Irish Life

Solvency and Financial Condition Report

Irish Life Group Limited 2021

Helping people build
better futures

CONTENTS

SUMMARY

Purpose of the solvency and financial condition report

This report will help you better understand our regulatory capital and financial position following the European-wide Solvency II regulations introduced on 1 January 2016. To help your understanding, the appendices to this report also detail seven specific Quantitative Reporting Templates (QRTs) in the predefined format required under the regulations. The specifics of these templates are discussed in more detail across various sections of this report including sections A.2 (Underwriting Performance), A.3 (Investment Performance), D (Valuation for Solvency Purposes) and E (Capital Management).

It also covers how we are run, as well as a description of our business and performance, system of governance, risk profile, valuation for Solvency II purposes and our approach to capital management.

Company Information

Effective 1 January 2021, Irish Life Group Limited ('the Company', 'ILG', 'we') became a regulated Solvency II insurance holding company. The Company is the parent company of a group of Irish companies ('the Group'), including three insurance companies whose principal activity during the year was the transacting of long-term life and health assurance. In addition, the Company owns a number of service companies, brokerages and other related companies.

Business and Performance Summary

We have detailed our financial performance in section A (Business and Performance).

The Company is a holding company and conducts no insurance business itself. It operates through a number of subsidiary companies based in Ireland. These subsidiary companies are separately regulated by the Central Bank of Ireland (CBI). The Company's main source of income is dividend receipts from its subsidiaries, along with loan interest received and income from its invested assets.

The Company does not prepare consolidated financial statements. Where financial statement data is required under the Solvency II regulations, it will provide aggregated data prepared on a Canadian International Financial Reporting Standards (C-IFRS) basis for the companies within ILG.

There are no material differences between the scope of the data provided under C-IFRS and the scope of the Group as determined under Article 335 of the Delegated Regulation for Solvency II reporting.

We calculate our Solvency Capital Requirement (SCR) using the standard formula set by the European Insurance and Occupational Pensions Authority (EIOPA). We control and report solvency capital in line with the capital management and metrics detailed in section E (Capital Management). The table below summarises our year end position.

The ratio of the Company's available capital to its regulatory SCR was 168% at 31 December 2021.

€m	2021
Tier 1 - unrestricted	2,323
Tier 2	-
Tier 3	3
Available Own Funds (before foreseeable dividends and adjustments)	**2,326**
Foreseeable dividends, distributions and charges	(89)
Total eligible Own Funds to meet the Group SCR	**2,237**
Solvency Capital Requirement (SCR)	1,331
Solvency ratio	**168%**
Total eligible Own Funds to meet the Group SCR	**2,237**
Deductions for participations in other financial undertakings	(30)
Exclude Tier 3 for MCR eligible Own Funds	(3)
Total eligible Own Funds to meet the Group MCR	**2,204**
Minimum Capital Requirement (MCR)	599
Minimum Capital Ratio	**368%**

Note: all tables in this document use units of millions and thousands. Because we have rounded the figures, the totals in the tables may not equal the sum of the components exactly.

The Company (through its subsidiaries) has approval to apply a Volatility Adjustment (VA) to certain lines of business. The table below shows the impact on the Company's solvency ratio of this:

At 31 December	2021 Solvency Ratio
Base	168%
Base with no volatility adjustment	167%

The Company's financial performance on a C-IFRS basis resulted in a consolidated unaudited profit for the financial year, after taxation, of €207m.

Major business events during 2021

Ark Life acquisition

On 1 November 2021 ILHAWK Limited, a subsidiary of ILG, completed the acquisition of a 100% economic interest in Ark Life Assurance Company dac (Ark Life), a life insurance and pension business company, from ReAssure Ltd. Ark Life is closed to new business, and manages a range of existing pensions, savings and protection policies for its customers. Ark Life has approximately 150,000 insurance and investment policies, with over €2.1bn of invested assets, the majority of which is held for the benefit of unit-linked policyholders.

Business and Performance Summary in the Subsidiary Companies

Irish Life Assurance plc (ILA)

After tax, ILA's financial performance generated a profit for the financial year (excluding profits from the participating funds) of €168m (2020: €97m). The profit for the current financial year is driven by favourable morbidity and mortality experience, investment experience and basis changes related to insurance contract liabilities.

Individual and small business customer sales increased in 2021 to €1,888m (2020: €1,336m). Annual Premium Equivalent sales also increased to €299m (2020: €218m). This increase in sales was due to strong investment sales across all distribution channels.

Corporate customer sales decreased by 36% to €997m (2020: €1,553m), Annual Premium Equivalent sales decreased to €378m (2020: €433m). This was mainly due to a lower number of defined contribution (DC) sales in 2021.

Irish Life Health dac (ILH)

In 2021, ILH generated a profit after tax of €30.9m, an increase of 182% on 2020 profit after tax of €17.0m.

Ark Life Assurance dac (Ark Life)

On 1 November 2021 Ark Life was acquired by ILHAWK limited, a subsidiary of ILG. Ark Life operates a closed book of business containing conventional non-profit and unit-linked business. Ark Life generated an IFRS profit of €10m in 2021 (2020: €11m).

System of governance summary

You can find out more about our governance process in section B. (System of Governance).

The Board of Directors is responsible for the governance and oversight of all operations and risks of the Group.

The Board is supported in its oversight and decision-making responsibilities by four governance committees and two executive management committees. The committees critical to the governance structure are set out below. Control functions support the executive committees and the Board Risk and Audit Committees.

The Board of Directors of ILG is responsible for the governance and oversight of all of the Group's operations and risks. The Board is accountable for establishing and maintaining policies at Irish Life Group level, and for ensuring that these group policies are applied to Irish Life Group's subsidiaries as appropriate. Each Irish Life Group subsidiary implements its own governance structures as appropriate to the entity.

The committees critical to the governance structure are set out below.

Governance Structure

Risk Profile Summary

ILG's risk profile reflects the consolidated risk profiles of its subsidiary companies, including its regulated insurance subsidiaries: Irish Life Assurance, Ark Life and Irish Life Health.

The risk profiles of the main insurance subsidiaries are described in SFCRs for the individual companies, which are available from their websites. A list of web addresses is available in Appendix 1.

ILG's Board-approved Risk Appetite Framework is reviewed annually and sets out ILG's risk appetite, including limits against specific exposures linked to ILG's defined preferences for each risk.

ILG categorise its risk exposures under major risk headings. The SCR, split by risk category, is as follows:

€m	End 2021
Market risk	879
Life Underwriting risk	765
Health Underwriting risk	266
Counterparty risk	45
Operational risk	86
Non-Life	0
Diversification	(531)
Gross SCR	**1,510**
Intangible asset risk	3
Loss absorbing capacity of deferred tax (restricted)	(177)
Loss absorbing capacity of technical provisions	(21)
Adjustment due to Ring-fenced Funds	6
Capital Requirement for non-insurance entities (consolidated using the adjusted equity method)	9
Group SCR	**1,331**

Section C. (Risk Profile) provides further information.

Risk Management Model

The Board oversees the management of all risks across the Group. A comprehensive risk management framework has been put in place for the Group and subsidiary companies.

The framework includes a documented Enterprise Risk Management Policy.

We manage risk using a three lines of defence model.

> **The first line of defence**
> This is the business divisions and they are the ultimate owners of the risk. Primarily responsible for day-to-day Enterprise Risk Management (ERM) operations within the established ERM Framework, they identify, measure, manage, monitor and report risk.

> **The second line of defence**
> This is the oversight function - including the Risk, Compliance, Actuarial and Finance Functions. The Risk Function oversees the ERM framework, using it to challenge the compliance of the first line of defence.

> **The third line of defence**
> This is Internal Audit. This team carries out independent risk assessments of the internal risk control framework and the oversight provided by the second line of defence.

You can find out more in section B.3.2 (Risk management model - three lines of defence).

Valuation for solvency purposes

The main focus of Solvency II reporting is the financial strength (capital resources) of the Company. An analysis of the valuation of the Group's assets and liabilities per the Solvency II balance sheet is provided in section D (Valuation for Solvency Purposes).

For the purposes of reporting on business performance, the Company is part of the Lifeco group that reports results prepared in accordance with C-IFRS.

Capital management summary

The aim of the Company's Capital Management Operating Policy is to ensure the company has sufficient capital, reserves and liquidity to meet its liabilities as they fall due and to meet regulatory solvency requirements. The policy is reviewed annually and approved by the Board.

We prepare our returns on a consolidated basis, using the consolidation methodology set out in the Solvency II regulations. For the financial consolidation, all companies in the Group are consolidated using Method 1.

We are required to report on any periods of non-compliance with the Minimum Capital Requirement (MCR) and significant non-compliance with the SCR during the reporting period. There have been no periods of non-compliance with the MCR or with the SCR during the 2021 reporting period.

The ratio of the Company's available capital to its regulatory SCR was 168% at 31 December 2021 indicating capital resources were in excess of the regulatory minimum.

Further details of how the Company manages its capital can be found in section E (Capital Management).

The Board reviewed and approved this report on 17 May 2022.

Declan Bolger

Declan Bolger,
Chief Executive Officer,
Irish Life Group

A. BUSINESS AND PERFORMANCE

This section describes our organisational structure and financial performance over the last financial year.

A.1 BUSINESS

Company name

Irish Life Group Limited

Name and contact details of the supervisory authority who is responsible for financial supervision of the company:

Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin 1.

We are a wholly owned subsidiary of Canada Life Limited, a U.K. registered company, via our immediate parent, Irish Life Group Limited. The supervisory authority of Canada Life Limited is the Prudential Regulation Authority (PRA).

The contact details for the PRA are:
20 Moorgate
London, EC2R 6DA.

Name and contact details of the external auditor of the Company is:

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2.

About Irish Life Group Limited

The Company is a member of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

Great-West Lifeco (Lifeco) and its subsidiaries, including The Great-West Life Assurance Company (GWL), have approximately $2.3 trillion Canadian dollars in consolidated assets under administration and at the end of 2021 had approximately 24,500 employees worldwide and are members of the Power Financial Corporation Group of companies. GWL is a wholly owned subsidiary of Lifeco which is incorporated in Canada and listed on the Toronto Stock Exchange.

Lifeco is the indirect parent company of The Canada Life Group (U.K.) Limited (CLG). CLG is the parent company of Canada Life Limited (CLL) which is a U.K. based insurance company.

CLL acquired ILG in 2013. ILG has a number of subsidiaries, and is subject to Solvency II group supervision as the insurance holding company for Irish Life Assurance plc (ILA), Irish Life Health dac (ILH) and Ark Life Assurance Company dac (Ark Life).

Irish Life Investment Managers Limited, Canada Life Asset Management Limited, and Setanta Asset Management Limited are sister companies within CLG. They provide the Group with asset management services and expertise.

Below is a simplified diagram of how our parent company is organised.

GREAT-WEST LIFECO INC.

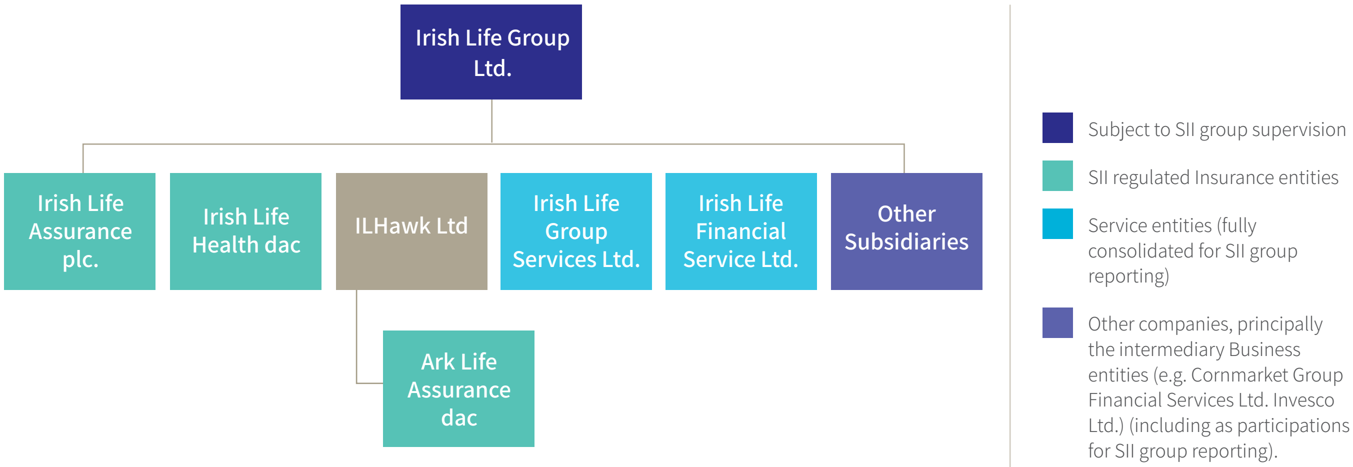
THE CANADA LIFE GROUP (U.K.) LIMITED

CANADA LIFE LIMITED

IRISH LIFE GROUP LIMITED

We are the largest life and pensions group in Ireland, serving over 1.3 million customers. We also have a 21% share of the Irish health insurance market serving 0.5 million customers. The Irish Life brand is one of the most established and recognised financial brands in Ireland. Our strong brand is thanks to our large distribution network, product innovation, flexibility and strong investment performance.

Below is a simplified diagram of our organisation group structure showing ILG's direct and indirect holdings:



Solvency II regulated undertakings of ILG

As an intermediate holding company, ILG does not prepare consolidated financial statements. Where financial statement data is required under the Solvency II regulations, it will provide aggregated data prepared on a Canadian IFRS (C-IFRS) basis for the companies within the Group. There are no material differences between the scope of the group data used for C-IFRS and the scope of the group consolidated data as determined under Article 335 of the Delegated Regulations for Solvency II reporting.

Irish Life Assurance plc (ILA)

ILA is the largest life and pensions group in Ireland, servicing over 1.3 million customers. The Irish Life brand is one of the most established and recognised financial brands in Ireland. Its brand strength is based on a large distribution network, product innovation, flexibility and strong investment performance.

ILA operates through two main divisions one focused on individual life assurance, pensions and investments for individual customers and the other focused on life assurance and pension products for employers and affinity groups. ILA's market share in 2021 was circa 34%. ILA is regulated by the CBI.

Irish Life Health dac (ILH)

The principal activity of ILH is the transaction of health insurance business in Ireland. ILH's aim is to give customers an innovative and compelling alternative to the other health insurance offerings in the marketplace. ILH is regulated by the CBI.

Ark Life Assurance Company dac (Ark Life)

Ark Life is a life assurance and pension business company incorporated in the Republic of Ireland.The direct parent company is ILHAWK Limited, a limited liability company incorporated and existing under the laws of Ireland. Ark Life's existing business mix contains conventional non-profit and unit-linked business. Furthermore, all the business is closed-book business.

Significant Business Events in 2021

On 1 November 2021 ILHAWK Limited, a subsidiary of ILG, completed the acquisition of a 100% economic interest in Ark Life Assurance Company dac (Ark Life), a life insurance and pension business company, from ReAssure Ltd. Ark Life is closed to new business, and manages a range of existing pensions, savings and protection policies for its customers. Ark Life has approximately 150,000 insurance and investment policies, with over €2.1bn of invested assets, the majority of which is held for the benefit of unit-linked policyholders.

ILG Intra-group Transactions during 2021

ILG has a number of intra-group transactions, principally intra-group outsourcing agreements and loans conducted on an arm's length basis.

ILG subsidiaries have a number of outsourcing agreements with each other. These include financial, legal and IT services, commission arrangements, human resource management, risk management and facilities management functions .
The provision and oversight of these services is governed by subsidiary outsourcing policies.

ILG Capital Transactions during 2021

All major capital transactions in 2021 have been covered under Significant Business Events in 2021 above.

A.2 UNDERWRITING PERFORMANCE

An analysis of gross written premiums by business in Ireland is shown in the following table.

Name of Subsidiary	Main Line of Business	2021 €m
Irish Life Assurance	Unit -linked and corporate risk business	7,005
Irish Life Health	Health Insurance	583
Ark Life Assurance	Unit -linked business	15
ILG Total	**Gross written premiums**	**7,603**

The performance of the subsidiaries and their individual lines of business is analysed in the SFCR reports for each subsidiary. Web addresses are available in Appendix 1.

A.3 INVESTMENT PERFORMANCE

The table below shows the Group's investment income and investment performance during the year for each class of asset held, split between non-linked and unit-linked investments:

Non-Linked Investments			
Asset Class €m	Net Investment Income	Gains and Losses	2021 Total
Equity and Unit Trust	1	11	12
Fixed Income	65	(248)	(183)
Derivatives	(1)	(43)	(44)
Mortgages	2	(3)	(1)
Property	4	—	4
Cash and Deposits	(1)	1	—
Grand Total	**70**	**(282)**	**(212)**

Unit-Linked Investments			
Asset Class €m	Net Investment Income	Gains and Losses	2021 Total
Equity and Unit Trust	490	6,594	7,084
Fixed Income	172	(183)	(11)
Derivatives	—	(190)	(190)
Mortgages	—	—	—
Property	102	(3)	99
Cash and Deposits	(31)	(37)	(68)
Grand Total	**733**	**6,181**	**6,914**

The investment performance of the subsidiaries and their individual lines of business is analysed in the SFCR reports for each subsidiary. Web addresses are available in Appendix 1.

A.4 PERFORMANCE OF OTHER ACTIVITIES

As the holding company for the activities of the Irish undertakings, ILG performs no other activities. There are no items to note.

A.5 ANY OTHER INFORMATION

COVID-19

The COVID-19 pandemic continued throughout 2021. The Irish economy has performed extremely well during the pandemic, being one of only a handful of countries to experience positive GDP growth in 2021. Household net worth and deposits are at record levels and consumer confidence is recovering. Business sentiment readings have also risen sharply and are high in absolute and relative terms against global and European peers and are consistent with strong growth in the Irish economy. The multinational sector performed strongly, with record levels of employment creation.

The Company and its subsidiaries have monitored the situation closely and made arrangements to ensure that they will continue to operate effectively and ensure the safety and well-being of customers, employees and wider communities. The Company's subsidiaries have service continuity plans in operation, with employees working remotely to maintain services to customers.

Russia/Ukraine conflict

On February 24th 2022, the Russian President sanctioned an invasion of Ukraine. In the subsequent weeks following the invasion, barriers to trade between Russia and the rest of the world, including EU member states, have been implemented and various Russian financial assets have been frozen. These events have led to general market volatility, with oil and energy prices in particular surging amid supply concerns given Russia's significant share of global commodity and energy supplies. It is expected that this invasion will have an impact on the financial markets, European growth and inflation over the coming weeks. The Company will continue to monitor the situation closely as it evolves.

The Company's subsidiaries have robust governance structures and processes in place which support, where applicable, continuous monitoring of their solvency positions based on up to date market information and the Company's principal (insurance) subsidiaries have continued to operate within Solvency II regulatory guidelines and Board approved risk appetite.

B. SYSTEM OF GOVERNANCE

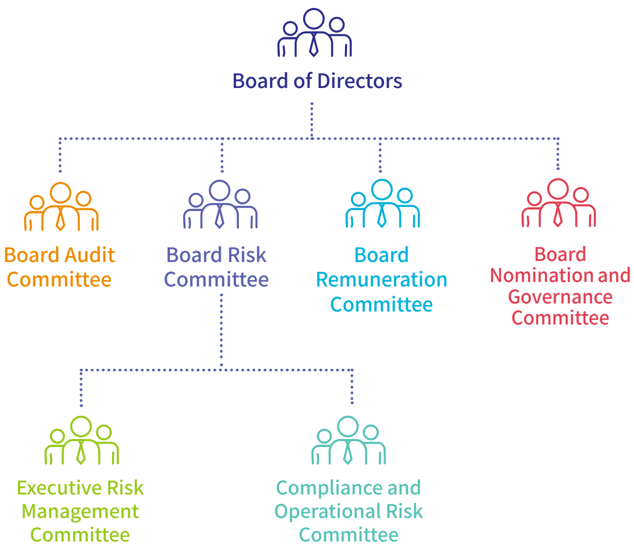
This section describes the structures, systems and processes we have put in place to direct and control our operations and risks so we can balance the interests of our many stakeholders.

B.1 BUSINESS

B.1.1 Governance structure

The Board of Directors is responsible for the governance and oversight of all of operations and risks of the Group.

The Board is supported in its oversight and decision-making responsibilities by four governance committees and two executive management committees. The committees critical to the governance structure are set out below. Control functions support the executive committees and the Board Risk and Audit Committees. These are discussed in section B.1.4 (Key Functions).



The relationship between the Board and the boards of directors of the Company's subsidiaries is important and requires an appropriate balance that allows the subsidiaries to fulfil their local responsibilities whilst also facilitating oversight by the ILG Board. The respective subsidiary company and ILG Board charters and key function mandates are designed to facilitate this process.

The Chief Executive Officer (CEO) of ILG is supported by a Senior Leadership Team. Each subsidiary company has its own executive management team, led by a managing director, with responsibility for day-to-day activities. Those teams report into the Senior Leadership Team of ILG. Each subsidiary company develops business plans, strategies and annual budgets, which consolidate into a total position. The subsidiary companies managing directors and their executive management teams are responsible for meeting the targets set for each division. The ILG Senior Leadership Team is responsible for meeting the overall targets.

	Main function	Main responsibilities
Board of Directors	Lead and control ILG.	> Makes all material strategic decisions considering the impact on the Group Capital and solvency position. > Establishes a governance structure throughout the Group with clearly defined authority levels and reporting responsibilities. > Agrees the rules on management authority levels and what the Board should be notified of. > Articulates and maintains a culture of risk awareness and ethical behaviour within the Group.
Board Risk Committee	Provides direction and oversight in relation to the Group's overall risk management framework.	> Reviews compliance within the Enterprise Risk Management (ERM) framework and advises the Board on risk oversight. > Reviews the Group's Risk Appetite Framework and Risk Strategy. > Approves the operation of the Risk and Compliance functions, making sure they have the resources, authority and independence to meet their responsibilities. > Recommends changes to the risk and compliance management frameworks and policies. > Promotes a Group culture that supports risk management. > Develops and approves responses when a risk exposure exceeds appetite.
Board Audit Committee	Monitors the effectiveness of internal controls.	> Recommends and monitors the choice of external auditors and acts as an independent link between the Board and ILG's external auditors. > Reviews the scope of the external audit and reviews the independence of the external auditors. > Reviews the company's annual report and financial statements, other public reports and reports we send to the regulatory authorities. > Reviews the effectiveness of internal control systems. > Manages the risks of financial reporting by reviewing significant financial reports. > Reviews financial statements for ILG and Solvency II Pillar I and Pillar III requirements. > Reports to the Board on financial statements it needs to approve. > Monitors the Actuarial, Internal Audit and Finance functions. Ensures they have the resources, authority and independence to meet their responsibilities.
Board Remuneration Committee	Develop ILG's remuneration policy.	> Decides, implements and operates our remuneration policies.
Board Nomination and Governance Committee	Recommend Board and Board Committee appointments to ILG's Board. Keep the governance arrangements for ILG under review.	> Succession plans for the Board. > Makes sure the Board and sub-committees have the right skills and resources. > Arranges training for new directors and ongoing training for all directors. > Oversee ILG's Corporate Governance.
Executive Risk Management Committee (ERC)	Manage all ILG's material risks, apart from operational and legal/regulatory compliance risks.	> Oversees risk exposures and recommends suitable risk policy (including insurance risks, market risk, credit risks and liquidity risk). > Monitors capital and how assets and liabilities are matched. > Maintains oversight of ILG exposure to tax risk. > Reviews new product developments. > Approves significant transactions. > Monitors and reviews risk experience. > Reviews and recommends material risk management matters, including risk mitigations.

	Main function	Main responsibilities
Compliance and Operational Risk Committee (CORC)	Oversee Group's operational, conduct and compliance risk.	> Recommends the Risk and Compliance policies and principles. > Acts as a forum for prioritising and reviewing existing and emerging material operational risks. > Designs and monitors key risk indicators attached to these risks. > Monitors operational risk events and control environments. > Keeps under review the Group's consumer protection (conduct risk) compliance frameworks. > Promote a risk culture that stresses integrity and effective compliance risk management throughout the Group. > Monitors the ongoing state of regulatory compliance.. > Monitors the Group's regulatory requirements.

The following table shows the members of our Board and Board Committees at 31 December 2021:

Members	Position	Board	Board Audit Committee	Board Risk Committee	Board Remuneration Committee	Board Nomination and Governance Committee
Mr David Harney	Non-executive director and Chairman of the Board and Nomination and Governance committee	Y				Y
Mr Stefan Kristjanson	Non-executive director	Y				
Ms Brenda Dunne	Independent non-executive director	Y	Y	Y	Y	Y
Mr Kevin Murphy	Non-executive director	Y	Y	Y		
Mr Cecil Hayes	Independent non-executive director	Y	Y	Y	Y	Y
Mr Harold Snow	Non-executive director and Chairman of the Remuneration committee	Y			Y	
Mr William Acton	Non-executive director and Chairman of the Risk committee	Y	Y	Y		
Mr Derek Netherton	Independent non-executive director	Y			Y	Y
Ms Susan McArthur	Non-executive director	Y				
Ms Rose McHugh	Independent non-executive director and Chairman of the Audit committee	Y	Y	Y	Y	Y
Mr Declan Bolger	Chief Financial Officer and executive director	Y				
Company secretary is Ms Maria-Teresa Kelly						

Mr Stefan Kristjanson was appointed as Non-executive Director of the Board on 14 September 2021. Mr Brian Forrester resigned as Non-executive Director of the Board on 19th May 2021.

B.1.2
Adequacy of and review of systems of governance

We are committed to best practice corporate governance. The ILG Nomination and Governance Committee has been delegated responsibility for certain Corporate Governance matters which are outlined in the Committee Charter. These include monitoring best practice developments and evolution in the area of Corporate Governance and conducting periodic benchmarking of governance structures and documentation against that of their peers and/or best practice in the market to ensure that Corporate Governance practices continue to be up-to-date and in line with high standards.

We review our systems of governance each year. We also annually review the performance of the governance committees listed in section B.1.1 (Governance structure). This includes assessing their responsibilities and updating charters if appropriate.

B.1.3
Remuneration practices

Our Remuneration Policy is designed to attract, retain and reward qualified and experienced employees who will contribute to our success. We use our Remuneration Policy to:

> help generate long-term value for shareholders and customers

> motivate employees to meet annual corporate, divisional and individual performance goals

> encourage employees to achieve goals in line with our Code of Conduct

> align with sound risk management practices and regulatory requirements.

We support the Remuneration Policy with our performance management process. This helps to develop a risk-aware performance culture that reflects our Vision and Values. The process is based on three core principles:

> quality feedback and open conversations

> shared responsibility for the process

> treating staff fairly and recognising their positive contribution.

The umbrella policy for operational risk and the Great-West Lifeco 'Code of Conduct' set out the principles behind our approach to managing the risks associated with our Remuneration Policy.

The principles state that remuneration programmes should:

> promote sound and effective risk management and align with the risk strategy and preferences approved by the Board

> be consistent with business and risk strategy and shareholders' long-term interests

> be consistent with the companies approach to the integration of sustainability risks in the investment decision making and investment advice process

> be communicated to all staff

> be competitive and fair

> attract, reward and motivate staff to deliver on objectives and achieve success

> be underpinned by clear, effective and transparent remuneration governance.

The Remuneration Policy is also designed to meet our regulatory requirements. We identified and assessed the applicable Solvency II principles around remuneration. Then we set up and documented the following compliance arrangements:

> establishing a Board Remuneration Committee to help the Board carry out its remuneration-related roles and responsibilities; the Remuneration Committee, based on data provided, makes sure we comply with the Remuneration Policy each year

> making sure there are specific remuneration arrangements (programmes) for the Board, senior leaders and the key control functions

> benchmarking base salaries against market rate for the role as defined in independent salary surveys

> assessing all bonus schemes against both personal and financial targets (the financial targets for senior oversight roles are not significantly linked to company performance)

> auditing and risk assessing the Remuneration Policy

> publishing our Remuneration Policy on our employee intranet site.

B.1.3.1
Share options, shares or variable components of remuneration

All remuneration packages consist of:

> a base salary

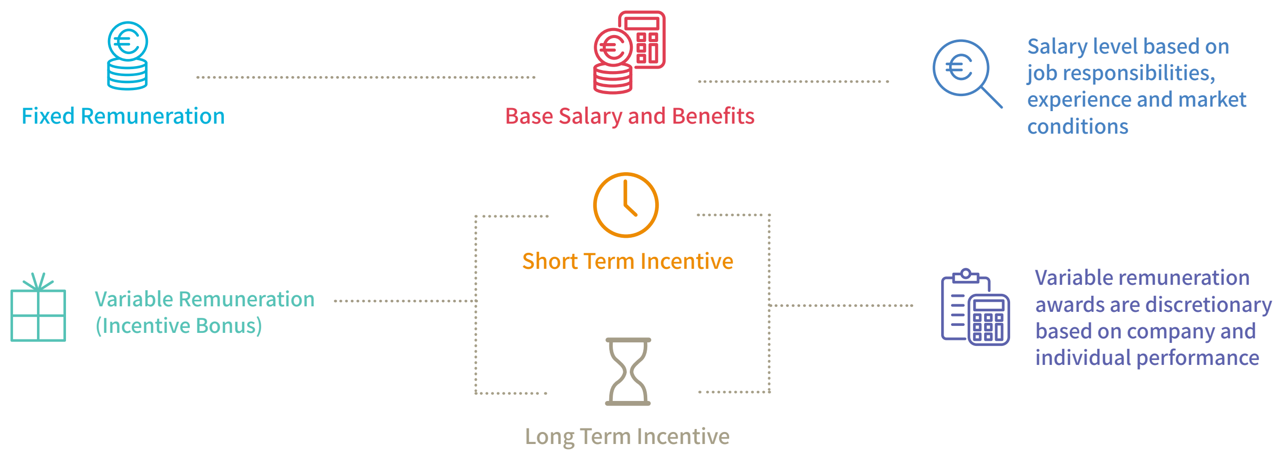
> annual incentive bonus

> retirement benefits

> benefits during employment.

Senior positions may also include a long-term incentive.

The proportion of each element in the overall package will vary based on the role.



The base salary reflects the skills, competencies, experience and performance level of the individual. Base salaries are based on market rate for the role as defined by independent salary surveys.

We also have an annual incentive bonus scheme that links an individual's overall remuneration to the performance of the company and the performance of the individual. The bonus depends on key business units meeting objectives that are high impact and closely aligned to our critical priorities. However, this does not apply to those in senior oversight roles. Their bonuses are not significantly linked to company performance.

In addition, we have a number of incentive schemes linked to the level of the role (each level attracts different payments for hitting specific targets, and has its own maximum bonus) and, where appropriate, the type of role (for example sales and investment roles). Each staff member has a number of operational and bonus objectives for the year, including an accountability heading of Risk and Management Control. We make our base salaries high enough to prevent employees being overly dependent on their bonuses.

Long Term Incentives are made up of stock options, issued by our parent company, and performance share units.

B.1.3.2
Supplementary pension or early retirement schemes for the members of the management body and other key functions

Our Remuneration Policy does not include any supplementary pension or early retirement schemes for Board members or other key function holders. We offer enhanced early retirement pensions to all members of our Irish Life Group defined benefit scheme who are aged over 60 and have completed 40 years' service.

We have closed all our defined benefit pension scheme to future accrual from 30 June 2018 and existing members have joined one of our defined contribution plans for future service pension provision beyond this date. Members have retained the benefits they have accrued up to the date of closure of the scheme and these benefits are still linked to final salary.

B.1.3.3
Material transactions during the reporting period

There were no material transactions with senior ILG managers in the period, apart from transactions linked to their remuneration and transactions relating to insurance policies conducted on normal commercial terms.

B.1.4
Key functions

In line with the European Regulator's Guidelines on System of Governance, (EIOPA-BoS-14/253), we consider key functions to be Risk Management, Compliance, Actuarial and Internal Audit. We also view Finance as a key function. Collectively, we refer to these five functions as 'control functions'.

Control functions help the Board to manage ILG effectively. Each one reports to either the Board Audit or Risk Committee.

The Board Committee approves the mandate, resources and plans for the control functions annually.

The control functions report to each meeting of the Board Committees and the head of each control function has a direct line of communication with the relevant committee Chair.

Each control function is staffed by professionals with appropriate skills and experience, plus a deep knowledge of our business.

Risk

Overview

This independent second-line function is separate from business operations and looks at them objectively. It has authority across ILG and its subsidiary companies, and access to all ILG records, information and personnel needed to carry out its responsibilities and follow up on issues. In addition, the Chief Risk Officer (CRO) has the right to access, and to attend meetings of, the Board Risk Committee of ILG and its subsidiary companies.

The CRO reports to the Board Risk Committee and the European CRO on oversight matters and to the ILG CEO on operational matters and day-to-day management.

The CRO updates each meeting of the Board Risk Committee, including producing a quarterly CRO Report.

The Risk Function's operational risk responsibilities are supported by operational risk resources within each subsidiary company.

Main responsibilities
These are outlined in the Risk Function Mandate, which is set by the Board Risk Committee. Encompassing independent oversight of all forms of risk across all our business divisions, the Risk Function's responsibilities include:

- management and oversight of the Risk Appetite Framework
- maintaining risk policies
- risk governance and risk culture
- carrying out risk processes including
    - risk identification, assessment and prioritisation
    - risk measurement and limit setting
    - risk management, responses and mitigation strategies
    - risk monitoring and reporting
    - escalation, compliance, independent assurance and oversight at an aggregate and disaggregate level
- ensuring that risk infrastructure is effective
- Own Risk and Solvency Assessment (ORSA) process
- providing risk opinions to the Board
- taking part in management committees.

Governance
The Board Risk Committee reviews the Risk Function Mandate annually, and makes sure the Risk Function complies with it. The Committee also assesses the Risk Function's performance each year.

Actuarial

Overview
The actuarial function is responsible for the coordination of Solvency II actuarial requirements for the Company. It has oversight responsibilities for actuarial activities carried out across the Group. The function of Head of Actuarial is performed within the Company. ILG has outsourced all other elements of its actuarial function to an external service provider. The actuarial function is performed collectively by the Head of Actuarial and the external service provider.

Main responsibilities
These are outlined in the Chief Actuary Mandate, which is set by the Board Audit Committee. They include:

Solvency II Technical Provisions

- coordination of the calculation of the consolidated technical provisions in line with Solvency II requirements; and
- oversight across ILG of the methodology, assumptions and quality of data used in the calculation of technical provisions to ensure an appropriate level of consistency and to determine the reliability and adequacy of the consolidated ILG Technical Provision calculation.

Risk Management

- contribute to the effective implementation of the risk management system, including providing technical support to the risk function for risk modelling, and;
- supporting the production of stress and scenario tests and projection of Group Solvency II Balance Sheet as part of the Company's Own Risk and Solvency Assessment process.
- Solvency Monitoring
- support the finance function in calculating the ILG consolidated Own Funds, in particular considering any actuarial or fungibility restrictions;
- calculate the ILG consolidated SCR and MCR;
- produce a Profit and Loss Attribution explaining the key drivers for movements in Own Funds and SCR across valuation periods;
- monitor and manage the solvency position for the Group;
- support the finance function with the production of the actuarial Financial Stability Templates, Quantitative Reporting Templates, updates to the Regular Supervisory Report and the SFCR; and
- support the finance function in the process of financial reporting, planning and budgeting.

Reporting

- provide the actuarial function report for the Board.

ILG Actuarial Policies

- monitor compliance across the Group with the ILG Underwriting and Pricing Risk Policy, ILG Actuarial Reserving Policy and ILG Capital Management Policy;
- monitor the overall adequacy of reinsurance arrangements across the Group and compliance with the ILG Reinsurance Risk Management Policy; and
- inform ILG management at the appropriate level of seniority if there is any material concern arising in respect of these policies.

Governance
The Board Audit Committee reviews the Chief Actuary Mandate annually, and makes sure the Actuarial Function complies with it. The Committee also assesses the Actuarial Function's performance each year.

Compliance

Overview
This independent second-line function is separate from business operations and looks at them objectively. It ensures that mechanisms are in place to comply with regulations by assessing, monitoring and testing the effectiveness of our regulatory compliance management controls across the Group. It is made up of compliance units embedded across the Irish Life Group plus a Group compliance unit.

It is led by the Chief Compliance Officer - Ireland (CCO). The CCO reports directly to the Board Risk Committee on the oversight of compliance and has a dual reporting line to the Global Chief Compliance Officer and to the ILG Chief Risk Officer.

Main responsibilities
These are outlined in the Chief Compliance Officer Ireland Mandate which is reviewed and approved annually by the Board Risk Committee. They include:

> establishing and maintaining a sound compliance framework for the independent oversight and management of our regulatory compliance risks including those relating to conduct risk and the fair treatment of customers

> providing advice and guidance to the business units and oversight functions on regulatory developments and other compliance matters, including advice and oversight on new and changing regulatory requirements

> promoting a risk culture that stresses integrity and effective compliance risk management throughout the Irish Life Group

> carrying out risk-based monitoring to assess our compliance requirements and procedures and how well we follow them

> making sure all directors, officers and employees acknowledge our Code of Conduct each year

> preparing the compliance plan and putting it into action

> supporting the Irish Life Groups' relationships with our regulators

> reporting each quarter to the Board Risk Committee and each month to senior management on key regulatory matters

> training our staff and directors on relevant compliance matters.

Governance
The Board Risk Committee reviews the Chief Compliance Officer Ireland Mandate annually, and makes sure the Compliance Function complies with it. The Committee also assesses the performance of the CCO and the effectiveness of the Compliance Function's performance each year.

Finance

Overview
This function is led by the ILG Finance Director (FD) who reports directly to the ILG Board Audit Committee and the Great-West Lifeco European Chief Financial Officer on oversight matters. The FD is responsible to the ILG CEO for operational and day-to-day management of the group.

It is made up of a central Group Financial Control (GF) team and (divisional) finance teams in each of ILG's subsidiaries.

The divisional finance teams are our first line of defence in the Finance Function. They manage the financial control and reporting needs of their business lines, giving the GF team defined data through a centrally controlled general ledger and reporting platform.

GF, led by the Group Financial Controller, provides finance activities through a shared service model to the Group. The GF team are our second line of defence in the Finance Function. They review and oversee this data before adopting it for financial and regulatory reporting and performance management. The GF team, through the FD, give the Board and Board Audit Committee periodic financial and performance updates along with detail that helps the Board assess and approve the annual statutory financial statements and regulatory returns.

Main responsibilities
These include:

> financial control and governance

> reporting statutory and regulatory financial information, including preparing the financial statements and regulatory returns

> budgetary, cost and financial management.

Governance
The Board Audit Committee reviews the FD's Mandate annually and makes sure the FD is complying with it. The Committee also assesses the FD's performance each year.

Internal Audit

Overview
The Internal Audit function is provided by Group Internal Audit and is independent of our business management activities. Internal auditors have no operational responsibility or authority over any of the activities audited.

The Head of Internal Audit (HIA) reports functionally to the Chair of the Board Audit Committee and the Head of Internal Audit for Great-West Lifeco. The HIA reports administratively to the CEO of Irish Life Group.

Main responsibilities

The HIA is required to:

> Submit, at least annually, a risk-based internal audit plan to the Board Audit Committee for review and approval;

> Ensure all internal audit engagements are appropriately executed and results (with applicable conclusions and recommendations) are communicated to appropriate parties;

> Follow up on audit findings and corrective actions, and report periodically to senior management and the Board Audit Committee on progress; and,

> Provide an overall opinion on Governance, Risk Management and Control to the Board Audit Committee on a regular basis.

Governance
The Board Audit Committee:

> Reviews and approves the mandate of the HIA;

> Reviews and recommends the appointment/removal of the HIA to the Board;

> Annually assesses the performance of the HIA and the effectiveness of the Internal Audit function; and,

> Annually reviews and approves the function's organisational and reporting structure, budget and resources.

The HIA maintains direct and unrestricted access to the Board Audit Committee, and meets regularly with the Chair of the Board Audit Committee, without other managers present.

The HIA maintains a quality assurance programme to drive continuous improvement and ensure conformance with the Institute of Internal Auditor's (IIA) Standards and Code of Ethics. The HIA reports the results of this work to the Board Audit Committee every year.

B.2 FIT AND PROPER REQUIREMENTS

B.2.1

Policies and processes in place to meet fit and proper requirements

We are committed to meeting all our fit and proper obligations. We ensure that everyone involved in this has the necessary qualifications, knowledge, skills and experience to carry out their role (fitness assessment); and is honest, ethical, financially sound and acts with integrity (probity assessment).

There is a job profile for all such roles. Typically, the job profile sets out the accountabilities for the job, the level of knowledge, skills and experience needed to do it, and the essential behavioural competencies.

We have documented HR processes for recruiting into roles that must meet fitness and probity requirements. If we become aware of any concerns about fitness and probity of someone in a role subject to the Fit and Proper Policy, we will investigate and take appropriate action as outlined in the Employee Relations Escalation Process.

We also have a Fit and Proper Policy which the ILG Board reviews and approves annually.

The Fit and Proper Policy sets out the process for the fit and proper assessments that determine a person's fitness, probity and financial soundness.

Before we appoint anyone who effectively runs ILG, we carry out due diligence to make sure that person is fit and proper for the role. The due diligence checks for assessing whether a person is fit and proper and is financially sound are set out in the Policy. These checks align to the Central Bank of Ireland's Guidance on Fitness and Probity Standards as follows:

> evidence of compliance with Minimum Competency Code (where applicable)
> evidence of professional qualifications where relevant
> evidence of Continued Professional Development (CPD) where relevant
> record of interview and application
> reference checks
> record of previous experience
> record of experience gained outside of Ireland
> confirmation of directorships held and
> record of other employments.

The due diligence around probity and financial soundness checks takes the form of self-certification. We ask potential employees and directors to complete a questionnaire on their probity and financial soundness. We then carry out independent directorship, judgements, negative news and regulatory sanction searches.

All those in a fit and proper role must reconfirm their adherence to the Fit and Proper requirements every year. If we become aware of any concerns about the fitness and probity of someone in a role subject to the Fit and Proper Policy, we will investigate and take appropriate action, without delay. We will also notify the Central Bank of any actions taken, where a negative conclusion to an investigation has been reached.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

The Board oversees the management of all risks across the Group. A comprehensive risk management framework has been put in place for the Group and subsidiary companies.

The framework includes a documented Enterprise Risk Management Policy. This establishes responsibilities for all key components of the risk management system, including the Board and Executive Risk Committees (see section B.1.1 (Governance Structure)). It also details the three lines of defence model we use, and establishes responsibilities and requirements for the first, second and third lines of defence.

The Board has also generated a Risk Appetite Statement and Risk Strategy document, which outline our appetite for each type of risk and our strategy for accepting, managing and mitigating risks. A further suite of risk policies details the management strategies, objectives, processes, and reporting procedures and requirements for all of the risks we accept.

The Chief Risk Officer (CRO) has primary responsibility for implementing the risk management system. The Risk Function, under the leadership of the CRO, has created processes to make sure we comply with risk policies. It regularly confirms this compliance to the Board Risk Committee as part of the review of all risk policies. The Risk Function also monitors and reports on all risks. This includes reporting risk exposures and compliance with risk limits to the Board and executive risk committees every quarter.

There are more details of the key components of the risk management framework below. You can find greater detail on our risk profile and risk management strategies, objectives, processes and reporting procedures in section C (Risk Profile).

B.3.1
Enterprise Risk Management framework

Our Enterprise Risk Management (ERM) framework makes sure we can identify and manage all of our material risks, and that we can implement business strategy across the Group while fully understanding the risks involved.

There are three broad ways in which each risk type can be treated: capitalisation (hold capital in respect of the risk), management and mitigation. We review the characteristics of each risk so we can identify the appropriate treatment. These reviews weigh up the:

> current and prospective size and complexity of each risk
> potential impact of the risk
> transferability of the risk
> market standard treatment of the risk.

The Risk Appetite Framework and Risk Strategy documents set out our overall strategy for each type and level of risk we will assume. Our risk appetite may change as our resources and strategic objectives evolve.

We embed the risk appetite and tolerance for specific risks in the business through risk policies. These set out operational procedures, controls and limit structures that establish a risk management framework for each risk type. Together, our risk policies comprise our Risk Policy Framework.

B.3.2
Risk management model - three lines of defence

Risk taking is fundamental to a financial institution's business profile. Prudent risk management, limitation and mitigation are therefore integral to our governance structure.

We operate the 'three lines of defence' risk model shown in the diagram below.

The first line of defence

This is the business divisions and our investment managers. As the ultimate owners of the risk, they are primarily responsible for day-to-day ERM operations within the established ERM Framework. They identify, measure, manage, monitor and report risk.

Business divisions are accountable for the risks they assume in their operations from inception throughout the risk lifecycle. They must make sure their business strategies align with the ERM Policy including the Risk Appetite Framework.

First-line responsibilities include:

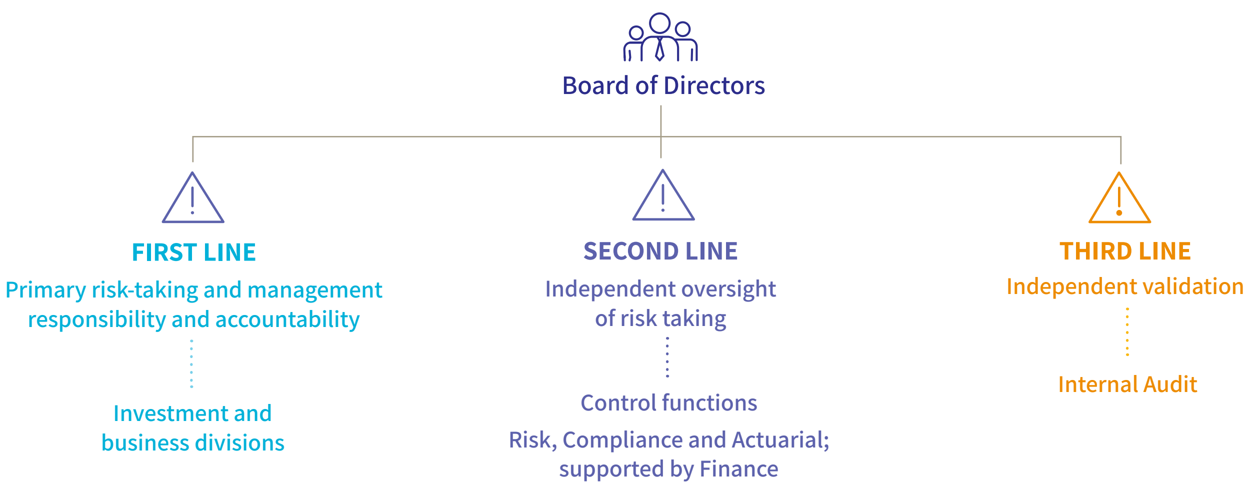
> diversifying products and services, customers and distribution channels
> developing prudent investment underwriting processes and diversifying by asset type, issuer, sector and geography
> following a disciplined application of pricing standards and underwriting, and conducting extensive testing of the risks involved in new products and offerings
> thoroughly managing the business by regularly reviewing, assessing and implementing relevant changes
> conducting business to safeguard our reputation through delivering fair customer outcomes by maintaining high standards of integrity based on our Code of Conduct and sound sales and marketing practices
> generating returns for shareholders through profitable and growing operations, whilst maintaining a strong capital position and accepting appropriate levels of risk in accordance with our risk appetite.

The second line of defence

This is the oversight functions - including the Risk, Compliance, Actuarial and Finance Functions.

The Risk Function oversees the ERM framework, using it to challenge the compliance of the first line of defence with it. The Function's specific responsibilities and accountabilities include independently reviewing risk identification, measurement, management, monitoring and reporting.

The Risk Function looks at the work of the Actuarial, Compliance and Finance Functions when assessing compliance with the ERM Framework. It makes sure there are no conflicts of interest and reinforces independence and objectivity.



The third line of defence

This is Internal Audit. It carries out independent risk-based assessments of the internal risk control framework and the oversight provided by the second line of defence.

Internal Audit independently assures and validates the operational effectiveness and design of the ERM Framework. This includes periodic audits of first- and second-line control processes to help promote effective and efficient operations, integrity of financial reporting, appropriate information technology processes and compliance with law, regulations and internal policies.

B.3.3
Risk appetite and strategy

We employ a prudent approach to taking and managing risks, with emphasis on the resilience of business operations and sustainable growth. We recognise that negative externalities, such as environmental degradation, social risk issues and climate change, may impact the long-term sustainability of the business. We also recognise an expectation of customers that the firm will act in a responsible and sustainable manner. We aim to align business goals with our corporate social responsibility strategy, and other 'green' objectives.

The Board approved Risk Appetite Statement and Risk Strategy document sets out our appetite for each type of risk, our rationale for accepting risks, and our strategy for the type and level of risk we will assume. Our risk appetite will change as our resources and strategic objectives evolve.

The key objectives in the Risk Appetite Statement are below.

- **Treating our customers fairly and maintaining our reputation:** we seek to maintain a high standing and positive reputation with our customers, counterparties, creditors and other stakeholders. This includes building and maintaining trust, delivering fair customer outcomes, full consideration of corporate social responsibility, and effective management of sustainability and reputational risks. Meeting customer needs and expectations is a core principle in the design, distribution and administration of our products and services.
- **Strong capital position:** we maintain a strong balance sheet and do not take risks that would jeopardise our solvency.
- **Strong liquidity:** we maintain a high quality, diversified investment portfolio with enough liquidity to meet our policyholder and financing obligations under normal and stressed conditions.
- **Mitigated earnings volatility:** we aim to avoid substantial earnings volatility by managing risk concentration, limiting exposure to more volatile lines of business and diversifying our exposure to risk.

These objectives support both shareholder and policyholder interests since both are best served if we continue to be financially strong and profitable. Equally, we can only remain profitable if customers, financial advisors and other interested parties are satisfied that we are a secure Group.

Risk appetite statements establish the core risk strategy across the Group. We develop these statements through an iterative reviewing, monitoring and updating process that involves our key functions. The Board then approves these statements. Our strategic and business plans are aligned with the risk parameters within the risk appetite statement.

We achieve our Risk Strategy goals by embedding a risk awareness culture across all our business activities, and being prudent when taking and managing risks. We focus on:

- diversifying products and services, customers and distribution channels
- prudent investment management and diversifying by asset type, issuer, sector and geography
- disciplined application of pricing standards and underwriting, and extensively testing the risks involved in new products and offerings
- comprehensive management of in-force business thorough a regular process of review, assessment and implementation of relevant changes
- resilience of business operations and sustainable growth taking into consideration corporate social responsibility
- conducting business to safeguard the Group's reputation and deliver fair customer outcomes through maintaining high standards of integrity, based on the employee Code of Conduct and sound sales and marketing practices
- generating returns to grow shareholder value through profitable and growing operations, whilst maintaining a strong balance sheet.

The Risk Appetite Framework sets out limits and thresholds for risks. The Risk Function then monitors these risks and reports on them each quarter to the executive and Board Risk Committee.

The Board sets risk policies that stipulate the type and level of risk the company is allowed to take on, along with the related risk management and reporting procedures. We establish risk processes and controls for ILG and its subsidiary companies to enforce the specific risk policies approved by the Board.

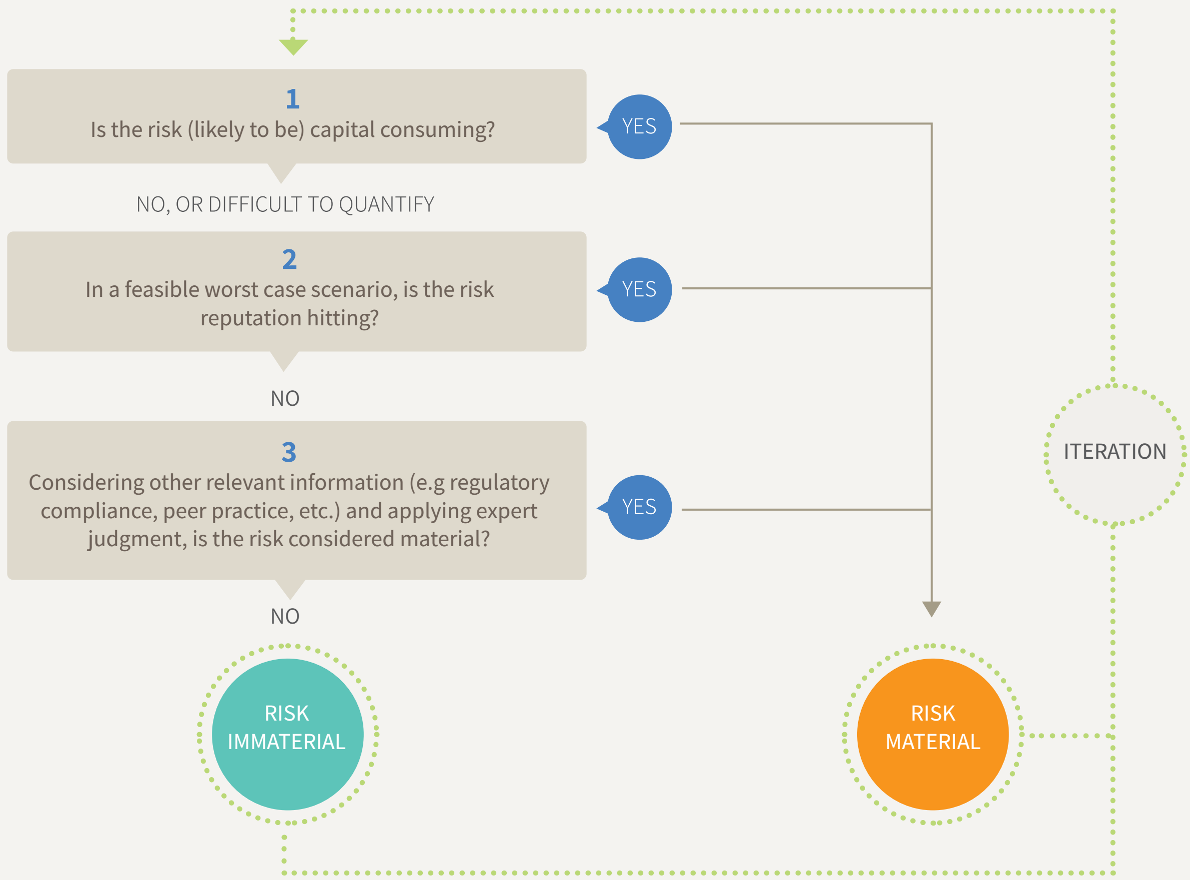
B.3.4
Risk management processes: identification, assessment and treatment

The Risk Function oversees the identification of both existing and emerging risks within the Company. Risks are identified from the bottom up as well as the top down. Our business divisions, senior managers, risk specialists and specific risk committees all have significant input to this. We also use our stress-testing framework, which draws on scenario analysis to spot emerging and previously unidentified risks.

We use individual risk assessment frameworks at the divisional level, overlaid with our risk materiality framework, to assess identified risks. Senior managers across the Company ratify any risks considered material. The Board Risk Committee then monitors these regularly.

Our risk materiality framework follows the iterative approach in the chart below.

Risk Materiality Framework: a decision tree



We have three different treatments for the risks we identify, and combine these treatments as appropriate. These treatments are the basis of our risk policies.

1. We may hold capital so we remain solvent if the risk impact becomes severe.
2. We may manage the risk through controls.
3. We may mitigate the risk by choosing not to take it on or transferring it to a third party.

Every year we evaluate the way we categorise risk as part of our Risk Appetite Framework review.

We also run an emerging-risk identification process. This involves the risk teams in the operating divisions, divisional Operational Risk Steering Committees, central risk teams, senior executives and the Board.

B.3.5
Risk management processes: monitoring, measurement and reporting

We monitor risk appetite limits, risk policy limits and key risk indicators (KRIs) against selected measures of risk. We measure our exposure to risk in a variety of different ways, including monitoring sums assured, nominal or market value of exposures, the level of actual deviation from expected outcomes and the range of potential deviations from expected outcomes.

Our risk limits and KRIs framework is multi-layered to make monitoring, evaluating and limiting risk-taking more effective. We monitor and review exposures regularly, and report to Board and Executive Risk Committees each quarter or more often if required.

The framework includes:

- limits linked to individual risks
- aggregate risk exposures for different risk categories, measured by how much they contribute to the capital we need.

The table below summarises how we measure different risks. In addition, we use our annual ORSA process to analyse the impact of different risks on company solvency under stress scenarios.

Risk category	The main ways we measure risk
Mortality risk	We measure mortality risk using the sum assured, both gross and net of reinsurance.
Longevity risk	We measure longevity risk by assessing the value of those liabilities that are exposed to it. We consider our exposure both gross and net of reinsurance.
Morbidity risk	We measure morbidity risk using the sum assured, both gross and net of reinsurance, and the number of lives covered by health insurance plans.
Expense risk	We measure expense risk using actual, budgeted and projected expense levels.
Lapse risk	We measure and monitor lapse risk by considering the number of policyholders who surrender their policies early compared to the number we expected to do so.
Credit risk - fixed interest/ cash assets	We measure credit risk by referring to the value of the assets we have invested with different counterparties. Our risk policy limits depend on the financial strength of counterparties.
Credit risk - reinsurance counterparties	We measure our exposure to reinsurance counterparties both gross and net of mitigations such as any collateral we hold. We set a minimum rating for the financial strength of counterparties, depending on the type of rein-surance we're looking for.
Equity/property risk	We measure market risks, such as equity/property risk, by referring to the most recent market/fund value of investments, and the value of the management charges we collect from unit-linked funds that invest in equity and property assets.
Interest rate risk	We measure interest rate risk by analysing how the values of our assets and liabilities change when interest rates move.
Liquidity risk	We measure liquidity risk by comparing the quantity of our cash and assets we can readily convert into cash to the potential demand we might face for cash
Currency risk	We measure currency risk by analysing how the values of our assets and liabilities change when exchange rates move.
Operational risk	We measure operational risk, including information technology risk, retrospectively by analysing operational risk losses and near misses; and prospectively by monitoring relevant Key Risk Indicators.
Strategic risk	We do not measure strategic risk directly. Instead, we evaluate the existing and proposed key strategic initiatives that have been approved by the Board.
Legal and regulatory risk	We analyse legal and regulatory risks as part of our compliance framework, and mainly measure them qualitatively through risk reporting.
Customer advice risk	Customer advice is a core process that contributes to operational risk, and as such we monitor and measure it in the same way we do for all other aspects of operational risk as set out above. We also report on consumer protection and conduct risk using our compliance framework.

B.3.6
Investments

Prudent Person Principle

Our Board approved Investment Policy and similar policies within our subsidiary companies set out the criteria we use when we invest our assets.

These policies make sure that our approach to investment management follows the Prudent Person Principle defined in Solvency II regulations. They cover the investment of all our assets, including unit-linked assets.

The controls and processes set out in the policies make sure we invest in assets and instruments only when we can properly identify, measure, monitor, manage, control and report on their associated risks; and only when we can take these risks into account when we assess our solvency needs. The investment restrictions and requirements in the policies ensure the security, quality, liquidity and profitability of the investment portfolio, and that the assets are available when we need them.

The value of our liabilities change due to changing market conditions - for example when interest rates change or equity prices move. We invest in assets whose values move in a similar way to the liabilities.

These policies also establishes principles and controls to manage potential conflicts of interest.

Other controls in the policies include:

> using derivative instruments only if they help reduce risks or improve portfolio management

> limiting the amount of assets we can hold which are not publicly traded - apart from property assets, we have minimal exposure to such assets

> diversifying our assets through strategic asset allocation limits, specified by asset type and individual counterparty exposure limits

> placing strict rules around who we can lend assets to, and what security we need them to provide, whenever we lend assets to other investors in order to increase returns

> how we report and monitor investment positions, and our oversight responsibilities

> the approval process for investment operations.

B.3.7
Credit assessments

We do not rely solely on external credit assessments when we assess the credit quality of counterparties.

We decide on the credit ratings for all fixed interest investments we take on - including bonds, cash and commercial mortgages, and investments - through an internal credit review by the appointed investment manager. We supplement this with any ratings available from external credit rating agencies. We make sure the internal rating is not higher than the highest published rating from a major external credit rating agency. We refer to the regulatory guidelines for performing credit assessments and our Risk Function oversees the process.

The processes reflect the significance of the counterparty. We complete the rating process in advance of any investment with a new counterparty, and review it at least once each year.

Our Risk Function monitors the credit quality of the investment portfolio, along with our compliance with our investment limits, and reports these to the Executive Risk Management Committee and the Board Risk Committee each quarter.

The Risk Function also monitors and reports the credit quality of reinsurance counterparties to these committees each quarter.

The Risk Function also monitors and reports the credit quality of reinsurance counterparties to these committees each quarter.

B.3.8
ORSA

We see the Own Risk and Solvency Assessment (ORSA) process as key to our risk management system.

The ORSA evaluates our risk profile and solvency position in relation to business operations, strategy and plan.

Own: Reflects our business model and corporate structure and is integrated with business plans and strategy.

Risk: Evaluates risks, including emerging risks, relative to appetite, and outlines our risk management techniques and risk governance structures.

Solvency: Reviews potential solvency needs under normal and stress conditions and evaluates capital and liquidity available compared to requirements.

Assessment: Assesses current and projected risk position and solvency needs.

The ORSA is a year-round collection of processes, integrating our Enterprise Risk Management (ERM) Framework with capital management and business planning.

The ILG Board has put in place an ORSA Policy that sets out the roles and responsibilities for completing the ORSA. A regular ORSA is carried out each year. A non-regular ORSA may be performed following the occurrence of a material event at an interim date between annual ORSA reports or following a significant change in the Company's risk profile or appetite.

The Board, with significant support from the Board Risk Committee, owns and directs the ORSA, and reviews and approves the ORSA Policy annually. The CRO conducts the ORSA process, producing the ORSA report and maintaining the ORSA record. The Board and Board Risk Committee steer this process, and review and approve the key aspects of the process at various points throughout the year. The annual ORSA process culminates in the ORSA report, which the Board reviews and approves.

The Actuarial Function helps the Risk Function to produce various aspects of the ORSA - capital projections and stress testing in particular. The Head of Actuarial Function also gives an Opinion on the ORSA to the Board.

The ORSA is the main link between the risk management system and capital management activities. We have listed the key steps in the ORSA process below. They include an assessment of our solvency capital requirements in light of our risk exposures. We carry out this assessment using the Standard Formula under Solvency II to evaluate our capital requirements, and by developing our own view of the appropriate level of capital. As part of this exercise we consider all the risks we are exposed to over the life-time of the insurance obligations, whether or not these risks are included in the Standard Formula calculation of capital requirements. A key output from the ORSA is an assessment of the level of capital we need to hold, which stems from our current and prospective risk profile.

We evaluate planned business strategies and proposed capital management activities as part of the ORSA process, capturing and reporting on their impact on the ORSA. The annual ORSA report projects our solvency resources for the following five years, under a base case and range of stress scenarios. The base case scenario reflects the approved business strategy and plans, updated to reflect changes to the operating environment and with certain adjustments where appropriate for the purpose of the ORSA.

We also look at how material developments to the strategy or to the capital position outside of the annual cycle would affect the ORSA.

Key steps in the ORSA process

> **Consider the business strategy**
The first-line business divisions present the business strategy to the Board to be challenged and approved. The business plans are informed by the findings of the ORSA. This presentation includes a review of the key assumptions underlying the plan, including projected sales, expenses and new business margins. The Board considers the risks associated with the business strategy. Where the proposals include changes that may materially impact the risk profile of the business, those will be reviewed and analysed through an ORSA lens.

> **Assess the appropriateness of the Standard Formula**
We use the Standard Formula to calculate how much capital we must hold under the regulations. As part of the annual ORSA process the Board evaluates the risk profile of the business based on the assumptions underlying the Standard Formula. This tests whether the use of the Standard Formula is appropriate for our business.

> **Complete an Own Solvency Needs Assessment (OSNA):**
- We assess our own view of the capital required for the business, as distinct from the capital which the regulations say we must hold.
- We assess the appropriate additional layer of capital to hold above the regulatory requirements, to make sure we will still have sufficient capital even after adverse events.

> **Select stress tests**
The Board, supported by the Risk Function, sets the stress and scenario tests we consider as part of the ORSA. The stress tests are forward looking while also taking past experience into account. We weigh up the impact of the stress tests on our business strategy.

> **Produce the ORSA report**
The Risk Function produces an ORSA report each year under the direction of the Board. The CRO presents it to the Board Risk Committee, who review and recommend the report to the Board for approval. The report includes a solvency projection under the base assumptions as well as the result of the stress tests and an analysis of the results. The base assumptions are consistent with the Board-approved business plans, but with adjustments where appropriate to reflect developments since the plans were approved. The report notes any material changes in the company's risk profile since the previous ORSA and analyses the projected changes in the company's risk profile in the future. The Board reviews and challenges the report. We submit the final report, once approved by the Board, to the Central Bank of Ireland.

> **Review the level of capital held**
After considering the insights on our risk profile gained from each of the key steps above, along with other relevant matters, the Board reviews what level of capital we should hold.

> **Addressing ORSA findings**
The ORSA may generate recommendations such as risk mitigation initiatives or adjustments to business plans. We assign these actions as appropriate to the relevant area, and the Risk Function reports to the Board regularly on our progress in addressing them.

> **Communicating ORSA results**
The Risk Function communicates the results from the ORSA to the business divisions and other key functions as appropriate.

> **Embedding the ORSA within decision making**
Throughout the year we bring significant new initiatives, such as product development and acquisitions, to the Board for approval. The Risk Function analyses the impact of these on the ORSA and present their findings to the Board for consideration.

> **Reviewing risk policies**
The Board regularly reviews and approves all risk policies. We update our risk policies to reflect the outcome from the ORSA process.

B.4 INTERNAL CONTROL SYSTEM

B.4.1
Internal control framework

We maintain an internal control framework, a set of processes created by the company's board of directors, management and other personnel, which gives reasonable assurance that the following objectives will be achieved:

> effective and efficient operations
> reliable financial and management reporting
> compliance with applicable laws and regulations.

Our internal controls are key to managing significant risks to fulfilling our business objectives.

The Board determines our Internal Controls and Financial Management policy, and each year approves the policy following recommendation from the Board Audit Committee.

Five components of internal control underpin our internal control system.

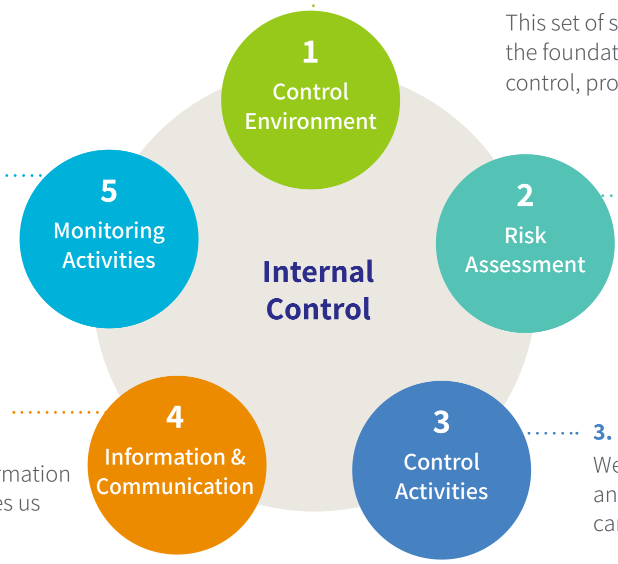
1. Control Environment
This set of standards, processes and structures is the foundation for all other components of internal control, providing discipline and structure.

2. Risk Assessment
This is the process for identifying and assessing relevant risks to achieving our objectives, and the basis for deciding how to manage those risks

3. Control Activities
We establish these actions through policies and procedures that help make sure we all carry out management's objectives.

4. Information & Communication
This helps us identify, capture and exchange internal and external information in a form and timeframe that enables us all fulfill our responsibilities.

5. Monitoring Activities
Ongoing evaluation enables us find out whether all components of the internal control system are present and functioning.



Our internal control system demands we have a combination of preventive, detective, directive and corrective control processes in place.

The Canadian Securities Administrators (CSA) requires the CEO and FD of a company whose securities are publicly traded to verify that they evaluate the design of their Internal Controls Over Financial Reporting (ICOFR) every quarter and that they review the effectiveness of their ICOFR every year. We must comply with this regulation because we are a subsidiary of a Canadian company.

Internal Audit, on behalf of management, tests the design and effectiveness of the key ICOFR controls to make sure we meet the requirements. Each year we review the relevance of these key controls and edit them accordingly, so they continue to reflect the existing control environment.

The FD must review and approve the Internal Controls and Financial Management Policy before it goes forward for Board approval. Each year our Board assesses whether any new internal controls are required and validates the effectiveness of these (if any) and all existing controls.

B.4.2
Compliance Function

You can find out more about the Compliance Function in section B.1.4 Key Functions above.

B.5 INTERNAL AUDIT FUNCTION

You can find out more about the Internal Audit Function in section B.1.4 Key Functions above.

B.6 ACTUARIAL FUNCTION

You can find out more about the Actuarial Function in section B.1.4 Key Functions above.

B.7 OUTSOURCING

B.7.1
Description of our outsourcing policy

When appropriate, we outsource specific business functions to reduce or control costs, to free internal resources and capital, and to harness skills, expertise and resources not otherwise available to us. However, outsourcing specific business functions may also expose the Company to additional risks - risks that we must identify and manage. The Outsourcing and Supplier Risk Policy is a Board-approved policy that sets out the principles and requirements for managing outsourcing arrangements.

The Board and senior management retain ultimate responsibility for any functions and activities we outsource. They have the necessary expertise to manage outsourcing risks and oversee outsourcing arrangements.

The Outsourcing and Supplier Risk Policy sets out the following general principles for identifying and managing outsourcing risks:

- outsourcing arrangements must be identified and assessed based on their materiality
- outsourcing arrangements must be appropriately approved
- the capability of proposed service providers for material outsourcing must be thoroughly evaluated
- outsourcing contracts for material outsourcing must contain certain mandatory terms and conditions
- material outsourcing arrangements must be effectively monitored and controlled by senior management and the executive Compliance and Operational Risk Committee, with oversight from the Board Risk Committee
- material outsourcing arrangements must have documented exit plans in place, which are regularly reviewed.

We take a prudent and conservative approach to outsourcing and supplier risk management, designed to ensure that no supplier arrangement will be entered into if it would entail unacceptable risk.

B.7.2
Details of outsourced critical or important operational functions and activities

Services outsourced by the main insurance subsidiaries of the Group are described in their respective SFCR reports, which are available from their websites. A list of web addresses is available in Appendix 1.

The table below lists activities outsourced by the Company.

Intra - Group	Services provided	Jurisdiction
Canada Life Asset Management Ltd (CLAM)	Investment Management Services	UK
Canada Life Group Services Ltd	This is a shared services company, which provides the group with Information Technology, Internal Audit and other services.	Ireland
External	**Services provided**	**Jurisdiction**
Actuarial Consultancy Firm	Certain actuarial support services in relation to financial reporting.	UK

Outsourced key function

Our key functions are supported by services provided by outsource service providers, as shown in the table above.

B.8 ANY OTHER INFORMATION

No other items to note.

C. RISK PROFILE

ILG is an intermediate holding company for Lifeco's businesses in Ireland. In the main, its risk profile reflects the consolidated risk profiles of its subsidiary companies, including its regulated insurance subsidiaries: Irish Life Assurance, Ark Life and Irish Life Health.

ILG assesses its risk exposure by using the Standard Formula to calculate its SCR.

The table below shows ILG's Solvency Capital Requirement (SCR) split by risk type. This is the capital needed to cover the '1 in 200 year' adverse outcome, as set out in the Solvency II regulations. This capital can therefore be viewed as a measure of the total risk exposure to each risk type, net of risk mitigations.

The table below shows our Solvency Capital Requirement (SCR) split by risk type. This is the capital needed to cover the '1 in 200 year' adverse outcome, as set out in the Solvency II regulations. This capital can therefore be viewed as a measure of the total risk exposure to each risk type, net of risk mitigations.

€m	End 2021
Market risk	879
Life Underwriting risk	765
Health Underwriting risk	266
Counterparty risk	45
Operational risk	86
Non-Life	0
Diversification	(531)
Gross SCR	**1,510**
Intangible asset risk	3
Loss absorbing capacity of deferred tax (restricted)	(177)
Loss absorbing capacity of technical provisions	(21)
Adjustment due to Ring-fenced Funds	6
Capital Requirement for non-insurance entities (consolidated using the adjust-ed equity method)	9
Group SCR	**1,331**

The market risk SCR mainly relates to interest, equity, currency and property risks (see section C.2 (Market Risk) for more details) and credit risk (see section C.3 (Credit Risk) for more details). The life and health underwriting risk SCR relates to lapse, expense, mortality, morbidity and longevity risks (see section C.1 (Underwriting Risk) for more details).

The risk profiles of the main insurance subsidiaries are described in SFCRs for the individual companies. A list of web addresses is available in Appendix 1.

ILG's Board-approved Risk Appetite Framework is reviewed annually and sets out the Company's risk appetite, including limits against specific exposures linked to ILG's defined preferences for each risk. The risk preferences range from 'no appetite' to 'readily accepts'. We have the highest appetite for risks related to core business activities, particularly those related to insurance products and unit-linked investment management services.

C.1 UNDERWRITING RISK

Risk Description

Insurance (underwriting) risk is linked to contractual promises and obligations made under insurance contracts. Exposure to this risk results from adverse events that occur under specified perils and conditions covered by the terms of an insurance policy.

Insurance risk includes uncertainties around:

- the ultimate amount of net cash-flows (premiums, commissions, claims, pay-outs and related settlement expenses)
- when these cash-flows are received in and paid out
- how the policyholder will behave (e.g. if and when policyholders decide to stop paying into their policies).

Insurance risks comprise mortality, longevity, morbidity, lapse, expense, and catastrophe risks. These risks could cause losses from the changing level, trend or volatility of claims as well as by a single catastrophic event.

Underwriting risk is assumed and managed by the subsidiary companies.

Mortality risk

This relates to the risk of loss from higher than expected mortality rates. We are exposed to mortality risks through individual and group insurance policies, which pay benefits to insured policyholders upon death.

Longevity risk

This relates to the risk of loss from lower than expected mortality rates. We are exposed to longevity risk primarily through annuity contracts, where regular payments are made to policyholders while the policyholder is alive.

Morbidity risk

This relates to the risk of loss from higher than expected levels of illness or injury, or lower than expected rates of recovery from illness or injury. We are exposed to morbidity risk when we sell income-replacement contracts (which pay a replacement income to policyholders who are unable to work due to illness or injury), through specified-illness cover policies (which pay a lump sum on diagnosis of one of a number of specified illnesses) and through health insurance contracts (which cover medical expenses).

Lapse risk

This is the risk of losses due to policy-holders ending their contracts early.

Expense risk

This is the risk of losses due to higher than expected expenses that we incur when administering our business. This includes the impact of inflation rates on expenses.

Catastrophe risk

This relates to losses caused by catastrophic events, for example a pandemic affecting the population or an industrial accident at a single location. We are exposed to catastrophe risk on our insured business, particularly where we provide group insurance coverage for the lives of many people who routinely work at the same location.

Throughout 2021 we were exposed to each of these insurance risks.

Risk Assessment and Mitigation

We use a series of techniques to assess, manage and mitigate underwriting risks.

Own Risk and Solvency Assessment (ORSA)

We assess all material risks, both qualitatively and quantitatively, as part of the annual ORSA process.

Risk limits

We have a series of risk limits that measure risk exposure from different sources of underwriting risk. Our Risk Function monitors these limits and reports on them each quarter to the subsidiary Executive Risk Management Committee and subsidiary Board Risk Committee. By monitoring exposures, we can see trends in the risk profile over time and identify material deviations from business plans or from our appetite for each risk.

Stress testing

We use stress testing as part of the ORSA process to assess risk exposures and their potential impact. Stress testing can also be useful in helping us decide how to mitigate our exposure to risk.

Reinsurance

We set retention limits to restrict the insurance risks we retain that relate to an individual policy or a group of exposures. We reinsure amounts that are more than the limits.

Assumption/experience monitoring

When writing an insurance policy, we make a series of assumptions around the insurance experience that will unfold over the term of the contract. If the actual experience is worse than we assumed, the result will be lower profits or even losses.

Our Actuarial Function investigates insurance risk experience for our main exposures every year.

We monitor risk experience against assumed/expected experience regularly through monthly business division management information, budget tracking and quarterly profit reporting. If this regular monitoring identifies a potential deviation in experience, the Actuarial Function investigates and feeds back into the pricing and reserving processes, as appropriate.

Underwriting

Our underwriting process includes an assessment of insurance risks before we issue policies. This assessment includes a medical underwriting assessment and a financial assessment for certain product lines. We also carry out underwriting assessments when a claim is made.

Risk pricing

We control the development of new products and the pricing of new and existing products to minimise the risk of underwriting risks at a loss. The profitability of new and existing products depends on the applicable experience assumptions used to price the product (e.g. expense, claim and investment experience assumptions).

We monitor the profitability of new business against targets set through our annual budget process. Our operating divisions regularly monitor and report on sales volumes and profitability levels. We report results to the Board each quarter.

Risk Concentration

Our insurance concentration risks take a number of forms:

> We operate within Ireland, and a significant portion of the Irish population lives in the greater Dublin area, so our insurance risk exposure is relatively concentrated to a specific place. This is an on-strategy risk for us and we do not seek to reduce it.

> Individual policyholders with large sums assured can lead to some concentration risk. We actively manage this risk by using reinsurance. We reinsure large policies so that the retained sum assured is limited to the maximum amount we have set.

> We actively write group business and can face site concentration risk as a result. We use reinsurance to manage this risk.

> The sale of annuities to pension schemes can lead to longevity risk exposures concentrated in certain industries. Our portfolio is large and diverse, which reduces this concentration risk. We further reduce this risk with tailored pricing and by using reinsurance.

Sensitivities / stress testing

You can find out more about the stress testing and sensitivity analysis we carry out in section C.7.1 (Risk Sensitivities).

C.2 MARKET RISK

Risk Description

Market risks comprise equity/property risk, currency risk, interest rate risk, inflation risk and liquidity risk (see section C.4 (Liquidity Risk)). We are willing to accept market risk in certain circumstances as a consequence of our business model and seek to mitigate the risk wherever practical by matching our assets and liabilities.

Market risk is primarily assumed and managed by the subsidiary companies.

Equity risk

This relates to losses due to falls in equity prices. We have no significant direct shareholder investments in equity markets. We do give policyholders access to equity markets through unit-linked products. Any gains or losses from those investments are incurred by policyholders. However, we are indirectly exposed to market levels as our charges depend on the value of the unit-linked funds. So if fund values fall due to falls in equity markets, our charges will fall as well. We also have some products, which are now closed, that provide investment guarantees.

Property risk

This relates to losses due to falls in property prices. It is similar to equity risk in that we also have indirect exposure to property market levels through charges collected from unit-linked funds. In addition, we have some direct property holdings, mainly owner-occupied premises.

Currency risk

This relates to losses due to changes in currency exchange rates. We have no significant direct exposure to currency market levels, as we hedge exposures that arise. It is similar to our equity risk exposure, in that we have indirect exposure to currency markets. If a change in currency exchange rates affects the value of unit-linked funds, it will also affect the value of the charges we collect.

Interest rate risk

This relates to losses due to changes in interest rates. The values of our liabilities linked to insurance policies are sensitive to prevailing long-term interest rates. However, we largely mitigate this exposure by holding assets whose values also move when interest rates change, offsetting the change in the values of our liabilities.

Inflation risk

This relates to losses due to changes in inflation rates. Some of our policies pay benefits to policyholders that increase in line with prevailing inflation rates, so higher than expected inflation rates may lead to losses. We partly mitigate this risk by holding assets that have a higher return when inflation rates are higher.

Defined benefit pension schemes

An indirect source of our market risks relates to the risk of economic loss caused by uncertainty around required contributions to our defined benefit pension schemes.

We consider this risk to be a part of expense risk as a deterioration in the pension scheme position could lead to the need for greater contributions from the employer, which would increase expenses. Deterioration in the pension scheme position could stem from adverse market movements affecting the value of the pension scheme's assets or liabilities.

Risk Assessment and Mitigation

We use a series of techniques to assess, manage and mitigate market risks.

ORSA

We assess all material risks, both qualitatively and quantitatively, as part of our annual ORSA process.

Risk limits

We have a series of risk limits that measure market risk exposure from different sources. Our Risk Function monitors these limits and reports on them each quarter to the subsidiary Executive Risk Management Committee and subsidiary Board Risk Committee. By monitoring exposures we can see trends in the risk profile over time and identify material deviations from business plans or from our appetite for each risk. Each subsidiary company also has established oversight committees to help manage market risk at subsidiary level.

Stress testing

We use stress testing as part of the ORSA process to assess risk exposures. Stress testing can also be useful in helping us decide how to mitigate our exposure to risk.

Asset Liability Matching (ALM)

We invest in matching assets to mitigate the market risks linked to policy liabilities.

> We invest in unit-linked assets to match the surrender value of unit-linked policies.

> We mitigate the interest rate and inflation rate exposure of non-linked products by matching liabilities with appropriate assets. That means the value of the liabilities and assets move by similar levels when interest and inflation rates change.

> We mitigate currency risk by holding assets of the same currency as liabilities or by hedging currency risks that arise.

Equity hedge

We operate an equity hedge to partially mitigate certain residual exposure to equity risk.

Reinsurance

We reinsure some market risks linked to certain legacy unit-linked products that gave investment guarantees to policyholders.

Prudent investment strategy

We invest our assets prudently, including assets that back policy liabilities and other shareholder assets. This is in line with the Prudent Person Principle, as required by Solvency II regulations. You can find out more in section B.3.6 Prudent Person Principle about how we apply this. Our investment principles include:

> establishing strategic asset limits to make sure our investments are appropriately diversified.

> maintaining a high level of liquidity, above the level we foresee we will need.

> restricting the use of derivatives to make sure we only hold these instruments to manage investments efficiently or reduce investment risk.

> keeping shareholder investments in equity/property assets low.

Subsidiary companies have established operating committees to oversee market risks through their oversight of the Company's investments.

Risk Concentration

Our shareholder assets include owner-occupied properties in a single campus in central Dublin. Other than these assets, we do not have any significant concentrated holdings of individual equity or property assets.

You can find out more about concentration risks linked to our fixed interest assets holdings in section C.3 (Credit Risk).

Sensitivities / Stress testing

You can find out more about the stress testing and sensitivity analysis we carry out in section C.7.1 (Risk Sensitivities).

C.3 CREDIT RISK

Risk Description

Credit risk relates to risks from a counterparty's potential inability or unwillingness to meet its obligations. Our counterparties include sovereign governments and corporate entities who issue fixed interest assets, reinsurers, insurance intermediaries, policyholders and derivative counterparties.

Credit risk is primarily assumed and managed by the subsidiary companies.

Our main source of credit risk is investments in fixed interest assets issued by borrowers, including sovereign governments, corporate entities, and commercial mortgages. These assets are highly liquid and traded on various market exchanges. Credit risk also stems from deposits and other assets we place with banks.

We cede insurance risk to reinsurance companies to mitigate our insurance risk, and are willing to accept the resulting reinsurance counterparty risk within the limits we have set. Similarly, we are willing to accept derivative counterparty risk because we use derivatives to mitigate other risks, but have set limits in relation to this.

We are also willing to accept credit risk that results from our business model, e.g. through our dealings with group clients, brokers, intermediaries, policyholders, suppliers, service providers etc.

Risk Assessment and Mitigation

We use a series of techniques to assess, manage and mitigate credit risk.

ORSA

We assess all material risks, both qualitatively and quantitatively, as part of the annual ORSA process.

Risk limits

We have a series of risk limits that measure credit risk exposure from different sources. Our Risk Function monitors these limits and reports on them each quarter to the subsidiary Executive Risk Management Committee and subsidiary Board Risk Committee. By monitoring exposures we can see trends in the risk profile over time and identify material deviations from business plans or from our appetite for each risk. Each subsidiary company also has established oversight committees to help manage credit risk at subsidiary level.

Stress testing

We use stress testing as part of the ORSA process to assess risk exposures. Stress testing can also be useful in helping us decide how to mitigate our exposure to risk.

Prudent investment strategy

Our overarching investment strategy involves targeting a diversified portfolio of assets from counterparties that are in the upper tier for credit quality. We establish limits by referring to aggregate portfolio and individual counterparty limits, as applicable. We then link these to credit ratings that assess the financial strength/creditworthiness of counterparties. Implementation of this investment strategy is overseen by Group and subsidiary companies operating and oversight committees, and the Board.

Reinsurance

In relation to our reinsurers, we deal only with counterparties that meet our specific creditworthiness requirements. We actively monitor the financial strength of our reinsurers. We also seek contractual protection such as collateral and offset rights where appropriate.

Risk Concentration

We have set fixed interest and cash counterparty credit risk limits to manage credit concentration risk. Our largest counterparty is the German sovereign.

Our operations also lead to some concentration risk exposure linked to reinsurance counterparties. We diversify across reinsurers to reduce this risk. We also look for collateral, where appropriate, to reduce the risk.

Sensitivities / Stress testing

You can find out more about the stress testing and sensitivity analysis we carry out in section C.7.1 (Risk Sensitivities).

C.4 LIQUIDITY RISK

Risk Description

Liquidity risk stems from a company's inability to generate the necessary funds to meet its obligations as they fall due.

Each subsidiary company manages its liquidity position in such a way that they can meet all of their obligations, even under stressed conditions.

In addition, we manage liquidity risk at group level. We ensure that adequate liquid assets are held and are of good quality.

Our business model, and that of our subsidiary companies, does not lead to significant liquidity risk as we hold assets that are greater than the value of our liabilities. Our business model is also cash-generating.

Risk Assessment and Mitigation

We monitor and assess potential liquidity risk regularly.

Day-to-day/expected liquidity strains

For day-to-day liquidity needs, we maintain adequate funds in instant-access bank accounts. Our Finance Function monitors and maintains balances daily.

The need to pay policyholders is the main generator of ongoing liquidity needs within the subsidiary companies. For unit-linked policies, we fund claims by selling the unit-linked assets. For non-linked policies, we make sure liquid resources are available when we need them by investing in assets that generate cash when we need it to pay benefits to our policyholders.

Unexpected liquidity strains

Unexpected liquidity strains can stem from a number of sources. These include higher-than-expected insurance claims and collateral calls linked to derivatives or reinsurance arrangements. Liquidity strains could also arise from higher than expected policyholder encashment requests.

We invest our assets to make sure we have ample liquidity to meet unexpected liquidity needs. We have established minimum and maximum strategic investment limits for different liquid and illiquid asset categories.

We hold significant assets to provide solvency capital cover for the Company. These also act as a buffer for unexpected liquidity strains.

Sensitivities / Stress testing

The Risk Function carries out regular stress testing to make sure we have sufficient liquidity to meet conceivable needs, even during times of severe strain. Subsidiary companies report the results of stress testing each quarter to the oversight committees and the Board Risk Committees.

The stress testing considers the potential liquidity strains we face. We compare these liquidity strains to the available liquid assets to make sure the available assets exceed our requirements.

Risk Concentration

As noted earlier, most of our insurance risks are located in Ireland. The associated concentration risk could lead to material liquidity strains from higher-than-expected insurance claims, as described above.

Our stress testing of liquidity risk captures concentration risks, and we hold ample liquidity to address the risk.

C.4.1
Expected profit included in future premiums

The regulations require us to state in this report the amount of 'expected profit included in future premiums'. This is the amount by which liabilities are reduced due to the premiums expected from policyholders in the future. This arises within the insurance subsidiary companies of ILG. When calculating our liability values we only include future premiums for certain policy types, in line with the requirements of the regulations.

At the end of 2021, expected profit included in future premiums for all of the insurance subsidiary companies of the Group was €335m. This figure includes the impact of reinsurance but does not include any impact on tax provisions.

The value of our liabilities is reduced by this amount, which leads to a higher net asset position - i.e. a higher level of capital available. However, the amount of capital we have to hold also increases as a result of recognising these future premiums and so the higher capital available must be kept within the Company to meet the higher requirement.

When we assess whether our liquid resources are adequate, as described above, we do not count the expected profit included in future premiums as it is not a liquid asset.

C.5 OPERATIONAL RISK

Risk Description

Operational risk is the risk linked to inadequate or failed internal processes, people and systems or from external events. Operational risks relate to all business processes.

We accept limited operational and other risks as part of our business model. We have controls in place to mitigate them through integrated and complementary policies, procedures, processes and practices, keeping in mind the cost/benefit trade-off. Subsidiary companies actively manage operational risk across the enterprise in order to maintain a strong reputation and standing, maintain financial strength and protect value. On-going engagement of businesses and support functions across the enterprise through robust training and communications is regularly undertaken for identifying, assessing and mitigating operational risk issues. Each subsidiary company has established committees to oversee operational risk management within their business.

We advise customers about their financial needs, and this causes operational risks. We use best management practices to mitigate and manage this risk.

Operational risks also include the risk of failing to identify and comply with new or emerging legal and regulatory requirements. To mitigate such risks and factor them in to new business decisions, we monitor regulatory developments closely, keep in regular contact with relevant regulators and capitalise on our internal communication processes.

Strategic risk stems from the potential inability to implement appropriate business plans and strategies, make decisions, allocate resources or anticipate business change. We instigate strategic risk management at the individual business division level and consolidate it upwards. Our senior leadership team makes decisions for subsequent review and approval by the Board.

Risk Assessment and Mitigation

The Risk Function co-ordinates operational risk management activities. In addition, the Internal Audit Function is key to auditing the processes and associated controls that manage operational risks.

We record operational risks, their associated controls and associated loss events for each of our business divisions. We identify our top operational risks and assess them for specific monitoring. We maintain Key Risk Indicators (KRIs) for each top operational risk, and report on these each quarter as part of a risk dashboard to the Compliance and Operational Risk Committee (CORC). This committee escalates operational risk issues as appropriate to the Board Risk Committee. The CORC also receives quarterly reports on actual loss events and additional reporting on significant losses. We also monitor a series of risk limits and report on them each quarter to the CORC. In addition, the Risk Function reports risk limits and operational risk KRIs each quarter, with commentary, to the Board Risk Committee. Each subsidiary company has an established operational risk committee to manage and oversee the operational risks.

As part of the annual ORSA process, we assess our operational risks both qualitatively and quantitatively.

Business Continuity Planning (BCP) is an important part of mitigating operational risks. It helps ensure continuity of business in a crisis situation. Our Board has approved a BCP framework that applies across our business.

Stress testing is another tool in assessing operational risks. We carry out a range of operational risk stress tests each year. These help us develop our approaches to mitigation and management of operational risk.

We will not take on opportunities if we think they pose a risk to our reputation. When we design products and advice processes for customers, we consider any potential impact on our reputation.

As part of a large insurance group, we have a number of relationships with other group companies and rely on them for certain services. Our oversight and management of operational risks includes these arrangements.

We have formal outsourcing agreements in place to manage external and inter-group outsourcing arrangements. These agreements set out the responsibilities of both parties and we monitor and review them regularly. This level of formality ensures we manage the associated risks with appropriate rigour.

Risk Concentration

Our business operations and policy administration are based mainly in a single campus in Dublin, with a second administration centre in Dundalk. We have centred most of the servicing of policies in these locations. We have partially mitigated the associated concentration risks through business continuity planning, which includes potential to carry out operations from alternative locations and an ability to widely deploy remote working capability. In case of an incident at the Dublin campus, we use off-site centres for data backup and restoration.

We have noted other concentration risks, such as providing insurance products within Ireland, in sections C.1 to C.4 above.

C.6 OTHER MATERIAL RISKS

No other items to note.

C.7 ANY OTHER INFORMATION

C.7.1
Risk sensitivities

We have set out the results of key risk sensitivity tests below. For each sensitivity test, we have shown the impact of a change in a single factor, and left other assumptions unchanged. You can see the change in our Solvency Capital Requirements (SCR) coverage ratio that would result from the sensitivities shown.

Sensitivity Test	Impact on SCR Coverage Ratio
0.5% increase in interest rates	3%
0.5% decrease in interest rates	-3%
0.5% increase in credit spreads	1%
10% fall in equity and property values	-3%
10% increase in maintenance expenses	-7%
10% increase in policy lapse rates	5%
10% decrease in policy lapse rates	-5%
5% increase in mortality rates (assured lives)	0%
5% decrease in annuity mortality rates	-2%
5% deterioration in morbidity rates	-3%

C.7.2
Use of Special Purpose Vehicles

The regulations require us to include details of any Special Purpose Vehicles (SPVs) we use to transfer risks off our balance sheet, within this report.

We do not have any SPVs.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS

This section is about our valuation of each kind of asset for Solvency II basis. This includes explanations of:

1. how the value of each asset for Solvency II is different from valuing it for group reporting to our Canadian parent on a C-IFRS basis.
2. the valuation bases, methods and main assumptions used for Solvency II and those used for C-IFRS financial reporting for the financial year ended 31 December 2021.
3. differences between ILG and subsidiary Solvency II asset valuation bases, methods and assumptions.

The Solvency II Balance Sheet is in Appendix 2.

1. Valuation differences - Solvency II v IFRS

Balance Sheet Extract - Assets

Solvency II requires the Company to present a consolidated balance sheet in which the assets of the parent and its insurance subsidiaries are presented as those of a single economic entity. This requires that the carrying amount of the Company's investment in each of those subsidiaries is replaced by the fair value of the underlying assets held by those subsidiaries.

All insurance subsidiaries, as well as ancillary service undertakings and insurance holding companies, are fully consolidated into the balance sheet on a line by line basis, by replacing the Company's investment in the subsidiary with the assets and liabilities of the subsidiary on a Solvency II basis.

All other participations are consolidated on the basis of the Company's proportional share of the subsidiaries' adjusted net equity and reported in the investments line in the group's balance sheet as 'Holdings in related undertakings, including participations'.

Consequently, the assets reported in the group balance sheet are a combination of directly owned and indirectly owned assets. The Company is responsible for the valuation of its directly owned assets. Indirectly owned assets are valued by subsidiary companies in accordance with group policy and the valuation approach is subsequently reviewed by ILG.

For the purposes of this report, as the Company is availing of the exemption under Section 300 of the Companies Act 2014 not to prepare consolidated group financial statements, the Company has produced financial comparatives on a C-IFRS basis. The C-IFRS numbers shown in this report have been used for group reporting to our Canadian parent. The methods used to consolidate the C-IFRS numbers for Solvency II reporting have not been subject to external audit.

The value for each material class of asset on the consolidated balance sheet at 31 December 2021 is shown below as well as any valuation differences between Solvency II and the C-IFRS basis.

2021				
Asset Type (€m)	Note	C-IFRS	Valuation / Reclassification Adjustments	Solvency II
Goodwill	1	42	(42)	—
Deferred acquisition costs	2	359	(359)	—
Intangible assets	3	33	(29)	4
Deferred tax assets	4	3	—	3
Property, plant & equipment held for own use	5	108	18	126
Property (other than for own use)	6	32	—	32
Holdings in related undertakings, including participations	7	54	(23)	31
Equities	8	46	—	46
Government bonds	9	2,846	—	2,846
Corporate bonds	9	2,416	1	2,417
Collateralised securities	9	45	—	45
Investment funds	10	63	—	63
Derivatives	11	4	—	4
Deposits other than cash equivalents	12	44	—	44
Unit linked assets	13	59,287	—	59,287
Loans and mortgages	14	135	1	136
Reinsurance recoverables	Section D.2	3,292	(1,101)	2,191
Insurance & intermediaries receivables	15	354	(329)	25
Reinsurance receivables	16	156	—	156
Receivables (trade, not insurance)	17	15	—	15
Cash and cash equivalents	12	140	—	140
Any other assets, not elsewhere shown	18	559	(136)	423

2. Valuation Bases, Methods and Main Assumptions - Solvency II v C-IFRS

Solvency II sometimes uses a different set of valuation bases, methods and main assumptions than companies use for IFRS financial reporting. In this section we show where there are differences, and what those differences are, across various asset types as they apply for the financial year ended 31 December 2021.

Note 1: Goodwill

Solvency II purposes:	C-IFRS reporting purposes:
As per Article 12 of the Delegated Act, goodwill is valued at nil for Solvency II purposes.	Goodwill is measured at cost less accumulated impairment losses on a C-IFRS basis.

Note 2: Deferred Acquisition Costs

Solvency II purposes:	C-IFRS reporting purposes:
As per Article 12 of the Delegated Act, deferred acquisition costs are valued at nil for Solvency II purposes.	Acquisition costs for investment contracts represent those costs directly associated with acquiring new investment management service contracts. The Group defers these costs to the extent that they are expected to be recoverable out of future revenues to which they relate.

Note 3: Intangible Assets

Solvency II purposes:	C-IFRS reporting purposes
As per Article 12 of the Delegated Act, intangible assets are valued at nil for Solvency II purposes, unless the intangible asset can be sold separately, and the Group can demonstrate that there is a value for the same or similar assets derived in accordance with Article 10 of the Delegated Act.	**Computer Software** Computer software is carried at cost, less amortisation (over a period of three to fifteen years) less provision for impairment, if any. The external costs and identifiable internal costs of acquiring and developing software are capitalised where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year.

Note 4: Deferred Tax Asset

Solvency II purposes:	C-IFRS reporting purposes
Deferred tax is recognised when transactions or events have occurred at the balance sheet date which will result in either more, or less tax being receivable than is due on the current year's tax return. A deferred tax asset can arise where Solvency II asset values are lower than those reported in the tax base accounts, technical provisions show a lower surplus than has been reported in the tax base accounts or where there are tax losses carried forward.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 5: Property, plant and equipment held for own use

Solvency II purposes:	C-IFRS reporting purposes:
Property Owner Occupied Properties (OOP) are carried at fair value with changes in fair value included in the income statement within investment return. External chartered surveyors value OOP at least once a year at open market value. This is in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) in the U.K. and Ireland and follows the guidelines on the most appropriate way to value OOP. The Group revalues OOP at least once a quarter, using a commercial property price index as a guide. The revalued premises, excluding the land element, are depreciated to their residual values over their estimated useful lives (50 years), which the directors assess once a year.	**Property** OOP is carried at cost on a C-IFRS basis.
Plant and Equipment Plant and equipment are stated at cost, less accumulated depreciation and impairment losses. This valuation is assumed to materially approximate the fair value of these assets. The Group calculates depreciation to write off the costs of such assets to their residual value over their estimated useful lives, which the directors assess once a year. The estimated useful lives are as follows: Office equipment 5 - 15 years Fixtures and fittings 5 - 15 years Computer hardware 3 - 10 years Motor vehicles 5 years	**Plant and Equipment** There is no valuation difference between Solvency II and C-IFRS basis.
Lease assets On initial application of IFRS16 the Group calculated right-of-use assets on a lease by lease basis by calculating the lease liabilities of all outstanding leases (see section D.3). Right-of-use assets were equal to lease liabilities at initial application; Right-of-use assets were subsequently adjusted for onerous lease provisions. The Group measured its right-of-use assets at cost less accumulated depreciation and impairment losses. The Group also adjusted its right-of-use assets for any re-measurement of lease liabilities where applicable. The Group depreciates its right-of-use assets from the commencement date to the earlier of the end of useful life or end of lease term. Right-of-use assets shall also be adjusted by the amount of re-measurement of the lease liabilities. If the carrying amount of the right-of-use asset is reduced to nil any further reductions shall be recognised in the income statement. Minor leases held by the Group have been identified and assessed. These low value items are treated as an expense through the income statement.	**Lease assets** There is no valuation difference between Solvency II and C-IFRS basis.

Note 6: Property (other than for own use)

'Property (other than for own use)' means property we are holding for long-term rental yields and capital growth. It can be land or buildings.

Solvency II purposes:	C-IFRS reporting purposes:
Investment properties are carried at fair value with changes in fair value included in the income statement within investment return. External chartered surveyors value property at least once a year at open market value. This is in line with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) in the UK and Ireland and follows the guidelines on the most appropriate way to value property. Fair values take into account the highest and best use of the property and are based on yields which are applied to arrive at the property valuation. Investment properties are revalued at least once a quarter using a commercial property price index as a guide.	External chartered surveyors value property at least once a year at open market value. This is in line with IAS 40 Investment Property and IFRS 13 Fair Value Measurement and with guidance set down by their relevant professional bodies (RICS). There is no valuation difference between Solvency II and C-IFRS basis.

Note 7: Holdings in related undertakings, including participations

Solvency II purposes:	C-IFRS reporting purposes:
Participations are holdings of 20% or more of the voting rights or capital in subsidiary companies, where the subsidiary company is not fully consolidated. Companies that are classified as insurance holding companies, insurance or reinsurance undertakings or ancillary service units are fully consolidated. All other companies such as investment companies or other holding companies are classified as participations and brought into the group's balance sheet as holdings in related undertakings. Participations are valued as the percentage of the participation's Net Asset Value on a Solvency II basis. Further details on participations are included in section E1.2.	For C-IFRS reporting, participations are fully consolidated (i.e. on a line by line basis) if there is 'control' over that entity. The majority of companies within the Group and subsidiaries of the Company and therefore fully consolidated.

Note 8: Equities

Equities include common shares, preferred shares and exchange traded funds.

Solvency II purposes:	C-IFRS reporting purposes:
The Group values quoted equities based on the fair value determined by the closing bid price from the exchange where they are principally traded. Management value unquoted equities in line with principles set down by the European Venture Capital Association. An unquoted equity valuation report is presented to the board at least once a year for review and approval.	There is no valuation difference between Solvency II and IFRS basis.

Note 9: Government Bonds, Corporate Bonds and Collateralised Securities

Solvency II purposes:	C-IFRS reporting purposes:
The Group values bonds based on the fair value determined by referring to quoted market bid prices. These are primarily from third-party independent pricing sources. If there are price movements above specified tolerances, the Group makes sure those movements are correct by checking a second pricing source. Where prices are not quoted in an active market, the Group determines fair values by valuation models. The Group maximises the use of observable inputs and minimises the use of unobservable inputs when measuring the fair value. The Group uses a 'mark to model' valuation basis to determine a value appropriate to the industry sector. The model uses public bond spread data as a proxy for current spreads on fixed-interest assets. The Group then uses this to develop a yield curve to discount the cash flows underlying the private placement to obtain its value. For a limited number of small exposures or short duration bonds, the Group uses amortised cost as a proxy for the mark to model valuation basis.	For C-IFRS, bonds are valued at market value, which approximates to fair value, with the exception of private placements which are valued at amortised cost and are inclusive of accrued interest.

Note 10: Investment Funds

Investment funds principally include Money Market Funds (MMFs).

Solvency II purposes:	C-IFRS reporting purposes:
The Group values MMFs at fair value based on a quoted market price where the asset is traded.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 11: Derivatives

Derivatives include currency forward rate contracts, currency swaps, futures contracts and forward rate agreements and options.

Solvency II purposes:	C-IFRS reporting purposes:
The Group values derivatives based on a counterparty valuation which is verified by an independent third-party valuation service.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 12: Deposits other than cash equivalents; Cash and cash equivalents

'Deposits other than cash equivalents' means deposits we hold for investment purposes. 'Cash and cash equivalents' means cash we have in a bank or deposit account we hold ready to use for business operations.

Solvency II purposes:	C-IFRS reporting purposes:
The Group values cash and deposits at their face value.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 13: Unit-Linked Assets

We hold unit-linked assets for the benefit of policyholders. They are made up of several kinds of investment assets, primarily:

1. property
2. equities
3. bonds
4. derivatives
5. deposits.

Note 13.1: Property (other than for own use)

This means property we are holding for long-term rental yields and capital growth. It can be land or buildings.

Solvency II purposes:	C-IFRS reporting purposes:
The Group carries investment properties at fair value, with changes in fair value included in the income statement within investment return. External chartered surveyors value property at least once a year at fair value in accordance with IAS 40 Investment Property and IFRS 13 Fair Value Measurement. This is in line with the RICS Valuation - Professional Standards published by the Royal Institution of Chartered Surveyors (RICS) in the U.K. and Ireland and follows the guidelines on the most appropriate way to value property. Fair value is based on the highest and best use of the property, taking into account all of its particular attributes, including occupational tenancies, and prevailing market conditions.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 13.2: Equities

Equities include common shares, preferred shares and investments in collective investment schemes.

Solvency II purposes:	C-IFRS reporting purposes:
The Group values quoted equities based on the fair value determined by the closing bid price from the exchange where they are principally traded. Management value unquoted equities in accordance with principles set down by the European Venture Capital Association. An unquoted valuation report is presented to the board at least once a year for review and approval. The external manager values unlisted unit trusts using the latest published Net Asset Value (NAV).	There is no valuation difference between Solvency II and C-IFRS basis.

Note 13.3: Bonds

Bonds include government bonds, corporate bonds and collateralised securities.

Solvency II purposes:	C-IFRS reporting purposes:
The Group values bonds based on the fair value determined by referring to quoted market bid prices. These are primarily from third-party independent pricing sources. If there are price movements above specified tolerances, the Group makes sure those movements are correct by checking a second pricing source. Where prices are not quoted in an active market, the Group determines fair values by valuation models. The Group maximises the use of observable inputs and minimises the use of unobservable inputs when measuring the fair value. The Group uses a ‘mark to model’ valuation basis to determine a value appropriate to the industry sector. The model uses public bond spread data as a proxy for current spreads on fixed-interest assets. The Group then uses this to develop a yield curve to discount the cash flows underlying the private placement to obtain its value.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 13.4: Derivatives

Derivatives include Over-The-Counter derivatives (OTC), exchange traded derivatives, foreign exchange traded derivatives, currency forward rate contracts, futures contracts, forward rate agreements and options.

Solvency II purposes:	C-IFRS reporting purposes:
The Group uses the bid value supplied by the counterparty to value OTC Derivatives. The Group values exchange traded derivatives by using the closing price from the exchange in which they are traded. The Group values foreign exchange traded derivatives using a market feed of forward points and corresponding interest rates	There is no valuation difference between Solvency II and C-IFRS basis.

Note 13.5: Deposits

Solvency II purposes:	C-IFRS reporting purposes:
The Group values deposits at their face value.	There is no valuation difference between Solvency II and C-IFRS basis

Note 14: Loans and Mortgages

Solvency II purposes:	C-IFRS reporting purposes:
The Group records loans and mortgages at fair value, determined by discounting expected future cash-flows using current market rates. Valuation inputs typically include benchmark yields and risk-adjusted spreads based on current lending activities and market activities.	For C-IFRS reporting, loans and mortgages are valued at amortised cost.

Note 15: Insurance & intermediaries receivables

'Insurance & intermediaries receivables' includes outstanding premiums that policyholders are due to pay us.

Solvency II purposes:	C-IFRS reporting purposes:
The Group records receivables at their fair value, net of any amounts deemed as doubtful debts. Insurance debtors for the health division of the Group include overdue premiums only.	There is no valuation difference between Solvency II and C-IFRS basis. For C-IFRS reporting all outstanding insurance debtors (current & overdue) are included in insurance & intermediaries receivables.

Note 16: Reinsurance receivables

Reinsurance receivables include the money that reinsurers are still due to pay us and the money we're due to receive from multinational pooling (MNP) arrangements.

Solvency II purposes:	C-IFRS reporting purposes:
The Group estimates amounts receivable from reinsurers in a manner consistent with the claim liability associated with the reinsured policy. The Group records MNP receivables on an accruals basis to account for premiums and claims activity that has not yet been agreed with the MNP.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 17: Receivables (trade, not insurance)

Receivables (trade, not insurance) relates to current tax owed to the Group.

Solvency II purposes:	C-IFRS reporting purposes:
The Group records corporation tax assets at current tax rates	There is no valuation difference between Solvency II and C-IFRS basis.

Note 18: Any other assets, not elsewhere shown

'Any other assets, not elsewhere shown' includes other unit-linked assets not shown anywhere else on the balance sheet, for example, broker outstanding balances. This section also includes other non-linked assets not shown anywhere else on the balance sheet, for example, intercompany debtors, accrued external fees and management charges due.

Solvency II purposes:	C-IFRS reporting purposes:
The Group records receivables at their fair value, net of any amounts deemed as doubtful debts. Within the Health division, deferred risk equalisation expenses and future risk equalisation receipts are reflected in the premium provision (within technical provisions) under Solvency II.	There is no valuation difference between Solvency II and C-IFRS basis. For C-IFRS reporting deferred risk equalisation expenses and future risk equalisation receipts are included in any other assets, not elsewhere shown.

There have been no changes to the recognition and valuation basis during the year for the assets noted above.

There are no classes of assets subject to operating or finance lease arrangements.

For estimation uncertainty, please refer to section D.4 (Alternative Methods for Valuation).

3. Differences between ILG and subsidiary solvency II asset valuation bases, methods and assumptions

There are no material differences in the bases, methods and main assumptions used at the consolidated level for the valuation for solvency purposes of the Company's assets from those used by any of its subsidiaries. A description of the bases, methods and main assumptions used to value assets at the subsidiary level can be found in Section D.1 of each of the Company's (insurance) subsidiaries' SFCRs. Web addresses for these SFCRs are available in Appendix 1.

D.2 TECHNICAL PROVISIONS

Under Solvency II, technical provisions are generally calculated as the sum of a best estimate liability plus a risk margin, although for some lines of business the technical provisions are calculated as a whole which means that separate calculation of the best estimate and risk margin is not required.

The following table provides a breakdown of ILG's Solvency II technical provisions by entity.

Entity	2021 €m
Irish Life Assurance	61,691
Irish Life Health	109
Ark Life Assurance	2,642
Total	64,442

The technical provisions are the sum of the subsidiary technical provisions (including risk margin).

A description of the bases, methods and main assumptions used for the valuation can be found in Section D.2 of each of the ILG subsidiary SFCRs. Web addresses are available in Appendix 1.

The subsidiary SFCRs also contain a description of the level of uncertainty associated with the value of technical provisions.

D.2.1

Differences between Solvency II and C-IFRS technical provisions valuation bases, methods and assumptions

The following table shows the differences between the Solvency II technical provisions and the technical provisions on a C-IFRS basis (including insurance contract liabilities, investment contract liabilities and unit-linked liabilities) at year-end 2021.

€m	Solvency II Valuation	Risk Margin	Other	C-IFRS Valuation
Irish Life Assurance	61,691	(385)	1,903	63,210
Irish Life Health	109	(6)	415	518
Ark Life Assurance	2,642	(51)	276	2,866
Total	**64,442**	**(442)**	**2,594**	**66,594**

The technical provisions are valued using assumptions and methodologies consistent with Solvency II and C-IFRS. The risk margin is only applicable to the Solvency II valuation approach and is meant to represent the extra premium that another insurer would require for taking over the insurance portfolio. However, some of the principles behind the risk margin calculation are included in the C-IFRS valuation approach.

D.2.2

Matching Adjustment

The matching adjustment is not applied by ILG.

D.2.3

Volatility Adjustment

The volatility adjustment is applied by ILA. The table below shows the impact of a change to zero of the volatility adjustment on the financial position of ILG.

	2021		
€m	**WITH** volatility adjustment	**WITHOUT** volatility adjustment	Impact of volatility adjustment reducing to zero
Technical Provisions	64,442	64,460	19
Basic Own Funds	2,237	2,225	(12)
Eligible Own Funds	2,204	2,192	(12)
Solvency Capital Requirement (SCR)	1,331	1,331	1
Minimum Capital Requirement (MCR)	599	599	—
Total	**168%**	**167%**	(1)%

D.2.4

Transitional Measures

We do not apply the transitional risk-free interest rate-term structure. Nor do we apply the transitional deduction to technical provisions.

D.2.5

Recoverables from Reinsurance Contracts and Special Purpose Vehicles

Details of recoverables from reinsurance contracts and special purpose vehicles can be found in Section D.2 of the ILG subsidiary SFCRs.

D.3 OTHER LIABILITIES

This section is about our valuation of each kind of 'other liability' for Solvency II purposes. This includes explanations of:

1. how the value of each other liability for Solvency II is different from valuing it for Group reporting to our Canadian parent on a C-IFRS basis.
2. the valuation bases, methods and main assumptions used for Solvency II and those used for C-IFRS financial reporting for the financial year ended 31 December 2021.
3. differences between ILG and subsidiary Solvency II other liability valuation bases, methods and assumptions

The Solvency II balance sheet is in Appendix 2.

1. Valuation Differences - Solvency II v C-IFRS

Balance Sheet Extract - Other Liabilities

For Solvency II reporting purposes, and similar to the asset section above (section D.1), the Company is required to present a group balance sheet in which the liabilities of the Company and its insurance subsidiaries are presented as those of a single economic entity.

The liabilities, as shown in the group balance sheet, are therefore a combination of the Company's direct and indirect liabilities.

The Company uses the same bases, methods and main assumptions to measure Other Liabilities in the consolidated balance sheet as those used by the subsidiaries.

The value for each material class of other liability on the Solvency II consolidated balance sheet at 31 December 2021 is shown below.

	2021			
Liability Type (€m)	Note	C-IFRS	Valuation / Reclassification Adjustments	Solvency II
Contingent liabilities	1	(16)	—	(16)
Other provisions	2	(153)	106	(47)
Pension benefit obligations	3	(1)	—	(1)
Deposits from reinsurers	4	(108)	(1)	(109)
Deferred tax liabilities	5	(106)	(87)	(193)
Derivative liabilities	See Section D.1.2	(6)	—	(6)
Debts owed to credit institutions	6	(20)	—	(20)
Financial Liabilities other than debts owed to credit institutions	7	(15)	—	(15)
Insurance & intermediaries payables	8	(471)	—	(471)
Reinsurance payables	9	(405)	260	(145)
Payables (trade, not insurance)	10	(25)	1	(24)
Other liabilities	11	(317)	101	(216)

2. Valuation Bases, Methods and Main Assumptions - Solvency II v C-IFRS

In this section you'll find the valuation basis for Solvency II purposes for each class of liability in the table above. We also explain the differences between Solvency II and the C- IFRS financial reporting when it comes to valuation bases, methods and main assumptions used for the financial year ended 31 December 2021.

Note 1: Contingent liabilities

Solvency II purposes:	C-IFRS reporting purposes:
Contingent liabilities must be recognised on the balance sheet under Solvency II. The value of contingent liabilities is equal to the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure.	There are no valuation differences between Solvency II and C-IFRS basis.

Note 2: Other provisions

'Other provisions' primarily include a property related provision, warranty and indemnity claims provisions and legal provisions.

The valuation adjustment to other provisions is in relation to Deferred Front End Fees (DFEF).

Solvency II purposes:	C-IFRS reporting purposes:
The Group derives the value of each provision by management reviewing and evaluating the expected outflow required to settle the liability to which the provision applies. These reviews are presented to the Board Audit Committee for approval and inclusion in the Qualitative Reporting Templates (QRTs). Similar to DAC, as per Article 12 of the Delegated Act, DFEF are valued at nil for Solvency II purposes	Initial fees earned and incremental costs (mainly commission) paid on sale of an investment contract are deferred and recognised over the expected life of the contract. The Group estimates the expected life of the contracts based on current experience and the term of the contracts. The Group reviews this at least once a year. The maximum amortisation period for DFEF is 20 years

Note 3: Pension benefit obligations

We operate a defined benefit pension scheme and a hybrid scheme with a defined benefit element. Some staff of ILG participate in a defined benefit pension scheme - an Irish scheme sponsored by Canada Life Irish Holding Company Limited (CLIH), a member of the Canada Life Group. These three schemes are closed to new members and from 30 June 2018, were closed to future accrual. Existing members have joined our defined contribution plan for future service pension provision beyond this date. Members have retained the benefits they accrued up to the date of closure of the schemes and these benefits are still linked to final salary.

These schemes are funded by contributions into separately administered trust funds. The benefits paid from the defined benefit schemes are based on percentages of the employees' final pensionable pay for each year of credited service. Under the rules of each of the Irish Life schemes, pension increases are wholly at the discretion of the schemes' principal employer.

Solvency II purposes:	C-IFRS reporting purposes:
The net obligation of the Group's defined benefit schemes represent the present value of the obligation to employees in respect of services to date, less the fair value of the plan assets. It is based on the IAS19 accounting standard. The external scheme actuary calculates the present value of the obligation once a year. The present value of the obligation is determined by discounting the estimated future cash flows. The discount rate is based on the market yield of high quality corporate bonds that have maturity dates approximating to the terms of the pension liability. The estimated future cash-flows are based on the accrued past service benefits, future salary inflation, future price inflation and assumptions made about mortality.	There is no valuation difference between Solvency II and C-IFRS basis.

This table shows the annual movement in our Benefit Obligation liabilities:

Benefit obligation	2021 (€m)
Benefit obligation as at 1 January 2021	(1,464)
Current service cost	(1)
Net interest cost	(20)
Actuarial loss (experience adjustments, financial and demographic assumption changes)	(174)
Contributions by plan participants	—
Curtailment gain	1
Settlement gain	34
Liabilities extinguished on settlement	81
Benefits paid	26
Benefit obligation as at 31 December 2021	**(1,517)**

This table shows the nature and composition of our plan assets:

Asset Type	2021 Fair Value (€m)	2021 Plan assets (%)
Equities	527	35
Bonds	874	58
Property	112	7
Cash and cash equivalents	3	–
Fair value of plan assets at 31 December	**1,516**	**100**

Note 4: Deposits from reinsurers

Deposits from reinsurers are funds held by the Group under reinsurance contracts. Premiums and claims due in the period are paid to or withdrawn from the funds withheld account.

Solvency II purposes:	C-IFRS reporting purposes:
The Group estimates amounts payable to reinsurers in a manner consistent with the claim liability associated with the reinsured policy.	There is one valuation difference between Solvency II and C-IFRS basis related to mortgage assets included within the funds withheld account. These mortgages are measured at amortised cost for C-IFRS (fair value at SII).

Note 5: Deferred tax liabilities

Deferred tax is recognised in respect of all timing differences that have originated, but not yet reversed, at the balance sheet date. This means where transactions or events have occurred at that date it will result in an obligation to pay more tax or a right to pay less tax.

When calculating a net deferred tax liability, deferred tax assets are offset only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The tax rate used to calculate the deferred tax balance is the rate that's expected to be in-force at the time the tax becomes payable. There is no expiry date of taxable temporary differences.

Solvency II purposes:	C-IFRS reporting purposes:
Article 15 of the Delegated Act dictates how the Group accounts for deferred tax. It says that the Group should > Recognise and value deferred taxes in relation to all assets and liabilities, including technical provisions. > Value deferred taxes on the basis of the difference between the values ascribed to assets and liabilities recognised and valued in accordance with Article 82 of SI 485 of the European Union (Insurance and Reinsurance) Regulations 2015 and in the case of technical provisions in accordance with Articles 83 to 98 and the values ascribed to assets and liabilities as recognised and valued for tax purposes. > Only ascribe a positive value to deferred tax assets where it is probable that future taxable profit will be available against which the deferred tax asset can be used, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or the carry forward of unused tax credits.	There are no valuation differences between Solvency II and C-IFRS basis. However there is a deferred tax effect, resulting from the various accounting differences between Solvency II and C-IFRS as discussed throughout this document.

Note 6: Debts owed to credit institutions

'Debts owed to credit institutions' means bank overdrafts held with credit institutions.

Solvency II purposes:	C-IFRS reporting purposes:
The Group values bank overdrafts at their face value.	There is no valuation difference between Solvency II and C-IFRS basis.

Note 7: Financial Liabilities other than debts owed to credit institutions

'Financial liabilities other than debts owed to credit institutions' refers to liabilities under lease commitments.

Solvency II purposes:	IFRS reporting purposes:
Lease liabilities On initial application of IFRS16 lease liabilities were measured as the present value of lease payments that were not paid at the date of commencement. These payments were discounted using an incremental borrowing rate ("IBR") based on a group borrowing rate. The Group will increase its lease liabilities to reflect the interest charge and will reduce the liabilities for any lease payments made. The Group will remeasure lease liabilities if there are any lease modifications or if there is a change in the lease payments. The lease liability shall also be re-measured by the Group if there is a change in either the lease term or a change in the assessment of an option to purchase the underlying asset. These remeasurements may also lead to a change in the discount rate used. Minor leases held by the Group have been identified and assessed. These low value items are treated as an expense through the income statement.	There are no valuation differences between Solvency II and C-IFRS basis

Note 8: Insurance and intermediaries payable

'Insurance and intermediaries payables' refers to the balance of outstanding claims payable to policyholders, commissions payable and premiums on deposit.

Solvency II purposes:	C-IFRS reporting purposes:
The Group records payables on an accruals basis.	There are no valuation differences between Solvency II and C-IFRS basis.

Note 9: Reinsurance payables

'Reinsurance payables' represent the balance due to reinsurers for outstanding reinsurance premiums and experience rating refunds for monies due to multinational pooling (MNP) arrangements.

Solvency II purposes:	C-IFRS reporting purposes:
The Group records payables on an accruals basis. The Group records MNP payables on an accruals basis to account for premiums and claims activity that has not yet been agreed with the MNP.	There are no valuation differences between Solvency II and C-IFRS basis. The difference noted in the table above arises as a result of the reinsurance impact of the risk equalisation.

Note 10: Payables (trade, not insurance)

'Payables (trade, not insurance)' represent the current tax liability of the Group.

Solvency II purposes:	C-IFRS reporting purposes:
The Group provides corporation tax payable on taxable profits at current tax rates.	There are no valuation differences between Solvency II and C-IFRS basis.

Note 11: Other liabilities

'Other liabilities' includes other unit-linked liabilities not shown anywhere else on the balance sheet, for example outstanding balances with brokers. This section also includes other non-linked liabilities not shown anywhere else on the balance sheet, for example intercompany liabilities, other taxation balances (PAYE, Exit Tax) and accruals.

Solvency II purposes:	C-IFRS reporting purposes:
The Group records payables on an accruals basis. The unearned portion of the risk equalisation premium credit is removed from other liabilities and included within technical provisions.	There are no valuation differences between Solvency II and C-IFRS basis. For C-IFRS reporting the unearned portion of the risk equalisation premium credit is included in other liabilities.

During the year there have been no changes to the recognition and valuation basis of the liabilities noted above.

During 2017, one of our insurance subsidiaries, ILA, granted a legal charge over a block of assets to support liabilities to a specific policyholder. The value of these assets at the end of 2021 was €258m. We have substantially retained the benefit of all the risks and rewards associated with these assets and continue to recognise them as available to meet the liability to the policyholder. In certain circumstances, the policyholder could enforce the charge and obtain control of the assets to offset our obligation to them under the policy, the likelihood of which is remote.

For estimation uncertainty, please refer to section D.4 (Alternative Methods for Valuation).

3. Differences between the ilg and subsidiary solvency ii other liability valuation bases, methods and assumptions

There are no material differences in the bases, methods and main assumptions at a consolidated level for the valuation for solvency purposes of the Company's other liabilities from those used by any of its subsidiaries. A description of the bases, methods and main assumptions used to value other liabilities at the subsidiary level can be found in Section D.3 of each of the Company's (insurance) subsidiaries' SFCRs. Web addresses are available in Appendix 1.

D.4 ALTERNATIVE METHODS FOR VALUATION

Overview of methodology for valuing invested assets

The Technical Specification (EIOPA 14/209) outlines the Solvency II rules on how to value assets and liabilities, other than technical provisions. It says that, unless otherwise stated, the default reference framework should be the international accounting standards, as adopted by the European Commission in line with Regulation (EC) No 1606/2002.

In most cases those international accounting standards (IFRS) and Solvency II give consistent valuations.

IFRS 13 (Fair Value Measurement) requires a company to disclose how they value assets and liabilities across level 1, 2 and 3. This is the fair value hierarchy.

> **Level 1:** fair value measurements based on quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

> **Level 2:** fair value measurements based on inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

> **Level 3:** fair value measurements based on valuation techniques that include inputs for the asset and liability that are based on unobservable market data.

Level 1 and 2 show what's known as a 'mark to market' approach. This means values are based on readily available prices in orderly transactions that are sourced externally.

Level 3 shows a 'marked to model' approach. This means values are based on assumptions or financial models.

Where assets are 'marked to model' the relevant primary investment manager must maintain supporting documentation addressing:

- a description of the process followed (model design) and the data/assumptions used by the approach (including assessment of data quality)
- the reason why a 'mark to market' approach is not possible
- the sign-off process applied in reviewing the valuation and other applicable controls (such as any applicable benchmarking of valuation output to other comparable methods)
- the level of uncertainty inherent in the valuation approach and an assessment of the model's performance in this case, which should include any particular circumstances where the approach would be expected to be ineffective
- the results of any independent check performed in relation to model outputs
- possible alternative valuation models where primary models are complex.

For invested assets, we expect that our primary investment managers maintain:

- sufficient independence in valuing assets
- sufficient documentation of applicable standards and guidelines
- sufficient control over valuation models
- sufficient management information
- consistent governance between internally and externally managed funds.

This is set out in the Group's investment management agreements.

We base estimates and associated assumptions on experience and various other factors that we believe to be reasonable under the circumstances. These factors are reflected in our judgements about the carrying amounts of assets and liabilities that are not objectively verifiable. We review estimates and underlying assumptions on an on-going basis. Where necessary, we revise them to reflect current conditions. This applies to uncertainties that arise on estimations we use when we value assets and liabilities.

D.5 ANY OTHER INFORMATION

No other items to note.

E. CAPITAL MANAGEMENT

This section describes the components of our Own Funds as at 31 December 2021, as well as the policies and processes we use to make sure we meet all regulatory capital requirements when we manage Own Funds.

E.1 Own Funds

'Own Funds' refers to the excess of the value of our assets over the value of our liabilities, where the value of our liabilities includes technical provisions and other liabilities.

Own Funds are divided into three tiers based on their permanence, and how well they can absorb losses. Tier 1 funds are of the highest quality.

We manage our Own Funds so that the solvency position stays within a targeted range although management may choose to operate outside this targeted range from time to time in order to provide financial flexibility.

E.1.1 Management of Own Funds

Our policy is to manage the capital base so that we meet all regulatory requirements. We also aim to maintain investor, creditor and market confidence, and to make sure there is enough capital to support our future growth. Our business planning process, which considers projections over a five year time frame, informs our capital management.

We manage our Own Funds so that we maintain high quality capital, mainly equity. The assets backing our Own Funds are mainly made up of:

- relatively secure assets such as fixed interest assets, as well as some owner occupied property holdings
- the expected value of future profits from our existing business, which we include when we calculate technical provisions (as discussed in section D.2 Technical Provisions). A large part of this value is offset by capital requirements in the Solvency Capital Requirement (SCR).

E.1.2
Components of Own Funds

This table sets out and assesses the way we value and calculate our Own Funds:

Solvency II Own Fund Item	How we value Own Funds (according to Solvency II rules)	Assessment
Ordinary share capital	Valued in accordance with Article 75 of Directive 2009/138.	This is the share capital and share premium, based on the company's statutory accounts.
Share premium account related to ordinary share capital		All of the company's share capital and share premium is classed as Tier 1 unrestricted.
Surplus funds	Article 91 of Directive 2009/138 (Article 106 of SI 485) defines surplus funds: "1. Surplus funds shall be deemed to be accumulated profits which have not been made available for distribution to policy holders and beneficiaries" Tiering is in line with Article 69 of the Delegated Act.	The definition is understood to mean surplus available to With Profit fund holders.
Reconciliation reserve	Valued in accordance with Article 70 of the Delegated Act.	The reconciliation reserve equals the excess of assets over liabilities from the Group Solvency II balance sheet. It is reduced by the following amounts:
		i) Own shares - n/a
		ii) Foreseeable dividends
		iii) The basic own fund items listed above - ordinary share capital, share premium and surplus fund
		iv) Restrictions relating to the Group's ring-fenced funds - see below
		In line with Article 69, all reconciliation reserve is classed as Tier 1 unrestricted.
Restrictions in respect of the Group's ring-fenced funds	Valued in accordance with Article 81 of the Delegated Act.	Restrictions apply in respect of the assets in the Group's ring-fenced funds. The amount which must be deducted from Own Funds is calculated separately for each ring-fenced fund as: the value of assets held within the ring-fenced fund minus the value of the liabilities of the ring-fenced fund minus the SCR for the ring-fenced fund. The deduction in respect of each ring-fenced fund is subject to a minimum of zero.
Expected profits included in the future premiums	Valued in accordance with Article 70 of the Delegated Act.	Expected profit in future premiums contributes to the Group's Own Funds, as discussed in section C.4.1 Expected Profit Included in Future Premium. This is classed as Tier 1 unrestricted and is already included in the reconciliation reserve amount.

We do not hold any hybrid instruments.

This table shows the breakdown of our Own Funds:

€m	31 December 2021
Tier 1 - unrestricted	
Issued share capital	40
Share premium account	360
Surplus funds	—
Reconciliation reserve	1,923
Tier 2	—
Tier 3	
Value of net deferred tax assets	3
Available Own Funds (before foreseeable dividends and adjustments)	**2,326**
Foreseeable dividends, distributions and charges	(89)
Ring-fenced funds adjustment (Participating Funds)	—
Total eligible Own Funds to meet the Group SCR	**2,237**
Deductions for participations in other financial undertakings	(30)
Exclude Tier 3 for MCR eligible own funds	(3)
Total eligible Own Funds to meet the Group MCR	**2,204**

ILG uses Method 1, as referred to in Articles 230 and 233 of Directive 2009/138/EC (Article 223 of SI 485), to consolidate its subsidiaries' balances. Under Method 1, those subsidiaries in which ILG holds a controlling interest and which are classed as insurance holding companies, insurance or reinsurance undertakings, or ancillary service units (service companies) are fully consolidated on a line-by-line basis. All other company types are treated as participations and are included on a Solvency II net asset basis in the balance sheet. Companies in which ILG owns a minority interest, or that are dormant, are not included in the consolidation.

Intra-group transactions, in so far as they relate to transactions between companies within ILG that are fully consolidated under Method 1, are eliminated as part of the consolidation process. Transactions with companies that lie outside the Group (even if they are part of the wider Lifeco group) and transactions with companies that are consolidated under the adjusted equity method, and included as participations, are not eliminated as part of the group consolidation.

Reconciliation reserve

The reconciliation reserve will vary over time based on the experience of the Group, including lapse and claims, expense levels and the impact of writing future new business.

Changes in Own Funds

Own Funds have increased by €114m in 2021, this takes into account the planned dividend payments.

The increase is largely due to:

> profits which emerged from our existing businesses across the Group; and

> economic experience.

The increase was partially offset by the planned dividend payments.

Movements in the Company's Own Funds in the future will depend on the Company's experience and dividend payments. We intend to manage our Own Funds so that the solvency position stays within a targeted range, as noted at the beginning of Section E.1 Own Funds.

Deferred taxes

The Company's Own Funds include a deferred tax asset of €3m at 31 December 2021. A deferred tax asset can arise where Solvency II asset values and technical provisions show a lower surplus that has been reported in the tax base accounts or where there are tax losses carried forward.

Ring-fenced funds

We have three ring-fenced funds relating to our pension schemes, and two ring-fenced funds relating to our Participating Business.

In the table above, there is a nil deduction for ring-fenced funds on 31 December 2021. This relates to the excess of the surplus over the SCR in our ring-fenced Participating Funds.

For our pension schemes, the excess of liabilities over assets is €1.0m. We show this on the balance sheet as a liability, and so it does not result in any additional available assets. As a result, we do not need to make any deductions to Own Funds relating to these pension schemes.

Deductions to Own Funds and restrictions on transferability

There is a deduction to our Group Own Funds of €30m which is for participations in other financial undertakings (including non-regulated undertakings carrying out financial activities). This represents the requirement to replace Own Funds as calculated under Solvency II with the Own Funds as calculated under the undertakings' local sectoral rules. These funds would all count as Tier 1 funds under the local capital basis, where local tiering is applied. This is for the 6 other non-insurance financial undertakings in the group.There are no significant restrictions on how we can transfer our Own Funds. The table below compares the Own Funds for the 6 non-insurance financial undertaking companies in the group as calculated on a Solvency II basis using the methods laid out for them by their local regulator.

31 December 2021		€m		
Name of undertaking	Type of undertaking	Own Funds on SII basis	Own Funds on own sectoral basis	SCR on own sectoral basis
Vestone Limited	Undertaking carrying out financial activities	30	30	6
1939 ILIV Consulting Limited	Undertaking carrying out financial activities	4	4	—
VIGO Health Limited	Undertaking carrying out financial activities	(1)	(1)	—
ILGAPT Limited	Undertaking carrying out financial activities	(3)	(3)	1
ILGWM Limited	Undertaking carrying out financial activities	(3)	(3)	1
Platform Capital Holdings Limited	Undertaking carrying out financial activities	3	3	1
Total		30	30	9

Limits on eligibility of capital

The limits on eligible Tier 2 capital, Tier 3 capital and restricted Tier 1 capital have no impact on our eligible Own Funds to cover the SCR.

ILG has no restricted Tier 1 or Tier 2 capital as at 31 December 2021. We hold an amount of €3m as Tier 3 capital which represents the value of the net deferred tax assets held. This is not included in eligible Own Funds.

E.1.3
Eligible Own Funds to cover Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

This table sets out our eligible Own Funds to cover the SCR and MCR:

€m	31 December 2021
Tier 1 - unrestricted	2,234
Tier 1 - restricted	—
Tier 2	—
Tier 3	3
Eligible Own Funds to meet Group SCR	**2,237**
Solvency Capital Requirement (SCR)	1,331
Solvency ratio	**168%**
Eligible Own Funds to meet Group SCR	**2,237**
Deductions for participations in other financial undertakings	(30)
Exclude Tier 3 for MCR eligible own funds	(3)
Eligible Own Funds to meet Group MCR	**2,204**
Minimum Capital Requirement (MCR)	599
Minimum Capital ratio	**368 %**

E.1.4
Restrictions on Own Funds to meet Capital Requirements

There are regulatory restrictions on the proportion of capital requirements that can be met by Tier 2 and 3 basic Own Funds in determining the eligible Own Funds to meet the SCR and MCR capital requirements. The impact of these restrictions is shown in the table below.

Solvency II rules on Own Fund tiering	31 December 2021 % Coverage	Comment
Tier 1 Own Funds must be at least 50% of SCR	168%	No restrictions
Tier 3 Own Funds must be less than 15% of SCR	0.23%	No restrictions
Tier 2+3 Own Funds must not exceed 50% of SCR	0.23%	No restrictions
Tier 1 Own Funds must be at least 80% of MCR	374%	No restrictions
Tier 2 Own Funds must be less than 20% of MCR	—	No restrictions

E.1.5
Equity in C-IFRS financial reporting compared to Solvency II Own Funds

We set out a quantitative and qualitative explanation of any material differences between equity as shown in ILG's unaudited C-IFRS balance sheet and the excess of assets over liabilities as calculated for Solvency purposes.

The main differences between the equity in our C-IFRS balance sheet and the Solvency II Own Funds arise due to:

> The way we value insurance contract liabilities (including reinsurance assets) and investment contract liabilities under C-IFRS differs from how technical provisions are valued under Solvency II (as discussed in section D.2 Technical Provisions).

> C-IFRS allows us to defer incremental acquisition costs and upfront fees through a Deferred Acquisition Costs (DAC) asset and Deferred Front End Fees (DFEF) liability. These are not allowed under Solvency II valuation rules (as discussed in section D.1 Assets and D.3 Other Liabilities above).

> Our goodwill and intangible assets are valued as nil under Solvency II (as discussed in section D.1 Assets above).

> We adjust deferred tax liabilities to reflect the impact on tax when assets and liabilities are valued differently (as discussed above).

This table shows the difference between the equity under C-IFRS and the Solvency II Own Funds at the year end.

€m	31 December 2021
Solvency II eligible Own Funds to meet Group SCR	**2,237**
Differences in technical provisions	(918)
Investment contracts DAC and DFEF	256
Differences in valuation of goodwill and intangible assets	71
Deferred tax	87
Proposed dividends	89
Other	(30)
C-IFRS shareholder equity plus non-controlling interest	**1,792**

E.1.6
Transitional arrangements

We do not use any Solvency II transitional arrangements.

E.1.7
Ancillary Own Funds

We do not have any ancillary own fund items.

E.2 SOLVENCY CAPITAL REQUIREMENT SPLIT BY RISK MODULE

E.2.1
Calculation of the Solvency Capital Requirement

The SCR, at 31 December 2021 is shown below.

€m	31 December 2021
Market risk	879
Life Underwriting risk	765
Health Underwriting risk	266
Operational risk	86
Counterparty risk	45
Diversification impacts	(531)
Gross SCR	**1,510**
Intangible asset risk	3
Loss absorbing capacity of deferred tax	(177)
Loss absorbing capacity of Technical Provisions	(21)
Adjustment due to Ring-Fenced Funds	6
Capital Requirement for non-insurance entities (consolidated using the adjusted equity method)	9
Group SCR	**1,331**
Eligible Own Funds to meet Group SCR	2,237
Solvency Ratio	168%
MCR	599

ILG uses Method 1 to consolidate all its subsidiaries' SCRs.

ILA uses simplifications in the counterparty default risk module. ILH use a simplification for the calculation of lapse risk within the health underwriting risk module. No additional simplified SCR calculations are applied at ILG level.

No undertaking-specific parameters have been used in the calculation of the Standard Formula.

E.2.2
Solvency Capital Requirement by Entity

The SCR at 31 December 2021, split by entity is shown in the following table.

Entity	31 December 2021 €m
SCR based on consolidated data for all ILG insurance entities, holding and service companies	
Insurance Entities	
Irish Life Assurance	1,173
Ark Life Assurance	118
Irish Life Health	67
Pension Schemes	
ILA pension scheme	6
Proportional share of the relevant sectoral capital requirements for financial institutions	
Non insurance entities	9
Total ILG pre consolidation	**1,373**
Total ILG post consolidation	**1,331**

Note: This table was updated on the 26th of September 2022 to reorder two entity names. The numbers in the table were correct.

E.2.3
Group Diversification Effect

The following table shows the material sources of group diversification effects, at 31 December 2021.

31 December 2021 €m	Sum of risk sub-modules (undiversified)	Diversified Risk module	Diversification benefit within risk module
Market	1,054	860	194
Life	1,107	765	342
Health	337	266	70
Non-Life	—	—	—
Counterparty Default		45	
Operational		86	
Diversification benefit (across risk modules)		(525)	
Intangible asset risk		3	
Loss absorbing capacity of deferred tax		(177)	
Capital Requirement for non insurance entities		9	
SCR		**1,331**	

There are material diversification benefits both within each risk module, and across the combined ILG SCR compared to the sum of the solo SCRs, due to the diversity of business and risks across ILG.

E.2.4
Calculation of the Minimum Capital Requirement

The tables below show the inputs to the MCR:

MCR Inputs	31 December 2021 €m
Linear MCR	641
SCR	**1,331**
MCR Cap (45% of SCR)	599
MCR Floor	333
Combined MCR	599
Absolute Floor of the MCR	4
MCR	**599**

E.3 USE OF DURATION BASED SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

We do not use the duration based equity risk sub-module.

E.4 DIFFERENCES BETWEEN STANDARD FORMULA AND ANY INTERNAL MODEL USED NT

During 2021, neither ILG nor any of its subsidiaries used an internal model for the calculation of its SCR.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

During 2021 we were in compliance with the SCR and MCR requirements.

E.6 ANY OTHER INFORMATION

No other items to note.

GLOSSARY

Abbreviations and acronyms	
Ark Life	Ark Life Assurance Company dac
BAC	Board Audit Committee
Board	Board of directors of the company
CBI	Central Bank of Ireland
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CIA	Chief Internal Auditor
C-IFRS	Canadian International Financial Reporting Standards (the financial reporting standard established by the Canadian Accounting Standards Board)
CORC	Compliance and Operational Risk Committee
CRO	Chief Risk Officer
ERC	Executive Risk management Committee
EIOPA	European Insurance and Occupational Pensions authority
FD	Finance Director
ILA	Irish Life Assurance plc
ILG, We, the Company	Irish Life Group Limited
ILH	Irish Life Health dac
Lifeco	Great West Lifeco Inc.
MCR	Minimum capital requirement
ORSA	Own Risk and Solvency assessment
PRA	Prudential Regulation Authority
SCR	Solvency Capital Requirement
The Group, Irish Life Group	Irish Life Group Limited and its direct and indirect subsidiary companies
VA	Volatility Adjustment

Ancillary Own Funds

Investment, or capital, that's been promised to a company but not paid. For Solvency II, this counts as capital towards an insurer's Solvency Capital Requirement. However, it only counts as Ancillary Own Funds - and therefore towards Solvency II requirements - if:

- the insurer could call in the capital at any point
- there are no conditions attached to transferring the capital
- the regulator has approved the commitment to transfer the capital.

Annual premium equivalent

Annual premium equivalent (APE) is a common sales measure calculation used by insurance companies, where the sales are measured by taking the value of regular premiums, plus 10% of single premiums written during the year.

Assets under administration

Assets managed by a financial institution on behalf of a client.

Capital add-on

An additional amount of capital which the supervisory authority may, in exceptional circumstances, require a company to hold over and above the Solvency Capital Requirement

Correlation factors

Factors which reflect the relationships between the risks included in the calculation of the Solvency Capital Requirement

Defined Contribution

Defined contribution (DC) schemes are occupational pension schemes where a customer's contributions and their employer's contributions are both invested and the proceeds used to buy a pension and/or other benefits at retirement. The value of the ultimate benefits payable from the DC scheme depends on the amount of contributions paid, the investment return achieved less any fees and charges, and the cost of buying the benefits.

Delegated act

One of the tools the EU uses to put a law in place. Generally, they use an 'implementing act' for ruling on procedure and on how to follow legislation that already exists in other acts. They use a 'delegated act' for ruling on the content of legislation. A delegated act might, for example, add or change elements of a piece of legislation that are not fundamental to that legislation's essence.

The Solvency II regime involves both implementing acts and delegated acts.

Derivatives

Financial products made up of assets packaged together. The value of the product depends on - or 'derives' from - the value of the underlying assets. The asset could be, for example, currency or a commodity. Futures and options are examples of derivatives.

Duration based equity risk sub-module

This allows a company to hold a lower SCR in respect of some equity holdings, as long as it meets certain conditions and gets approval from the supervisory authority.

Forward rate agreements

An agreement to buy a particular amount of currency at a fixed price on a fixed date in the future.

Future discretionary benefits

Benefits which insurance companies may pay in addition to the minimum benefits payable under a policyholders' contract. For example, for participating business (see definition), bonuses may be paid to policyholders based on the profits of the participating fund

Hybrid instruments

An investment product that combines two or more different financial instruments, usually an equity and a debt security.

Lapse rate

A measure of how often customers cancel their policies early or stop paying premiums. It is usually calculated as the number of policies which lapsed in a given year out of the total number of policies that were in place in that year.

Loss absorbing capacity of technical provisions

The reduction in the SCR which arises due to reductions in future discretionary benefits (see definition) expected in adverse scenarios. .

Own Risk and Solvency Assessment (ORSA)

A set of processes which assess a company's risk profile and the capital it needs to hold in light of these risks. It assesses both the current risk profile, and what it is likely to be in the future. It helps us make decisions, and analyse strategy and risk. In line with standard insurance regulations, we carry out an ORSA each year.

Participating business

Policies where the benefits paid to policyholders include bonuses which vary depending on the profits earned by a fund (the 'participating fund') which the company maintains

Premium Provision

The premium provision is the Unearned Premium Reserve (which is set equal to the portion of the premium for business written before the valuation date which has not yet been earned) plus an allowance for additional costs expected to be incurred in relation to business written before the valuation date. The Unearned Premium Reserve is balanced by a premium receivable asset.

Ring-fenced fund

A fund where a company cannot use the assets within the fund to meet liabilities outside the fund

Risk Equalisation

Risk Equalisation is a process that aims to equitably neutralise differences in insurers' costs that arise due to variations in the age profile of the insurers. Risk equalisation involves transfer payments between health insurers to spread some of the claims cost of the high-risk older and less healthy members amongst all the private health insurers in the market in proportion to their market share.

Special purpose vehicle

An entity formed by a company for a particular project or task, usually to hold assets.

Transitional arrangements

Arrangements which allow companies to gradually switch from the Solvency I to Solvency II capital calculation basis.

With profit fund holders

Policyholders whose benefits include bonuses which vary depending on the profits earned by a 'participating fund' (see 'participating business' definition).

Appendices

Amounts in the tables that follow are in €'000s.

APPENDIX 1
Web addresses for ILG insurance subsidiaries' SFCRs

Irish Life Assurance plc (ILA)	https://www.irishlife.ie/solvency-and-financial-condition-reports/
Irish Life Health dac (ILH)	https://www.irishlifehealth.ie/privacy-and-legal/solvency-and-financial-condition
Ark Life Assurance Company dac (Ark Life)	https://www.arklife.ie/solvency_ii/

APPENDIX 2

S.02.01.02

Balance Sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	4,206
R0040	Deferred tax assets	2,504
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	125,517
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	5,526,676
R0080	*Property (other than for own use)*	32,080
R0090	*Holdings in related undertakings, including participations*	30,589
R0100	*Equities*	45,539
R0110	*Equities - listed*	45,539
R0120	*Equities - unlisted*	0
R0130	*Bonds*	5,307,362
R0140	*Government Bonds*	2,845,712
R0150	*Corporate Bonds*	2,416,826
R0160	*Structured notes*	0
R0170	*Collateralised securities*	44,824
R0180	*Collective Investments Undertakings*	62,883
R0190	*Derivatives*	3,785
R0200	*Deposits other than cash equivalents*	44,439
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	59,286,701
R0230	Loans and mortgages	136,407
R0240	*Loans on policies*	1,232
R0250	*Loans and mortgages to individuals*	1
R0260	*Other loans and mortgages*	135,174
R0270	Reinsurance recoverables from:	2,190,709
R0280	*Non-life and health similar to non-life*	106,835
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	106,835
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	2,072,059
R0320	*Health similar to life*	89,794
R0330	*Life excluding health and index-linked and unit-linked*	1,982,265
R0340	*Life index-linked and unit-linked*	11,815
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	25,171
R0370	Reinsurance receivables	156,128
R0380	Receivables (trade, not insurance)	14,718
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	139,906
R0420	Any other assets, not elsewhere shown	422,671
R0500	**Total assets**	68,031,315

APPENDIX 2

S.02.01.02

Balance Sheet (continued)

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	108,737
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	108,737
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	103,012
R0590	*Risk margin*	5,725
R0600	Technical provisions - life (excluding index-linked and unit-linked)	5,671,531
R0610	*Technical provisions - health (similar to life)*	661,781
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	615,448
R0640	*Risk margin*	46,333
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	5,009,750
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	4,818,546
R0680	*Risk margin*	191,204
R0690	Technical provisions - index-linked and unit-linked	58,661,284
R0700	*TP calculated as a whole*	59,308,627
R0710	*Best Estimate*	-845,524
R0720	*Risk margin*	198,181
R0740	Contingent liabilities	16,466
R0750	Provisions other than technical provisions	47,322
R0760	Pension benefit obligations	1,050
R0770	Deposits from reinsurers	108,967
R0780	Deferred tax liabilities	192,985
R0790	Derivatives	6,467
R0800	Debts owed to credit institutions	19,821
R0810	Financial liabilities other than debts owed to credit institutions	15,052
R0820	Insurance & intermediaries payables	470,525
R0830	Reinsurance payables	145,486
R0840	Payables (trade, not insurance)	24,102
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	215,908
R0900	**Total liabilities**	65,705,703
R1000	**Excess of assets over liabilities**	2,325,611

APPENDIX 3

S.05.01.02

Premiums, claims, expenses by line of business (non life)

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	582,779																582,779
R0120	Gross - Proportional reinsurance accepted	0																0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share	425,375																425,375
R0200	Net	157,405																157,405
	Premiums earned																	
R0210	Gross - Direct Business	568,223																568,223
R0220	Gross - Proportional reinsurance accepted	0																0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share	414,749																414,749
R0300	Net	153,474																153,474
	Claims incurred																	
R0310	Gross - Direct Business	389,580																389,580
R0320	Gross - Proportional reinsurance accepted	0																0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share	278,971																278,971
R0400	Net	110,609																110,609
	Changes in other technical provisions																	
R0410	Gross - Direct Business	-3,550																-3,550
R0420	Gross - Proportional reinsurance accepted	0																0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share	-2,592																-2,592
R0500	Net	-959																-959
R0550	**Expenses incurred**	129,733																129,733
R1200	**Other expenses**																	0
R1300	**Total expenses**																	129,733

APPENDIX 4

S.05.01.02

Premiums, claims and expenses by line of business (life)

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	99,723	824	6,403,388	516,002					7,019,935
R1420	Reinsurers' share	6,949	0	16,691	224,718					248,358
R1500	Net	92,773	824	6,386,697	291,284					6,771,578
	Premiums earned									
R1510	Gross	98,333	824	6,403,388	514,567					7,017,111
R1520	Reinsurers' share	6,949	0	16,691	224,718					248,358
R1600	Net	91,383	824	6,386,697	289,850					6,768,754
	Claims incurred									
R1610	Gross	62,740	7,280	4,789,923	475,131					5,335,074
R1620	Reinsurers' share	4,671	0	13,396	291,397					309,464
R1700	Net	58,069	7,280	4,776,527	183,735					5,025,610
	Changes in other technical provisions									
R1710	Gross	-28,516	6,183	8,099,513	-563,276					7,513,904
R1720	Reinsurers' share	-10,189	0	-7,675	-288,550					-306,415
R1800	Net	-18,327	6,183	8,107,188	-274,726					7,820,318
R1900	**Expenses incurred**	29,796	221	254,362	125,854					410,233
R2500	**Other expenses**									180
R2600	**Total expenses**									410,413

APPENDIX 5

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Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	Technical provisions	64,441,552	0	0	18,543	0
R0020	Basic own funds	2,206,345	0	0	-12,173	0
R0050	Eligible own funds to meet Solvency Capital Requirement	2,236,761	0	0	-12,173	0
R0090	Solvency Capital Requirement	1,330,778	0	0	666	0

APPENDIX 6

S.23.01.22

Own Funds

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

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
		40,067	40,067		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	360,058	360,058		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	14	14			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	1,834,118	1,834,118			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	2,504				2,504
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	30,416	30,416			
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	30,416	30,416	0	0	0
R0290	**Total basic own funds after deductions**	2,206,345	2,203,842	0	0	2,504
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	30,416	30,416			
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	30,416	30,416	0	0	0

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	2,206,345	2,203,842	0	0	2,504
R0530	Total available own funds to meet the minimum consolidated group SCR	2,203,842	2,203,842	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	2,206,345	2,203,842	0	0	2,504
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	2,203,842	2,203,842	0	0	
R0610	**Minimum consolidated Group SCR**	598,850				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	368.01%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	2,236,761	2,234,258	0	0	2,504
R0680	**Group SCR**	1,330,778				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	168.08%				

		C0060
	Reconcilliation reserve	
R0700	Excess of assets over liabilities	2,325,611
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	88,850
R0730	Other basic own fund items	402,643
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	1,834,118
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	299,626
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	35,648
R0790	**Total Expected profits included in future premiums (EPIFP)**	335,275

APPENDIX 7

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Solvency Capital Requirement - for groups using the standard formula and partial internal model

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	882,848		
R0020	Counterparty default risk	45,038		
R0030	Life underwriting risk	768,038		
R0040	Health underwriting risk	267,488		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-533,060		
R0070	Intangible asset risk	3,365		
R0100	**Basic Solvency Capital Requirement**	1,433,717		

USP Key

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

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

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	85,659
R0140	Loss-absorbing capacity of technical provisions	-20,516
R0150	Loss-absorbing capacity of deferred taxes	-176,732
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	1,322,128
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	1,322,128
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	1,309,801
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	6,746
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	598,850
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	8,650
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	8,650
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D&A	0
R0570	**Solvency capital requirement**	1,330,778

APPENDIX 8

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Undertakings in the scope of group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	IE	635400JGZZI8GHR8QG76	LEI	1939 ILIV Consulting Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
2	IE	6354007DSGDEHWVF7T25	LEI	Acumen & Trust DAC	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
3	IE	635400SV1WVURPOMZF20	LEI	Acumen & Trust Pension Trustees DAC	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
4	IE	635400OPE1JFGG2MP752	LEI	APT Wealth Management Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
5	IE	635400BCM3M2ONRIHM02	LEI	APT Workplace Pension Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
6	IE	635400FAX6V29RD4PX38	LEI	APTFS Nominees Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
7	IE	Q88N5RCPNGIJG1ZE0765	LEI	Ark Life Assurance Company DAC	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
8	IE	635400MHWYMM9ANURP69	LEI	BCRM Financial Holdings (Ireland) DAC	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
9	IE	33613	Specific code	City Life Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
10	IE	635400GT362UFLJWGZ19	LEI	Clearview Investments & Pensions Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
11	IE	635400YCEMRA2M95SK72	LEI	Conexim Advisors Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
12	IE	635400GGXFZAHNQE8Y22	LEI	Cornmarket Group Financial Services Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
13	GB	635400FBR5OL6NLRFR10	LEI	Cornmarket Insurance Services Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Conduct Authority
14	GB	2138009Z2YMNSZF44G47	LEI	EIS Financial Services Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Conduct Authority
15	IE	6354009ZODEV7FHISO42	LEI	Harvest Financial Services Ltd	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
16	IE	635400KLDUXFJHMN1U61	LEI	Harvest Trustees Ltd	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
17	IE	635400DADGYDGWIUDS23	LEI	ILGAPT Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
18	IE	635400UH7Z5V2GIYYZ62	LEI	ILGWM Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
19	IE	699868	Specific code	ILHawk Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
20	US	635400YXOAFSOBHZXV22	LEI	Ilona Financial Group, Inc.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
21	IE	635400JW5GK2ZTTWOK19	LEI	ILP Pension Trustees dac	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
22	IE	6354009KK2LTCN6JWN73	LEI	Invesco Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
23	IE	6354007UUVRKBKCOOZ27	LEI	Invesco Trustees dac	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
24	IE	635400BSMKY1KO9XGH57	LEI	Irish Life Associate Holdings Unlimited Company	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
25	IE	YYV6S3OE6EWZYI2FFW31	LEI	Irish Life Assurance plc	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
26	IE	635400NNVQODVERAJD14	LEI	Irish Life Financial Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
27	IE	635400NX6YMZWZPAHW47	LEI	Irish Life Group Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
28	IE	635400ENG5BJ2BD86T55	LEI	Irish Life Group Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A

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Undertakings in the scope of group

					Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	IE	635400JGZZI8GHR8QG76	LEI	1939 ILIV Consulting Limited	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
2	IE	6354007DSGDEHWVF7T25	LEI	Acumen & Trust DAC	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
3	IE	635400SV1WVURPOMZF20	LEI	Acumen & Trust Pension Trustees DAC	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
4	IE	635400OPE1JFGG2MP752	LEI	APT Wealth Management Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
5	IE	635400BCM3M2ONRIHM02	LEI	APT Workplace Pension Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
6	IE	635400FAX6V29RD4PX38	LEI	APTFS Nominees Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
7	IE	Q88N5RCPNGIJG1ZE0765	LEI	Ark Life Assurance Company DAC	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
8	IE	635400MHWYMM9ANURP69	LEI	BCRM Financial Holdings (Ireland) DAC	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
9	IE	33613	Specific code	City Life Limited	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
10	IE	635400GT362UFLJWGZ19	LEI	Clearview Investments & Pensions Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
11	IE	635400YCEMRA2M95SK72	LEI	Conexim Advisors Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
12	IE	635400GGXFZAHNQE8Y22	LEI	Cornmarket Group Financial Services Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
13	GB	635400FBR5OL6NLRFR10	LEI	Cornmarket Insurance Services Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
14	GB	2138009Z2YMNSZF44G47	LEI	EIS Financial Services Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
15	IE	6354009ZODEV7FHISO42	LEI	Harvest Financial Services Ltd	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
16	IE	635400KLDUXFJHMN1U61	LEI	Harvest Trustees Ltd	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
17	IE	635400DADGYDGWIUDS23	LEI	ILGAPT Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
18	IE	635400UH7Z5V2GIYYZ62	LEI	ILGWM Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
19	IE	699868	Specific code	ILHawk Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
20	US	635400YXOAFSOBHZXV22	LEI	Ilona Financial Group, Inc.	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
21	IE	635400JW5GK2ZTTWOK19	LEI	ILP Pension Trustees dac	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
22	IE	6354009KK2LTCN6JWN73	LEI	Invesco Limited	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
23	IE	6354007UUVRKBKCOOZ27	LEI	Invesco Trustees dac	75.00%	75.00%	75.00%		Dominant	75.00%	Included in the scope		Method 1: Adjusted equity method
24	IE	635400BSMKY1KO9XGH57	LEI	Irish Life Associate Holdings Unlimited Company	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
25	IE	YYV6S3OE6EWZYI2FFW31	LEI	Irish Life Assurance plc	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
26	IE	635400NNVQODVERAJD14	LEI	Irish Life Financial Services Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
27	IE	635400NX6YMZWZPAHW47	LEI	Irish Life Group Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
28	IE	635400ENG5BJ2BD86T55	LEI	Irish Life Group Services Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation

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Undertakings in the scope of group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
29	IE	213800CKQ3LRQAANL691	LEI	Irish Life Health Dac	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
30	IE	635400AFPORY5TCRDO46	LEI	Irish Life Trustee Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
31	IE	635400KORI18AZDMXO39	LEI	Platform Capital Holdings Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
32	IE	635400VJGWKKUV94ZB87	LEI	Vestone Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
33	IE	651471	Specific code	VIGO Health Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
34	IE	686621	Specific code	Irish Life Wellbeing Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
35	IE	635400P6FF1QJF1XSP02	LEI	Irish Life Irish Holdings Unlimited Company	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A

					Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
29	IE	213800CKQ3LRQAANL691	LEI	Irish Life Health Dac	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
30	IE	635400AFPORY5TCRDO46	LEI	Irish Life Trustee Services Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
31	IE	635400KORI18AZDMXO39	LEI	Platform Capital Holdings Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
32	IE	635400VJGWKKUV94ZB87	LEI	Vestone Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
33	IE	651471	Specific code	VIGO Health Limited	50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Adjusted equity method
34	IE	686621	Specific code	Irish Life Wellbeing Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
35	IE	635400P6FF1QJF1XSP02	LEI	Irish Life Irish Holdings Unlimited Company	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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