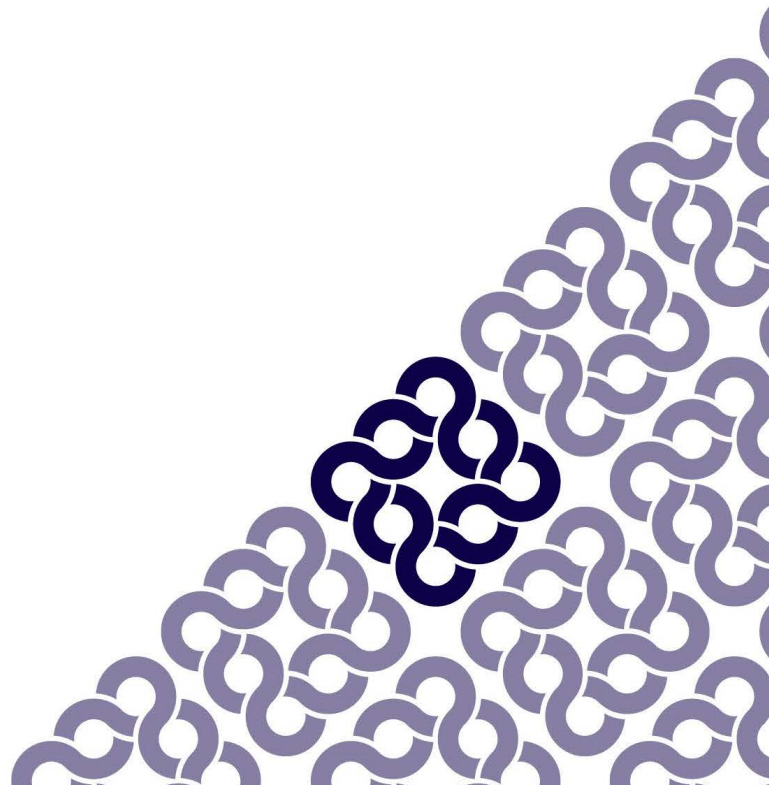




ATHORA LIFE RE LTD.

Annual Report for the financial year ended 31 December 2023



Contents

Independent auditor's report.....	2
Consolidated statement of profit or loss.....	5
Consolidated statement of financial position.....	6
Consolidated statement of changes in equity.....	7
Consolidated statement of cash flows.....	8
A. Material accounting policy information.....	9
B. Other income statement notes.....	20
C. Equity.....	24
D. Financial assets and liabilities.....	25
E. Insurance contracts.....	46
F. Other statement of consolidated financial position notes.....	62
G. Other notes.....	68

Independent Auditor's Report

The Board of Directors and Shareholder
Athora Life Re Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Athora Life Re Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying the above conclusion, we draw your attention to the change in accounting principles relating to the Insurance contracts, described in Note A3.1 to the consolidated financial statements presenting the impacts of IFRS 17 "Insurance Contracts" first time application from January 1, 2023.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Ltd.

April 25, 2024

Consolidated statement of profit or loss

For the financial year ended 31 December

€000	Note	2023	2022 Restated
Insurance contract revenue	B1	72,064	54,191
Insurance service expense	E1.1	(72,640)	(51,887)
Insurance service result		(576)	2,304
Net investment income/(loss)	B2.1	199,189	(356,122)
Net finance (expense)/income from insurance contracts	B2.2	(132,199)	359,890
Net financial result		66,990	3,768
Other income	B3	5,155	3,379
Other expenses	B4	(19,895)	(20,079)
Finance costs	B5	(7,018)	(2,243)
Profit/(loss) before tax		44,656	(12,871)
Income tax	B6.1	(2,993)	2,821
Profit/(loss) for the year		41,663	(10,050)

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of financial position

€000	Note	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
Assets				
Property and equipment	F1	8,298	9,187	10,076
Financial assets	D3	2,298,975	2,525,943	1,793,784
Insurance contract assets	E1.1	390	—	—
Deferred tax assets	F4.2	6,006	8,993	6,173
Current tax assets	F4.1	7	427	228
Receivables and other assets	F2	45,610	39,109	12,237
Cash and cash equivalents	F3	306,533	69,068	32,820
Total assets		2,665,819	2,652,727	1,855,318
Equity				
Share capital		250	250	250
Capital contribution		241,000	241,000	241,000
Retained earnings		(92,108)	(133,771)	(123,721)
Other reserves		834	834	834
Total equity	C1	149,976	108,313	118,363
Liabilities				
Insurance contract liabilities	E1.1	2,266,003	2,296,024	1,546,889
Financial liabilities				
Borrowings	D5	155,000	155,000	155,000
Other financial liabilities	D6	75,814	66,049	23,841
Other liabilities and accruals	F5	19,026	27,341	11,225
Total liabilities		2,515,843	2,544,414	1,736,955
Total equity and liabilities		2,665,819	2,652,727	1,855,318

The accompanying notes form an integral part of the consolidated financial statements.

The reconciliation of previously published balance sheets at 1 January 2022 and 31 December 2022 have been restated due to adoption of IFRS 9, Financial Instruments, and IFRS 17, Insurance Contracts is set out in **note A3**.

Approved by the Board:

Christopher James

Director

25 April 2024

Consolidated statement of changes in equity

For the financial year ended 31 December 2023

€000	Note	Share capital and share premium	Capital contribution	Retained earnings	Available-for-sale reserve	Foreign currency translation reserve	Total equity
At 1 January 2023 (restated)		250	241,000	(133,771)	—	834	108,313
Profit for the year		—	—	41,663	—	—	41,663
At 31 December 2023	C1	250	241,000	(92,108)	—	834	149,976

For the financial year ended 31 December 2022

€000	Note	Share capital and share premium	Capital contribution	Retained earnings	Available-for-sale reserve	Foreign currency translation reserve	Total equity
At 1 January 2022		250	241,000	(84,772)	(8,671)	834	148,641
Initial application of IFRS 17		—	—	(30,868)	—	—	(30,868)
Initial application of IFRS 9		—	—	(8,081)	8,671	—	590
Restated balance as at 1 January 2022		250	241,000	(123,721)	—	834	118,363
Loss for the year		—	—	(10,050)	—	—	(10,050)
At 31 December 2022 (restated)	C1	250	241,000	(133,771)	—	834	108,313

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flows

For the financial year ended 31 December

€000	Note	2023	2022 Restated
Profit/(loss) before tax		44,656	(12,871)
Adjustments for non-cash items	G3.1	(103,279)	409,200
Adjustments for non-operating items - finance costs	B5	532	572
Change in operating assets and liabilities	G3.2	29,455	(359,174)
Income taxes received/(paid)	F4.1	5	(7)
Other taxes paid	B6.1	(6)	—
Amount settled against other tax liabilities	F4.1	415	(191)
Cash flows from operating activities		(28,222)	37,529
Payment of lease liabilities	G1	(1,281)	(1,281)
Cash flows from financing activities		(1,281)	(1,281)
Net (decrease)/increase in cash and cash equivalents		(29,503)	36,248
Reclassification of Money market funds to cash		266,968	—
Cash at 1 January		69,068	32,820
Cash at 31 December	F3	306,533	69,068
Comprising:			
Cash at bank	F3	74,579	69,068
Short-term deposits	F3	195	—
Money market funds classified as cash	F3	231,759	—

The accompanying notes form an integral part of the consolidated financial statements.

A. Material accounting policy information

A1. Basis of preparation

A1.1 Corporate and company information

Athora Life Re Ltd. (the “Company” or “ARE”), is an exempted company incorporated in Bermuda and is registered as a long-term Class E insurer under Insurance Act of 1978 of Bermuda, as amended, and related rules, and regulations (collectively, the “Insurance Act”). Its registered office and principal place of business is First Floor, Swan Building, 26 Victoria Street, Hamilton HM12, Bermuda.

The Company is principally engaged in providing capital optimisation and risk management solutions to European life insurers. Information on the Company’s subsidiaries is as follow.

Name	Principal activity	Country of incorporation	% Equity interest	
			2023	2022
Athora Ireland plc (“AI”)	Life assurance business	Ireland	100	100
Athora Europe Investments DAC (“AEI DAC”)	Special purpose vehicle	Ireland	100	100

The next senior and the ultimate holding company of the Company is Athora Holding Ltd. (“AHL”), an exempted company incorporated in Bermuda. The “Athora Group” refers to AHL when consolidated with its subsidiaries.

Information on other related party relationships of the Company is provided in **note G2**.

A1.2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (IFRICs), as adopted by the European Union. IFRSs applied by the Company in the preparation of these consolidated financial statements are those standards that were effective for periods beginning on or after 1 January 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities that have been measured at fair value. The presentational and functional currency of the Company is euro (€ or EUR). The amounts presented in the consolidated financial statements are rounded to the nearest thousand (€000), except when otherwise indicated.

The accounting policies have been consistently applied in these consolidated financial statements. Where an accounting policy can be directly attributed to a specific note to the consolidated financial statements, the policy is presented within that note, with a view to enabling greater understanding of the results and financial position of the Group. All other material accounting policies are disclosed below.

A1.2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023.

Subsidiaries are all entities (including structured entities) over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

A. Material accounting policy information (continued)

A1. Basis of preparation (continued)

A1.2.1 Basis of consolidation (continued)

Only substantive rights (i.e., the holder must have the practicability to exercise them) and rights that are not protective shall be considered. The Company can have power with less than a majority of the voting rights of an investee, in particular through:

- the proportion of ownership with regards to the other investors;
- potential voting rights;
- a contractual arrangement between the investor and other vote holders;
- rights arising from other contractual arrangements;
- a combination of these indicators.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company for preparation of consolidated financial statements. The acquisition method of accounting is used to account for business combinations by the Company.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

A1.2.2 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the reporting date. Exchange differences arising on the settlement of monetary items during the year are recognised in the consolidated statement of profit or loss in the period in which they arise under the same heading as the underlying transactions are reported. Non-monetary assets and liabilities measured at historical cost are measured at the exchange rate applicable on the initial transaction date.

The Company holds a foreign currency translation reserve from periods when the presentation and functional currencies were different. See **note C** for details.

A1.3 Going concern

These consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements sections include notes on the Company's borrowings (note D5); its capital management (note G4); and management of its risks including market, credit, and liquidity risk (note D7). The Company's financial position reflects appropriate reserves, an investment portfolio within risk appetite and capital in excess of the minimum regulatory requirement.

The Board of Directors has considered financial projections which demonstrate the ability of the Company to withstand market shocks in a range of scenarios, including very severe ones.

In assessing the appropriateness of the going concern basis, the Board considered base case liquidity and solvency projections that incorporated an estimated view of the economy as a whole.

After making enquiries, the Board of Directors has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, it continues to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

A. Material accounting policy information (continued)

A1. Basis of preparation (continued)

A1.4 Presentation

The Company has applied IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. The accounting policies applied on adoption of IFRS 17 are set out in **note A3**. The Company has accordingly presented the consolidated financial statements in accordance with the disclosure requirements of IFRS 17 and IFRS 9.

Except for the changes to accounting policies attributable to adoption of IFRS 17 and IFRS 9 as set out above, the Company has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

A reconciliation of the balance sheet under IFRS 4, Insurance Contracts and IAS 39, Financial Instruments, Recognition and Measurement, with the balance sheet under IFRS 17 and IFRS 9 on date of transition (1 January 2022) and date of implementation (1 January 2023) is set out in **note A3.1.4**.

A. Material accounting policy information (continued)

A2. Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Disclosures of judgements made by management in applying the Company's accounting policies include those that have the most significant effect on the amounts that are recognised in the consolidated financial statements. Disclosures of estimates and associated assumptions include those that have a significant risk of resulting in a material change to the carrying value of assets and liabilities within the next year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements as to the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are the measurement of insurance contract liabilities, and determination of the fair value of financial assets and liabilities. Details of all critical accounting estimates and judgements are included below.

Details of all critical accounting estimates and judgements are set out below.

On implementation of IFRS 9 the Company has classified all the financial assets at "fair value" through profit and loss. This means that any increment or decrement in fair value is automatically captured in the income statement. As fair valuation takes into account both incurred and expected losses, impairment is no longer an area of significant estimates or judgement.

Information about significant judgements and estimates made in relation to insurance contracts under IFRS 17 are captured in **note E3**. These include:

- Methods used to measure insurance contracts
- Actuarial assumptions
- Discount rates
- Risk adjustment for non-financial risk
- Amortisation of the contractual service margin

A2.1 Fair value of financial instruments

In the determination of the fair value of financial instruments, the Company's management reviews estimates and assumptions used, particularly those items categorised within Level 3 of the fair value hierarchy. A sensitivity analysis is performed in respect of the key assumptions used in the valuation of Level 3 financial instruments. The details of these sensitivities are included in **note D2**.

A2.2 Taxes

The Company operates within tax jurisdiction where significant management judgements and estimates are required when interpreting the relevant tax laws, regulations, and legislation in the determination of the Company's tax provisions and the carrying amount of tax assets and liabilities (see **note F4**).

Management assesses the recoverability of the deferred income tax asset carrying values based on estimated taxable income for future years (see **note F4**).

A2.3 Impact of climate risk on accounting judgements and estimates

In preparation of these financial statements, the Company has considered the impact of climate change across a number of areas. Many of the effects arising from climate change will be longer-term in nature, with an inherent level of uncertainty, and have been assessed as having a limited effect on accounting judgements and estimates for the current period. The Company is closely monitoring relevant changes and developments, such as new climate-related legislation.

A. Material accounting policy information (continued)

A3. Adoption of new accounting pronouncements in 2023

A3.1 Implementation of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments

IFRS 17 and IFRS 9 have been applied in preparing these financial statements. The Company implemented IFRS 17 and IFRS 9 on 1 January 2023 ("implementation date") with a transaction date of 1 January 2022.

The impact on the balance sheet on the date of transition and date of implementation is set out below.

A3.1.1 IFRS 17 'Insurance Contracts'

The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification, measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts, except for insurance contracts with investment elements, which are no longer bifurcated.

The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued by the Company.

The key principles of IFRS 17 applied are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards.
- Divides the insurance contracts into groups it recognises and measures. Those groups of insurance contracts are recognised and measured at: A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; Plus an amount representing the unearned profit in the group of contracts (the contractual service margin or CSM).
- Recognises profit from a group of insurance contracts over each period the Company provides insurance contract services, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Transition date fair valuation

The Company has applied the fair value approach on transition. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort due to data and system constraints.

The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of IFRS 13 Fair Value Measurement, except for the demand deposit floor requirement.

A. Material accounting policy information (continued)

A3. Adoption of new accounting pronouncements in 2023 (continued)

A3.1.1 IFRS 17 'Insurance Contracts' (continued)

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts.
- Determine whether any contracts are direct participating insurance contracts.
- Identify any discretionary cash flows for insurance contracts without direct participation features.

The fulfilment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The discount rates are based on the yield of an appropriate reference portfolio, where the yield is constructed as a risk free rate plus a portfolio specific spread. This yield is then adjusted downwards to allow for credit risk and any other market risk premium, if applicable.

The Company has elected not to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income as it has opted for the recognition of insurance finance income or expenses in profit or loss.

As stated above, the CSM represents the unearned profit from in force contracts that an entity recognises if it provides services over the period. For more details see the accounting policies for insurance contracts applied by the Company outlined in **note E**.

A3.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. As the Company has opted for a retrospective application, the transition date is 1 January 2022.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost have been replaced under IFRS 9, by:

- Financial assets at fair value through profit or loss including equity instruments and derivatives;
- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition; and
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company).

On transition, all financial assets are mandatorily measured at FVTPL (other than cash and cash equivalents and other receivables) because these are managed, and their performance is evaluated using a fair value business model.

The financial liabilities (other than derivatives) continue to be stated at amortised cost.

Transition date fair valuation

On the transition date, the Company measured all financial assets (other than cash and other receivables) at their fair value in accordance with IFRS 13, Fair Value Measurement.

A. Material accounting policy information (continued)

A3. Adoption of new accounting pronouncements in 2023 (continued)

A3.1.3 Other matters

It should be noted that the cash flows and underlying capital generation of the Company's businesses are unaffected by IFRS 17 and IFRS 9, and the standards have little or no impact on the Company's solvency performance metrics under the Bermuda Solvency Capital Requirement (BSCR) model.

A. Material accounting policy information (continued)

A3. Adoption of new accounting pronouncements in 2023 (continued)

A3.1.4 Quantitative impact

The impact on implementation of IFRS 17 and IFRS 9 on 1 January 2023 is set out below:

€000	IFRS 4 / IAS 39	Transition from IFRS 4 to IFRS 17				Transition from IAS 39 to IFRS 9			IFRS 17 / IFRS 9
		Removal of IFRS 4	IFRS 17 fulfilment cashflows	IFRS 17 CSM	Tax effect IFRS 17	Remeasurement effect	Reclassification	Tax effect IFRS 9	
		A	B	C	F	D	E	F	
ASSETS									
Property and equipment	9,187	—	—	—	—	—	—	—	9,187
Financial assets	2,407,607	—	—	—	—	(8,233)	126,569	—	2,525,943
Deferred tax assets	21,038	—	—	—	(12,359)	—	—	314	8,993
Current tax assets	427	—	—	—	—	—	—	—	427
<i>Loans and advances due from banks (obsolete under IFRS 9)</i>	14,354	—	—	—	—	—	(14,354)	—	—
Receivables and other assets	93,213	(54,104)	—	—	—	—	—	—	39,109
Cash and cash equivalents	181,283	—	—	—	—	—	(112,215)	—	69,068
Total assets	2,727,109	(54,104)	—	—	(12,359)	(8,233)	—	314	2,652,727
EQUITY									
Share capital	250	—	—	—	—	—	—	—	250
Capital contribution	241,000	—	—	—	—	—	—	—	241,000
Retained earnings	(224,019)	2,589,985	(2,154,233)	(68,979)	(12,359)	(8,233)	(256,247)	314	(133,771)
Other reserves	(255,413)	—	—	—	—	—	256,247	—	834
Total equity	(238,182)	2,589,985	(2,154,233)	(68,979)	(12,359)	(8,233)	—	314	108,313
LIABILITIES									
Insurance provisions (obsolete under IFRS 17)	2,434,290	(2,434,290)	—	—	—	—	—	—	—
<i>Insurance contract liabilities (new under IFRS 17)</i>	—	—	2,227,045	68,979	—	—	—	—	2,296,024
Financial liabilities	—	—	—	—	—	—	—	—	—
Borrowings	155,000	—	—	—	—	—	—	—	155,000
Other financial liabilities	66,049	—	—	—	—	—	—	—	66,049
Other liabilities and accruals	309,952	(209,799)	(72,812)	—	—	—	—	—	27,341
Total liabilities	2,965,291	(2,644,089)	2,154,233	68,979	—	—	—	—	2,544,414
Total equity and liabilities	2,727,109	(54,104)	—	—	(12,359)	(8,233)	—	314	2,652,727

A. Material accounting policy information (continued)

A3. Adoption of new accounting pronouncements in 2023 (continued)

A3.1.4 Quantitative impact (continued)

The impact on transition of IFRS 17 and IFRS 9 on 1 January 2022 is set out below:

€000	IFRS 4 / IAS 39	Transition from IFRS 4 to IFRS 17				Transition from IAS 39 to IFRS 9			IFRS 9 / 17
		Removal of IFRS 4	IFRS 17 fulfilment cashflows	IFRS 17 CSM	Tax effect (IFRS 17)	Remeasurement effect	Reclassification	Tax effect (IFRS 9)	
		A	B	C	F	D	E	F	
ASSETS									
Property and equipment	10,076	—	—	—	—	—	—	—	10,076
Financial assets	1,790,412	—	—	—	—	658	2,714	—	1,793,784
Deferred tax assets	11,151	—	—	—	(4,910)	—	—	(68)	6,173
Current tax assets	228	—	—	—	—	—	—	—	228
<i>Loans and advances due from banks (obsolete under IFRS 9)</i>	2,714	—	—	—	—	—	(2,714)	—	—
Receivables and other assets	36,113	(23,876)	—	—	—	—	—	—	12,237
Cash and cash equivalents	32,820	—	—	—	—	—	—	—	32,820
Total assets	1,883,514	(23,876)	—	—	(4,910)	658	—	(68)	1,855,318
EQUITY									
Share capital	250	—	—	—	—	—	—	—	250
Capital contribution	241,000	—	—	—	—	—	—	—	241,000
Retained earnings	(84,772)	1,501,654	(1,470,720)	(56,892)	(4,910)	658	(8,671)	(68)	(123,721)
Other reserves	(7,837)	—	—	—	—	—	8,671	—	834
Total equity	148,641	1,501,654	(1,470,720)	(56,892)	(4,910)	658	—	(68)	118,363
LIABILITIES									
<i>Insurance provisions (obsolete under IFRS 17)</i>	1,404,294	(1,404,294)	—	—	—	—	—	—	—
<i>Insurance contract liabilities (new under IFRS 17)</i>	—	—	1,489,997	56,892	—	—	—	—	1,546,889
Financial liabilities	—	—	—	—	—	—	—	—	—
Borrowings	155,000	—	—	—	—	—	—	—	155,000
Other financial liabilities	23,841	—	—	—	—	—	—	—	23,841
Other liabilities and accruals	151,738	(121,236)	(19,277)	—	—	—	—	—	11,225
Total liabilities	1,734,873	(1,525,530)	1,470,720	56,892	—	—	—	—	1,736,955
Total equity and liabilities	1,883,514	(23,876)	—	—	(4,910)	658	—	(68)	1,855,318

Notes

- Derecognition of IFRS 4 insurance liabilities; removal of other items now modelled as part of IFRS 17 fulfilment cashflows, such as insurance payables [2023: (€210m), 2022: (€121m)] and receivables [2023: (€54m), 2022: (€24m)].
- Recognition of all cashflows modelled as part of insurance IFRS 17 fulfilment cashflows [2023: €2,154m, 2022: €1,471m].
- Recognition of insurance IFRS 17 Contractual Service Margin (CSM) [2023: €69m, 2022: €57m].
- Remeasurement effect of classifying IAS 39 amortised cost assets at FVTPL under IFRS 9 by recognising fair value movements.
- Reclassifications to FVTPL of financial assets under IFRS 9 [2023: €127m, 2022: €3m] including derecognition of AFS Reserve [2023: €256m, 2022: €9m] within equity.
- Net deferred tax effect of transitioning from IAS 39/IFRS 4 to IFRS 9/17 [2023: (€12m), 2022: (€5m)].

A. Material accounting policy information (continued)

A3. Adoption of new accounting pronouncements in 2023 (continued)

A3.2 Application of minor amendments applicable to the year ended 31 December 2023

The following pronouncements are applicable for the year ended 31 December 2023 but the impact of these minor amendments does not have a material impact on the Company's financial position at 31 December 2023 and performance for the year then ended.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies

Published by the IASB in February 2021, the amendments to IAS 1 require entities to disclose their "material accounting policy information" rather than their "significant accounting policies". IFRS Practice Statement 2 Making Materiality Judgements is modified accordingly to support these amendments.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Published by the IASB in February 2021, the amendments introduce a definition of "accounting estimates" and other changes to help entities distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12 - Income Taxes published on May 2021 narrows the scope of the exemption from the recognition of deferred tax liabilities and assets. This exemption no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. These amendments mainly concern lease transactions of the Company. As a result, on initial recognition of a lease, the Company needs to assess the tax bases of the right-of-use and the lease liability by identifying the amounts attributable to them for tax purposes. Then, if the taxable and the deductible temporary differences are equal, a deferred tax liability related to the right-of-use and a deferred tax asset related to the lease liability are recognised.

Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules

In May 2023, the IASB issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes where applicable in jurisdiction the Company operates in. For further details see **note B6**.

A4. New accounting pronouncements not yet effective

The following new standards and amendments to existing standards have been issued, are not yet effective for the Company and have not been adopted early by the Company:

A4.1 IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

As part of its work on sustainability reporting and climate-related matters' impact on financial statements, the IFRS Foundation's standard-setting bodies – the IASB and the International Sustainability Standards Board (ISSB) – have emphasised the concept of connectivity between financial statements and sustainability disclosures.

Published by the ISSB in June 2023, IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate related disclosures and is designed to be used with IFRS S1.

A. Material accounting policy information (continued)

A4. New accounting pronouncements not yet effective (continued)

Although all public and private companies can apply IFRS S1 and IFRS S2, the ISSB does not have the right to mandate the application of the Standards. Companies can voluntarily apply these Standards, and jurisdictional authorities can decide whether to require companies to apply them.

These standards are effective for annual reporting beginning on or after 1 January 2024.

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

These risks are receiving increasing regulatory, political and societal scrutiny in the jurisdictions that the Company operates in. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Athora Group is making progress on embedding climate risk in its risk framework, including the development of appropriate risk appetite metrics and the creation of a Sustainability Office, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories as part of Athora's Sustainability Strategy Framework launched in 2022.

A4.2 Application of minor amendments applicable subsequent to the year ended 31 December 2023

The following pronouncements are not applicable for the year ended 31 December 2023 and have not been applied in preparing these financial statements. The impact of these minor amendments are being assessed by the Company and is deemed not likely to be material.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Published by the IASB in January, 2020 and October 2022, the amendments clarify requirements in IAS 1 for the presentation of liabilities in the statement of financial position and improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. . The amendments are effective for annual reporting beginning on or after 1 January 2024.

Amendments to IFRS 16, Leases: Lease Liability in a Sale and Leaseback

Published by the IASB in September 2022, the amendments introduces specific subsequent measurement requirements for sale and leaseback transactions. The amendments are effective for annual reporting beginning on or after 1 January 2024.

Amendments to IAS 7, Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures: Supplier Finance Arrangements

Published by the IASB in May 2023 with an effective date of 1 January 2024, the amendments introduce specific disclosure requirements relating to the effects of supplier finance arrangements on the entity's liabilities, cash flows and its exposure to liquidity risk.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Published by the IASB in August 2023 with an effective date of 1 January 2025, this amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

B. Other income statement notes

B1. Insurance revenue

The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- Amounts related to income tax that are specifically chargeable to the policyholder
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

For management judgement applied to the amortisation of CSM, please refer to **note E3**.

€000	2023	2022 Restated
Amounts relating to the changes in the liability for remaining coverage		
Expected insurance service expenses and claims incurred in the year	64,919	50,087
Release of risk adjustment for non-financial risk	3,711	797
Amount of CSM recognised in profit or loss	3,401	3,292
Other amounts including experience adjustments for premium receipts	—	—
	72,031	54,176
Amounts relating to recovery of insurance acquisition cash flows		
Allocation of the portion of premiums that related to the recovery of insurance acquisition cash flows	33	15
	72,064	54,191

B2. Net financial result

Net investment income

This item comprises realised and unrealised gains and losses, interest income and expense and dividends on financial assets and liabilities at fair value through profit or loss.

For interest-bearing assets, interest is recognised as it accrues and is calculated using contractual interest rates. Dividends on equity securities are recorded as revenue on the ex-dividend date.

A realised gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs and its original cost, as appropriate. Unrealised gains and losses, arising on investments which have not been derecognised as a result of disposal or transfer, represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year.

B. Other income statement notes (continued)

B2. Net financial result (continued)

Insurance finance income or expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. This is to minimise accounting mismatch because all the Company's financial assets backing the insurance issued portfolios are measured and managed on a fair value through profit or loss basis.

€000	Note	2023	2022 Restated
Investment income/(loss)	B2.1	199,189	(356,122)
Net finance (expense)/income from insurance contracts	B2.2	(132,199)	359,890
Net financial result		66,990	3,768

B2.1 Net investment income/(loss)

€000	2023	2022 Restated
Net income/(expense) from derivatives held	47,202	(60,890)
Interest revenue	77,259	38,030
Net gains/(losses) on financial assets valued through profit or loss	55,850	(344,483)
Cash and cash equivalents	11,853	371
Other investment income	6,189	10,850
Net foreign exchange gains/(losses)	836	—
	199,189	(356,122)

The investment losses on financial assets in 2022 are due to the susceptibility of the assets to interest rate and other macroeconomic factors in the market and are therefore not deemed to be a permanent credit risk related to the diminution in the asset value. This is evidenced by the partial recovery in asset value as shown in the fair value gains on financial assets in 2023.

B2.2 Insurance finance (expense)/income from insurance contracts issued

€000	2023	2022 Restated
Interest accreted	(95,996)	(23,051)
Effect of changes in interest rates and other financial assumptions	(36,203)	382,941
	(132,199)	359,890

B3. Other income

€000	2023	2022 Restated
Gains on foreign currencies	4	6
Income from other group companies	2,566	2,418
Other	2,585	955
	5,155	3,379

B. Other income statement notes (continued)

B4. Other expenses

Other expenses are recognised in the consolidated income statement as incurred.

€000	Note	2023	2022 Restated
Staff costs		(2,879)	(1,648)
IT, professional and property costs		(1,910)	(3,287)
Asset management fees		(6,384)	(4,863)
Other administration expenses		(15,627)	(14,955)
Depreciation of tangible assets	F1	(889)	(889)
		(27,689)	(25,642)
Represented by:			
Directly attributable expenses (included within insurance service expenses)		(7,794)	(5,563)
Other expenses		(19,895)	(20,079)
		(27,689)	(25,642)

B5. Finance costs

Interest on borrowings is recognised in the consolidated income statement as it accrues and is calculated using the effective interest method (see **note D5**).

€000	2023	2022
Borrowings	(6,476)	(1,637)
Interest expense on lease liabilities	(532)	(572)
Other finance costs	(10)	(34)
	(7,018)	(2,243)

B6. Tax charge

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in the statement of consolidated comprehensive income or the statement of consolidated changes in equity, in which case it is recognised in these statements.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the date of the statement of consolidated financial position together with adjustments to tax payable in respect of previous years.

B. Other income statement notes (continued)

B6. Tax charge (continued)

B6.1 Current year tax charge

€000	2023	2022 Restated
Current tax:		
Foreign tax charges	6	—
Total current tax charge	6	—
Deferred tax:		
Origination and reversal of temporary differences during the year	2,986	(2,763)
Adjustment in respect of previous periods	1	(58)
Tax charge/(credit) on profit on ordinary activities	2,987	(2,821)
Income taxes	2,993	(2,821)

B6.2 Reconciliation of tax charge/(credit)

The Company operates in multiple jurisdictions and is subject to taxation on profits/(losses) in each jurisdiction at different rates. The differences are explained below:

€000	2023	2022 Restated
Profit/(loss) before tax	44,656	(12,871)
Tax calculated at the domestic rates applicable to profits in each operational jurisdiction	2,986	(2,763)
Effects of:		
Income taxable at higher rates	6	—
Adjustments in respect of prior years	1	(58)
Total tax charge/(credit)	2,993	(2,821)

Tax calculated at the domestic rates applicable to profits in each operational jurisdiction has been computed using the standard rates of taxes on corporate income for the financial year, as follows: Bermuda 0% (2022: 0%), Ireland 12.5% (2022: 12.5%).

C. Equity

C1. Share capital

€000	2023	2022 Restated
Share capital	250	250
Capital contribution	241,000	241,000
Retained reserves	(92,108)	(133,771)
Other reserves	834	834
	149,976	108,313

The Company's shareholder's equity of €250,000 relates to 250,000 authorised, fully paid shares at €1 par value each. The capital contribution represents the cumulative amount of capital contributed to the Company from AHL.

C1.1 Other reserves

Foreign currency translation reserve

The foreign currency translation reserve represents the cumulative gains and losses on the translation of the Company's net investment in its foreign operations. Gains and losses accumulated in this reserve are reclassified to the income statement when the Company loses control, joint control, or significant influence over the foreign operation or on disposal or partial disposal of the operation.

D. Financial assets and liabilities

D1. Classification and measurement of financial assets and liabilities

D1.1 Classification and recognition of financial instruments

Financial assets

The Company mandatorily classifies all its financial assets as fair value through profit or loss, because their performance is managed on a fair value basis. The exceptions are cash and cash equivalents and other receivables, which are classified at amortised cost (see note F2 and F3). Both receivables and cash & cash equivalents are short-term in nature and therefore the carrying amount approximates fair value.

The classification is based on management's intention relating to the purpose, risk and nature of the instrument or characteristics of the investment. The Company determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss (FVTPL) can either be held for trading (if acquired principally for the purpose of selling in the short-term) or designated at fair value through profit or loss at inception.

Financial assets are initially recorded at fair value. Fair value adjustments and realised gains and losses are recognised in the statement of profit or loss. Incremental costs and fees that are directly attributable to origination of the financial assets are immediately recognised in the profit or loss.

A financial asset (or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and has either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets held by the Company include debt instruments, equity instruments, loans, receivables and investments in non-consolidated investment funds. These instruments are held directly or through controlled investment funds.

Details of the financial assets are set out in section D3.

Financial liabilities

On initial recognition, financial liabilities are recognised when due and measured at the fair value of the consideration received less directly attributable transaction costs. Other than derivatives, financial liabilities are measured at amortised cost using the effective interest method subsequent to initial recognition.

A financial liability is derecognised when the obligation under the liability is discharged, or cancelled or expires.

Details of the financial liabilities are set out in note D6.

D. Financial assets and liabilities (continued)

D1. Classification and measurement of financial assets and liabilities (continued)

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. When financial assets and liabilities are offset any related interest income and expense is offset in the statement of profit or loss.

D1.2 Fair Valuation of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies require the measurement of fair values for financial assets and non-financial assets. Further, disclosure is required of the fair value of financial liabilities, which are measured at amortised cost.

The fair value of a non-financial asset is determined based on its highest and best use from a market participant's perspective. When using this approach, the Company takes into account the asset's use that is physically possible, legally permissible, and financially feasible.

The Company determines the fair value of a financial instrument using the quoted price in an active market for that instrument, when one is available. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and short positions at an ask price.

The best evidence of the fair value on initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at its fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, the difference is recognised in the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset.

D. Financial assets and liabilities (continued)

D2. Fair value hierarchy

D2.1 Basis for determining fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 'fair value hierarchy' described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1

Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date. Fair values of assets and liabilities traded on active markets are determined using quoted market prices when available. Financial instruments are considered as being quoted in an active market when quotes representing consensus are regularly provided by external pricing services with limited dispersion and prices are readily available.

Level 2

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads).
- Market-corroborated inputs.

Where the Company uses broker quotes and no information as to the observability of inputs is provided by the broker, the investments are classified as follows:

- Where the broker quote is binding, or where the broker price is validated by using internal models with market observable inputs and the values are similar, the Company classifies the investment as Level 2.
- In circumstances where internal models are not used to validate broker prices, or the observability of inputs used by brokers is unavailable, the investment is classified as Level 3.

Level 3

Inputs to Level 3 fair values are unobservable inputs for the asset or liability including, as available and appropriate, internal data and other publicly available information.

Fair value, in the first instance, is calculated using recognised pricing services, market participants or other sources. When market quotations are not available, a model-based approach (typically discounted cash flow) is used to determine fair value. Once valuations are performed, appropriate validation and review is completed to ensure the most appropriate valuation is applied at period end.

The Company formulates the assumptions that are used to determine prices, with due reference to estimates of future cash flows and timing, maturity dates, volatility, risk premium and other relevant available information.

Unobservable inputs may be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, it is worth noting that the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Examples are certain private equity investments and private placements. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an orderly transaction between market participants under market conditions current at that date.

D. Financial assets and liabilities (continued)

D2. Fair value hierarchy (continued)

D2.2 Determination of fair values

All financial assets (with the exception of cash and cash equivalents and other receivables) are carried at fair value.

The Company classifies sovereign and corporate bond securities, and money market instruments as Level 1. The basis of the classification is that they are assessed as satisfying the Level 1 observable requirements and that the prices for these assets are readily available.

Level 2 assets include unlisted debt securities based on market data and derivatives. Generally, these assets are traded regularly however they do not have readily available, observable market prices. The basis for this classification is that fair value is derived from observable assets, either directly as available prices or derived indirectly from other quoted prices, and utilised for these assets. The prices used are from: fund managers, who publish prices daily; and banks for derivatives, who use models that replicate the underlying market-traded instruments.

Debt securities, in line with market practice, are generally valued using an independent pricing service. These valuations are determined using independent external quotations from multiple sources and are subject to a number of monitoring controls, such as monthly price variances, stale price reviews and variance analysis. Pricing services, where available, are used to obtain the third party broker quotes. Where pricing services providers are used, a single valuation is obtained and applied. When prices are not available from pricing services, quotes are sourced from brokers.

Over-the-counter derivatives are valued using broker quotes or models such as option pricing models, simulation models or a combination of models. The inputs for these models include a range of factors which are deemed to be observable, including current market and contractual prices for underlying instruments, period to maturity, correlations, yield curves and volatility of the underlying instruments.

Level 3 assets are the remainder of assets where prices are derived from valuation techniques that include inputs for assets that are not usually based on observable market data, which require significant management judgement or estimation. The Company's Level 3 assets are equity securities, private credit and investment funds. Valuations of Level 3 assets are determined with data inputs from asset managers or third party valuation experts and assurance reviews by auditors, which feed into an independent review of inputs and methodologies underlying these valuations by Company management.

Methodologies and assumptions used in these valuations may include, for example, yield methods using data of comparable listed entities, subject company transactions, discounted cash flows, property growth rates, longevity or liquidity premiums, as relevant to each asset class.

D2.3 Fair value hierarchy analysis

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In 2023, transfers from Level 3 to Level 2 amounted to €40m (2022: €8m), transfers from Level 2 to Level 1 amounted to €4m (2022: NIL), transfers from Level 1 to Level 2 amounted to €12m (2022: NIL) and transfers from Level 2 to Level 3 amounted to NIL (2022: NIL).

D. Financial assets and liabilities (continued)

D2. Fair value hierarchy (continued)

D2.3 Fair value hierarchy analysis

An analysis of assets and liabilities measured at fair value on a recurring basis, categorised by fair value hierarchy as at the 31 December 2023 and the 31 December 2022, is given below.

€000	Level 1	Level 2	Level 3	Total
2023				
Financial assets measured at fair value:				
Derivative financial assets	—	81,804	—	81,804
Equity securities	—	—	65,601	65,601
Debt securities	854,832	284,799	324,343	1,463,974
Investment fund units	—	—	299,454	299,454
Loans	—	57,738	330,404	388,142
	854,832	424,341	1,019,802	2,298,975

€000	Level 1	Level 2	Level 3	Total
2023				
Financial liabilities measured at fair value:				
Derivative financial liabilities	—	63,652	—	63,652
	—	63,652	—	63,652

€000	Level 1	Level 2	Level 3	Total
2022 (Restated)				
Financial assets measured at fair value:				
Derivative financial assets	—	13,374	—	13,374
Equity securities	—	—	49,033	49,033
Debt securities	966,272	160,063	241,345	1,367,680
Investment fund units	266,968	—	324,685	591,653
Loans	—	136,571	367,632	504,203
	1,233,240	310,008	982,695	2,525,943

€000	Level 1	Level 2	Level 3	Total
2022 (Restated)				
Financial liabilities measured at fair value:				
Derivative financial liabilities	—	55,921	—	55,921
	—	55,921	—	55,921

D. Financial assets and liabilities (continued)

D2. Fair value hierarchy (continued)

D2.3 Fair value hierarchy analysis (continued)

Reconciliation of movements in Level 3 assets and liabilities

The following tables show a reconciliation of the opening and closing amounts of Level 3 assets:

€000	Financial assets
1 January 2023	982,695
Adjustment for Change in Estimate *	(40,051)
<i>Investment income</i>	245
<i>Fair value gains/(losses)</i>	(2,852)
Income statement	(2,607)
Purchases	328,685
Disposals	(248,920)
31 December 2023	1,019,802

* Under IFRS 9, all the financial assets, in particular amortised cost assets, have been classified as FVTPL. Consequently, the fair valuation methodology and procedures were revisited and updated. Whilst the fair values have not been affected, this has impacted the disclosures relating to hierarchy of fair valuation such that the fair valuations that were previously regarded as Level 3 within the hierarchy were reassessed as Level 2 and vice versa.

Restated

€000	Financial assets
1 January 2022	870,140
<i>Fair value gains/(losses)</i>	(70,009)
Income statement	(70,009)
Purchases	498,319
Disposals	(307,492)
Transfers out of level 3	(8,263)
31 December 2022	982,695

D2.4 Measurement of fair values

Valuations of Level 3 financial instruments are determined with data inputs from asset managers or third-party valuation experts and largely based on external valuation reports received from asset managers. The Company reviews the valuation processes internally and with external investment managers and other professionals. This work gives comfort to management that the assets are valued in accordance with applicable regulation and guidance which results in the asset being valued appropriately. In the current year there have been no changes in the respective valuation techniques used.

The principal assets classified as Level 3, and the valuation techniques applied to them, are described below.

D2.4.1 Private debt and fixed maturity securities

The Company holds commercial mortgage loans and mezzanine debt as well as privately placed bonds and structured debt products. These have been classified as Level 3 because they are not traded on an active market and are valued either using valuations of similar privately or publicly held assets, which include a significant unobservable liquidity adjustment, or are validated against internal models.

D. Financial assets and liabilities (continued)

D2. Fair value hierarchy (continued)

D2.4 Measurement of fair values (continued)

Valuation techniques

Private credit instruments are valued by external investment managers primarily using discounted cash flow models and yield methods, whereby cash flows are discounted and modelled based on yield spread movements in comparable market yields as well as company specific factors.

The fair value is estimated considering (i) current or recent prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets adjusted by a liquidity factor. Credit spreads represent the premium above the benchmark reference instrument required to compensate for lower credit quality; higher spreads lead to a lower fair value.

The Company holds a portfolio of mezzanine and mortgage loans which are valued using a cash equivalency method which uses a discounted cashflows analysis to arrive at the net present value for a loan based on a market equivalent rate. This technique takes into account the market value of the underlying real estate in order to determine the quality of the loan. The current market value of the real estate can be obtained through a current valuation or through other techniques such as forecasting based on real estate indices, survey data, collateral-specific and variables (loan-to-value ratio, refinancing risk, etc.).

Significant unobservable inputs

The significant unobservable inputs and their range include:

- Discount rate (2023: 4%-31%; 2022: 3%-52%); and
- Total Enterprise Value (TEV)/EBITDA (2023: 2x-21x; 2022: 2x-24x).

Interrelationship between the key unobservable inputs and fair value

Valuation techniques applied to many of the Company's Level 3 instruments often involve the use of two or more inputs whose relationship is interdependent. For debt securities, reasonably possible alternative assumptions have been determined in respect of the Company's credit investment by flexing credit spreads.

D2.4.2 Private equity securities and investment funds

Valuation techniques

Private equity holdings are valued using a range of techniques, including earnings multiples, forecast cash flows and price-to-earnings ratios which are deemed to be appropriate but unobservable.

For equity securities the valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the illiquidity of the equity securities, and the revenue and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of the investee.

The estimate is adjusted for the net debt of the investee. The significant unobservable input is the adjusted market multiple. The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).

Investments funds are valued by external fund managers subject to regulatory oversight and guidance. These external managers have experience in pricing these 'difficult to value' assets which generally have limited, if any, observable data. The valuation approach will mirror those outlined above for equity and debt securities depending on the nature of the underlying investments in the funds.

Significant unobservable inputs

The significant unobservable inputs and their range include:

- Discount rate (2023: 9%-20%; 2022: 10%-20%); and
- TEV/EBITDA (2023: 1x-13x; 2022: 1x-10x).

D. Financial assets and liabilities (continued)

D2. Fair value hierarchy (continued)

D2.4 Measurement of fair values (continued)

Interrelationship between the key unobservable inputs and fair value

Valuation techniques applied to many of the Company's level 3 instruments often involve the use of two or more inputs whose relationship is interdependent. For unlisted equity, the valuation techniques used vary depending on the nature of the investment. Reasonably possible alternative valuations for these investments have been calculated by reference to the approach taken, as appropriate to the business sector and investment circumstances and as such the following inputs have been considered:

- for valuations derived from earnings multiples, consideration is given to the risk attributes, growth prospects and financial gearing of comparable businesses when selecting an appropriate multiple; and
- the discount rates used in discounted cash flow valuations.

D2.5 Level 3 sensitivity analysis

€000		2023	2022 Restated
Impact on shareholders' equity, net of tax	Change in		
Credit spread	+50bps	(18,876)	(18,443)
Credit spread	-50bps	20,143	19,797
Interest rate	+50bps	(16,155)	(17,036)
Interest rate	-50bps	17,350	18,354
Equity	+10%	17,606	12,897
Equity	-10%	(17,606)	(12,897)

D. Financial assets and liabilities (continued)

D3. Financial assets

The following table sets out the fair value of the financial assets held by the Company:

€000	Note	2023	2022 Restated
Debt securities		1,463,974	1,367,680
Equity securities		65,601	49,033
Investment funds		299,454	591,653
Derivative assets	D4	81,804	13,374
Loans		388,142	504,203
		2,298,975	2,525,943

Information about the Company's exposure to credit and market risks is included in **note D7**.

Information on the fair value of the Company's investment portfolio is included in **note D2**.

D4. Derivatives

Derivative financial instruments are classified as held for trading and are not hedge accounted.

These instruments are initially recorded at fair value. Subsequent to initial recognition, these instruments are re-measured at fair value. Fair value adjustments and realised gains and losses are recognised in the consolidated income statement.

All derivatives are presented as assets when the fair values are positive and as liabilities when the fair values are negative.

The Company uses derivative financial instruments in line with its strategy for risk mitigation. The Company purchases derivative financial instruments principally in connection with the management of its insurance contracts based on the principles of reduction of risk and efficient portfolio management. The Company does not typically hold derivatives for the purpose of selling or repurchasing in the near term or with the objective of generating a profit from short-term fluctuations in price or margin. The Company also holds derivatives to hedge financial liabilities denominated in foreign currency.

	2023		2022	
	Assets €000	Liabilities €000	Assets €000	Liabilities €000
Interest rate swaps	73,326	59,892	3,238	50,265
Forwards	8,478	3,760	10,136	5,656
	81,804	63,652	13,374	55,921

D. Financial assets and liabilities (continued)

D4. Derivatives (continued)

D4.1 Derivative collateral arrangements

The Company receives and pledges collateral in the form of cash in respect of derivative contracts in order to reduce the credit risk of these transactions. Where cash collateral is available to the Company for investment purposes, the collateral repayable is recognised as cash collateral held (see **note D6**) in the statement of financial position. Pledged collateral that has been paid to banks is classified within Financial assets - Loans (see **note D3**).

The Company enters into derivative transactions under International Swaps and Derivatives Association (“ISDA”) master netting agreements.

In general, under these agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The derivative financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. When financial assets and liabilities are offset any related interest income and expense is offset in the income statement.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements that are stated gross and those that offset and are therefore stated net. These collateral balances mature on demand.

€000	Related amounts not offset in the statement of financial position (SoFP)				
	Gross amount presented in the SoFP	Recognised financial instrument	Net amount of financial instrument	Cash collateral (received)/pledged	Net exposure
2023					
Financial assets					
<i>Derivative financial assets</i>	81,804	(54,638)	27,166	—	27,166
Financial liabilities					
<i>Derivative financial liabilities</i>	(63,652)	54,638	(9,014)	44,955	35,941
	18,152	—	18,152	44,955	63,107

€000	Related amounts not offset in the statement of financial position (SoFP)				
	Gross amount presented in the SoFP	Recognised financial instrument	Net amount of financial instrument	Cash collateral (received)/pledged	Net exposure
2022 (Restated)					
Financial assets					
<i>Derivative financial assets</i>	13,374	—	13,374	—	13,374
Financial liabilities					
<i>Derivative financial liabilities</i>	(55,921)	—	(55,921)	126,570	70,649
	(42,547)	—	(42,547)	126,570	84,023

D. Financial assets and liabilities (continued)

D5. Borrowings

On initial recognition borrowings are recorded at fair value net of transaction costs incurred. These instruments are subsequently measured at amortised cost, using the effective interest rate method.

€000	2023	2022
Senior Debt	155,000	155,000
	155,000	155,000

On 20 December 2022, the Company amended its funding agreement with Athora Belgium in the amount of €75m with a floating interest rate and a maturity date of 20 December 2025.

On 6 December 2023, the Company amended its funding agreement with Athora Lebensversicherung AG in the amount of €80m with a fixed interest rate of 4.6% and a maturity date of 6 December 2026.

These funding agreements do not transfer insurance risk. Accordingly, the contracts are accounted for as a deposit liability in a manner similar to interest bearing or other financial instruments.

D6. Other financial liabilities

Other financial liabilities consist of derivative liabilities, lease liabilities and cash collateral held. For accounting treatment of derivative liabilities and cash collateral held, see **note D4**.

€000	Note	2023	2022
Derivative liabilities	D4	63,652	55,921
Lease liabilities	D6.1	9,379	10,128
Cash collateral held		2,783	—
		75,814	66,049

D6.1 Lease liabilities

The liability amounts and maturity profile for leases where the Company is a lessee are included in the table below:

€000	< 1 year	1 to 5 years	> 5 years	Total
2023	791	3,636	4,952	9,379
2022	749	4,427	4,952	10,128

For details of accounting policy on leases, see **note F1**.

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks

The use of financial instruments naturally exposes the Company to the risks associated with them, mainly credit risk, market risk, and liquidity risk. The Company also has exposure to underwriting risk as part of its insurance activities which are covered in **note E2**.

D7.1 Risk management framework

The primary objective of the Company’s risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of the Company’s performance objectives, including failing to exploit opportunities. The Company recognises the critical importance of having efficient and effective risk management systems in place.

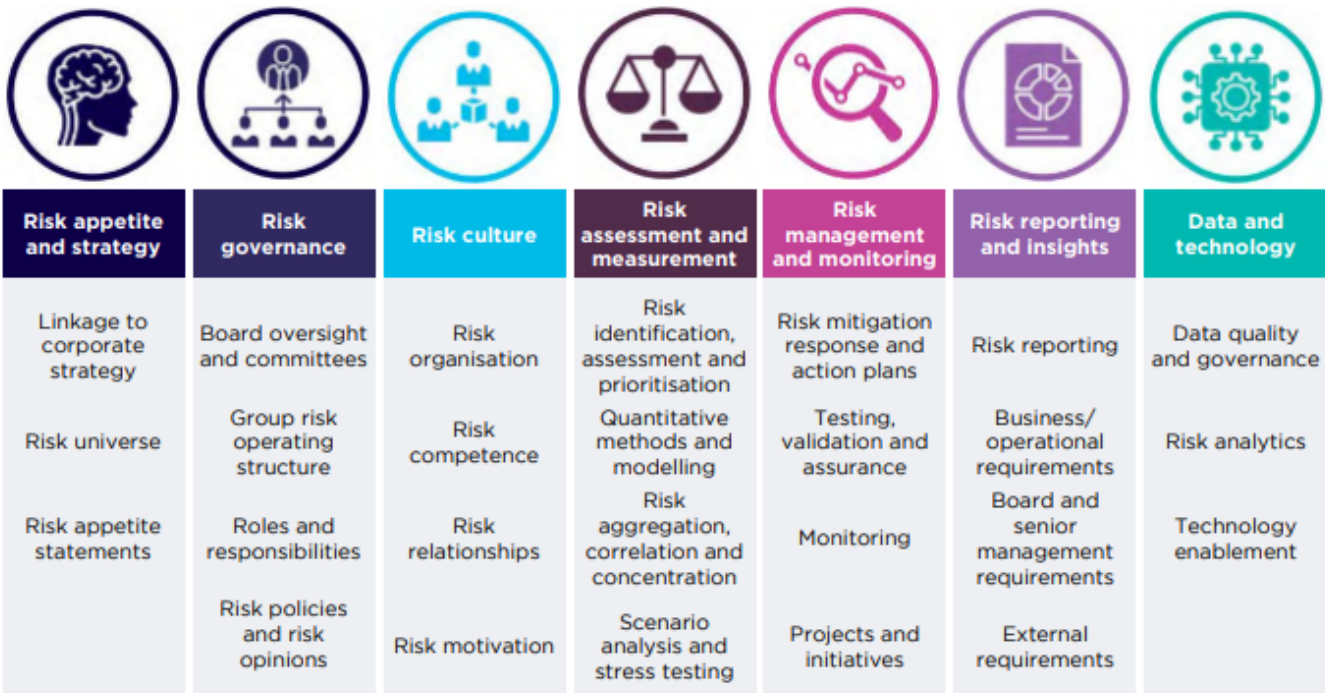
The Company’s risk management framework interfaces directly with the Athora Group’s Enterprise Risk Management (“ERM”) framework, and is comprised of:

Systems of governance

- ARE’s committee structure is embedded within the Athora Group Governance Framework.
- ARE adopts Athora Group policies and guidelines localised, as required, and develops its own specific policies, where necessary.

While the Board retains overall responsibility for approving the ARE risk framework, ARE’s Risk Committee (“ARC”) is charged with developing and overseeing compliance with the risk framework.

As part of the Athora Group ERM framework, risks need to be identified, understood, and assessed (against levels defined as acceptable) before the right controls can be designed and implemented. Risks are managed from multiple perspectives, including economic, regulatory, and accounting. The ERM Framework includes Risk Strategy and Appetite, Risk Governance, Risk Culture, Risk Measurement and Assessment, Risk Management and Monitoring, Risk Reporting and Insights and Data and Technology. The following graphic sets out these components.



D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.1 Risk management framework (continued)

Risk strategy and appetite

The Risk Strategy and Appetite is an integral part of the business strategy and determines how ARE selects risks it can control and extract value from in line with its strategy. ARE’s risk strategy encompasses the follow core pillars:

- **Risk Identification** – assessment of all material risks facing the business.
- **Risk Appetite** – a definition of appetite for risk taking and risk controlling for each material risk.
- **Risk Monitoring** – a system of stress and scenario testing to assess ARE’s resilience to risk, covering internally defined stress testing, regulatory stress testing, and reverse stress testing.

The risk strategy is reviewed annually but expected to remain stable over time. Risk Strategy and Appetite is translated into specific risk policies and limits for the relevant risk types, which set out the policy objectives, requirements, the roles, and responsibilities, as well as the required processes and controls for each risk.

Risk Identification

Risk identification requires a rigorous assessment of the business to determine the universe of risks to which the business is exposed. The risk universe is shown below:

Strategic Risk	Market Risk	Governance Risk	Underwriting and Reserving Risk	Operational Risk	Information Security Risk	Compliance Risk	Financial Crime	Reputational Risk	Emerging Risk		
		Business Model Risk			Spread Risk		Mortality Risk			Data Risk	Legal and Regulatory
		People and Culture Risk			Investment Value Risk		Longevity Risk			HR Risk	Market Integrity
	Credit Risk	Other ALM/Market Risk		Morbidity/Disability Risk	Business Continuity Risk		Employee Conduct				
										Policyholder Behaviour Risk	Business Process Risk
		Liquidity Risk		Expense Risk	Model Risk		Tax Risk				
										Default and Migration Risk	Financial Reporting Risk
					Distribution Channels Risk						
					Change Risk						

Risk Appetite

We use risk appetite statements to indicate our appetite for certain risks. These are set at Group level to manage the aggregated risk profile across the Group. At an overall level, Athora’s risk preference can be categorised using three levels:

- **desired risks** that are core to the business model which provide an attractive risk-return profile and are underpinned by proactive risk and capital management;
- **tolerated risks** that we incur as a result of the business model but are reduced through mitigation; or
- **undesired risks** that we seek to avoid or fully eliminate where possible.

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.1 Risk management framework (continued)

Risk Monitoring

Monitoring of risks comprises both ongoing monitoring activities in the normal course of management and separate evaluations. There is regular reporting of monitoring activities to the ARC and Board. Group Risk provides guidance on quarterly monitoring in line with the Risk Strategy and Appetite and risk tolerances and limits set out in the risk policies. Consistent monitoring across the Athora Group allows for aggregation and active monitoring of risks at Athora Group level.

D7.2 Sensitivity analyses

The sensitivity analyses performed for financial risks are set out in the table below. These sensitivities are based on single point in time (instantaneous) shocks to the market value of assets included in the IFRS17/9 Balance Sheet. These shocks are applied through direct changes in market prices or through changes in the level of interest rates. Where affected, the value of the insurance contract liabilities have been recalculated to reflect the impact of these shocks.

For insurance contracts that are valued under the IFRS 17 General Measurement Model (“GMM”), economic impacts do not affect the CSM and instead directly impact Profit or Loss. Changes in the proportion of the Company’s contracts valued under the GMM will cause variations in the sensitivity of Profit or Loss and Equity to economic impacts over time. The sensitivity analyses performed in respect of underwriting risks can be found in note **E2.3**.

€000	2023			
	Financial assets	Insurance contracts	Profit or loss, net of tax	Equity, net of tax
Credit risk				
Credit spreads +50bp	(94,566)	(23,826)	(71,898)	(71,898)
Credit spreads -50bp	107,373	24,175	84,374	84,374
Market risk				
Interest rates +50bp	(105,346)	(100,356)	(9,584)	(9,584)
Interest rates -50bp	115,192	108,692	11,454	11,454
Equity/property prices +10%	18,046	—	18,046	18,046
Equity/property prices -10%	(18,046)	—	(18,046)	(18,046)
		2022 (restated)		
€000	Financial assets	Insurance contracts	Profit or loss, net of tax	Equity, net of tax
Credit risk				
Credit spreads +50bp	(87,031)	(22,462)	(65,550)	(65,550)
Credit spreads -50bp	99,961	22,771	78,184	78,184
Market risk				
Interest rates +50bp	(68,777)	(102,703)	29,141	29,141
Interest rates -50bp	80,433	111,348	(25,738)	(25,738)
Equity/property prices +10%	11,238	—	11,238	11,238
Equity/property prices -10%	(11,238)	—	(11,238)	(11,238)

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.3 Financial risk

Credit risk

Credit risk is the risk of loss resulting from a counterparty's potential inability or unwillingness to fully meet its contractual obligations to the Company. The Company's approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from deterioration in credit quality of counterparties including default, rating migration and credit spread movements.

The Company assumes credit risks through its investment activities via a targeted and selected Strategic Asset Allocation (SAA) that is in line with the risk appetite and strategy. Where credit risk is assumed, the Company ensures that it remains diversified, that the Company is adequately compensated, and that the level of risk is consistent with the Company's risk appetite and objectives. The Company avoids idiosyncratic concentrations, distinguishes between price and default risk from credit exposures, and ensures that credit risk taking from the investment activity remains within appetite and does not represent a solvency risk to the Company in severe economic conditions.

Asset quality

The ratings employed by the Company consider the ratings from the three main rating agencies (Standard & Poor's, Fitch, and Moody's) as well as internal credit assessments assigned by Athora Group Risk to private credit assets, which are used as inputs for the BMA-approved BSCR internal credit assessment.

The table below provides information regarding the maximum credit risk exposure of the Company by classifying assets according to the credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

€000	Fixed-income securities	Cash and cash equivalents	Loans	Total
2023				
AAA	91,159	231,759	—	322,918
AA	623,524	195	19,311	643,030
A	326,726	74,579	57,683	458,988
BBB	140,453	—	—	140,453
BB	—	—	67,017	67,017
NR	282,112	—	183,819	465,931
N/A	—	—	60,312	60,312
Total	1,463,974	306,533	388,142	2,158,649

€000	Fixed-income securities	Cash and cash equivalents	Loans	Total
2022 (Restated)				
AAA	72,972	—	—	72,972
AA	782,115	—	56,627	838,742
A	176,208	67,785	176,621	420,614
BBB	94,202	1,283	22,518	118,003
BB	—	—	59,763	59,763
NR	242,183	—	188,674	430,857
Total	1,367,680	69,068	504,203	1,940,951

Fixed-income securities and loans allocated to "Not rated" ("NR") consist of the Company's investment in private debt and equity of €466m (2022: €431m). Loans classed as 'Not applicable' primarily relate to mortgages loans. Increase in AAA rated assets is mainly due to reclassification of money market investments to cash and cash equivalents in 2023. See **note F3** for details.

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.3 Financial risk (continued)

Other receivables

For other receivables the determination of forward-looking economic scenarios is less significant given that over the short credit risk exposure period, a significant change in economic conditions is unlikely. Consequently, the historical loss rates are considered to be an appropriate basis for the estimate of expected future credit losses. The Company uses the simplified ECL provision matrix approach that applies the historical loss rates to the trade receivable balances depending on the number of days that a trade receivable is past due.

At 31 December 2023, Receivables and other assets, were neither past due nor impaired (2022: Nil).

Derivative financial instruments

As at 31 December 2023, the Company has pledged collateral with a fair value of €47.7m (2022: €126.6m) and has received collateral of €2.8m (2022: NIL).

The Company's counterparties for interest rate swaps and foreign currency swaps are all investment graded banks or centrally cleared counterparties. The Company has the necessary Credit Support Annex agreements (CSA) and International Swap and Derivative Association agreements (ISDA) in place. The Company maintains daily collateral exchange with external counterparties. Given the above, the Company's counterparty risk remains within risk appetite. There are no other significant terms and conditions associated with the use of collateral.

Concentration of credit risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics are similar in that the changes in economic or political environments may impact their ability to meet obligations as they come due.

The Company may accept limited and carefully selected concentration risk to maximise returns, while ensuring an overall diversified asset portfolio. This is managed closely through the process and selection criteria set out in the SAA.

Appropriate limit and early warning systems are in place throughout the Company to manage and monitor our credit concentration risk exposures.

The following tables set out the credit risk exposures based on how the Company manages the risk. The Company manages the risk based on the carrying value of the financial instruments:

2023					
€000	Government	Financial services	Real estate	Other	Total
Financial Assets	576,152	1,144,396	245,217	333,210	2,298,975
<i>Fixed-income securities</i>	573,172	523,309	133,359	234,134	1,463,974
<i>Equities securities</i>	—	—	1,647	63,954	65,601
<i>Investment funds</i>	—	264,332	—	35,122	299,454
<i>Loans</i>	2,980	274,951	110,211	—	388,142
<i>Derivative assets</i>	—	81,804	—	—	81,804
Receivables and other assets	9,252	30,675	3,492	2,191	45,610
Cash and cash equivalents	—	306,533	—	—	306,533
	585,404	1,481,604	248,709	335,401	2,651,118

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.3 Financial risk (continued)

2022 (Restated)

€000	Government	Financial services	Real estate	Other	Total
Financial Assets	693,161	1,169,561	206,321	456,900	2,525,943
<i>Fixed-income securities</i>	693,161	408,469	24,714	241,336	1,367,680
<i>Equities securities</i>	—	—	1,405	47,628	49,033
<i>Investment funds</i>	—	485,213	—	106,440	591,653
<i>Loans</i>	—	262,505	180,202	61,496	504,203
<i>Derivative assets</i>	—	13,374	—	—	13,374
Receivables and other assets	11,474	23,515	1,732	2,388	39,109
Cash and cash equivalents	—	69,068	—	—	69,068
	704,635	1,262,144	208,053	459,288	2,634,120

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The Company ensures that a sufficient liquidity buffer is maintained to meet liquidity demands, even in times of stressed market conditions. Exposure to liquidity risk is managed through several measures that include risk limits, standardised approach to liquidity measurement, sensitivity testing and stress and scenario testing and liquidity plans.

The primary liquidity requirements of the business relate to expenses, derivatives margining and the reinsurance agreements in place. The Company has adopted a Liquidity Risk Policy which sets out minimum standards for the Company to maintain sufficient cash and highly liquid assets to be able to meet policyholder claims, expenses, and collateral management in all reasonably foreseeable scenarios.

The Liquidity Risk Policy is designed to ensure the Company maintains sufficient financial resources to meet obligations as they fall due both in normal and stressed environments. To achieve this, the policy sets out the key principles and minimum required approach to identifying liquidity risk, defining, and implementing liquidity risk appetite and tolerances and measuring sources and uses of liquidity through a Liquidity Cover Ratio measure.

Liquidity risk at insurance entities within the AHL Group is measured by a Liquidity Coverage Ratio, whereby entities assess liquidity resources (i.e. liquid assets after appropriate haircuts) relative to liquidity requirements under certain stresses over various time periods. The Athora Group (“the Group”) has committed borrowing and capital facilities that can be called upon to support the Group’s liquidity position. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low and there are no material debt maturities within 12 months.

The tables below summarise the remaining contractual maturity of insurance contract liabilities and financial liabilities at 31 December 2023 and 31 December 2022. For insurance contracts liabilities, maturity profiles are determined based on estimated timing of the cash outflows from the recognised insurance liabilities. For financial liabilities, the amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.3 Financial risk (continued)

31 December 2023	Undiscounted contractual cashflows						Discounting effect	Total
	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years		
€000								
Insurance contract liabilities	158,560	146,756	161,526	165,045	163,591	2,450,993	(980,468)	2,266,003
Insurance contract assets	166	125	73	420	—	181	(1,355)	(390)
Total insurance contracts	158,726	146,881	161,599	165,465	163,591	2,451,174	(981,823)	2,265,613

31 December 2022 (Restated)	Undiscounted contractual cashflows						Discounting effect	Total
	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years		
€000								
Insurance contract liabilities	219,698	153,936	146,301	162,014	157,086	2,817,650	(1,360,661)	2,296,024
Total insurance contracts	219,698	153,936	146,301	162,014	157,086	2,817,650	(1,360,661)	2,296,024

Life insurance contracts issued have €2,019m payable on demand as at 31 December 2023 (2022: €2,105m). The carrying amount of the respective groups of contracts as at 31 December 2023 is €2,266m (2022: €2,296m). All these amounts relate to insurance contracts issued that are liabilities.

31 December 2023	Gross contractual cash flows			Discounting effect	Total
	< 1 year	1 to 5 years	> 5 years		
€000					
Other financial liabilities	4,064	5,125	5,552	(2,579)	12,162
Other liabilities and accruals	19,026	—	—	—	19,026
Non-derivative financial liabilities	23,090	5,125	5,552	(2,579)	31,188
Derivative liabilities	1,841	9,072	52,739	—	63,652

31 December 2022 (Restated)	Gross contractual cash flows			Discounting effect	Total
	< 1 year	1 to 5 years	> 5 years		
€000					
Other financial liabilities	1,281	5,125	6,833	(3,111)	10,128
Other liabilities and accruals	27,341	—	—	—	27,341
Non-derivative financial liabilities	28,622	5,125	6,833	(3,111)	37,469
Derivative liabilities	(4,371)	(270)	60,562	—	55,921

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.3 Financial risk (continued)

Additionally, the liquidity profile of the Company's financial investments at 31 December 2023 and 31 December 2022 are shown in the tables below:

31 December 2023				
€000	1 year or less	1 to 5 years	More than 5 years or no fixed maturity	Total
Fixed-income securities	27,247	143,307	1,293,420	1,463,974
Equity securities	—	—	65,601	65,601
Investment funds	—	—	299,454	299,454
Loans	220,185	133,965	33,992	388,142
Derivatives	7,406	20,715	53,683	81,804
Financial assets	254,838	297,987	1,746,150	2,298,975

31 December 2022 (Restated)				
€000	1 year or less	1 to 5 years	More than 5 years or no fixed maturity	Total
Fixed-income securities	16,733	78,572	1,272,375	1,367,680
Equity securities	—	—	49,033	49,033
Investment funds	—	—	591,653	591,653
Loans	265,177	65,021	174,005	504,203
Derivatives	10,136	—	3,238	13,374
Financial assets	292,046	143,593	2,090,304	2,525,943

Market risk

Market risk includes the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Sensitivities performed on these risks are disclosed in **note D7.2**.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of its assets or liabilities will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt securities classified at FVTPL and its debt obligations with floating interest rates.

The Company does not seek to take interest rate risk, as it is not core to its business strategy and it believes the return for keeping this risk on its statement of financial position is very low. The Company manages interest rate risk through its ALM Risk Policy. The ALM risk strategy seeks to mitigate and manage the interest rate risk exposure stemming from the variable rate asset and liability exposures with a focus on long-term fundamental economics. As a result, while it is not possible to fully mitigate interest rate risk across its solvency and accounting balance sheet views, the Company has opted to mitigate this risk on an EBS basis to stabilise its solvency position, and thus has accepted a certain amount of interest rate volatility on the IFRS balance sheet where it is deemed "non-economic", and it does not breach any hard constraints. The Company also uses derivative financial instruments to manage interest rate risks.

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.3 Financial risk (continued)

Exposure to interest rate risk is monitored through several measures that include duration, capital modelling, sensitivity testing and stress and scenario testing. The Company define plausible interest rate stresses for different confidence levels based on statistical analysis and expert judgement which cover a range of interest rate curve changes. The Company develops and maintains risk models to validate the results prepared locally, and to monitor the exposure consistently across all statements of financial position in the Company.

Equity risk

Equity risk is the risk that the market value of equity-like investments fluctuates because of changes in the financial condition, reduced prospects, or a change in relative value of the issuing company. The Company has appetite for this type of risk, in particular to investments where it has a great degree of control, understanding and which it can manage.

As at 31 December 2023, the Company held investments in unquoted equities of €65.6m (2022: €49.0m) and investments in quoted equities of NIL (2022: NIL).

Currency risk

Currency risk is the risk of losses when currency exchange rates change. Typically, this is the case when assets and liabilities have different sensitivities to changes in exchange rates.

As part of its investment strategy, the Company is potentially exposed to currency exchange rates emerging from non-euro denominated assets and it is expected to have very limited currency exposure from its regulatory and market-consistent liabilities; as a consequence, investments in currencies other than euro are the main source of currency risk. The Company manages currency risk by hedging non-euro denominated investments executed with financial derivatives (e.g. FX forwards) in compliance with the Athora Policy on Use of Derivatives.

The following table summarises the key exposure of the assets and liabilities of the Company to foreign currency (any excluded assets are euro assets held by the Company):

2023				
€000	USD	GBP	Other	Total
Financial Assets	344,837	37,375	44,512	426,724
Receivables and other assets	5,240	567	—	5,807
Cash and cash equivalents	1,141	279	2	1,422
Total assets	351,218	38,221	44,514	433,953
Other financial liabilities	1,058	—	—	1,058
Other liabilities and accruals	455	49	—	504
Total liabilities	1,513	49	—	1,562
Net financial position exposure	349,705	38,172	44,514	432,391
Forward exchange contracts	(362,325)	(36,565)	(48,232)	(447,122)
Net exposure	(12,620)	1,607	(3,718)	(14,731)

D. Financial assets and liabilities (continued)

D7. Risk management - financial risks (continued)

D7.3 Financial risk (continued)

2022 (Restated)				
€000	USD	GBP	Other	Total
Financial Assets	294,936	86,583	70,928	452,447
Receivables and other assets	—	9	—	9
Cash and cash equivalents	15,521	—	—	15,521
Total assets	310,457	86,592	70,928	467,977
Other liabilities and accruals	11,160	1,139	2	12,301
Total liabilities	11,160	1,139	2	12,301
Net financial position exposure	299,297	85,453	70,926	455,676
Forward exchange contracts	(319,500)	(87,580)	(71,077)	(478,157)
Net exposure	(20,203)	(2,127)	(151)	(22,481)

E. Insurance contracts

Insurance contracts issued

In the consolidated statement of financial position, insurance contracts held are aggregated by portfolios and presented separately, depending on their balances at the end of the reporting period, leading to the following categories:

- the carrying amount of portfolios of insurance contracts that are assets;
- the carrying amount of portfolios of insurance contracts that are liabilities;

IFRS 17 – Insurance Contracts applies to these contracts, such as set out in this note.

Significant judgements and estimates are made by the Company in applying IFRS 17. The judgements that have the most significant effects on the amounts recognised in the consolidated financial statements relate to the classification of contracts, their level of aggregation and their measurement.

In particular, the Company makes significant judgments regarding inputs, assumptions concerning the future and other sources of uncertainty at the reporting date and uses estimation techniques to measure the insurance contracts. These assumptions and estimates are reviewed on an ongoing basis, based on changes in facts and circumstances (including market changes), which leads to adjustments in the measurement of contracts.

The Company uses assumptions to project future cash flows and ensures to design them to adequately reflect any uncertainty underlying the cash flows. Non-market assumptions, based on latest best estimate assumptions (historical data and expert judgment), include the following information: loss ratios, best estimate schedule of lapses, policyholder behaviour (e.g. dynamic lapses, election to guaranteed annuity), and management actions.

In respect of estimation techniques used to measure the Life contracts, they are based on projections of the key components of statutory financial statements, namely income or expenses that relate to policyholders, beneficiary obligations and assets backing those liabilities.

The main assumptions that may generate material changes in the estimate of the future cash flows relate to (i) mortality, morbidity, and longevity rates, (ii) policyholder behaviour (due to lapse, surrender and change in future premiums), (iii) participation percentages and crediting rates, and (i) overhead expenses.

More specifically, assumptions made about the discount rates, the confidence level for risk adjustment for non-financial risk, the pattern of the CSM release are explained in paragraph *Contractual Service Margin (“CSM”)* and quantitative information about these assumptions is disclosed in **note E3**.

Definition and classification

An insurance contract is a contract under which an issuer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (an “insured event”) adversely affects this policyholder. The assessment whether a contract transfers a significant insurance risk considers all substantive rights and obligations (including those arising from law or regulation) and is based on the use of judgement. In substance, insurance contract services provided to a policyholder include the insurance coverage and may also include an investment-return service which corresponds to:

- the generation of an investment return for the policyholder having underwritten an insurance contract without direct participation features; and
- the management of underlying items on behalf of the policyholder having underwritten an insurance contract with direct participation features.

The Company classifies an insurance contract without direct participation features as an insurance contract that is:

- an insurance contract with indirect participation features (i.e. indirect participating contract) because the payment to policyholders depends upon the return on underlying items, without meeting the criteria defined for insurance contracts with direct participation features; or
- an insurance contract without any participation features (i.e. non-participating contract) as the payment to policyholders does not depend upon the return on underlying items.

E. Insurance contracts (continued)

Separating components from insurance contracts

The following components are separated from contracts:

- a. distinct embedded derivatives, if they meet certain specified criteria,
- b. distinct investment components, and
- c. distinct performance obligations to provide non-insurance goods and services. These components are accounted for separately by the Company in accordance with the related standards.

After having performed this separation, the Company applies IFRS 17 to all remaining components of the host insurance contract. All these remaining components, including embedded derivatives and investment components that have not been separated from the host contract, are considered as a single insurance contract in substance.

Level of aggregation of insurance contracts

The level of aggregation of contracts is the basis for measuring the contracts and their corresponding profitability. To define the level of aggregation to be used, the Company applies the process hereafter:

- a. first, portfolios of contracts are identified, each of them only comprising contracts that are subject to similar risks and managed together;
- b. then, these portfolios are broken down by quarterly cohort; and
- c. finally, a further split is performed depending on the level of profitability, with notably a separate group for contracts that are onerous at initial recognition.

Initial recognition

The groups of insurance contracts issued are recognised from the earliest of (i) the beginning of the coverage period of the group of contracts, which is the general case, (ii) the date when the first payment from a policyholder in the group becomes due, and (iii) for a group of onerous contracts, the date when this group becomes onerous.

Subsequent measurement

Liability for Remaining Coverage ("LRC") and Liability for Incurred Claims ("LIC")

After initial recognition of a group of insurance contracts, the carrying amount of the group at each reporting date is the sum of two different components: the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC").

The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported. The LIC reflects the Company's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported or settled, and other incurred insurance expenses, as well as to pay amounts relating to other insurance contract services already provided or any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the LRC.

The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. The Company applies the General Measurement Model ("GMM").

The General Measurement Model

IFRS 17 requires applying by default the General Measurement Model of insurance contracts also called the "Building Block Approach" ("BBA") as it is based on the following building blocks.

E. Insurance contracts (continued)

Subsequent measurement (continued)

Fulfilment Cash Flows (“FCF”)

This comprises:

- probability-weighted estimates of future cash flows;
- an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows; and
- a risk adjustment for non-financial risk;

Contractual Service Margin (“CSM”)

This represents the unearned profit that the Company expects to earn as it provides services. It is measured at initial recognition for a group of contracts as the excess of the expected present value of cash inflows over cash outflows, within the boundary of the contract (including acquisition costs), after adjustment for non-financial risk. If there is no excess of inflows over outflows at inception, the contract is onerous, no CSM is established and a loss component is calculated at the time of initial recognition.

The Company has adopted a “period-to-period” approach, which consists, for the annual reporting period, in not changing the treatment of accounting estimates made in its previous financial statements.

Insurance acquisition cash flows (“IACF”)

The insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts. When these IACF are incurred prior to the date of initial recognition of the group of insurance contracts, such IACF are recognised as an asset, which is deducted from the carrying amounts of insurance contracts. IACF paid after the related group of insurance contracts is initially recognised are adjusted to the liability for remaining coverage.

The recoverability of assets for IACF is assessed at the end of each reporting period, if facts and circumstances indicate that the asset may be impaired. If an impairment loss is identified, the carrying amount of the asset for IACF is adjusted and the impairment loss is recognised in the statement of profit or loss. When the group of insurance contracts is recognised, the corresponding asset for IACF is derecognised and included in the measurement of that group.

Estimates of future cash flows

The FCF include all the probability-weighted estimates of future cash flows within the boundary of each contract already recognised. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends notably when the Company has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

The unbiased estimate of the expected future cash flows within the boundary of insurance contracts, including the cost of options and guarantees, are based on a probability-weighted mean of the full range of possible outcomes to factor the uncertainty about the timing and amounts of the cash flows, determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables reflecting conditions existing at the measurement date.

The cash flows attributable to the group of insurance contracts include premiums from the policyholders, claim payments (including reported, incurred and all the future claims for which the Company has a substantive obligation net of recoveries from claims), profit sharing to policyholders, as well as payments arising from the policyholders exercising options, expenses and commissions, costs related to investment activities performed for the benefit of policyholders (i.e. including investment-return services and investment-related services).

E. Insurance contracts (continued)

Subsequent measurement (continued)

The following cash flows are not included in the contracts boundary: investment returns as they are recognised, measured and presented separately under other applicable IFRSs, costs of investment activities performed for the benefit of shareholders, payments or receipts that arise under reinsurance contracts held (as they are accounted for separately), those that may arise from future insurance contracts, overheads that do not provide any economic benefits to fulfilling insurance contracts, income tax payments and receipts the Company does not pay or receive in a fiduciary capacity, flows arising from components separated from the insurance contracts and accounted for using other applicable IFRSs.

If insurance premiums are first collected by an intermediary and then transferred to the Company at a later date, the premium receivables from the intermediary are generally accounted for as future cash flows within the boundary of insurance contracts included in the measurement of the corresponding group of insurance contracts applying IFRS 17.

Discount rate

The Company has taken a group defined methodology for the calibration and the generation of “IFRS 17 yield curves” used to discount the estimate of future cash flows within the boundary of contracts, consistent with the IFRS 17 requirements and applied homogeneously across all the group entities.

As the standard does not impose a particular estimation technique to determine the yield curves, the Company has chosen to adopt a top-down approach which has the advantage that the illiquidity premium in the valuation of the assets can be mirrored in the insurance liabilities.

A top-down approach starts with the yield of an appropriate reference portfolio and then adjusts this downwards to allow for credit risk and any other market risk premium, if applicable. Products with different illiquidity characteristics have different reference portfolios to capture these characteristics. The return on financial instruments in the reference portfolio is stated as a spread above the swap rate.

The yield curves used by the Company for main currencies are summarised in **Note E3**. The Company has chosen to recognise the impact of changes in discount rates through the Income statement.

Risk adjustment for non-financial risk (“RA”)

The measurement of the risk adjustment reflects the compensation required by the Company for bearing the uncertainty around the amount and timing of the future cash flows that arise from non-financial risk as the Company fulfils insurance contracts.

The determination of the risk adjustment follows a cost of capital approach based on local solvency requirements. The applicable solvency requirement at a local business unit level is predominantly the BSCR Standard Formula. The cost of capital technique requires estimates of the additional capital that is required at each future date in the cash flow projection to comply with capital requirements. In projecting the required capital per risk type, the same risk drivers as used for solvency calculations are used for IFRS17. Then, diversification benefits between risks implicit to the entity’s portfolio are considered by applying correlation factors between risks that are consistent with the BMA correlation matrices.

The changes in the risk adjustment for non-financial risk are presented in the insurance service result (i.e. they are not disaggregated into an insurance service component and an insurance finance component).

E. Insurance contracts (continued)

Contractual Service Margin (“CSM”)

For a group of insurance contracts, the CSM represents the unearned profit. At inception, the CSM is the amount that offsets the FCF, less the derecognition of any IACF (see above), and it is the value of the the Company’s rights in excess of the value of its obligations under the insurance contracts. The CSM for insurance contracts cannot be negative. Consequently, if the expected cash outflows exceed the expected cash inflows, the group of contracts is onerous and the loss, which corresponds to the expected net cash outflow, is expensed immediately in the statement of profit or loss.

At the end of each subsequent reporting period, the Company remeasures the liability for remaining coverage (“LRC”), which comprises the FCF related to future services and the CSM of the group of contracts at that date. Hence, the CSM is adjusted at each subsequent reporting period for changes in expected future cash flows driven by changes in technical assumptions (death, morbidity, longevity, surrenders, expenses, future premiums etc.). Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows).

Moreover, the CSM is progressively recognised and included in insurance revenue in the consolidated statement of profit or loss over the coverage period of insurance contracts (refer to Note E1.4). The portion of the CSM to be released as part of insurance revenue for a reporting period, which reflects the performance of insurance contract services, is based on coverage units. In practice, the Company:

- identifies the total number of coverage units for each group of contracts, which is the quantity of services provided for the insurance contracts belonging to the Company over the expected coverage period;
- allocates the CSM at the end of the reporting period (before having recognised any amounts in the statement of profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current reporting period and expected to be provided in the future; and
- recognises the amount of CSM allocated to the coverage units provided in the current reporting period in the statement of profit or loss.

Given the variety of insurance contracts, the Company exercises its judgment to define coverage units, considering both the level of coverage defined within the contract (e.g. a death benefit over a fixed term, the policyholders’ account value, or a combination of guarantees) and the expected coverage duration of the contract.

However, this release of the CSM is not applicable if there are adverse changes in future cash flows greater than the remaining CSM. In this case, the group of contracts becomes onerous, and the loss is immediately recognised in the statement of profit or loss.

When a group of insurance contracts is onerous, on initial recognition or subsequently, the LRC includes a loss component reflecting the loss recognised in the statement of profit or loss. As long as the group of contracts remains onerous, subsequent changes in the amount of loss component are immediately allocated to the statement of profit or loss.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the expected level of expenses will reduce future expected profits of the Company. The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

E. Insurance contracts (continued)

Derecognition of insurance contracts

An insurance contract is derecognised from the group of contracts to which it belongs in case of extinguishment, transfer, or a modification of its terms in such a way that a new contract is recognised in a new group. The derecognition of insurance contracts leads to the elimination of their Fulfilment Cash Flows (“FCF”) and an adjustment to the Contractual Service Margin (“CSM”) of the group of contracts instead of generating a direct and immediate effect in the statement of profit or loss, unless the group of contracts becomes onerous or empty. Depending on the cause of derecognition, the CSM of the group of contracts is adjusted:

- in case of extinguishment of an insurance contract, by the same amount eliminated from the FCF;
- in case of a portfolio transfer to a third party, by the difference between the amount eliminated from the FCF and the premium charged by the third party;
- in case of a modification of insurance contracts (requiring a derecognition followed by a recognition in a new group of contracts), by the difference between the amount eliminated from the FCF and any additional premium charged to the policyholder as a result of the modification. In practice, this means that the global adjustments of CSM generated by the modification is split between the initial group of contracts and the new one, depending on the hypothetical premium that the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification.

E1. Insurance contracts issued

The following tables show the breakdown of insurance assets and liabilities issued for the year ended and the year ended.

31 December 2023

€000	Insurance contract assets	Of which assets for insurance acquisition cash flow	Insurance contract liabilities	Of which assets for insurance acquisition cash flow	Net insurance contracts
Life General Model	(390)	—	2,266,003	593	2,265,613
Total Insurance Contracts	(390)	—	2,266,003	593	2,265,613

31 December 2022

Restated

€000	Insurance contract assets	Of which assets for insurance acquisition cash flow	Insurance contract liabilities	Of which assets for insurance acquisition cash flow	Net insurance contracts
Life General Model	—	—	2,296,024	632	2,296,024
Total Insurance Contracts	—	—	2,296,024	632	2,296,024

Further details on assets for insurance acquisition cashflows are included in **Note E1.5**.

E. Insurance contracts (continued)

E1. Insurance contracts issued (continued)

E1.1 Movements in insurance contracts issued - Reconciliation of remaining coverage and incurred claims

The roll-forward of the net asset or liability for life insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below for the year ended 31 December 2023.

€000	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Life insurance contracts as at 1 January 2023	2,235,711	208	60,105	2,296,024
Insurance revenue: fair value approach on transition to IFRS 17	(52,151)	—	—	(52,151)
Insurance revenue: other - post transition	(19,913)	—	—	(19,913)
Insurance revenue	(72,064)	—	—	(72,064)
Incurred claims and other directly attributable expenses	—	(17)	69,452	69,435
Amortisation of insurance acquisition cash flows	33	—	—	33
Losses on onerous contracts and reversals of those losses	1,361	1,811	—	3,172
Insurance service expenses	1,394	1,794	69,452	72,640
Investment components and premium refunds	(155,057)	—	155,057	—
Insurance service result	(225,727)	1,794	224,509	576
Insurance finance expenses	132,191	8	—	132,199
Total changes in the statement of profit or loss	(93,536)	1,802	224,509	132,775
Premiums received	98,546	—	—	98,546
Claims/other expenses paid	—	—	(261,731)	(261,731)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	98,546	—	(261,731)	(163,185)
Life insurance contract liabilities as at 31 December 2023	2,241,139	2,010	22,854	2,266,003
Life insurance contract assets as at 31 December 2023	(418)	—	28	(390)
Life insurance contracts as at 31 December 2023	2,240,721	2,010	22,882	2,265,613

E. Insurance contracts (continued)

E1. Insurance contracts issued (continued)

E1.1 Movements in insurance contracts issued - Reconciliation of remaining coverage and incurred claims (continued)

The roll-forward of the net asset or liability for life insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below for the year ended 31 December 2022.

€000 (restated)	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Life insurance contracts as at 1 January 2022	1,516,339	—	30,550	1,546,889
Insurance revenue: fair value approach on transition to IFRS 17	(52,971)	—	—	(52,971)
Insurance revenue: other - post transition	(1,220)	—	—	(1,220)
Insurance revenue	(54,191)	—	—	(54,191)
Incurred claims and other directly attributable expenses	—	1,335	51,664	52,999
Amortisation of insurance acquisition cash flows	15	—	—	15
Losses on onerous contracts and reversals of those losses	—	(1,127)	—	(1,127)
Insurance service expenses	15	208	51,664	51,887
Investment components and premium refunds	(61,040)	—	61,040	—
Insurance service result	(115,216)	208	112,704	(2,304)
Insurance finance expenses	(359,890)	—	—	(359,890)
Total changes in the statement of profit or loss	(475,106)	208	112,704	(362,194)
Premiums received	1,195,110	—	—	1,195,110
Claims/other expenses paid	—	—	(83,149)	(83,149)
Insurance acquisition cash flows	(632)	—	—	(632)
Total cash flows	1,194,478	—	(83,149)	1,111,329
Life insurance contract liabilities as at 31 December 2022	2,235,711	208	60,105	2,296,024
Life insurance contracts as at 31 December 2022	2,235,711	208	60,105	2,296,024

E. Insurance contracts (continued)

E1. Insurance contracts issued (continued)

E1.2 Movements in insurance contracts issued - Reconciliation of measurement components

The roll-forward of the net asset or liability for life insurance contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM is disclosed in the table below for the year ended 31 December 2023.

€000	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contract assets FV at transition	Other contracts: post transition	
Life insurance contracts as at 1 January 2023	2,217,195	9,849	44,262	24,718	2,296,024
Contracts initially recognised in the period	(10,387)	11,372	—	2,268	3,253
Changes in estimates that adjust the CSM	12,942	3,285	3,322	(19,549)	—
Changes that do not adjust the CSM	1,230	(1,311)	—	—	(81)
Changes that relate to future services	3,785	13,346	3,322	(17,281)	3,172
CSM recognised for services provided	—	—	(2,391)	(1,010)	(3,401)
Change in risk adjustment for non-financial risk	—	(867)	—	—	(867)
Experience adjustments	4,533	(2,861)	—	—	1,672
Changes that relate to current services	4,533	(3,728)	(2,391)	(1,010)	(2,596)
Insurance service result	8,318	9,618	931	(18,291)	576
Insurance finance expenses	131,724	—	208	267	132,199
Total changes in the statement of profit or loss	140,042	9,618	1,139	(18,024)	132,775
Premiums received	98,545	—	—	—	98,545
Claims/other expenses paid	(261,731)	—	—	—	(261,731)
Insurance acquisition cash flows	—	—	—	—	—
Total cash flows	(163,186)	—	—	—	(163,186)
Life insurance contract assets as at 31 December 2023	(9,924)	9,252	—	282	(390)
Life insurance contract liabilities as at 31 December 2023	2,203,975	10,215	45,401	6,412	2,266,003
Life insurance contracts as at 31 December 2023	2,194,051	19,467	45,401	6,694	2,265,613

E. Insurance contracts (continued)

E1. Insurance contracts issued (continued)

E1.2 Movements in insurance contracts issued - Reconciliation of measurement components (continued)

The roll-forward of the net asset or liability for life insurance contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM is disclosed in the table below for the year ended 31 December 2022.

€000 (restated)	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contract assets FV at transition	Other contracts: post transition	
Life insurance contracts as at 1 January 2022	1,478,501	11,496	56,892	—	1,546,889
Contracts initially recognised in the period	(31,234)	4,446	—	26,788	—
Changes in estimates that adjust the CSM	18,094	(6,631)	(9,960)	(1,503)	—
Changes that do not adjust the CSM	(1,127)	1,335	—	—	208
Changes that relate to future services	(14,267)	(850)	(9,960)	25,285	208
CSM recognised for services provided	—	—	(2,718)	(574)	(3,292)
Change in risk adjustment for non-financial risk	—	(836)	—	—	(836)
Experience adjustments	1,577	39	—	—	1,616
Changes that relate to current services	1,577	(797)	(2,718)	(574)	(2,512)
Insurance service result	(12,690)	(1,647)	(12,678)	24,711	(2,304)
Insurance finance expenses	(359,945)	—	48	7	(359,890)
Total changes in the statement of profit or loss	(372,635)	(1,647)	(12,630)	24,718	(362,194)
Premiums received	1,195,110	—	—	—	1,195,110
Claims/other expenses paid	(83,149)	—	—	—	(83,149)
Insurance acquisition cash flows	(632)	—	—	—	(632)
Total cash flows	1,111,329	—	—	—	1,111,329
Life insurance contract liabilities as at 31 December 2022	2,217,195	9,849	44,262	24,718	2,296,024
Life insurance contracts as at 31 December 2022	2,217,195	9,849	44,262	24,718	2,296,024

E. Insurance contracts (continued)

E1. Insurance contracts issued (continued)

E1.3 Impact of new insurance contracts issued and recognised during the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance contracts for the year ended 31 December 2023 and 31 December 2022.

31 December 2023

€000	Issued		Total
	Profitable	Onerous	
Insurance acquisition cash flows	—	—	—
Claims and other insurance service expenses payable	395	65,612	66,007
Estimates of present value of cash outflows	395	65,612	66,007
Estimates of present value of cash inflows	(12,848)	(63,546)	(76,394)
Risk adjustment for non-financial risk	10,185	1,187	11,372
CSM	2,268	—	2,268
Losses recognised on initial recognition	—	3,253	3,253

31 December 2022 (restated)

€000	Issued		Total
	Profitable	Onerous	
Insurance acquisition cash flows	632	—	632
Claims and other insurance service expenses payable	1,316,827	—	1,316,827
Estimates of present value of cash outflows	1,317,459	—	1,317,459
Estimates of present value of cash inflows	(1,348,693)	—	(1,348,693)
Risk adjustment for non-financial risk	4,446	—	4,446
CSM	26,788	—	26,788
Losses recognised on initial recognition	—	—	—

E1.4 Release of Contractual Service Margin - Insurance contracts issued

An analysis of the expected recognition of the CSM for insurance contracts issued and remaining at the end of the reporting period in profit or loss is provided in the following table

31 December 2023

€000	< 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	> 20 years	Total
Insurance contracts	3,155	12,586	12,502	9,521	6,508	7,823	52,095

31 December 2022 (restated)

€000	< 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	> 20 years	Total
Insurance contracts	3,510	18,376	10,638	11,695	10,550	14,210	68,979

E. Insurance contracts (continued)

E1. Insurance contracts issued (continued)

E1.5 Assets for insurance acquisition cash flows

€000	2023	2022 Restated
Balance at 1 January	—	—
Other amounts incurred during the year	—	632
Amounts derecognised and included in the measurement of insurance contracts	—	(632)
Balance at 31 December	—	—

The Company expects to derecognise assets for insurance acquisition cash flows of nil (2022: €1m) within one year after the reporting date.

E2. Risk management - insurance risk

An overview of the Company's approach to risk management and the Company's management of financial and other risks is detailed in **note D7**.

Insurance risk refers to the risk of reductions in earnings and/or value, through financial or reputational loss, due to fluctuations in the timing, frequency and severity of insured/underwritten events and to fluctuations in the timing and amount of claim settlements. This includes fluctuations in profits due to customer behaviour.

The Life businesses are exposed to the following elements of insurance risk:

Mortality/ Longevity	The risk most typically associated with life insurance policies is mortality and longevity risk. These risks mainly affect the duration and timing of the payment of the insured cash flows. Mortality risk indicates the risk for the group of the policyholder dying earlier than expected. In the case of annuity or endowment business, the longevity risk is that the policyholder might live longer than expected. Mortality and longevity risks are monitored using internal experience analysis against the latest external industry data and emerging trends.
Expenses	Risk of loss due to expense experience being different to that estimated within pricing and valuation. Expense risk is primarily managed through the assessment of business unit profitability and frequent monitoring of expense levels.
Persistency	Other underwriting risks that affect the life insurance portfolio are risks associated with policyholders' behaviour, such as early surrender (the policyholder terminates the policy before the maturity date) or conversion to a paid-up status (the policyholder terminates the regular premium payment before the maturity date). In the case of annuity business, persistency risk is that the policyholder surrenders their policy earlier than has been assumed. Persistency risk is managed at a local level through frequent monitoring of company experience and benchmarked against local market information

E. Insurance contracts

E2. Risk management - insurance risk

E2.1 Objectives and policies for mitigating insurance risks

Life insurance risk in the Company arises through its exposure to mortality and longevity risks and exposure to worse than anticipated operating experience on factors such as persistency levels, exercising of policyholder options and administration expenses.

The assumption and management of life insurance risks is governed by the group-wide business standards covering underwriting, pricing, product design and management, in-force management, claims handling, and reinsurance. The objective of the Company is to mitigate its exposure to risk arising from these contracts through product design and selection; product, geographical, and individual risk diversification; and thorough underwriting.

The Company uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, experience analyses, external data comparisons, sensitivity analyses, scenario analyses and stress testing.

E2.2 Assumptions

Material judgement is required in determining the liabilities and choice of assumptions for underwriting risks. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Mortality and longevity assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. Assumptions are differentiated by contract type, sex and underwriting class.

An allowance is made for future mortality improvements. Operating expenses assumptions reflect the projected costs of maintaining and servicing in force policies and associated overhead expenses.

For further details on actuarial assumptions see also **note E3.2**.

E2.3 Underwriting sensitivities

The Company has performed underwriting sensitivities, which have been selected to measure sensitivity to the significant underwriting risks that the Company is exposed to.

Impacts for each of the sensitivities have been calculated using the same methods outlined in **note E3**. The sensitivity calculations have assumed an instantaneous and permanent change in individual best estimate assumptions. The correlation between assumptions will have a significant effect in determining the ultimate liabilities, but to demonstrate the impact due to changes in assumptions, these assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions and any differences between current and locked in discount rates.

The impact of the sensitivities on the CSM, Profit or Loss and Equity are shown in the table below.

€000	2023			2022 (Restated)		
	Impact on CSM before tax	Profit or loss, net of tax	Equity, net of tax	Impact on CSM before tax	Profit or loss, net of tax	Equity, net of tax
Lapse rates: 10% increase	(42)	(3,175)	(3,175)	2,543	(2,895)	(2,895)
Mortality: 10% decrease	(8,320)	(2,840)	(2,840)	(8,945)	(3,607)	(3,607)
Expenses/inflation: 10%/1% increase	(14,361)	1,403	1,403	(11,448)	971	971

For market risk sensitivities, including their impact on insurance contract liabilities, see **note D7.2**.

E. Insurance contracts (continued)

E3. Critical accounting estimates and judgements made in relation to insurance contracts

E3.1 Methods used to measure insurance contracts

The Company uses a deterministic approach to estimate the present value of future cash flows.

A product assessment has been carried out to identify which insurance contracts have investment components. It is important to identify investment components for both measurement and presentational purposes. A decision tree has been developed to help the identification of investment components in the insurance contracts, along with related guidance. These decision trees are used to both identify investment components and to differentiate between distinct and non-distinct investment components. Any investment components which are considered distinct would then be unbundled and measured separately under IFRS 9. At the present time, none of the Company's products currently have distinct investment components.

The Company uses the general measurement model for all the insurance contracts. The premium allocation approach and variable fee approach are not used.

There have been no changes in methods and processes for estimating inputs used to measure insurance contracts in this period.

E3.2 Actuarial assumptions

Management uses judgement to determine and evaluate the actuarial assumptions. Such assumptions where management uses judgement include interest rates, inflation, policyholder behaviour, mortality and morbidity of policyholders. The judgements used in the valuation of insurance contract assets and liabilities are based on historic company experience, aggregate experience data for the insurance industry and current capital market conditions. Company, industry and market expectations of future developments are also considered. Where data is limited, the available data is supplemented with expert judgement to set the assumptions.

The assumptions outlined below are used for the calculation of the insurance contract liabilities within scope of IFRS 17.

Mortality rates

The following table summarises the mortality tables used for the in force products within the Company, along with details of any adjustments made to these tables.

Mortality tables	2023	2022 Restated
Individual Retail Protection, Endowments and Annuities	DAV 1997 I, CV20v1_1618_S3PM/FA, IA BE 2020 and ISTAT SIM/SIF 2010 tables are used, with adjustments to reflect company specific selection factors and future mortality improvements, where appropriate.	DAV 1997 I, CV20v1_1618_S3PM/FA and IA BE 2020 tables are used, with adjustments to reflect company specific selection factors and future mortality improvements, where appropriate.
Group Protection and Pensions	The most recent Bureau Fédéral du Plan (FPB) population tables are used, including mortality improvements, adjusted based on the most recent Assuralia insured lives study, and by a portfolio-specific selection factor.	The most recent Bureau Fédéral du Plan (FPB) population tables are used, including mortality improvements, adjusted based on the most recent Assuralia insured lives study, and by a portfolio-specific selection factor.

E. Insurance contracts (continued)

E3. Critical accounting estimates and judgements made in relation to insurance contracts (continued)

E3.2 Actuarial assumptions (continued)

Lapse rates

The following table contains the lapse rates used for the in force products within the Company.

Lapse rates	2023	2022 Restated
Individual Retail Protection, Endowments and Annuities	0.3% - 40.0% p.a. (Depending on policy duration and product type)	0.3% - 5.7% p.a.
Group Protection and Pensions	0.4% - 1.7% p.a.	0.3% - 1.0% p.a.

Expenses

IFRS17 requires the inclusion of expense cashflows in the valuation of insurance contract liabilities. A distinction is clearly made between expenses that are directly attributable to the fulfilment of these contracts and those expenses that are not attributable. Furthermore, a further distinction is required between recurring expenses and initial insurance acquisition expenses. Expense cashflows should be part of the measurement of insurance contracts if they are :

- directly attributable to fulfilling the insurance contract; and,
- the expense cash flow is within the contract boundary of the contract.

Annual expense investigations are performed by the Company to determine the level of expenses that are attributable to the various insurance contracts under IFRS17. All attributable expenses are captured in the IFRS 17 present value of future cashflows and are either explicitly modelled or are estimated using per policy expense assumptions. All attributable operating expenses increase in line with appropriate expense inflation assumptions and are run-off over time in line with the in force liabilities.

E3.3 Discount rates

Life insurance contract liabilities are calculated by discounting expected future cash flows using a discount curve that varies by the duration of the cash flow. These IFRS 17 curves are constructed using a top-down approach that starts with the yield of an appropriate reference portfolio, where the yield is constructed as a risk free rate plus a portfolio specific spread. This yield is then adjusted downwards to allow for credit risk and any other market risk premium, if applicable.

The reference portfolio only includes assets held for the purpose of backing the insurance contract liabilities and products with different illiquidity characteristics have different reference portfolios to capture these characteristics.

The annualised discount rates applicable to the Company are illustrated in the table below.

	Currency	2023				2022 (Restated)			
		1 year	5 years	10 years	20 years	1 year	5 years	10 years	20 years
Discount rates	EUR	4.4 %	3.4 %	3.5 %	3.6 %	4.0 %	4.0 %	4.0 %	3.7 %

E. Insurance contracts (continued)

E3. Critical accounting estimates and judgements made in relation to insurance contracts (continued)

E3.4 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. It covers underwriting risk (including insurance, lapse and expense risk) and counterparty default risk linked to insurance contracts (if any). The risk adjustment reflects an amount that an insurer would theoretically pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using a cost of capital technique based on local solvency requirements (which is Bermuda EBS). The cost of capital technique requires estimates of the additional capital that is required at each future date in the cash flow projection to comply with capital requirements. In projecting the required capitals per risk type, the same risk drivers as used for solvency calculations are used.

The required capital amounts for each future year are discounted using the same discount rate as described in the discount rate section above.

Changes in the risk adjustment for non-financial risk are not disaggregated into an insurance service component and an insurance finance component, so are presented in full in the insurance service result.

The risk adjustment for non-financial risk corresponds to a confidence level of 65%-68% (2022: 65%-68%).

E3.5 Amortisation of the contractual service margin

The CSM is a component of the asset or liability for each group of insurance contracts. It is the unearned profit from in force contracts that an entity will recognise if it provides services over the period. An amount of the CSM for each group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognising in profit or loss the amount allocated to coverage units provided in the period
- The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration.

Different coverage units are used for different groups of contracts. These are chosen to most appropriately reflect the provision of services for each group of contracts. A product assessment to identify suitable coverage units is carried out and coverage units are selected to ensure that insurance services and any investment-related or investment-return services are appropriately reflected, where applicable.

F. Other statement of consolidated financial position notes

F1. Property and equipment

As lessee, under IFRS 16 Leases, in respect of leased property, the Company recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Right-of-use assets as lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period and is included within finance costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The associated lease liability is recognised within financial liabilities at amortised cost. Payments associated with leases with a lease term of 12 months or less and leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis.

Variable lease payments

The Company may be exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Extension and termination options

Extension and termination options may be included in a property lease to maximise operational flexibility in terms of managing the assets used in the Company's operations. These are generally exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Residual value guarantees

The Company may on occasion provide residual value guarantees in relation to leases. On 31 December 2023 and 31 December 2022, there were no residual value guarantees in place.

€000	2023	2022
Cost		
As at 1 January	12,744	12,744
As at 31 December	12,744	12,744
Accumulated depreciation		
As at 1 January	(3,557)	(2,668)
Depreciation charge	(889)	(889)
As at 31 December	(4,446)	(3,557)
Net book value at 1 January	9,187	10,076
Net book value at 31 December	8,298	9,187

Property and equipment relate to the IFSC House lease with remaining useful life 9.3 years as at 31 December 2023 (remaining useful life of 10.3 years as at 31 December 2022).

F. Other statement of consolidated financial position notes (continued)

F2. Receivables and other assets

Receivables and other assets are recognised when due. The carrying value of receivables is reviewed for impairment using the simplified approach allowed under IFRS 9, with the impairment loss recorded in the income statement. Due to their short-term nature therefore the carrying amount equals fair value.

€000	2023	2022 Restated
Due related to investments	1,880	12,507
Intercompany receivables	379	93
Accrued income	43,031	25,647
Prepayments and other	320	862
	45,610	39,109

For credit risk analysis see note D7.3.

F3. Cash & cash equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of credit losses or change in fair value.

The Company has applied the following change in the current year to the classification of its Money market investments in the financial statements. In previous years, these were classified as investment fund units, under financial assets at fair value through profit or loss. In current year, this classification has been updated to cash equivalents, under cash and cash equivalents.

This change has been made to align the classification with the change in their operational use in the current year, where they are now used to manage liquidity. In previous years, money market investments were held for investment purposes (backing insurance liabilities based on asset liability management considerations and to reduce risk exposure).

€000	2023	2022 Restated
Cash at bank	74,579	69,068
Short-term deposits	195	—
Money market funds classified as cash	231,759	—
	306,533	69,068

F. Other statement of consolidated financial position notes (continued)

F4. Tax

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

The carrying value of deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise the deferred tax asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

F4.1 Current tax asset

€000	2023	2022 Restated
Balance as at 1 January	427	229
Tax (received)/paid	(5)	7
Amount settled against other tax liabilities	(1)	(7)
Withholding tax receivables	(414)	198
Balance as at 31 December	7	427

F4.2 Deferred tax asset

The movement in net deferred tax assets during the year ended 31 December 2023 and 31 December 2022 is as follows:

€000	2023	2022 Restated
Tax written down value in excess of net book value	58	213
Taxable net transitional adjustment for IFRS 17/9 remeasurements	(39,450)	(49,313)
Deductible transitional adjustment for losses previously recognised via OCI	35,349	44,186
Fair value adjustment on insurance contract liabilities	(44,729)	(47,044)
Leases	1,081	941
Long term incentive plan accrual deductible when paid	404	278
Losses not utilised during the period	95,336	122,689
Temporary differences	48,049	71,950
Closing deferred tax asset	6,006	8,993
Opening deferred tax asset	8,993	6,173
Movement	(2,987)	2,820

F. Other statement of consolidated financial position notes (continued)

F4. Tax (continued)

F4.2 Deferred tax asset (continued)

Changes in accounting for deferred tax following changes in other accounting standards

Comparative information for 2022 has been restated due to changes in accounting standards. Although changes in accounting standards have no effect on the charges for current tax of prior periods, the implementation of IFRS 17 and IFRS 9 has resulted in changes in the classification and measurement of deferred tax as at 1 January 2022 and 31 December 2022.

The most significant presentational effect of the changes in accounting policies is that some deferred tax charges and deferred tax credits previously recognised via OCI under IAS 39 are now recognised via the income statement under IFRS 9.

IAS 12 requires that current and deferred tax expense be recognised in the income statement except to the extent that the tax relates to items or events that are recognised outside profit or loss. The implementation of IFRS 9 has resulted in a change in the classification of unrealised gains and losses on certain financial assets. Changes in the measurement of insurance provisions and certain financial assets have also impacted the amount of temporary differences on which deferred tax is calculated.

Under IAS 39, the Company previously accounted for unrealised gains and losses on available for sale financial assets via OCI, with recycling of the gains and losses to the income statement upon realisation or as required by that standard. Under IFRS 9, the Company is accounting for those gains and losses via the income statement.

As explained in **note A3.1.4**, as of 31 December 2022, net deferred tax assets are €9m under IFRS 17/9 compared with €21m under IFRS 4/IAS 39, an accumulated net decrease of €(12)m. The corresponding positions at 1 January 2022, the transition date, show a decrease in deferred tax assets of €(5)m after applying the new accounting standards. The decrease of €(7)m over the course of 2022 is explained by IFRS 17/9 measurement changes during 2022, leading to an additional deferred tax charge of €(7)m.

The deferred tax credit of €3m for 2022 shown in the restated information included in **note B6.1** above compares with a deferred tax credit in the income statement of €6m presented in the original 2022 information under IFRS 4/IAS 39. This net difference of €(3)m reflects the reclassification of tax credits of €4m previously recognised via OCI, less the 2022 tax charge on 2022 IFRS 17/9 remeasurements of €(7)m.

Enactment of legislation giving effect to the OECD's Pillar Two Global 15% Minimum Tax

EU and other OECD participating countries in which the Company operates enacted legislation giving effect to the OECD's Pillar Two minimum 15% corporate income tax framework during 2023.

The Company is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance, but one of the expected consequences of the enactment of Pillar Two's Qualifying Domestic Minimum Top-Up Tax by Ireland, is that the effective tax rate applicable to the Company's Irish subsidiary, AI's profits in Ireland will be 15% from 1 January 2024. Heretofore, the headline rate of tax applicable to AI's profits in Ireland has been 12.5%. It is anticipated that AI's losses carried forward and other net deductible temporary differences will reduce the future profits liable to any Irish or OECD top-up tax.

A mandatory temporary exception was issued by the IASB in May 2023 from the accounting requirements for Pillar Two deferred taxes in IAS 12, so the deferred tax of AI has not been re-measured at year end.

No Pillar Two tax is expected to be payable in respect of the Company's Bermuda operations due to the enactment of the Bermuda Corporate Income Tax ("CIT") Act 2023.

F. Other statement of consolidated financial position notes (continued)

F4. Tax (continued)

F4.2 Deferred tax asset (continued)

Enactment of Bermuda CIT Legislation and Deferred Tax Position as at 31 December 2023

In response to Pillar Two, during December 2023, the Government of Bermuda has enacted a 15% corporate income tax regime effective from 1 January 2025.

The primary basis for taxation of the Company's Bermuda operations will be IFRS Profit before Tax of its Bermuda constituent entities for each year on a combined basis as measured in the preparation of the financial statements of the ultimate parent entity, Athora Holding Limited ("AHL").

Importantly, the Government of Bermuda has taken steps to ensure that accounting profits arising from 1 January 2025 may be relieved from taxation to the extent that eligible deductions are available via, amongst other things, the enactment of a pre-implementation loss carryforward provision or a pre-implementation fair value assessment known as the Economic Transition Adjustment ("ETA"), undertaken as of 30 September 2023. No election is required until 2026, when Athora makes its first CIT filing in respect of financial year 2025. The Company currently expects to opt for the loss carryforward rather than the ETA.

Bermuda CIT is an income tax for the purposes of IAS 12 which has been substantively enacted at the balance sheet date, and it is not subject to the IASB's Pillar Two temporary exception. Accordingly, the Company is obliged to measure and disclose deferred tax in accordance with IAS 12.

Net Bermuda losses of €25m arising in the period from 1 January 2020 to 31 December 2023 based on the Company's results in the AHL Group IFRS accounts have been identified which would represent a tax loss carry forward for the Bermuda legislation. However, additional net deductible insurance provision and financial asset valuation adjustments of €47m exist between the Bermuda result of the Company within its financial statements and the financial statements of its parent, AHL.

No deferred tax asset has been recognised as at 31 December 2023 in respect of these losses and net deductible temporary differences, which would have a tax value of approximately €11m, due to the historic loss-making position of the Company in Bermuda, uncertainty regarding future profits, expected future loss relief from other Athora Bermuda entities and the ongoing evaluation of the options available under the new legislation.

The recoverability of recognised deferred tax assets and unrecognised deferred tax assets

The recognition of all deferred tax assets is re-assessed at the end of each reporting period. These assessments require detailed forecasting of future taxable profits based on reasonable and supportable assumptions, including market-based assumptions over time horizons sometimes beyond the scope of approved business plans.

Net deferred tax assets totalling €6m (2022: €9m) were recognised as of the date of the Statement of Financial Position in respect of net deductible temporary differences relating to the Company's Irish subsidiary, AI, mainly arising from losses carried forward. There is currently no time limit for the utilisation of losses carried forward within Irish law, however, the losses may only be used against profits earned by the same entity from the same trade. On the basis of the latest business plans and future profit projections, the Company expects sufficient taxable profits to be generated by AI in future years to realise the deferred tax asset recognised at the date of the Statement of Financial Position.

F. Other statement of consolidated financial position notes (continued)

F5. Other liabilities and accruals

Accruals and deferred income mainly relate to accrued interest on borrowings on financial instruments that are measured at amortised cost and derivative liabilities. Other liabilities mainly include creditors.

€000	2023	2022 Restated
Outstanding settlements on investment portfolios	2,723	17,670
Intercompany payables	852	2,061
Payroll and other taxes	134	84
Accruals and deferred income	14,133	6,415
Other liabilities	1,184	1,111
	19,026	27,341

The carrying amounts disclosed above are approximate fair values at the reporting date. All amounts are payable within one year.

G. Other notes

G1. Commitments

For detail on accounting policies in relation to leases the Company holds, where the Company is a lessee, please see note F1.

In 2018 the Company renewed its property lease with IFSC South Block Limited in respect of the second floor of IFSC House in Dublin. This is a lease for 15 years (until 14 April 2033) with the Company having the option to cancel the lease after 8 years (on 14 April 2026).

Interest expense on the lease liability is recorded under Interest expenses on the statement of profit or loss. The total cash outflow for leases in 2023 was €1.3m (2022: €1.3m).

For leases where the Company is a lessee, in accordance with IFRS 16 Leases, the balance sheet shows the following amounts:

€000	Note	2023	2022
Right of use assets:			
Buildings	F1	8,298	9,187
The carrying amount of discounted lease liabilities			
Balance at the beginning of the year		10,128	10,836
Lease payments		(1,281)	(1,281)
Interest expense	B5	532	572
Balance at the end of the year		9,379	10,128

€000	2023	2022
Lease liabilities:		
Current	791	1,281
Non Current	8,588	8,847
Total	9,379	10,128

There were no additions to the right-of-use assets during the 2023 financial year (2022: nil).

Amount recognised in the statement of profit and loss:

€000	Note	2023	2022
Depreciation charge of right-of-use assets	B4	889	889
Interest expense	B5	532	572

The incremental borrowing rate used by the Company is 5.50%, which is fixed at the outset of the lease.

G. Other notes

G2. Related Party Transactions

G2.1 Subsidiaries

Note A1.1 provides information about the Company's structure, including details of the subsidiaries and the holding company.

G2.2 Entities with significant influence

Entities that have significant influence on the Company and, as such, are considered related parties are subsidiaries and affiliates of Apollo Global Management, Inc., who provide investment management and advisory services to the Company.

G2.3 Transactions and balances with related parties

The Company has entered into transactions with Athora Group companies and other related parties in the normal course of business during the year.

The following information provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

2023 €000	Income	Expense	Receivable	Payable
Apollo Global Management Inc.	—	4,925	—	1,591
Athora Holding Ltd.	368	1,785	10,000	379
Athora Bermuda Services Ltd.	—	5,443	—	243
Athora Belgium S.A./N.V.	28,704	120,922	39,056	1,820,911
Athora Lebensversicherung AG	3,599	21,372	30,996	286,371
Athora Italia	3,274	56	418	—
Athora UK Services Ltd.	—	541	404	—
Athora Ireland Services Ltd.	2,555	5,007	41	—
Athora Ireland Services Ltd. (Italian Branch)	—	964	62	—
Athora Netherlands Holding Ltd.	10	—	10	—
	38,510	161,015	80,987	2,109,495

2022 (Restated) €000	Income	Expense	Receivable	Payable
Apollo Global Management Inc.	—	3,715	—	1,397
Athora Holding Ltd.	92	1,229	10,012	434
Athora Bermuda Services Ltd.	—	4,783	—	156
Athora Belgium S.A./N.V.	299,780	44,133	38,006	1,924,836
Athora Lebensversicherung AG	89,259	12,849	30,994	278,999
Athora Italia	—	—	—	—
Athora UK Services Ltd.	—	300	75	—
Athora Ireland Services Ltd.	2,326	7,293	18	1,018
Athora Ireland Services Ltd. (Italian Branch)	—	—	—	—
	391,457	74,302	79,105	2,206,840

Transactions with related parties in 2023

The material intra-group transactions during 2023 are listed below.

- Intra-group mass lapse inward reinsurance treaty with Athora Italia executed in 2023.
- Extension of funding agreement with Athora Lebensversicherung AG in 2023 (see **note D5**).

G. Other notes (continued)

G2. Related Party Transactions (continued)

Parental Guarantee

AHL has guaranteed the payment of the Company's property lease with IFSC South Block Limited, in respect of the second floor of IFSC House in the event that the Company were to default on the lease payment (see **note D6** and **note G1** for details on the Company's property lease). The annual lease payment for the 2023 year amounted to €1.3m (2022: €1.3m). AHL has not been required to make any payment in 2023 (2022: nil) in respect of this property lease guarantee.

G2.4 Transactions with key management personnel

For the purposes of the disclosure requirements of IAS 24, the term 'key management personnel' (i.e., those persons having authority and responsibility for planning, directing, and controlling the activities of the Company) comprises the members of the Company's management committees.

The remuneration of key management personnel during the year was as follows:

\$000	2023	2022
Salaries and other short-term employee benefits	2,395	1,802
Bonus awards	969	623
Defined benefit pension contributions	476	506
Other benefits	180	137
	4,020	3,068

Note that the remuneration above is disclosed in \$'000s.

G3. Cash flows from operating activities

G3.1 Adjustments for non-cash items

€000	Note	2023	2022
			Restated
Depreciation and amortisation of non-current assets	B4	889	889
Revaluations gains and losses		(104,168)	408,311
Total		(103,279)	409,200

G3.2 Net change in operational assets and liabilities

€000	Note	2023	2022
			Restated
Changes in investment activities			
Purchases of financial investments and derivatives		(659,598)	(3,727,098)
Proceeds from sales of financial investments and derivatives		731,497	2,629,545
Net change in receivables and other assets	F2	(6,501)	
Net change in operational assets		65,398	(1,124,425)
Net change in cash collateral held	D6	2,783	
Net change in insurance contracts	E1.2	(30,411)	749,135
Net change in other liabilities and accruals	F5	(8,315)	
Net change in operational liabilities		(35,943)	765,251
Total		29,455	(359,174)

* Purchases and proceeds from sales of investments and derivatives have been reclassified from investing to operational activities in light of the broadened definition of operating activities of insurance entities in cash flow statements on introduction of IFRS 17 as the majority of these assets are held to back insurance contracts.

G. Other notes (continued)

G4. Capital management

The Company's approach to capital management is outlined in the Company's capital management policy. The Company has established the following capital management objectives to managing the risks that affect its capital position:

- To manage the capital and liquidity of the Company on an economic basis, and within the constraints and requirements of all external stakeholders (policyholders, regulators, shareholders, and rating agencies);
- To maintain financial strength so that each entity can withstand reasonably adverse business and market conditions; and
- To minimise balance sheet and capital volatility, thus ensuring stability and predictability for all stakeholders and support an efficient management of capital.

The Company is supervised by the Bermuda Monetary Authority ("BMA") and as a Class E insurer is required to maintain available statutory capital and surplus to meet its minimum margin of solvency ("MSM") and to meet and maintain its enhanced capital requirement in accordance with the provisions of the Insurance Act. As of 31 December 2023, the Company exceeds its required MSM.

The Bermuda Companies Act 1981, as amended, limits the Company's ability to declare and pay dividends and make and pay distributions to shareholders if there are reasonable grounds for believing that the Company would be unable to pay its liabilities as they become due, or if the realisable value of its assets would be less than its liabilities. Under the Insurance Act, the Company cannot in any financial year pay dividends that would exceed 25 percent of its total statutory capital and surplus, as shown on its statutory balance sheet in relation to the previous financial year, unless at least seven days before payment of those dividends it files with the BMA an affidavit stating that the declaration of those dividends has not caused the insurer to fail to meet its relevant margins.

In addition, the Company shall request the approval of the BMA before reducing by 15 percent or more its total statutory capital, as set out in its prior year financial statements. Furthermore, as an insurer carrying on long-term business, the Company is also restricted from declaring or paying a dividend unless the value of its assets, as certified by the Company's approved actuary, exceeds its liabilities (as so certified) by the greater of its margin of solvency or, if applicable, its enhanced capital requirement.

G5. Events after the reporting period

There were no post balance sheet events.

G6. Approval of financial statements

The Board of Directors approved these consolidated financial statements on 25 April 2024.