Allianz Global Life dac

Solvency and Financial Condition Report

31 December 2023

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Scope of the Report

Solvency II ('SII') is an EU-wide regulatory regime for insurance companies. Under SII, the Solvency and Financial Condition Report ('SFCR') is an annual regulatory public disclosure requirement. This report is the SFCR for the year-ended 31 December 2023 for Allianz Global Life dac (the 'Company' or 'AGL').

It informs AGL's stakeholders about the Company's:

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

It is prepared to satisfy the public disclosure requirements under the Commission Delegated Regulation (EU) 2015/35 of the European Parliament supplementing Directive 2009/138/EC ('SII Directive'), which was issued by the European Insurance and Occupational Pensions Authority ('EIOPA') and came into effect from 1 January 2016.

Figures are expressed in Euro (€), which is the functional and presentational currency of the Company. Within the body of the report figures are typically rounded in € millions, which may cause some presentational differences in table formats.

As noted within the report, some figures are presented based on the Company's financial statements, which are prepared in accordance with International Financial Reporting Standards ('IFRS') rather than SII. During 2023, the Company formally applied IFRS 9 (Financial Instruments: Classification and Measurement) and IFRS 17 (Insurance Contracts) for the first time. Therefore within this SFCR, some of the 2022 IFRS results (included in Section A and Section E) have been restated for comparison purposes and will not align to the values presented in the 2022 SFCR.

The figures in the supporting Qualitative Reporting Templates ('QRTs') (included the Annex) are rounded to nearest €000, in line with requirements.

Approval

This report and supporting QRTs were approved by the Company's Board of Directors on 28th March 2024, prior to submission to the Central Bank of Ireland ('CBI') and publication on AGL's public website.

Summary

Business and Performance

AGL is authorised in Ireland to transact life assurance business in the European Union. The Company is regulated by the CBI and underwrites insurance risks through its head office and local branches along three lines of business (variable annuity[1], unit-linked and protection). The Company is a wholly owned subsidiary of Allianz SE.

Key aspects of the business performance over the year include:

- AGL's IFRS net income (i.e., underwriting performance) was €19.7m in 2023, representing a decrease of €0.5m compared to the restated[2] 2022 result (€20.2m). This decrease was largely due to refinements to assumptions and lower sales than prior year. Sales of most product types fell during 2023 compared to 2022, and were below business plan targets.
- The majority of the Company's investment income result relates to interest rate swaps and futures. Overall investment performance on shareholder assets decreased compared to 2022 driven by the losses on the futures portfolio (compared to gains in prior year), as well as decreased interest income on swaps. This was somewhat offset by increased unrealised gains on swaps and fixed income securities due to the fall in interest rates during 2023.
- Investment performance for policyholder assets increased over the reporting period due to the positive performance in both equity and bond markets.
- The Company continues to expand across its various product segments, seeking opportunities to grow its business in other EU markets and through new distribution partnerships, by leveraging its existing product range and offering new product variations.

System of Governance

The governance structure of the Company has not changed during 2023 and AGL continues to operate an effective System of Governance which provides for prudent and sound management of the business.

The ultimate responsibility for the Company's business rests with its Board of Directors (the 'Board'). The Board delegates certain responsibilities to its committees and senior management, while retaining responsibility for overall control of the Company and strategic decisions. The Company places a high value on appointing fit and proper individuals and seeks to ensure that each individual is suitably qualified to perform their role and is honest and trustworthy.

AGL has implemented a comprehensive risk management system, consistent with Allianz Group standards, applicable regulatory requirements and industry best practices, referred to as its Risk Management Framework. The Chief Risk Officer and the Risk Management Function are responsible for setting an auditable framework for all risk-related activities in the Company. This includes the development, maintenance and monitoring of risk policies, limits and guidelines, as well as the supporting measurement, methodology and tools.

The Own Risk and Solvency Assessment ('ORSA') is one of the key elements of the System of Governance and is directed by the Board. The ORSA is the collection of interlinked processes implemented by AGL to identify, assess, monitor, manage and report on the short, medium and long-term risks that the Company faces, and to determine the amount of capital ('Own Funds') necessary to ensure that overall solvency needs are met at all times.

AGL has put a comprehensive suite of internal controls in place, based on a three lines of defence model with graduated control responsibilities. The Company's Compliance Function monitors compliance with applicable laws, regulations and administrative provisions, as well as advising senior management and supervisory bodies on compliance with these. Whilst the Internal Audit Function independently reviews risk governance implementation, performs quality reviews of risk processes and tests adherence to business standards including the internal control framework.

The Company is satisfied that the System of Governance remains fit for purpose and appropriate for the nature, scale and complexity of the risks inherent in its business.

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[1] Variable annuities are unit-linked policies with guarantees in relation to one or more of a minimum withdrawal, death or accumulation benefit.

[2] Restated for comparison purposes to reflect adoption of new IFRS Standards IFRS 9 & IFRS 17.

Risk Profile

The Company faces both risks that are external in nature (e.g., market risks and underwriting risks) and internal (e.g., risks to systems and processes). There were no significant changes to the risk profile of AGL during 2023.

Market risk remains the most material risk for AGL. The primary source of the Company's market risk is in relation to guarantee obligations to policyholders and the future profits of the Company, both of which can change as a result of market movements.

The Company's main underwriting risk is increasing life expectancy whereby, if policyholders receiving guaranteed lifetime income live longer than expected, the Company would suffer financial loss. The main business risks are lapse and cost risk. The Company's largest operational risk exposures are related to the operation of the hedging programme and outsourced activities. The Company continuously monitors both existing and emerging risks.

Risk is controlled and managed with reference to the regulatory SII principles. The Company uses an Internal Model to calculate its SII Solvency Capital Requirement ('SCR'). The SCR is set at a level to ensure that the Company can meet obligations to policyholders and beneficiaries over the following 12 months with a 99.5% probability, which limits the chance of falling into financial ruin to less than once in 200 years.

AGL's Internal Model reflects the risk profile and risk mitigation actions of the Company. In particular, it allows for the ongoing operation of the hedging programme and the target volatility mechanisms within policyholder funds. The Internal Model is part of the Allianz Group Internal Model and was approved by the CBI as part of the wider Allianz Group approval by their supervisor, the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – 'BaFin').

Valuation for Solvency Purposes

AGL has valued its assets and liabilities on a market consistent basis i.e., using information which is market observable where possible. The Company's assets are primarily those held to back the policyholder unit-linked liabilities, with the surplus held as bonds, cash, cash equivalents or derivatives. During the reporting period AGL did not make any material changes to the recognition, valuation bases or estimation techniques used for its SII asset or liability valuations.

The Technical Provisions comprise the Best Estimate Liability and the Risk Margin. Several assumptions feed into the calculation of the Technical Provisions. Over 2023, as part of the annual experience investigations the assumptions for future mortality, surrenders and expenses were updated. There were also a number of minor and immaterial model changes which impacted the calculation of the Technical Provisions.

For certain assets and liabilities, the valuation principles and methods used as part of the SII regulatory regime differ from the corresponding principles and methods in the International Financial Reporting Standards as adopted by the European Union ('IFRS'). The table below shows the impact of these differences on the Company's balance sheet. The main differences are related to the valuation of Technical Provisions and treatment of deferred tax.

	Solvency II	IFRS**	Deviation
Total assets	6,110.9	6,091.1	19.8
Total liabilities, including technical provisions	5,823.2	5,917.2	(94.1)
Excess assets over liabilities / Net asset value*	287.8	173.9	113.9

** Net asset value is excess of assets over liabilities under IFRS as shown in the Company's financial statements.*
*** IFRS data has been reclassified to align with the SII balance sheet presentation, highlighting differences in valuation only. The main reclassifications under SII compared to IFRS comprise derivatives and collateral which are offset in financial assets and financial liabilities within the IFRS Balance Sheet.*

Capital Management

AGL operates within a defined Capital Management Framework. The primary objective of this framework is to ensure adequate capital is available to fulfil regulatory requirements and specifically to cover the SCR. The Capital Management Policy defines a target level of capitalisation known as the 'management ratio'. This ratio is set at a level which ensures compliance with regulatory requirements over a three-year planning horizon even after financial stresses or losses from the insurance portfolio. The Company aims to keep the capitalisation close to this ratio. Secondary objectives include adding economic value over the cost of capital and having shareholders participate in the economic development through, for example, dividend payments. There were no significant changes to AGL's Capital Management Framework during 2023.

The solvency ratio at 31 December 2023 was 261%, an increase from 220% at 31 December 2022.

	2023	2022
Own Funds	287.8	236.7
Required Capital	110.2	107.7
Solvency Ratio	261%	220%

The Company's Own Funds all fall under Tier 1 capital, made up of high-quality and unrestricted Own Funds. The Company's available Own Funds increased by €51.0m over the year. This was primarily due to positive market related impacts, model changes impacting the calculation of Technical Provisions and to a lesser extent, gains on the bond portfolio due to the fall in interest rates.

Overall, the SCR increased by €2.5m over 2023. There were offsetting impacts across various risk categories. The most material change was to business risk, in particular lapse risk, which increased due to higher profits at risk, mainly as a result of positive fund returns and a model change.

A. Business and Performance

A.1. Business

A.1.1. Business Operations

AGL, as part of the Allianz Group, is authorised in Ireland to transact life assurance business in the European Union under the Third Life Directive as introduced into domestic Irish legislation by the European Union (Insurance and Reinsurance) Regulations 2015. It was incorporated on 11 June 2008 and received approval from the CBI on 14 August 2008 to carry out Classes I and III Life Assurance business. The Company's registered office is Maple House, Temple Road, Blackrock, Co. Dublin, Ireland.

A.1.1.1. Supervisor

The Company is regulated by the CBI. The registered office of the CBI is North Wall Quay, Dublin 1, Ireland.

The parent holding company, Allianz SE, is regulated by the German Federal Financial Supervisory Authority, Bundesanstalt für Finanzdienstleistungsaufsicht ('BaFin'), Dreizehnmorgenweg 13-15, 53175 Bonn, Germany.

A.1.1.2. Auditor

The external auditors are PricewaterhouseCoopers ('PWC'), Chartered Accountants. The registered office of PWC is One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

A.1.1.3. Insurance Operations

The Company operates predominantly on a Freedom-of-Establishment basis, underwriting insurance risks through local branches along three lines of business; variable annuity ('VA'), unit-linked and protection. Currently the customer base of the Company is predominantly based in France and Italy.

The Company focused initially on the sale of a VA product with a guaranteed minimum withdrawal benefit which is enhanced by a guaranteed minimum death benefit for some product generations (Invest4Life). This product, also referred to as "classic VA" business, is sold via Allianz Group sales channels (through the Company's French and Italian branch offices set up in 2008 and 2009 respectively). The German branch, set up in 2009, ceased selling this product in 2012.

The VA business has expanded through two distinct developments. Firstly, the Company started accepting reinsurance at the beginning of 2016, taking over treaties from Allianz Re Dublin dac for VA policies that were underwritten by Allianz Japan and Allianz Taiwan. These reinsurance activities were extended during 2019 through a new reinsurance treaty with Allianz Philippines, through which the Company accepted market and biometric risks in relation to a fixed index annuity product (which is closed to new business). Secondly, in late 2016 the Company leveraged its expertise in managing hedged products for a further business expansion and successfully launched a new VA product with guaranteed minimum accumulation and death benefits (Active4Life). This product is sold via its Italian, Greek and French branch offices. The Company also now distributes this business via third parties, operating a sales partnership with an external bank in Italy since 2020.

Group Life business, offering death and disability benefits for employees of corporate clients, was introduced to the Company's product range in 2010. This business is underwritten via brokers through the Company's head office and is currently offered in Lithuania. It was previously also offered in the Germany market, which is now closed to new business.

Protection business for retail clients was started through the Company's Italian branch office in late 2015, offering a term life product with various rider options via the internet (GenialLife). At the start of 2020, an iteration of this product was launched in Lithuania through the Company's head office. Work continues to increase sales of this product category through improved customer service and experience, with the intention to leverage on its digital platform to continue to expand geographically. In parallel, the Company continues to develop its payment protection insurance business in Italy (Cessione del Quinto della Pensione, 'CQP').

In 2014, the Company entered into unit-linked business activity through its Italian branch office. It started with a product for private clients (Private Solution), and then subsequently also launched a product for retail clients (Target4Life), all of which offer death benefits and are sold by Allianz Group distributors. The Company launched a new unit-linked private pension plan product during the first half of 2020 (Piano Pensione Moneyfarm), which is sold via a specialised digital advisory firm. In 2022, a third-party unit-linked decumulation product (Periodical4Life) was also launched. A further retail product (BigCityLife) is closed to new business.

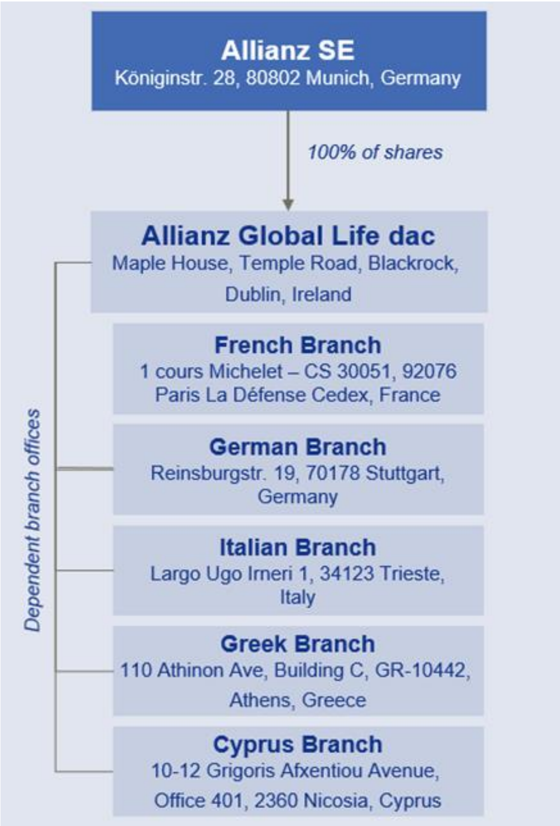
In late 2017, the Company obtained regulatory approval to launch its Greek branch, selling a product with a similar design to one of the Italian retail unit-linked products through this branch on a freedom of establishment basis, and sales commenced in 2020. In 2022 the Active4Life product was also launched in Greece.

Since 2016, the Company has the authority to operate in Cyprus on a branch basis, however, to date no business has been underwritten in this jurisdiction. Previously AGL operated in Belgium on a freedom of service basis, with operations ceasing in 2023. The Company operates in Iceland on a freedom of service basis.

The Company continues to expand across its various product segments, seeking opportunities to grow its business in other EU markets and through new distribution partnerships, by leveraging its existing product range and offering new product variations.

A.1.2. Company Structure

AGL is a wholly owned subsidiary of Allianz SE, a company incorporated in Germany and has five dependent branch offices, as outlined below. Allianz SE is also the ultimate holding company, with 100% voting rights.



As at year-end 2023, a summary of the products by geographical location are outlined in the following table:

Material Branch*	Lines of Business	Product Type
AGL French Branch	Variable annuity	Invest4Life
		Active4Life
AGL Italian Branch	Variable annuity	Invest4Life
		Active4Life
	Unit-linked	Private Solution
		Piano Pensione Moneyfarm
		Target4Life
		BigCityLife (closed to new business)
		Periodical4Life
	Protection	GenialLife
		Cessione del Quinto della Pensione
AGL German Branch	Variable annuity	Invest4Life (closed to new business)
AGL Head Office	Reinsurance	Asian VA reinsurance (closed to new business)
		Philippines Fixed Index Annuity (FIA) (closed to new business)
	Protection	Group Life Germany (closed to new business) and Lithuania
		GenialLife Lithuania
	Unit-linked	Target4Life Belgium (closed to new business)
		Target4Life Iceland

**Note that the Greek and Cypriot Branches are not currently considered material for the Company.*

A.1.3. Significant Business and Other Events

AGL's financial statements continue to be prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. During 2023, the Company formally applied IFRS 9 (Financial Instruments: Classification and Measurement) and IFRS 17 (Insurance Contracts) for the first time. The recognition basis and presentation of the Company's financial statements have been significantly affected by the new standards. Therefore within this SFCR, some of the 2022 IFRS results (included in Section A and Section E) have been restated for comparison purposes and will not align to the values presented in the 2022 SFCR.

AGL also continues to monitor emerging risks, including the effects of the ongoing wars in Ukraine and the Middle East. The Company does not have any direct exposure in these jurisdictions, although is impacted via the related market turbulence and ongoing sanctions screening.

There were no significant acquisitions or divestments over the reporting period, and as a result, there were no significant changes in the Company structure.

A.2. Underwriting Performance

A.2.1. Underwriting Performance by Material Line of Business

As highlighted by the table below, AGL's net of tax underwriting performance (i.e., IFRS net income) was €19.7m in 2023, representing a decrease of €0.5m compared to the 2022 result (€20.2m).

Life underwriting performance by material line of business (€m)

	2023	2022
Variable annuity and unit-linked insurance	28.6	32.5
Other life insurance	0.7	1.2
Life reinsurance	(1.7)	(2.2)
Other	2.6	-
Total Operating Profit	**30.3**	**31.5**
Shareholder bonds gains / (losses)	(0.2)	(1.7)
Profit before Taxation	**30.0**	**29.9**
Taxation	(10.3)	(9.6)
Total Net Income	**19.7**	**20.2**

This reduction in operating profit was largely driven by the €3.9m fall in the VA and unit-linked insurance result, which decreased from €32.5m in 2022 to €28.6m in 2023. This was largely due to refinements to the VA assumptions, lower sales and losses on unit-linked contracts.

The other life insurance result, comprised of the Company's protection business, reported a positive result of €0.7m in 2023, although this is a decrease compared to prior year. The main drivers of the decrease were assumption updates and lower sales.

The life reinsurance result of -€1.7m (2022: -€2.2m) was impacted by hedge losses and assumption changes on the Asian VA reinsurance business.

Other operaring profit of €2.6m comprises of hedge-related profits, largely relating to income on collateral and bonds.

In general, sales of most product types fell during 2023 compared to 2022. In particular, the slow-down in Italian branch sales was consistent with the general slowdown in the Italian unit-linked market.

A.2.2. Income and Expenses by Material Geographical Area

Both France and Italy recorded profits which outperformed the plan. France recorded a profit of €14.8m for 2023, and Italy recorded a profit of €15.0m for 2023, with VA products being the largest contributors towards operating profit. The Asian VA portfolio delivered a loss as described in A.2.1.

Head Office delivered a profit of €2.2m driven by hedge-related profits largely relating to income on collateral and bonds.

Underwriting performance by material geographical area (€m)

	2023	2022
France	14.8	20.8
Italy	15.0	12.6
Asia	(1.7)	(2.2)
Head Office	2.2	0.4
Total Operating Profit	**30.3**	**31.5**
Shareholder bonds gains / (losses)	(0.2)	(1.7)
Profit before Taxation	30.0	**29.9**
Taxation	(10.3)	(9.6)
Total Net Income	**19.7**	**20.2**

Further information on the Company's premiums, claims and expenses by country is presented in the QRT S.04.05.02 (see Annex).

A.3. Investment Performance

A.3.1. Investment Result and its Components

The financial assets of the Company include both shareholder and policyholder financial assets comprised primarily of collective investment schemes, fixed interest securities, government and covered bonds, equities and derivatives.

Financial assets by category at 31 December (€m)

	2023	2022
Shareholder financial assets		
Fixed income securities	127.5	144.6
Government bonds	40.2	41.8
Government agency bonds	20.3	20.7
Supranational bonds	0.0	1.0
Covered bonds	19.1	20.5
Corporate bonds	44.6	55.7
Collateralised securities	3.3	4.8
Cash and cash equivalents	24.1	44.0
Balance on deposit with financial institutions (margin accounts*)	27.7	62.9
CashPool funds (within Loans & Mortgages)	66.3	24.6
Derivative assets	15.4	23.1
Deposits other than cash equivalents	0.9	-
Total Shareholder financial assets	**261.8**	**299.1**
Policyholder financial assets		
Equities	25.2	16.5
Fixed income securities	56.0	59.2
Collective investment schemes	5,563.2	5,340.0
Cash and cash equivalents	25.2	46.5
Total Policyholder financial assets	**5,669.6**	**5,462.4**

**Margin accounts are used for depositing collateral in relation to the settlement of derivative contracts*

Shareholder assets decreased during the year. There was a decrease in the balance on deposit with financial institutions as a result of reduced margin requirements on futures, which are used as part of the hedging porgramme. Most of the margin drawdown was paid out in payments to policyholders during 2023. The valuation of shareholder fixed income securities decreased during the year, mainly due to maturities which in turn increased the CashPool balance.

The total policyholder financial assets have increased mainly due to positive performance in financial markets in 2023.

A.3.2. Overall Investment Performance

Income from investment assets consists of interest and dividend income, net gains / losses on financial assets classified as fair value through profit or loss, and realised gains / losses on financial assets.

Performance by asset class in 2023 (€m)

	Shareholder Investments*	Investments on behalf of policyholders	Total
Equities	-	0.7	**0.7**
Fixed income securities	0.6	0.8	**1.3**
Collective Investment undertakings	-	1.5	**1.5**
Futures	1.1	-	**1.1**
Swaps	(7.8)	-	**(7.8)**
Loans & Mortgages	3.2	-	**3.2**
Total Investment income	**(2.9)**	**3.0**	**0.1**
Equities	-	1.4	**1.4**
Fixed income securities	(0.3)	0.2	**(0.1)**
Collective Investment undertakings	-	23.2	**23.2**
Futures	(121.5)	-	**(121.5)**
Forwards	0.2	-	**0.2**
Swaps	(9.5)	-	**(9.5)**
Options	(0.1)	-	**(0.1)**
Net realised gains / (losses) on financial assets	**(131.2)**	**24.9**	**(106.3)**
Equities	-	1.7	**1.7**
Fixed income securities	5.1	0.9	**6.0**
Collective Investment undertakings	-	585.2	**585.2**
Forwards	-	-	**-**
Swaps	40.7	-	**40.7**
Options	0.1	-	**0.1**
Unrealised gains / (losses) on financial assets	**46.0**	**587.8**	**633.8**
Investment Expenses	**(0.2)**	**(4.1)**	**(4.2)**

Performance by asset class in 2022 (€m)

	Shareholder Investments*	Investments on behalf of policyholders	Total
Equities	-	0.8	**0.8**
Fixed income securities	0.3	0.4	**0.7**
Collective Investment undertakings	-	1.5	**1.5**
Futures	(0.3)	-	**(0.3)**
Swaps	51.1	-	**51.1**
Loans & Mortgages	0.0	-	**0.0**
Total Investment income	**51.2**	**2.8**	**54.0**
Equities	-	(1.9)	**(1.9)**
Fixed income securities	(1.7)	(0.7)	**(2.4)**
Collective Investment undertakings	-	(58.3)	**(58.3)**
Futures	193.2	-	**193.2**
Forwards	1.0	-	**1.0**
Swaps	(10.1)	-	**(10.1)**
Options	(0.1)	-	**(0.1)**
Net realised gains / (losses) on financial assets	**182.3**	**(60.9)**	**121.4**
Equities	-	(1.3)	**(1.3)**
Fixed income securities	(11.9)	(1.2)	**(13.2)**
Collective Investment undertakings	-	(1,013.8)	**(1,013.8)**
Forwards	(0.1)	-	**(0.1)**
Swaps	(291.5)	-	**(291.5)**
Options	0.0	-	**0.0**
Unrealised gains / (losses) on financial assets	**(303.5)**	**(1,016.3)**	**(1,319.8)**
Investment expenses	**(0.2)**	**(4.0)**	**(4.2)**

**Shareholder's investments include gains / losses that are recognised through shareholder equity. These are presented separately under Section A.3.3.*

Shareholder's Investments

Investment performance from shareholder's assets relates predominantly to fixed income securities, cash and derivative instruments underlying the hedging programme. The majority of the Company's investment result relates to interest rate swaps and futures.

Overall investment performance on shareholder assets decreased compared to 2022 driven by the losses on the futures portfolio (compared to gains in prior year), as well as decreased interest income on swaps.

Net realised losses were reported in 2023. The majority of the futures portfolio is linked to equity and bond movements which recorded a positive performance in 2023. As a result, the Company's short position in futures instruments recorded realised losses (compared to gains in 2022).

Unrealised gains were reported in 2023 mainly driven by unrealised gains on swaps (due to a fall in interest rates, compared to a loss in 2022 when interest rates increased considerably). Unrealised gains were also reported on fixed income securities as bond values rose during 2023.

Investments on behalf of policyholders

Equity valuations increased considerably during 2023 (MSCI World up c. 23% in 2023). Bonds valuations also increased (JPM EMU Investment Grade rose 7% in 2023). These market related factors led to a increase in policyholder funds.

A.3.3. Gains / Losses Recognised Directly in Shareholder Equity

The table below sets out the composition of AGL's other comprehensive income in relation to shareholder bonds of €127.5m for 2023 (2022: €144.6m), which are recognised directly in shareholder equity.

Gains / losses recognised in shareholder equity (€m)

	2023	2022
Movements in financial assets:		
Fair value movement	5.1	(11.9)
Deferred tax effect of fair value movement	0.0	(0.1)
Net income recognised in equity	**5.1**	**(12.0)**

A.3.4. Information about Investments in Securitisation

At the end of the reporting period, the value of the Company's investments in collateralised securities was €3.3m.

A.4. Performance of Other Activities

AGL does not have any other material income or expenses arising from asset management or other corporate sources, other than those already outlined.

AGL does also not have any material operating or finance lease arrangement in place at this time.

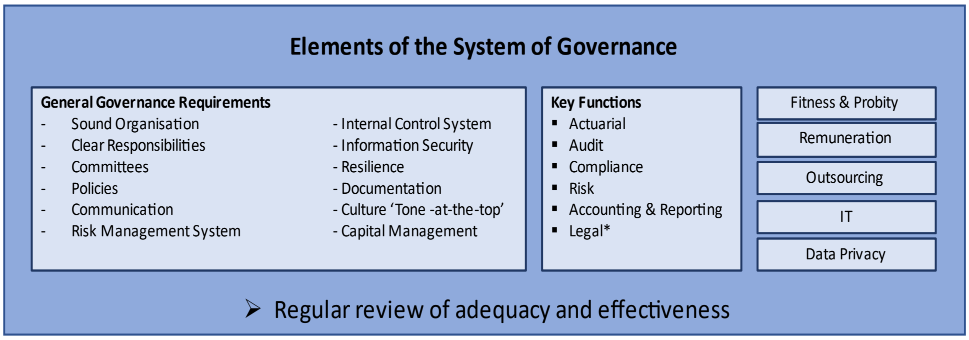
A.5. Any Other Information

All material information regarding the business and performance of the Company has been included above.

B. System of Governance

B.1. General Information on the System of Governance

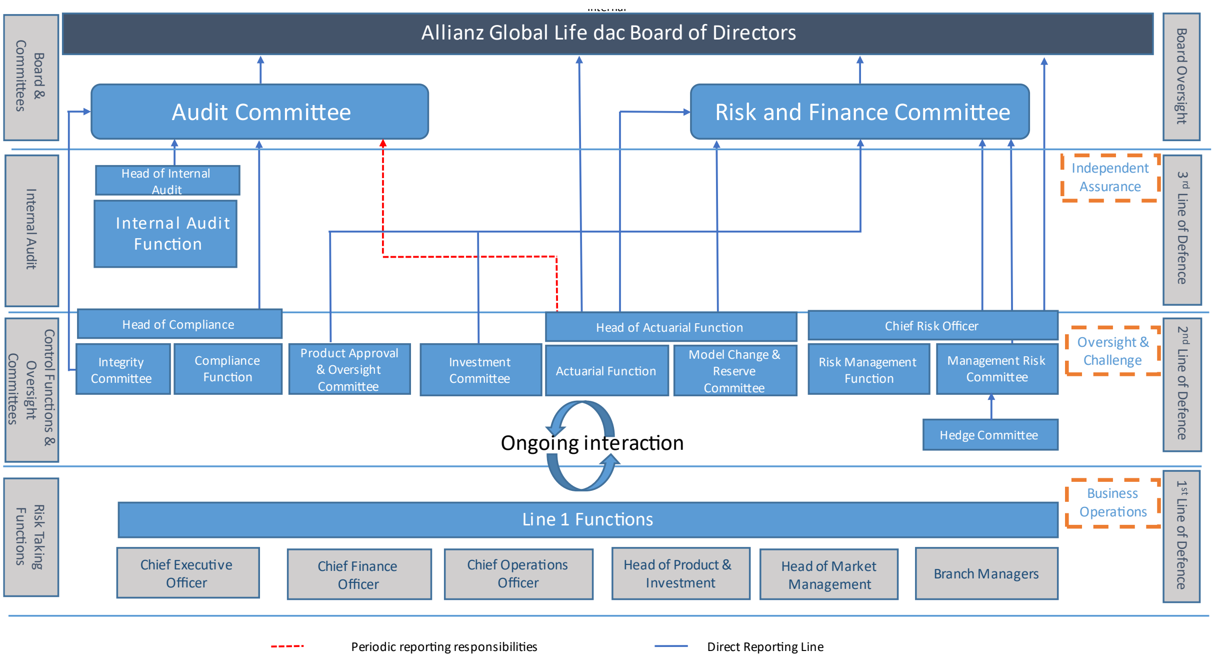
AGL's Board believe that an effective System of Governance is essential for prudent and sound management of the business. The key elements of the System of Governance are outlined below.



** AGL does not have a dedicated Legal Function and fulfils this requirement through the engagement of external legal advisers. Such legal support may include the engagement of Allianz Group or other Operating Entity Legal Functions and / or selected Irish and outside counsel based in local jurisdictions.*

B.1.1. Overview

Effective corporate governance is essential for sustainable business performance. Therefore, the Board and senior management of AGL attach great importance to complying with the obligations of the European Union (Insurance and Reinsurance) Regulations 2015 and the Corporate Governance Requirements for Insurance Undertakings 2015 issued by the CBI. The following diagram sets out a summary of the governance structures in place within AGL, which is explained further in the following sections.



The Board takes collective responsibility for establishing the Company's vision, values and standards, setting the appropriate strategy and structure, and exercising accountability to its shareholder and its regulator. The Board delegates certain responsibilities to its Committees and senior management, while retaining responsibility for overall control of the Company and strategic decisions. The Board may delegate its authority to senior management and Committees, with exception of the following items:

- Proposals of matters requiring the approval of the General Meeting of shareholders;
- Appointment and dismissal of directors, the Company Secretary, the Chief Executive Officer ('CEO') and senior management, and the appointment or removal from office of the head of a control function;

- Installation of a Board Committee and the appointment or dismissal of its members;
- The approval of dividend payments and capital contributions;
- The approval of the annual report, accounts and annual regulatory returns;
- Other matters as determined by the Company's Memorandum and Articles of Association; and
- Other matters as stipulated in law.

The Board meets on a regular basis, at least once each quarter. As at the date of publication of this report, the AGL Board is comprised of eight members:

- Two Independent Non-Executive Directors ('INEDs');
- Four Group Non-Executive Directors ('NEDs'); and
- Two Executive Directors ('EDs').

The Chairperson of the Board is a Group NED. The Board and Board Committees regularly review the efficiency and effectiveness of their activities. The INEDs assess the performance of the Chairperson on an annual basis. The Chairperson completes a review of the performance of the other Directors as appropriate. The results of these assessments are discussed by the Board. Where areas for improvement are identified from these reviews and discussions, the appropriate measures are implemented to rectify these.

B.1.2. Committee Framework

Certain matters may be delegated to a dedicated decision-making body (Committee). The Committees aim to facilitate business steering and to safeguard the Company's oversight function (hereby also supporting the internal control system). AGL Committees have clearly defined mandates, authority and appropriate independence. The composition of the Committees reflects their different functions.

AGL utilises a system of two types of Committees:

- Board Committees; and
- Management / Functional Committees.

B.1.2.1. Board Committees

Board Committees include the Board Risk and Finance Committee ('BRFC') and Board Audit Committee ('BAC'). Terms of Reference (including composition, objectives and responsibilities) of these Committees are clearly defined and approved by the Board. The Committee's Terms of Reference are reviewed periodically, at least annually. These Committees represent the Board sitting as sub-committees of the full Board. The Board receives regular reports on the activities of its Committees.

Summary of Board Committee responsibilities

Board Risk & Finance Committee	Board Audit Committee
The Committee provides support to the Board in the following areas: - Risk management Framework (e.g., Risk Strategy, Risk Policy and Risk Appetite Statement) - Investment strategy (e.g., strategic asset allocation) and investment operation policies - Reinsurance strategy - Capital & liquidity position, requirements and outlook – including both working and solvency capital - Company's financial performance	The Committee provides support to the Board in following areas: - The review and assessment of the Company's systems of internal control adequacy and effectiveness - The preparation, review and approval of the Company's annual statutory and regulatory accounts - Matters regarding external and internal audit operation and control - Other governance matters, including approval of specified transactions and review of the Company's internal instructions
<u>Members:</u> two INEDs, one NED, one ED Committee is chaired by an INED	<u>Members</u>: two INEDs, one NED Committee is chaired by an INED

B.1.2.2. Management Committees

The Board Committees delegate several roles and responsibilities to various Management Committees and individuals within the Company. The various Management / Functional Committees are outlined below. The composition, objectives and responsibilities of these Committees are clearly defined and documented. Terms of Reference are subject to approval by the Board or relevant Board Committee. In addition to such Committees, the Company has several working groups (e.g., Hedge Working Group and Protection & Resilience Working Group) and steering boards (e.g., Information Security Steering Board) to help facilitate collaboration and information sharing on key topics across the business.

Committee	Responsibilities
Hedge Committee	The Hedge Committee has oversight responsibility over the hedging programme which is a key risk mitigation activity. The Committee defines trading limits and the framework and infrastructure for hedging systems and determines related project priorities.
Model Change & Reserve Committee ('MCRC')	The MCRC is the Company's governing body for models, reserves, assumptions and parameters and covers all models developed by the Company as defined in its Terms of Reference. The MCRC also fulfils the role of an Independent Validation Unit ('IVU') for the validation of the Internal Model (see Section B.3.3 for further details).
Product Approval & Oversight Committee ('PAOC')	It is the responsibility of the PAOC to provide formal approval of new products and product amendments such as re-pricing. It aims to ensure products approved are consistent with Allianz Group and AGL targets and strategic objectives, monitors product performance and regularly reviews products to ensure they continue to meet their goals.
Management Risk Committee ('RiCo')	The RiCo is responsible for the oversight of the risk management process of the Company ensuring its operations are in line with the Board approved Risk Policy and Risk Appetite Statement. It monitors the Company's risk profile and availability of capital in order to maintain an adequate relationship between return and risk. It is responsible for monitoring of the integrated risk and control system. Furthermore, it is responsible for recommending and coordinating measures to mitigate material risks.
Integrity Committee	The Integrity Committee coordinates activities concerning fraud prevention, detection and response, with a core focus on internal fraud and handling of whistle-blower complaints.
Investment Committee	The Investment Committee is responsible for providing oversight on the Company's investment activities.

B.1.3. Adequacy Assessment

AGL continuously aims to improve its compliance and governance systems by ensuring that they are regularly reviewed and evaluated, with recommendations made to the Board regarding their enhancement. This includes the outcomes from controls monitoring, root cause analysis of complaints, breaches and risk events. The AGL Governance and Control Policy requires an annual review of the System of Governance. The Head of Compliance coordinated this exercise for 2023, which included input from Human Resources, Internal Audit, Risk, Financial Reporting and Actuarial Functions. This review covered both the design effectiveness and operating effectiveness of the internal control framework. The review did not identify any material deficiencies and all areas that require improvement have been addressed with a remediation action. Based on this input, the Board concluded that the System of Governance is adequate given the nature, scale and complexity of the risks inherent in the business.

B.1.4. Remuneration Policy and Practices

B.1.4.1. Policy and Principles

The Board has approved a Remuneration Policy which aims to ensure that risk-taking incentives provided by the Company's remuneration practices are consistent with its Risk Appetite and do not encourage unauthorised or excessive risk-taking, whilst also ensuring that the Company is able to attract, develop and retain skilled individuals.

Employees' total annual remuneration comprises a fixed component and variable component. The fixed component represents a sufficiently high proportion of the total remuneration. Employees may also receive benefits and allowances, subject to local rules and conditions.

The variable component, including bonus, of an employee's remuneration is based on a combination of the individual performance in relation to established goals and targets, and the overall results of the Company and wider Group. The measurement of the employee's performance in relation to established goals and targets considers factors such as acquired skills, personal development, compliance with the Company's internal rules and procedures, compliance with the standards governing the relationship with policyholders and contribution to the performance of the Company as a whole. The Company operates a fully flexible bonus policy, which means that the Company is not obliged to pay bonuses when it would be inappropriate to do so.

The following table summarises additional factors that are considered when determining whether the following categories of employees are entitled to receive the bonus payment:

Risk Takers	Other Key Function Holders and Staff
A Risk Taker is defined as a person whose actions may have a significant impact on the Company's risk profile.	The remuneration of the Key Function Holders and Staff shall be set at an appropriate level to ensure appropriate staffing and independent control.
These are typically employees with a profit and loss responsibility and the respective authority to assume risks, including strategic risks, on behalf of the Company. The measurement of performance as a basis for variable remuneration shall include an adjustment for current and future risks and the potential impact of these risks on the Company.	The variable compensation of the Company's Key Function Holders and Staff shall be independent from the performance of the operational units and areas that are submitted to their control. This shall, however, not prevent setting targets based on Group or Company performance indicators, as long as this is not contrary to the Control Function and is in compliance with local regulatory requirements.

B.1.4.2. Director's Fees

To avoid conflict of interests, Non-Executive Directors shall only receive a fixed remuneration for their services, plus the reimbursement of reasonable expenses. Mandates carried out by Executive Directors or any Directors who are employed by Group entities (i.e., Group Directors) are not compensated at all. There have been no material changes regarding Directors' remuneration from previous period.

B.1.4.3. Pension Arrangements

AGL operates a defined contribution pension scheme for all eligible employees. There were no supplementary pension payments made during the reporting period. There were no early retirement schemes in operation in respect of any member of staff of AGL during the reporting period.

B.1.4.4. Material Transactions

During 2023, there were no material transactions with the shareholder (Allianz SE), members of the Board or persons who exercise a significant influence on the Company.

B.2. Fit and Proper Requirements

B.2.1. Policy and Processes

The Company places a high value on appointing fit and proper individuals and seeks to ensure that each individual is suitably qualified to perform the role for which they are being recruited and that they are honest and trustworthy. The Company has a Fitness and Probity Policy ('FPP') in place. This sets out principles, criteria and processes to ensure that all persons who effectively run or occupy key roles within the Company:

- continue to remain fit and proper to provide sound and prudent management, through their professional qualifications, knowledge and experience; and
- are of good repute and integrity.

The FPP contains a definition of fitness and probity and the corresponding requirements for the various relevant positions. It also describes the processes necessary to ensure the fitness and probity of the persons holding, or proposed for, these positions. The FPP provides guidance on how fitness and probity are assessed depending on the findings and information gathered during recruitment, regular and ad-hoc reviews and on the consequences of a negative assessment. The FPP is compliant with the Fitness and Probity Standards ('F&P') of the CBI and is reviewed annually.

B.2.2. F&P Requirements

The specific standard of fitness required for each position in scope is set out in AGL's FPP in order to ensure that individuals occupying or proposed for such roles are competent and capable. For each position a minimum level of previous experience, technical knowledge and qualifications in particular areas are set out. It is expected that all individuals proposed or holding such positions have a clear and comprehensive understanding of the applicable regulatory and legal environment. Each person holding a position in scope of FPP must be financially sound, honest, ethical and act with integrity.

The CBI's Individual Accountability Framework ('IAF') Act 2023 introduced additional requirements for certain individuals within regulated financial service providers, such as AGL. The IAF sets a new standard of personal conduct to encourage employees at all levels to take personal responsibility for their actions and to ensure firms and employees clearly understand and can demonstrate where responsibility lies. Key elements of the IAF include a Senior Executive Accountability Regime (SEAR), Conduct Standards, enhancements to the F&P regime and amendments to the administrative sanctions procedure. AGL's F&P processes, as outlined below, are being further enhanced to address all new requirements in line with the prescribed application dates[3].

B.2.3. F&P Assessment and Monitoring Process

B.2.3.1. Initial Due Diligence

The assessment of the individual's fitness for a Pre-Approval Controlled Function ('PCF') or Controlled Function ('CF') role includes a review of previous experience, knowledge and professional qualifications, as well as demonstration of due skill, care, diligence and compliance with the relevant standards of the sector the person has worked in. The assessment is based on the review of the individual's curriculum vitae, interview process, obtaining references and carrying out due diligence checks.

The assessment of probity of an individual is based on their reputation reflecting past conduct, criminal record, financial record and supervisory authority record. The assessment is based on due diligence checks verified by Human Resources, senior management and oversight by the Compliance Function.

Each proposed individual is required to certify that they are aware of the Fitness and Probity Standards (and agree to abide by those standards. They are also required to certify that they are not aware of any issues that may put their fitness or probity in doubt.

All reasonable steps are undertaken to ensure that sufficient information is obtained to enable the Company to properly make informed decisions as to the fitness and probity of its employees.

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[3] The changes to Conduct Standards and enhancements to the F&P regime came into effect on 29th December 2023. SEAR will apply to senior executives from 1st July 2024, before coming into effect for (I)NEDs one year later on 1st July 2025.

For PCF positions approval from the CBI is required prior to appointing the individual to the position.

B.2.3.2. Regular Reviews

The fitness and probity of each individual holding PCF or CF role(s) is regularly reviewed as part of the annual performance review process. The Company investigates any concerns noted and re-assesses the fitness and probity of the person concerned, where applicable.

As part of this annual ongoing performance monitoring, individuals holding PCF or CF positions are required to re-certify that they are aware of the Fitness and Probity Standards, confirm there is no change in circumstances that would result in non-compliance with the standards and agree to continue to abide by those standards.

B.3. Risk Management System, including the Own Risk and Solvency Assessment ('ORSA')

B.3.1. Risk Management System

AGL has implemented a comprehensive risk management system, consistent with Allianz Group standards and industry best practices, referred to as its Risk Management Framework. Components of this framework include:

i) Risk Appetite – AGL's Risk Appetite Statement sets out the aggregate level and types of risk the Company is willing to accept within its risk capacity to achieve its strategic objectives and business plan.

ii) Risk policies and standards – AGL's risk policies and standards define the Company's approach to risk management and establish the controls, processes, limits and escalation procedures to ensure that risks are managed in line with the Company's Risk Appetite. New policies and standards are developed in response to changes in the Company's risk profile and changes in regulations over time.

iii) Risk identification and assessment – The Risk Management Framework sets out processes for the identification of existing and emerging risks at the business operation level and Company level (through various processes such as the Top Risk Assessment, Emerging Risk Radar, ORSA and Internal Control System).

iv) Risk oversight – Risk control procedures and systems are established and designed to manage, rather than eliminate, the risk of failure to meet business objectives. They can only provide reasonable and not absolute assurance against material misstatement or loss. The Risk Management Framework and related procedures focus on aligning the levels of risk-taking with the achievement of business objectives.

v) Risk reporting and monitoring – AGL has implemented a comprehensive qualitative and quantitative Risk Reporting Framework. This framework provides senior management and the Directors with transparent risk indicators to help them to understand the Company's risk profile and where it stands in relation to its stated Risk Appetite. Examples include key risk indicator dashboards, ORSA and Recovery Plan reports and Top Risk Assessment outputs. Each of these documents are reviewed and discussed at the RiCo and / or BRFC, where action plans are agreed to address such risks identified.

Ultimate responsibility and governance for the Company's risk management rests with the Board. The Board is supported by the Risk Management Function and the operation of a number of Committees that meet on a regular basis to review and monitor the Company's risk exposures. The key responsibilities of the Board and Board committees are set out in Section B.1.

B.3.2. Risk Management Function

The Chief Risk Officer ('CRO') leads the Risk Management Function within the Company and is responsible for setting an auditable framework for all risk-related activities. This includes the development, maintenance and monitoring of risk policies, limits and guidelines, as well as the supporting measurement, methodology and tools. It is constructed to be consistent with the Group Risk Framework and compliant with any applicable regulatory requirements.

In particular, the CRO together with the Risk Management Function:

- Proposes the Risk Appetite to the Board;
- Oversees the execution of the risk management processes;

- Monitors and reports the Company's risk profile including the calculation and reporting of the risk capital;
- Supports the Company's Board and senior management through the analysis and communication of risk management related information and by facilitating the communication and implementation of its decisions;
- Escalates to the Board in cases of material and unexpected increases of risk exposure;
- Reports the ORSA as well as any further material risk management related information to relevant stakeholders including Group Risk;
- Maintains the Company's Board-approved Recovery Plan, and the ongoing monitoring of related recovery indicators;
- Develops and implements the Internal Model, in particular local components, in cooperation with Group Risk and the local Actuarial Function, including ongoing validation of the model; and
- Develops and maintains the Company's risk policies and standards.

The CRO has authority to veto or halt with immediate effect any transaction or activity.

The CRO is the Chair of the RiCo, a member of the PAOC, MCRC, Investment Committee, Integrity Committee and Hedge Committee and uses these bodies to exercise risk oversight.

B.3.3. Internal Model Governance

Insurance companies are required to hold capital to ensure that they have sufficient financial resources available to honour obligations to policyholders even in stressed situations. The quantum of capital required is dependent on the nature of risks incurred and the loss that may occur in the event the Company misestimates its exposures to those risks. Under the SII regulatory regime, companies have two options to calculate the amount of capital required, the EIOPA prescribed Standard Formula or, subject to regulatory approval, a company specific 'Internal Model' approach. The Standard Formula approach uses a set of prescribed risk shocks to determine the capital the Company needs to hold, whereas the Internal Model must be tailored to the specifics of the Company. The required capital is calculated as the amount needed to ensure that the Company can meet obligations to policyholders and beneficiaries over the following 12 months with a 99.5% probability, which limits the chance of falling into financial ruin to less than once in 200 years.

AGL uses the Internal Model approach as this better reflects the risk profile and risk mitigation actions of the Company, in particular the hedging programme employed to offset movements in VA reserves, which reflects the guarantees promised to policyholders. The Company's Internal Model is part of the Allianz Group Internal Model and was approved by the CBI as part of the wider Allianz Group approval by their supervisor, BaFin.

Section C includes greater detail on the risks to which the Company is exposed, with information on how these risks are captured in the Internal Model being covered in Section E.4.

The key purpose of the Internal Model governance structure and related processes is to ensure the ongoing appropriateness of the design and operation of the Internal Model and that it continues to reflect the risk profile of the Company. There has been no material change to AGL's Internal Model governance process during 2023.

AGL Board of Directors

The use of the Internal Model is subject to internal approval by the Board. The Board applied to the supervisory authorities for regulatory approval of the model and are responsible for approval of all subsequent major model changes, as well as the annual revalidation. The Board also has responsibility for putting in place systems which ensure the ongoing appropriateness of the design and operation of the Internal Model.

Allianz Group Standards

The Company has adopted the relevant Allianz Group standards around control of the Internal Model; in particular the Allianz Standard for Model Governance ('ASMG') and Allianz Standard for Model Change ('ASMC').

The ASMG sets the rules and principles for ensuring the appropriateness of the Internal Model:

- All elements of the Internal Model must go through a structured validation and approval process before they may be used;
- A validation takes all relevant qualitative and quantitative aspects into account and demonstrates that the Internal Model adequately reflects the risk profile of the business and can be reliably used as input for risk decisions;

- Controls must be in place to prevent or detect errors during operative use of the Internal Model; and
- All documentation relating to quantitative and qualitative components of the Internal Model necessary for evidencing model appropriateness shall be maintained.

The ASMC sets the rules and principles for ensuring the appropriateness of Internal Model changes:

- The Internal Model may need to be changed after the initial validation and approval to ensure that it remains appropriate after events that may require a model change (e.g., changes in the risk profile, business model or operating environment);
- All model changes must go through a structured model change and approval process before they can be implemented;
- The depth of the respective model governance (i.e., approval body) depends on the materiality and proportionality of the model component; and
- The quantitative impact of individual changes, as well as the combined impact of multiple changes, are analysed as an integral part of the model change process.

The roles and governance responsibilities assigned through these standards are outlined below:

	ASMG	ASMC
Board	- Implementation of ASMG - Approval of the application to use the Internal Model - Confirmation of the ongoing appropriateness of the Internal Model (at least annually) by approving the Annual Validation Report	- Implementation of ASMC - Approval of any major local model change as well as the respective application to the Allianz Group supervisor (BaFin) for external approval
Board Risk & Finance Committee	- Recommendation to Board for approval of initial application - Recommendation to Board regarding confirmation of ongoing model appropriateness and remediation actions - Ensure systems are put in place to allow proper operation of the Internal Model on a continuous basis	- Recommendation to Board for approval of major central and local model changes
CRO	- Ensuring compliance with ASMG including: ○ Ensuring model validation is performed and documented ○ Ensuring that the persons providing expert judgment have adequate skills and experience ○ Ensuring that all relevant documentation in the model inventory and the model documentation repository is kept complete and up to date	- Ensuring compliance with ASMC including proposing the classification of model changes
Model Change & Reserve Committee	- Initial approval of the model (component) - Deciding on a remediation plan if necessary	- Approval and classification of minor / immaterial model changes - Recommendation to Board regarding approval of major model changes - Fulfils the role of the Independent Validation Unit
Model Owner	- Ensuring the existence of adequate documentation - Model development - Overseeing the implementation of controls - Assessing data quality - Assess the appropriateness of the results produced by the model	- Identification of the need for a model change - Implementation or oversight of the implementation of model changes - Evaluating the impact of model changes - Ensuring independent validation

There were no updates to the ASMG or ASMC in 2023.

Internal Model validation

The ASMG sets out the rules and principles for ensuring the initial and ongoing appropriateness of the Internal Model. The performance and ongoing appropriateness of the Internal Model is monitored through a validation process, which follows this approach:

- Assessing whether the results produced by the model are appropriate and the existing documentation is sufficient;
- Performance of independent validations of the models by external consultants;
- Assessments as to whether the Allianz Group model components are appropriate taking into account AGL-specific concerns; and
- Global model validation is employed to validate the entire model taking into consideration results across all validation areas and the interrelation between them.

The Internal Model annual validation report documents the results of ongoing validation assessments, provides a list of any recommendations and action plans and sets out the rationale for the assessment of ongoing appropriateness of the overall Internal Model. The report records the sign-off of the Internal Model by the Board and is a key source of information for regulatory oversight.

B.3.4. Own Risk and Solvency Assessment

In addition to the risk management processes already described, the Company performs a regular, at least annual, assessment of its own risks and solvency needs (the 'ORSA').

B.3.4.1. ORSA Process

The ORSA is the collection of interlinked ongoing processes implemented by AGL to identify, assess, monitor, manage and report on the short and long-term risks that the Company faces and to determine the Own Funds necessary to ensure that overall solvency needs are met at all times. The annual ORSA report summarises the outcome of the various processes, and focuses on the following aspects:

- *Current state*: AGL determines its risk profile at the time of the ORSA. The assessment of current solvency needs determines whether the Company is adequately capitalised based on the identification and assessment of all material risks it is currently exposed to. This assessment takes into consideration the risk capital, available capital and stress scenario impacts to the solvency position, as well as the effectiveness of the internal control system.
- *Future state*: AGL determines its future solvency needs based on stress and scenario testing. As part of the ORSA, AGL's solvency position and liquidity needs are assessed under both the central scenario, which aligns with the Company's business planning forecasts and under a range of forward-looking stress tests or stressed scenarios. Projections are consistent with AGL's regular planning horizon.
- *Reporting*: The Board assesses the results of the ORSA process, determines whether actions should be taken and adjudicates on the sufficiency of the Company's available capital. The results of the ORSA process are formally approved by the Board, published in the ORSA Report along with the Board's assessments and provided to the CBI.

The Company's ORSA process is governed by the Board-approved Allianz Standard for Own Risk and Solvency Assessment, which details the various processes referenced above.

The ORSA is an important part of AGL's business strategy and takes into consideration the nature, scale and complexity of the risks inherent in the business. The ORSA process is coordinated by the Company's Risk Management Function and incorporates the input from different areas of AGL, including the key control functions.

The ORSA draws upon the entire risk management system to determine AGL's capital adequacy and ensure that consideration of risks and capital needs form an integral part of the business decision making processes of the Company. This incorporates the day-to-day execution of the Risk Management Framework, as well as standard and ad-hoc reporting to Board, Board Committees and Management Committees. Decisions related to capital management, investment strategy and risk mitigation are made only after considering ORSA results.

B.3.4.2. Own Solvency Needs

The ORSA process includes SII balance sheet projections on a number of alternative scenarios to investigate AGL's ability to withstand a variety of possible conditions in the future. A key output of the ORSA process is the assessment of the sufficiency of available capital given the risks the Company faces, reflecting the interaction between the Company's capital management and risk management systems. The Company sets a target level of capitalisation, which incorporates a buffer, in order to ensure that the Company would remain solvent, even after the occurrence of financial stresses or losses. The ORSA process examines the impact of various stresses and scenarios and the Board use this information together with the targets set out in the Capital Management Policy to judge the Company's capital adequacy.

B.3.4.3. Board Review and Approval

The AGL Board takes an active part in directing the ORSA. This entails not only understanding and approving the outcome of the ORSA, but also steering how the assessment is to be performed (for example defining the stress scenarios required for the report), challenging the results and instructing on management actions to be taken if significant risks materialise. Each ORSA report is subject to review by the BRFC, before being reviewed and approved by the Board. Once approved by the Board, the ORSA report is distributed to all staff with a key role in the decision-making processes related to business strategy, risk strategy and risk and capital management.

B.4. Internal Control System

B.4.1. Internal Controls

B.4.1.1. Objectives & Principles

AGL's internal control system comprises a coherent, comprehensive and continuous set of mechanisms designed to secure the following objectives:

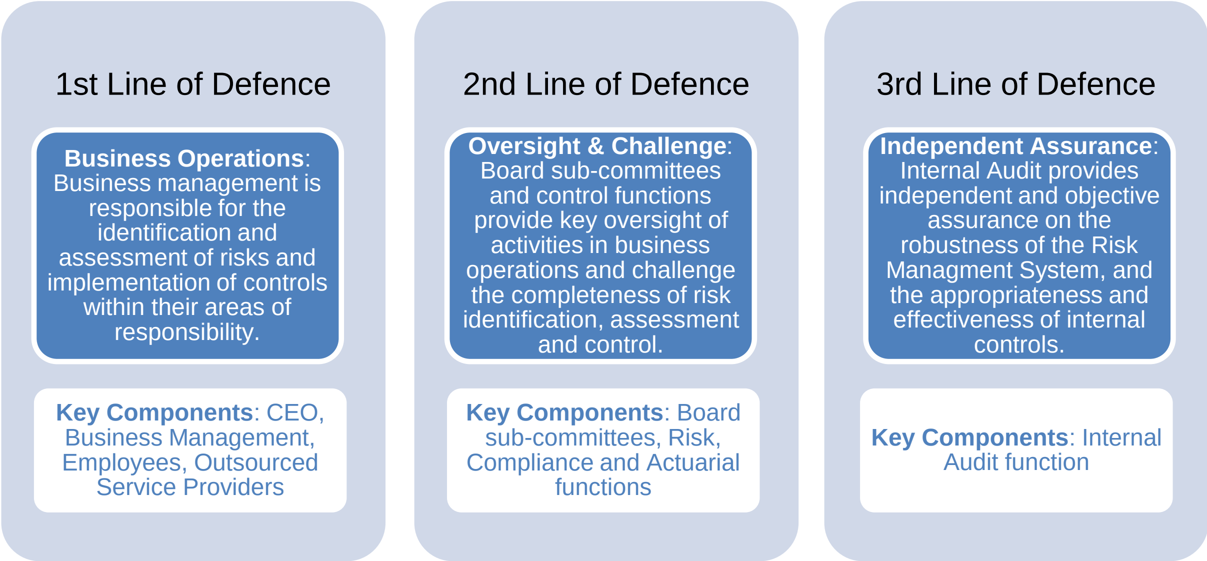
- Safeguarding the Company's existence and business continuity;
- Creating a strong control environment, ensuring that all employees are aware of the importance of internal controls and their role in the internal control system;
- Effectiveness and efficiency of the Company's operations in view of its risks and objectives;
- Availability and reliability of financial and non-financial information; and
- Compliance with applicable laws, regulations and administrative provisions.

In order to achieve these objectives, AGL has put a comprehensive suite of internal controls in place, based on the following principles:

- Clear assignment of responsibilities and allocation of accountabilities for key leadership positions;
- Safeguarding and segregation of duties to avoid excessive risk taking and potential conflict of interests;
- Material decisions are taken by at least two representatives of the Company ('four-eyes-principle') subject to authority limits;
- Ensuring decision-making processes at all management levels incorporates relevant unbiased information that facilitates sound business judgement;
- Raising awareness to perform internal controls by defining and communicating clear roles and responsibilities and implementing respective trainings;
- Maintaining structured and documented processes for which key controls are implemented and are working effectively; and
- An annual plan for testing controls.

B.4.1.2. Three Lines of Defence

AGL's risk governance framework is based on a three lines of defence model with graduated control responsibilities. The distinction between the different lines of defence is principles based and determined by activities.



B.4.1.3. Policy Framework

Steering and controlling the Company is further achieved by a set of internal policy documents. AGL has established a Policy Framework according to the principle of proportionality reflecting Group and local requirements. AGL policy documents are reviewed regularly, at least annually, to ensure their continued appropriateness. Internal policies are AGL-specific rule and / or principle setting documents, issued by an authorised owner with the intention to establish binding rules or guidelines for relevant topics. Each owner ensures that:

- The policy is implemented and adhered to;
- The policy is kept up to date; and
- The policy is distributed to the relevant audience (including AGL branches and other parties).

B.4.2. Compliance Function

The Head of Compliance is the key function holder who leads the independent Compliance Function, which is part of the second line of defence. The Compliance Function is responsible for oversight, detection, prevention and advice with respect to the compliance risk areas of the Company and contributes to the effective implementation of the internal control system and Risk Management Framework. The Compliance Function is designed to supplement the responsibility of the Board and of senior management to ensure compliance with legislation and applicable guidelines.

The main objectives of the Compliance Function are:

- Support and monitor compliance with applicable laws, regulations and administrative provisions to protect the Company against compliance risks. This includes the identification, assessment and mitigation of these risks.
- Advise senior management, the Board and its Committees on compliance risks, including compliance with laws, regulations and administrative provisions and assess the possible impact of any changes in the legal environment on the Company's operations.

As part of the internal control system, the Compliance Function (which also includes the Privacy Function) establishes and maintains an adequate and effective compliance management system. This compliance management system comprises of the following elements:

- Promotion of a culture of integrity and compliance;
- Provision of compliance training and communication;
- Provision of compliance advice;
- Creation and maintenance of compliance principles and procedures;
- Compliance investigations, incident handling and facilitating employee reporting, including anonymous reporting ("whistle blowing") of possible illegal or improper conduct;
- Interaction with regulatory authorities; and
- Monitoring, control assessment and reporting.

On a regular basis, the Compliance Function identifies, assesses and documents the compliance risk associated with AGL's business activities. This helps to ensure that the overall compliance framework reflects the risk exposure. The Compliance Function and the Risk Management Function work closely to manage these risks.

B.5. Internal Audit Function

B.5.1. Implementation

The Internal Audit Function independently:

- Reviews risk governance implementation, performs quality reviews of risk processes and tests adherence to business standards including the internal control framework;
- Evaluates and makes recommendations for improvements in the effectiveness of the system of internal controls and governance through the application of a systematic, disciplined auditing approach;
- Develops a master audit universe covering the complete System of Governance, including risks arising from outsourced and co-sourced functions, which is defined and revised annually using a risk-based approach (driven by structured risk-ratings). This is subsequently used to steer and prioritise internal audit activities in the context of an overall objective to obtain adequate coverage of the entire universe within a 5-year audit plan;
- Issues an audit report including recommendations based on facts and professional judgement and a summary of the most important results, including an overall assessment for each audit performed; and
- Performs follow-up monitoring to ensure the deficiencies are resolved and implements escalation steps where deficiencies are not remediated in a timely or appropriate manner.

B.5.2. Independence & Objectivity

Internal Audit's standing within AGL's organisational structure ensures that independence is maintained at all times. Maintaining independence means that no undue influence is exercised over the Internal Audit Function, for instance in terms of reporting, objectives, target setting, compensation or by any other means.

The Internal Audit Function has the authority to express its own assessment and recommendations but cannot give orders (except in cases of suspicion of illegal activities / fraud).

Independence is achieved by ensuring that audit is positioned outside of functional roles and responsibilities, that there are no obvious conflicts of interests in assignments and that auditors have not been engaged in drafting procedures, designing, installing or operating systems, or implementing recommendations. They may not carry out operational roles.

The Head of Internal Audit reports directly to the Chair of the Audit Committee and has access to the Board, as required. The Head of Internal Audit confirms to the CEO and Audit Committee, at least annually, the independence of the Internal Audit activity. The Internal Audit Function has a functional reporting line to the Group Audit Function and is subject to oversight by same. Steps are in place to ensure that the Internal Audit Function remains independent of all other functions at all times.

The Internal Audit Function has the right to communicate with any employee and obtain access to any information, records or data necessary to carry out its responsibilities, to the extent legally permitted. It has the responsibility and the right to review activities, procedures and processes in all areas of the Company without limitation. Internal Audit has the unlimited right to obtain information and management must inform Internal Audit of serious deficiencies and major changes in internal control systems. This information must be handled with discretion and confidentiality.

In addition to auditing activities, management may seek the advice of Internal Audit on internal control related topics. Internal Audit may provide such advice, according to and consistent with the Institute of Internal Audit (IIA) Standards. However, Internal Audit cannot compromise its independence and cannot implement working procedures. The advisory function of Internal Audit may not jeopardise its core audit activities and the fulfilment of its audit plan. The Actuarial, Compliance and Risk Management Functions are separate from the Internal Audit Function, with no instruction or reporting of one function into the other.

B.6. Actuarial Function

The Head of Actuarial Function is the key function holder and part of the second line of defence in relation to reporting, oversight and controlling activities.

The AGL Actuarial Policy sets out the roles, responsibilities, tasks and reporting requirements in respect of the Actuarial Function. The Actuarial Function performs tasks that are based on regulatory and business requirements and consist of coordination and calculation of technical reserves for accounting and regulatory purposes and other controlling and reporting figures. The core tasks to be performed by the Actuarial Function are defined by the 'Domestic Actuarial Regime and Related Governance Requirements under Solvency II' and the 'Guidance for (Re) Insurance Undertakings on the Head of Actuarial Function Role', issued by the CBI in 2018 and 2016 respectively. During the previous year, this included but is not limited to the following activities:

- The coordination and calculation of Technical Provisions for accounting and regulatory reporting purposes;
- Ensuring the appropriateness of the assumptions and valuation methodologies used in the calculation of the Technical Provisions;
- Expressing an opinion on the Technical Provisions;
- Providing an actuarial report on the Technical Provisions;
- Expressing an opinion on the overall Underwriting Policy and on the adequacy of the reinsurance arrangements;
- Expressing an opinion on the ORSA; and
- Contributing to the effective implementation of the risk management system.

The Head of Actuarial Function for the Company produces all of the above on an annual basis. In relation to Technical Provisions requirements, the Head of Actuarial Function provides an Actuarial Opinion on Technical Provisions ('AOTP') for the CBI and an Actuarial Report on Technical Provisions ('ARTP') supporting the AOTP for the Board. The regime also requires an independent peer review of the Technical Provisions and the associated AOTP and ARTP, thereby providing an "independent view of the Company's reserving" every three years. The Company's most recent peer review was carried out at year-end 2021.

The Actuarial function cooperates closely with the Risk Management function by:

- Expressing opinions on key aspects of the business and its operation as outlined above;
- Contributing to methodologies, models and assumptions used for the assessment of risk; and
- Contributing to the overall risk management processes.

The Head of Actuarial Function supports the Risk Management Framework by acting as Chair of the MCRC, and by being a member of the Risk Committee, PAOC and Hedge Committee.

B.7. Outsourcing

B.7.1. Outsourcing Policy

AGL has a formal Outsourcing Policy in place, as approved by the Board, which in line with all AGL's other policies is subject to review on at least an annual basis.

In summary, AGL's Outsourcing Policy sets out:

- The roles and responsibilities of all key stakeholders involved in the outsourcing of functions and activities;
- Processes and procedures for the completion of due diligence to be carried out prior to electing to place business with a particular outsourced service provider;
- The processes and procedures for obtaining appropriate approval for new or amended outsourcing relationships;
- The processes and procedures for the ongoing monitoring of the activities and performance of outsourced service providers;
- The requirement to develop and maintain contingency plans and exit strategies in respect of all important and critical outsourcing relationships; and
- The reporting requirements, including escalation protocols, both within AGL, Allianz Group and externally to the CBI.

AGL currently outsources a number of key services to third parties, both within and outside of the Allianz Group, which are subject to the Outsourcing Policy. All important and critical outsourcing relationships are to be approved by the Board prior to being implemented.

B.7.2. Outsourcing Arrangements

Critical / Important Outsourcers [31 December 2023]

Provider	Description of the outsourced function or service	Provider's Jurisdiction
Allianz Deutschland AG	Business applications and sub-ledger accounting.	Germany
Allianz Hellas Insurance Co. SA	Policy and branch administration in relation to the Company's unit-linked products in Greece.	Greece
Allianz Investment Management SE	Cash management and settlement services.	Germany
Allianz Investment Management LLC	Hedging and related reporting services.	USA
Allianz Lebensversicherungs-AG	Distribution, policy and branch administration for the German branch, investment accounting and IT services.	Germany
Allianz Ireland Plc	Provision of the Internal Audit services.	Ireland
Allianz S.p.A. and its tied agents	Policy and branch administration for the Company's Italian branch and distribution of Company's VA and unit-linked products in Italy.	Italy
Allianz Technology SE	Infrastructure services for workplace, direct operations and business services.	Germany
Allianz Vie S.A.	Distribution of VA products and policy and branch administration for the Company's French branch	France
AWP Health & Life Services Ltd	Policy administration services in respect of the Company's group life business	Ireland
Darta Saving Life Assurance dac	Operations services for Freedom-of-Services business and IT infrastructure services. Policy and claims administration for Freedom-of-Services unit-linked product.	Ireland
FNZ Ireland (formerly Irish Progressive Services International Limited)	Policy, fund and claims administration.	Ireland
Kane LPI Solutions (Malta) Limited and Kane IM (Malta) Limited	Provision of policy and fund administration for unit-linked and pension products.	Malta
Francis O'Hara	Company Secretarial Services.	Ireland

B.8. Any Other Information

All material information regarding the System of Governance of the Company has been included above.

C. Risk Profile

The purpose of this section is to discuss the key risks to which the Company is exposed, explain the risk mitigation and monitoring measures that are in place, and demonstrate that the Internal Model captures the sensitivities to the modelled risks in deriving the standalone SCRs.

As outlined in Section A, the primary business of the Company consists of VA products sold directly into Europe. In providing the related financial guarantees, the Company is exposed to significant market risks, whereby the ultimate pay-out to policyholders may be greater than the funds available in the underlying policy investments, resulting in lower profits or indeed losses to the Company. The Company's unit-linked products (excluding VA) do not include market-related guarantees and thus the exposure of the Company to market movements is significantly lower on these products.

However for both VA and unit-linked business, the future profits to the Company are dependent on the performance of the policyholder funds, expenses incurred, how long the policyholder keeps the policy and the level of claims incurred under protection riders.

The key risk to the Company on protection products is the potential to experience higher claims than expected, and to a lesser extent, the level of expenses incurred.

The Company incurs risks through the general conduct of insurance operations, including credit, liquidity, operational and concentration risk. Whilst also being exposed to broader risks such as strategic risk, reputational risk, sustainability risks and various other emerging risks.

The Company does not have any additional off-balance sheet risk exposures, loan portfolios and does not transfer any risk to special purpose vehicles. It also has not entered into securities lending or borrowing transactions, repurchase or reverse repurchase agreements.

The Internal Model takes a modular approach, meaning that individual exposure to an extreme loss from each risk category and sub-category is assessed and then aggregated together. The final SCR is less than the sum of the individual risk capital requirements because it is not expected that all such extreme losses will occur simultaneously within the next 12 months, this reduction is referred to as diversification benefit. Further information on the methodology and assumptions employed in the Internal Model can be found in Section E.4.

The table below shows a break-down of the SCR by individual risk categories and their sub-categories. The standalone risk SCRs are shown before allowing for the diversification benefit, with this reduction applying after the individual SCRs are aggregated.

Internal Model SCR at 31 December 2023 by risk category (€m)

Risk Category	Sub-category	Standalone	Intra-category diversification	Total
Underwriting risk	Longevity	46.6		
	Mortality & Morbidity	21.3		
	Total	67.8	(26.8)	**41.1**
Business risk	Lapse	76.7		
	Cost	39.2		
	Total	115.8	(37.1)	**78.8**
Market risk	Guarantees and future profits	105.2		
	Shareholder assets	16.8		
	Total	122.0	(15.2)	**106.8**
Credit risk	Derivatives	1.0		
	Cash & receivables	1.8		
	Bonds, loans & reinsurers	1.9		
	Total	4.6	(0.0)	**4.6**
Operational risk	Execution delivery & process mgmt.	18.0		
	Clients products & business practices	15.4		
	Fraud	8.3		
	Business Disruption and System Failures	1.4		
	Total	43.1	(20.7)	**22.4**
Sum of risk categories				**253.7**
Diversification between risk categories				(104.2)
Cross-effects capital buffer				0.2
Total diversified SCR before tax				**149.7**
Loss-absorbing capacity of deferred taxes				(39.6)
Total diversified SCR after tax				**110.2**

The following sub-sections provides further details on the risk exposures, including how these give rise to the above capital requirements.

Note that unless indicated otherwise, the sensitivities included below reflect the Company's standalone Internal Model SCR, i.e., it indicates the loss that would occur as a result of an extreme shock, 1-in-200-year event.

C.1. Underwriting Risk

C.1.1. Longevity and Mortality

C.1.1.1. Exposure

The Company's main underwriting risk is increasing life expectancy (longevity), whereby if policyholders receiving guaranteed lifetime incomes live longer than expected the Company would suffer financial loss. AGL also has exposure to mortality and morbidity risk primarily on its protection products. Mortality and morbidity refer to the risk of greater numbers of policyholders dying or becoming ill than expected, respectively.

Longevity exposure increased over the year as the value of the guaranteed lifetime income to customers increased due to the decrease in interest rates. A longevity risk model change also resulted in an increase in the level of capital.

Mortality risk exposure also increased over 2023 due to new business sales and a recalibration of the 1-in-200-year mortality stresses.

However the higher mortality risk led to an increase in diversification with longevity, as these risks are unlikely to occur simultaneously, ultimately resulting in a decrease in the overall underwriting risk exposure during 2023.

C.1.1.2. Assessment and mitigation

Exposures to underwriting risks are monitored via reviews of actuarial assumptions against actual experience on a regular basis. Industry standard tables are used in pricing and reserving and, where relevant, reinsurer rates are also used. There has been no material change in how AGL assesses underwriting risk exposure during 2023.

The strategy for managing longevity exposures includes:

- Regular review of pricing assumptions;
- Diversification of the product range towards shorter term VA business with no longevity risk and non-guaranteed investment type products; and
- Offering offsetting mortality and morbidity protection risks.

Diversifying the portfolio in this way means that if in general policyholders live longer, losses that would occur on longevity business would be somewhat offset by increased profits from protection business and a longer duration of profits from investment products without protection benefits.

The strategy for managing mortality/ morbidity exposures includes:

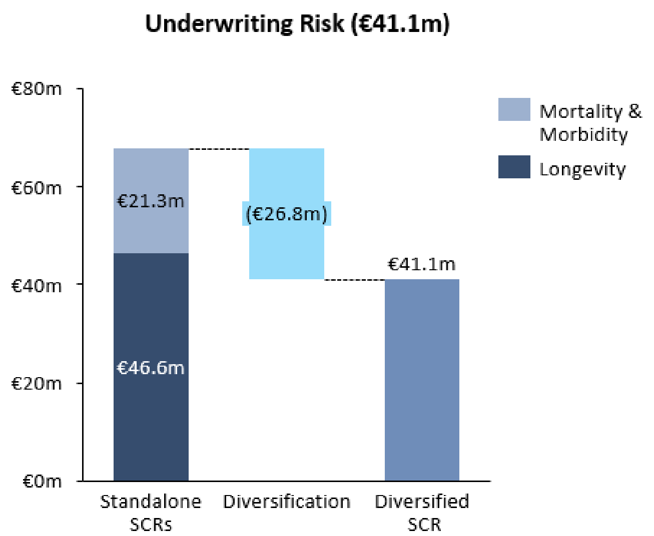
- Reinsurance arrangements to limit mortality and morbidity exposures to individual policyholders and to concentrations of policyholders where groups are insured; and
- Obtaining reinsurer advice on underwriting and pricing due to their larger pool of past experience.

During 2023, the Company continued sales of the shorter-term Active4Life business with no longevity risk, alongside sales of the existing unit-linked and protection products in a manner consistent with the desire to mitigate longevity risks.

AGL also closely monitor claims experience on an ongoing basis. Overall experience in 2023 was broadly in line with expectations, although there were higher than expected claims observed on the protection product (CQP).

C.1.1.3. Sensitivity

The results of the underwriting risk shocks are increased longevity (€46.6m) and mortality and morbidity (€21.3m). There is significant diversification as these risks are offsetting and not likely to occur at the same time.



C.1.2. Business Risk

C.1.2.1. Exposure

The Company's main business risks are lapse and cost risk.

Lapse (also known as surrender) exposure is considered with respect to lapse level risk (i.e. lapses increasing or decreasing) and also mass lapse risk. The lapse risk from the VA book is material for the Company. Lapse risk refers to the risk that more policyholders than expected exercise their surrender option when future cash-flows are expected to be positive for the Company or that fewer policyholders exercise the option when future cash-flows are expected to be negative for the Company. The surrender assumption is particularly crucial when considered in conjunction with the hedging programme. The hedging programme is based on the current surrender assumptions and will not cover any change in expected pay-outs due to a deviation from these assumptions.

The Company is also exposed to cost (also known as expense) risks, i.e., expenses incurred being greater than expected. This can arise due to an increase in expense levels or due to an increase in expense inflation.

There has been an overall increase in AGL's business risk exposure during 2023.

Lapse risk increased mainly due to higher future profits at risk as a result of positive fund returns and a change to the Internal Model, which means if more policyholders than expected surrender, then higher losses will be incurred on products such as Active4Life.

For certain policies with long-term guarantees (primarily Invest4Life), if less policyholders than expected surrender, then higher losses will be incurred. The fall in interest rates over 2023 increased the value of long-term guarantees, and, therefore, increased this risk.

Expense risk was broadly unchanged.

C.1.2.2. Assessment and Mitigation

Exposures to lapse and cost risks are monitored via reviews of assumptions against actual surrender rates and expenses on a regular basis, with experience studies forming an important component of this exercise.

The key aim is that assumptions used in pricing and reserving are close to the ultimate experience for both surrender and expense risks, so that the Company can pay out benefits and also realise profits as expected.

Given the investment guarantee on the VA products, the lapse assumptions used in the Company's models are 'dynamic', in that they vary to reflect the perceived value of the benefits to the policyholder (e.g. depending on market performance).

There have been a number of refinements to the expense assumptions in recent years as the Company has matured. The expense inflation assumption was also updated in 2023.

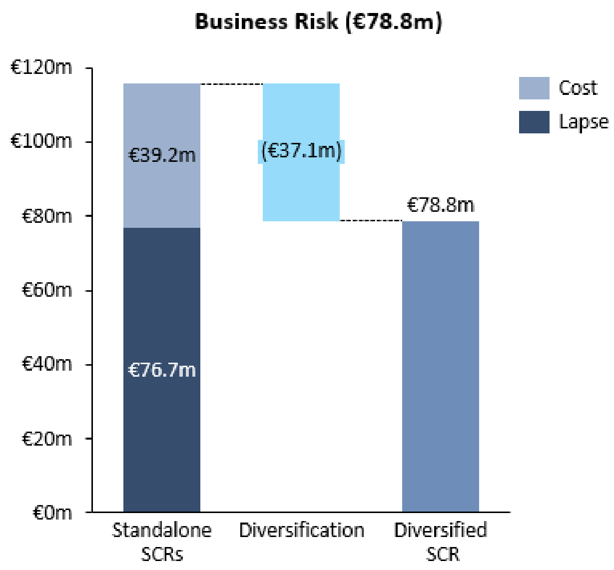
The risk of a material increase in internal expenses is managed by operating within an efficient staffing structure, leasing premises and utilising an IT infrastructure provided by Allianz Group. A number of services (e.g., hedging operations) are outsourced to other Allianz entities with appropriate cancellation clauses. The Company performs a full expense-budget annually and monitors the cost development regularly.

Results of experience studies are continuously fed back into the management and design process, for example assumptions used in pricing products and hedging guarantees are regularly reviewed and updated as required.

There has been no change in how the Company assesses business risk exposure during 2023.

C.1.2.3. Sensitivity

Lapse risk is a significant exposure at €76.7m, the key exposure being higher surrenders than expected and the resulting loss of future fees. Cost risk of €39.2m reflects the loss that would occur if the future expenses of the Company were higher than expected. There is significant diversification as these risks are not likely to occur at the same time; in particular a large one-off lapse event is seen as unlikely to happen at the same time as permanent changes to ongoing surrender and expense levels.



C.2. Market Risk

C.2.1. Exposure

The primary source of AGL's market risk is in relation to contractual obligations to policyholders and profits expected to be generated from future fee income. The value of guarantees written and future profits expected from the Company's products can change significantly in different market environments.

Shareholder assets, primarily invested in bonds, are also exposed to market movements. An increase in interest rates or credit spreads would result in a decrease in the value of these bonds.

Overall, there has been a decrease in AGL's market risk exposure during 2023, mainly due to positive fund returns. When the guarantees are deep "in-the-money" (from the policyholder's perspective)), as is the case for Invest4Life, or deep "out-of-the-money", as is the case for Active4Life, the risk of gamma losses is significantly reduced as changes in the guaranteed liabilities tend to be closely offset by payoffs from the hedge assets; resulting in lower projected hedge losses.

C.2.2. Assessment and Mitigation

The key risk mitigations employed in relation to guarantee related market risk exposures are a daily dynamic hedging programme and a target volatility mechanism within the policyholder funds.

The hedging programme mitigates risks from financial guarantees by hedging key market movements which influence the value of those guarantees. Examples of market factors which can influence the value of guarantees include equity, bond and general interest rates levels. In general, a fall in any of the aforementioned increases the value of guarantee pay-outs the Company can expect to make. The effects of currency exchange rates are also managed depending on the directional exposure. The hedging programme invests in financial derivatives which increase in value to offset increases in expected guaranteed pay-outs and vice-versa, thus reducing the volatility of Company profits.

Hedging is unlikely to perfectly offset all market movements. This is due to the complexity of the liability, its non-linear behaviour and the need to balance the cost of the approach taken and the ultimate benefits derived. Taking all factors into account, the Company has chosen to hedge key market factors covering the majority of its exposures and to monitor any residual unhedged risks on a regular basis. The hedging is updated on a daily basis to reflect changes in markets and also changes in the Company's in-force business, for example, due to new business sold or surrenders.

AGL's Hedge Committee and RiCo both monitor the performance of the hedging programme on a quarterly basis. There is a separate Hedge Working Group, which meets more regularly and is used as a forum to discuss ongoing hedge performance, operational matters and potential developments to the hedging programme. Daily results are provided to AGL from the hedge programme, and these are monitored by the Head of Hedging Strategy and Derivatives Management and escalated to the Chief Financial Officer and CRO as required. The Company aims to maintain cumulative hedged profit / loss over a calendar year within predefined limits as outlined in the Company's Risk Appetite Statement.

The target volatility mechanism mitigates market risk by reducing exposures to risky assets in times of high market volatility by moving investments into cash.

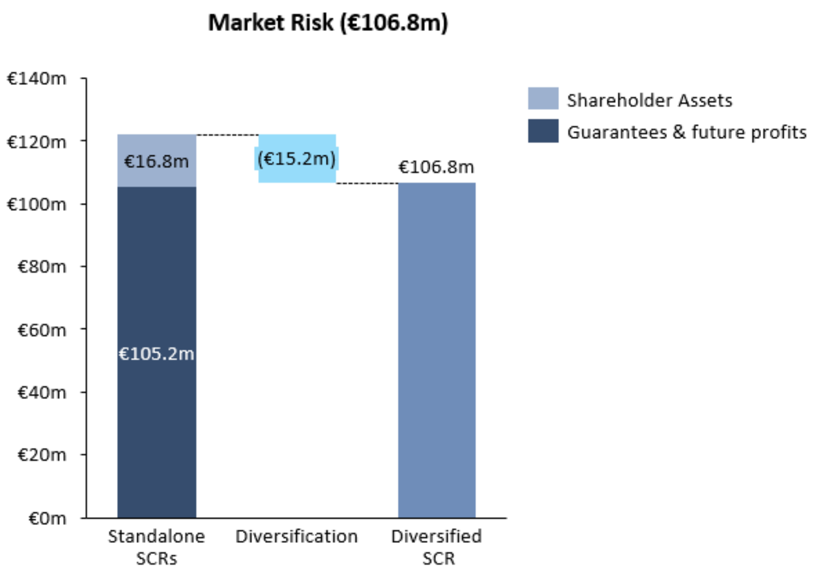
As well as managing the market risk exposures of business which has already been written, the Company also actively reprices its new product offerings in order to keep pace with the latest market environment, offer value to customers and protect the future financial position of the Company.

Shareholder assets are invested within limits in terms of market exposures. These limits are monitored on an ongoing basis.

There has been no change in how the Company assesses market risk exposure during 2023.

C.2.3. Sensitivity

The results of the market risk shocks are increases of capital in relation to guarantees and future profits (€105.2m) and in relation to shareholder investments (€16.8m), in particular highlighting the dominance of the risk related to the former.



C.2.4. Application of the Prudent Person Principle

AGL applies the Prudent Person Principle to its entire investment portfolio. In line with this principle:

- All assets are invested to ensure the quality, security, liquidity, profitability and availability of the entire investment portfolio. This includes structuring the portfolio such that it is appropriate to the nature and duration of insurance liabilities covered by these assets;
- Assets are admissible only if the Company can properly identify, measure, monitor, manage, control, report and appropriately integrate their risks as part of the ORSA;
- Fund managers are subject to rigorous due diligence procedures prior to placing business with them and continuous oversight throughout the lifetime of the business; and
- Investment managers of policyholder funds and shareholder assets are provided with clear investment mandates and guidelines setting limits on volatility, geographical exposure and risk concentrations. Compliance with investment mandates is regularly monitored.

Derivatives are not seen as a separate asset class, but always considered in combination with the underlying basis instrument or risk. The following principles apply to the Company's use of derivatives in the hedging programme:

- The investment contributes to a reduction in investment risk or facilitates efficient portfolio management;
- The use of derivatives must not create additional risks that have not been assessed previously;
- The Company shall not invest in derivatives for speculative purposes; and
- The Company must document the rationale for investing in derivatives and demonstrate the effective risk transfer obtained.

C.3. Credit Risk

C.3.1. Exposure

The key areas where the Company may be exposed to credit risk are in respect of:

- Amounts due from bond issuers on bonds held in the shareholder assets;
- Collateral balances and margin accounts from derivative positions held as part of the hedging programme;
- Cash balances and deposits held with credit institutions;
- Receivables due from debtors;
- Policyholder financial assets;
- Amounts due from reinsurers; and
- Italian Withholding Tax, as outlined in Section D.1.

Substantially all of the assets of the Company are held by counterparties. Bankruptcy or insolvency of these counterparties may cause the Company's rights with respect to these investments to be delayed or limited.

AGL's credit risk increased slightly over 2023 in line with the increase to the underlying exposures, in particular an increase in exposure to receivables.

C.3.2. Assessment and Mitigation

There has been no material change in how AGL assesses credit risk exposure during 2023.

The Company operates a credit risk monitoring system covering the credit quality of each counterparty. Exposure limits and minimum credit ratings for counterparties are defined. Breach alerts are triggered in the event of deviation from the desired exposure levels.

The key aim of this monitoring system is to control individual counterparty exposures to mitigate the risk of individual credit events. This also ensures diversification across the portfolio (in terms of industrial sectors, geography, asset classes and credit quality) in order to mitigate concentration risks.

Bond issuer risk is reduced by investing in bonds of investment-grade rating or that are backed by an EU government. Where corporate bonds are held, these are limited to a specified exposure e.g., limits of proportions held.

Credit risk associated with collateral balances arises from derivative positions with investment banks for directly traded (i.e., over-the-counter) instruments. The credit risk exposure is effectively reduced by trading relationships with several investment banks, daily collateral management and the use of central clearing in accordance with the requirements of European Market Infrastructure Regulation ('EMIR').

Amounts receivable from debtors are analysed for overdue balances on a quarterly basis and investigated where required. Payment may be sought directly from debtors if late settlement is identified as part of the credit control process.

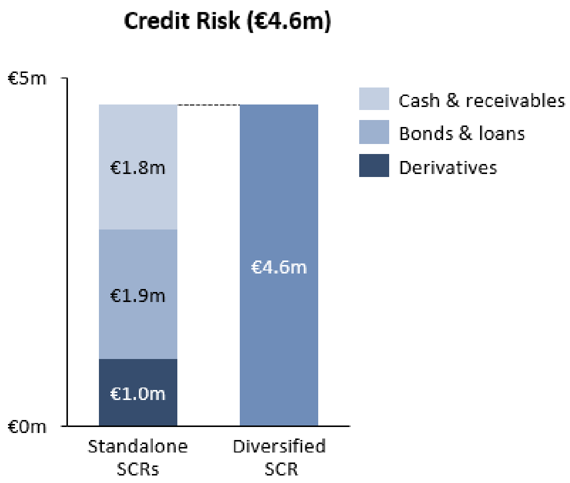
The exposure to reduced profits on future fee income from credit risks is less material to the Company.

AGL only enters into reinsurance contracts with Allianz Group approved counterparties, who meet minimum credit rating criteria.

There are no material credit risk concentrations to which the Company is exposed.

C.3.3. Sensitivity

The results of the credit risk shocks are increases of capital[4] due to the credit quality of the counterparties on derivative positions (€1.0m), bonds (€1.9m) and cash and receivables (€1.8m).



C.4. Liquidity Risk

C.4.1. Exposure

In managing its assets and liabilities, the Company seeks to ensure that cash is available at all times to settle liabilities as they fall due. Available funds are, as per the Company's current Investment Policy, only invested in government, covered, corporate and asset-backed bonds. The majority of assets held are Euro-denominated. The Company's treasury position is reviewed on a regular basis and cash balances are maintained to meet due liabilities.

For investment contract redemptions, cash paid out is mainly funded by the redemption of the linked assets supporting the contract liability.

The main concentration of liquidity risk exposure is to daily collateral and margin flows caused by changes in the value of the instruments used in the hedging programme. Although these changes should be offset by a corresponding change in the value of guarantee pay-outs and thus not change the Company's solvency position, the collateral payments are required immediately while the guarantee pay-outs will be experienced at some future date. AGL's main liquidity exposure is to rising markets, where collateral payments would be required due to increases in interest rates or equity markets.

The Company's liquid assets have decreased over the year, falling from €198m at year-end 2022 to €186m at year-end 2023, mainly due to margin outflows caused by positive fund returns.

EPIFP

The expected profit included in future premiums ('EPIFP') is the expected present value of cash flows arising due to future premiums included in the Technical Provisions. The total amount of EPIFP at 31 December 2023 is €8.5m. It is calculated using the same methodology and assumptions as the BEL.

C.4.2. Assessment and Mitigation

The liquidity position of AGL is monitored on an ongoing basis. There is a Liquidity Risk Management Standard in place, with Board-approved risk-based thresholds.

The Company's liquid assets mainly consist of cash at bank, CashPool funds and bonds available for sale. Maintaining adequate liquidity at all times is a key element of AGL's Risk Appetite Framework. Regular liquidity reports are presented to the RiCo and BRFC.

[4] Due to the methodology used in the credit risk model, the individual categories are shown after diversification.

The Company considers its liquidity needs in all business process and planning exercises. In particular, investment decisions are made with due allowance for current liquidity needs and the potential changes in those needs.

Liquidity stress testing is a useful risk management tool that assists the Company in identifying potential vulnerabilities in its liquidity position under stressed conditions. In this regard, on a quarterly basis, the Company's liquidity position is subjected to stress tests and scenario analysis.

In addition to the above, as part of the Company's regular planning exercises, liquidity projections are produced based on expected and stressed sales, surrenders, investment growth rates and operating expenses. These liquidity projections, incorporating base and stressed conditions, constitute AGL's primary planning tool to assess the Company's liquidity position over the medium to long term. The Company targets a liquidity position such that no liquidity shortfalls are anticipated in these projections.

If the assessments above reveal a potential liquidity shortfall or a potential breach of the Company's Risk Appetite, the Company initiates actions to restore sufficient liquidity availability.

There have been no material changes to how AGL assesses liquidity risk during 2023.

C.4.3. Sensitivity

The Company does not hold solvency risk capital for liquidity risk, as capital is not considered an appropriate mitigation method for this risk.

The Company had liquid assets of €186m available to cover liquidity requirements at 31 December 2023. Collateral flows due to market movements can materially change this amount. Allowing for expected cash inflows over 2024, the level of liquid assets is expected to increase to €262m over the one year projection. The impact on the liquidity position of a set of market stresses over 2024 is estimated as follows:

- A 100bps upward movement in interest rates would result in a decrease in liquid assets of €75m, i.e., a decrease in liquid assets from €262m to €187m.
- A 30% upward movement in equity prices would result in a decrease in liquid assets of €91m, i.e., a decrease in liquid assets from €262m to €171m.

Whilst the effective impact on the liquidity position is driven by a combination of market factors, the above scenarios demonstrate the sensitivity of the Company's liquidity position to individual stresses.

C.5. Operational Risk

C.5.1. Exposure

The Company's largest operational risk exposures are related to the operation of the hedging programme. Losses can arise due to operational failures within the implementation of the daily hedging or as a result of operational failures in the provision of data to the hedging programme from policyholder databases, fund managers or market sources. The magnitude of profits or losses can depend on the nature of the issue, how long it lasts and how markets move during the exposure period.

In addition to the hedging programme, the Company is exposed to a range of other operational risks for example conduct risk, IT security and cyber risk, outsourcing risk (e.g., due to the use of third-party administrators), product design failures etc.

Operational risk capital decreased slightly over 2023 following recalibration, with reductions in the capital held for several of the underlying sub-risks.

C.5.2. Assessment and Mitigation

The Company's operational risk framework requires all teams across the business to carry out assessments which highlight any material operational risks that need to be considered when assessing the risk profile of the business.

As detailed in Section B.4, the Company has an internal control system in place across all departments. This framework requires all teams to have in place a set of controls to manage the risks to which they are exposed. Key risk indicators for the most significant operational risks are monitored at management level as part of the ongoing risk reporting process. Where any material risk exposure is deemed to exceed the Company's tolerance level, an action plan is prepared, detailing the mitigation steps to be taken.

As noted within Section B.7, the Outsourcing Policy governs the management of outsourced activities. In order to manage operational risk at outsourcers, outsourcing arrangements are governed by Service Level Agreements which are regularly monitored. Each outsourcing arrangement is assigned to a business owner who is responsible for monitoring of the outsourced activity and relevant key performance indicators are monitored.

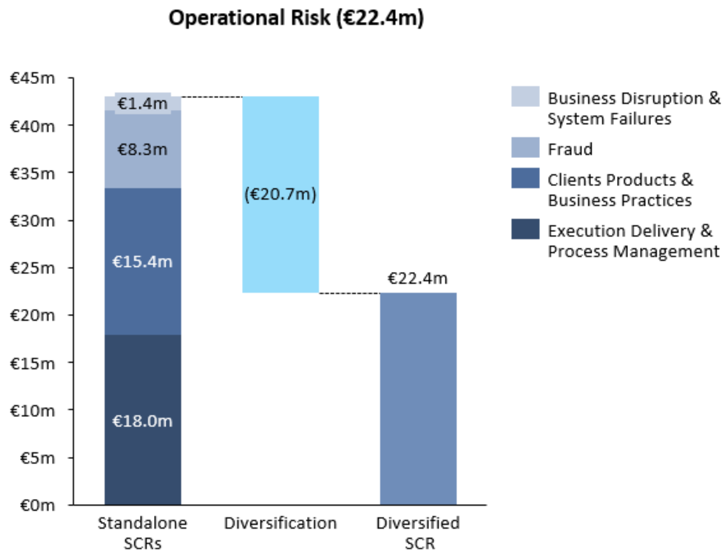
There has been no material change in how AGL assesses operational risk exposure. Further enhancements during 2023 included the implementation of a formal, Board-approved Operational Resilience Framework in compliance with the CBI's Cross Industry Guidance on Operational Resilience.

C.5.3. Sensitivity

The Internal Model uses the Allianz Group developed operational risk model, with local calibration to capture the operational risk. This is based on the set of operational risk categories, as defined in the Basel II regulations. Operational risk capital is determined with reference to actual local exposures.

Due to the absence of a representative and sufficiently long loss history, the identification and parameterisation of operational risk significantly depends on input from experienced staff members in all relevant business areas.

The standalone operational risk SCR at 31 December 2023 is €22.4m. The graphic below illustrates the main operational risk categories, in particular highlighting the key exposure of 'Execution Delivery and Process Management' (€18.0m) under which operational risks in relation to the hedging programme are captured.



C.6. Other Material Risks

C.6.1. Concentration Risk

Concentration risk refers to an unbalanced risk profile resulting from a disproportionately large accumulation of one or more risks. It may occur as either an accumulation within one risk category relative to other risk categories, or an accumulation within one risk type relative to other risk types belonging to the same risk category. It also reflects dependencies with regard to number of investors, asset classes and / or regions.

AGL seeks to limit exposure to concentration risk and avoid contagion risk, actively managing the business to enhance diversification where appropriate. The Company's key concentration risk exposures are likely to arise due to shareholder assets, Intragroup transactions & exposures, reinsurance counterparties and derivative providers.

Within the Internal Model, concentration risk is not a stand-alone risk categories, but rather results in impacts that may be realised in one or more of the risk categories as described above.

C.6.2. Non-Modelled Risks

AGL are exposed to certain risks that are not captured by the Internal Model capital calculation, e.g. liquidity risk as described above, and others such as reputational and strategic risks.

Reputational risk refers to unexpected drop in the value of the in-force business or the value of future business, caused by a decline in the reputation of the Company or the Allianz Group from the perspective of its stakeholders – e.g. shareholders, customers, staff, business partners or the general public.

Strategic risk refers to unexpected negative changes in the Company value arising from the adverse effect of management decisions regarding business strategies and their implementation.

Capital is not considered an appropriate mitigation method for these risks. Instead, the Company's regular operations and formal governance structures monitor and manage these risks.

Additionally, special consideration is given to emerging risks and sustainability risks as noted below.

C.6.2.1. Emerging Risks

Emerging risk refers to expected or possible changes to the current risk profile due to future events whose impacts are either unknown or subject to great uncertainty. Emerging risks are also tranversal and may occur in any of the risk categories discussed above.

AGL continuously monitors the emerging risk landscape as part of its standard risk identification processes e.g., Top Risk Assessment and the Emerging Risk Radar. Where emerging risks are identified these are assessed and appropriate mitigation actions implemented where necessary.

C.6.2.2. Sustainability Risks

Sustainability risks are defined as Environmental, Social or Governance events or conditions which, if they occur, may potentially have significant negative impacts on the assets, profitability or reputation of AGL. Sustainability risks are considered transversal and do not represent stand-alone risk categories, but rather can result in impacts that may be realised in one or more of the other risk categories.

Sustainability risk management, including climate change, is a rapidly evolving topic in terms of societal and regulatory expectations. In particular, AGL are exposed to transition risk and the second order effects that may lead to market instability or the reduction in the prices of certain assets.

C.7. Any Other Information

C.7.1. Cross-effects Capital Buffer

In calculating the SCR, additional capital is held to reflect the additional impact of multiple risks occurring simultaneously, as opposed to individually, if not already allowed for through the correlation factors. The combined impact of risks occurring together can be greater than the sum of the individual impacts depending on the nature of the risks. The market risk model captures the cross-effects between different market components (e.g., interest and equity). Other cross-effects such as longevity risk versus market risk, or lapse risk versus market risk, are also allowed for in the SCR calculation, either through a reduction in diversification or the holding of a "cross-effects capital buffer".

D. Valuation for Solvency Purposes

AGL prepares its financial statements in accordance with IFRS. The following sections contain qualitative and quantitative information on the differences arising in respect of the asset classes reported under SII and the asset classes reported in the financial statements

Comparison of balance sheets as at 31 December 2023 (€m)

	Solvency II	IFRS**	Deviation
Total assets	6,110.9	6,091.1	19.8
Total liabilities, including technical provisions	5,823.2	5,917.2	(94.1)
Excess assets over liabilities / Net asset value*	**287.8**	**173.9**	**113.9**

*Net asset value is excess of assets over liabilities under IFRS as shown in the Company's financial statements.

** Within Section D, IFRS data has been reclassified to align with the SII balance sheet presentation, highlighting differences in valuation only. The main reclassifications in SII compared to IFRS comprise derivatives and collateral which are offset in financial assets and financial liabilities within the IFRS Balance Sheet.

D.1. Assets

The table below shows assets held on the SII balance sheet and the comparative IFRS values as at year-end 2023.

Difference between Solvency II and IFRS assets as at 31 December 2023 (€m)

	Solvency II	IFRS	Difference
Investments (other than assets held for unit-linked funds)	170.6	170.6	-
Assets held for unit-linked funds	5,669.6	5,669.6	-
Loans and mortgages	120.6	120.6	-
Reinsurance recoverables	13.5	12.8	0.7
Insurance and intermediaries' receivables	19.3	-	19.3
Cash and cash equivalents	24.1	24.1	-
Receivables (trade, not insurance)	90.3	90.3	-
Any other assets, not elsewhere shown	3.0	3.3	(0.3)
Total Assets	**6,110.9**	**6,091.1**	**19.8**

Under SII, AGL's assets are valued in line with the following overarching valuation principles:

- Assets shall be valued at their market value; and
- Assets and liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

The following paragraphs describe the specific valuation principles and methods used by AGL for SII purposes, and how these compare with the corresponding IFRS approach. During the reporting period, AGL did not make any material changes to the recognition and valuation bases used for assets, or to estimation techniques employed under SII.

Investments (other than assets held for index-linked and unit-linked funds)

The Company holds other financial assets that are not attributable to unit-linked contracts as backing for its general solvency requirements and to maintain an effective working capital level whilst complying with Company Law and regulations. These investments are valued the same under both the SII and the IFRS balance sheet. An Investment Policy is adopted with regard to these assets and this is set out in policy statements which have been approved by the Board and are monitored by the Risk and Finance Committee.

In AGL, the financial assets held under this category of investments at 31 December 2023 are fixed income securities (bonds) and derivative assets.

AGL's fixed income securities held include government bonds, corporate bonds, covered bonds and collateralised securities. Government bonds are bonds issued by public authorities, e.g., central governments, supranational government institutions, regional governments or municipal governments. Corporate bonds are bonds issued by corporations. Each instrument in this class is individually valued through the application of quoted prices (unadjusted) obtained from an active market (recognised and active exchange) for identical assets.

Derivatives are measured at market value under both IFRS and SII. The Company currently employs equity, bond and foreign exchange futures, interest rate swaps, and foreign exchange spots and forwards to manage the identified market risk factors.

Assets held for unit-linked funds

Financial assets held to back unit-linked liabilities are accounted for at fair value through profit or loss ('FVPL'), applying IFRS 9. Such assets are exclusively held on behalf and for the benefit and / or risk of unit linked policyholders.

Observable prices and model inputs are usually available in the market for listed Equity and Fixed income securities, Collective Investment Schemes ('CIS') and exchange traded derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

Loans and mortgages

Loans and mortgages include collateral deposits with derivative counterparties and cash deposits held in the CashPool facility. These are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market, and which are not classified as available-for-sale investments or held-to-maturity investments, financial assets held for trading, or financial assets designated at fair value through profit or loss. This amount is initially recognised at fair value.

As both bases are valued exclusive of accrued interest due to daily settlements, there are no valuation differences between IFRS and SII.

Reinsurance recoverables

Reinsurance recoverables valued at €13.5m exist in relation to mortality and morbidity benefits on some products. Different valuation methodology between IFRS and SII is the key driver of a minor difference of €0.7m.

Insurance and intermediaries' receivables

Amounts due to and from policyholders, agents and others in respect of insurance and investment contracts are included in insurance and intermediaries' receivable and payable. Receivables from insurance and intermediaries are generally measured at their nominal amount with an adjustment for probability of default of counterparty. There are no valuation differences between IFRS and SII, however under IFRS these receiveable are captured within the Technical Provisions, not within Other Liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits with a maturity of less than 90 days. These assets are measured at amortised cost. Net bank overdrafts are included as a component of cash and cash equivalents. There are no differences in the valuation under SII.

Receivables (trade, not insurance)

The most material component included in the Receivables (trade, not insurance) is the Italian tax asset of €47.7m. Payments to the Italian authorities as a result of the Company being a withholding tax agent are recognised as assets. The asset arising from the advance payment of Italian policyholder tax obligations is expected to be recoverable either by deduction from tax withheld on behalf of policyholders or by offset against taxes payable to Italian revenue or by surrender to group companies. This asset is carried at its full future recoverable value under IFRS and SII within Receivables (trade, not insurance). Any discounting in respect of this asset is adjusted within the BEL in the Technical Provisions.

Any other assets, not elsewhere shown

There are no other material asset classes and AGL does not have any material off-balance sheet assets.

D.2. Technical Provisions

The value of the SII Technical Provisions is the sum of the Best Estimate Liability ('BEL') plus a Risk Margin.

Solvency II Technical Provisions at 31 December 2023 (€m)

Technical Provisions	
Best Estimate Liability	5,545.4
Risk Margin	55.3
Total	**5,600.7**

The Technical Provision calculations were performed in accordance with Article 75 to 86 of the SII Directive.

The BEL corresponds to the probability weighted average of future cash flows, taking account of the time value of money (expected present value of future cash-flows) using the relevant risk-free interest rate term structure. The unit liability is included in the BEL. The calculation of the BEL is based on up-to-date and credible information and realistic assumptions. It is calculated gross, without deduction of amounts recoverable from reinsurance contracts and special purpose vehicles.

The Risk Margin is an addition to the BEL to ensure that the Technical Provisions are equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations. It reflects the cost of setting aside the shareholder funds needed to cover the unhedgeable part of the SCR over the lifetime of the business at the prescribed cost of capital rate of 6% per annum.

D.2.1. Valuation Differences between IFRS and Solvency II

Reconciliation of Technical Provisions from IFRS to Solvency II at 31 December 2023 (€m)

Reconciliation	Index-linked & unit-linked insurance	Other life insurance	Accepted reinsurance	Total
Insurance Contract Liabilities	*5,255.0*	*62.9*	*15.6*	*5,333.4*
Investment Contract Liabilties	*434.3*	*-*	*-*	*434.3*
IFRS Total Contract Liabilities	**5,689.3**	**62.9**	**15.6**	**5,767.7**
Methodology Differences	(194.0)	(5.2)	-	(199.2)
Update Risk Adjustment to Risk Margin	19.5	1.3	1.3	22.2
Include Italian Tax Asset Adjustment	5.7	-	-	5.7
Use Solvency II Curves and Scenarios	0.8	-	-	0.8
Other	3.6	(0.3)	0.1	3.4
Solvency II Technical Provisions	**5,524.9**	**58.7**	**17.1**	**5,600.7**
Difference	**(164.4)**	**(4.1)**	**1.5**	**(167.0)**

The table above reconciles the IFRS total contract liabilities reported in the financial statements to the Technical Provisions reported under SII.

- There are a number of methodology differences, as certain IFRS requirements are not applicable under SII, including:
    - Under IFRS 17, the Contractual Service Margin represents the unearned profit that the Company will recognise as insurance revenue in the future. This is removed as there is no allowance for a similar concept in the SII Technical Provisions.
    - Payables and receivables from insurance contracts are included in the IFRS 17 insurance contract liabilities. These are also included on the Solvency II balance sheet, but they are not categorised as SII Technical Provisions.
    - The present value of future profits on unit-linked business is not included within the IFRS 17 contract liabilities, however it is included under SII Technical Provisions.

- The IFRS contract liabilities only include expenses directly attributable to the groups of contracts. The SII Technical Provisions includes an allowance for all expenses whether attributable or non-attributable.

- The SII Technical Provisions includes a Risk Margin to allow for the cost of capital in respect of risks that cannot be hedged. Under IFRS, a Risk Adjustment is included. This is similar to the SII Risk Margin, however there is no allowance for operational risk and it allows for diversification benefits arising from being part of the Allianz Group. This leads to the SII Risk Margin being higher than the IFRS Risk Adjustment.

- The Italian tax asset adjustment is included in the SII Technical Provisions, but not included within the IFRS insurance contract liabilities.

- The impact of moving to prescribed SII interest rate curves (and related economic scenarios) increases the liability marginally.

- The Other category relates mainly to differences in how unallocated premiums are treated.

D.2.2. Technical Provisions per Line of Business

Technical Provisions per line of business at 31 December 2023 (€m)

	Best Estimate Liability	Risk Margin	Total
Index-linked & unit-linked insurance[5]	5,473.4	51.5	**5,524.9**
Other life insurance	56.2	2.5	**58.7**
Accepted reinsurance	15.7	1.3	**17.1**
Total	**5,545.4**	**55.3**	**5,600.7**

D.2.3. Actuarial Methodologies and Key Assumptions

Methodology

Stochastic valuation techniques are used to calculate the Technical Provisions for products with investment guarantees. This involves generating thousands of economic scenarios with monthly returns over a projection period of up to 60 years. The generation of the economic scenarios is calibrated to be consistent with market conditions as at the valuation date. The Best Estimate Liability is the average across all the economic scenarios of the present value of net projected cash flows.

Deterministic cash flow projection methods are used to calculate the Technical Provisions for products that do not provide investment guarantees.

Lapse

Surrender assumptions are based on AGL experience data where appropriate. Where the AGL surrender experience data for a given product is deemed statistically unreliable, the experience data on similar products within the Allianz Group is considered in the assumption setting exercise. Surrender rates cannot be predicted with certainty and actual future surrender experience will deviate from that assumed.

A review of surrender experience was conducted during 2023. The surrender assumptions were updated accordingly leading to a small decrease in Technical Provisions at year-end 2023.

Mortality

Mortality assumptions are set primarily by reference to industry mortality tables. These are adjusted as appropriate where the experience of the AGL portfolio is expected to be different. Mortality rates cannot be predicted with certainty and actual future mortality experience will deviate from that assumed. Mortality

[5] This line of business includes both unit-linked (contracts without options and guarantees) and variable annuity (contracts with options and guarantees) business.

improvement rate assumptions are applied for products that provide a guaranteed income for the lifetime of the policyholder. The extent to which the assumed mortality improvement rates will materialise in future is uncertain.

A review of mortality experience was conducted during 2023. The mortality assumptions were updated accordingly leading to a small increase in Technical Provisions at year-end 2023.

Expenses

The expense assumptions are based on AGL's 2023 corporate plan which includes a detailed bottom-up assessment of the expenses over the next three years. This takes into account past experience, expected portfolio development based on actuarial projections, expected future sales, new product initiatives, projects and staffing needs. The expense assumption setting exercise takes the expenses from the corporate plan into account, together with the terms and conditions of contractual arrangements relating to outsourced services, distribution channels and asset managers. There is uncertainty relating to future expenses.

The expense assumptions were updated in accordance with the 2023 corporate plan leading to an increase in Technical Provisions at year-end 2023.

Economic assumptions

Projected investment returns, interest rates and discount rates are based on the prescribed risk-free curve issued by EIOPA.

Policyholder behaviour and management actions

Policyholder surrender behaviour is modelled dynamically for draw-down products with investment guarantees. In particular, it is assumed that surrender rates will reduce when the ratio of the guarantee level to the surrender value increases and vice versa. The extent to which policyholders will make their surrender decisions in this way is uncertain.

No management actions are assumed in the calculation of the Technical Provisions.

Other

AGL do not currently apply any of the following measures:

- The matching adjustment as referred to in Article 77b of the SII Directive;
- The volatility adjustment as referred to in Article 77d of the SII Directive;
- The transitional measure on the risk-free interest rates as referred to in Article 208c of the SII Directive;
- The transitional deduction as referred to in Article 208d of the SII Directive.

D.3. Other Liabilities

The following table sets out the values of each material class of other liabilities under SII and IFRS.

Difference between Solvency II and IFRS other liabilities as at 31 December 2023 (€m)

	Solvency II	IFRS	Difference
Provisions, other than technical provisions	14.6	14.6	-
Deferred tax liability	54.8	10.3	44.4
Derivative liabilities	60.4	60.4	-
Debts owed to credit institutions	26.9	26.9	-
Insurance and intermediaries payables	24.4	-	24.4
Reinsurance payables	0.6	0.0	0.6
Payables (trade, not insurance)	6.3	6.3	-
Any other liabilities, not elsewhere shown	34.6	31.1	-
Total	**222.5**	**149.5**	**73.0**

For each category of other liabilities shown above, the following sections describe the specific valuation principles and methods used by AGL for SII purposes and how these compare with the corresponding IFRS approach. The expected timing of any outflows of economic benefits is expected within the financial year unless otherwise disclosed below. During the reporting period, AGL did not make any material changes to the recognition and valuation bases used for other liabilities, or to estimation techniques employed under SII.

Provisions, other than technical provisions

Provisions, other than technical provisions comprise mainly of accruals relating to general operating expenses. The recognition and valuation basis for this category is consistent between SII and IFRS.

Deferred tax liabilities

Deferred tax liabilities are the amounts of taxes payable in future periods in respect of taxable temporary differences. Deferred taxes are calculated based on the difference between the values ascribed to assets and liabilities under SII, and the values ascribed to the same assets and liabilities for tax purposes on a local tax basis. As a result of the differences between the SII and IFRS balance sheets, there is a net deferred tax liability under SII. The timing of any outflows relating to these valuation differences is expected to be more than twelve months after the financial position date.

Derivative liabilities

Derivative liabilities valuation approach has been addressed as part of Section D.1. Please refer to this section for further details.

Debts owed to credit institutions

Debts owed to credit institutions includes debts, such as loans, bank overdrafts and collateral owed to credit institutions (banks, etc.). For IFRS purposes, these debts owed to credit institutions are recorded at fair value under IFRS. There is no difference in valuation for SII purposes.

Insurance and intermediaries payables

Insurance and intermediaries payables are predominantly policyholder and agents related payables. There are no valuation differences between IFRS and SII, however under IFRS these payables are captured within the Technical Provisions, not within Other Liabilities.

Reinsurance payables

Reinsurance payables are payables in respect of reinsurance contracts. Different valuation methodology between IFRS and SII is the key driver of the minor difference of €0.6m.

Payables (trade, not insurance)

Payables (trade, not insurance) comprise mainly of tax payables. The recognition and valuation basis for this category is consistent between SII and IFRS.

Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown comprise mainly of policyholder fund related payables and derivative related payables. Such expenses are recognised on an accruals basis. The recognition and valuation basis for this category is consistent between SII and IFRS.

AGL does not have any material off-balance sheet other liabilities.

D.4. Alternative Methods for Valuation

The Company does not use any alternative valuation methods for any asset class.

D.5. Any Other Information

Going concern

The financial statements and the SFCR have been prepared on a going concern basis. In assessing the going concern basis of the Company, the Board of Directors have considered the significant financial, demographic, economic, regulatory political and market risks and uncertainties that currently impact the Company. In making this assessment the Directors have considered the following:

- the Company's capital position and the surplus over its required SCR and Minimum Capital Ratio ('MCR');

- the Company’s balance sheet strength and liquidty position;
- the Company’s past financial performance including profit generation;
- the current and projected financial performance based on the annual corporate plan;
- the credit rating of the Company’s reinsurance counterparties;
- the quality of the Company’s Systems of Governance and Risk Management Framework;
- the Company’s operational resilience; and
- the overall economic environment, including market volatility, inflationary pressures, climate considerations and the effects of the ongoing war in Ukraine.

All material information regarding the valuation of assets and liabilities for solvency purposes has been included above.

E. Capital Management

E.1. Own Funds

E.1.1. Objectives, Policies and Processes

AGL has a formal Capital Management Policy in place, which is approved by the Board and subject to review on at least an annual basis. The main objective of this policy is to provide the Company with adequate capital to fulfil regulatory requirements in an efficient manner, specifically to cover the SCR detailed above. Secondary objectives include adding economic value over the cost of capital and having shareholders participate in the economic development through, for example, dividend payments.

The Capital Management Policy defines a target level of capitalisation known as the 'management ratio'. This ratio is set at a level which ensures compliance with regulatory requirements over a three-year planning horizon even after financial stresses or losses from the insurance portfolio. The Company aims to keep the capitalisation close to this ratio.

By way of its derivation, the management ratio represents a risk-based assessment of the desired level of capitalisation of the Company. In addition, it is set so as to maintain a coverage buffer over the SCR, thus allowing capacity for uncertainty and unquantifiable risks. If the level of capital falls below the management ratio, alert and action barriers exist in order to initiate actions before regulatory capital requirements are endangered. If the alert barrier is breached, contingency plans are drawn up and considered by the Board. If the action barrier is breached, the actions from the contingency plans shall be implemented to improve the capital position.

The capital position of the Company is monitored on an ongoing basis by management and Board committees, as described in Section B.1.2.

No material changes have been introduced in respect of AGL's Capital Management Policy or accompanying processes during 2023.

E.1.2. Analysis of Own Funds

The Company's available Own Funds as at 31 December 2023 amount to €287.8m, reflecting a increase of €51.0m over the year. This was primarily due to positive market related impacts, model changes impacting the calculation of Technical Provisions and to a lesser extent, gains on the bond portfolio due to a fall in interest rates.

The Company has no ancillary Own Funds and no Own Funds subject to the transitional arrangements[6]. SII requires insurers to categorise Own Funds into the three tiers. As per the previous reporting period, all of the Company's Own Funds fall under Tier 1 capital, reflecting high-quality and unrestricted Own Funds. The Own Funds consist of ordinary share capital as per the Company's statutory accounts, the reconciliation reserve and capital contributions. The reconciliation reserve is equivalent to the portion of the excess of assets over liabilities which does not relate to other Own Fund items.

SII rules impose limits on the amount of each tier that can be held to cover capital requirements with the aim of ensuring that the items will be available if needed to absorb any losses that might arise. For AGL, as all Own Funds are Tier 1, they are fully eligible to meet both the Solvency and Minimum Capital Requirements.

Own Funds at 31 December (€m)

	2023 Tier 1 (unrestricted)	2022 Tier 1 (unrestricted)	Movement
Ordinary share capital (gross of own shares)	45.1	45.1	-
Other Own Fund items approved by the supervisory authority as basic Own Funds not specified above	83.1	83.1	-
Reconciliation reserve	159.5	108.5	51.0
Available and eligible Own Funds	**287.8**	**236.7**	**51.0**

[6] as referred to in Articles 308b(9) and 308b(10) of SII Directive 2009/138/EC

The structure and quality of the Company's Own Funds has not changed during the year, and the value of ordinary share capital and other approved Basic Own Fund items have remained constant. The reconciliation reserve is the only category which has changed in value, increasing by €51.0m from the end of 2022 to the end of 2023.

Reconciliation reserve breakdown at 31 December (€m)

Components	2023	2022	Comments
Excess of assets over liabilities	287.8	236.7	A full split of assets and liabilities has been included in Section D.1 and D.3 respectively.
Own shares (held directly and indirectly)	-	-	
Foreseeable dividend payments, distributions and charges	-	-	
Other basic Own Fund items	(128.2)	(128.2)	Represented by ordinary share capital and other Own Fund items approved by the supervisory authority.
Adjustment for restricted Own Fund items in respect of matching adjustment portfolios and ring-fenced funds	-	-	
Total reconciliation reserve	**159.5**	**108.5**	

E.1.3. Reconciliation between IFRS and Solvency II

The table below shows a high-level reconciliation between the Company's Own Funds under SII and its shareholder equity as reported in the financial statements.

Reconciliation of IFRS Shareholder Equity to Solvency II Own Funds at 31 December (€m)

Reconciliation	2023	2022
IFRS shareholder's equity	**173.9**	**156.0**
IFRS opening restatements (due to IFRS 9 / 17 implementation)	**-**	(14.3)
Technical Provisions (net of reinsurance)	158.4	133.6
Deferred tax	(44.4)	(38.6)
SII excess assets over liabilities	**287.8**	**236.7**

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Solvency Ratio

Own Funds increased signficantly over the reporting period, with a smaller increase in the SCR, resulting in the solvency ratio rising from 220% to 261%.

Solvency Ratio (€m)

	2023	2022
Own Funds	287.8	236.7
Required Capital	110.2	107.7
Solvency Ratio	261%	220%

E.2.2. SCR

SCR by risk category and MCR at 31 December (€m)

Risk category	2023	2022
Underwriting Risk	41.1	42.5
Business Risk	78.8	70.7
Market Risk	106.8	108.7
Credit Risk	4.6	4.4
Operational Risk	22.4	24.3
Sum over risk categories	**253.7**	**250.7**
Diversification	(104.2)	(109.3)
Cross-effects capital buffer	0.2	0.3
Total diversified SCR before tax	**149.7**	**141.7**
Loss absorbing capacity of deferred tax	(39.6)	(34.0)
SCR after tax	**110.2**	**107.7**

Overall, the SCR increased by €2.5m over 2023.

Underwriting risk decreased slightly due to higher diversification between longevity and mortality risk. Business risk, in particular lapse risk, increased due to higher profits at risk mainly as a result of positive fund returns and a model change.

Market risk decreased over 2023 largely driven by positive fund returns and a model change, which was slightly offset by increasing market risk capital for Invest4Life mainly due to higher future profits at risk.

Operational risk capital decreased slightly after the recalibration in 2023, while credit risk remained broadly stable. The cross-effects capital buffer decreased slightly over 2023, driven by the run-off of the Asian VA book.

The loss absorbing capacity of deferred taxes increased due to an increase in the deferred tax liability as a consequence of the increase in Own Funds, which increased the implied tax relief.

Given the Company's use of an Internal Model to calculate the SCR, undertaking-specific parameters are not relevant. There are no regulatory capital add-ons applied.

E.2.3. MCR

The calculation of the MCR is formula based as dictated by EIOPA SII requirements. The inputs used to calculate the MCR are shown in the table below:

- The Linear MCR is a calculation based on the value of Technical Provisions and capital at risk.
- The Linear MCR is subject to a floor of 25% and a cap of 45% of the SCR.
- An absolute floor of €4.0m is prescribed by EIOPA.

MCR at 31 December (€m)

Component	2023	2022
Index-linked and unit-linked insurance obligations	5,489.1	5,414.9
Other life (re)insurance and health (re)insurance obligations	42.8	38.2
Total capital at risk for all life (re)insurance obligations	2,715.8	2,508.0
Linear MCR	**41.2**	**40.5**
SCR	110.2	107.7
MCR cap (45% of SCR)	49.6	48.4
MCR floor (25% of SCR)	27.5	26.9
Combined MCR	**41.2**	**40.5**
Absolute floor of the MCR	4.0	4.0
Minimum Capital Requirement	**41.2**	**40.5**

E.3. Use of the Duration-based Equity Risk Sub-module in the Calculation of the SCR

As outlined in Section B.3.3.2, AGL does not take the Standard Formula approach to calculating the SCR and so does not make use of the duration-based equity risk sub-module.

E.4. Differences between the Standard Formula and any Internal Model Used

The Company uses the Internal Model for a number of different purposes. Most prominently, it is used to compute the Company's SCR which is typically done on at least a quarterly basis and reported quarterly to AGL's Board and the BRFC.

The model is used in both strategic and tactical decisions to ensure that a sufficient risk tolerance is respected. Specifically, the model is used to set the Company's business strategy, allocate capital to new projects, set the reinsurance strategy, set product prices to achieve profitability and review the performance of the Company.

E.4.1. Scope and Methodology

The scope of the Internal Model covers all business underwritten and the Company's activities which take place in the normal course of business. Risk categories covered by the Internal Model are presented and explained in Section C.

The Company's Internal Model is part of the Allianz Group Internal Model, tailored to the specifics of AGL. The Standard Formula approach uses factor-based shocks to calculate the SCR. The Internal Model derives the risk capital on the basis of simulating each risk type and its corresponding impact on the Company's balance sheet based on its assumed range of possible outcomes and relationship to other risk types.

The range of possible outcomes for each risk type is based on an underlying distribution which is calibrated to market data, the Company's internal historical data or Allianz Group's internal historical data. Recommendations from the insurance industry, supervisory authorities and actuarial associations are also considered.

Main differences between the Internal Model and the Standard Formula

Internal Model Risk Category	Standard Formula (SF) (factor-based approach)	Internal Model (stochastic simulation)
Underwriting Risk	Standardised mortality, longevity, morbidity shocks (combined with business risk in SF).	Shocks based on AGL and Allianz Group experience.
Business Risk	Standardised lapse and expense shocks (combined with underwriting risk in SF).	Shocks based on AGL and Allianz Group experience.
Market Risk	Pre-defined up / down shocks as percentage change to existing market values. Worst shock determines the capital requirement for each risk factor. No shock to certain bonds, e.g., EU government bonds. No explicit risk module for volatility risks. Instantaneous shock does not reflect the daily reaction to the market movements of the hedging programme. Aggregation based on pre-defined correlation assumptions.	Underlying distribution for each modelled risk factor is calibrated to market data. Complex changes such as twists in the interest rate curve are considered. All bonds are subject to changes in value. Interest rate volatility risk and equity volatility risk are explicitly considered. AGL-developed market risk model allows for dynamic hedging programme. Aggregation is based on relationships between different risk factors calibrated using market data and expert judgement.
Credit Risk	Factor-based approach based on the Company's underlying credit risk exposures.	Potential changes in credit risk exposures are based on an Allianz Group longer term "through the cycle" analysis of economic cycles. Internal Allianz rating system is used. Collateralisation of credit exposures more accurately allowed for. Spread risk is not fully captured and thus an additional spread risk component is allowed for in the market risk module.
Operational Risk	Factor-based approach based on earned premium amount, expenses incurred and Technical Provisions.	Scenario-based risk modelling approach Risk identification within AGL. Aggregation of operational risks based on loss frequency and loss severity distributions.
Loss Absorbing Capacity of Tax	Loss absorbing capacity allows companies to reflect that a future loss equal to the Standard Formula SCR that would result in a reduction in deferred tax liabilities. AGL limit this loss absorbing capacity to the minimum of the currently recognised deferred tax liability and the implied tax relief.	Loss absorbing capacity allows companies to reflect that a future loss equal to the Internal Model SCR that would result in a reduction in deferred tax liabilities. AGL limit this loss absorbing capacity to the minimum of the currently recognised deferred tax liability and the implied tax relief.

As noted previously, the final SCR is less than the sum of the individual risk capital requirements due to the diversification benefit. Under Standard Formula, the correlation matrix used to calculate the diversification benefit is prescribed by EIOPA. Whereas as part of the Internal Model, AGL use the Allianz Group derived correlations, that are then locally assessed to ensure suitability. These correlations are derived from past market observed relationships and expert judgement for non-market risks.

Based on the differences outlined, the Company assess that use of the Internal Model more appropriately reflects the risk profile than the Standard Formula approach. The solvency position is also calculated under the Standard Formula basis, but it is the Internal Model approach which is used for decision making.

E.4.2. Internal Model Data

Various sources of data are used as input for the Internal Model and for the calibration of parameters. Model and scenario parameters are derived from historical data, where available, to characterise future possible risk events. Where insufficient data is available to calibrate the parameters, expert judgement informed by the Standard Formula parameters are used. If future market conditions differ substantially from the past, for example in an unprecedented crisis, this approach may be too conservative or too liberal in ways that are difficult to predict. In order to mitigate reliance on historical data, the analysis is accompanied by stress testing. Where reasonable, the input data is identical to the data used for other purposes, e.g., for IFRS accounting. The appropriateness of this data is regularly validated internally and by external auditors. Overall, the Company believes that the independent validation processes are effective and that the model adequately assesses the risks to which the Company is exposed.

E.5. Non-compliance with the MCR and Non-compliance with the SCR

AGL complied with the MCR and the SCR throughout 2023.

E.6. Any Other Information

All material information regarding the capital management of the Company has been included above.

Annex: Quantitative Reporting Templates

All figures presented in €000

S.02.01.02.01: Balance Sheet

Assets				Solvency II value
				C0010
Goodwill			R0010	
Deferred acquisition costs			R0020	
Intangible assets			R0030	
Deferred tax assets			R0040	
Pension benefit surplus			R0050	
Property, plant & equipment held for own use			R0060	
Investments (other than assets held for index-linked and unit-linked contracts)			R0070	170,604
	Property (other than for own use)		R0080	
	Holdings in related undertakings, including participations		R0090	
	Equities		R0100	
		Equities - listed	R0110	
		Equities - unlisted	R0120	
	Bonds		R0130	127,507
		Government Bonds	R0140	60,494
		Corporate Bonds	R0150	63,738
		Structured notes	R0160	
		Collateralised securities	R0170	3,275
	Collective Investments Undertakings		R0180	
	Derivatives		R0190	42,241
	Deposits other than cash equivalents		R0200	857
	Other investments		R0210	
Assets held for index-linked and unit-linked contracts			R0220	5,669,585
Loans and mortgages			R0230	120,554
	Loans on policies		R0240	
	Loans and mortgages to individuals		R0250	
	Other loans and mortgages		R0260	120,554
Reinsurance recoverables from:			R0270	13,461
	Non-life and health similar to non-life		R0280	
		Non-life excluding health	R0290	
		Health similar to non-life	R0300	
	Life and health similar to life, excluding health and index-linked and unit-linked		R0310	13,646
		Health similar to life	R0320	
		Life excluding health and index-linked and unit-linked	R0330	13,646
	Life index-linked and unit-linked		R0340	-185
Deposits to cedants			R0350	
Insurance and intermediaries receivables			R0360	19,262
Reinsurance receivables			R0370	146
Receivables (trade, not insurance)			R0380	90,261
Own shares (held directly)			R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	
Cash and cash equivalents			R0410	24,053
Any other assets, not elsewhere shown			R0420	3,014
Total assets			R0500	6,110,940

Liabilities				Solvency II value
				C0010
Technical provisions - non-life			R0510	
	Technical provisions - non-life (excluding health)		R0520	
		Technical provisions calculated as a whole	R0530	
		Best Estimate	R0540	
		Risk margin	R0550	
	Technical provisions - health (similar to non-life)		R0560	
		Technical provisions calculated as a whole	R0570	
		Best Estimate	R0580	
		Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)			R0600	58,730
	Technical provisions - health (similar to life)		R0610	
		Technical provisions calculated as a whole	R0620	
		Best Estimate	R0630	
		Risk margin	R0640	
	Technical provisions - life (excluding health and index-linked and unit-linked)		R0650	58,730
		Technical provisions calculated as a whole	R0660	
		Best Estimate	R0670	56,221
		Risk margin	R0680	2,509
Technical provisions - index-linked and unit-linked			R0690	5,541,935
	Technical provisions calculated as a whole		R0700	
	Best Estimate		R0710	5,489,147
	Risk margin		R0720	52,788
Other technical provisions			R0730	
Contingent liabilities			R0740	
Provisions other than technical provisions			R0750	14,645
Pension benefit obligations			R0760	
Deposits from reinsurers			R0770	
Deferred tax liabilities			R0780	54,766
Derivatives			R0790	60,356
Debts owed to credit institutions			R0800	26,860
Financial liabilities other than debts owed to credit institutions			R0810	
Insurance & intermediaries payables			R0820	24,446
Reinsurance payables			R0830	602
Payables (trade, not insurance)			R0840	6,264
Subordinated liabilities			R0850	
	Subordinated liabilities not in Basic Own Funds		R0860	
	Subordinated liabilities in Basic Own Funds		R0870	
Any other liabilities, not elsewhere shown			R0880	34,558
Total liabilities			R0900	5,823,162
Excess of assets over liabilities			R1000	287,779

S.04.05.21: Premiums, Claims and Expenses by Country

S.04.05.21.03: Home country: Life insurance and reinsurance obligations

		Home country
		C0030
Gross Written Premium	R1020	-
Gross Earned Premium	R1030	-
Claims incurred	R1040	-
Gross Expenses Incurred	R1050	-

S.04.05.21.04: Top 5 countries (by amount of gross premiums written): Life insurance and reinsurance obligations

		Top 5 countries: life and health SLT
		C0040
Gross Written Premium	R1020	281,729
Gross Earned Premium	R1030	281,628
Claims incurred	R1040	591,767
Gross Expenses Incurred	R1050	88,258

S.05.01.02.02: Premiums, Claims and Expenses by Line of Business

Columns containing no data for AGL have been excluded.

			Line of Business for: life insurance obligations		Life reinsurance obligations	Total
			Index-linked and unit-linked insurance	Other life insurance	Life reinsurance	
			C0230	C0240	C0280	C0300
Premiums written	Gross	R1410	258,292	20,558	2,879	281,729
	Reinsurers' share	R1420	141	3,715	000	3,855
	Net	R1500	258,151	16,843	2,879	277,873
Premiums earned	Gross	R1510	258,292	20,456	2,880	281,628
	Reinsurers' share	R1520	141	3,672	000	3,813
	Net	R1600	258,151	16,784	2,880	277,815
Claims incurred	Gross	R1610	576,631	14,306	830	591,767
	Reinsurers' share	R1620	090	3,587	000	3,677
	Net	R1700	576,541	10,719	830	588,090
Expenses incurred		R1900	83,085	4,452	721	88,258
Balance - other technical expenses/income		R2510				
Total technical expenses		R2600				88,258
Total amount of surrenders		R2700	513,407			513,407

S.12.01.02.01: Life and Health SLT Technical Provisions

Columns containing no data for AGL have been excluded.

				Index-linked and unit-linked insurance			Other life insurance			Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
					Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees		
				C0030	C0040	C0050	C0060	C0070	C0080	C0100	C0150
Technical provisions calculated as a whole			R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole			R0020								
Technical provisions calculated as a sum of BE and RM	Best Estimate	Gross Best Estimate	R0030		640,509	4,832,903		56,221		15,735	5,545,368
		Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		-185			13,646			13,461
		Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		640,693	4,832,903		42,575		15,735	5,531,906
	Risk Margin		R0100	51,459			2,509			1,329	55,297
Technical provisions - total			R0200	5,524,871			58,730			17,063	5,600,665

S.23.01.01: Own Funds

S.23.01.01.01: Own funds

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	45,100	45,100			
	Share premium account related to ordinary share capital	R0030					
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
	Subordinated mutual member accounts	R0050					
	Surplus funds	R0070					
	Preference shares	R0090					
	Share premium account related to preference shares	R0110					
	Reconciliation reserve	R0130	159,549	159,549			
	Subordinated liabilities	R0140					
	An amount equal to the value of net deferred tax assets	R0160					
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	83,130	83,130			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions	Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions		R0290	287,779	287,779			
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300					
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
	Unpaid and uncalled preference shares callable on demand	R0320					
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
	Other ancillary own funds	R0390					
Total ancillary own funds		R0400					
Available and eligible own funds	Total available own funds to meet the SCR	R0500	287,779	287,779			
	Total available own funds to meet the MCR	R0510	287,779	287,779			
	Total eligible own funds to meet the SCR	R0540	287,779	287,779			
	Total eligible own funds to meet the MCR	R0550	287,779	287,779			
SCR		R0580	110,191				
MCR		R0600	41,223				
Ratio of Eligible own funds to SCR		R0620	261%				
Ratio of Eligible own funds to MCR		R0640	698%				

S.23.01.01.02: Reconciliation reserve

			Value
			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	287,779
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	128,230
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve		R0760	159,549
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	8,455
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)		R0790	8,455

S.25.05.21: Solvency Capital Requirement - for undertakings using an internal model (partial or full)

S.25.05.21.01 - Solvency Capital Requirement information

				Solvency Capital Requirement	Amount modelled	USP	Simplifications
				C0010	C0070	C0090	C0120
Risk type	Total diversification		R0020	-104,167			
		Total diversified risk before tax	R0030	149,743			
		Total diversified risk after tax	R0040	110,191			
	Total market & credit risk		R0070	126,598			
		Market & Credit risk - diversified	R0080	107,272			
	Credit event risk not covered in market & credit risk		R0190				
		Credit event risk not covered in market & credit risk - diversified	R0200				
	Total Business risk		R0270	115,842			
		Total Business risk - diversified	R0280	78,788			
	Total Net Non-life underwriting risk		R0310	000			
		Total Net Non-life underwriting risk - diversified	R0320	000			
	Total Life & Health underwriting risk		R0400	67,843			
		Total Life & Health underwriting risk - diversified	R0410	41,056			
	Total Operational risk		R0480	22,414			
		Total Operational risk - diversified	R0490	22,414			
	Other risk		R0500	214			

S.25.05.21.02: Calculation of Solvency Capital Requirement

			Value
			C0100
Total undiversified components		R0110	214,359
Diversification		R0060	-104,167
Adjustment due to RFF/MAP nSCR aggregation		R0120	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		R0160	
Solvency capital requirement, excluding capital add-ons		R0200	110,191
Capital add-ons already set		R0210	
	of which, Capital add-ons already set - Article 37 (1) Type a	R0211	
	of which, Capital add-ons already set - Article 37 (1) Type b	R0212	
	of which, Capital add-ons already set - Article 37 (1) Type c	R0213	
	of which, Capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement		R0220	110,191
Other information on SCR	Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
	Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	-39,552
	Capital requirement for duration-based equity risk sub-module	R0400	
	Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
	Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
	Diversification effects due to RFF nSCR aggregation for article 304	R0440	
	Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	(1) 1 - Full recalculation
	Net future discretionary benefits	R0460	

S.25.05.21.03 - Approach to tax rate

		C0109
Approach based on average tax rate	R0590	(1) 1 - Yes

S.25.05.21.04 - Calculation of loss absorbing capacity of deferred taxes

			LAC DT
			C0130
Amount/estimate of LAC DT		R0640	-39,552
	Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	-39,552
	Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	
	Amount/estimate of LAC DT justified by carry back, current year	R0670	
	Amount/estimate of LAC DT justified by carry back, future years	R0680	
	Amount/estimate of Maximum LAC DT	R0690	-39,552

S.28.01.01: MCR – Only life or only non-life insurance or reinsurance activity

S.28.01.01.03 - Linear formula component for life insurance and reinsurance obligations

		Result
		C0040
MCRL Result	R0200	41,223

S.28.01.01.04 - Total capital at risk for all life (re)insurance obligations

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230	5,489,119	
Other life (re)insurance and health (re)insurance obligations	R0240	42,788	
Total capital at risk for all life (re)insurance obligations	R0250		2,715,759,698.37

S.28.01.01.05 - Overall MCR calculation

		Value
		C0070
Linear MCR	R0300	41,223
SCR	R0310	110,191
MCR cap	R0320	49,586
MCR floor	R0330	27,548
Combined MCR	R0340	41,223
Absolute floor of the MCR	R0350	4,000
Minimum Capital Requirement	R0400	41,223