Company reinsures AXA XL in the primary layer and also in some of the excess layers of the programme for an agreed premium. The full global programme is re-brokered each year.

Marine Cargo

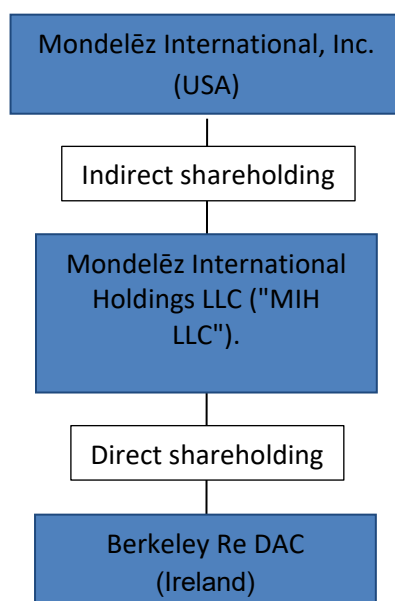
Mondelēz buys marine cargo insurance to protect against physical loss or damage to food and/or beverage products, raw materials and other goods incidental to the business while in transit. The programme is insured by AGCS Marine Insurance Company ("AGCS"). The Company reinsured AGCS for an agreed premium for the first time on 1 November 2023 and has aggregate protection in place. The programme is fronted by AGCS Marine Insurance Company ("AGCS").

Product Recall

Mondelēz purchased product recall insurance for the first time in 2023 to protect against financial losses sustained when a Mondelēz product is recalled. The programme is led by AIG Speciality Insurance Company. ("AIG"). The Company reinsured AIG in the primary layer of the programme for an agreed premium with effect from 1 November 2023.

Ownership Structure

On 1 June 2023 the Company's previous shareholder, Mondelez Ireland Insurance Holdings Limited ("MIHL") transferred its entire shareholding in the Company to Mondelēz International Holdings LLC ("MIH LLC"), a US holding company. The ultimate parent of the Company is Mondelēz, International, Inc., an American multinational confectionary, food and beverage company. The Group structure is outlined below.



Details on other Group subsidiaries and related undertakings are published within the Mondelēz Annual Report and Financial Statements, 2023, which is available to download at:

<https://www.mondelezinternational.com/Investors/>

The operation of the Company is subject to the local regulatory requirements in Ireland within which it operates. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimize the risk of default and insolvency on the part of the Company to meet unforeseen liabilities as they arise.

A.2 Underwriting performance

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided insurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term. Whilst considerable judgement is involved, the Board adopts an appropriately prudent approach to the provision and valuation of adequate reserves, with annual support being provided by the external actuary who serves as the Head of Actuarial Function ("HoAF").

The Company has implemented various risk mitigants to limit the Company's exposure as well as to reduce the volatility of its losses and hence underwriting performance. The Company purchases retrocession in the form of catastrophic cover for the employee benefits programme to protect against the concentration risk in each location, as many employees work at each of the Mondelēz locations in addition to aggregate stop loss protection from the appointed networks. The Company also purchased facultative excess of loss cover for the property programme in 2023 to protect against certain high-risk properties.

Since the Company prepares its financial statements in accordance with FRS, the underwriting performance information outlined in this section is on an FRS basis.

	2023 USD	2022 USD
Gross premiums earned	50,797,565	51,788,315
Retrocession	(2,161,209)	(908,875)
Earned premiums, net of retrocession	48,636,356	50,879,440
Gross and net claims incurred	(22,629,430)	(19,453,692)
Allocation of investment return	2,603,018	1,027,269
Net operating expenses	(7,709,660)	(8,760,527)
Technical profit	20,900,284	23,692,490

Year ended 31/12/2023	Disability	Life	Total Life	Accident	Medical	Property Damage and Business Interruption	Marine	Product Recall	Total Non- Life	Total
Gross premiums earned	1,305,223	5,210,102	6,515,325	898,187	15,606,728	26,852,018	633,640	291,667	44,282,240	50,797,565
Retrocession	(24,510)	(174,210)	(198,720)	(21,907)	(517,718)	(1,422,864)	-	-	(1,962,489)	(2,161,209)
Net premiums earned	1,280,713	5,035,892	6,316,605	876,280	15,089,010	25,429,154	633,640	291,667	42,319,751	48,636,356
Gross and net claims incurred	(1,380,821)	(2,932,807)	(4,313,628)	(505,913)	(15,719,309)	(1,277,886)	(541,796)	(270,898)	(18,315,802)	(22,629,430)
Net operating Expenses	(216,374)	(871,817)	(1,088,191)	(119,595)	(2,696,485)	(3,609,363)	(147,828)	(48,198)	(6,621,469)	(7,709,660)
Allocation of investment return	70,039	298,970	369,009	51,124	822,140	1,312,970	32,716	15,059	2,234,009	2,603,018
Technical Profit / Loss	(246,443)	1,530,238	1,283,795	301,896	(2,504,644)	21,854,875	(23,268)	(12,370)	19,616,489	20,900,284

Premiums written relate to business incepted during the financial year and have resulted from contracts concluded in the Republic of Ireland.

Provision is made for notified losses on all underwriting years. Provisions are calculated gross of any retrocession with a separate estimate being made of amounts recoverable from reinsurers.

Profit after tax for the year ended 31 December 2023 amounted to US\$23.9m (2022: US\$22.5m). The improvement in results from the prior year is primarily a result of a substantial increase in the investment return during the period offset by a reduction in the underwriting result, the latter due to less Incurred But Not Reported reserves being released in the current financial year.

A.3 Investment performance

The Company's investment policy is in line with that of the Mondelēz Group. The Company invests its funds with highly rated financial institutions which include at present, Mizuho Corporate Bank Ltd., Sumitomo Mitsui and Citibank. The majority of the Company's funds are invested in two intercompany loans and fixed term deposits with maturities up to a maximum of three months. The short-term maturities aid the liquidity requirements of the business and ensures that funds do not need to be withdrawn prior to maturity to settle liabilities.

The investment income for the year amounted to US\$9m, of which US\$4m related to interest on external deposits and US\$5m related to interest on the intercompany loans (2022: US\$1.9m and US\$1.1m). The interest on external deposits increased as a result of higher returns being offered on US dollar denominated investments and the intercompany interest increased in part due to the increase in the total market value of intercompany loans from US\$84m in 2022 to US\$120m in 2023 and also due to an increase in the interest rate.

The Company has no investments in securitised asset classes and all investment income is recognised in the Company's income statement.

A.4 Performance of other activities

The Company does not engage in any activities other than those associated with captive reinsurance and has not entered into any leasing agreements.

A.5 Any other information

There is no other information to report

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

In order to meet the requirements for sound corporate governance, ensure efficient conduct of business and to protect the interests of the Company's stakeholders, the Company has a comprehensive Governance and Risk Management system in place.

The Board acknowledges its responsibility to ensure that risks are fully understood and appropriately managed and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of the Company's activities.

The Governance and Risk Management System of the Company may be described as relying on four cornerstones:

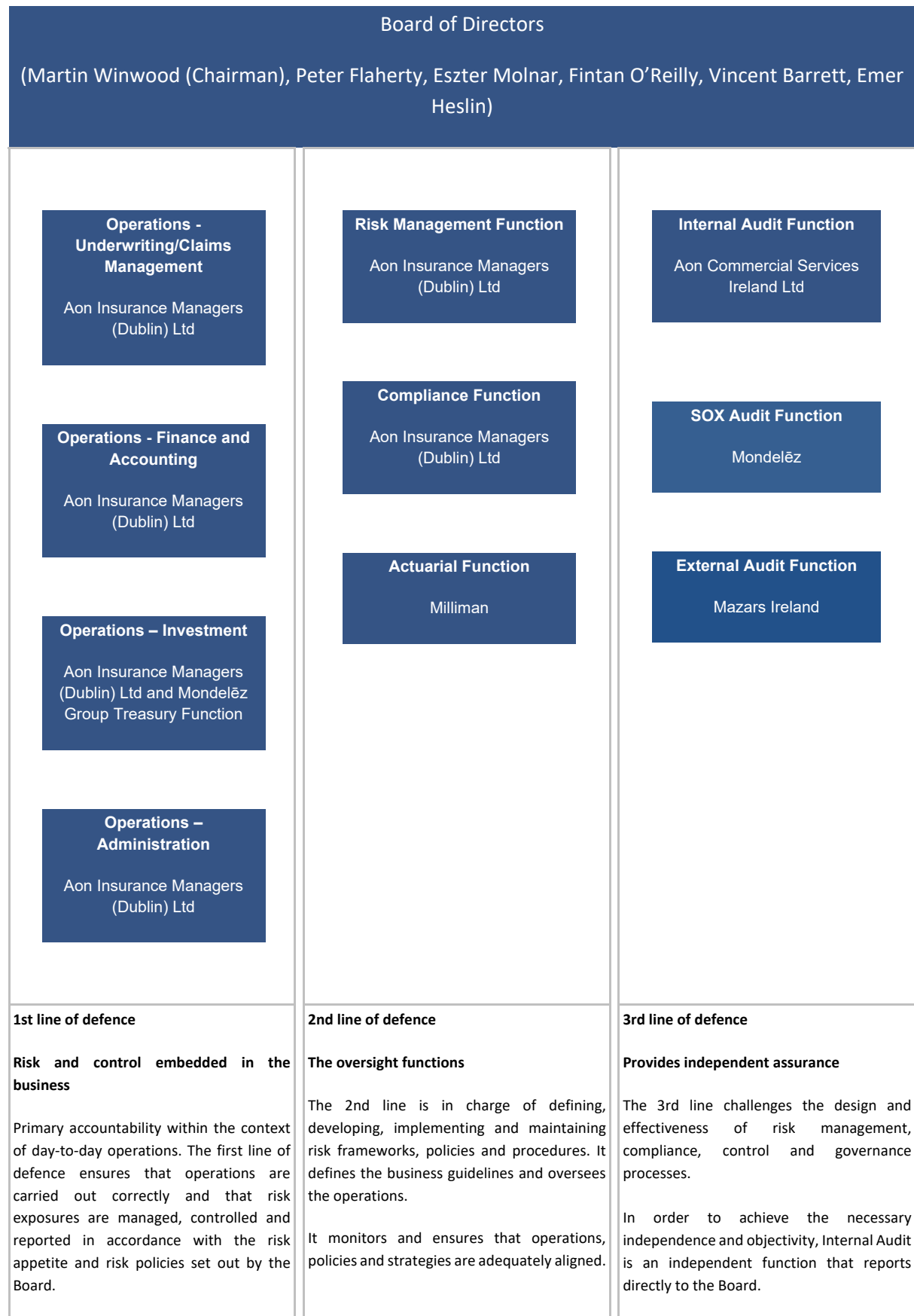
- 1) Governance Framework, aligned with the Company's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, as well as clear escalation and reporting channels.
- 2) Risk Management Framework which details the Company's strategic objectives in documented Risk Policies. For each risk, limits and operational checkpoints as well as functional identification, mitigation and monitoring processes are documented.
- 3) A series of Internal Controls, defining the architecture of processes required to manage the Company in accordance with its governance and risk management framework.
- 4) A Risk Register combining operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's global strategy objectives.

There have been no material changes to this structure in the period. The Company implemented the above system in advance of the inception of Solvency II.

In order to achieve the Company's objectives, the Board has established a system of governance with the following core components:

- the Board is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties;
- all authority emanates from the Board and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision;
- an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all applicable legal, regulatory and administrative requirements;
- an appropriate segregation of duties in order to enable the Risk Management, Internal Audit, Actuarial and Compliance Function to perform independent risk and business control mitigation, monitoring and reporting tasks;
- a meaningful and practical approach in documenting policies and strategies to formalise all processes in an efficient and fit-for-purpose manner; and
- structured reporting processes to enable an appropriate escalation of risks and issues to the Board in order to ensure a clear and comprehensive information process allowing the Board to conduct business in an efficient and prudent manner in line with the strategic objectives.

According to these principles, the chosen governance model is one of "three lines of defence" which is illustrated as follows:



The Board undertake responsibility for performing the equivalent function of an Audit Committee in relation to the reporting period 31 December 2023.

Key Functions

The key functions of Risk Management, Internal Audit, Actuarial, Compliance and Operations have clear and defined lines of reporting directly to the Board. This is facilitated by the straightforward nature of the Company's structure and fit-for-purpose documented policies and procedures which are clearly communicated and well understood by all relevant parties. The Board has ensured that the key functions are appropriately resourced and have the necessary authority and operational independence to perform their roles. The Company has engaged Aon Insurance Managers (Dublin) Limited ("AIMD") for the provision of management services, under the terms of an outsourced service and management agreement which is overseen by the Board.

Remuneration and material transactions

The members of the Board receive no remuneration for their services as directors of the Company. There are no employees and consequently no remuneration is paid.

As a captive reinsurer, all of the Company's inward premium flows and outward claims payments relate to reinsured risks of the shareholder group. Other than these transactions which arise in the normal course of business, the Company had no material transactions during the reporting period with members of the shareholder group and none with members of the Board.

B.2 Fit and proper requirements

The Company has documented its Fitness & Probity policy specifying out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions.

In selecting individuals as directors or function holders, the Company takes account of the following factors:

- specific requirements of the role
- the skills, experience and relevant qualifications of the proposed individual
- results of due diligence enquiries
- conflicts of interest
- time requirements and other commitments
- competence and integrity
- financial soundness

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board and for those roles where specialist skills are required including, for example, the Head of Actuarial Function ("HoAF"). Only those individuals possessing the pertinent qualifications and expertise will be considered.

For those roles which are prescribed by the CBI as Controlled Functions ("CFs") and Pre-approval Controlled Functions ("PCFs"), the Compliance Function adopts appropriate control and due diligence processes in the selection and vetting of such individuals to ensure that they meet the regulator's fit and proper criteria. Written approval from the CBI is obtained prior to the appointment of PCFs. Appointed individuals are required to maintain on-going compliance with the Standards of Fitness & Probity and the guidance issued by the CBI. This is assessed by the Company on an annual basis.

B.3 Risk Management System including the own risk and solvency assessment

The Company's Risk Management System:

- sets out the level of risk acceptable by the Company (Risk Appetite and risk tolerance);
- identifies the risks which represent a threat to the achievement of its strategic objectives;
- identifies, defines and regularly measures key risk indicators enabling an efficient monitoring of risks;
- defines the appropriate actions to reduce the Company's risk exposure;
- ensures the risk management framework is implemented in day-to-day business processes; and
- regularly reviews controls and mitigation actions to ensure that they remain relevant and effective.

In order to achieve these objectives, the Risk Management System of the Company has been clearly documented and specified through specific risk management policies for each key risk category. The key risk categories for which the Company has set up specific control and monitoring mechanisms are:

- Underwriting/Reserving
- Asset Liability Management ("ALM")
- Investment
- Liquidity and concentration
- Operational
- Retrocession and other risk mitigation techniques
- Strategic

In addition to these, an outsourcing policy defining the key rules and criteria to be followed by each service provider has been determined.

Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment ("ORSA") process annually in order to provide its Board with a forward-looking risk and capital assessment. The adequacy of the available capital, the risk appetite framework and the appropriateness of the risk limits are assessed for the business planning period, considering the evolving risk profile. To this end, risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its insurance obligations or pose a threat to the achievement of its business objectives are taken into account.

Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in both expected and stressed situations. Business projections, stresses and scenarios are compiled by the Operations Function with input and agreement from the Board to ensure that these are appropriate for the Company.

Capital and solvency projections are conducted by the Actuarial Function and validated by the Risk Management Function. Where applicable, any future additional capital needs will be identified and aligned to the Company's capital management plan, for example defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

In line with CBI requirements, the HoAF provides an actuarial opinion to the Board in respect of the ORSA at the same time that the results of the ORSA process are presented to the Board for review and challenge. Following feedback and approval from the Board, the Company's ORSA report is finalised and results submitted to the CBI within 2 weeks.

The ORSA report provides clarity over projected risk assessments and solvency needs to three different stakeholders:

Stakeholder	Expectation	ORSA Report
Board	Matching projected risks vs. the Risk Appetite framework.	Provides a clear and prospective understanding of critical risk exposures and their relationship with Risk Appetite boundaries.
Shareholders	Detailed and prospective understanding about the risk of bankruptcy and potential need for future additional capital.	Provides a plan for capital needs on the time horizon of the financial planning.
Supervisory Authority	Detailed and prospective understanding of potential ORSA deviations compared to solvency capital requirements	Gathers information about projected Solvency ratios and explanations about deviations due to specific critical risks exposures.

The ORSA process described above ensures that the ORSA is integrated in the Company's decision-making and business planning process. Furthermore, monitoring procedures as set out in the risk management policies ensure that risk exposures are measured on a regular basis triggering exception reports to the Board.

The capital risk appetite for the Company is to sustain its capital at a level sufficient to meet the Regulatory Solvency Capital Requirement at all times. The Board maintains a prudent approach to capital to ensure that the Company is in a comfortable position to meet this obligation.

B.4 Internal Control System

The Internal Control System embedded in the Company's operations is a mix of processes undertaken by all stakeholders within the Company to provide reasonable assurance that the strategic objectives will be achieved.

In order to achieve the aforementioned objectives, the Internal Control framework of the Company is structured around five complementary components.

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight of the Board and the communication to all internal stakeholders of all governance and risk principles through the Company's governance manual.
2) Risk assessment	Procedures and policies are detailed and formalised in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.

3) Reporting channels	Clear and structured reporting processes are in place enabling the Board to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables the Company to continuously monitor and adapt when necessary its Internal Control System.
5) Control activities	The Company has developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations.

In order to set out how the Internal Control System is implemented, the Company's processes and related control activities are documented, monitored, and reviewed on a regular basis.

These items are designed by the Risk Management Function, approved by the Board and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least annually.

Compliance Function

The Compliance Function is an integral component of the Company's governance system. The Company has a dedicated Head of Compliance reporting to the Board, supported by a Compliance Officer who coordinates the activities of the Compliance Function.

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;
- presentation of an annual compliance plan to the Board, outlining specific areas which it will focus on during a particular year;
- promotion of a culture of compliance within the organisation;
- maintenance of a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the compliance risk faced by the Company;
- consideration of possible future changes in the legal environment and their potential effect on the Company as well as providing regular compliance and regulatory updates to the Board;
- identification and communication throughout the Company the laws, regulations and codes of conduct to which the Company is subject and assisting to embed compliance with these in the way the Company does business; and
- investigation and follow up of compliance breaches, ensuring timely reporting to the Board and in certain circumstances to outside bodies such as the CBI.

B.5 Internal Audit Function

Purpose and Objectives

The purpose of the Internal Audit Function is to serve as an independent function that objectively evaluates and recommends improvements with respect to the Company's Internal Control System by facilitating an objective and independent assessment of the processes and controls in place.

It assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes

employed by the Company. The audit approach is risk based and in line with an annual audit plan which is provided by the Head of Internal Audit to the Board.

The Internal Audit Function and the appointed Head of Internal Audit report directly to the Board.

Independence and Impartiality

The Company's Internal Audit Function has been established to be independent of the activities audited, the operational functions and the Board.

The Internal Audit Function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence ensures that the Internal Audit Function reports directly to the Board.

B.6 Actuarial Function

The Company has established an effective Actuarial Function, including a nominated HoAF approved by the CBI, which carries out the following key tasks:

- coordination of the calculation of technical provisions in conjunction with other outsourced actuarial resources;
- ensuring the appropriateness of the methodologies, underlying models and assumptions made in the calculation of technical provisions;
- assessment of the sufficiency and quality of the data used in the calculation of technical provisions. Where relevant, the Actuarial Function will provide recommendations on internal procedures to improve data quality;
- estimation of Solvency II technical provisions (both claims and premium provisions);
- comparison of best estimates against experience;
- reporting to the Board on the calculation, reliability and adequacy of technical provisions;
- calculation of the SCR and MCR at the balance sheet date;
- ensuring results of technical provisions can efficiently feed into solvency capital calculations and Quantitative Reporting Templates ("QRTs") on both a quarterly and annual basis;
- contributing to the effective implementation of the Risk Management System, in particular:
 - i. with regard to risk modelling underlying the calculation of the SCR and MCR; and
 - ii. the application of stress scenarios to the solvency calculations as part of the Company's ORSA process;
- provision of opinions on:
 - Technical provisions
 - Solvency position
 - Underwriting Policy
 - Retrocession arrangements
 - ORSA

The HoAF reports to the Board and issues a report in writing at least annually documenting all of the material tasks that have been undertaken by the Actuarial Function during the reporting period.

In establishing the Company's Actuarial Function, the Board has ensured that the persons involved have the requisite qualifications and demonstrable experience in the area of non-life reserving and are fully conversant with the Solvency II requirements for the calculation of Technical Provisions.

B.7 Outsourcing

All functions and activities of the Company are eligible to be outsourced provided that specific criteria are satisfied in each instance.

The Board is responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions relating to the Company's System of Governance and all functions within the Company that are fundamental to carry out its core business. The Board is responsible for ensuring notification to the CBI is made in a timely manner prior to the outsourcing of critical or important functions or activities, and thereafter where there have been material developments in relation to the service provider.

The objectives of the Company's Outsourcing Policy are to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's responsibility for, or influence over, key functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non-adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders;
- Conflicts of interest;
- Breach of the Company's data protection obligations.

The Board is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities, carrying out the appropriate due diligence on the outsourced service provider and for reviewing the performance of outsourced service providers against their agreed and documented Service Level Agreements ("SLA").

The management of the Company is coordinated and carried out at its place of business in Ireland. The Company engages outsourced service providers in order to access the expertise and strength and depth of resources necessary to manage the specific requirements of a regulated captive reinsurance company operating on a global basis.

The following critical or important functions / activities are outsourced:

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting and claims administration	AIMD	Ireland
Finance and accounting	AIMD	Ireland
Compliance Function	AIMD	Ireland
Risk Management Function	AIMD	Ireland
Actuarial Function	Milliman	Ireland
Internal Audit Function	Mondelēz Director and Aon Commercial Services Ireland Limited	United States of America and Ireland

B.8 Any other information

The Board is satisfied, based on its assessment of the frameworks which have been established and are in use, that the Company's system of governance is appropriate and adequate for the nature, scale and complexity of the risks inherent in its business operations.

There are no other material items to report in this section.

C. RISK PROFILE

The Risk Appetite Framework adopted by the Board sets out the level of risk that the Company is prepared to accept in the pursuit of its strategic objectives. It sets out:

- the Company's overall philosophy to risk taking and the expectations of shareholders;
- the Company's tolerance to loss of capital, profit volatility and other specified measures; and
- the risk limits that are acceptable in terms of exposures to different types of risk.

The Company's Risk Register combines operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's strategic objectives.

The Board's annual ORSA process is based on the Company's current and expected risk profile over the business planning period and supports the Board in achieving its strategic objectives by taking a structured and combined approach of strategy, risk management and capital management.

C.1 Underwriting risk

The Company underwrites contracts that transfer insurance risk. The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty that the Company will have sufficient assets to satisfy the amounts payable under the contract. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to variation in the Company's performance over the short term. Whilst considerable judgement is involved, the Board ensures that suitable processes are in place to ensure the reliability, sufficiency and adequacy of the statistical and accounting data to be considered in both premium pricing and loss reserving exercises.

As the Company is a captive reinsurer, it is effectively insuring the risks of one customer, its parent group, and thus is exposed to risk concentration. However, diversification is achieved through the varying geographical locations of the underlying risks.

The principal assumptions underlying the Company's estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated large claim occurrences, economic conditions, internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates, especially taking account of the longer-term nature of the risks which the Company underwrites.

The Company manages these risks through its underwriting strategy of arranging for an external qualified actuary to review pricing and reserve adequacy of the Company on an annual basis, the setting of appropriate policy limits and having adequate retrocession arrangements in place. The Company also monitors emerging issues and factors in their potential impact on the Company's pricing and claims reserving.

The primary risk mitigation technique utilised is the purchase of a retrocession as this provides balance sheet protection, from both claims severity and frequency, in an economically and administratively efficient manner. The effectiveness of these retrocession arrangements is assessed on a quarterly basis through the preparation of the Company's management accounts and reviewed at an overall

level on an annual basis. The primary focus of the Company's retrocession strategy is on the security and financial stability of reinsurers selected.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

Annual support and certification is provided by the Company's Actuarial Function.

C.2 Market risk

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations and market risk concentrations.

The Company has an investment strategy in place in line with its Risk Appetite Framework and the related 'Prudent Person' regulatory requirements. The Company endeavours to:

- prudently invest with consideration of the prevailing financial market environment;
- ensure the Company invests appropriately so as not to result in the Company failing to meet its Solvency Capital Requirements;
- ensure that the Company holds assets of sufficient value and liquidity to meet all liabilities as they become due;
- maximise investment return within the levels of risk as defined by the Company's Risk Appetite;
- ensure compliance with the Liquidity Strategy and Policy;
- ensure compliance with the ALM Strategy and Policy; and
- ensure effective risk management of investments at all times, with due consideration of the risks associated with investments and procedures to monitor, manage and report these risks in a timely manner as part of the Company's overall Risk Management System.

Interest rate risk arises on the return on the Company's investments including cash and deposits with credit institutions.

The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency. The Company seeks to mitigate currency risk by matching the assets and liabilities which arise in different currencies. The ultimate settlement of loss reserves is in the Company's reporting currency and as such its exposure to foreign exchange risk is minimal.

C.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The assets that are exposed to credit risk are:

- Cash and cash equivalents;
- Deposits with credit institutions;
- Deposits with group undertakings; and
- Funds withheld by cedants.

The Company has an exposure to credit risk in relation to its cash and deposits with credit institutions and intercompany loans held with Mondelez International Finance AG and Mondelēz International,

Inc. To manage these risks, deposits are made in accordance with established policies and with highly rated credit institutions. The credit risk has increased in line with market risk as a result of the increase in assets, thereby increasing the exposure of the financial institutions defaulting.

The Company uses outward catastrophe risk, aggregate stop loss and facultative excess of loss retrocession to protect against large claim levels. This retrocession strategy is designed to provide protection in periods where extreme claim levels are experienced, to strike a balance between retention levels and cost. The purchase of retrocession does not relieve the Company of its obligation to its policyholders and accordingly a credit risk exists to the extent that any retrocessionaire is unable to meet the obligations assumed under such retrocession agreements.

The Company mitigates this credit risk through retrocession arrangements with counterparties who are considered appropriately credit worthy. Reinsurers that are not rated or do not fall within the pre-defined rating categories are approved on a case-by-case basis. The creditworthiness of reinsurers is monitored on a regular basis.

C.4 Liquidity risk

The Company is exposed if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts. The Company can be exposed to frequent calls on its available investment assets, principally from insurance claims. Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial obligations.

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly liquid assets which it can access immediately or within a very short time frame without incurring material costs or penalties. Investments are in compliance with the Company's investment guidelines.

C.5 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Company with their outsourced service providers have a rigorous control framework and monitoring process in place to manage operational risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education, and assessment processes. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

The Company cannot expect to eliminate all operational risk, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risk.

In addition, the Company is subject to internal and external audit review.

The Company maintains a regular dialogue with the CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, the Company puts in place service level agreements outlining key performance indicators against which its outsourced service providers can be monitored and assessed.

C.6 Other material risks

Strategic Risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes i.e. the risk associated with implementing the wrong strategy or failing to correctly implement the chosen strategy.

The control and monitoring actions/principles underlying the strategic risk management of the Company are:

- Review at least annually of the appropriateness of: the high level overall objectives for the Company; and the major risks facing the Company; the Risk Appetite for each of the major risks identified. The Board will ensure continuing appropriateness, at least annually and revisions shall be affected where necessary.
- Ensure the Company strategy is implemented correctly including approval, review and, monitoring of agreed Key Performance Indicators for the Company.
- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

Sensitivity Risk

The Actuarial Function assesses annually the sensitivity of its estimate of the Company's unpaid claim liabilities of varying the key assumptions underlying its analysis. Given the nature of the Company's exposures, the key assumptions underlying the actuarial analysis are subject to a range of reasonable interpretations.

No other material risks have been identified.

C.7 Any other information

There are no other material items to report in this section.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

The Company prepares its financial statements on a going concern basis in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies, Act 2014). The Company financial statements comply with Financial Reporting Standard 102, the financial reporting standards applicable in the UK and Republic of Ireland ("FRS 102") and Financial Reporting Standard 103 Insurance Contracts ("FRS 103"), and the Companies, Act 2014. There are a number of differences between the financial statement basis and the Solvency II valuation rules. Most of these differences are driven by the requirement for all assets and liabilities to be valued on a market consistent fair value basis under Solvency II.

At the end of the current reporting period the Company had total Solvency II assets valued at US\$222.8m (2022: US\$206.9m) for solvency purposes. The increase in assets from the prior year is primarily driven by the increase in the total investments balance due to funds from normal trading activities in addition to an increase in premium receivable as a result of an increase in the property premium and premium due in respect of the new product recall and marine risks reinsured during the year. The breakdown of total assets is outlined in the below table:

	2023			2022		
	Solvency II Value	Statutory Accounts Value	Difference	Solvency II Value	Statutory Accounts Value	Difference
ASSETS	US\$	US\$	US\$	US\$	US\$	US\$
Deferred tax asset (1)	490,231	-	490,231	-	-	-
Other loans and mortgages (2)	119,974,746	119,922,151	52,595	84,141,057	84,141,057	-
Deposits other than cash equivalents (2)	57,236,358	56,800,000	436,358	72,601,640	72,500,000	101,640
Cash and cash equivalents (3)	268,908	268,745	163	13,603,860	13,603,860	-
Accrued interest (2)	-	489,116	(489,116)	-	101,640	(101,640)
Insurance and intermediaries receivables (4)	35,461,076	35,461,076	-	29,004,180	29,004,180	-
Any other assets, not elsewhere shown (5)	8,016,955	8,016,955	-	7,810,910	7,810,910	-
Deferred acquisition costs (6)	-	3,509,815	(3,509,815)	-	2,440,097	(2,440,097)
Retrocession recoverable (7)	1,352,651	2,353,492	(1,000,841)	(250,656)	-	(250,656)
Total Assets	222,800,925	226,821,350	(4,020,425)	206,910,991	209,601,744	(2,690,753)

- (1) The Company has recognised a deferred tax asset on the Solvency II balance sheet which is based on differences in valuation between the FRS and Solvency II balance sheet multiplied by the applicable tax rate of 12.5%.
- (2) These amounts represent intercompany loans with Mondelez group undertakings and short-term deposits with an original maturity of three months and less. These assets are stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balances. Accrued interest is disclosed as a separate line item in the statutory accounts.
- (3) Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the liquid nature of the assets. The only difference is the inclusion of accrued interest in the above balances. Accrued interest is disclosed as a separate line item in the statutory accounts.
- (4) Insurance and intermediary receivables comprise premium receivable from the cedants net of cedant fronting costs. There are no valuation adjustments for solvency purposes.
- (5) Any other assets, not elsewhere shown comprise funds withheld by cedants and corporate tax receivable. There are no valuation adjustments for solvency purposes.
- (6) Deferred acquisition costs relate to those cedant fronting fees that are deferred over the remaining policy period as at 31 December 2023. Such costs are not recognised for Solvency II purposes.
- (7) Retrocession recoverable is dealt with in Section D2 below as part of the explanation on the valuation of technical provisions.

Information on how the Company invests its assets and manages risk in this area, including how it achieves compliance with the 'prudent person principle', is set out in Sections C2 – C4 above. Operational risks relating to the Company's assets are managed according to the control framework described in Section B4 above.

D.2 Technical provisions

Provision is made for notified losses and incurred but not reported losses on all underwriting years. Provisions are calculated gross of any retrocession with a separate estimate being made of amounts recoverable from retrocessionaires. The Company has regard to the gross and net loss positions as indicated by the claim circumstances reported to date and loss projections carried out under the direction of the HoAF using actuarial techniques.

Reserves for reinsurance contract liabilities and retrocession assets are based upon management's best estimate of the ultimate liabilities and are determined with the assistance of, and based on, the results of the analysis performed by the Actuarial Function. The reserves include estimates for both case reserves and losses incurred but not reported ("IBNR").

The Solvency II Technical Provisions are comprised of a Best Estimate of Liabilities ("BEL") and a Risk Margin ("RM"). A reconciliation of the technical provisions in the Irish GAAP financial statements to the technical provisions in the Solvency II balance sheet has been included below.

The BEL for the employee benefits and property programmes has decreased by US\$2.8m from the prior year largely due to fewer large individual claims. This decrease has been offset by the BEL of

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US\$4m that has been calculated for the new product recall and marine cargo programmes so on an overall basis the BEL has not materially changed year on year.

Reconciliation from Financial Statements to Solvency II						
31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Life EB	Non-Life EB	Property	Marine	Product Recall	Total
Financial Statements						
Claims Reserves (IBNR and OSLR)	8,867	15,796	6,541	542	271	32,017
UPR	452	343	22,137	3,168	1,458	27,559
Total Reserves (with no 2022 restatement)	9,320	16,139	28,678	3,710	1,729	59,577
Adjustments to Claims Reserves (move to best estimate)	(1,155)	(3,354)	(520)	(82)	(41)	(5,152)
Remove DAC Asset from UPR	(40)	(51)	(2,542)	(668)	(208)	(3,510)
Adjustments to UPR (move to best estimate)	(44)	(15)	(1,568)	(200)	(100)	(1,926)
Apply cashflow projection methodology	(369)	(737)	(1,084)	(120)	(60)	(2,371)
Allow for 2024 EB renewal	(43)	(1,212)				(1,255)
Solvency - II Best Estimate of Liabilities	7,668	10,770	22,965	2,640	1,320	45,362
Risk Margin	977	1,373	2,927	336	168	5,782
Technical Provisions - Solvency II	8,646	12,143	25,892	2,976	1,488	51,144
Reinsurance Asset	(90)	(205)	1,647	-	-	1,353
Solvency Capital Requirement						131,232

Reconciliation from Financial Statements to Solvency II						
31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Life EB	Non-Life EB	Property	Marine	Product Recall	Total
Financial Statements						
Claims Reserves (IBNR and OSLR)	8,137	14,978	9,675	-	-	32,790
UPR	458	179	21,161	-	-	21,798
Total Reserves	8,595	15,157	30,836	-	-	54,588
Adjustments to Claims Reserves (move to best estimate)	(910)	(714)	(929)	-	-	(2,553)
Remove DAC Asset from UPR	(41)	(25)	(2,374)	-	-	(2,440)
Adjustments to UPR (move to best estimate)	(45)	(9)	(1,503)	-	-	(1,557)
Apply cashflow projection methodology	(390)	(917)	(1,787)	-	-	(3,094)
Allow for 2023 EB renewal	(67)	(1,038)	356	-	-	(749)
Solvency - II Best Estimate of Liabilities	7,142	12,454	24,599	-	-	44,196
Risk Margin	862	1,503	2,969	-	-	5,334
Technical Provisions - Solvency II	8,004	13,957	27,568	-	-	49,530
Reinsurance Asset	(56)	(195)	-	-	-	(251)
Solvency Capital Requirement						102,943

BEL

The BEL is the expected present value of the probability-weighted average of future cashflows, using the relevant risk-free interest rate term structure.

Included within the BEL are the cashflows related to the IBNR and Claims reserves, as well as the cashflows in relation to the UPR and bound but not incepted business.

The RM is the cost of holding certain defined components of the SCR over the lifetime of the obligations. The cost of capital rate is set in the Solvency II Delegated Regulations to be 6% (2022: 6%). The RM is calculated using a risk driver approach to project the future capital requirements. Technical provisions are calculated gross of amounts recoverable from retrocessionaires.

The key cashflows underlying the Company's business, and therefore the BEL calculation are:

- Premiums received
- Friction Costs (relating to acquisition costs including cedants commission)
- Claims (payable to cedants)
- Future Expenses

The cashflows are discounted using risk-free rates (effective 31 December) to obtain the BEL. These cashflows are discounted using a weighted average curve based on the EIOPA curves of the 5 most material currency exposures. The BEL is calculated as a discounted cashflow of expected future premiums (where they are unearned at year-end), claims and expenses. The modelling of cashflows at a line of business level is an approximation to using a full per individual covered list of underlying exposures, which reflects the level of detail available to the Company as a reinsurer.

Premiums

The premium provision represents the expected liability underlying the unearned portion of policies that have already incepted and any policies that have been bound but not incepted ("BBNI"). All of the Company's policies are single premium policies that renew on an annual basis. Premiums related to future renewals (not falling within the next 90 days) are deemed outside the contract boundary. The BEL is therefore determined only with reference to the premiums paid and due on the existing contracts at the valuation date. In calculating the BEL, any premiums included are net of friction costs payable to cedants.

Claims

The claims provision amounts for the Company are derived using reported IBNR and existing claims provision amounts. These are provided by the cedants. Loss ratios (based on historical experience and pricing assumptions) are then applied to unearned premiums (net of friction costs) to derive expected future claims levels. The timing of cashflows arising from claims is based on best estimate assumptions. The actuary utilizes the basic risk-free rate curves with no volatility adjustment as of 31 December 2023 as published by EIOPA to discount the cashflows underlying the claims provisions. These interest rates are utilized to discount all cashflows underlying the calculation of the Solvency II technical provisions.

Expenses

Projected future maintenance expenses associated with the in-force business are a component of the BEL. As the business is annually renewable, most of the expense included in the BEL will occur within the next year. At the financial year ended 31 December 2023, the assumption for future maintenance expenses for this coming year was assumed to be equal to the total expense budget for 2024 for the following year plus an additional US\$44k (2022: US\$44k) per annum for the duration of claims runoff. These are allocated based on premiums written for each line of business.

Risk Margin

The RM is calculated as the cost of holding certain defined components of the SCR over the lifetime of the obligations. The RM is calculated using the cost of capital approach set out in the Directive.

- The SCR representing non-hedgeable risks is projected for each future year (until the expiry of all contracts).
- The SCR in the current and each future year is then multiplied by the prescribed cost of capital rate (6% per annum) to get the cost of holding the Solvency II capital requirement in each future year.
- These cost-of-capital figures are then discounted to a single present value using the risk-free yield curve specified by EIOPA to determine the overall RM.

It should be noted that, as required by the Delegated Regulations, the projected SCR is calculated on the assumption that the assets are selected in such a way that they minimise the SCR for market risk. The risks included in the projected SCR underlying the RM therefore relate to insurance and underwriting risk, operational risk and counterparty risk only. There is no projected capital in respect of market risk (including exchange rate risk), as the market risk associated with the assets held is deemed to be fully hedgeable.

The counterparty default risk associated with deposit holdings is typically assumed hedgeable for this purpose. The exposures to Mondelēz via the intra-company loan arrangements were assumed hedgeable and therefore this element of counterparty risk was not included in the calculation of the RM.

Main Assumptions

There have been no material changes in the relevant assumptions made in the calculation of the technical provisions compared to the previous reporting period.

In calculating its technical provisions on a Solvency II basis, the Company has not applied any of the following items:

- matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC; and
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other liabilities

Aside from technical provisions, the valuation of which is detailed above in Section D2, the Company has 5 other principal classes of liabilities.

There are no other differences between the valuation of the remaining liabilities for Solvency II purposes compared to Irish GAAP measurement principles which are deemed to be approximations of fair value.

	2023			2022		
	Solvency II Value	Statutory Accounts Value	Difference	Solvency II Value	Statutory Accounts Value	Difference
OTHER LIABILITIES	US\$	US\$	US\$	US\$	US\$	US\$
Deferred tax liabilities	-	-	-	295,971	-	295,971
Insurance & intermediaries payables	9,619,351	9,619,351	-	20,054,458	20,054,458	187,469
Retrocession payables	59,037	59,037	-	1,898	1,898	(187,469)
Payables (trade, not insurance)	299,150	299,150	-	1,574,659	1,574,659	-
Any other liabilities, not elsewhere shown	-	-	-	-	-	-
TOTAL LIABILITIES	9,977,538	9,977,538	-	21,926,984	21,631,013	295,971

D.4 Alternative methods for valuation

No alternative methods were used.

D.5 Any other information

Approximations and simplifications

There are a number of approximations and simplifications that have been applied in the standard formula, however, they are not believed to be material and are appropriate given the nature, scale, and complexity of the Company as a captive reinsurer.

E. CAPITAL MANAGEMENT

E.1 Own funds

The Company has put in place a capital management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure that on an on-going basis the Company has:

- own fund items available to meet its capital requirements; and
- developed processes to ensure the appropriateness of its own fund items.

As part of the annual review of the medium-term capital plan, the Company reviews the level, composition and classification of own fund items to ensure they continue to meet its own solvency needs and its regulatory obligations in respect of SCR and MCR. A forward-looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over the business planning period. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's insurance business. Should additional funds be required outside of that, they will be advanced by the shareholder.

The Company's own funds consist of the following items:

- Issued Share Capital;
- Share Premium;
- Ancillary Own Funds; and
- Retained Earnings.

Any change to the share capital requires the approval of the Shareholder and the Board. The Company received approval from the Central Bank of Ireland during the year to increase its capital commitment from a maximum of US\$50m to US\$100m. The capital commitment deed is recognised as Tier 2 capital in the form of ancillary own funds. The counterparty to the capital commitment deed also changed from Kraft Foods Intercontinental Netherlands C.V. to Company's parent, MIH LLC. The Board is satisfied that the terms and conditions of the AOF are clear and unambiguous in relation to the classification as Tier 2 capital. Retained earnings are adjusted on an annual basis to take account of the profits/losses reported in the period together with any Solvency II valuation adjustments.

The payment of dividends is considered on an annual basis by the Board as part of its medium-term capital assessment to ensure that the Company will continue to meet its solvency needs over the business planning period.

Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

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Own fund items at the end of reporting period and the prior year comparative period are as follows:

	2023	2022
	USD	USD
<i>Tier 1 capital:</i>		
Ordinary paid-up share capital	1,634,870	1,634,870
Share premium	83,340,630	83,340,630
Reconciliation reserve	76,213,593	50,478,672
<i>Tier 2 capital:</i>		
Other Ancillary Own Funds	65,616,075	50,000,000
Total Eligible own funds to meet the SCR	226,805,168	185,454,172
<i>Tier 3 capital:</i>		
Net deferred tax asset	490,231	-
Total basic own funds	227,295,399	185,454,172

The increase in the total basic own funds during the reporting period reflects the impact of the additional Tier 2 capital and the increase in retained profits.

The equity position as shown in the Company's 2023 and 2022 year-end financial statements can be reconciled to the basic own funds balance under Solvency II as follows:

Reconciliation of Basic Own Funds to Equity in the financial statements		
	31/12/2023	31/12/2022
Total Equity in the financial statements	157,267,249	133,382,376
Adjustments to the ceded FRS reserves	(1,000,841)	(250,656)
Risk Margin	(5,781,993)	(5,333,873)
Adjustments to the gross FRS reserves	14,214,493	10,392,393
Adjust for Solvency II Deferred Tax Asset / (Liability)	490,231	(295,971)
Deduct Deferred Acquisition Costs	(3,509,815)	(2,440,097)
Other Ancillary Own Funds	65,616,075	50,000,000
Total Basic Own Funds	227,295,399	185,454,172

The Company's own funds are not subject to transitional arrangements. No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

The Company assesses material risks that may threaten the accomplishment of the Company's strategic objectives or might have a substantial impact on the available qualifying own funds. These risks could result from either internal or external events.

Management has identified underwriting risk, reserving risk and market risk as the material risks to which the Company is exposed. Management has investigated the magnitude of each of these risks as well as sought to determine any potential correlations that may exist within, or between, these risk categories based on review of historical experience.

In relation to investment risk, a clear strategy has been developed to manage risk in a manner which limits exposure to investment volatility for those assets matching insured liabilities. The majority of

these assets are invested in intercompany loans and fixed term deposits with maturities of up to three months.

All other risks are managed through a framework of internal controls supported by monitoring by management, internal audit, governance groups and the various functions of the Board.

E.2 Solvency capital requirement and minimum capital requirement

At the end of the current reporting period, the Company's SCR and MCR have been calculated as US\$131.2m (2022: US\$102.9m) and US\$32.8m (2022: US\$25.7m) respectively.

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2023/2024. Based on the Company's eligible own funds of US\$226.8m (2022: US\$185.5m), the Company has a solvency ratio at 31 December 2023 of 173% (2022: 180%).

The SCR has been calculated using the standard formula and without the application of any undertaking specific parameters. The split of SCR by risk modules is shown below, together with the prior year comparative:

	2023	2022	Change
Risk Charge	USD'000	USD'000	USD'000
Mortality Risk	586	586	-
Catastrophe Risk	5,964	4,716	1,248
Life Expense Risk	28	13	15
Lapse Risk	117	106	11
Diversification Benefit	(521)	(495)	(26)
Life Underwriting Risk	6,174	4,926	1,248
Health NSLT	5,015	4,812	203
SLT Health Risk	785	637	148
Catastrophe Risk	1,913	1,678	235
Diversification Benefit	(1,475)	(1,295)	(180)
Health Underwriting Risk	6,238	5,832	406
Premium/Reserve Risk	16,654	16,031	623
Catastrophe Risk	67,416	58,342	9,074
Diversification Benefit	(10,697)	(10,120)	(577)
Non-Life Underwriting Risk	73,373	64,253	9,120
Counterparty Default Risk	1,141	1,349	(208)
Interest Rate Risk	2,437	1,842	595
Spread Risk	3,829	3,323	506
Currency FX Risk	6,564	5,588	971
Concentration Risk	85,953	59,961	25,992
Diversification Benefit	(12,288)	(10,203)	(2,079)
Market Risk	86,496	60,511	25,985
Diversification Benefit	(43,757)	(35,536)	(8,221)

BSCR	129,665	101,334	28,331
Operational Risk	1,567	1,609	(42)
SCR	131,232	102,943	28,289
Available Capital	226,805	185,454	41,609
Surplus/Deficit	95,573	82,511	13,320
Solvency Ratio	173%	180%	(7%)

The SCR has increased by approximately US\$28.3m since the prior year and the key drivers of this increase are as follows:

- **Market risk:** The Company increased its total intercompany loans from approximately US\$84m at year end 2022 to US\$120m at year end 2023. Of the US\$120m loan, US\$115m was loaned to the Company's ultimate parent, Mondelez International, Inc., a 'BBB' rated entity, with the remaining US\$4m loaned to Mondelez International Finance AG, an unrated entity. Although the majority of the loan was to a rated entity, because a small proportion was loaned to an unrated entity the weighted average exposure to the Mondelez group entities was slightly less than a 'BBB' rating. In accordance with the Solvency II rules, the rating was rounded down to be treated equivalent to a 'BB' rated exposure in total. As a result, concentration risk increased significantly.
- **Non-Life underwriting risk:** The premium/reserve risk has increased from the prior year due to the increase in premiums earned and claims provisions for the new product recall and marine cargo risks which was partially offset by settlement of property claims. The catastrophe risk has increased due to the new risks and also the increase in retentions on the property programme.

The MCR for the Company is calculated in accordance with the standard formula. Setting the MCR involves three steps:

- Firstly, a factor-based calculation is applied using premiums and reserves as the drivers.
- The value of this calculation is either capped or floored such that the value of the MCR is between 25% and 45% of the value of the SCR.
- Finally, the Absolute Minimum Capital Requirement ("AMCR") is applied. This is a monetary floor on the value of the MCR. For reinsurance captives this is currently set at €1.3m (equivalent to US\$1.4m) (2022: €1.3m (equivalent to US\$1.4m) converted using the 31 October 2023 EUR/USD exchange rate of 1.0619 (2022: 1.0705).
- The Company's MCR is higher than the AMCR.

E.3 Use of duration-based equity risk sub module in calculation of the solvency capital requirement

There was no use of duration-based equity risk sub module in the calculation of the SCR.

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

The Company used the standard formula in determining its SCR and MCR and did not rely on any internal model.

E.5 Non-compliance with the minimum capital requirement and the solvency capital requirement

There are no instances of non-compliance with the MCR and SCR.

E.6 Any other information

There is no other information to report.

<i>Note: Tables within this report contain minor rounding differences in certain instances due to amounts being displayed as whole numbers or in thousands while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.</i>
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ANNEX I – QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 – Balance sheet

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

S.04.05.21 - Premiums, claims and expenses by country

S.12.01.02 – Life technical provisions

S.17.01.02 – Non-Life technical provisions

S.19.01.21 – Claim development triangles

S23.01.01 – Own funds

S25.01.21 – SCR using standard formula

S28.01.01 – MCR

Amounts are in USD'000

Annex I
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets	R0010	
Goodwill	R0020	
Deferred acquisition costs	R0030	
Intangible assets	R0040	490
Deferred tax assets	R0050	
Pension benefit surplus	R0060	
Property, plant & equipment held for own use	R0070	57,237
Investments (other than assets held for index-linked and unit-linked contracts)	R0080	
Property (other than for own use)	R0090	
Holdings in related undertakings, including participations	R0100	
Equities	R0110	
Equities - listed	R0120	
Equities - unlisted	R0130	
Bonds	R0140	
Government Bonds	R0150	
Corporate Bonds	R0160	
Structured notes	R0170	
Collateralised securities	R0180	
Collective Investments Undertakings	R0190	
Derivatives	R0200	57,237
Deposits other than cash equivalents	R0210	
Other investments	R0220	
Assets held for index-linked and unit-linked contracts	R0230	119,975
Loans and mortgages	R0240	
Loans on policies	R0250	
Loans and mortgages to individuals	R0260	119,975
Other loans and mortgages	R0270	1,352
Reinsurance recoverables from:	R0280	1,442
Non-life and health similar to non-life	R0290	1,647
Non-life excluding health	R0300	(205)
Health similar to non-life	R0310	(90)
Life and health similar to life, excluding health and index-linked and unit-linked	R0320	(7)
Health similar to life	R0330	(83)
Life excluding health and index-linked and unit-linked	R0340	
Life index-linked and unit-linked	R0350	
Deposits to cedants	R0360	35,461
Insurance and intermediaries receivables	R0370	
Reinsurance receivables	R0380	
Receivables (trade, not insurance)	R0390	
Own shares (held directly)	R0400	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0410	269
Cash and cash equivalents	R0420	8,017
Any other assets, not elsewhere shown	R0500	222,801
Total assets		

Liabilities	Solvency II value	
	C0010	
Technical provisions – non-life	R0510	42,498
Technical provisions – non-life (excluding health)	R0520	30,355
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	26,923
Risk margin	R0550	3,432
Technical provisions - health (similar to non-life)	R0560	12,143
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	10,770
Risk margin	R0590	1,373
Technical provisions - life (excluding index-linked and unit-linked)	R0600	8,646
Technical provisions - health (similar to life)	R0610	2,112
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	1,873
Risk margin	R0640	239
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	6,534
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	5,795
Risk margin	R0680	739
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	9,619
Reinsurance payables	R0830	59
Payables (trade, not insurance)	R0840	299
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	61,121
Excess of assets over liabilities	R1000	161,680

Annex I

S.04.05.21

Premiums, claims and expenses by country

		Home Country	Top 5 countries (non-life)				
R0010		~~C0010~~	US	LU	FR	GB	
		C0010	C0020	C0021	C0022	C0023	C0024
Premiums written (gross)							
Gross Written Premium (direct)	R0020						
Gross Written Premium (proportional reinsurance)	R0021			8,431	8,238		
Gross Written Premium (non-proportional reinsurance)	R0022		33,381				
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030						
Gross Earned Premium (proportional reinsurance)	R0031			8,318	8,187		
Gross Earned Premium (non-proportional reinsurance)	R0032		27,778				
Claims incurred (gross)							
Claims incurred (direct)	R0040						
Claims incurred (proportional reinsurance)	R0041			7,373	8,852		
Claims incurred (non-proportional reinsurance)	R0042		(430)				
Expenses incurred						-	
Expenses incurred (direct)	R0050						
Expenses incurred (proportional reinsurance)	R0051			1,272	1,678		
Expenses incurred (non-proportional reinsurance)	R0052		6,326				

		Home Country	Top 5 countries (life and health SLT)				
R1010		~~C0010~~	LU	FR	GB		
		C0010	C0020	C0021	C0022	C0023	C0024
Premiums written (gross)							
Gross Written Premium (direct)	R1020						
Gross Written Premium (proportional reinsurance)	R1021		5,837	672			
Gross Written Premium (non-proportional reinsurance)	R1022						
Premiums earned (gross)							
Gross Earned Premium (direct)	R1030						
Gross Earned Premium (proportional reinsurance)	R1031		5,844	671			
Gross Earned Premium (non-proportional reinsurance)	R1032						
Claims incurred (gross)							
Claims incurred (direct)	R1040						
Claims incurred (proportional reinsurance)	R1041		4,122	192			
Claims incurred (non-proportional reinsurance)	R1042						
Expenses incurred							
Expenses incurred (direct)	R1050						
Expenses incurred (proportional reinsurance)	R1051		742	319			
Expenses incurred (non-proportional reinsurance)	R1052						

[illegible]

[illegible]

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

Technical provisions calculated as a whole
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM Best Estimate

Gross Best Estimate
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk Margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

	Insurance with profit participation	Index-linked and unit-linked		Other life insurance		Annuities stemming from non-life insurance contracts and relating to insurance	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct		Annuities stemming from non-life insurance contracts and relating	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)			
		Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees				Contracts without options and guarantees	Contracts with options or guarantees						
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010																
R0020																
R0030									5,795	5,795					1,874	1,874
R0080									(83)	(83)					(7)	(7)
R0090									5,877	5,877					1,881	1,881
R0100									739	739					239	239
R0110																
R0120																
R0130																
R0200									6,533	6,533					2,112	2,112

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
		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	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
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0170
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	(832)		(44)											1,096	2,192	17,185	19,597
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(197)		(8)											-	-	1,647	1,442
Net Best Estimate of Premium Provisions	R0150	(635)		(36)											1,096	2,192	15,538	18,155
Claims provisions																		
Gross	R0160	7,301		4,345											224	447	5,779	18,096
Gross discounted Best Estimate Claims Provisions for claim events occurred during the current financial year	ER0161																	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-		-											-	-	-	-
Net Best Estimate of Claims Provisions	R0250	7,301		4,345											224	447	5,779	18,096
Total Best estimate - gross	R0260	6,469		4,301											1,320	2,639	22,964	37,693
Total Best estimate - net	R0270	6,666		4,309											1,320	2,639	21,317	36,251
Risk margin	R0280	825		548											168	336	2,928	4,805
Technical provisions - total																		
Technical provisions - total	R0320	7,294		4,849											1,488	2,975	25,892	42,498
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	(197)		(8)											-	-	1,647	1,442
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	7,491		4,857											1,488	2,975	24,245	41,056

Total Non-Life Business

Gross Claims Paid (non-cumulative)

Gross undiscounted Best Estimate Claims Provisions

Development year												Year end (discounted data)
Year	0	1	2	3	4	5	6	7	8	9	10 & +	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100										-	R0100
N-9	R0160	-	-	16	5,018	3,769	4,978	5,286	5,072	4,079	4,445	R0160
N-8	R0170	-	2,408	19	5	4	1	1	1			R0170
N-7	R0180	20,824	2,588	14,996	15,866	12,782	10,036	2	1			R0180
N-6	R0190	24,106	108	8	53	2	2	1				R0190
N-5	R0200	12,477	68	55	16	2	1					R0200
N-4	R0210	11,508	10,371	4,601	1,667	7						R0210
N-3	R0220	13,413	174	257	51							R0220
N-2	R0230	14,410	50	29								R0230
N-1	R0240	17,153	2,067									R0240
N	R0250	12,797										R0250
												Total
												R0260

Annex I
S.23.01.01
Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

Ordinary share capital (gross of own shares)
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
Subordinated mutual member accounts
Surplus funds
Preference shares
Share premium account related to preference shares
Reconciliation reserve
Subordinated liabilities
An amount equal to the value of net deferred tax assets
Other own fund items approved by the supervisory authority as basic own funds not specified above

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
Unpaid and uncalled preference shares callable on demand
A legally binding commitment to subscribe and pay for subordinated liabilities on demand
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
Other ancillary own funds

Total ancillary own funds

Available and eligible own funds

Total available own funds to meet the SCR
Total available own funds to meet the MCR
Total eligible own funds to meet the SCR
Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	1,635	1,635			
R0030	83,341	83,341			
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	76,214	76,214			
R0140					
R0160	490				490
R0180					
R0220					
R0230					
R0290	161,680	161,190			490
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390	65,616			65,616	
R0400	65,616			65,616	
R0500	227,295	161,190		65,616	490
R0510	161,190	161,190			
R0540	226,805	161,190		65,616	-
R0550	161,190	161,190			
R0580	131,232				
R0600	32,808				
R0620	1.732015				
R0640	4.913116				

C0060

Reconciliation reserve

Excess of assets over liabilities
Own shares (held directly and indirectly)
Foreseeable dividends, distributions and charges
Other basic own fund items
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business
Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

R0700	161,680
R0710	
R0720	
R0730	85,466
R0740	
R0760	76,214
R0770	343
R0780	1,500
R0790	1,843

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
Loss-absorbing capacity of technical provisions
Loss-absorbing capacity of deferred taxes
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
Total amount of Notional Solvency Capital Requirement for remaining part
Total amount of Notional Solvency Capital Requirements for ring fenced funds
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
Diversification effects due to RFF nSCR aggregation for article 304

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0100
R0010 86,496		
R0020 1,141		
R0030 6,174		
R0040 6,238		
R0050 73,373		
R0060 (43,757)		
R0070		
R0100 129,665		

C0100
R0130 1,567
R0140
R0150
R0160
R0200 131,232
R0210
R0220 131,232
R0400
R0410
R0420
R0430
R0440

Approach to tax rate

Yes/No
Approach based on average tax rate*
Not Applicable

Calculation of loss absorbing capacity of deferred taxes

Before the shock	After the shock
DTA	0.00
DTA carry forward	
DTA due to deductible temporary differences	
DTL	

LAC DT
LAC DT
LAC DT justified by reversion of deferred tax liabilities
LAC DT justified by reference to probable future taxable economic profit
LAC DT justified by carry back, current year
LAC DT justified by carry back, future years
Maximum LAC DT

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

MCR _{NL} Result		C0010
	R0010	10,965

	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	R00206,666	15,252
Income protection insurance and proportional reinsurance	R0030	
Workers' compensation insurance and proportional reinsurance	R00404,309	877
Motor vehicle liability insurance and proportional reinsurance	R0050	
Other motor insurance and proportional reinsurance	R0060	
Marine, aviation and transport insurance and proportional reinsurance	R0070	
Fire and other damage to property insurance and proportional reinsurance	R0080	
General liability insurance and proportional reinsurance	R0090	
Credit and suretyship insurance and proportional reinsurance	R0100	
Legal expenses insurance and proportional reinsurance	R0110	
Assistance and proportional reinsurance	R0120	
Miscellaneous financial loss insurance and proportional reinsurance	R0130	
Non-proportional health reinsurance	R0140	
Non-proportional casualty reinsurance	R01501,320	1,750
Non-proportional marine, aviation and transport reinsurance	R01602,640	3,802
Non-proportional property reinsurance	R017021,317	24,052

Linear formula component for life insurance and reinsurance obligations

MCR _L Result		C0040		
	R0200	8,512		
			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
			C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210			
Obligations with profit participation - future discretionary benefits	R0220			
Index-linked and unit-linked insurance obligations	R0230			
Other life (re)insurance and health (re)insurance obligations	R0240	7,758		
Total capital at risk for all life (re)insurance obligations	R0250			11.927.437

Overall MCR calculation

	C0070	
Linear MCR	R0300	19,477
SCR	R0310	131,232
MCR cap	R0320	59,054
MCR floor	R0330	32,808
Combined MCR	R0340	32,808
Absolute floor of the MCR	R0350	1,380
	C0070	
Minimum Capital Requirement	R0400	32,808