Solvency and Financial Condition Report

2023

Athora Ireland plc

CONTENTS

SCOPE OF THE REPORT

Solvency II is a harmonised Europe-wide insurance regulatory regime. The Solvency II Directive was transposed into Irish Law and the legislation entered into force on 1 January 2016. The Solvency II framework sets out requirements around capital, governance, and risk management, and also introduces increased regulatory reporting requirements and public disclosure requirements.

Under Solvency II, the Solvency and Financial Condition Report is an annual regulatory public disclosure requirement. This report is Athora Ireland plc's ("Athora Ireland", "the Company") Solvency and Financial Condition Report for the year ended 31 December 2023. It informs Athora Ireland's stakeholders about Athora Ireland's:

A. Business and Performance;
B. System of Governance;
C. Risk Profile;
D. Valuation for Solvency Purposes; and
E. Capital Management.

It is prepared in accordance with the 'Guidelines on reporting and public disclosure' (EIOPA-BoS-15/109) and Delegated Acts 2015/35, as issued by the European Insurance and Occupational Pensions Authority (EIOPA).

A subset of the Quantitative Reporting Templates that are included in the Appendix of this report and the qualitative information included in Sections D (Valuation for Solvency Purposes) and E (Capital Management) have been subject to external audit.

The following Quantitative Reporting Templates have been subject to external audit:

- S.02.01.02 (Balance Sheet)
- S.12.01.02 (Life & Health Technical Provisions)
- S.23.01.01 (Own Funds including basic and ancillary Own Funds)
- S.25.01.21 (Solvency capital requirement using the standard formula)
- S.28.01.01 (Minimum capital requirement)

Within this report all figures are presented as rounded to the nearest EUR thousand, unless stated otherwise.

This report and supporting Quantitative Reporting Templates have been approved by the Board of Directors prior to submission to the Central Bank of Ireland and publication on the Athora Ireland website.

(https://www.athora.com/ie/reports).

SUMMARY

Athora Ireland is a public limited company incorporated under Irish law which commenced trading in July 2002 and is authorised and regulated by the Central Bank of Ireland to transact cross-border life assurance and reinsurance business in Europe.

Athora Ireland's strategy is focused on writing long-term life reinsurance for the European marketplace. Together with its parent Athora Life Re, Athora Ireland provides innovative and creative capital optimisation and risk management solutions to European life insurers.

Business and Performance

Throughout 2023, Athora Ireland has continued to pursue its strategy of sourcing and pricing long-term life reinsurance for the European marketplace.

Athora Ireland's in-force liabilities throughout 2023 consisted of the inwards quota share reinsurance contract of a Group Life pension portfolio executed in 2020 and a mass lapse inward reinsurance treaty executed in December 2022.

Athora Ireland produces its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU. The Company recorded a profit of €26.2m during 2023 (2022: loss of €(19.9)m), with a profit after tax of €22.9m (2022: loss of €(17.4)m).

The gain for the year was predominately driven by realised and unrealised gains on financial assets at fair value through profit or loss, partly offset from a loss on the insurance service result. The primary driver of the result was due to the changing interest rate environment over the course of 2023.

Effective 1 January 2023, the Company adopted IFRS 17 and IFRS 9. As a result the 2022 comparatives have been adjusted to reflect the 2022 restated numbers as reported in the 2023 financial statements.

Major developments

Market Environment

During 2023, the global central banks continued their strategy to stem the high levels of inflation by increasing short term rates to the highest levels since the Global Financial Crisis. The global financial sector was most impacted by the higher interest rate environment, resulting in four US regional banks and one major bank in Europe (Credit Suisse) failing. Despite the high volatility in interest rates and uncertainty in price inflation, global credit assets and equities performed reasonably well in the year up to December 2023.

Inflation

During 2023, inflation in the Euro Area started to gradually fall settling at 2.9%, mainly driven by declines in energy and food inflation. As cost pressures fade and ECB monetary policy measures take effect, inflation is expected to remain below 3% in 2024 and reach the ECB's inflation target in 2025 at c.2%.

The Company's financial position reflects appropriate reserves, an investment portfolio and capital in excess of the minimum regulatory requirement. In addition, the Board has reviewed the Company's projections for the 12 months from approval of the financial statements, including regulatory capital surpluses and has considered the potential impacts from rising geo-political tensions, and monetary tightening that can impact global markets as well as the Group and its customers.

System of Governance

The Board is responsible for the overall governance of Athora Ireland's business and strategic objectives. Athora Ireland recognises the critical importance of having efficient and effective risk management systems in place and has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business.

The Own Risk and Solvency Assessment (ORSA) is one of the key elements of the system of governance. It is an ongoing assessment performed by the Board of the risks facing Athora Ireland, and the capital required by and available to Athora Ireland in order to meet its commitments in light of those risks, both now and into the future.

Athora Ireland is satisfied that the system of governance remains fit for purpose and appropriate for the nature, scale, and complexity of risks inherent in its business.

Risk Profile

Athora Ireland faces a number of risks which are external in nature, primarily financial market risks (e.g. movements in interest rates) and underwriting risks (e.g. unexpected changes in longevity trends). Other risks arise from internal factors, such as inadequate systems or processes. Both external and internal risks can affect Athora Ireland´s operations, its earnings, the value of its investments, or the sale of its products.

Risk is managed and controlled in line with Solvency II principles. Athora Ireland's risk management framework defines the tools, policies and processes used to measure and manage risks and to help guide the development of Athora Ireland's desired risk profile. The risk management and control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with Athora Ireland's risk strategy.

As at the end of 2023, the most significant risk exposures of Athora Ireland are to policyholder behaviour, market and counterparty default risks.

Valuation for Solvency Purposes

Athora Ireland values its assets and liabilities on a market consistent basis, i.e. using information which is market observable where possible. Athora Ireland's assets comprise those held to back the reinsurance liabilities and assets on Athora Ireland's general account. The former can be further distinguished between assets to which Athora Ireland retains economic exposure, and 'funds withheld' in respect of the retrocession of a quota-share of the Group Life Pension portfolio, the risks and returns of which accrue to the retrocessionaire. The assets to which Athora Ireland retains exposure consist of government and corporate bonds, private credit, residential mortgage loans, alternative assets, subordinated debt and cash or cash equivalents. During the reporting period, Athora Ireland did not make any material changes to the recognition, valuation basis or estimation techniques used for the valuation of its assets.

The Technical Provisions comprise the Best Estimate Liability and the Risk Margin. A number of assumptions feed into the calculation of the Technical Provisions. Following the annual assumption review and experience investigations, assumptions for policyholder behaviour, mortality, and expenses were all updated to reflect the latest experience.

There were no material changes to the methodology used for the valuation of other liabilities over the reporting period.

Capital Management

Athora Ireland's approach to capital management and how it manages available Own Funds is outlined in Athora Ireland's Capital Management Policy. Key objectives of the policy are to be compliant with all applicable laws, rules and regulations governing the management of capital and to maintain, at all times, sufficient Own Funds to cover both the Solvency Capital Requirement and Minimum Capital Requirement. The policy and associated processes help to protect the financial strength of Athora Ireland, by identifying various capital management zones and requiring appropriate actions depending on the current level of capital.

The Capital Management and Risk Committees, together with the Board, regularly consider capital assessments and projections for Athora Ireland to ensure that capital is managed with continuous adherence to Athora Ireland's principles around capital adequacy, and the efficient use of capital.

Athora Ireland uses the prescribed Standard Formula approach for calculating the Solvency Capital Requirement. There were no incidences of non-compliance with capital requirements throughout the reporting period.

The key Solvency II figures for Athora Ireland at 31 December 2023 and the previous year are presented in the table below.

At 31 December 2023, Athora Ireland's available Own Funds comprise €131,077k Tier 1 capital (91%) and €12,462k Tier 3 capital (9%). The Own Funds eligible to meet the Solvency Capital Requirement comprise the total amount of Tier 1 and Tier 3 capital. The Own Funds eligible to meet the Minimum Capital Requirement comprise the total Tier 1 capital.

Solvency Ratio (EUR thousands)	**FY2023**	**FY2022**
Eligible own funds to meet the SCR	143,539	143,712
Minimum Capital Requirement	22,310	21,964
Solvency Capital Requirement	89,239	87,857
Solvency Ratio	**161%**	**164%**

A. BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 Overview

Athora Ireland is a public limited company registered in Ireland under company number 346275.

A.1.2 Regulators and auditor

Athora Ireland is authorised and regulated by the Central Bank of Ireland to transact cross-border life assurance and reinsurance business in Europe. The contact details for the Central Bank of Ireland are as follows:

Central Bank of Ireland

New Wapping Street

North Wall Quay

Dublin 1

Telephone: +353 1 224 4000

The auditors Ernst & Young Chartered Accountants and Statutory Audit Firm were appointed on 3 June 2020 and have indicated their willingness to continue in office in accordance with Section (383)2 of the Companies Act 2014.

Ernst & Young

Harcourt Centre

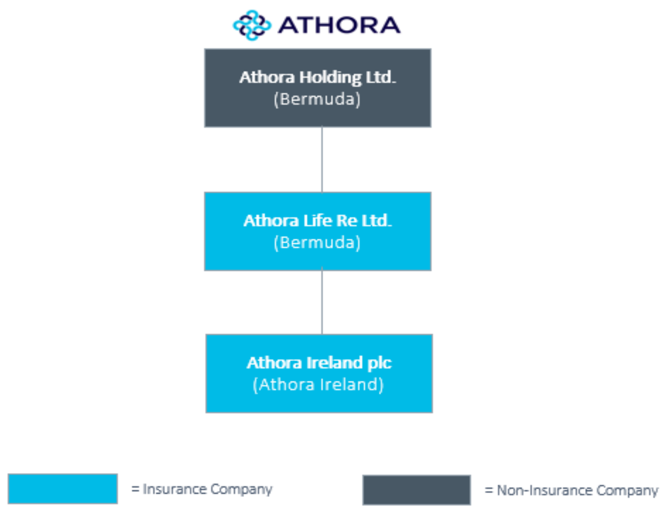
Harcourt Street

Dublin 2

Telephone: +353 1 475 0555

A.1.3 Major Shareholders

As at 31 December 2023, Athora Ireland's ultimate parent company is Athora Holding Ltd ('AHL'). All of the shares of Athora Ireland are beneficially owned by Athora Life Re Ltd which is a subsidiary of Athora Holding Ltd. The issued share capital of Athora Ireland at 31 December 2023 was €105,660k. A simplified group structure is shown below. Athora Holding Ltd and Athora Life Re Ltd are incorporated in Bermuda.



A.1.4 List of material related undertakings

Athora Ireland is based in Dublin.

The Company holds 100% of shares in Athora Europe Investments DAC ("AEI"), an unconsolidated structured entity, that issues profit participating notes (PPN) to clients. As the holder of the shares, the Company can appoint and recall the board of management/ directors of AEI, who in turn appoint an investment manager to execute the day-to-day operations and decision making subject to board of management oversight. This means that not all control criteria for consolidation per IFRS are met. Furthermore, voting, or similar rights are not considered a dominant factor in this assessment of control given that AEI meets the definition of unconsolidated structured entities. Also, there is no current intention on the part of the Company to provide any financial or other support to the unconsolidated structured entity. Consequently, the Company is not required to consolidate AEI.

A.1.5 Related party transactions

There were no material related party transactions during 2023.

Any Intragroup transactions have taken place on an arm's length basis. In 2023, Athora Ireland paid recharges for services which were provided by various entities of the Athora Group.

A.1.6 Material lines of business and material geographical areas

Lines of Business

As at year end 2023, Athora Ireland's only material line of business is life reinsurance, which relates to contracts with options or guarantees.

Material geographical areas

Athora Ireland has liabilities in Italy via the inward reinsurance of lapse risk, and in Belgium via the inwards reinsurance of a traditional guaranteed Group Life portfolio. A retrocession arrangement is in place in relation to the Belgian portfolio.

A.1.7 Material events over the reporting period

A summary is provided below of the material events that have occurred over 2023:

Market Environment

In 2023, global central banks continued their strategy to stem the high levels of Inflation by increasing short term interest rates to the highest levels since the Global Financial Crisis. The global financial sector was most impacted by the higher interest rates environment, resulting in four US regional banks and one major bank in Europe (Credit Suisse) failing. Despite the high volatility in interest rates and uncertainty in price inflation, global credit assets and equities performed reasonably well in the year to December 2023.

Inflation

During 2023, inflation in the Euro Area started to gradually fall settling at 2.9%, mainly driven by declines in energy and food inflation. As costs pressures fade and ECB monetary policy measures take effect, inflation is expected to decline even further in 2024 and reach the ECB's inflation target in 2025 at c.2%.

The main impacts from the above economic environment for the Company are:

1. Impacts on target markets – the interest rate dynamics over the past two years created accounting, solvency and liquidity strain in many target markets due to high interest

rate risk convexity exposure (mainly induced by lapse risk) and fixed assets' values falling.

2. Impacts on business performance – Private assets performance was sub-par over 2023 to year end but remained positive overall, supporting the Company's profitability despite the fall in assets values.

Risk and capital management actions

Athora Ireland's focus continues to be to deploy shareholder capital in line with its overall business strategy and risk appetite. No material change in investment strategy took place over the reporting period, while interest rate exposure associated with the reinsured liabilities continues to be closely matched and monitored on an ongoing basis.

A.2 Underwriting performance

Athora Ireland's underwriting performance for 2023 and Restated 2022 is shown in the table below:

Underwriting performance (EUR thousands)	**FY2023**	**Restated FY2022**
Insurance service result before reinsurance contracts held	6,973	3,130
Net (expense)/income from reinsurance held	(32,985)	144,418
Net insurance finance (expense)/income	(2,832)	59,351
Other income	406	99
Other expenses	(5,867)	(5,271)
Finance costs	(532)	(604)
Total	**(34,837)**	**201,123**

The variance from prior year is due to the fair value calculation of the insurance liabilities. These are calculated using current interest rates, market spreads and other factors. Volatility in the interest rate environment is the primary driver of the variance.

A geographical split of premiums, claims and expenses for 2023 and Restated 2022 is shown below.

Premiums, claims and expenses						
(EUR thousands)		**FY2023**			**Restated FY2022**	
	Belgium	Italy	Total	Belgium	Italy	Total
Premiums	19,430	2,800	22,230	18,554	-	18,554
Claims	50,724	-	50,724	44,707	-	44,707
Expenses	6,269	-	6,269	6,477	-	6,477

The table for 2023 is consistent with the information presented in the Quantitative Reporting Template included in the Appendix (S.05.02.01).

A.3 Investment performance

Athora Ireland holds investments on behalf of the shareholder.

The shareholder investment performance for 2023 and Restated 2022 is shown in the tables below:

Investment Performance		
(EUR thousands)	**FY2023**	**Restated FY2022**
Net income/(Expense) from derivatives held	4,225	(7,453)
Interest revenue	7,153	5,328
Net gains/(losses) on financial assets valued through profit or loss	48,463	(218,910)
Cash and cash equivalents	1,207	–
Total	**61,048**	**(221,035)**

Shareholder investments consist of sovereign and investment grade corporate bonds, private credit, and equity, and three intercompany exposures comprising a corporate loan and two subordinated bonds. Athora Ireland also indirectly invests in commercial real estate debt ("CRE") and residential mortgage loans ("RML") via Athora Europe Investment DAC (AEI). Collective investment funds are used for certain asset classes. The portfolio is managed by Apollo Asset Management Europe (AAME) on a discretionary basis within constraints set by the Company.

During 2023, movements in the fair value of shareholder investments were mainly driven by the increase in interest rates over the year.

Income from shareholder investments of €4,225k is driven by interest on sovereign and corporate bonds and subordinated loans offset by other expenses.

The investment losses on financial assets in 2022 are due to the susceptibility of the assets to interest rate and other macroeconomic factors in the market and are therefore not deemed to be a permanent credit risk related to the diminution in the asset value which is also evident from the recovery in value seen during 2023.

A.4 Performance of other activities

Athora Ireland's only activity is life reinsurance and there are no other material activities to disclose. Currently Athora Ireland has one operating lease. Athora Ireland renewed this property lease with IFSC South Block Limited in respect of the second floor of IFSC House during 2018. The duration of the lease is 15 years, and it is cancellable after 8 years. The cost of the lease for 2023 is included above in 'Other Expenses' on page 10.

A.5 Any other information

No other material information to note.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

B.1.1 Corporate Governance

Athora Ireland is satisfied that the system of governance is fit for purpose and appropriate for the nature, scale, and complexity of risks inherent in its business.

Since 2015, the Company is required to comply with the Corporate Governance Code for Insurance Undertakings issued by the Central Bank of Ireland and has developed a corporate governance framework in line with this Code and best practice. At 1 January 2023 The Company PRISM rating changed from Medium Low to Low according to the Central Bank of Ireland PRISM system and is therefore not required to comply with the additional requirements for High Impact designated institutions.

The Board is responsible for the overall governance of Athora Ireland's business and strategic objectives. Athora Ireland recognises the critical importance of having efficient and effective risk management systems in place. To this end, as at 31 December 2023, Athora Ireland has a governance framework that includes:

- a clearly stated corporate organisational structure, and written terms of reference for the Board and its Committees, with appropriate delegated authorities;
- a Fitness and Probity policy to ensure those holding key function positions possess the appropriate qualifications, experience, and knowledge;
- a Board Risk Committee, comprising three members, two non-executive directors and one independent non-executive director, which oversees risk;
- a Risk Management Function providing a second line of defence, independent from operations and with responsibility for monitoring and reporting risk and ensuring compliance with the Athora Ireland Enterprise Risk Management Framework;
- a Compliance Function providing a second line of defence, with responsibility for monitoring and reporting on compliance with regulations and legal requirements;
- a Board Audit Committee, comprising one non-executive director and two independent non-executive directors, which oversees internal control and financial reporting matters; and
- a third line of defence, whereby Athora Ireland is subject to periodic internal and external audits.

Board of Directors

The Board is responsible for the overall governance of Athora Ireland's business and strategic objectives. As at 31 December 2023, the Board has six directors, one executive director, two non-executive directors with three independent non-executive directors. During 2023 the Board of Athora Ireland was responsible for:

- The business strategy of Athora Ireland;
- The amounts, types and distribution of both internal capital and Own Funds adequate to cover the risks of Athora Ireland;
- The strategy for the ongoing management of material risks;

- A robust and transparent organisational structure with effective communications and reporting channels;
- A remuneration framework that is in line with the risk strategies of Athora Ireland; and
- An adequate and effective internal control system that includes well-functioning risk management, compliance, and internal audit functions as well as an appropriate financial reporting and accounting framework.

The principal responsibilities of the Board are documented in the Board Charter.

Board Committees

The Board has established two Board Committees to which it has delegated certain functions, although the Board remains responsible for the oversight of each Committee.

Risk Committee

The Risk Committee is responsible for advising the Board on risk appetite and risk tolerances based on the current and future strategy. It takes account of the Board's overall risk appetite, the current financial position of Athora Ireland and the current and prospective macroeconomic and financial environment and, drawing on the work of the Audit Committee and the External Auditor, the Company's capacity to manage and control risks within the agreed strategy. The Risk Committee also oversees the risk management function.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its oversight role in relation to financial reporting and internal control. This includes reviewing the integrity of the financial statements and the financial reporting process, the systems of audit, internal accounting and financial controls, the internal audit function, and the annual independent audit of the financial statements in addition to Athora Ireland's legal and regulatory compliance and ethical standards. The Audit Committee regularly meets with the external auditor and internal auditor in the absence of management.

Senior Management Team (SMT)

The Board has delegated the day-to-day running of the business to the Executive Director and key members of senior management, together referred to as the "Senior Management Team". The Senior Management Team is mandated and responsible for managing Athora Ireland in accordance with the strategies, risk appetites, objectives and policies set by the Board.

The Senior Management Team is supported by a number of sub-committees, namely the Investment, Capital Management, Reinsurance and Operations, and Risk Committees.

2023 Governance Review

As a result of the transfer of the Unit Linked Guarantee (ULG) portfolio, a review of the existing Board, Committees and Management sub-committees commenced in 2022 with an amendment to the mandate and responsibilities of the Senior Management Team and governance forums reflecting the removal of the legacy book. This review continued in Q4 2023 to take account of the Individual Accountability Framework (IAF) as well as outputs of an Athora Group Governance Project. The review will continue into 2024 and is expected to conclude by the end of Q2 in line with the conclusion of of the IAF project.

Lines of defence and key functions

Athora Ireland's risk management structure is organised along three 'lines of defence', as summarised in the diagram below:

Three Lines of Defence		
First Line of Defence	**Second Line of Defence**	**Third Line of Defence**
Business Functions	*Risk Management Function* *Compliance Function*	*Internal Audit Function*

Athora Ireland's first line of defence is the business and support functions which have direct responsibility for managing and taking risk in accordance with defined risk strategy, risk tolerances and risk policies.

In line with the guidelines on the Solvency II Systems of Governance, Athora Ireland also has four key functions embedded in the organisation:

- *Actuarial Function* – The Actuarial Function spans the first and second lines of defence and is responsible for informing the Board of the reliability and adequacy of the calculation of Technical Provisions.
- *Risk Management Function* – This function forms part of the second line of defence and performs an oversight role in the major processes which allows for robust challenge of decisions and processes across the business.
- *Compliance Function* – This function also forms part of the second line of defence and is responsible for monitoring and reporting on compliance with laws and regulations.
- *Internal Audit Function* – This function forms part of the third line of defence and provides independent assurance opinions on the effectiveness of the systems of internal control, risk management and governance.

B.1.2 Remuneration policy

Remuneration Principles

The Athora Group has established a Group Remuneration Policy ('the Policy'). This Policy contains the Group Remuneration Principles which provide the foundation for remuneration policies and practices throughout the Athora Group. The key principles are that remuneration should be balanced, compliant, fair, competitive, motivational, performance-related, aligned to business strategy and risk-prudent.

Specific terms and conditions are defined for the employment of different groups of staff. 'Identified Staff' are one of the specific groups of employees who are covered by a separate section of the Policy. Identified staff include the Senior Management Team and other material risk takers.

They are identified separately in order to recognise the fact that these employees' roles and responsibilities require specific risk mitigating measures and governance processes. Athora Ireland's remuneration practices and processes have not materially changed compared to the previous reporting period.

General compensation practices

As part of Athora's Human Resources Strategy, a Total Reward philosophy has been adopted, by which the highest possible levels of engagement, motivation, performance, and cost-effectiveness are sought whilst ensuring that there is no encouragement of excessive risk-taking. This is achieved through employing a wide range of tangible elements of compensation and benefits alongside intangible elements, such as strong and effective leadership, climate, and culture.

The Group Remuneration Policy recognises that while variable compensation can strengthen the commitment of staff in general to Athora Ireland's objectives, business strategy, risk tolerance and long-term performance, it must be set at a level appropriate to driving behaviours consistent with risk mitigation. The level of actual variable compensation is driven by individual, function, and overall company performance indicators, as appropriate to that role. The indicators are regularly evaluated by experts in Athora Ireland's Finance, Risk Management, Audit and Human Resources departments to ensure their alignment remains strong. Variable compensation is capped at an appropriate level, as a percentage of base pay: It is paid out typically in cash and/or phantom shares aligned to the longer-term performance of the Group and is, where appropriate, subject to deferral and further conditions being fulfilled. Variable compensation already paid out may also be subject to clawback under certain circumstances.

Each year, the Board reviews total compensation levels to ensure they remain competitive and provide proper, risk-based incentives to identified members of staff.

Board Remuneration

The Remuneration Policy for members of the Board is aimed at ensuring fair compensation and protecting the independence of the Board members. The remuneration of independent non-executive directors is fee-based, with each of the applicable fees being a fixed amount. The fees are reviewed, benchmarked, and contractually agreed every three years.

Non-executive directors, other than independent non-executive directors, are employees of Athora Group and are remunerated in line with the Group Remuneration Policy and any country-specific terms and conditions. The Chief Executive Officer and his/her direct management team are classified as Identified Staff within Athora Ireland.

Supplementary Pension/Early Retirement Schemes

The only pension scheme currently in operation within Athora Ireland is the Athora Ireland Defined Contribution Pension Scheme. There are no supplementary or early retirement schemes currently in operation for employees or members of the Board.

B.2 Fitness and Probity requirements

Athora Ireland is obliged to ensure that all persons who run the business or who hold key functions within the business, fulfil the following requirements:

Their professional qualifications, knowledge and experience are

a) adequate to enable sound and prudent management; and
b) they are of good repute and integrity.

These requirements are known as the 'Fitness and Probity Standards' (the Standards).

The Standards apply to Irish regulated undertakings on the appointment and ongoing employment of individuals to certain senior positions known as Pre-Approval Controlled Functions and to certain specific functions, known as Controlled Functions. The Standards require those appointed as Pre-Approval Controlled Function and Controlled Function holders to be competent and capable; honest, ethical, to act with integrity and to be financially sound.

Athora Ireland has established a Fit and Proper Policy and procedure with the aim of providing guidance on the Standards to ensure that each Pre-Approval Controlled Function and Controlled Function holder appointed within the business:

- Possesses the necessary professional qualifications, knowledge, experience, competence, and capacity appropriate to their function;

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- Has the skills appropriate to the relevant function, through training or employment;
- Demonstrates the competence and proficiency required to undertake the relevant function through the performance of previous similar roles;
- Has a sound knowledge of the business as a whole, and the specific responsibilities that are to be undertaken;
- Has a clear and comprehensive understanding of the appropriate regulatory and legal environment;
- Manages responsibilities so as to not impair their ability to discharge their duties;
- Complies with the Central Bank of Ireland's Minimum Competency Code (if applicable).

A specific job profile is prepared for each role or function and the fitness of the relevant individual is assessed against that profile as part of the recruitment or appointment process. The ongoing compliance of Controlled Function holders with their obligations under the Standards is monitored by Athora Ireland and the Fit and Proper Policy provides guidance on situations which may give rise to re-assessments being conducted. In the event of any changes to the status or identity of Controlled Function holders, Athora Ireland has established procedures to notify the Central Bank of Ireland

B.3 Risk management system including the Own Risk and Solvency Assessment

B.3.1 Risk management system

Introduction to Enterprise Risk Management Framework

The Athora Ireland Enterprise Risk Management ('ERM') Framework lays the foundation for managing risk throughout its operations. The aim of the ERM Framework is to enable management to deal effectively with uncertainty, and the associated risk and opportunity, by enhancing the organisation's capacity to build value which contributes to the fulfillment of its corporate strategy.

Risk Appetite & Strategy

The aim of the risk strategy is to support the corporate strategy in a manner that is aligned with the stated risk tolerance of Athora Ireland, is sustainable and considers the requirements of Athora Ireland's stakeholders (e.g. policyholders, shareholder, regulator, and employees). An assessment of Athora Ireland's risk preferences leads to a targeted risk profile that reflects the risks Athora Ireland wants to keep, and which risks it would like to avoid by means of risk mitigation techniques or other management actions.

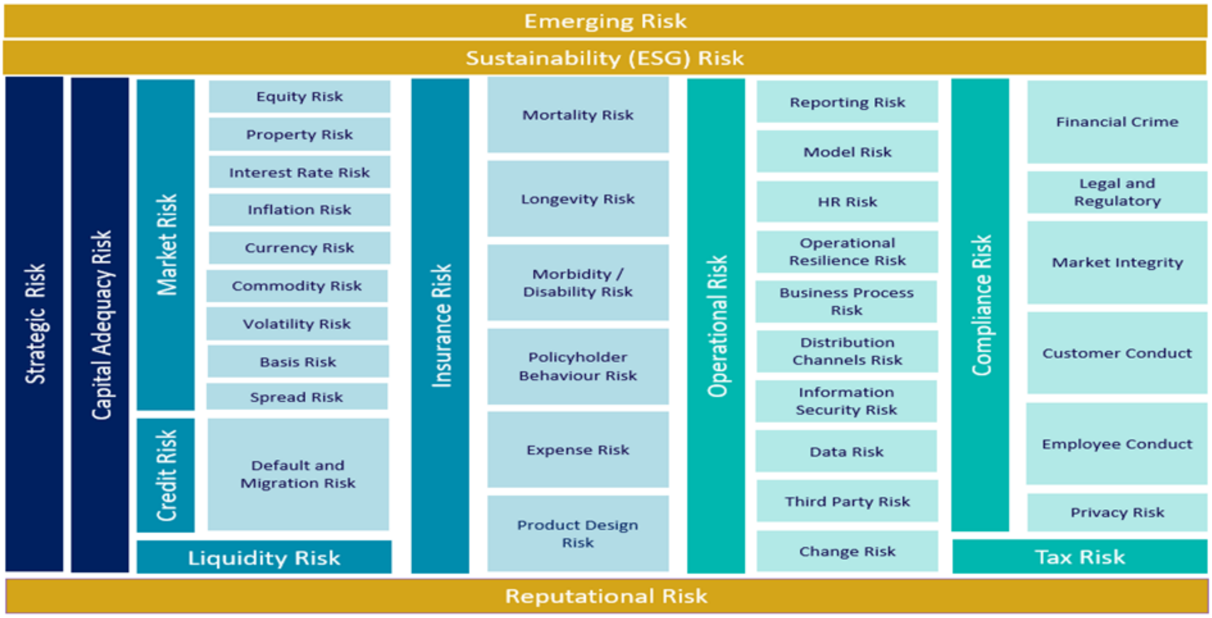
Athora Ireland sets out qualitative risk appetite statements for each risk type in the Risk Universe. Athora Ireland has appetite for idiosyncratic risks – such as credit risks sourced through Apollo Asset Management Europe (AAME) – that it can understand, control, and manage. In contrast, Athora Ireland avoids, or manages dynamically, other risks such as underwriting, operational and systemic market risks (e.g. interest rates or listed equities), which Athora Ireland understands but cannot fully control. These qualitative appetite statements work alongside other more quantitative statements, which are set in the Company's Capital-at-Risk policy. The policy is aligned to three key principles that underpin the Company's strategic objectives:

- **Capital Sufficiency:** Athora Ireland targets a strong and robust capital and liquidity position to provide all key stakeholders the confidence that it will meet its financial and non-financial obligations, including delivering on its strategic and growth objectives.
- **Capital Allocation**: Athora Ireland targets stable capital / value generation and reduction in uncertainty by allocating capital in line with the specific risk and strategic preferences set by the Board.
- **Capital Appropriateness**: Athora Ireland ensures consistency of calculation of regulatory capital via compliance with the regulatory requirements, and assess the appropriateness of the regulatory capital against its actual risk profile.

Risk Universe

The Athora ERM Framework identifies a "risk universe" which represents a comprehensive list of categories and sub-categories of risk which the business faces or may face in the future. Athora categorises risks into the following areas:

Athora Risk Universe



Risk Governance

The Company maintains a comprehensive governance system in order to support its Board oversight and effectiveness. The Company governs risk through risk policies and business standards, risk oversight committees and clear roles, responsibilities, and delegated authorities.

The Company keeps a suite of risk policies covering the different areas of the business. All policies are subject to annual review and depending on materiality are approved by either senior management, the Board Risk Committee, or the Board. Where available, the Company usually seeks to adopt the relevant Athora Group Risk Policy, with a local addendum where required. Senior management and the Board monitor compliance with all risk policies, setting up action plans to address any existing gaps.

Risk Assessment, Measurement, Monitoring, Oversight and Reporting

The most material risk issues are identified and monitored on a regular basis in the Board's "Top and Emerging Risks" list prepared by the Chief Risk Officer. A risk dashboard is presented to, and monitored by, the Risk Committee quarterly, providing an update on risk exposures against risk limits and containing scores for each risk category based on specified quantitative and qualitative measures.

Continuity related statements on capital and liquidity risks are tested at least quarterly.

A comprehensive set of risk reports to measure, monitor and manage the risks in the business is produced, showing the impact of key market and underwriting risk drivers on earnings and regulatory capital, with additional reports for credit concentration risk, liquidity risk and operational risk.

The Risk Management Function has a direct line to the Board via the right of escalation as determined in the Risk Committee's terms of reference.

Risk Culture

The Company is committed to building and maintaining a strong risk culture, in which the collective ability to identify and understand, openly discuss, and act on current and future risks is embedded across the business. Risk culture is rooted in behaviours and attitudes of the staff at every level, and managing risk is intrinsic to their day-to-day activities.

B.3.2 Own Risk and Solvency Assessment

Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (ORSA) is the ongoing assessment by the Board of the risks facing Athora Ireland, and the capital required by and available to Athora Ireland in order to meet its commitments in light of those risks, both now and into the future.

The Board is responsible for ensuring that the ORSA process is appropriately designed and implemented. An ORSA Policy is maintained in order to ensure the ORSA process is compliant with the Solvency II regulations and integrated within the management of the business. The Board reviews the ORSA Policy on an annual basis to ensure ongoing appropriateness.

The full ORSA process is performed annually, or more often when the Board deems necessary. In 2023, an ORSA report was produced in November, reflecting the risk profile and strategy over the year.

A summary of the process is as follows:

- The process is iterative and subject to on-going monitoring to ensure the ORSA responds to major changes impacting the business.
- The process is such that the Group and subsidiary level assessments are co-ordinated in terms of assumptions, timelines, methodologies, and approach, as directed by Group Risk.
- The business strategy is clearly set out, with key business objectives outlined, a risk strategy (which is linked to appetite and tolerance) and a capital management plan.
- The business incorporates potential variances and forward-looking risk assessments.
- The output from the business strategy, business plan and capital management plan are used in the overall own risk and solvency assessment and decision-making process.
- The output of risk reporting and dashboards are a key input to the process on an on-going basis.
- At all stages of the process, consideration is given to external environment factors and emerging and long-term risks.
- The Risk Committee is actively involved throughout this process, where relevant.
- All of the above is evidenced.

Athora Ireland manages capital in line with a Capital Management Policy, and risks in line with the Enterprise Risk Management Framework and Capital-at-Risk Policy, with these key ORSA sub-processes delivered through formal governance committees.

The Capital Management Policy and the Capital-at-Risk Policy ensure the financial strength of Athora Ireland is protected, by defining capital management metrics and actions required to maintain capital within appetite.

Athora Ireland determines its projected solvency needs by performing capital projections over the business planning period, allowing for the current and expected business strategy, risk profile and capital management activities.

The ORSA is an ongoing process, and the Board is engaged in the process throughout the year and when key decisions are being made. Regular updates are provided to the Board on strategic objectives, current and projected solvency positions, risk monitoring and business initiatives to facilitate the ongoing monitoring of the ORSA. These discussions are reflected in the annual ORSA report, or separate reports as required. The

ORSA Policy provides a list of potential triggers for producing a non-regular ORSA report; however, it is neither an exhaustive list nor an automatic process, and the ultimate decision resides with the Board.

B.4 Internal Control System

Athora Ireland has an Internal Control System which aims to ensure compliance with applicable laws, regulation and administrative processes and the effectiveness and efficiency of operations, as well as the availability and reliability of financial and non-financial information.

In particular, Athora Ireland's control activities aim to ensure an adequate level of internal control over operational activities and financial reporting. The objective is to provide assurance regarding the reliability, accuracy, completeness, timeliness and quality of internal and external reporting and the safeguarding of assets. The principles of the Enterprise Risk Management Framework and the Internal Control System have been embedded into underlying policies across the business.

During the year the Company continued to develop its Internal Control Framework ('ICF') aligned with the Athora Group strategy around robust control governance.

General principles of Athora's Internal Control System

The general principles of Athora Ireland's Internal Control System ('ICS') apply to all functional areas or departments. These principles are:

- A comprehensive governance structure is adopted, which provides effective risk oversight across each risk type. This enables adequate and efficient risk decision-making processes, and effective control;
- Clearly defined roles and responsibilities are articulated for the performance, management, and maintenance of internal controls. This includes specific responsibilities applicable to senior management;
- Responsibility for the design of the overarching framework sits with the second line of defence, led by the risk function. Those in the first line are accountable for the management of their risks within that framework, and the execution of the ICF in their business areas;
- The key elements of the risk identification and assessment approach are standardised across Athora Ireland; including how risks are assessed and aggregated (from an impact and likelihood perspective), and organised (against a defined hierarchy);
- The control activities set out in the ICF ensure that staff are equipped with clear role definitions, appropriately supported structures, sufficient authority, and resources, such that control activities are carried out to mitigate identified risks;
- The ICF facilitates independent Testing and Assurance of key controls based on risk, frequency, and other criteria. A periodic assurance and testing strategy and plan are formally documented and approved for key controls;
- The organisation has the skills, resources, and tools to embed and sustain the ICF into the future.

Operational Risk Management Framework

A key element of the Internal Control System is the Athora Operational Risk Management framework. This framework reflects Athora's interpretation as to how the Solvency II requirements with respect to operational risk management practices should be practically implemented. The fundamental components for this framework include a loss database, periodic risk and control self-assessments, scenario analysis and operational risk capital, and key risk indicators.

Compliance Function

The Compliance Function is outsourced to Athora Ireland Services Ltd ('AIS') and is responsible for providing oversight, challenge and assistance to the business in delivering the business plan within the requirements of applicable laws and regulations. To ensure compliance policies and procedures are being properly implemented by the business, the Compliance Function also regularly conducts compliance monitoring.

The Compliance Function is independent from the first line functions within Athora Ireland and AIS to ensure its effectiveness. This is implemented as follows:

- The Compliance Function has formal status within Athora Ireland and AIS;
- The Head of Compliance has overall responsibility for coordinating the management of compliance risks;
- The Head of Compliance reports to the Athora Ireland Board Audit Committee and the Athora Group General Counsel. As this function is outsourced to AIS, there is also a reporting line to the Athora Ireland Chief Executive Officer;
- The Compliance Team and, in particular, the Head of Compliance, are not placed in a position where there is a potential conflict of interest between their compliance responsibilities and other responsibilities they may have; and
- The Compliance Function has full access at all times to information and personnel necessary to carry out their responsibilities.

All employees have a personal responsibility to ensure their work is performed in compliance with applicable rules, regulations, the Athora Code of Conduct, and internal policies. The head of each business unit within Athora Ireland and AIS is responsible for implementing the systems, policies, and procedures to provide assurance that breaches of relevant obligations are prevented, and that business is being conducted in line with local law and regulation.

Where a compliance issue or breach is identified, this must be reported without delay to the Compliance Team. The relevant business area is responsible for implementing any resolution and the Compliance Team monitors this implementation to ensure desired outcomes are achieved

B.5 Internal Audit Function

The Internal Audit function maintains a Charter which details the responsibilities of the Internal Audit department of Athora Ireland plc, which is reviewed and updated annually. There have been no significant changes to this Charter over the reporting period.

As part of the third line of defence, the Internal Audit function assists the Senior

Management Team and the Board Audit Committee in protecting Athora Ireland's assets, reputation, and sustainability by independently and objectively evaluating the effectiveness of internal controls, risk management and governance processes.

Internal Audit's main tasks and responsibilities are to:

- Prepare and execute a risk-based audit plan which is approved by the Board Audit Committee.
- Identify, and agree with management, opportunities to improve internal controls, risk management and governance processes and verify that such improvements are implemented within a reasonable period of time.
- Assist in the investigation of any significant suspected fraudulent activities within Athora Ireland or conduct special reviews or consulting which may not usually be included in the scope of the Internal Audit and notify management and the Board Audit Committee, of the results of these activities.
- Issue periodic reports to management and the Board Audit Committee, summarising the progress and results of the annual audit plan, as well as on the sufficiency of Internal Audit resources.
- Assemble and maintain a professional audit staff (of an adequate size relative to the size and nature of the organisation and the remit of the Internal Audit function) with sufficient knowledge, skills, experience, and professional certifications.
- Ensure the Board Audit Committee and Senior Management Team are kept informed of emerging trends and successful practices in internal auditing.
- Consider the scope of work of the external auditors, regulators, and internal compliance and risk management teams, as appropriate, for the purpose of providing optimal audit coverage to the organisation at a reasonable overall cost.
- Coordinate and work together with other control and monitoring functions (e.g. risk management, compliance, and external auditors).
- Execute audits on the functioning of the first and second lines of defence.
- Ensure the audit work conforms to the Institute of Internal Auditors or other regulatory bodies and Athora Group standards.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.

Independence and objectivity of the Internal Audit function

The Internal Audit function, which is outsourced to AIS, is independent of senior management, which has responsibility for the first and second lines of defence, and is therefore able to provide independent assurance opinions on the effectiveness of the systems of internal control, risk management and governance.

To provide for the independence of Internal Audit, the Head of Internal Audit reports to the Chair of the Athora Ireland Board Audit Committee and to the Athora Group Chief Internal Auditor ('GCIA'). The GCIA reports directly to the Chair of the AHL Audit Committee and administratively to the Athora Group Chief Executive Officer.

Internal Audit executes its duties freely and objectively in accordance with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Audit, including the Code of Ethics, as well as with Athora Group policies and procedures. Internal Audit avoids any conflicts of interest and accesses the expertise and knowledge necessary to undertake work in respect of specialist business functions.

B.6 Actuarial Function

The Board is responsible for providing an effective Actuarial Function as part of the overall system of governance. The Board must also appoint a Head of Actuarial Function. This position is held, on an outsourced basis, by Brian Morrissey of KPMG, a consulting firm.

The Actuarial Function is responsible for coordinating the calculation of Technical Provisions, ensuring appropriateness of the methodologies and underlying models used and assumptions made, assessing the sufficiency and quality of data used in the calculation of the Technical Provisions and comparing best estimates against experience. It is also responsible for informing the Board of the reliability and adequacy of the calculation of Technical Provisions.

The Actuarial Function and, in particular, the Head of Actuarial Function, has additional responsibilities under the Central Bank of Ireland's Domestic Actuarial Regime, including submitting a written report to the Board on at least an annual basis which documents all material tasks undertaken by the Actuarial Function over the reporting period and their results, identifies any deficiencies, and includes recommendations as to how they should be remedied.

B.7 Outsourcing

Outsourcing & Supplier Risk Policy

Outsourcing arrangements and material suppliers impact operational risk as a result of potential material changes to, and reduced control over, the related people, processes, and systems. To manage outsourcing and supplier risk, Athora Ireland has established an Outsourcing Risk Policy.

The aim of the Outsourcing Risk Policy is to ensure that arrangements entered into by Athora Ireland which can result in material risk are subject to appropriate risk assessment, due diligence, approval, and ongoing monitoring. All material risks arising from these activities must be appropriately managed to ensure that Athora Ireland is able to meet its regulatory, financial and service obligations.

In the case of material intragroup outsourcing arrangements, the Outsourcing Risk Policy requirements are the same as an external outsourcing arrangement, except that the examination in choosing the vendor may be less detailed, provided Athora Ireland has greater familiarity with the vendor and has sufficient control over, or can influence, the actions of the vendor.

All new outsourcing arrangements, including chain outsourcing, must be assessed to determine the risk classification at the point of initial engagement with the service provider. Due diligence requirements must be carried out and documented, before entering into or significantly changing an outsourcing arrangement. As part of Athora Ireland's outsourcing oversight process, the due diligence of critical and / or important functions is reviewed annually with the outcomes documented.

A written agreement, including a service level agreement (if applicable) stipulating duties and responsibilities of both parties must exist for all outsourcing arrangements, including intragroup arrangements.

The service provider performance and internal control must be adequately monitored on an ongoing basis, and operational risk is assessed with the service provider at least annually. For intragroup and third party arrangements, periodic service review meetings are in place with oversight provided via the quarterly Reinsurance and Operations Committee, which is responsible for managing escalated issues. A service quality report on all outsourcing arrangements is provided quarterly to the Reinsurance and Operations Committee and twice yearly to the Board.

Critical & Important outsourcing arrangements (“CIFA”)

Details of all supplier and outsourcing arrangements for Athora Ireland are stored in a central inventory. The outsourcing arrangements of Athora Ireland which relate to critical and/or important functions or activities are:

- An intragroup agreement with Athora Ireland Services Ltd, for the provision of services relating to Actuarial Services, Legal, Compliance, Finance, Internal Audit, Investment Shared Services, IT, Risk Management services and Reinsurance Operations. Service level reporting is completed on a quarterly basis.
- A direct arrangement with AAME which provides investment management and related services to Athora Ireland.
- A direct agreement with KPMG, a consulting firm with a Dublin-based actuarial function, for the provision of services to fulfil the role of the Head of Actuarial Function.

All three arrangements meet the requirements of the Outsourcing Risk Policy.

Athora Ireland has four chain outsourcing arrangements that fall into the Critical or Important Functions or Activities (“CIFA”) category with three of these via the arrangement with AIS and one via Apollo. These are:

- Microsoft 365 whose services include email and collaboration services, including email processing, email security and monitoring, and access to Office 365.
- Clearwater Analytics LLC which provides investment accounting services for the investments book of records (IBOR)/ accounting book of records (ABOR) records and reporting which would otherwise be performed by Athora insurance and reinsurance entities themselves.
- Tata Consulting Services who provide a range of IT services to AIS including Application Run, Application Change, Data Services, End User Services, Infrastructure, IT Security and IT Service Management.
- AXA who manages the investment of investment grade corporate bonds on behalf of AI via a sub-outsourcing arrangement with Apollo Asset Management Europe.

Athora Ireland has a number of other outsourcing and supplier arrangements which have not been listed here, as they are not defined as relating to critical or important functions or activities under Solvency II. However, they are still considered material from an operational risk perspective and therefore must also meet the requirements of the Outsourcing Risk Policy. All other material third party arrangements not covered by the Outsourcing Risk Policy are managed under the Third-Party Arrangement Risk Guidelines.

B.8 Any other information

Athora Ireland's system of governance complies with the Athora Code of Conduct which consists of Athora Ireland's Purpose, Core Values, Business Principles and Rules of Conduct. The Code of Conduct also addresses governance aspects, internal guidelines and policies, compliance with laws and regulations, information sharing and the identification and management of risks in a prudent way.

Athora Ireland's overall corporate governance structure and adherence to the Code of Conduct is the responsibility of the Board. Athora Ireland is satisfied that the system of governance remains fit for purpose and appropriate for the nature, scale, and complexity of risks inherent in its business.

C. RISK PROFILE

General

Athora Ireland's risk strategy provides direction for the targeted risk profile while supporting the business strategy. Risk tolerances and limits are established as part of the risk strategy to ensure that Athora Ireland maintains, at all times, a solvency and liquidity position such that no plausible scenario would cause Athora Ireland to default on its obligations to policyholders.

Athora Ireland manages risk for the benefit of its customers and other stakeholders. Athora Ireland is exposed to a range of underwriting, operational and financial risks. The risk management and control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with Athora Ireland's strategy.

An important aspect of the risk management process is the stress and scenario testing, and some of these sensitivities are reflected throughout Section C.

The sensitivities involve recalculating the solvency, capital, liquidity and accounting bases at points throughout the year and as at 31 December 2023 following adverse stresses. The sensitivity impacts are calculated using Athora Ireland's standard reporting process in so far as possible.

Prudent Person Principle

The 'prudent person principle' requires that companies only invest in assets and instruments whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs. Athora Ireland considers these requirements before any investment in new assets or instruments.

To meet the requirements of the prudent person principle, Athora Ireland only uses investment managers with which it has investment management agreements or subscription agreements in place.

Athora Ireland invests its shareholder assets in sovereign and corporate bonds, residential mortgages, private credit and alternative assets, intra-company loans and cash or equivalents. These investments take account of applicable internal risk policies including the Credit Concentration and Counterparty Risk Policy.

Athora Ireland identifies and measures the risks associated with its investments by receiving regular investment reports, which provide detailed information on the underlying assets, as well as their performance.

Athora Ireland manages and controls the risks associated with the investments made through its risk policies, documented processes, and risk tolerance statements. Athora Ireland seeks to ensure an appropriate level of prudence is exercised when considering which investments to hold. This is supported by a number of underlying policies which are reviewed annually and help to prevent risk concentrations or excessive accumulation of risk in the portfolio as a whole.

Athora Ireland monitors the investments and performance through various committees which meet regularly. These include the Investment Committee, the Risk Committee, and the Capital Management Committee.

The Board is ultimately responsible for the investment strategy and the risk management activities associated with it. The risk management process is governed by the Risk Committee which reviews compliance against all policies and reports at least quarterly to the Board.

Off-balance sheet positions and Special Purpose Vehicles

Athora Ireland has a single off-balance sheet position which is in relation to the guarantee attaching to Athora Ireland's operating lease for its Dublin office premises. In the event that Athora Ireland were to default on the lease payment, Athora Holding Ltd has fully guaranteed the payment of same. Athora Ireland does not view this as a material risk.

C.1 Underwriting risk

At 31 December 2023, underwriting risks comprised 63% of the pre-diversified reported Basic Solvency Capital Requirement. The key underwriting risks which Athora Ireland is exposed to are set out below:

Longevity Risk

The Company is exposed to longevity risk in its reinsurance portfolio. For the portfolio of Belgian Group Life policies, longevity risk is low given the policies are fixed term and beneficiaries (i.e. employees) are younger than retirement age by design, with most employees still 10-25 years from retirement. There is no material longevity risk associated with the inward Mass Lapse reinsurance treaty.

Policyholder Behaviour Risk

Policyholder behaviour risk can arise due to mis-estimation, economic shocks and trends, competitor activity (lapse and re-entry), changes in policyholder behaviour and reputational damage. Other policyholder behaviour risks can exist, for example, selective fund switching.

Athora Ireland is exposed to policyholder behaviour risk in its reinsurance business. In relation to the Belgian Group Life reinsurance, policyholder behaviour risk can emerge from lower surrenders or paid-up rates than anticipated, which lead to a longer period of accumulation of policyholders' guaranteed benefits. Under the new lapse reinsurance agreement, Athora Ireland is exposed to higher than anticipated surrender rates on the Italian reinsured portfolio.

Expense Risk

Athora Ireland is exposed to the risk that its future expenses are higher than expected. Expense risk can arise through mis-estimation, higher than expected inflation, lower volumes of business than expected, regulatory change and changes in the mix of business.

The annual expense analysis resulted in an increase in the expense reserve, driven by a reduction in assumed new business volumes which results in expenses not currently allocated to existing liabilities being capitalized over a longer time horizon.

Assessment & mitigation

Athora Ireland assesses, monitors and controls underwriting risk through a number of methods:

- Quarterly reporting highlights the performance of key underwriting risks,

including analysis of variance to expectations for these risks.
- A quarterly assessment of the risk against stated risk tolerances is performed through the Risk Committee.
- Mortality, persistency, and expense experience investigations are conducted annually.
- Pricing seeks to ensure that the premium charged for any accepted risks reflects the circumstances of those risks and, where appropriate, encourages certain behaviours.
- The ORSA aims to assess risks under stressed conditions through a range of stress and scenario testing.

There have been no material changes to how underwriting risk is assessed over 2023.

Risk concentration

The new inward Mass Lapse reinsurance treaty has partially shifted the geographical concentration of Athora Ireland's (re)insurance liabilities to Italy and increased exposure to mass lapse events in Italy.

Risk sensitivity

The solvency position at 31 December 2023 has been re-calculated following adverse stresses for the material underwriting risks. For each of these sensitivities, the table below shows the estimated impact on the reported solvency ratio:

Sensitivity	Change in Solvency Ratio (Post Stress – Pre-Stress)
Lapse rates +20%	5%
Lapse rates -20%	-1%
Mortality +10%	0%
Mortality -10%	0%

The results of the analysis demonstrate that changes in lapse risk or longevity risk have a modest impact on Athora Ireland's solvency ratio. Lapse risk arises through the impact of lower-than-expected lapse rates on the reinsured Belgian Group Life policies and higher-than-expected lapse rates on the reinsured Italian portfolio. Longevity risk is low as the Belgian Group policies where this risk is present mature upon retirement of the insured employees.

Separately, the risk of changes to expenses (for a given number of policies or amount of assets under management) could have a material impact; however, expenses are largely within management control.

The analysis indicates that based on the current strategy and business model, Athora Ireland's underwriting risk profile can withstand severe shocks and is within the Board's risk appetite. As part of the ORSA, combined shocks are also considered. These indicate that the impact of reductions in mortality and lapse is heightened in times of low interest rates.

C.2 Market risk

At 31 December 2023, market risks comprise 29% of the pre-diversified reported Basic Solvency Capital Requirement. The key market risks to which Athora Ireland is exposed are set out below:

Currency Risk

Currency risk arises where changes in exchange rates create unequal fluctuations in the market value of assets and liabilities. A number of private assets in which Athora Ireland invests are denominated in USD and GBP and hedged back to EUR using derivatives.

Athora Ireland has set an upper bound tolerance range for currency risk that reflects its low appetite for the risk.

Spread Risk

Athora Ireland carries spread risk through its holdings of fixed income assets, both public sovereign and corporate bonds and private debt, held within shareholder investments and the inwards reinsurance business.

Athora Ireland's fixed income portfolio is managed by AAME, a global leader in the sourcing and management of private credit assets, along with holdings in debt issued by Athora subsidiaries. Athora Ireland's appetite for private credit is high, as the risk/return profile is seen as favourable and for certain sub-asset classes as a good match for long term, guaranteed life insurance liabilities.

Athora Ireland has a high tolerance range for spread risk, which reflects the fact that Athora Ireland's chosen business model is predicated on earning a net spread between its assets and liabilities; therefore, Athora Ireland will always have appetite for this risk, and this exposure will grow as new reinsurance business is written.

Equity Risk

Athora Ireland is exposed to equity risk through shareholder investments in holdings of alternative assets which demonstrate equity-like behaviour.

Athora Ireland has set an upper bound tolerance range for equity risk that reflects a medium appetite for the risk.

Interest rate risk

Athora Ireland is exposed to interest rate risk where the movement in the value of its fixed interest assets may not offset the movement in the value of its liabilities, for example due to differences in duration. Athora Ireland is also exposed to changes in Risk Margin and SCR due to changes in interest rates.

Athora Ireland's appetite for interest rate risk is low, as it is not core to Athora Ireland's business strategy.

Assessment & mitigation

Athora Ireland assesses, monitors, and controls market risk through a number of methods:

- A series of investment constraints that reflect Athora Ireland's risk appetite are documented in the Investment Management Agreement with AAME;
- A monthly Asset-Liability Management ('ALM') dashboard is produced which allows for the monitoring of the impact of certain market risks versus appetite and

triggers management actions in order to mitigate these risks, typically via hedging;

- Quarterly reporting to the Capital Management Committee highlights the performance of market risks, including a full attribution which explains any variance to expectations for these risks;
- A quarterly assessment of the risk against stated risk tolerances is performed through the Risk Committee;
- A quarterly assessment of the Company's investment governance and compliance with the Prudent Person Principle goes through the local Investment Committee;
- Risk policies incorporate concentration limits in certain asset class risks;
- The ORSA aims to assess risks under stressed conditions through a range of stress and scenario testing.

There have been no material changes to how Athora Ireland assesses its market risks over the reporting period.

Risk concentration

Market risk exposures make up a material element of Athora Ireland's total Solvency Capital Requirement. The exposure to market risks is driven primarily by the strategic asset allocation of shareholder assets.

The largest concentration in Athora Ireland's shareholder assets is to the European Union government bonds, comprising c. 11% of invested assets.

Risk sensitivity

The solvency position at 31 December 2023, has been calculated following adverse stresses for the material market risks. For each of these sensitivities, the table below shows the estimated impact on the reported solvency ratio:

Sensitivity	Change in Solvency Ratio (Post Stress – Pre-Stress)
Equity markets +20%	+4%
Equity markets -20%	-4%
Interest Rates Up*	+1%
Interest Rates Down*	-9%
Spreads Up*	-5%

1 - in - 40 interest rate shock

The Interest Rate Up and Down sensitivities show the impact of typical stresses to interest rates that could be expected one in every 40 years. The Spreads Up stress likewise represents a widening of credit spreads that could be expected once in every 40 years.

The results of the analysis demonstrate the low sensitivity of the Company's solvency ratio to market risk scenarios due to the well-matched assets and liabilities, in particular for interest rates and spread risk sensitivities. At 31 December 2023, the Company was still projected to enjoy a healthy solvency ratio in any of the scenarios above, indicating that Athora Ireland's market risk profile can withstand severe shocks.

C.3 Credit Risk

Credit risk relates to default of obligors. Athora Ireland is exposed to credit risk in respect of its holdings in fixed income assets, cash deposits and its reinsurance counterparties.

At 31 December 2023, counterparty default risk comprised 5% of the pre-diversified reported Basic Solvency Capital Requirement. This exposure is largely explained by the retrocession of a quota-share of the reinsurance business.

Assessment & mitigation

Athora Ireland assesses, monitors, and controls credit risk through a number of methods:

- The Credit Concentration and Counterparty Risk Policy ensures concentration risk exposures for shareholder investments are managed within specified limits. This policy sets out the maximum exposure Athora Ireland is willing to accept, depending on credit rating.
- Athora Ireland operates a collateral arrangement to mitigate the risks of default on outward reinsurance treaties.

Risk concentration

The most significant individual counterparty exposure held by Athora Ireland is to the outward reinsurer, through the quota-share retrocession of the reinsured Belgian Group Life portfolio. The outward reinsurer Financial Strength rating was A in December 2023 by Fitch and holds a A- by AM best.

Risk sensitivity

As such, the most significant counterparty risk is the risk of a downgrade of the outward reinsurer credit rating by one level which is estimated to reduce the solvency ratio at 31 December 2023 by 9%.

C.4 Liquidity risk

Liquidity risk may arise due to illiquidity of the assets held to meet the cash flow requirements, but also due to insufficient capacity to raise funds to meet cash flow requirements. Illiquidity of certain investment assets may prevent Athora Ireland from selling investments at fair prices in a timely manner.

Liquidity risk is actively managed by Athora Ireland and does not give rise to a capital requirement.

Overall, Athora Ireland has a low tolerance for liquidity risk and therefore operates strict limits in relation to the proportion of its assets which are required to be held in cash or cash equivalents, rather than less liquid but higher performing asset types.

Assessment & mitigation

Athora Ireland assesses, monitors, and controls liquidity risk through a number of methods:

- The Liquidity Risk Policy is designed to ensure a prudent liquidity profile is maintained. This is characterised by asset liquidity that is sufficient to meet cash demands not only under expected conditions but also under stressed conditions. The policy defines the methodology to ensure that liquidity is being measured and tested consistently.
- Stressed Liquidity Scenarios are assessed monthly with the results presented quarterly to the Risk Committee. Any breaches in test results follow a defined escalation and action process. Athora Ireland must maintain enough liquidity in order to meet all cash needs under these stressed scenarios.

Risk concentration

There are no material liquidity concentration risks present in the portfolio.

Risk sensitivity

Athora Ireland holds liquid assets comprising cash and cash equivalents and both sovereign and investment grade securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. This is demonstrated by the passing of the liquidity sensitivity tests described above.

C.5 Operational risk

At 31 December 2023, operational risk comprised 3% of the pre-diversified reported Solvency Capital Requirement (SCR).

Operational risk is the risk of losses resulting from inadequate or failed internal processes and controls, people, and systems or from external events.

It is a direct consequence of operating a business and cannot be diversified or fully mitigated against. However, Athora Ireland actively manages and monitors its operational risk, and the Board has no tolerance for action or lack of action which could lead to material adverse risk events.

Operational risks now primarily relate to the services which have been outsourced to Athora Ireland Services but are expected to increase as and when further reinsurance transactions are completed.

Assessment & mitigation

Athora Ireland's approach to evaluating operational risks is based on the quantitative and qualitative rating of those risks with regard to their potential impact and likelihood after consideration of the effectiveness of controls. Risk impact is assessed (at a minimum) along the following three impact dimensions: financial loss, customer & reputation, and financial misstatement. The resulting ratings reflect the uncontrolled (residual) risk the business area is running. A forward-looking operational risk profile is carried out on a quarterly basis, together with details of action plans that address key risks and, where appropriate, the Chief Risk Officer's opinion on the effectiveness of those plans. Section B.4 includes a detailed description of the Operational Risk Management Framework.

The Operational Risk Policy defines tolerances for single loss events, cumulative losses over the year and the total operational risk Solvency Capital Requirement. Any breaches to these limits require action plans to be put in place.

The Risk Management Function oversees the collation, aggregation, and analysis of operational risk management information prior to consideration at the Risk Committee. There have been no material changes to how Athora Ireland assesses its risk over the reporting period.

Risk concentration

Athora Ireland categorises operational risk into a number of further subcomponents:

- Information Security risk
- Data risk
- HR risk
- Third Party risk
- Business continuity risk
- Business process risk
- Financial reporting risk
- Distribution channels risk
- Change risk
- Model risk

Operational risk is broadly spread and not heavily concentrated within any one of these categories.

Risk sensitivity

As the output of operational risk reporting is largely qualitative, sensitivity testing is not relevant.

C.6 Other material risks

There are no other material risks to note in relation to Athora Ireland's risk profile.

C.7 Any other information

There is no other material information to note in relation to Athora Ireland's risk profile.

D. VALUATION FOR SOLVENCY PURPOSES

This section describes the accounting policies and valuation techniques used by Athora Ireland for the Solvency II valuation of the assets and liabilities, including the differences between these Solvency II valuation principles and those applied in the financial statements.

D.1 Assets

The table below shows assets held on the Solvency II balance sheet and the comparative IFRS values as at 31 December 2023:

Assets (EUR thousands)	Solvency II	IFRS	Difference
Financial assets	969,616	922,989	46,627
Deferred taxation assets	12,462	11,597	865
Cash and cash equivalents	7,824	41,490	(33,666)
Property and equipment	8,299	8,299	–
Receivables and other assets	16,900	7,524	9,376
Reinsurance recoverables	609,000	–	609,000
Total	**1,624,101**	**991,899**	**632,202**

During the reporting period, Athora Ireland did not make any material changes to the recognition and valuation bases used for assets, or to the estimation techniques employed.

Financial assets

'Financial assets' for both SII and IFRS consist of sovereign bonds, corporate bonds, collateralised securities, Collective Investment Undertakings, equities, derivatives, loans and mortgages. Two items that differ are (1) Money market funds are included here for SII but under cash and cash equivalents under IFRS and (2) accrued interest which is shown under other assets under IFRS.

Reinsurance recoverable

The driver behind the large variance between SII and IFRS is under IFRS 17 methodologies no insurance and intermediaries are recognised.

Receivables and other assets

The difference between Solvency II and IFRS of €9,376k are driven by reinsurance receivables, which are presentational reporting differences that are not recognised on the balance sheet under IFRS.

D.2 Technical Provisions

The Technical Provisions comprise the Best Estimate Liability and the Risk Margin. The table below summarises the Technical Provisions, split by Solvency II lines of business[1], for all life insurance obligations as at 31 December 2023:

Technical Provisions (EUR thousands)	Life reinsurance
Best Estimate Liabilities (Gross of reinsurance)®	**824,871**
Recoverables from reinsurance	609,000
Best Estimate Liabilities (Net of reinsurance)	215,872
Risk Margin	**21,550**
Technical Provisions (Net of reinsurance)	**237,422**

® Decimal point rounding difference

As at 31 December 2023 Athora Ireland has not transferred any risk to special purpose vehicles. Athora Ireland has an outward reinsurance agreement in place in respect of the Group Life portfolio.

Athora Ireland applies the volatility adjustment in calculation of the Best Estimate Liabilities and Recoverables from reinsurance. The impact of the removal of the volatility adjustment on the solvency ratio of the Company as at 31 December 2023 was –7%. The Company does not apply the matching adjustment, transitional risk-free interest rate term structures or the transitional deduction.

Best Estimate Liability

The Best Estimate Liability corresponds to a probability-weighted average of future cash-flows, taking account of the time value of money, using the relevant risk-free interest rate term structure prescribed by the European Insurance and Occupational Pensions Authority.

For the Group Life inward reinsurance, a deterministic projection approach is used, with grouping of policies sharing the same characteristics.

For the Mass Lapse Inward Reinsurance, a stochastic approach is used for the future cash-flow projection to capture variability in future lapse rates.

The modelling approach in each case is proportionate to the nature, scale and complexity of the risks associated with the underlying cash flows.

Recoverables from reinsurance contracts

For the Group Life outward reinsurance, cash flows are explicitly modelled.

The need for an allowance for counterparty default in the Best Estimate Liability (the ‘Counterparty Default Adjustment’ or ‘CDA’) in respect of the Group Life outward reinsurance agreement is assessed each quarter and a CDA is currently allowed for, reflecting the probability of default of the reinsurer applied to the projected shortfall of the funds withheld assets relative to the retroceded claims.

Risk Margin

The Risk Margin serves to reflect the additional price that would be charged by another insurance company to cover the cost of capital required to cover the insurance risks inherent in a portfolio of insurance liabilities.

[1] Refer to Section A.1.6 for a description of the Solvency II lines of business

The Risk Margin is calculated per the prescribed Solvency II cost-of-capital approach, where a 6% cost of capital is charged on an amount of eligible Own Funds equal to the Solvency Capital Requirement necessary to run off Athora Ireland's obligations. The calculations approximate some of the projected Solvency Capital Requirements for certain risks.

Explicit projections of the most material Solvency Capital Requirements applicable (Counterparty, and Operational SCRs) are made as part of the calculation, with Longevity, Lapse and Expense SCRs projected in a simplified manner proportionate to the nature, scale, and complexity of the risks.

Assumptions

Realistic assumptions are used in the calculation of the Technical Provisions. Market assumptions have been set to be consistent with economic conditions prevailing at the valuation date. Non-market assumptions are set on a best estimate basis, following analysis of past experience, supplemented with industry data where experience data is not sufficiently detailed. An overview of the main assumptions used in calculating the Technical Provisions are outlined below:

- *Interest Rates:* The projected cash flows are discounted using the prescribed EUR risk-free interest rate term structures plus the Volatility Adjustment.
- *Persistency:* Lapse and paid-up rate assumptions for the reinsured business are based on portfolio-specific experience. For the Group Life portfolio, the potential impact of dynamic policyholder behaviour is analysed and modelling such behaviour is not deemed justified at present. Dynamic behaviour reflective of simulated paths for interest rates is modelled for the Mass Lapse Inward Reinsurance portfolio, while additional volatility in lapse rates is also modelled reflective of the variability in portfolio lapse rates observed historically.
- *Mortality:* Assumptions reflect standard population mortality projections and industry tables as well as internal experience with appropriate credibility weighting. Assumptions are differentiated by sex.
- *Expenses:* Maintenance expense assumptions are determined with respect to the recurring costs incurred by Athora Ireland in servicing the in-force reinsurance obligations. This includes administrative expenses, investment operations expenses and claims management expenses. An expense over-run assumption is also determined to reflect the 'not-to-scale' expenses expected to be absorbed as future new business is acquired.

During 2023 Athora Ireland updated its assumptions for mortality, persistency and expenses.

Experience studies were undertaken on persistency and mortality and informed the decision to update both assumption sets.

The expense update reflected the latest budget and expectations for future new business growth.

Uncertainty associated with Technical Provisions

Uncertainty in the Technical Provisions primarily relates to how future actual experience will differ from the best estimate assumptions which are used in the calculations, e.g. with respect to future lapse rates or mortality improvements. Similarly, there is uncertainty in determining appropriate market consistent expense assumptions, which requires an estimation of the future expense base of Athora Ireland, sales levels and inflation rates.

A robust assumption setting process is followed to ensure this uncertainty is well understood and variances against assumptions are regularly monitored. A number of stress and scenario tests are performed as part of the ORSA process which helps Athora Ireland to understand the sensitivity to various assumptions. In addition, Athora Ireland carries out a series of scenarios and stress tests each quarter which help to assess the uncertainty associated with the Technical Provisions.

The main area of uncertainty in the Risk Margin calculation is in the Solvency Capital Requirement over the projected future lifetime of Athora Ireland's obligations, given that this is dependent on the projection of economic experience over that time period in addition to experience with respect to lapse rates and mortality.

Material differences between Solvency II and the financial statements

The table below highlights the material differences between the gross Technical Provisions (i.e. before allowance for the impact of reinsurance) under Solvency II and the equivalent reserves in the financial statements. The equivalent valuation of the liabilities under IFRS at 31 December 2023 is c. €44,556k less than the Technical Provisions under Solvency II. The table is presented based on Solvency II lines of business:

Gross SII Technical provisions to IFRS contract liabilities (EUR thousands)	Life reinsurance
Solvency II Technical Provisions	846,422
Risk Margin (SII) to Risk Adjustment (IFRS)	(9,482)
Methodology & Discounting changes (BEL &PVFC)	(98,088)
Plus Contractual Service Margin	63,015
IFRS Insurance Liabilities (excl. LIC & Suspense Account)	801,866

Note 1: There are a number of methodology differences between the calculation of the SII Risk Margin and IFRS Risk Adjustment. Firstly, there is no Counterparty Default or Operational Risk component required for the Risk Adjustment under IFRS. Secondly, SII uses a 6% Cost of Capital amount in the Risk Margin calculation, whereas IFRS uses a 4% Cost of Capital in the Risk Adjustment calculation. Lastly, there is a different discount curve used under each basis, as described in Note 2 below. The combined impact of these differences decreases the liabilities by €9,482k.

Note 2: The calculation of the Best Estimate Liability involves a projection of future cash flows on best estimate assumptions. The most significant variance relates to the discount rate assumption used. Risk free discount rates are prescribed under Solvency II whereas under IFRS, an allowance is made for the expected spread earned on assets backing the insurance liabilities. A further variance arises on expense reserves where the projected expense cash flows are higher under Solvency II due to the inclusion of an over-run reserve. The impact of these differences decreases the liabilities by €98,088k.

Note 3: Under IFRS, there is an additional component of the insurance liabilities, known as the contractual service margin. This represents the future profit expected to emerge from a portfolio over the lifetime of the contracts, based on up-to-date policyholder and market experience. The inclusion of the contractual service margin increases the liabilities by €63,015k.

D.3 Other liabilities

The table below shows the value of other liabilities for the purposes of Solvency II valuation and the comparative IFRS values:

Other liabilities (EUR thousands)	Solvency II	IFRS	Difference
Reinsurance contract liabilities	–	18,756	(18,756)
Other financial liabilities	21,339	11,260	10,079
Other liabilities and accruals	1,746	1,808	(62)
Reinsurance payables	611,054	–	611,054
Total Other liabilities	634,139	31,824	602,315

For the purposes of Solvency II, other liabilities are valued in conformity with IFRS i.e. at the market value of the liability, which is the total amount of cash that would change hands if the liability were sold. During the reporting period, Athora Ireland did not make any material changes to the recognition and valuation bases used for other liabilities, or to estimation techniques.

Reinsurance contract liabilities

The difference of €(18,756)k relates to differences in reporting methodologies between IFRS 17 and SII in reinsurance contract liabilities.

Other financial liabilities

The difference of €10,079k relates to differences in reporting between IFRS and SII in other financial liabilities. Overall this line item consists of derivatives.

Reinsurance payables

The difference in 'Reinsurance payables' relates to presentational reporting differences between IFRS and Solvency II as under IFRS 17 this is not recognised on the balance sheet.

D.4 Alternative methods for valuation

Athora Ireland does not have any material assets or liabilities for which it applies alternative methods of valuation. A portion of the shareholder assets are unrated and are valued based on observable valuation techniques (Level III) in line with other group entities.

D.5 Any other information

There is no further material information to note regarding valuation for solvency purposes.

E. CAPITAL MANAGEMENT

E.1 Own Funds

Athora Ireland's approach to capital management and how it manages available Own Funds (being the excess of assets over liabilities) is outlined in the Capital Management Policy. Key objectives of the policy are to be compliant with all applicable laws, rules and regulations governing the management of capital and to maintain, at all times, sufficient Own Funds to cover both the Solvency Capital Requirement and Minimum Capital Requirement. The policy and associated processes help to protect the financial strength of Athora Ireland, by identifying various capital levels, and requiring appropriate actions depending on the current and projected level of capital.

The objectives, policies, and processes for managing Own Funds over the reporting period were reviewed in line with the revised Athora Group strategy. The Capital Management Committee, Risk Committee and the Board regularly considers capital assessments and projections for Athora Ireland to ensure that capital is managed with continuous adherence to Athora Ireland's principles around capital adequacy, financial flexibility, and the efficient use of capital.

The ORSA process includes an assessment of the sufficiency of capital available to meet the Company's commitments in light of the risks faced by the business, both now and into the future. Athora Ireland determines its solvency needs by performing capital projections over the business planning period, allowing for the current and expected business strategy, risk profile and capital management activities. The time horizon used for business planning is usually three years. This exercise allows the Board to assess Athora Ireland's current and projected solvency needs and helps trigger appropriate and timely capital management actions.

Tiering of Own Funds

The table below sets out the movement in the Solvency II available Own Funds over the reporting period:

Own Funds (EUR thousands)	FY2023	FY2022	Movement
Ordinary share capital	105,660	105,660	–
Share premium account	17,026	17,026	–
Reconciliation reserve	8,391	8,587	(196)
Amount equal to the value of net deferred tax assets	12,462	12,439	23
Available Own Funds	**143,539**	**143,712**	**(173)**
Eligible Own Funds to meet Solvency Capital Requirement	143,539	143,712	(173)
Eligible Own Funds to meet Minimum Capital Requirement	131,077	131,273	(196)

As shown below, the majority of Athora Ireland's available Own Funds consists of Tier 1 capital. The Deferred Tax Asset of €12,462k remains the only lower tier asset and is classified as Tier 3, representing 9.5% of available Own Funds at year end 2023.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be used. Athora Ireland estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, taking into account applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the statement of financial position date, where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less tax. Deferred tax is measured on an undiscounted basis at tax rates that have been or are substantially enacted by the balance sheet date in which timing differences reverse.

Own Funds summary by tier	**FY2023**		**FY2022**	
(EUR thousands)	**Tier 1**	**Tier 3**	**Tier 1**	**Tier 3**
Ordinary share capital	105,660	–	105,660	–
Share premium account	17,026	–	17,026	–
Reconciliation reserve	8,391	–	8,587	–
Amount equal to the value of net deferred tax assets	–	12,462	–	12,439
Available Own Funds	**131,077**	**12,462**	**131,273**	**12,439**

There is no restriction on Athora Ireland's eligible Own Funds to meet the Minimum Capital Requirement and Solvency Capital Requirement. No ancillary Own Funds or Own Funds items that are subject to transitional arrangements exist.

As at 31 December 2023, 'Ordinary share capital' comprises 105,660,001 ordinary shares of €1 each. The 'Share premium account' of €17,026k related to share capital issued at a premium and held by Athora Ireland's direct parent, Athora Life Re Ltd.

The 'Reconciliation Reserve' presented above is derived by taking the excess of assets over liabilities from the balance sheet and reducing it by basic own fund items (other than subordinated liabilities) and other specified adjustments. This is summarised in the table below and is consistent with the Own Funds Quantitative Reporting Template included in the Appendix (S.23.01.01).

Reconciliation reserve (EUR thousands)	FY2023	FY2022
Available Own Funds / Excess of assets over liabilities	143,539	143,712
Other basic Own Fund items	(135,148)	(135,125)
Reconciliation reserve	8,391	8,587

Difference between Own Funds and IFRS Shareholders Equity

The main differences between available Own Funds (excess of assets over liabilities) and IFRS Shareholder Equity relate to removal of deferred costs which are not recognised under Solvency II, addition of the Risk Margin, and the differing valuation bases for the best estimate liability and reinsurance recoverable asset. The table below provides a reconciliation from IFRS Equity to total Own Funds for both year-end 2023 and year-end 2022..

IFRS equity to Own Funds (EUR thousands)	FY2023	FY2022
Total IFRS equity	149,596	126,668
Difference in Technical Provisions	(36,306)	12,868
Deferred tax adjustment	865	(2,435)
Reinsurance recoverable asset	13,073	8,965
Reinsurance payables & receivables	16,311	(2,354)
Total Own Funds	**143,539**	**143,712**

Description of items deducted from Own Funds

There are no items deducted from Own Funds, nor any significant restriction affecting the availability and transferability of Own Funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement

The eligible Own Funds, Solvency Capital Requirement, and solvency ratio as at 31 December 2023 and the prior year end are presented below:

Solvency II key figures (EUR thousands)	FY2023	FY2022
Eligible Own Funds	143,539	143,712
Solvency Capital Requirement	89,239	87,857
Solvency Ratio	161%	164%

Athora Ireland does not use any undertaking-specific parameters in the Solvency Capital Requirement calculations.

Solvency Capital Requirement split by risk module

The table below shows the net Solvency Capital Requirement split by risk module.

Solvency Capital Requirement by risk module (EUR thousands)	FY2023	FY2022
Market risk	24,621	31,248
Counterparty default risk	6,416	5,205
Life underwriting risk	73,780	69,009
Diversification	(19,290)	(21,172)
Basic Solvency Capital Requirement	85,527	84,291
Operational risk	3,712	3,566
Loss-absorbing capacity of Technical Provisions	–	–
Loss-absorbing capacity of deferred taxes	–	–
Solvency Capital Requirement	89,239	87,857

The net Solvency Capital Requirement increased by €1,382k over 2023, a c. 2% increase. The key contributors were an increase due to the unwind of discount rates, a reduction due to changes in the asset portfolio, and an increase due to assumption changes. Each risk module is examined separately below:

- *Market risk Solvency Capital Requirement:* The decrease of €6,627k was primarily caused by a partial divestment from alternative assets, resulting in a reduction in Equity and Concentration Risk SCR.
- *Counterparty Default Risk Solvency Capital Requirement:* The main driver of the €1,211k increase was a decrease in the

Funds Withheld Assets relative to the Reinsurance Recoverable, driven by interest rates falling, which increases the 'Loss Given Default' component of this SCR.

- *Life Underwriting risk Solvency Capital Requirement:* This risk module increased by €4,771k over 2023 largely driven by the impact of interest rates falling on the Mass Lapse SCR associated with the Mass Lapse Inward Reinsurance.

Minimum Capital Requirement

The Minimum Capital Requirement has increased by €346k, from €21,964k at the previous year-end to €22,310k as at 31 December 2023.

Minimum Capital Requirement (EUR thousands)	FY2023	FY2022
Linear Minimum Capital Requirement	4,533	4,128
Solvency Capital Requirement	89,239	87,857
Minimum Capital Requirement cap	40,157	39,536
Minimum Capital Requirement floor	22,310	21,964
Combined Minimum Capital Requirement	22,310	21,964
Absolute Floor	4,000	4,000
Minimum Capital Requirement	**22,310**	**21,964**

The inputs used to calculate the Minimum Capital Requirement are outlined in the table above:

- The Linear Minimum Capital Requirement is a calculation based on the value of Technical Provisions and capital at risk.
- The Linear Minimum Capital Requirement is subject to a respective floor of 25% and cap of 45% of the Solvency Capital Requirement.
- An Absolute Floor of €4,000k is prescribed by the European Insurance and Occupational Pension Authority.

The Minimum Capital Requirement increased by c. 2% over the reporting period, driven by the same factors that caused the change in the Solvency Capital Requirement.

Simplified calculations

No simplified calculations are applied in the calculation of the Solvency Capital Requirement.

Article 51(2) of Directive 2009/138/EC

The Central Bank of Ireland does not require Athora Ireland to hold a capital add-on.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Athora Ireland does not make use of the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC for the calculation of the Standard Formula Solvency Capital Requirement.

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

Athora Ireland does not have an approved Internal Model for use in the calculation of the Solvency Capital Requirement.

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

There were no incidences of non-compliance with capital requirements throughout the period covered by this report as Athora Ireland has maintained sufficient capital to meet both the Minimum Capital Requirement and Solvency Capital Requirement.

E.6 Any other information

There is no further material information to note regarding Athora Ireland's capital management.

APPENDIX – QUANTITATIVE REPORTING TEMPLATES

All values are in €000's

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	12,462
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	8,298
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	959,616
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	2,441
Equities - listed	R0110	2,441
Equities - unlisted	R0120	0
Bonds	R0130	297,030
Government Bonds	R0140	113,038
Corporate Bonds	R0150	171,099
Structured notes	R0160	0
Collateralised securities	R0170	12,893
Collective Investments Undertakings	R0180	647,855
Derivatives	R0190	12,290
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	10,000
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	10,000
Reinsurance recoverables from:	R0270	609,000
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	609,000
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	609,000
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	0
Reinsurance receivables	R0370	13,073
Receivables (trade, not insurance)	R0380	530
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	7,824
Any other assets, not elsewhere shown	R0420	3,297
Total assets	**R0500**	1,624,100

		Solvency II value
		C0010
Liabilities		
Technical Provisions – non-life	R0510	
Technical Provisions – non-life (excluding health)	R0520	
Technical Provisions calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical Provisions - health (similar to non-life)	R0560	
Technical Provisions calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical Provisions - life (excluding index-linked and unit-linked)	R0600	846,422
Technical Provisions - health (similar to life)	R0610	
Technical Provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical Provisions – life (excluding health and index-linked and unit-linked)	R0650	846,422
Technical Provisions calculated as a whole	R0660	
Best Estimate	R0670	824,871
Risk margin	R0680	21,550
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	0
Provisions other than Technical Provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	0
Derivatives	R0790	11,590
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	611,054
Payables (trade, not insurance)	R0840	9,748
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	1,746
Total liabilities	**R0900**	1,480,561
Excess of assets over liabilities	**R1000**	143,539

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

Life		Line of Business for: life insurance obligations	Life reinsurance obligations	Total
		Index-linked and unit-linked insurance	Life-reinsurance	
		C0230	C0280	C0300
Premiums written				
Gross	R1410	-	22,230	22,230
Reinsurers' share	R1420	-	14,572	14,572
Net	R1500	-	7,657	7,657
Premiums earned				
Gross	R1510	-	22,230	22,230
Reinsurers' share	R1520	-	14,572	14,572
Net	R1600	-	7,657	7,657
Claims incurred				
Gross	R1610	-	50,724	50,724
Reinsurers' share	R1620	-	38,043	38,043
Net	R1700	-	12,681	12,681
Changes in other Technical Provisions				
Gross	R1710	-	-	-
Reinsurers' share	R1720	-	-	-
Net	R1800	-	-	-
Expenses incurred	R1900	-	6,269	6,269
Other expenses	R2500			-
Total expenses	R2600	-	-	6,269
Total amount of surrenders	R2700	-	1,893	1,893

S.12.01.02 – Life and Health SLT Technical Provisions

		Accepted reinsurance	Index-linked and unit-linked insurance	Other life insurance	**Total (Life other than health insurance, incl. Unit-Linked)**
		C0100	C0120	C0130	C0150
Technical Provisions calculated as a whole	R0010	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0	0	0	0
Technical Provisions calculated as a sum of BE and RM					
Best Estimate					
Gross Best Estimate	R0030	824,871	0	0	824,871
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	609,000	0	0	609,000
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	215,872	0	0	215,872
Risk Margin	R0100	21,550	0	0	21,550
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	R0110	0	0	0	0
Best estimate	R0120	0	0	0	0
Risk margin	R0130	0	0	0	0
Technical Provisions - total	R0200	846,422	0	0	846,422

S.22.01.01 – Impact of long term guarantees measures and transitionals

Columns containing no data have been excluded

		Amount with Long Term Guarantee measures and transitionals	Impact of the LTG measures and transitionals (Step-by-step approach)					
			Without transitional on Technical Provisions	Without transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of all LTG measures and transitionals
		C0010	**C0020**	**C0040**	**C0060**	**C0070**	**C0080**	**C0100**
Technical Provisions	R0010	846,422	846,422	846,422	864,315	17,893	864,315	17,893
Basic Own Funds	R0020	143,539	143,539	143,539	139,529	(4,010)	139,529	(4,010)
Excess of assets over liabilities	R0030	143,539	143,539	143,539	139,529	(4,010)	139,529	(4,010)
Restricted Own Funds due to ring-fencing and matching portfolio	R0040	—	—	—	—	—	—	—
Eligible Own Funds to meet Solvency Capital Requirement	R0050	143,539	143,539	143,539	139,529	(4,010)	139,529	(4,010)
Tier 1	R0060	131,077	131,077	131,077	126,494	(4,583)	126,494	(4,583)
Tier 2	R0070	—	—	—	—	—	—	—
Tier 3	R0080	12,462	12,462	12,462	13,035	573	13,035	573
Solvency Capital Requirement	R0090	89,239	89,239	89,239	90,658	1,419	90,658	1,419
Eligible Own Funds to meet Minimum Capital Requirement	R0100	131,077	131,077	131,077	126,494	(4,583)	126,494	(4,583)
Minimum Capital Requirement	R0110	22,310	22,310	22,310	22,527	218	22,527	218

S.23.01.01 – Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Basic Own Funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	105,660	105,660		—	
Share premium account related to ordinary share capital	R0030	17,026	17,026		—	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	—	—		—	
Subordinated mutual member accounts	R0050	—		—	—	—
Surplus funds	R0070	—	—			
Preference shares	R0090	—		—	—	—
Share premium account related to preference shares	R0110	—		—	—	—
Reconciliation reserve	R0130	8,391	8,391			
Subordinated liabilities	R0140	—		—	—	—
An amount equal to the value of net deferred tax assets	R0160	12,462				12,462
Other Own Fund items approved by the supervisory authority as basic Own Funds not specified above	R0180	—	—	—	—	—
Own Funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II Own Funds						
Own Funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II Own Funds	R0220	—				
Deductions						
Deductions for participations in financial and credit institutions	R0230	—	—	—	—	—
Total basic Own Funds after deductions	R0290	**143,539**	**131,077**	**—**	**—**	**12,462**

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary Own Funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	—			—	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	—			—	
Unpaid and uncalled preference shares callable on demand	R0320	—			—	—
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	—			—	—
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	—			—	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	—			—	—
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	—			—	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	—			—	—
Other ancillary Own Funds	R0390	—			—	—
Total ancillary Own Funds	R0400	—			—	—
Available and eligible Own Funds						
Total available Own Funds to meet the SCR	R0500	143,539	131,077	—	—	12,462
Total available Own Funds to meet the MCR	R0510	131,077	131,077	—	—	
Total eligible Own Funds to meet the SCR	R0540	143,539	131,077	—	—	12,462
Total eligible Own Funds to meet the MCR	R0550	131,077	131,077	—	—	
SCR	R0580	**89,239**				
MCR	R0600	**22,310**				
Ratio of Eligible Own Funds to SCR	R0620	**160.85%**				
Ratio of Eligible Own Funds to MCR	R0640	**587.53%**				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	143,539
Own shares (held directly and indirectly)	R0710	—
Foreseeable dividends, distributions and charges	R0720	—
Other basic own fund items	R0730	135,148
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	—
Reconciliation reserve	R0760	**8,391**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	10,306
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	—
Total Expected profits included in future premiums (EPIFP)	R0790	10,306

S.25.01.21 - Solvency Capital Requirement

Columns containing no data have been excluded

Basic Solvency Capital Requirement (EUR 000's)

		Gross solvency capital requirement	Simplifications
		C0040	C0120
Market risk	R0010	24,621	None
Counterparty default risk	R0020	6,416	
Life underwriting risk	R0030	73,780	None
Health underwriting risk	R0040	0	None
Non-life underwriting risk	R0050	0	None
Diversification	R0060	(19,290)	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	85,527	

Basic Solvency Capital Requirement (USP)

		USP
		C0090
Life underwriting risk	R0030	None
Health underwriting risk	R0040	None
Non-life underwriting risk	R0050	None

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	3,712
Loss-absorbing capacity of Technical Provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	89,239
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	89,239
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

S.28.01.01 - Minimum Capital Requirement

Columns containing no data have been excluded.

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	4,533

Total capital at risk for all life (re)insurance obligations

		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	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	215,872	
Total capital at risk for all life (re)insurance obligations	R0250		186

Overall MCR calculation

		C0070
Linear MCR	R0300	4,533
SCR	R0310	89,239
MCR cap	R0320	40,157
MCR floor	R0330	22,310
Combined MCR	R0340	22,310
Absolute floor of the MCR	R0350	4,000
Minimum Capital Requirement	R0400	22,310