

Darep DAC

Solvency & Financial Condition Report

Darep DAC

Report dated 31st December 2024

Report Date: 31st December 2024

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Darep DAC

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A: Business Performance: Year Ended 31st December 2024

This Solvency & Financial Condition Report (SFCR) has been prepared to allow Darep DAC ('Darep' or 'the Company') to comply with the Pillar III reporting requirements under Directive 2009/138/EC and associated Regulations ('the Solvency II Directive').

The Company has set a target Solvency Capital Requirement (SCR) cover ratio of 120% as laid out in the Risk Appetite Statement.

A.1 General Information about the Business

Legal Form

The name and legal form of the undertaking is Darep Designated Activity Company. It is authorised by the Central Bank of Ireland (CBI) to carry on the business of reinsurance in accordance with the regulations as defined in the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015).

Shareholder

Banco Santander S.A.

Supervisory Authority

The Central Bank of Ireland

Registered Office

Registered Office: Elm Park, Merrion Road, Dublin 4.

Auditor

PwC, Dublin

Risk Profile

The Company currently reinsures Financial Lines however historically it also reinsured Life and Personal Accident and Property & Casualty programmes.

Material Geographical Areas

The Company's material geographical areas where it carries out business are Europe, the Americas and other territories.

Significant events in the reporting period

2024 represented the first full year of underwriting the 'Blanket Bank Bonds' (BBB) line of business.

Since the BBB program inception two incidents have been reported one of which has resulted in a claim whilst there remains a significant degree of uncertainty regarding the other incident which means that the threshold of a claim has not been met.

Darep also strengthened its capital base during the year through the issuance of additional ordinary share capital together with an increase in ancillary own funds which was approved by the CBI.

With the exception of the above, there were no significant events within the reporting period that had a material impact on the Company. It is anticipated that the Business Performance of the Company will remain stable.

A.2 Underwriting Performance

2024 (all in EUR)					
	Bankers Blanket Bond	Professional Indemnity	Casualty	Cyber	Total
Earned Premium	5,144,396	0	0	0	5,144,396
Claims Paid	(17,892)	0	0	0	(17,892)
Change in provision for claims	(5,770,770)	(31,946)	145	(12)	(5,802,583)
Net operating expenses	(557,081)	0	0	0	(557,081)
Net technical result	(1,201,347)	(31,946)	145	(12)	(1,233,159)

2023 (all in EUR)					
	Bankers Blanket Bond	Professional Indemnity	Casualty	Cyber	Total
Earned Premium	2,461,555	0	0	0	2,461,555
Claims Paid	0	0	0	0	0
Change in provision for claims	(3,142,710)	0	0	0	(3,142,710)
Net operating expenses	(116,453)	0	0	0	(116,453)
Net technical result	(797,608)	0	0	0	(797,608)

A.3 Financial Performance

	2024 EUR	2023 EUR
Gross premiums written	5,447,226	4,896,000
Outward reinsurance premiums	0	0
Net premiums written	5,447,226	4,896,000
Change in the gross provision for unearned premiums	(304,761)	(2,435,000)
Earned Premiums, net of reinsurance	5,142,465	2,461,000
Claims paid, gross and net	(17,893)	0
Change in the provision for claims, gross and net	(5,803,603)	(2,843,000)
Claims incurred, net of reinsurance	(5,821,496)	(2,843,000)
Operating expenses	(557,081)	(414,000)
Balance on the technical account for general business	(1,236,112)	(796,000)
Investment Income	235,560	202,000
Other foreign exchange gains and losses	465,683	(55,000)
Profit / (Loss) on ordinary activities before taxation	(534,869)	(649,000)
Taxation charge	0	0
Profit / (Loss) on ordinary activities after taxation	(534,869)	(649,000)

A.4 Investment Performance

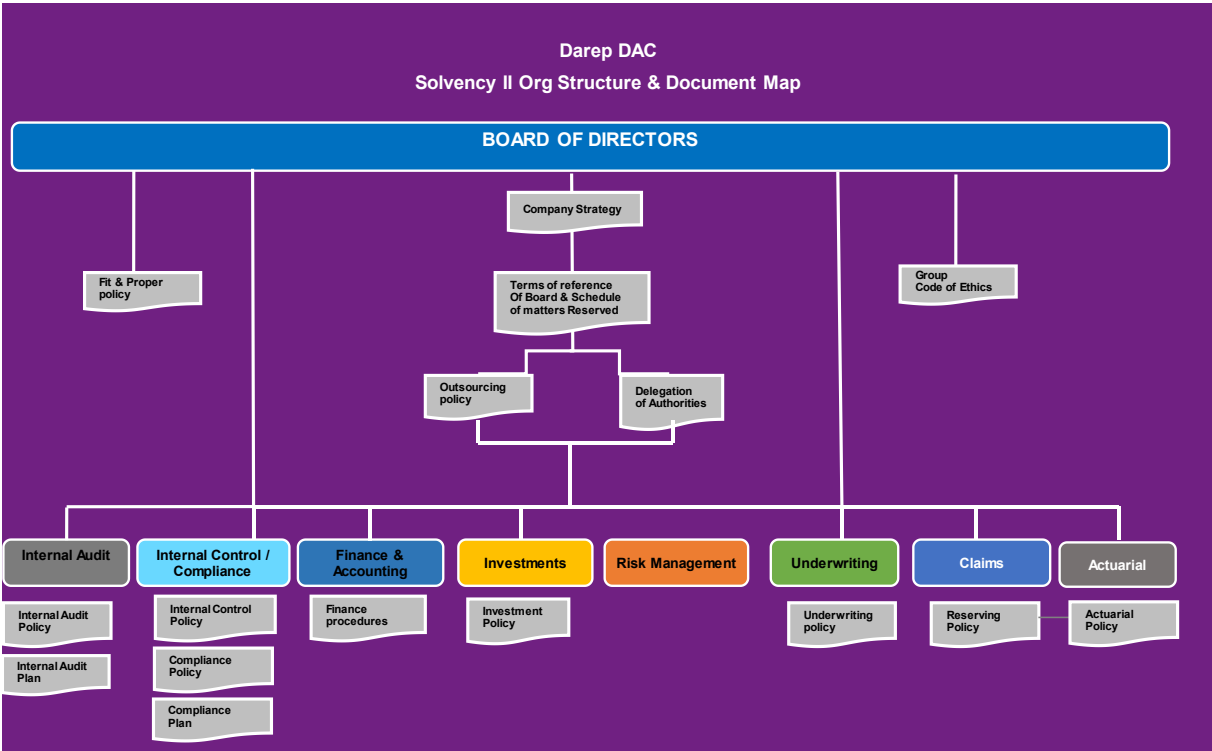
Investment Income of € 235,560 (2023: 201,843) for the financial year ended 31st December 2024. The table below outlines a breakdown of the investment performance by asset class:

Asset Class	2024	2023
Cash and Deposits Interest	235,560	201,843

B: Systems of Governance

B.1 General Information

The Organisational Structure of the Company is as follows:



- (a) The Company outsources the key functions of Risk, Compliance, Actuarial, Internal Audit and Corporate Administration, with ultimate responsibility for these functions remaining with the Board of Directors – refer to further paragraphs within this section for additional information on outsourcing. The Board consists of senior individuals within the Banco Santander Group, a previous Santander executive and representative from the Management Company – Willis Towers Watson Management (Dublin) Limited (WTWMDL).

The Company is classified as a low impact firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, known as PRISM (Probability Risk and Impact System). The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015.

The Company's Board has ultimate responsibility for the oversight of the business and sets its strategy and risk appetite. The Board also has responsibility for ensuring that an adequate and effective system of internal controls is maintained in the Company. The Company is committed to maintaining high standards of Corporate Governance. The Company takes a

risk-based approach to the system of governance taking into consideration the nature, scale and complexity of its business.

The Board has five directors who meet formally at least twice annually and there is additional interaction between members of the Board throughout each financial year. Richard Tulloch resigned during the reporting period and Triona O'Sullivan was appointed.

The Board of Darep DAC at 31st December 2024 is comprised as follows:

Name	Role
Jose Ignacio Del Corral Serrano	Chair & Non-Executive Director
Jorge Vico Pedrero	Non-Executive Director
Javier Calderon Gonjar	Non-Executive Director
Michael McInerney	Non-Executive Director
Triona O'Sullivan	Non-Executive Director

A suite of policy documentation and checklists supports the corporate governance regime of the business ensuring robust procedures and a strong internal control environment at all times. Oversight controls around key business processes and outsourced activities are a focus of the work undertaken by the Internal Audit Function.

The Board of Directors also undertakes completion of an annual Board performance questionnaire. The results of the questionnaire are tabled at the subsequent Board meeting for discussion and consideration.

- (b) No material changes in the system of governance have taken place over the reporting period.
- (c) Due to the scale, nature and complexity of the Company, with no full-time employees, the Company has not required the establishment of a remuneration policy.
- (d) As a captive reinsurance undertaking, it is common to have material transactions with its shareholder. There are procedures in place at Company and group level to ensure that all transactions are on an arm's length basis.

B.2 Fit and Proper Requirements

The Company deems the following personnel to hold Pre-Approval Controlled Functions and therefore be defined as 'Relevant Persons' subject to the Fitness and Probity Standards:

- The Board of Directors
- The Chief Risk Officer
- The Head of Internal Audit
- The Head of Actuarial Function
- The Head of Compliance

Fitness:

The members of the Board of the Company collectively possess the required qualification, experience and knowledge:

- Of insurance and financial markets relevant to the operations of the Company;
- Of the business strategy and business model of the Company;
- Of the Company's system of governance;
- To perform required financial and actuarial analysis in respect of the Company;
- Of the regulatory framework and requirements applicable to the Company; and
- To be able to provide generally for the sound and prudent management of the Company.

The persons holding the key functions outlined above must hold the appropriate qualifications, knowledge and sufficient experience in their relevant disciplines, in compliance with the Fitness and Probity Standards ("The Standards").

Probity:

The honesty, financial soundness and reputation of every Relevant Person as defined above has been assessed by the Company to determine that they are of good repute and integrity. This assessment has been based on relevant evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects, regardless of location.

In line with The Standards, the Company submits a PCF Confirmation to the Central Bank on an annual basis confirming all PCF holders remain in compliance with the fitness and probity requirements.

B.3 Risk Management System

- (a) The Company has established a number of risk management policies including a Risk Appetite Statement which includes an escalation procedure, an Operational Risk Policy, a Risk Register, a Liquidity Risk Policy, a Capital Management Policy with an Operational Resilience Framework in place. The Company defines operational risk as the risk of loss arising from people, processes or systems, or external events. This includes risks such as regulatory risk and operational risks such as fraud risk, IT risk, market risk and reputational risk. It excludes quantifiable risks. Quantifiable risks are set out in the Company's Risk Appetite Statement. The Risk Appetite Statement is subject to a detailed annual review by the Board. The Company aims for zero operational risk loss events, and whilst such risk cannot be eliminated completely, the strategy is to minimise such risk through a robust governance framework, systems and controls.
- (b) The risk management system including the risk management function is implemented and integrated into the organisational structure and decision-making processes of the Company via:
 - Review and ongoing maintenance of risk related policies by the Board,
 - Adherence with and annual review of the Company's Risk Appetite Statement,
 - Adequately resourced critical functions of risk management, compliance and actuarial staffed by experienced professionals,
 - Adequately resourced internal audit function with a regular review cycle,
 - Business continuity planning,
 - An Operational Resilience Framework,
 - Succession plan for key roles and
 - Monthly underwriting and financial reporting.

The management and monitoring of risks to the business is an on-going process which is integrated into the overall organisational structure of the Company. The ORSA process referred to in the following paragraphs is a key component in the Company's risk management and decision-making processes.

The primary strategic objective and purpose of the Company was to support the risk management and risk transfer programs of the Grupo Santander and its subsidiaries.

ORSA

ORSA Process

In line with the Company's ORSA policy, an ORSA is performed each year. A full or partial ORSA would also be performed in the event of a known or expected event that could cause the risk profile of the Company to change.

The objective of the ORSA process is to enable the Board to assess capital adequacy in light of the assessment of its risks and the potential impacts of its risk environment, and to enable it to make appropriate strategic decisions. The Board requires that the ORSA process produces meaningful reports on the adequacy of the Company's capital and risk sensitivities so that the output can be used in shaping the future strategy and risk appetite.

The ORSA process can be broken down into the following stages:

- Risk identification,
- Financial projections,
- Solvency projections,
- Stress, scenario and sensitivity testing,
- Qualitative discussion of risks and
- Board and management discussion and review.

At the end of the process, the ORSA report and ORSA reporting template are finalised and approved by the Board.

Risk Identification

The first step in the ORSA process is to consider which risks should be assessed. This process is performed continually throughout the year and has included the input of the Board, management, finance and actuarial functions. The risk appetite statement and various risk policies are key inputs into the identification of the risks to be considered as part of the ORSA process. Updates to these documents are also informed by the results of the ORSA process and the way it monitors, manages and mitigates risk.

Financial Projections

The second step of the ORSA process is to project the Profit and Loss Account and Balance Sheet of the Company. A projection of the Balance Sheet from 1-3 years was chosen as an appropriate timescale to provide an adequate view of the Company's financial and solvency position.

The accounts are projected on an Irish GAAP basis using various agreed assumptions. These projections are agreed by the Board and the Solvency II balance sheet and SCR calculations are prepared.

Solvency Projections

The third step in the ORSA process is to use the agreed financial projections to calculate the Company's Solvency Capital Requirements for each of the next three years on a Solvency II basis.

The SCR is the level of available capital that undertakings are required to hold under Solvency II. It is a risk-based capital measure, calibrated at a 1-in-200-year loss.

The MCR is the absolute minimum level of capital that undertakings are required to hold under Solvency II. It is calculated as a formula of premium and reserves, subject to a minimum of 25% of the SCR and a maximum of 45% of the SCR.

Stress, Scenario and Sensitivity Testing

The fourth step in the ORSA process is to consider cases where there may be a divergence from the expected projections. This analysis is performed through stress and scenario testing.

Furthermore, reverse stress tests of the Company's SCR and risk appetite are performed to identify the minimum level of performance which would be required to cause a breach of the Company's solvency and risk appetite.

The nature and scope of the stress and scenario tests are decided upon following several discussions between management, the Board and the Head of Actuarial Function.

Qualitative Discussion of Risks

A qualitative discussion on how certain other risks would impact the Company is undertaken:

The final step of the ORSA process is the presentation of the draft projections, stress and scenario tests to the Board and management. This prompts further discussion and review of the stress and scenario tests, with further scenarios being considered at the request of the Board. This section outlines the key issues discussed in the ORSA at Board meetings and highlights the key actions and outcomes of these discussions.

Risk Reporting

The Risk Management Function reports to the Board on a bi-annual basis in the form of a Risk Monitoring Report which is circulated to the Board members. The report contains details of the outcome of the Risk Register review, the results of the comparison of the RAS to actual results and an update on emerging risks.

The report contains both qualitative and quantitative aspects and covers all key risks of the Company.

The Risk Management Function is responsible for the development of the Risk Reports.

The Risk Management Function will provide a report to the Board based on the occurrence of an event which materially alters the risk profile of the Company or if the tolerance level triggers are breached.

The Risk Management Function will advise the Board on the quality of the data used in the review of the Risk Management System, including any deficiencies that may have been identified during the course of the review.

B.4 Internal Control System

The Board is ultimately responsible for ensuring that the Company has in place an effective internal control system which is commensurate with the nature, scale and complexity of the Company's operations.

(a) Internal Control System

The principal control framework for the Company is its controls set at Board level. These controls include the Board approved policies, reports, terms of reference, schedule of matters and minutes of Board meetings. The policies describe the Board's approach to key areas of the business. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system, however day-to-day oversight is provided by the Compliance Officer. In practice, other directors and key role holders also participate in the management of the system. The Company's internal controls are part of its compliance framework. Various measures are incorporated into systems and processes to control day-to-day activities. The Company implements adequate controls to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.

The Company has established the four key independent control functions required under the Corporate Governance Requirements for Captive Insurance and Captive Reinsurance Undertakings 2015 – actuarial, internal audit, compliance and risk management. These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework.

Where any functions or activities are outsourced, the Company expects that any outsourcing entity manages its control framework to the same standards as the Company and adheres to the Company's policies and procedures and employs fit and proper people in its controlled functions. The Company has a Service Level Agreement in place with each outsourced entity with Key Performance Indicators set to ensure regular reporting to the Board. Any significant or material event that occurs requires immediate reporting to the Board.

(b) Compliance Function

The Company's Compliance Function is responsible for implementing an appropriate compliance framework within the Company and monitoring the Company's adherence to legal and regulatory requirements on an ongoing basis.

The Compliance Function reports to the Board periodically on all key compliance matters, such as implementation of the annual Compliance Plan, regulatory engagement and correspondence, upstream regulatory developments and any compliance breaches that may have occurred in the period and corrective actions undertaken.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Compliance (PCF12). This function holder is provided to the Company by WTWMDL in line with the terms and conditions of the Management Services Agreement.

(c) Internal Audit Function

The Board has ensured that an appropriately resourced Internal Audit Function is established and maintained within the Company. The Internal Audit Function is provided by CSI Chartered Accountants Limited, 10 Clanwilliam Square, Dublin 2 with the Board acting as oversight. The Internal Audit mission is to independently examine and evaluate the functioning effectiveness and efficiency of the Company's internal control system and all other elements of governance.

The activities of the Internal Audit function are designed to provide advice to management in improving the internal control environment, monitoring the implementation of strategic control initiatives and managements remediation activity. The Internal Audit Function provides a formal report to the Board at least annually. The findings of Internal Audit reviews conducted are discussed with and challenged by the Board and an action plan is agreed upon to remediate any issues identified, along with a timeline for completion.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Internal Audit Function (PCF13).

B.5 Actuarial Function

The Board has ensured that an appropriately resourced Actuarial Function is established and maintained within the Company. The activities of the Company's Actuarial Function are currently outsourced to Willis Towers Watson.

The Actuarial Function is carried out by persons who have an appropriate knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the Company, and who can demonstrate their relevant experience with applicable professional and other standards in line with the Company's Fitness and Probity Policy and the Central Bank of Ireland's Fitness & Probity Standards.

In line with the Solvency II requirements, the Company has nominated an appropriate person to the role of Head of Actuarial Function (PCF48).

The Actuarial Function's role can be summarised as providing the Company with the following:

- Contribution to the effective implementation of the risk management system, in particular the ORSA and SCR calculations.
- Co-ordinating the calculation of the Technical Provisions.
- Provision of an opinion on the underwriting and reinsurance policy of the Company
- Production of a written report to be submitted to the Board, at least annually (Actuarial Function Report). The report documents all tasks that have been undertaken by the Actuarial Functions and their results and clearly identifies any deficiencies and gives recommendations as to how such deficiencies should be remedied.
- Assess the sufficiency and quality of the data used in the calculation of technical provisions.
- Comparison of best estimates against experience.

B.6 Outsourcing

The Company outsources various activities where the Board believes outsourcing can provide access to superior processes and technical skills than it would otherwise achieve on a standalone basis, or where appropriate due to the nature, scale and complexity of the operations of the Company. The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of critical or important functions and activities.

The Risk Management Function is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities as part of its overall remit to identify, assess, manage,

monitor and report the risks of the Company on an ongoing basis. The functions deemed critical or important are defined in the Company's Outsourcing Policy.

The Board has ensured that the outsourced service providers adhere to the Company's policies and procedures and that the effectiveness of the Company's system of governance has not been lessened or compromised by the outsourcing arrangements.

The performance of each service provider is based on a comparison of the actual performance of the service provider in comparison with the required performance as per the agreed Service Level Agreement ('SLA'). The SLA's include details covering Business Continuity Planning and ensure that acceptable service levels are maintained in the event of problems occurring with the service provider. The performance of the service providers are formally assessed by the Board on an annual basis.

In the Board's current assessment of the performance of each service providers acting in an outsourced capacity, no material deficiencies noted.

C: Risk Profile

The Company operates a low-risk business model that is supported by a robust risk management framework that ensures risks are well understood and controlled. This is facilitated by systematic quantification of all risks and a culture that promotes the importance of risk management.

Integral to this is a thorough understanding and articulation of the Company's risk exposures. Determining the prevailing risk landscape within the Company allows Management, the Risk Function and the Board to assess the appetite for each emerging risk and to ensure that all are quantifiable and managed consistently with our appetite to risk.

An overview of the key risks associated with the business including an outline of how they are managed is provided below.

C.1 Underwriting Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random, unknown and unpredictable.

As its primary insurance activity the Company assumes risks relating to Bankers Blanket Bond coverage relating to the Group's operations. This is accepted on an inwards reinsurance basis from a Fronting Insurer. Other legacy risks previously underwritten by the Company are in run off with small balances remaining. These risks are all reinsured between 95% and 99% resulting in a minimum net exposure.

The Company is exposed to the uncertainty surrounding the timing and severity of claims under the BBB reinsurance contracts. The terms and conditions of this coverage set out the basis for the determination of the Company's liability should the insured event occur.

The Company also faces risks that the actual claims are significantly different to the amounts included within the technical provisions. This could occur because the frequency or severity of claims is greater or lower than estimated. The insurance risks are mitigated through strict underwriting criteria, the utilising of actuarial review and the use of reinsurance.

The Company manages its underwriting risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements annually. The Company utilises reinsurance agreements with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence and for the accumulation of net losses arising out of one occurrence.

C.2 Market Risk

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market currency risk, interest rate risk, credit risk and liquidity risk.

Interest rate risk is that the value of future cashflows of a financial investment will fluctuate due to changes in interest rates.

The Company's investment assets are with two banks, Barclays Bank Ireland PLC and AIB, both of which are well-rated.

C.3 Currency Risk

A significant proportion of the Company's principal transactions are carried out in non-Euro currencies. The Company manages currency exposure by seeking to ensure that its non-Euro assets are primarily matched by liabilities in the same currencies.

The company's business exposure to foreign exchange risk arises primarily with respect to US Dollar coupled with Sterling, and Polish Zloty for the legacy book of business. The business financial assets are primarily denominated in the same currencies as its reinsurance and investment liabilities, which mitigates the foreign currency exchange rate risk.

C.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet cash commitments. Liquidity risk may result from the inability to sell financial assets quickly at their fair values, a reinsurance liability falling due for payment earlier than expected or an inability to generate cash inflows as anticipated.

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 maintains significant levels of liquid assets and it does not settle historic retrocession premiums or reinsurance claims until the corresponding premiums and claims have been collected.

C.5 Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation, thus causing the Company to incur a financial loss. As part of the underwriting process the company chose historically to only to cede risks to reinsurers with A or higher credit ratings.

C.6 Operational Risk

The Company is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In particular, this includes the failure of key outsourcing arrangements, business disruption, fraud and loss of key personnel.

The process through which the Company's operational risk universe is determined and subsequent estimates of frequency and severity are assessed is captured in the Operational Risk Policy. This

process safeguards the ongoing improvement of the control environment and ensures that operational risk is identified and mitigated.

The Company is reliant on the use of external parties to provide a significant portion of the services required, and thus is therefore exposed to the potential failure of these outsourcing partners. The Company has documented a Contingency Plan and an Outsourcing Policy which set out how this risk is managed and monitored.

C.7 Other Material Risks

The Company has determined that there are no other material risks to be considered at this time.

D: Valuation for Solvency Purposes

D.1 Assets

Valuation of Assets

The recognition and valuation basis are in accordance with the provisions of the Solvency II Directive. The main difference is due to the recognition of the Deferred Acquisition Costs and the valuation basis on the reinsurance share of TP. On a Solvency II valuation basis all assets and liabilities are held at a market consistent value for expected future cash flows. For the reinsurance share of TP the adjustments for solvency purposes relates to the application of the Solvency II best estimate valuation. The fair value of these combined technical provisions is calculated by discounting estimated future cash-flows (best estimates) based on estimated duration of each provision (payment pattern), using the risk-free interest rate curve. An adjustment for reinsurer default is then applied.

Material Differences in the above used for valuation in Financial Statements

Darep DAC: Assets (EUR)	Current Accounting Basis 2024	SII Valuation Principles 2024
Deferred acquisition costs	105,748	0
Deposits other cash equivalents	6,767,495	6,767,495
Reinsurance recoverables	3,597,460	3,412,356
Reinsurance Receivables	491,896	491,896
Cash & Cash Equivalents	17,461,734	17,461,734
Any Other Assets, Not Elsewhere Shown	6,767	6,767
Total assets	28,431,099	28,140,247

Darep DAC: Assets (EUR)	Current Accounting Basis 2023	SII Valuation Principles 2023
Deferred acquisition costs	0	0
Deposits other cash equivalents	6,539,076	6,539,076
Reinsurance recoverables	436,160	302,657
Reinsurance Receivables	97,638	97,638
Cash & Cash Equivalents	465,505	465,505
Any Other Assets, Not Elsewhere Shown	5,728,600	5,728,600
Total assets	13,266,979	13,133,476

Overview of any assets not regularly traded in Financial Markets

The Company has no assets that are not regularly traded in financial markets.

D.2 Technical Provisions

Valuation of Technical Provisions per Line of business

Technical provisions are valued in accordance with Article 77 of the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of a best estimate and a risk margin.

Valuation results

The valuation was carried out together for each line of business. Under Solvency II, the balance sheet is required to be valued on a “best estimate” discounted cash flow basis. This leads to differences in claims provision between financial statements and Solvency II.

The table below sets out the results of the Technical provision calculations on the financial statements and Solvency II basis.

The Solvency II Directive regulation requires the inclusion of “run-off” expenses to be incorporated into the Solvency II calculation. This has been added to the net technical provisions for the Company.

Darep DAC Technical Provisions (EUR)	Current Accounting Bases 2024	SII Valuation Principles 2024
<i>Gross Technical Provisions – Non-Life (excluding Health)</i>		
TP calculated as a whole (Best estimate + Risk margin)	15,297,259	15,662,987
Best Estimate		14,178,772
Risk Margin		1,484,215
Total	15,297,259	15,662,987

Darep DAC Technical Provisions (EUR)	Current Accounting Basis 2023	SII Valuation Principles 2023
<i>Gross Technical Provisions – Health (similar to Non-Life)</i>		
TP calculated as a whole (Best estimate + Risk margin)	6,028,616	5,593,456
Best Estimate		4,496,452
Risk Margin		1,097,004
Total	6,028,616	5,593,456

Claims Provision

As at the reporting date, the Company held EUR 12,596,031 claims provisions on its Balance Sheet (as prepared in accordance with FRS 102/103), which were in the form of Outstanding Loss Reserves ("OSLR") and Incurred But Not Reported ("IBNR") provisions.

Material Differences in the above used for valuation in Financial Statements

The above table outlines the material differences in the valuation of technical provisions between the Financial Statements and Solvency II valuation.

Simplification

The Company utilises the standard formula for the calculation of its Solvency Capital Requirement ('SCR'). Simplification method three is used for the standard formula.

Uncertainties in the value of Technical Provisions

The key assumptions that impact the Technical Provisions are detailed below along with comments regarding the materiality of these assumptions.

Assumed loss ratio: We have assumed loss ratios of 60%. This is used to capture the expected profit in the unearned premium reserve.

Run-off expense loadings

The total annual administrative expenses of Darep are proportional to the level of claims reserve (Outstanding + IBNR) for each line of business.

Events Not in Data ("ENIDs")

ENIDs considered within the technical provisions through a scenario approach.

Impact of Reinsurance on Technical Provisions

Under SII valuation principles, reinsurance had no impact on the Company's Gross Technical Provisions.

Matching Adjustments, Volatility Adjustments and Transitional Measures

The Company has no matching adjustments, volatility adjustments or transitional measures as at the reporting period.

D.3 Other Liabilities

Valuation of liabilities per Class of Liability

Recognition

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangement entered into.

Initial measurement

All financial liabilities are initially measured at transaction price.

LIABILITIES	2024 EUR
Payables (trade, not insurance)	0
Any other liabilities, not shown elsewhere	193,011
Total	193,011

LIABILITIES	2023 EUR
Payables (trade, not insurance)	6,314
Any other liabilities, not shown elsewhere	137,711
Total	144,025

Material Differences in the above used for valuation in Financial Statements

There is no differentiation between the valuation of the other liabilities under FRS financial statements and Solvency II valuation.

D.4 Alternative methods for valuation

No alternative methods for Valuation are utilised.

E: Capital Management

E.1 Own Funds

Objectives, Policies and Processes for Management of Own Funds

The Own Funds are managed in accordance with the Company's Capital Management Policy and the main objective is continuously maintaining the SCR coverage using a time horizon of five years in accordance with the Own Risk and Solvency Assessment. There have been no material changes to the Capital Management Policy, its main objective or the length of the business planning period, over the course of the reporting period. Any change in the policy is reserved for the Board of the Company.

Structure, Amount and Quality of Own Funds

The Company has Tier 1 unrestricted own funds composed of ordinary share capital and retained earnings, as well as Tier 2 own funds comprised of a parental.

The table below sets out the Company's Pillar I capital position as at the current financial year-end:

Composition	2024 EUR		2023 EUR	
	Available Capital	Eligible Capital	Available Capital	Eligible Capital
Tier 1 unrestricted	11,775,006	11,775,006	6,914,145	6,914,145
Tier 1 restricted				
Tier 2 basic				
Tier 2 ancillary	6,300,000	6,300,000	4,800,000	4,800,000
Tier 3				
Total	18,075,006	18,075,006	11,714,145	11,714,145

SCR and MCR Cover

2024				
Solvency	Capital Requirement	Eligible Capital	Solvency Ratio	MCR as % SCR
SCR	14,571,649	18,075,006	124.04%	25.00%
MCR	3,642,912	11,775,006	323.23%	
2023				
Solvency	Capital Requirement	Eligible Capital	Solvency Ratio	MCR as % SCR
SCR	11,394,646	11,714,145	102.80%	25.00%
MCR	2,848,662	6,914,145	242.72%	0

Shareholder's Equity versus Excess of Assets Over Liabilities

The difference between the Company's equity as shown in its audited financial statements and the excess of assets over liabilities, as calculated for solvency II purposes, is called Reconciliation Reserve and is composed of:

- the difference between the technical provisions calculated in accordance with Solvency II valuation principles; and
- the reclassification of the premium receivable balance (in respect of unexpired policies) from being an asset to being netted against the Premium Provision component of Technical Provisions for the purposes of Solvency II.

Reconciliation of Basic Own Funds to Equity as per Financial Statements as at 31 st December	2024	2023
	EUR	EUR
Solvency II Basic Own Funds	18,075,006	11,714,145
Financial Statements – Shareholder's Equity	12,431,586	6,612,490
Difference:	5,643,420	5,101,655
Represented by:		
Difference between Net Technical Provisions and BEL (Non-Life)	1,118,487	1,532,164
Risk Margin (Non-Life)	(1,484,215)	(1,097,004)
Removal of Premium Receivable and Reinsurance Recoverable	(185,104)	(133,505)
Deferred acquisition costs	(105,748)	
Ancillary Own Funds Item	6,300,000	4,800,000
Difference:	5,643,420	5,101,655

Transitional Arrangements

None of the Company's own funds are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

Ancillary Own Funds

The Company received approval from the Central Bank of Ireland in 2023 for the recognition of a Capital Commitment Deed in the amount of EUR 4,800,000 as Tier 2 Ancillary Own Funds. The Company received approval in 2024 to increase this to EUR 6,300,000.

Deductions and Restrictions

No deductions are applied to own funds and there are no significant restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Requirements for the Reporting Period

The Company has achieved SCR coverage of 124.0% and MCR coverage of 323.2%% at 31st December 2024. It is noted that the MCR is driven by the Absolute Minimum Capital Requirement ("AMCR").

SCR Risk Models

The table below shows the SCR components by risk module (using the Standard Formula) at 31st December 2024:

SCR Overview	EUR 2024	EUR 2023
Market Risk	2,945,199	1,536,179
Counterparty Default Risk	1,191,767	397,062
Non-life underwriting risk	14,414,159	11,760,319
Diversification	(2,488,059)	(1,250,484)
Basic Solvency Capital Requirement	16,063,065	12,443,076
Operational Risk	425,363	147,693
Adjustment for Deferred Tax	(1,916,780)	(1,196,123)
Solvency Capital Requirement	14,571,649	11,394,646

Simplifications

Simplified calculations are not used for any of the risk modules or sub-modules.

Undertaking – Specific Parameters

The Company does not use undertaking specific parameters in its computation.

MCR Inputs

The Minimum Capital Requirement is calculated using the Standard Formula specifications.

The table below shows the inputs into the MCR calculation as at the current and prior reporting period:

MCR Overview	EUR 2024	EUR 2023
Linear MCR	2,860,205	1,558,454
SCR	14,571,649	11,394,646
MCR Cap	6,557,242	5,127,591
MCR Floor	3,642,912	2,848,662
Absolute floor of the MCR	1,300,000	1,300,000
Minimum Capital Requirement	3,642,912	2,848,662

Material Changes to SCR and MCR

The observed changes to the Solvency Capital Requirement and to the Minimum Capital Requirement over the reporting period are not material.

Loss-Absorbing Capacity of Deferred Taxes (“LACDT”)

The SCR has been adjusted for LACDT in the amount of EUR 1,916,780 (2023: EUR 1,196,123).

The Company has determined a level of probable future taxable profits aligned to its Own Risk and Solvency Assessment, which demonstrates future utilisation of the proportion of loss-absorbing capacity of deferred taxes being applied.

As a proportion of the instantaneous loss, as defined in Article 207(1), the Company’s LACDT represents 13.2% (2023: 10.5%). The assumptions deployed for the projection of possible future taxable profits are aligned to the Company’s business strategy over its planning period; as detailed in the Company’s ORSA.

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

The Company does not hold any liabilities that require this approach, therefore this is not applicable for the Company.

E.4 Non-Compliance with MCR and SCR during the period

The Company was compliant at all times with the MCR and SCR requirements during the reporting period.

Darep DAC

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in EUR thousands)

General information

Undertaking name	Darep DAC
Undertaking identification code	6354000YQH6IOAPOFU48
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- 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.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	6,767
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	0
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	0
R0140	<i>Government Bonds</i>	0
R0150	<i>Corporate Bonds</i>	0
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	6,767
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	3,412
R0280	<i>Non-life and health similar to non-life</i>	3,412
R0290	<i>Non-life excluding health</i>	3,412
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	492
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	17,462
R0420	Any other assets, not elsewhere shown	7
R0500	Total assets	28,140

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	15,663
R0520	<i>Technical provisions - non-life (excluding health)</i>	15,663
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	14,179
R0550	<i>Risk margin</i>	1,484
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	509
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	0
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	193
R0900	Total liabilities	16,365
R1000	Excess of assets over liabilities	11,775

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
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	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
																0
																0
													5,449			5,449
							0						0			0
							0						5,449			5,449
																0
																0
													5,144			5,144
							0						0			0
							0						5,144			5,144
							2,614									0
																2,614
													6,368			6,368
							2,588						573			3,161
							26						5,794			5,820
							8						554			562
																562

S.17.01.02
Non-Life Technical Provisions

R0010 Technical provisions calculated as a whole
R0050 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

Technical provisions calculated as a sum of BE and RM

Best estimate
Premium provisions
R0060 Gross
R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0150 Net Best Estimate of Premium Provisions

Claims provisions
R0160 Gross
R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0250 Net Best Estimate of Claims Provisions

R0260 Total best estimate - gross
R0270 Total best estimate - net

R0280 Risk margin

R0320 Technical provisions - total
R0330 Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total
R0340 Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

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	C0180
							0						0			0
																0
							0						1,462			1,462
							0						0			0
							0						1,462			1,462
							2,731						9,985			12,717
							2,626						787			3,412
							106						9,199			9,304
							2,731						11,447			14,179
							106						10,661			10,766
							8						1,476			1,484
							2,740						12,923			15,663
							2,626						787			3,412
							114						12,137			12,251

Non-Life insurance claims

Accident year / underwriting year	Underwriting Year
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(absolute amount)

R0260

(absolute amount)

R0260

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	
R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	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
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions
Ancillary own funds	
R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds
Available and eligible own funds	
R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR
R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR
Reconcilliation reserve	
R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve
Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
1,635	1,635		0	
5,350	5,350		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
4,790	4,790			
0		0	0	0
0				0
0	0	0	0	0
0				

0		0	
0		0	
0		0	0
0		0	0
6,300		6,300	
0		0	0
0		0	
0		0	0
0		0	0
6,300		6,300	0

18,075	11,775	0	6,300	0
11,775	11,775	0	0	
18,075	11,775	0	6,300	0
11,775	11,775	0	0	

14,572
3,643
124.04%
323.23%

C0060
11,775
0
0
6,985
0
4,790

0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

- R0010

Market risk
- R0020

Counterparty default risk
- R0030

Life underwriting risk
- R0040

Health underwriting risk
- R0050

Non-life underwriting risk
- R0060

Diversification
- R0070

Intangible asset risk
- R0100

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

- R0130

Operational risk
- R0140

Loss-absorbing capacity of technical provisions
- R0150

Loss-absorbing capacity of deferred taxes
- R0160

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
- R0200

Solvency Capital Requirement excluding capital add-on
- R0210

Capital add-ons already set
- R0211

of which, capital add-ons already set - Article 37 (1) Type a
- R0212

of which, capital add-ons already set - Article 37 (1) Type b
- R0213

of which, capital add-ons already set - Article 37 (1) Type c
- R0214

of which, capital add-ons already set - Article 37 (1) Type d
- R0220

Solvency capital requirement

Other information on SCR

- R0400

Capital requirement for duration-based equity risk sub-module
- R0410

Total amount of Notional Solvency Capital Requirements for remaining part
- R0420

Total amount of Notional Solvency Capital Requirements for ring fenced funds
- R0430

Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
- R0440

Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

- R0590

Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

- R0640

LAC DT
- R0650

LAC DT justified by reversion of deferred tax liabilities
- R0660

LAC DT justified by reference to probable future taxable economic profit
- R0670

LAC DT justified by carry back, current year
- R0680

LAC DT justified by carry back, future years
- R0690

Maximum LAC DT

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
2,945		
1,192		
0		
0		
14,414		
-2,488		
0		
16,063		
C0100		
425		
0		
-1,917		
0		
14,572		
0		
0		
0		
0		
14,572		
0		
0		
0		
0		
0		
Yes/No		
C0109		
Yes		
LAC DT		
C0130		
-1,917		
0		
-1,917		
0		
0		
2,061		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

