



# Solvency and Financial Condition Report

## Irish Life Group Limited 2023

Helping people build  
better futures

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# 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 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 supervised Solvency II insurance holding company. The Company is the parent company of a group of Irish companies ('the Group'), including two 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 other firms that provide services connected to the insurance business.

## 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 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 154% at 31 December 2023 (2022: 177%). We have detailed our financial performance, which was influenced by market conditions, premium inflow and claims outflows – in section A, Business and Performance. At the end of 2023, under the Solvency II regime, we reported solvency capital of €1,743m, which is above the €1,133m Solvency Capital Requirement (SCR). We calculate our SCR using the Standard Formula set by the European Insurance and Occupational Pension Authority (EIOPA). We control and report solvency capital in line with the capital management and metrics detailed in section E.

€m	2023	2022
Tier 1 - unrestricted	1,741	2,007
Tier 2	—	—
Tier 3	2	2
<b>Available Own Funds (before foreseeable dividends and adjustments)</b>	<b>1,743</b>	<b>2,009</b>
Foreseeable dividends, distributions and charges*	—	(125)
<b>Total eligible Own Funds to meet the Group SCR</b>	<b>1,743</b>	<b>1,884</b>
Solvency Capital Requirement (SCR)	1,133	1,066
<b>Solvency ratio</b>	<b>154%</b>	<b>177%</b>
<b>Total eligible Own Funds to meet the Group SCR</b>	<b>1,743</b>	<b>1,884</b>
Deductions for participations in other financial undertakings	—	(54)
Exclude Tier 3 for MCR eligible Own Funds	(2)	(2)
<b>Total eligible Own Funds to meet the Group MCR</b>	<b>1,741</b>	<b>1,827</b>
Minimum Capital Requirement (MCR)	510	480
<b>Minimum Capital Ratio</b>	<b>342%</b>	<b>381%</b>

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

\*Foreseeable dividends of €144m, which was approved by the ILG Board in February 2024, has been accounted for as a liability on the SII Balance Sheet and therefore part of 'Tier 1' in the table above. This change is driven by the new taxonomy release in Q4 2023 and states that any dividends approved by the Board after the reporting period is accounted for as a payable.

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	2023 Solvency Ratio	2022 Solvency Ratio
Base	154%	177%
Base with no volatility adjustment	148%	171%

The Company's financial performance on a C-IFRS basis resulted in a consolidated unaudited profit for the financial year, after taxation, of €253m (2022: €238m).

## 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 €239m (2022: restated €81m). The profit for the current financial year is driven by the impact of the sale of the tranche of business to AIB Life as part of the joint venture between AIB and GWL coming through the Net Investment Result; positive market movements; the expected release of the CSM and risk adjustment coupled with positive experience on group risk business which is reflected in the insurance service result of €96m.

ILA's individual and small business customer sales marginally decreased in 2023 to €1,710m (2022: €1,820m). Annual Premium Equivalent (APE) sales also marginally decreased to €281m (2022: €293m) due to market volatility and customer sentiment. In addition, as mentioned above there was an impact of the sale of the tranche of business to AIB Life.

ILA's corporate customer sales increased by 4% to €1,709m (2022: €1,644m), APE sales increased to €570m (2022: €535m). This was mainly due to strong DC new business linked to Master Trust, strong risk sales as well as incremental DC back-book growth, offset by lower bulk annuity and bulk personal retirement bond sales.

### Irish Life Health dac (ILH)

In 2023, ILH generated a profit after tax of €24.1m, a decrease on 2022 restated profit after tax of €33.4m. Claims experience and the number of customers insured are two key drivers of financial performance which have impacted the profitability of the Company over the last number of years.

## System of governance summary

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

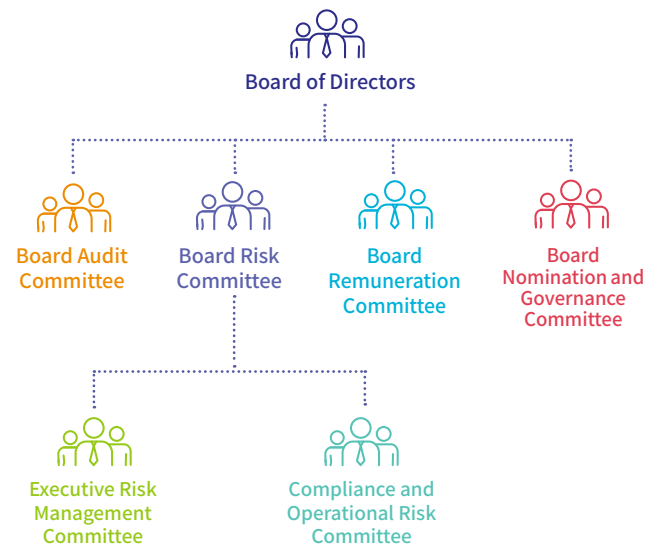
The Board of Directors is responsible for the governance and oversight of all of operations and risks of the Group.

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.

The Board of Directors of ILG is responsible for the governance and oversight of all 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 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 categorises its risk exposures under major risk headings. The SCR, split by risk category, is as follows:

€m	End 2023	End 2022
Market risk	700	601
Life Underwriting risk	684	665
Health Underwriting risk	227	213
Counterparty risk	46	49
Operational risk	99	108
Non-Life	—	—
Diversification	(455)	(422)
<b>Gross SCR</b>	<b>1,301</b>	<b>1,214</b>
Intangible asset risk	—	—
Loss absorbing capacity of deferred tax (restricted)	(162)	(151)
Loss absorbing capacity of technical provisions	(10)	(12)
Adjustment due to Ring-fenced Funds	5	3
Capital Requirement for non-insurance entities (consolidated using the adjusted equity method)	—	11
<b>Group SCR</b>	<b>1,133</b>	<b>1,066</b>

There was an increase in the SCR over 2023. Despite release of capital as existing business ran off, plus the removal of SCR associated with business transferred as part of the AIB back-book transaction, linked funds and equities experience and the capital strain of writing new business led to an increase in the SCR.

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 2023 reporting period.

The ratio of the Company's available capital to its regulatory SCR was 154% at 31 December 2023 (2022: 177%) 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 14 May 2024.



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. 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 \$2.8 trillion Canadian dollars in consolidated assets under administration 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 Irish Life Group Limited in 2013. The Irish Life Group has a number of subsidiaries, and is subject to Solvency II group supervision as the insurance holding company for ILA and ILH.

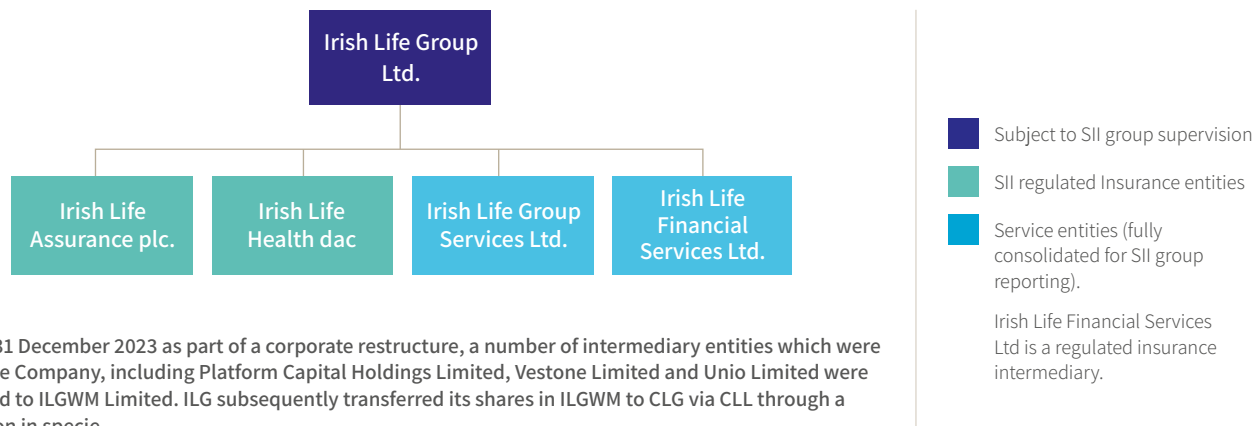
Irish Life Investment Managers Limited, Canada Life Asset Management Limited, and Setanta Asset Management Limited are sister companies within CLG. They provide the Group with asset management services and expertise.

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



We are the largest life and pensions group in Ireland, serving over 1.5 million customers. We also have a 21% share (2022: 21%) of the Irish health insurance market serving over 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 key direct and indirect holdings:



**Note:** On 31 December 2023 as part of a corporate restructure, a number of intermediary entities which were held by the Company, including Platform Capital Holdings Limited, Vestone Limited and Unio Limited were transferred to ILGWM Limited. ILG subsequently transferred its shares in ILGWM to CLG via CLL through a distribution in specie.

## A.1.2 Business Overview

### 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 1.5 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. During 2023, ILA operated through two main divisions, Irish Life Retail (Retail Life) for individual and small business customers and Irish Life Corporate Business (Corporate Life) for corporate customers. ILA's market share in 2023 was circa 34% (2022: 38%). ILA is regulated by the CBI.

#### Irish Life Health dac (ILH)

Irish Life Health's principal activity is the transaction of health insurance business within the Republic of Ireland. The Company's aim is to give customers an innovative, compelling and easy access proposition compared to the other health insurance offerings in the marketplace. ILH is regulated by the CBI.

### ILG Intra-group Transactions during the year

ILG has a number of intra-group transactions, principally intra-group outsourcing agreements 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, human resource management and facilities management functions. The provision and oversight of these services is governed by subsidiary outsourcing policies.

### ILG Capital Transactions during the year

All major capital transactions have been covered under section A.5 ANY OTHER INFORMATION.

## 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	2023 €m	2022 €m
Irish Life Assurance	Unit-linked and corporate risk business	9,074	7,103
Irish Life Health	Health Insurance	656	600
Ark Life	Unit-linked business	—	60
<b>ILG Total</b>	<b>Gross written premiums</b>	<b>9,730</b>	<b>7,763</b>

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.

There are no gross written premiums for Ark Life in 2023 as a Portfolio Transfer to the Company's subsidiary Irish Life Assurance plc ("ILA") was completed, and integrated into the Retail Life division of ILA from 1 October 2022.

## A.3 INVESTMENT PERFORMANCE

The Company's consolidated investment income is shown below:

Asset Class €m	Net Investment Income	Gains and Losses	2023 Total	Net Investment Income	Gains and Losses	2022 Total
Equity and Unit Trust	747	4,066	4,813	561	(4,485)	(3,924)
Fixed Income	299	838	1,137	245	(3,489)	(3,244)
Derivatives	—	172	172	(1)	(671)	(672)
Mortgages	123	(345)	(222)	118	(96)	22
Property	3	2	5	3	(30)	(27)
Cash and Deposits	198	(26)	172	—	56	56
<b>Grand Total</b>	<b>1,370</b>	<b>4,707</b>	<b>6,077</b>	<b>926</b>	<b>(8,715)</b>	<b>(7,789)</b>

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

On 28th February 2023, ILG purchased the 25% minority interest in Unio Limited ("Unio") (formerly ILIV) from Invesco Financial Holdings Limited ("IFHL") for a total cash payment of €33.3m. As part of the transaction, the loan to IFHL of €11.2m was discharged.

On 31st March 2023, ILG provided a €13.7m capital contribution to Unio. This capital contribution was ultimately used to fund the repayment of a loan from ILG to Unio.

On 3 November 2023, ILG's subsidiary, ILA, transferred a tranche of Unit Linked Business to Saol Assurance DAC, trading as AIB Life, as part of the joint venture between AIB and GWL. This Unit Linked tranche consists of sales made through the AIB sales channel with Retail Life.

On 31 December 2023 as part of a corporate restructure, a number of intermediary entities which were held in ILG, including Platform Capital Holdings Limited, Vestone Limited and Unio Limited were transferred to ILGWM. ILG subsequently transferred its shares in ILGWM to Canada Life (UK) Group Limited ("CLG") via Canada Life Limited through a distribution in specie. The transfer was performed at fair market value resulting in a gain of €127.9m.



# 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 Company operates a three lines of defence risk governance model. In this model, the first line of defence against risk is the business functions. The second line of defence is the oversight and control functions of the business which control, monitor and report risks within the group risk governance structure. The third line of defence is the independent assurance provided by the Internal Audit function.

Responsibility for the ILG system of governance lies with the Board.

The Board has a lead role in:

- > confirming the Company's strategy;
- > clarifying the levels of risk that are acceptable in the delivery of the strategy; and
- > ensuring that there is an appropriate control environment and sufficient risk-based capital across the Group to maintain its ongoing solvency, as required from time to time.

The relationship between the Board and the boards of directors of the Company's subsidiaries is important and requires an appropriate balance of oversight that allows the subsidiaries to fulfil their local responsibilities. 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.

#### Board of Directors

The Board is responsible for promoting the long-term success of the Company for the benefit of its shareholder and other stakeholders. This includes ensuring that an appropriate system of governance is in place.

The Board is accountable for governance structures throughout the Group, which are designed to meet the Company's regulatory requirements while facilitating subsidiaries to meet their respective obligations under the applicable local laws and regulations. For Solvency II, a focus of the Board is to ensure the consistent design and operation of its governance systems and processes, such that overall, the Company meets the legislative requirements.

The Board meets at least quarterly and receives reports and recommendations on any matter which it considers significant to the Company including, on strategic matters relating to business and investment performance, risk management issues and the performance of the internal control environment as well as regulatory updates relevant to the Group.

The Board is responsible for the Enterprise Risk Management Framework and approves the risk appetite, risk mandates and risk limits for the Group. In coordination with the Company's subsidiary boards, the Board oversees how these risk mandates and limits are delegated to entities within the Group.

The Board considers the impact on the Group capital and solvency position when approving significant matters occurring in or between Group entities; for example, changes to strategy or business plans, new products, reorganisations and significant acquisitions or disposals.

The Board also plays a key role in articulating and maintaining a culture of risk awareness and ethical behaviour within the Company.

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).



	Main function	Main responsibilities
Board of Directors	Lead and control ILG.	<ul style="list-style-type: none"> <li>&gt; Makes all material strategic decisions considering the impact on the Group Capital and solvency position.</li> <li>&gt; Establishes a governance structure throughout the Group with clearly defined authority levels and reporting responsibilities.</li> <li>&gt; Agrees the rules on management authority levels and what the Board should be notified of.</li> <li>&gt; Articulates and maintains a culture of risk awareness and ethical behaviour within the Group.</li> </ul>
Board Risk Committee	Provides direction and oversight in relation to the Group’s overall risk management framework.	<ul style="list-style-type: none"> <li>&gt; Reviews compliance within the Enterprise Risk Management (ERM) framework and advises the Board on risk oversight.</li> <li>&gt; Reviews the Group’s Risk Appetite Framework and Risk Strategy.</li> <li>&gt; Approves the operation of the Risk and Compliance functions, making sure they have the resources, authority and independence to meet their responsibilities.</li> <li>&gt; Recommends changes to the risk and compliance management frameworks and policies.</li> <li>&gt; Promotes a Group culture that supports risk management.</li> <li>&gt; Develops and approves responses when a risk exposure exceeds appetite.</li> </ul>
Board Audit Committee	Monitors the effectiveness of internal controls.	<ul style="list-style-type: none"> <li>&gt; Recommends and monitors the choice of external auditors and acts as an independent link between the Board and ILG’s external auditors.</li> <li>&gt; Reviews the scope of the external audit and reviews the independence of the external auditors.</li> <li>&gt; Reviews the company’s annual report and financial statements, other public reports and reports we send to the regulatory authorities.</li> <li>&gt; Reviews the effectiveness of internal control systems.</li> <li>&gt; Manages the risks of financial reporting by reviewing significant financial reports.</li> <li>&gt; Reviews financial statements for ILG and Solvency II Pillar I and Pillar III requirements.</li> <li>&gt; Reports to the Board on financial statements it needs to approve.</li> <li>&gt; Monitors the Actuarial, Internal Audit and Finance functions. Ensures they have the resources, authority and independence to meet their responsibilities.</li> </ul>
Board Remuneration Committee	Develop ILG’s remuneration policy.	<ul style="list-style-type: none"> <li>&gt; Decides, implements and operates our remuneration policies.</li> </ul>

	Main function	Main responsibilities
Board Nomination and Governance Committee	Recommend Board and Board Committee appointments to ILG's Board. Keep the governance arrangements for ILG under review.	<ul style="list-style-type: none"> <li>&gt; Succession plans for the Board.</li> <li>&gt; Makes sure the Board and sub-committees have the right skills and resources.</li> <li>&gt; Arranges training for new directors and ongoing training for all directors.</li> <li>&gt; Oversee ILG's Corporate Governance.</li> </ul>
Executive Risk Management Committee (ERC)	Manage all ILG's material risks, apart from operational and legal/regulatory compliance risks.	<ul style="list-style-type: none"> <li>&gt; Oversees risk exposures and recommends suitable risk policy (including insurance risks, market risk, credit risks and liquidity risk).</li> <li>&gt; Monitors capital and how assets and liabilities are matched.</li> <li>&gt; Maintains oversight of ILG exposure to tax risk.</li> <li>&gt; Reviews new product developments.</li> <li>&gt; Approves significant transactions.</li> <li>&gt; Monitors and reviews risk experience.</li> <li>&gt; Reviews and recommends material risk management matters, including risk mitigations.</li> </ul>
Compliance and Operational Risk Committee (CORC)	Oversee Group's operational, conduct and compliance risk.	<ul style="list-style-type: none"> <li>&gt; Recommends the Risk and Compliance policies and principles.</li> <li>&gt; Acts as a forum for prioritising and reviewing existing and emerging material operational risks.</li> <li>&gt; Designs and monitors key risk indicators attached to these risks.</li> <li>&gt; Monitors operational risk events and control environments.</li> <li>&gt; Keeps under review the Group's consumer protection (conduct risk) compliance frameworks.</li> <li>&gt; Promote a risk culture that stresses integrity and effective compliance risk management throughout the Group.</li> <li>&gt; Monitors the ongoing state of regulatory compliance.</li> <li>&gt; Monitors the Group's regulatory requirements.</li> </ul>

The following table shows the members of our Board and Board Committees as at 31 December 2023:

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 Declan Bolger	Chief Executive Officer and executive director	Y		Y		
Ms Brenda Dunne	Independent non-executive director	Y	Y	Y	Y	Y
Ms Helen Keelan	Independent non-executive director and Chairman of the Audit committee	Y	Y	Y	Y	
Mr David Killeen	Executive director	Y				
Mr Stefan Kristjanson	Non-executive director	Y	Y			
Ms Susan McArthur	Independent non-executive director	Y		Y		Y
Mr Harold Snow	Non-executive director and Chairman of the Remuneration committee	Y			Y	
Company secretary is Ms Maria-Teresa Kelly						

**Resignations:**

Mr Kevin Murphy (Non-executive director), Mr William Acton (Non-executive director) and Ms Rose McHugh (Independent non-executive director) resigned on 1 January 2023.

**Appointments:**

Ms Helen Keelan (Independent non-executive director) and Mr David Killeen (Executive director) were appointed to the Board on 1 January 2023.

**B.1.2****Adequacy of and review of systems of governance**

We are committed to best practice corporate governance. The 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.

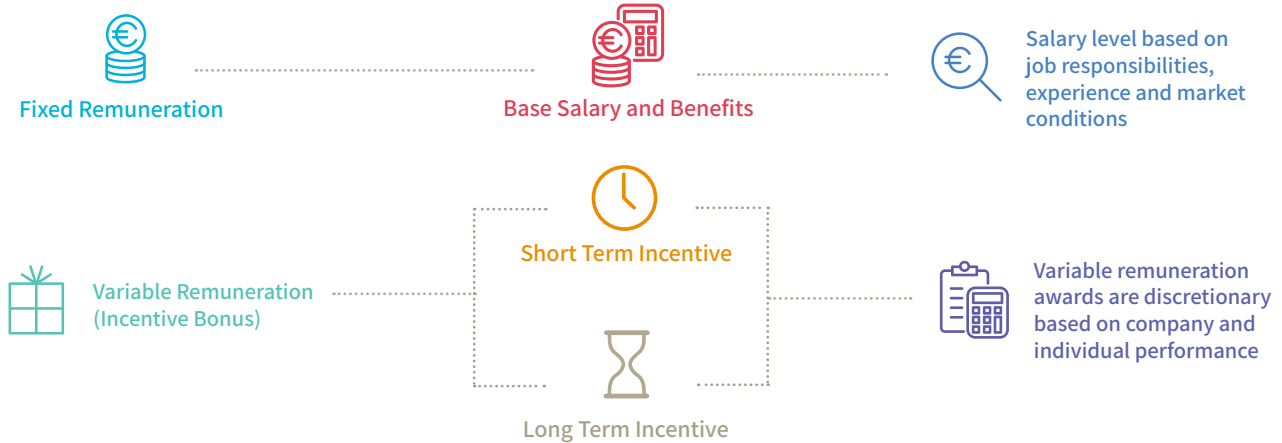
**B.1.3.1****Share options, shares or variable components of remuneration**

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.

The company has closed its defined benefit pension scheme to future accrual from 30 June 2018 and existing members have joined a company defined contribution plan 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 role of Head of Actuarial function 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 Head of Actuarial Function 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 Group finance function with the production of the actuarial Financial Stability Templates, Quantitative Reporting Templates and 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 Head of Actuarial Function 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 and testing 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; and
- > 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 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 Chief Internal Auditor for Ireland & Germany (CIA) reports functionally to the Chair of the ILG Board Audit Committee and the Chief Internal Auditor for Great-West Lifeco. The CIA reports administratively to the CEO of Irish Life Group. Internal Audit provides monthly reports to ILG Senior Leadership Team on the status of the audit plan and on audit findings, and quarterly reports to the ILG Board Audit Committee.

### Main responsibilities

The CIA is required to:

- > Submit, at least annually, a risk-based internal audit plan to the Board Audit Committee for review and approval;
- > Review and adjust the internal audit plan, as necessary, in response to changes in the company's business, risks, operations, programmes, systems, and controls, or requests by the audit committee or a regulator;
- > Communicate to the audit committee any changes to the internal audit plan, for 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;
- > Ensure internal audit activity remains free from interference by any element in the company, including in matters of audit selection, scope, procedures, frequency, timing, or report content to enable a necessary independent and objective approach; and
- > Provide, based on sufficient and appropriate work, an overall opinion on Governance, Risk Management and Control to the Board Audit Committee on a regular basis. Include as

part of that opinion, whether the organisation's risk appetite framework is being adhered to, together with an analysis of themes and trends emerging from Internal Audit work and their impact on the organisation's risk profile.

### Governance

The Board Audit Committee:

- > Reviews and approves the mandate of the CIA;
- > Reviews and recommends the appointment/removal of the CIA to the Board;

- > Annually assesses the performance of the CIA and the effectiveness of the Internal Audit function; and
- > Annually reviews and approves the function's organisational and reporting structure, budget and resources.

The CIA 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 CIA is responsible for ensuring a quality assurance programme is in place to drive continuous improvement and ensure conformance with the Institute of Internal Auditor's (IIA) Standards and Code of Ethics. The CIA 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.

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 satisfy ourselves on reasonable ground that the 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:

- > record of interview and application
- > reference checks
- > record of previous experience
- > record of experience gained outside of Ireland

- > confirmation of directorships held
- > record of other employments
- > evidence of compliance with Minimum Competency Code (where applicable)
- > evidence of professional qualifications where relevant, and
- > evidence of Continued Professional Development (CPD) where relevant

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.

The Central Bank's Conduct Standards which became effective on 29th December 2023 apply to all individuals in fitness and probity roles within ILG's regulated entities. Some of these regulated entities and their most senior individuals will also come in scope of the Central Bank's Senior Executive Accountability Regime (SEAR) when it becomes effective during 2024.



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

The Board is responsible for the appropriate management of risks across the Group and has put in place a comprehensive risk management framework, which includes an Enterprise Risk Management Policy (ERM) to establish responsibilities for all key components of the risk management system, including the Board and Executive Risk Committees (see section B.1.1 (Governance Structure)). This policy details the three lines of defence model used by ILG and establishes responsibilities and requirements for the first, second and third lines of defence.

The Company has a Risk Appetite Framework and a Risk Strategy, which outline our appetite for each risk and our strategy for accepting, managing and mitigating risks. Risk policies are in place which detail 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 implementation of the risk management system and, under the leadership of the CRO, the Risk Function has established processes to ensure compliance with risk policies. Policy compliance is confirmed to the Board Risk Committee annually as part of the review of risk policies. The Risk Function also ensures that all risks are appropriately monitored and reported, including through quarterly reporting to the Board on risk exposures and compliance with risk limits.

Additional details of the risk profile of the business and risk management strategies, processes and reporting procedures in respect of each category of risk are detailed in section C (Risk Profile) of this report.

### B.3.1

#### Enterprise Risk Management framework

Our Enterprise Risk Management (ERM) Policy is applied in conducting business and setting strategy across all areas of the Company. The ERM process is designed to identify potential events or emerging issues that may affect the Company, to manage risks to remain within risk appetite limits and to provide reasonable assurance that Company’s objectives are achieved. The Enterprise Risk Management (ERM) policy defines key elements of the Enterprise Risk Management framework. The Enterprise Risk Management process sets the principles, concepts, processes and accountabilities which govern how risk is managed across the Company.

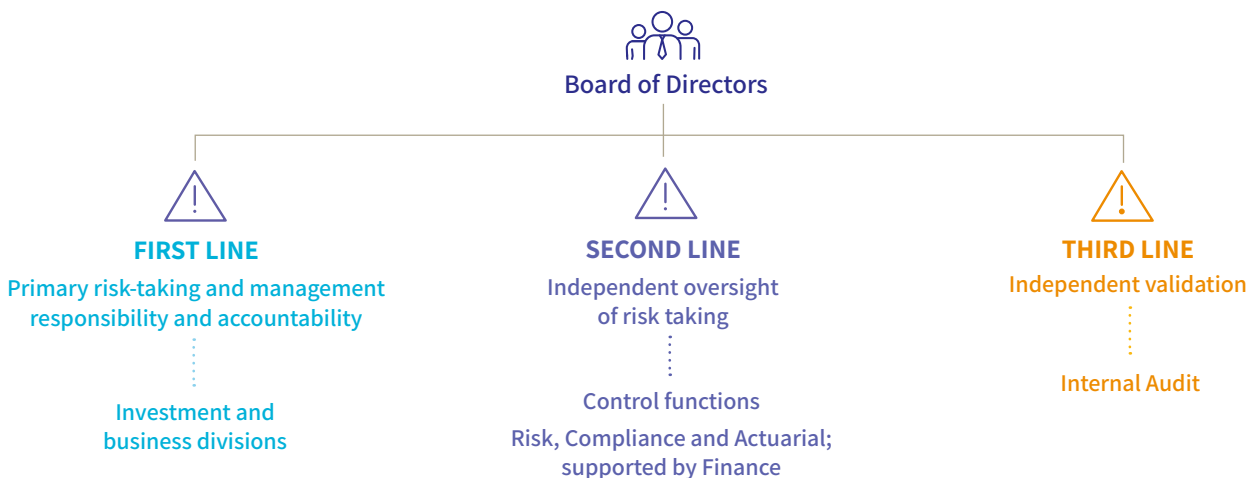
We regularly monitor our risk profile against the limits in the Risk Appetite Framework. Data used in risk reporting is sourced from subsidiaries and, for Group solvency measures, from the Group actuarial team.

### B.3.2

#### Risk management model - three lines of defence

ILG has adopted the three lines of defence risk management model to enable a consistent application of risk management across the Group. The model clearly segregates risk management, risk oversight and independent assurance responsibilities.

ILG operates 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 Enterprise Risk Management (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 all stakeholders including 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
- > thoroughly managing the business through regular reviews
- > safeguarding 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
- > Increasing returns to shareholder through profitable and growing operations, while maintaining a strong financial position.

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

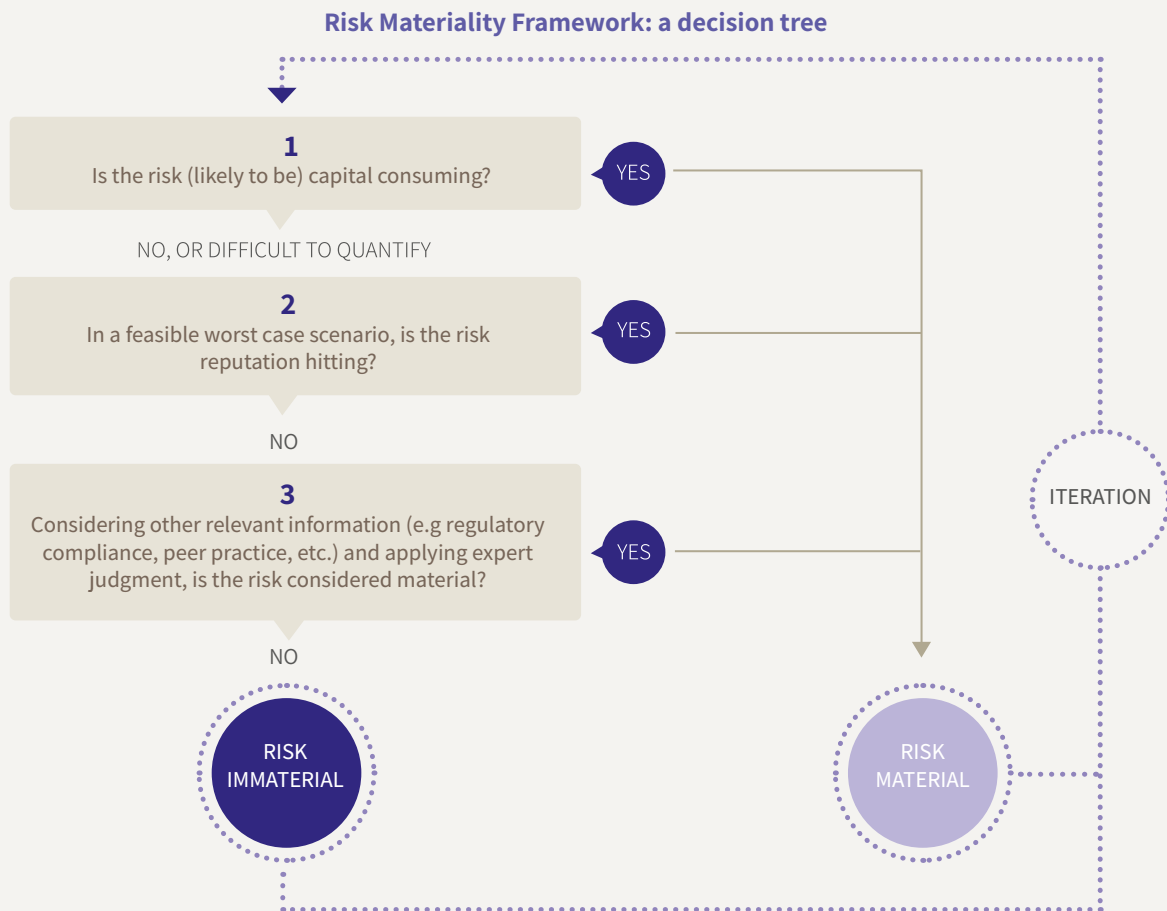
#### Risk management processes: identification, assessment and treatment

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 units, 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. 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.

Once we have identified risks, we assess them using individual risk assessment frameworks which will determine if the risk is deemed material or not. 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.



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.

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

We monitor risk appetite limits, risk policy limits and key risk indicators (KRI) 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 reinsurance 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 develop strategic plans following detailed review and understanding external and internal changes and trends. We carefully monitor the execution of key strategic initiatives.
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 we monitor and measure it using similar techniques as used for other operational risks as set out above. We also report on consumer protection and conduct risk using our compliance framework.

### B.3.6

#### Investments

##### Prudent Person Principle

Assets are invested in accordance with the Prudent Person Principle. ILG and its subsidiaries apply the prudent person principle by:

- > only investing in assets and instruments whose risks can be properly identified, measured, managed, monitored, controlled and reported, and with risks that can be appropriately quantified as part of the ORSA and SCR assessment;
- > ensuring that the assets held to cover the technical provisions are invested in a manner appropriate to the nature and duration of the insurance liabilities, and in the best interest of the policyholders and beneficiaries taking into account any disclosed policy objectives; and
- > ensuring that the assets backing the SCR shall be invested to ensure the security, quality, and liquidity of the portfolio as a whole.

### 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 review 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.

### B.3.8

#### Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (ORSA) process is a key part of our risk management system. The process is used to integrate risk management into the Company's strategy and operations and to ensure that the risk profile remains within the risk appetite and capacity limits. It is underpinned by an ORSA Policy which establishes clear roles and responsibilities. The policy is Board-approved and reviewed on a regular basis.

The ORSA provides the key link between the risk management system and capital management activities and the key assumptions underlying the business plans, including projected sales, expenses and new business margins. The analysis allows the Board to consider the risks associated with the business strategy and the impact of changing or stressing the key assumptions.

The outcome of the ORSA process is the ORSA report which summarises the results and considers how appropriate Company's business strategy is relative to its financial resources and risk appetite. The ORSA is presented to and approved by the Board Risk Committee annually or more often as necessary.

## B.4 INTERNAL CONTROL SYSTEM

### B.4.1

#### Internal control framework

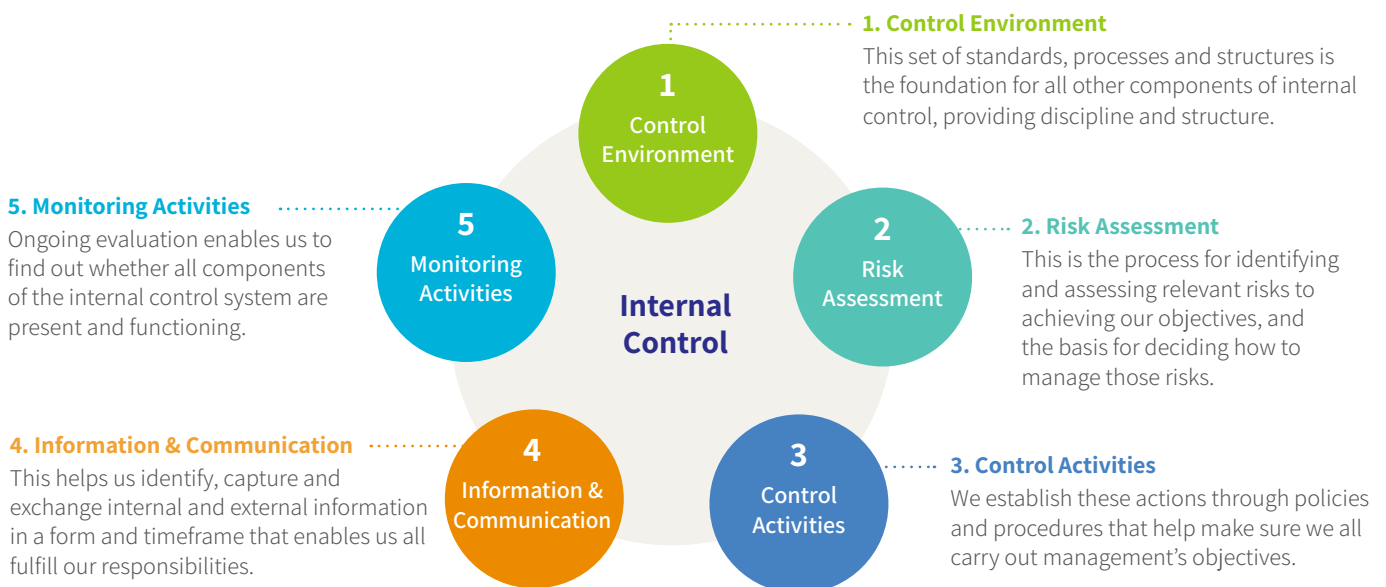
We maintain an internal control framework, a set of processes created by the company’s board of directors, management and other personnel, which gives reasonable assurance that the following objectives will be achieved:

- > 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.



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 CFO 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 CFO 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 the group outsourcing and supplier risk policy

When appropriate, we outsource specific business functions to reduce or control costs, to free internal resources and to utilise skills, expertise and resources not otherwise available, resulting in significant benefits for the Company and its stakeholders. The Company has a Group Outsourcing and Supplier Risk Management Policy which outlines the Company's approach and control objectives in overseeing all supplier arrangements and outsourced activities. It sets out the oversight responsibilities for management and requirements and apply across the Group. The policy helps to identify and manage all supplier and outsourcing risks through:

- > identification of material supplier and outsourcing arrangements;
- > appropriate approval of supplier and outsourcing arrangements;
- > thorough evaluation of the capability of proposed service providers;
- > certain mandatory terms and conditions for material supplier (including outsourcing) contracts; and
- > monitoring and control by both management and by the Board Risk Committee of material supplier (including outsourcing) arrangements.

We take a prudent and conservative approach to our use of outsourcing and suppliers, utilising an outsourcing and supplier risk management programme, including business continuity plans, 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

We do not outsource any key functions. 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 and Irish Life Health.

ILG assesses its risk exposure by using the Standard Formula to calculate its Solvency Capital Requirement (SCR).

The table below shows ILG's Solvency 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 2023	End 2022
Market risk	700	601
Life Underwriting risk	684	665
Health Underwriting risk	227	213
Counterparty risk	46	49
Operational risk	99	108
Non-Life	0	0
Diversification	(455)	(422)
<b>Gross SCR</b>	<b>1,301</b>	<b>1,214</b>
Intangible asset risk	0	0
Loss absorbing capacity of deferred tax (restricted)	(162)	(151)
Loss absorbing capacity of technical provisions	(10)	(12)
Adjustment due to Ring-fenced Funds	5	3
Capital Requirement for non-insurance entities (consolidated using the adjusted equity method)	0	11
<b>Group SCR</b>	<b>1,133</b>	<b>1,066</b>

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 are 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.

The Risk Function oversees the ORSA process, which assessed the projected risk profile and solvency position of the Company against its defined risk appetite. The ORSA includes a group-wide stress and scenario testing exercise which tests the resilience of the Company's solvency position in adverse conditions.



## C.1 UNDERWRITING RISK

### Risk Description

Insurance (underwriting) risk of loss resulting from adverse changes in experience associated with contractual promises and obligations made under insurance contracts. Insurance risk includes uncertainties around:

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

The Company identifies a number of broad categories of insurance risks, which may contribute to financial losses: longevity, mortality, morbidity, expense, lapse and catastrophe risks.

Underwriting risk is assumed and managed by the subsidiary companies. The business strategies of the insurance subsidiaries are to take on a variety of underwriting risks. ILG holds regulatory capital against each material underwriting risk exposure.

### 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.

### 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.

### 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 2023 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 and corporate entities. 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. Across our group and subsidiary companies, 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 2023, expected profit included in future premiums for all of the insurance subsidiary companies of the Group was €464m (2022: €307m). 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 of loss arising from inadequate or failed internal processes, people and systems or from external events. Operational risk can result from either normal day-to-day operations or a specific unanticipated event. Operational risks include legal and regulatory, people, infrastructure, process, fraud and supplier risks.

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.

### Operational Risk Management

While operational risks can be mitigated and managed, they remain an inherent feature of the business model, as multiple processes, systems, and stakeholders are required to interact across the enterprise on an ongoing basis. 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.

Operational risk management governance and oversight reflects a combined effort between business units and oversight functions. This combined effort is particularly critical for management of operational risk and is a key factor for ensuring the Company remains within its risk appetite. The risk function is responsible for development of operational risk management policies and operating standards as well as for overseeing operational risk management activities performed in the first line of defence. Each subsidiary company has established committees to oversee operational risk management within their business.

The Company has an Operational Risk Management Policy, supported by standards and guidelines. The Company implements controls to manage operational risk through integrated policies, procedures, processes and practices, with consideration given to the cost/benefit trade-off.

The risk function ensures that risk exposures are mitigated in

a timely manner and that processes are in place to escalate significant matters to senior management to enable appropriate action when needed. The risk function reports quarterly on the Company's operational risk profile to executive management and the Board. 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.

### Operational Risk Mitigation

The Company and subsidiaries recognise that they are exposed to operational risks as a result of their day-to-day business activities and the execution of business strategy. They take steps to mitigate such risks on an on-going basis, through the establishment of an effective control environment.

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.

The Company also mitigates the impact of operational risk through the corporate insurance programme which transfers a portion of the operational risk exposure by purchasing insurance coverage that provides protection against unexpected material losses resulting from events such as property loss or damage and liability exposures. In addition, the Company purchases insurance to satisfy legal requirements and/or contractual obligations. The nature and amount of insurance protection purchased is assessed with regard to the Group's risk profile, risk appetite and tolerance for the associated risks.

### Operational Risk Stress Testing and Scenario Analysis

The Company has established an Operational Risk Management Policy approved by the Board. This policy requires subsidiaries to maintain a local stress and scenario testing framework that includes the development and analysis of an appropriate set of operational risk stresses. Subsidiary operational risk stress and scenario testing frameworks are commensurate with the scale and complexity of the business operations.

## C.6 OTHER MATERIAL RISKS

### Holding Company Structure Risk

As a holding company, the Company's ability to pay interest, dividends and other operating expenses and to meet its obligations generally depends upon receipt of sufficient funds from its principal subsidiaries and its ability to raise additional capital.

Any payment (including payment of interest and dividends) by the principal subsidiaries is subject to restrictions set out in relevant insurance, securities, corporate and other laws and regulations.

In the event of the bankruptcy, liquidation or reorganization of any of these subsidiaries, insurance and investment contract liabilities of these subsidiaries will be completely provided for before any assets of such subsidiaries are made available for distribution to the Company. In addition, other creditors of such subsidiaries will generally be entitled to the payment of their claims before any assets are made available for distribution to the Company except to the extent that the Company is recognized as a creditor of relevant subsidiaries.

The Company management closely monitors the solvency and capital positions of its principal subsidiaries, as well as liquidity requirements.

### Group Risk

The risk arising for the Company on an aggregate basis specifically due to its position as an intermediate parent company, for example from intra-group transactions, risk concentrations and contagion effects (including reputational considerations), and risks associated with cross-jurisdictional business operations. The Company also faces risks from being a part of the wider Lifeco group of companies. Reputational risk elements of group risk include the risk of a deterioration of the Company and/or a subsidiary's reputation or standing due to a negative perception of its image among customers, counterparties and

fixed income investors, shareholders and/or supervisory authorities. Reputational risk can be regarded as a consequence of the overall conduct of the Company and its subsidiaries.

The Company has limited appetite for these risks but accepts them as a necessary trade-off for the benefits arising from the holding company structure. Risks are closely monitored and controlled through aggregate exposure monitoring and central control functions but cannot be fully mitigated.

### Sustainability and Climate Change Risks

The Company and its subsidiaries take into consideration material sustainability factors relevant to its long-term economic performance. These factors may have a direct or indirect financial, operational, strategic or reputational impact on the Company. Sustainability factors may include (i) climate change and other environmental factors, (ii) social factors that affect people's lives (iii) how the company operates and is governed, including how and by whom decisions are made within a company, as well the control environment around those decisions.

A key subset of these sustainability factors are climate change related risks. Climate change has the potential to drive a wide range of risks to business. The impacts of climate change may emerge over a long-time horizon and the scale of the impact will depend upon the speed, effectiveness and 'orderliness' of the global transition to a 'low carbon' economy. Climate-related risks may adversely affect a range of counterparties and stakeholders, such as customers, suppliers and employees, which in turn may negatively impact the Company's operations and financial condition. The financial risks arise from climate change through two main categories of climate risk: transition risk and physical risk. Transition risks are risks related to the transition to a 'low carbon' economy and physical risks are risks related to the physical impacts of climate change. An additional factor is also considered – litigation risks – which relate to potential climate-related litigation, including against those responsible for the impacts of climate change and those making unsubstantiated climate-related claims (a process known as "greenwashing"). These losses can arise from either physical or transition risks and are considered under both categories.

## 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.

The impact of the sensitivities is broadly similar to the prior year.

Sensitivity Test	2023 Impact on SCR Coverage Ratio	2022 Impact on SCR Coverage Ratio
0.5% increase in interest rates	4%	3%
0.5% decrease in interest rates	(3)%	(2)%
0.5% increase in credit spreads	(1)%	0%
10% fall in equity and property values	2%	3%
10% increase in maintenance expenses	(6)%	(6)%
10% increase in policy lapse rates	4%	5%
10% decrease in policy lapse rates	(3)%	(4)%
5% increase in mortality rates (assured lives)	0%	0%
5% deterioration in morbidity experience	(3)%	(3)%
5% decrease in annuity mortality rates	(1)%	(2)%

### 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 2023.
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. From 1 January 2023, the IFRS rules changed for Insurance Contracts. This resulted in certain balances on the Balance Sheet in the C-IFRS column to be grouped within Insurance Contracts. The prior year numbers have not been restated. 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 2023 is shown below as well as any valuation differences between Solvency II and the C-IFRS basis.

2023				
Asset Type (€m)	Note	C-IFRS	Valuation / Reclassification Adjustments	Solvency II
Goodwill	1	42	(42)	—
Deferred acquisition costs	2	322	(322)	—
Intangible assets	3	42	(42)	—
Deferred tax assets	4	—	2	2
Property, plant & equipment held for own use	5	128	(14)	113
Property (other than for own use)	6	24	—	24
Holdings in related undertakings, including participations	7	5	—	5
Equities	8	28	—	28
Government bonds	9	2,282	(30)	2,252
Corporate bonds	9	2,054	12	2,066
Investment funds	10	45	35	79
Derivatives	11	16	—	16
Deposits other than cash equivalents	12	78	(16)	62
Unit linked assets	13	58,227	—	58,227
Loans and mortgages	14	230	2	232
Reinsurance recoverables	Section D 2.5	2,333	(452)	1,881
Insurance & intermediaries receivables	15	404	(311)	93
Reinsurance receivables	16	1	167	168
Receivables (trade, not insurance)	17	—	—	—
Cash and cash equivalents	12	105	—	105
Any other assets, not elsewhere shown	18	1,093	(577)	516

The value for each material class of asset on the consolidated balance sheet at 31 December 2022 is shown below as well as any valuation differences between Solvency II and the C-IFRS basis.

2022				
Asset Type (€m)	Note	C-IFRS	Valuation / Reclassification Adjustments	Solvency II
Goodwill	1	42	(42)	—
Deferred acquisition costs	2	369	(369)	—
Intangible assets	3	37	(37)	—
Deferred tax assets	4	—	2	2
Property, plant & equipment held for own use	5	109	11	120
Property (other than for own use)	6	31	—	31
Holdings in related undertakings, including participations	7	51	—	51
Equities	8	31	—	31
Government bonds	9	2,265	(20)	2,246
Corporate bonds	9	1,940	(7)	1,933
Investment funds	10	55	1	56
Derivatives	11	20	—	20
Deposits other than cash equivalents	12	148	—	148
Unit linked assets	13	52,874	—	52,874
Loans and mortgages	14	205	(19)	186
Reinsurance recoverables	Section D.2.5	3,098	(1,357)	1,741
Insurance & intermediaries receivables	15	378	(343)	36
Reinsurance receivables	16	174	—	174
Receivables (trade, not insurance)	17	1	—	2
Cash and cash equivalents	12	123	(2)	122
Any other assets, not elsewhere shown	18	691	(135)	556

## 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 2023.

### 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 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.	Differences arise because the methodologies and assumptions used to calculate the Solvency II technical provisions are different to those used to calculate C-IFRS actuarial reserves and consequently the difference in the deferred tax balance will arise.

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

Solvency II purposes:	C-IFRS reporting purposes:
<p><b>Property</b></p> <p>Property</p> <p>Owner Occupied Properties (OOP) are carried at fair value with changes in fair value included in the income statement within investment return.</p> <p>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.</p> <p>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.</p> <p><b>Plant and Equipment</b></p> <p>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.</p> <p>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:</p> <p>Office equipment 5 - 10 years Fixtures and fittings 5 - 10 years Computer hardware 3 - 10 years Motor vehicles 5 years</p> <p><b>Lease assets</b></p> <p>Lease assets</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Minor leases held by the Group have been identified and assessed. These low value items are treated as an expense through the income statement.</p>	<p><b>Property</b></p> <p>OOP is carried at cost on a C-IFRS basis.</p> <p><b>Plant and Equipment</b></p> <p>There is no valuation difference between Solvency II and C-IFRS basis.</p> <p><b>Lease assets</b></p> <p>There is no valuation difference between Solvency II and C-IFRS basis.</p>

**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:
<p>Investment properties are carried at fair value with changes in fair value included in the income statement within investment return.</p> <p>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.</p> <p>Investment properties are revalued at least once a quarter using a commercial property price index as a guide.</p>	<p>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).</p> <p>There is no valuation difference between Solvency II and C-IFRS basis.</p>

**Note 7: Holdings in related undertakings, including participations**

Solvency II purposes:	C-IFRS reporting purposes:
<p>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.</p> <p>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.</p>	<p>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 are subsidiaries of the Company and therefore fully consolidated.</p>

**Note 8: Equities**

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

Solvency II purposes:	C-IFRS reporting purposes:
<p>The Group values quoted equities based on the fair value determined by the closing bid price from the exchange where they are principally traded.</p> <p>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.</p>	<p>There is no valuation difference between Solvency II and IFRS basis.</p>

**Note 9: Government Bonds, Corporate Bonds and Collateralised Securities**

Solvency II purposes:	C-IFRS reporting purposes:
<p>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.</p> <p>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.</p> <p>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.</p>	<p>Solvency II reports fair value which recognises accrued interest whilst C-IFRS excludes this.</p>

**Note 10: Investment Funds**

Investment funds principally include Money Market Funds (MMFs).

Solvency II purposes:	C-IFRS reporting purposes:
<p>The Group values MMFs at fair value based on a quoted market price where the asset is traded.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis, however Holdings in Money Market Funds is included in 'Deposits other than cash equivalents' under Solvency II but 'Cash &amp; Cash Equivalents' under C-IFRS.</p>

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

**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:
<p>The Group values cash and deposits at their face value.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis.</p>

**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:
<p>The Group carries investment properties at fair value, with changes in fair value included in the income statement within investment return.</p> <p>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.</p> <p>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.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis.</p>

**Note 13.2: Equities**

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

Solvency II purposes:	C-IFRS reporting purposes:
<p>The Group values quoted equities based on the fair value determined by the closing bid price from the exchange where they are principally traded.</p> <p>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.</p> <p>The external manager values unlisted unit trusts using the latest published Net Asset Value (NAV).</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis.</p>

**Note 13.3: Bonds**

Bonds include government bonds, corporate bonds and collateralised securities.

Solvency II purposes:	C-IFRS reporting purposes:
<p>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.</p> <p>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.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis.</p>



**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:
<p>The Group uses the bid value supplied by the counterparty to value OTC Derivatives.</p> <p>The Group values exchange traded derivatives by using the closing price from the exchange in which they are traded. For Index Options, the Group values these using the ASK price.</p> <p>The Group values foreign exchange traded derivatives using a market feed of forward points and corresponding interest rates.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis.</p>

**Note 13.5: Deposits**

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

**Note 14: Loans and Mortgages**

Solvency II purposes:	C-IFRS reporting purposes:
<p>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.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis. However, some of these receivables are presented differently under IFRS rules for 2023.</p>

**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:
<p>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.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis. However, some of these receivables are presented differently under IFRS rules for 2023.</p>

**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:
<p>The Group estimates amounts receivable from reinsurers in a manner consistent with the claim liability associated with the reinsured policy.</p> <p>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.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis. However, some of these receivables are presented differently under IFRS rules for 2023.</p>

**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.	Any other Assets includes outstanding trade settlements originating in our linked funds. For Solvency II purposes these trade settlement balances are netted off but for CIFRS they are shown gross for Any other Assets and Any other Liabilities.

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	2023 €m	2022 €m
Irish Life Assurance	62,240	56,652
Irish Life Health	67	91
<b>Total</b>	<b>62,307</b>	<b>56,743</b>

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).

€m	2023				2022			
	Solvency II Valuation	Risk Margin	Other	C-IFRS Valuation	Solvency II Valuation	Risk Margin	Other	C-IFRS Valuation
Irish Life Assurance	62,240	(353)	1,724	63,610	56,652	(330)	2,146	58,469
Irish Life Health	67	(6)	467	529	91	(5)	429	515
<b>Total</b>	<b>62,307</b>	<b>(359)</b>	<b>2,191</b>	<b>64,139</b>	<b>56,743</b>	<b>(335)</b>	<b>2,575</b>	<b>58,984</b>

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

We do not use the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

### 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.

€m	2023			2022		
	WITH volatility adjustment	WITHOUT volatility adjustment	Impact of volatility adjustment reducing to zero	WITH volatility adjustment	WITHOUT volatility adjustment	Impact of volatility adjustment reducing to zero
Technical Provisions	62,307	62,414	107	56,743	56,840	97
Eligible Own Funds to meet SCR	1,743	1,687	(57)	1,884	1,832	(52)
Eligible Own Funds to meet MCR	1,742	1,685	(57)	1,828	1,775	(52)
Solvency Capital Requirement (SCR)	1,133	1,141	8	1,066	1,068	2
Minimum Capital Requirement (MCR)	510	513	3	480	481	1
<b>Solvency Margin Ratio</b>	<b>154%</b>	<b>148%</b>	<b>(6)%</b>	<b>177%</b>	<b>171%</b>	<b>(6)%</b>

The impact of removing the VA has increased over the year as the VA (as set by EIOPA) has increased from 19bps to 20bps.

### 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.2.6 - Assumption changes in 2023

The main changes reflected in the 31 December 2023 assumption updates are set out in each of the Group's subsidiary Solvency Financial Condition Reports. Web addresses are available in Appendix 1.

## 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 2023.
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. From 1 January 2023, the IFRS rules changed for Insurance Contracts. This resulted in certain balances on the Balance Sheet in the IFRS column to be grouped within Insurance Contracts. The prior year numbers have not been restated.

The value for each material class of other liability on the Solvency II consolidated balance sheet at 31 December 2023 is shown below.

Liability Type (€m)	2023			
	Note	C-IFRS	Valuation / Reclassification Adjustments	Solvency II
Contingent liabilities	1	—	—	—
Other provisions	2	(113)	76	(36)
Pension benefit obligations	3	—	—	—
Deposits from reinsurers	4	—	(405)	(405)
Deferred tax liabilities	5	(83)	(67)	(150)
Derivative liabilities	See Section D.1.2	(10)	—	(10)
Debts owed to credit institutions	6	(14)	—	(14)
Financial Liabilities other than debts owed to credit institutions	7	(13)	—	(13)
Insurance & intermediaries payables	8	(281)	(226)	(506)
Reinsurance payables	9	(385)	253	(132)
Payables (trade, not insurance)	10	(14)	1	(13)
Other liabilities	11	(925)	384	(541)

The value for each material class of other liability on the Solvency II consolidated balance sheet at 31 December 2022 is shown below.

Liability Type (€m)	2022			
	Note	C-IFRS	Valuation / Reclassification Adjustments	Solvency II
Contingent liabilities	1	(15)	—	(15)
Other provisions	2	(139)	101	(38)
Pension benefit obligations	3	—	—	—
Deposits from reinsurers	4	(223)	9	(214)
Deferred tax liabilities	5	(99)	(58)	(157)
Derivative liabilities	See Section D.1.2	(6)	—	(6)
Debts owed to credit institutions	6	(29)	—	(29)
Financial Liabilities other than debts owed to credit institutions	7	(14)	—	(14)
Insurance & intermediaries payables	8	(510)	(14)	(524)
Reinsurance payables	9	(402)	268	(134)
Payables (trade, not insurance)	10	(14)	—	(14)
Other liabilities	11	(530)	101	(429)

## 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 2023.

### 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' principally include a property related provision for dilapidation.

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:
<p>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.</p> <p>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.</p> <p>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.</p> <p>The estimated future cash-flows are based on the accrued past service benefits, future salary inflation, future price inflation and assumptions made about mortality.</p>	<p>There is no valuation difference between Solvency II and C-IFRS basis.</p>

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

Benefit obligation	2023 (€m)	2022 (€m)
Benefit obligation as at 1 January	(984)	(1,517)
Current service cost	(1)	(1)
Net interest cost	(41)	(23)
Actuarial loss (experience adjustments, financial and demographic assumption changes)	(99)	520
Contributions by plan participants	—	—
Curtailment gain	1	1
Settlement gain	—	—
Liabilities extinguished on settlement	—	—
Benefits paid	30	36
<b>Benefit obligation as at 31 December</b>	<b>(1,094)</b>	<b>(984)</b>

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

Asset Type	2023 Fair Value (€m)	2023 Plan Assets (%)	2022 Fair Value (€m)	2022 Plan Assets (%)
Equities	210	18	246	21
Bonds	881	74	803	69
Property	97	8	111	10
Cash and cash equivalents	8	—	5	—
<b>Fair value of plan assets at 31 December</b>	<b>1,196</b>	<b>100</b>	<b>1,165</b>	<b>100</b>

This table shows the pension benefit obligations recognised in the SII balance sheet:

Asset Type	2023 (€m)	2022 (€m)
Benefit obligation as at 31 December	(1,094)	(984)
Fair value of plan assets at 31 December	1,196	1,165
Plan surplus / (deficit)	102	181
Unrecognised amount of plan surplus due to asset ceiling	(102)	(181)
<b>Pension Benefit Obligation as at 31 December</b>	<b>—</b>	<b>—</b>

Under International Financial Reporting Interpretations Committee (IFRIC) 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, the company must assess whether a pension asset has economic benefit to the company through future contribution reductions or refunds. In the event that the company is not entitled to a benefit, a limit or 'asset ceiling' is applied. An asset ceiling of €102m was required as at 31 December 2023 (31 December 2022 : €181m).

#### 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 no valuation difference between Solvency II and C-IFRS basis. However, deposits from reinsurers are presented differently under IFRS rules for 2023.

#### 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:
<p>Article 15 of the Delegated Act dictates how the Group accounts for deferred tax. It says that the Group should:</p> <ul style="list-style-type: none"> <li>&gt; Recognise and value deferred taxes in relation to all assets and liabilities, including technical provisions.</li> <li>&gt; 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.</li> <li>&gt; 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.</li> </ul>	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:
<p><b>Lease liabilities</b></p> <p>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.</p> <p>The Group will increase its lease liabilities to reflect the interest charge and will reduce the liabilities for any lease payments made.</p> <p>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.</p> <p>Minor leases held by the Group have been identified and assessed. These low value items are treated as an expense through the income statement.</p>	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. However, some of these payables are presented differently under IFRS rules for 2023.

**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:
<p>The Group records payables on an accruals basis.</p> <p>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.</p>	There are no valuation differences between Solvency II and C-IFRS basis. However, some of these payables are presented differently under IFRS rules for 2023.



**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. However, some of these payables are presented differently under IFRS rules for 2023.

**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. From 2023 onwards, dividends payable are now included on the SII balance sheet.

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. However, some of these payables are presented differently under IFRS rules for 2023. Dividends are not recognised on the C-IFRS balance sheet until paid.

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 2023 was €186m (2022: €182m). ILA has 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 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)

- > 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 2023, 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	The Company has tier 1 unrestricted Own Funds as per Article 69/71 of the Delegated Regulations (EU) 2015/35 and the Company holds an amount of €2m (2022: €2m) as Tier 3 capital (per Article 76 of the Delegated Regulations) which represents the value of the net deferred tax assets held. The Company has no tier 1 restricted Own Funds (Article 80).	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 2023	31 December 2022
Tier 1 - unrestricted		
Issued share capital	40	40
Share premium account	360	360
Surplus funds	—	—
Reconciliation reserve	1,341	1,606
Tier 2	—	—
<b>Tier 3</b>		
Value of net deferred tax assets	2	2
<b>Available Own Funds (before foreseeable dividends and adjustments)</b>	<b>1,743</b>	<b>2,009</b>
Foreseeable dividends, distributions and charges	—	(125)
Ring-fenced funds adjustment (Participating Funds)	—	—
<b>Total eligible Own Funds to meet the Group SCR</b>	<b>1,743</b>	<b>1,884</b>
Deductions for participations in other financial undertakings	—	(54)
Exclude Tier 3 for MCR eligible own funds	(2)	(2)
<b>Total eligible Own Funds to meet the Group MCR</b>	<b>1,742</b>	<b>1,827</b>

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 decreased by €141m in 2023. The decrease is largely due to dividend payments, partially offset by profits which emerged from existing business and assumption changes.

### Deferred taxes

The Company's Own Funds include a deferred tax asset of €2m at 31 December 2023 (2022: €2m). 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 2023. 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 at 31 December 2023 is nil (2022: nil). 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

In relation to the MCR only, there is a deduction to our Group Own Funds of nil (2022: €54m) which is for participations in other financial undertakings (including non-regulated undertakings carrying out financial activities). On 31 December 2023 as part of a corporate restructure, a number of intermediary entities which were held by the Company, including Platform Capital Holdings Limited, Vestone Limited and Unio Limited, were transferred to ILGWM Limited. ILG subsequently transferred its shares in ILGWM to CLG via CLL through a distribution in specie. Therefore, the deductions under ILG for 2023 are nil.

### 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 2023. We hold an amount of €2m (2022: €2m) as Tier 3 capital which represents the value of the net deferred tax assets held.

**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	2023	2022
Tier 1 - unrestricted	1,742	2,007
Tier 2	—	—
Tier 3	2	2
<b>Available Own Funds (before foreseeable dividends and adjustments)</b>	<b>1,743</b>	<b>2,009</b>
Foreseeable dividends, distributions and charges	—	(125)
<b>Total eligible Own Funds to meet the Group SCR</b>	<b>1,743</b>	<b>1,884</b>
Solvency Capital Requirement (SCR)	1,133	1,066
<b>Solvency Ratio</b>	<b>154 %</b>	<b>177 %</b>
<b>Total eligible Own Funds to meet the Group SCR</b>	<b>1,743</b>	<b>1,884</b>
Deductions for participations in other financial undertakings	—	(54)
Exclude Tier 3 for MCR eligible own funds	(2)	(2)
<b>Total eligible Own Funds to meet the Group MCR</b>	<b>1,742</b>	<b>1,828</b>
Minimum Capital Requirement (MCR)	510	480
<b>Minimum Capital Ratio</b>	<b>342 %</b>	<b>381 %</b>

**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 2023 % Coverage	Comment	Solvency II rules on Own Fund tiering	31 December 2022 % Coverage	Comment
Tier 1 own funds must be at least 50% of SCR	154%	No restrictions	Tier 1 own funds must be at least 50% of SCR	176%	No restrictions
Tier 3 Own funds must be less than 15% of SCR	—%	No restrictions	Tier 3 Own funds must be less than 15% of SCR	—%	No restrictions
Tier 2+3 Own funds must not exceed 50% of SCR	—%	No restrictions	Tier 2+3 Own funds must not exceed 50% of SCR	—%	No restrictions
Tier 1 Own funds must be at least 80% of MCR	342%	No restrictions	Tier 1 Own funds must be at least 80% of MCR	392%	No restrictions
Tier 2 Own funds must be less than 20% of MCR	—%	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 2023	31 December 2022
<b>Solvency II eligible Own Funds to meet Group SCR</b>	<b>1,743</b>	<b>1,884</b>
Differences in technical provisions	(890)	(783)
Investment contracts DAC and DFEF	322	268
Asset valuation differences	14	36
Differences in valuation of goodwill and intangible assets	84	79
Deferred tax	65	56
Proposed dividends*	144	125
Other	1	13
<b>C-IFRS shareholder equity plus non-controlling interest</b>	<b>1,483</b>	<b>1,678</b>

\*Foreseeable dividends of €144m, which was approved by the ILG Board in February 2024, has been accounted for as a liability on the SII Balance Sheet and therefore part of 'Tier 1' in the table above. This change is driven by the new taxonomy release in Q4 2023 and states that any dividends approved by the Board after the reporting period is accounted for as a payable.

**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 2023 is shown below.

€m	31 December 2023	31 December 2022
Market risk	700	601
Life Underwriting risk	684	665
Health Underwriting risk	227	213
Counterparty risk	46	49
Operational risk	99	108
Non-Life	—	—
Diversification	(455)	(422)
<b>Gross SCR</b>	<b>1,301</b>	<b>1,214</b>
Intangible asset risk	—	—
Loss absorbing capacity of deferred tax (restricted)	(162)	(151)
Loss absorbing capacity of technical provisions	(10)	(12)
Adjustment due to Ring-Fenced Funds	5	3
Capital Requirement for non-insurance entities (consolidated using the adjusted equity method)	—	11
<b>Group SCR</b>	<b>1,133</b>	<b>1,066</b>

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 2023, split by entity is shown in the following table.

Entity (€m)	31 December 2023	31 December 2022
SCR based on consolidated data for all ILG insurance entities, holding and service companies		
<b>Insurance Entities</b>		
Irish Life Assurance	1,103	1,024
Irish Life Health	67	65
<b>Pension Schemes</b>		
ILA pension scheme	1	—
<b>Proportional share of the relevant sectoral capital requirements for financial institutions</b>		
Non insurance entities	—	11
<b>Total ILG pre consolidation</b>	<b>1,172</b>	<b>1,100</b>
<b>Total ILG post consolidation</b>	<b>1,133</b>	<b>1,066</b>

There was an increase in the SCR over 2023. Despite release of capital as existing business ran off, plus the removal of SCR associated with business transferred as part of the AIB back-book transaction, linked funds and equities experience and the capital strain of writing new business led to an increase in the SCR.



**E.2.3****Group Diversification Effect**

The following table shows the material sources of group diversification effects:

31 December 2023 €m	Sum of risk sub-modules (undiversified)	Diversified Risk module	Diversification benefit within risk module
Market	859	692	167
Life	981	683	297
Health	289	227	62
Non-Life	0	0	0
Counterparty Default		46	
Operational		99	
Diversification benefit (across risk modules)		(452)	
Intangible asset risk		0	
Loss absorbing capacity of deferred tax		(162)	
Capital Requirement for non insurance entities		0	
<b>SCR</b>		<b>1,133</b>	

31 December 2022 €m	Sum of risk sub-modules (undiversified)	Diversified Risk module	Diversification benefit within risk module
Market	766	591	175
Life	953	665	287
Health	271	213	58
Non-Life	0	0	0
Counterparty Default		48	
Operational		108	
Diversification benefit (across risk modules)		(419)	
Intangible asset risk		0	
Loss absorbing capacity of deferred tax		(151)	
Capital Requirement for non insurance entities		11	
<b>SCR</b>		<b>1,066</b>	

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 table below shows the inputs to the MCR:

MCR Inputs	31 December 2023 €m	31 December 2022 €m
Linear MCR	622	563
<b>SCR</b>	<b>1,133</b>	<b>1,066</b>
MCR Cap (45% of SCR)	510	480
MCR Floor	283	267
Combined MCR	510	480
Absolute Floor of the MCR	4	4
<b>MCR</b>	<b>510</b>	<b>480</b>

**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**

During 2023, 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 2023 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	Irish Life Ark Dublin DAC (formerly Ark Life Assurance DAC)
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 (AUA)

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

## BPS

Basis points (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

## Bulk annuity

A group of policies written by an insurer that pays retirement income to policyholders. We typically sell bulk annuities when a defined benefit pension scheme wants to insure its liabilities. This usually happens when a pension scheme is being wound up.

## 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.

### 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>

## APPENDIX 2

### S.02.01.02

## Balance Sheet

		"Solvency II value"
	Assets	C0010
R0030	Intangible assets	—
R0040	Deferred tax assets	1,935
R0050	Pension benefit surplus	—
R0060	Property, plant & equipment held for own use	113,163
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	4,533,174
R0080	Property (other than for own use)	24,240
R0090	Holdings in related undertakings, including participations	5,098
R0100	Equities	28,214
R0110	Equities - listed	28,214
R0120	Equities - unlisted	—
R0130	Bonds	4,318,286
R0140	Government Bonds	2,252,299
R0150	Corporate Bonds	2,065,986
R0160	Structured notes	—
R0170	Collateralised securities	—
R0180	Collective Investments Undertakings	79,162
R0190	Derivatives	16,221
R0200	Deposits other than cash equivalents	61,954
R0210	Other investments	—
R0220	Assets held for index-linked and unit-linked contracts	58,226,820
R0230	Loans and mortgages	231,712
R0240	Loans on policies	1,312
R0250	Loans and mortgages to individuals	—
R0260	Other loans and mortgages	230,400
R0270	Reinsurance recoverables from:	1,881,056
R0280	Non-life and health similar to non-life	87,502
R0290	Non-life excluding health	—
R0300	Health similar to non-life	87,502
R0310	Life and health similar to life, excluding index-linked and unit-linked	1,785,638
R0320	Health similar to life	63,296
R0330	Life excluding health and index-linked and unit-linked	1,722,342
R0340	Life index-linked and unit-linked	7,916
R0350	Deposits to cedants	—
R0360	Insurance and intermediaries receivables	92,817
R0370	Reinsurance receivables	168,255
R0380	Receivables (trade, not insurance)	—
R0390	Own shares (held directly)	—
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	—
R0410	Cash and cash equivalents	105,015
R0420	Any other assets, not elsewhere shown	516,004
<b>R0500</b>	<b>Total assets</b>	<b>65,869,952</b>

## APPENDIX 2

### S.02.01.02

#### Balance Sheet (continued)

		"Solvency II value"
	Liabilities	C0010
R0510	Technical provisions - non-life	67,361
R0520	Technical provisions - non-life (excluding health)	—
R0530	TP calculated as a whole	—
R0540	Best Estimate	—
R0550	Risk margin	—
R0560	Technical provisions - health (similar to non-life)	67,361
R0570	TP calculated as a whole	—
R0580	Best Estimate	61,781
R0590	Risk margin	5,580
R0600	Technical provisions - life (excluding index-linked and unit-linked)	4,710,013
R0610	Technical provisions - health (similar to life)	598,107
R0620	TP calculated as a whole	—
R0630	Best Estimate	562,126
R0640	Risk margin	35,981
R0650	Technical provisions - life (excluding health and index-linked and unit-linked)	4,111,906
R0660	TP calculated as a whole	—
R0670	Best Estimate	3,969,159
R0680	Risk margin	142,748
R0690	Technical provisions - index-linked and unit-linked	57,529,449
R0700	TP calculated as a whole	58,196,129
R0710	Best Estimate	-841,273
R0720	Risk margin	174,593
R0740	Contingent liabilities	—
R0750	Provisions other than technical provisions	36,358
R0760	Pension benefit obligations	—
R0770	Deposits from reinsurers	404,526
R0780	Deferred tax liabilities	149,558
R0790	Derivatives	9,893
R0800	Debts owed to credit institutions	14,052
R0810	Financial liabilities other than debts owed to credit institutions	12,539
R0820	Insurance & intermediaries payables	506,376
R0830	Reinsurance payables	132,450
R0840	Payables (trade, not insurance)	12,712
R0850	Subordinated liabilities	—
R0860	Subordinated liabilities not in BOF	—
R0870	Subordinated liabilities in BOF	—
R0880	Any other liabilities, not elsewhere shown	541,214
<b>R0900</b>	<b>Total liabilities</b>	<b>64,126,502</b>
<b>R1000</b>	<b>Excess of assets over liabilities</b>	<b>1,743,450</b>

## APPENDIX 3

### S.05.01.02

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

		<b>Line of Business for: non-life insurance and reinsurance obligations</b> (direct business and accepted proportional reinsurance)	
		<b>Medical expense insurance</b>	<b>Total</b>
		<b>C0010</b>	<b>C0200</b>
<b>Premiums written</b>			
R0110	Gross - Direct Business	656,328	656,328
R0120	Gross - Proportional reinsurance accepted	—	—
R0130	Gross - Non-proportional reinsurance accepted		—
R0140	Reinsurers' share	479,202	479,202
R0200	Net	177,125	177,125
<b>Premiums earned</b>			
R0210	Gross - Direct Business	614,063	614,063
R0220	Gross - Proportional reinsurance accepted	—	—
R0230	Gross - Non-proportional reinsurance accepted		—
R0240	Reinsurers' share	448,349	448,349
R0300	Net	165,714	165,714
<b>Claims incurred</b>			
R0310	Gross - Direct Business	484,151	484,151
R0320	Gross - Proportional reinsurance accepted	—	—
R0330	Gross - Non-proportional reinsurance accepted		—
R0340	Reinsurers' share	346,800	346,800
R0400	Net	137,351	137,351
<b>R0550</b>	<b>Expenses incurred</b>	<b>111,732</b>	<b>111,732</b>
R1210	Balance - other technical expenses/income		—
<b>R1300</b>	<b>Total technical expenses</b>		<b>111,732</b>



**APPENDIX 4****S.05.01.02****Premiums, claims and expenses by line of business (life)**

	Line of Business for: life insurance obligations					Life reinsurance obligations			Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Health reinsurance	Life reinsurance			
	C0210	C0220	C0230	C0240	C0270	C0280	C0300		
<b>Premiums written</b>									
R1410	Gross	128,748	677	8,228,621	715,595	—	—	9,073,641	
R1420	Reinsurers' share	6,757	—	14,813	439,714	—	—	461,284	
R1500	Net	121,991	677	8,213,807	275,882	—	—	8,612,357	
<b>Premiums earned</b>									
R1510	Gross	124,934	677	8,228,621	711,924	—	—	9,066,156	
R1520	Reinsurers' share	6,757	—	14,813	439,714	—	—	461,284	
R1600	Net	118,177	677	8,213,807	272,211	—	—	8,604,872	
<b>Claims incurred</b>									
R1610	Gross	67,353	4,773	6,389,533	543,384	—	—	7,005,042	
R1620	Reinsurers' share	5,749	—	14,322	315,079	—	—	335,150	
R1700	Net	61,604	4,773	6,375,211	228,305	—	—	6,669,892	
R1900	<b>Expenses incurred</b>	<b>35,968</b>	<b>196</b>	<b>314,291</b>	<b>124,390</b>			<b>474,845</b>	
R2510	Balance - other technical expenses/income							—	
R2600	<b>Total technical expenses</b>							<b>474,845</b>	
R2700	<b>Total amount of surrenders</b>	<b>0</b>	<b>500</b>	<b>2,524,882</b>	<b>50,527</b>			<b>2,575,910</b>	

## APPENDIX 5

### S.22.01.22

#### 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	62,306,824	—	—	107,278	—
R0020	Basic own funds	1,743,450	—	—	-56,720	—
R0050	Eligible own funds to meet Solvency Capital Requirement	1,743,450	—	—	-56,720	—
R0090	Solvency Capital Requirement	1,133,098	—	—	7,746	—

## 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

Basic own funds before deduction for participations in other financial sector		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	40,067	40,067		—	
R0020	Non-available called but not paid in ordinary share capital to be deducted at group level	—	—		—	
R0030	Share premium account related to ordinary share capital	360,058	360,058		—	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	—	—		—	
R0050	Subordinated mutual member accounts	—		—	—	—
R0060	Non-available subordinated mutual member accounts to be deducted at group level	—		—	—	—
R0070	Surplus funds	—	—			
R0080	Non-available surplus funds to be deducted at group level	—	—			
R0090	Preference shares	—		—	—	—
R0100	Non-available preference shares to be deducted at group level	—		—	—	—
R0110	Share premium account related to preference shares	—		—	—	—
R0120	Non-available share premium account related to preference shares at group level	—		—	—	—
R0130	Reconciliation reserve	1,341,390	1,341,390			
R0140	Subordinated liabilities	—		—	—	—
R0150	Non-available subordinated liabilities to be deducted at group level	—		—	—	—
R0160	An amount equal to the value of net deferred tax assets	1,935				1,935
R0170	The amount equal to the value of net deferred tax assets not available to be deducted at the group level	—	—	—	—	—
R0180	Other items approved by supervisory authority as basic own funds not specified above	—	—	—	—	—
R0190	Non available own funds related to other own funds items approved by supervisory authority	—	—	—	—	—
R0200	Minority interests	—	—	—	—	—
R0210	Non-available minority interests to be deducted at group level	—	—	—	—	—
R0220	<b>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</b>					
R0230	<b>Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities</b>	—	—	—	—	—
R0240	whereof deducted according to art 228 of the Directive 2009/138/EC	—	—	—	—	
R0250	Deductions for participations where there is non-availability of information (Article 229)	—	—	—	—	—
R0260	Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods are used	—	—	—	—	—
R0270	<b>Total of non-available own fund items to be deducted</b>	—	—	—	—	—
R0280	<b>Total deductions</b>	—	—	—	—	—
R0290	<b>Total basic own funds after deductions</b>	<b>1,743,450</b>	<b>1,741,515</b>	—	—	<b>1,935</b>

## APPENDIX 6

### S.23.01.22

### Own Funds (continued)

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

Basic own funds before deduction for participations in other financial sector		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Ancillary own funds</b>						
R0300	Unpaid and uncalled ordinary share capital callable on demand	—		—	—	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	—		—	—	
R0320	Unpaid and uncalled preference shares callable on demand	—		—	—	—
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	—		—	—	—
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	—		—	—	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	—		—	—	—
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	—		—	—	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	—		—	—	—
R0380	Non available ancillary own funds to be deducted at group level	—		—	—	—
R0390	Other ancillary own funds	—		—	—	—
<b>R0400</b>	<b>Total ancillary own funds</b>	—		—	—	—
<b>Own funds of other financial sectors</b>						
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	—	—	—	—	—
R0420	Institutions for occupational retirement provision	—	—	—	—	—
R0430	Non regulated undertakings carrying out financial activities	—	—	—	—	—
<b>R0440</b>	<b>Total own funds of other financial sectors</b>	—	—	—	—	—

## APPENDIX 6

### S.23.01.22

### Own Funds (continued)

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

Basic own funds before deduction for participations in other financial sector		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Own funds when using the D&amp;A, exclusively or in combination with method 1</b>						
R0450	Own funds aggregated when using the D&A and combination of method	—	—	—	—	—
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	—	—	—	—	—
R0520	Total available own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	1,743,450	1,741,515	—	—	1,935
R0530	Total available own funds to meet the minimum consolidated group SCR	1,741,515	1,741,515	—	—	
R0560	Total eligible own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	1,743,450	1,741,515	—	—	1,935
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	1,741,515	1,741,515	—	—	
R0610	<b>Minimum consolidated Group SCR</b>	<b>509,894</b>				
R0650	<b>Ratio of Eligible own funds to Minimum Consolidated Group SCR</b>	<b>341.54%</b>				
R0660	<b>Total eligible own funds to meet the total group SCR (including own funds from other financial sector and from the undertakings included via D&amp;A)</b>	<b>1,743,450</b>	<b>1,741,515</b>	—	—	<b>1,935</b>
R0680	<b>Total Group SCR</b>	<b>1,133,098</b>				
R0690	<b>Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&amp;A</b>	<b>153.87%</b>				
	<b>Reconciliation reserve</b>	<b>C0060</b>				
R0700	Excess of assets over liabilities	1,743,450				
R0710	Own shares (held directly and indirectly)	—				
R0720	Forseeable dividends, distributions and charges	—				
R0730	Other basic own fund items	402,061				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	—				
R0750	Other non available own funds	—				
R0760	<b>Reconciliation reserve</b>	<b>1,341,390</b>				
<b>Expected profits</b>						
R0770	Expected profits included in future premiums (EPIFP) - Life business	438,904				
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	25,318				
R0790	<b>Total Expected profits included in future premiums (EPIFP)</b>	<b>464,222</b>				

## APPENDIX 7

### S.25.01.22

## 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	702,833		—
R0020	Counterparty default risk	46,207		
R0030	Life underwriting risk	686,296	—	—
R0040	Health underwriting risk	227,635	—	—
R0050	Non-life underwriting risk	—	—	—
R0060	Diversification	-456,502		
R0070	Intangible asset risk	—		
<b>R0100</b>	<b>Basic Solvency Capital Requirement</b>	<b>1,206,467</b>		
<b>Calculation of Solvency Capital Requirement</b>		<b>C0100</b>		
R0130	Operational risk	98,852		
R0140	Loss-absorbing capacity of technical provisions	-10,357		
R0150	Loss-absorbing capacity of deferred taxes	-161,865		
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	—		
<b>R0200</b>	<b>Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on</b>	<b>1,133,098</b>		
R0210	Capital add-ons already set	—		
R0211	of which, capital add-ons already set - Article 37 (1) Type a	—		
R0212	of which, capital add-ons already set - Article 37 (1) Type b	—		
R0213	of which, capital add-ons already set - Article 37 (1) Type c	—		
R0214	of which, capital add-ons already set - Article 37 (1) Type d	—		
<b>R0220</b>	<b>Consolidated Group SCR</b>	<b>1,133,098</b>		
<b>Other information on SCR</b>				
R0400	Capital requirement for duration-based equity risk sub-module	—		
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	1,123,304		
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	4,307		
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	—		
R0440	Diversification effects due to RFF nSCR aggregation for article 304	—		
R0470	Minimum consolidated group solvency capital requirement	509,894		
<b>Information on other entities</b>				
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	—		
R0510	Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	—		
R0520	Institutions for occupational retirement provisions	—		
R0530	Capital requirement for non-regulated entities carrying out financial activities	—		
R0540	Capital requirement for non-controlled participation requirements	—		
R0550	Capital requirement for residual undertakings	—		
R0555	Capital requirement for collective investment undertakings or investments packaged as funds	—		
<b>Overall SCR</b>				
R0560	SCR for undertakings included via D&A method	—		
<b>R0570</b>	<b>Total group solvency capital requirement</b>	<b>1,133,098</b>		

#### 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

## APPENDIX 8

### S.32.01.22

#### 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
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
IE	<b>699868</b>	Specific code	ILHAWK Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
US	635400YXOAFSOBHZXV22	LEI	Ilona Financial Group, Inc.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
IE	158762	Specific code	Irish Life Ark Dublin dac	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
IE	635400BSMKY1KO9XGH57	LEI	Irish Life Associate Holdings Unlimited Company	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
IE	YV6S30E6WZVI2FFW31	LEI	Irish Life Assurance plc	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
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
IE	635400NX6VMZWZPAHW47	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
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
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
IE	686621	Specific code	Irish Life Wellbeing Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	N/A
GB	10470734	Specific code	Multiply AI 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	Financial Conduct Authority
IE	651471	Specific code	Vigo Health Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland

## APPENDIX 8

### S.32.01.22

#### Undertakings in the scope of group

Criteria of influence										Inclusion in the scope of Group supervision		Group solvency calculation
% 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 the method 1, treatment of the undertaking		
C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260		C0260		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method		Method 1: Adjusted equity method		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method		Method 1: Adjusted equity method		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method		Method 1: Adjusted equity method		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method		Method 1: Adjusted equity method		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation		Method 1: Full consolidation		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation		Method 1: Full consolidation		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation		Method 1: Full consolidation		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation		Method 1: Full consolidation		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation		Method 1: Full consolidation		
43.03%	43.03%	43.03%		Significant	43.03%	Included in the scope		Method 1: Adjusted equity method		Method 1: Adjusted equity method		
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method		Method 1: Adjusted equity method		



