Solvency and Financial Condition Report

2020

Athora Ireland plc

CONTENTS

SCOPE OF THE REPORT

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

Under Solvency II, the Solvency and Financial Condition Report is an annual regulatory public disclosure requirement. This report is Athora Ireland plc's ("Athora Ireland", "the Company") Solvency and Financial Condition Report for the year ended 31 December 2020. It informs Athora Ireland's stakeholders about Athora Ireland's:

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

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

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

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

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

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

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

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

SUMMARY

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

Athora Ireland's strategy is focused on writing long-term life reinsurance for the European marketplace. Together with its parent Athora Life Re, Athora Ireland now provides innovative and creative capital optimisation and risk management solutions to European life insurers. Athora Ireland continues to manage Unit Linked Guarantee ("ULG") products for policyholders in the UK, Germany and the Netherlands.

Business and Performance

Athora Ireland remained closed to new business in respect of ULG products in 2020.

Throughout 2020 Athora Ireland has continued to pursue its strategy of sourcing and pricing long-term life reinsurance for the European marketplace. Together with its parent Athora Life Re, Athora Ireland now provides innovative and creative capital optimisation and risk management solutions to European life insurers.

In 2020, Athora Ireland executed an inwards reinsurance contract with Athora Belgium followed by retrocession to Athora Life Re of a proportion of the associated risks. Athora Ireland reinsures a quota-share of Athora Belgium's Group Life pension portfolio of deferred capital endowments. Counterparty risk for the cedant is mitigated using collateral pledged under Belgian law. A proportion is retroceded to Athora Life Re on a modified coinsurance basis, whereby Athora Ireland retains title of all assets, while economic benefits on these funds withheld are passed to Athora Life Re.

Athora Ireland produces its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by Europe, and reported a pre-tax loss of €6,782k at 31 December 2020, compared with a pre-tax loss of €17,490k at 31 December 2019. This loss has been further segregated into an underwriting profit of €53,525k (FY2019: loss of €15,921k) and investment loss of €60,307k (FY2019: loss of €1,569k).

Major developments

Covid-19

The Covid-19 outbreak has impacted global markets, including all of those in which Athora Group conducts business, at different times and to varying degrees as it has developed. The outbreak necessitated governments to respond at unprecedented levels to protect public health, local economies, and livelihoods.

The varying government support measures and restrictions in response have added challenges, given the rapid pace of change and significant operational demands. The speed at which countries will be able to return to pre-Covid-19 economic levels will vary based on the levels of infection, local governmental decisions, and access to and ability to roll out vaccines. The development of Covid-19 vaccines has raised hopes of widespread immunisation being achieved by the end of 2021 and government restrictions being eased. Notwithstanding the potential for recovery in 2021, economic levels are unlikely to return to pre-Covid-19 levels until later years in many markets. While the longer-term effects of the outbreak on businesses are uncertain, our financial position should allow us to continue to help support our customers.

Notwithstanding Athora Ireland's robust capital and liquidity position and the operational and financial actions that it is taking, a deterioration in the situation could have adverse implications for the businesses arising from the potential impacts on its insurance exposures and operations. As the situation continues to rapidly evolve it is not practicable to quantify the potential financial impact of the outbreak on the Group/Company.

There remain uncertainties in assessing the duration of the Covid-19 outbreak and its impact. Athora Ireland continues to monitor the situation closely and given the novel or prolonged nature of the outbreak, additional mitigating actions may be required.

UK withdrawal from the European Union (Brexit)

Our unit-linked business is primarily based in the UK.

The UK left the EU on 31 January 2020 and entered a transition period until 31 December 2020. A Trade and Cooperation Agreement between the EU and the UK was agreed on 24 December 2020 and ratified by the UK on 30 December 2020. It includes a joint declaration of cooperation, and in the coming months both parties are expected to enter discussions with the aim of agreeing a Memorandum of Understanding establishing the framework for this cooperation.

Whilst Brexit has had little impact on the business and operations, Athora Ireland continues to monitor the situation closely. Mitigating actions may be required, following the finalisation of the arrangements pertaining to financial services.

System of Governance

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

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

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

Risk Profile

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

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

Athora Ireland’s risk profile changed over the reporting period. The following changes to Athora Ireland’s risk profile have taken place:

- Athora Ireland executed its first inwards reinsurance transaction with Athora Belgium, with onwards retrocession of a quota-share of the ceded liabilities to Athora Life Re.
- Athora Ireland completed the application for the *Volatility Adjustment* treatment for valuing the EUR liabilities. This application was approved by the CBI in February 2021 and the *Volatility Adjustment* will therefore be applied to Athora Ireland’s EUR liabilities at future valuation dates.
- Athora Ireland completed the transfer of the majority of employees from Athora Ireland to Athora Ireland Services (“AIS”) under a TUPE programme following AIS’s authorisation as a reinsurance intermediary entity, with services transferring in on receipt of intermediary regulatory approval for AIS from the CBI. TUPE is the European Communities Transfer of Undertakings (Protection of Employment) Regulations 2003 and its purpose is to protect employees if the business in which they are employed changes hands.
- Covid-19 impacted the way Athora Ireland operates, with most staff working from home for a prolonged period.

As at the end of 2020, the most significant risk exposures of Athora Ireland are to spread, longevity, counterparty default and operational risks.

Valuation for Solvency Purposes

Athora Ireland has valued its assets and liabilities on a market consistent basis, i.e. using information which is market observable where possible. Athora Ireland’s assets comprise those held to back the policyholder unit-linked liabilities and assets on Athora Ireland’s general account. The latter can be further distinguished between assets to which Athora Ireland retains economic exposure, and ‘funds withheld’ in respect of the retrocession of a quota-share of the Athora Belgium reinsurance contract, the risks and returns of which accrue to Athora Life Re. The general account assets to which Athora Ireland retains exposure consist of government and corporate bonds, private credit, residential mortgage loans, alternative assets, subordinated debt and cash. During the reporting period, Athora Ireland did not make any material changes to the recognition, valuation bases or estimation techniques used for its asset valuation.

The technical provisions comprise the Best Estimate Liability and the Risk Margin. A number of assumptions feed into the calculation of the technical provisions. Following the annual assumption review and experience investigations, no significant changes were made to future mortality assumptions in respect of the ULG portfolio, while lapse and expense assumptions were updated to reflect the latest experience. In addition, Technical Provisions were established in respect of the Group Life portfolio reinsured from Athora Belgium. In calculating the technical provisions, Athora Ireland does not apply any matching adjustment, volatility adjustment, or transitional measures.

There were no material changes to the bases, methods or main assumptions used for the valuation of other liabilities over the reporting period.

Capital Management

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

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

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

The key Solvency II figures for Athora Ireland at 31 December 2020 and the previous year are presented in the table below.

At 31 December 2020, Athora Ireland's available own funds comprise €159,580k Tier 1 capital (94.5%) and €9,275k Tier 3 capital (5.5%). The own funds eligible to meet the Solvency Capital Requirement comprise the total amount of Tier 1 and Tier 3 capital. The own funds eligible to meet the Minimum Capital Requirement comprise the total Tier 1 capital.

Solvency Ratio *(EUR thousands)*	**FY2020**	**FY2019**
Available Own funds	168,855	195,566
Minimum Capital Requirement	27,158	15,067
Solvency Capital Requirement	108,631	60,266
Solvency Ratio	**155%**	**319%**

A. BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 Overview

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

A.1.2 Regulators and auditor

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

Central Bank of Ireland

New Wapping Street

North Wall Quay

Dublin 1

Telephone: +353 1 224 4000

Athora Ireland is also subject to limited regulation by the Financial Conduct Authority in the UK and the Federal Financial Supervisory Authority (BaFin) in Germany.

Athora Ireland appointed Ernst & Young as external auditors for the year ending 31 December 2020. The contact details for Ernst & Young are as follows:

Ernst & Young

Harcourt Centre

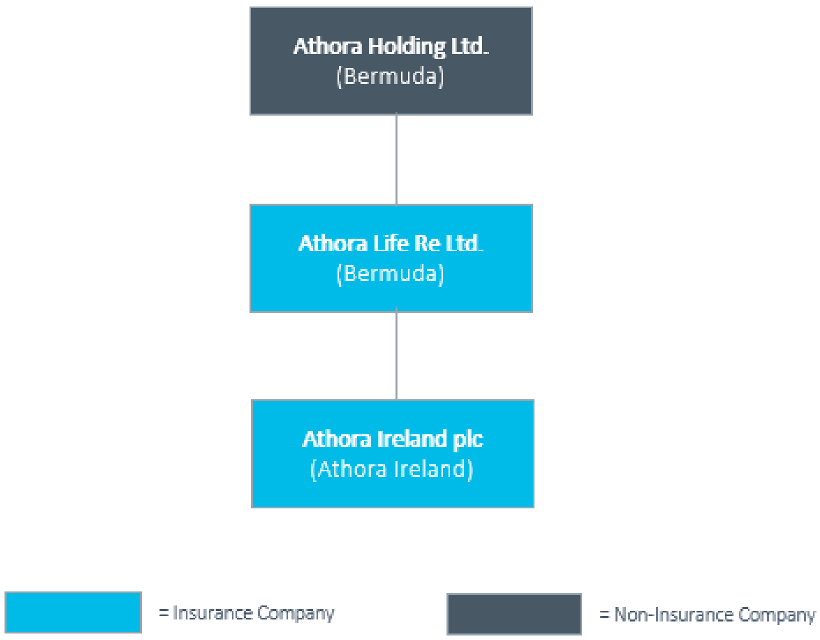
Harcourt Street

Dublin 2

Telephone: +353 1 475 0555

A.1.3 Major Shareholders

As at 31 December 2020, Athora Ireland's ultimate parent company is Athora Holding Ltd. All of the shares of Athora Ireland are beneficially owned by Athora Life Re Ltd which is a subsidiary of Athora Holding Ltd. The issued share capital of Athora Ireland at 31 December 2020 was €105,660k. A simplified group structure is shown below. Athora Holding Ltd and Athora Life Re Ltd are incorporated in Bermuda.



A.1.4 List of material related undertakings

Athora Ireland is based in Dublin and has a branch office in Wiesbaden, Germany.

Athora Ireland holds 100% of shares in Athora Europe Investments DAC ("AEI"), an unconsolidated structured entity, that issues profit participating notes (PPN) to clients. As the holder of the shares, Athora Ireland can appoint and recall the board of management/directors of AEI, who in turn appoint an investment manager to execute the day-to-day operations and decision making subject to board of management oversight. This means that not all control criteria for consolidation per IFRS 10.7 are met by Athora Ireland. Furthermore, voting or similar rights are not considered a dominant factor in this assessment of control, given that AEI meets the definition of an unconsolidated structured entity as outlined in IFRS 12. B22–B24. Consequently, Athora Ireland is not required to consolidate AEI. In addition, Athora Ireland also meets the other criteria under IFRS 10.4a and is exempt from consolidation as its ultimate parent Athora Holdings Limited produces consolidated financial statements that are available for public use and comply with IFRSs.

A.1.5 Related party transactions

During 2020, material transactions between Athora Ireland and related parties of the Athora Group comprised the following:

- A loan from Athora Ireland plc to Athora Holdings Ltd of €17,500k was repaid and a new loan for €40,000k was entered into.
- Athora Ireland plc invested €3,000k in a subordinated bond issued by Athora Belgium.
- Athora Ireland continues to invest €30,000k in a subordinated bond issued by Athora Lebenversicherung AG in 2019.
- Athora Ireland executed the inwards reinsurance of a traditional guaranteed Group Life portfolio from Athora Belgium and a subsequent retrocession with Athora Life Re domiciled in Bermuda.

Intragroup transactions have taken place on an arm's length basis. In 2020 Athora Ireland paid recharges for services which were provided by various entities of the Athora Group.

A.1.6 Material lines of business and material geographical areas

Lines of Business

As at year end 2020, Athora Ireland's material lines of business are (i) index-linked and unit-linked insurance; and (ii) life reinsurance. Both lines of business relate to contracts with options or guarantees.

Material geographical areas

Athora Ireland manages ULG products for policyholders in the UK, Germany, and the Netherlands and reinsures ULG products in the UK and France. In 2020 Athora Ireland executed the inwards reinsurance of a traditional guaranteed Group Life portfolio from Athora Belgium and a subsequent retrocession with Athora Life Re domiciled in Bermuda.

A.1.7 Material events over the reporting period

A summary is provided below of the material events that have occurred over 2020:

Market conditions

The Covid-19 pandemic led to a sharp fall in equity markets in March 2020 accompanied by a rise in credit spreads and a further reduction in risk-free interest rates driven by strong responses from central banks. Both the FTSE All Share and Eurostoxx 50 indices fell by c. 33% in late March compared to end-2019 levels, but significantly recovered over the year with the All Share closing 2020 c. 14% lower than end-2019 and the Eurostoxx only 6% lower. Credit spreads also mostly recovered by year-end; however interest rates remained lower in both the GBP and Euro markets, by c. 0.6% and 0.3% respectively compared to end-2019.

While Athora Ireland's direct exposure to market risks associated with the ULG products has been removed through the reinsurance of that portfolio, market movements can still impact Athora Ireland's solvency ratio through their impact on the value of reserves for future operating expenses, and on the Risk Margin and Solvency Capital Requirement under Solvency II. Falling interest rates in particular served to increase the Risk Margin and SCR associated with underwriting risks; however these effects were offset by other factors.

Athora Ireland is exposed to falls in the market value of shareholder assets due to changes in credit spreads and expected defaults.

Risk and capital management actions

Athora Ireland's focus continues to be to deploy shareholder capital in line with its overall business strategy and risk appetite. Key actions over the reporting period include the diversification of Athora Ireland's money market exposures, and the integration of the Belgian Group Life portfolio reinsured from Athora Belgium into Athora Ireland's asset liability management framework. The interest rate exposure associated with the reinsured liabilities was closely matched with backing assets from the date the risk was transferred and is monitored on an ongoing basis. In addition, Euro sovereign bonds were purchased to manage the stability of Athora Ireland's solvency ratio by providing a hedge against changes in the Solvency II Risk Margin and SCR in respect of the reinsured portfolio.

A.2 Underwriting performance

Athora Ireland's underwriting performance for 2020 and 2019 is shown in the table below:

Underwriting performance *(EUR thousands)*	**FY2020**	**FY2019**
Adviser charges	(830)	(890)
Net earned premium	285,844	(18,026)
Gross benefits and claims paid	(99,181)	(115,368)
Fee and commission income	18,861	20,941
Realised gains	1,399	140,777
Change in insurance contract liabilities	(95,873)	(374)
Expenses and other costs	(56,695)	(42,981)
Total performance	**53,525**	**(15,921)**

The variances observed between 2019 and 2020 are primarily due to the completion of an inwards reinsurance transaction with Athora Belgium and subsequent retrocession of a quota share of the ceded liabilities to Athora Life Re.

The increase in 'net earned premium' is driven by the reinsurance deal with Athora Belgium. Athora Ireland paid €830k in adviser charges over the period.

'Gross benefits and claims paid' consists of regular withdrawals made by policyholders and other benefits which have been paid by Athora

Ireland (e.g. on death or surrender of the policy).

'Fees and other income' relate to fees earned on the ULG business and is broadly in line with the prior year.

'Realised gains' contains realised and fair value gains and losses on policyholder investments.

'Changes in insurance contract liabilities' contains movements in ULG and reinsurance contract liabilities and the expense reserve. The increase is driven by the reinsurance deal with Athora Belgium.

'Expenses and other costs' contain administration expenses of €11,877k, investment expenses of €15,626k and other expenses of €29,192k.

A geographical split of premiums, claims and expenses for 2020 and 2019 are shown below.

Premiums, claims and expenses			**FY2020**		
(EUR thousands)	Belgium	United Kingdom	Germany	Other	Total
Premiums	1,073,421	4,017	0	2,262	**1,079,700**
Claims	4,476	96,483	1,965	64	**102,988**
Expenses	0	11,773	104	0	**11,877**

Premiums, claims and expenses		**FY2019**		
(EUR thousands)	United Kingdom	Germany	Other	**Total**
Premiums	4,424	-	2,487	**6,911**
Claims	113,839	1,490	61	**115,390**
Expenses	19,692	455	-	**20,147**

The increase in premiums is primarily driven by the reinsurance deal with Athora Belgium. Premiums and claims reduced in other geographies due to the run-off of the ULG business, which closed to new business in 2018. The table for FY2020 is consistent with the information presented in the Quantitative Reporting Template included in the Appendix (S.05.02.01).

A.3 Investment performance

Athora Ireland holds investments on behalf of policyholders and the shareholder. Athora Ireland does not provide investment advice to policyholders and investments selected by policyholders or their appointed advisers are not included in the investment performance below.

The shareholder investment performance for 2020 and 2019 is shown in the tables below:

FY2020 Investment Performance *(EUR thousands)*	**Income**	**Movements in Fair Value**	**Total Performance**
Embedded Derivative	-	(57,910)	(57,910)
Shareholder Investments	3,768	(6,165)	(2,397)
Total	**3,768**	**(64,075)**	**(60,307)**

FY2019 Investment Performance *(EUR thousands)*	**Income**	**Movements in Fair Value**	**Total Performance**
Embedded Derivative	-	1,597	1,597
Shareholder Investments	3,275	(6,441)	(3,166)
Total	**3,275**	**(4,844)**	**(1,569)**

Under IFRS, a liability is held to reflect the derivatives embedded within the ULG insurance contracts. The movement in the 'Embedded Derivative' reflects the change in fair value of this IFRS ULG reserve, which reflects the value of the guarantees underlying these products. The risk associated with this derivative is now reinsured and as such a reinsurance recoverable asset is separately recorded, the movement in fair value of which exactly offsets that of the Embedded Derivative over the reporting period.

The overall negative investment performance over 2020 is driven by a reduction in fair value in the embedded derivative.

Shareholder investments consist of sovereign and investment grade corporate bonds, private credit and equity, and three intercompany exposures comprising a corporate loan and two subordinated bonds. Athora Ireland also indirectly invests in commercial real estate debt (CRE) and residential mortgage loans (RML) via Athora Europe Investment DAC (AEI).

The focus remains on private credit and equity for achieving stable income. Collective investment funds are utilised for certain asset classes. The portfolio is managed under the direction of Athora Ireland by Apollo Asset Management Europe (AAME). In 2020 this yielded €3,768k in interest earned on deposit accounts and liquidity funds.

Movements in the fair value of shareholder investments of €-6,165k are primarily driven by realised losses on sovereign bonds.

Investment expenses are not managed by asset type and are collectively shown in Section A.2 under expenses.

A.4 Performance of other activities

Athora Ireland's only activity is life insurance and reinsurance and there are no other material activities to disclose. Currently Athora Ireland has one operating lease. Athora Ireland has renewed this property lease with IFSC South Block Limited in respect of the second floor of IFSC House. The duration of the lease is 15 years and it is cancellable after 8 years. The cost of the lease for 2020 is included above in 'Expenses and other costs'.

A.5 Any other information

On 26 February 2021, Athora Ireland entered into a binding agreement for the sale of its unit link guarantee portfolio (ULG). On the same day, Athora Ireland entered into a contract to cede risks not already ceded, including expense and longevity risks, that are associated with the ULG for the period to the sale completion date.

The sale of ULG is expected to be completed in late 2021 subject to regulatory and court approvals. The financial effects of the sale are in the process of being established at the date these financial statements are approved for publication.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

B.1.1 Corporate Governance

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

The Board is responsible for the overall governance of Athora Ireland's business and strategic objectives. Athora Ireland recognises the critical importance of having efficient and effective risk management systems in place. To this end, as at 31 December 2020, Athora Ireland has a governance framework that includes:

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

Board of Directors

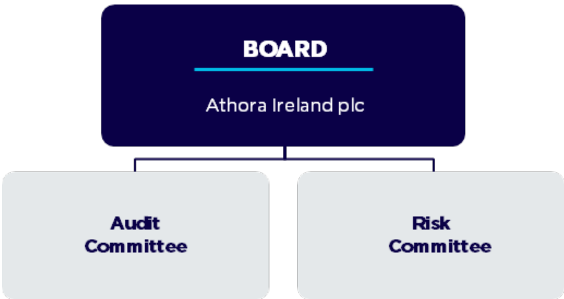
The Board is responsible for the overall governance of Athora Ireland's business and strategic objectives. As at 31 December 2020, the Board has seven directors, six of whom are non-executive directors. During 2020 the Board of Athora Ireland was responsible for:

- The business strategy of Athora Ireland;
- The amounts, types and distribution of both internal capital and own funds adequate to cover the risks of Athora Ireland;
- The strategy for the on-going management of material risks;
- A robust and transparent organisational structure with effective communications and reporting channels;
- A remuneration framework that is in line with the risk strategies of Athora Ireland; and
- An adequate and effective internal control framework that includes well-functioning risk management, compliance, and internal audit functions as well as an appropriate financial reporting and accounting framework.

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

Board Committees

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



Risk Committee

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

Audit Committee

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

Senior Management Team (SMT)

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

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

Lines of defence and key functions

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

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

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

- In line with the guidelines on the Solvency II Systems of Governance, Athora Ireland also has four key functions embedded in the organisation:
- *Actuarial Function* - The Actuarial Function spans the first and second lines of defence and is responsible for informing the Board of the reliability and adequacy of the calculation of technical provisions.
- *Risk Management Function* - This function forms part of the second line of defence and performs an oversight role in the major processes which allows for robust challenge of decisions and processes across the business.
- *Compliance Function* - This function also forms part of the second line of defence and is responsible for monitoring and reporting on compliance with laws and regulations.
- *Internal Audit Function* - This function forms part of the third line of defence and provides independent assurance opinions on the effectiveness of the systems of internal control, risk management and governance.

B.1.2 Remuneration policy

Remuneration Principles

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

Specific terms and conditions are defined for the employment of different groups of staff. 'Identified Staff' are one of the specific groups of employees who are covered by a separate section of the Policy. Identified staff are considered to be material risk takers. They are identified separately in order to recognise the fact that these employees' roles and responsibilities require specific risk mitigating measures and governance processes.

Athora Ireland's remuneration practices and processes have not materially changed compared to the previous reporting period.

General compensation practices

The Athora Group operates a Total Reward approach to compensation. This means that the aim is for total remuneration for experienced and competent employees to be consistent with those in the markets in which the Athora Group operates and competes for employees. Total Reward typically consists of financial and non-financial, tangible and intangible elements.

The Group Remuneration Policy recognises that variable compensation strengthens the commitment of staff in general and, in particular, Identified Staff members, to Athora Ireland's objectives, business strategy, risk tolerance and long-term performance. Variable compensation is based on a number of individual and company performance indicators that are linked to these items. The indicators are regularly evaluated by experts in Athora Ireland's Finance, Risk Management, Audit and Human Resources departments to ensure the alignment remains strong.

All variable compensation is capped at an appropriate level, as a percentage of base pay. Variable compensation is usually paid out in cash and/or shares aligned to the longer-term performance of the Group and is, where appropriate, subject to further conditions being fulfilled. Variable compensation already paid out may also be retrieved under certain circumstances.

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

Board Remuneration

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

Non-executive directors, other than independent non-executive directors, are employees of Athora Group and are remunerated in line with the Group Remuneration Policy and any country specific terms and conditions. The Chief Executive Officer is an Identified Staff member within Athora Ireland and an executive director.

Supplementary Pension/Early Retirement Schemes

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

B.2 Fitness and Probity requirements

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

a) Their professional qualifications, knowledge and experience are adequate to enable sound and prudent management; and
b) They are of good repute and integrity.

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

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

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

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

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

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

B.3.1 Risk management system

Introduction to Enterprise Risk Management Framework

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

The Enterprise Risk Management Framework is made up of multiple components, where each of the building blocks can and do influence each other.

Risk Strategy & Appetite

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

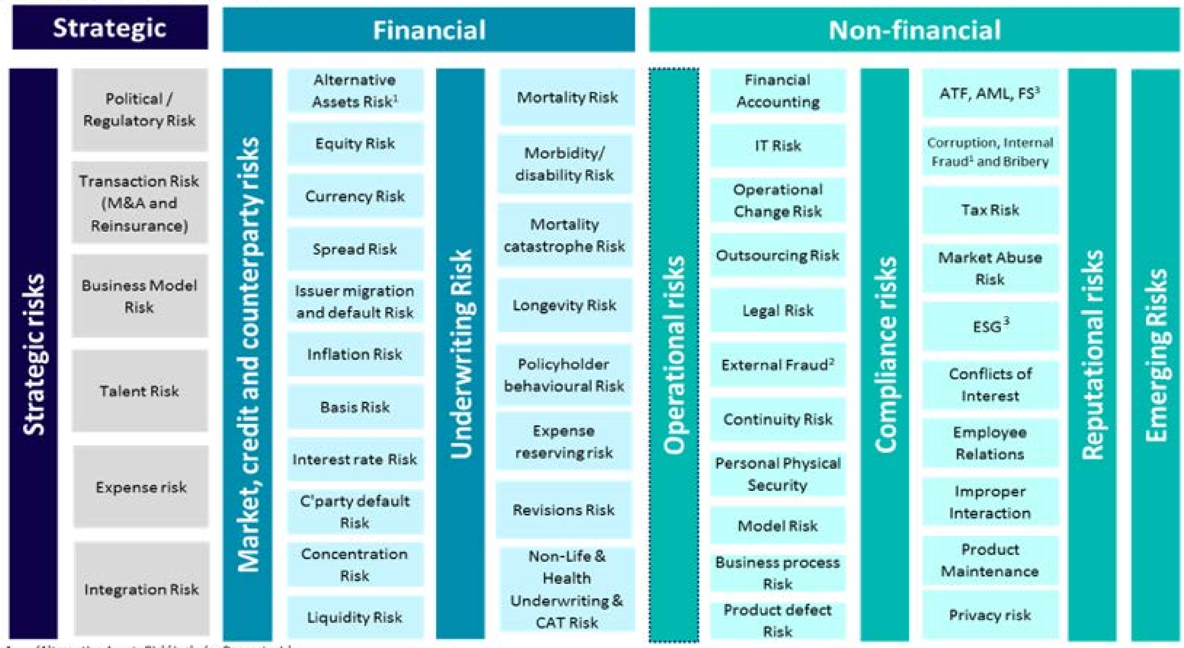
Athora Ireland sets out qualitative risk appetite statements for each risk type in the Risk Universe to provide direction as to how the risk appetite statement indicator is to be interpreted. Athora Ireland has appetite for idiosyncratic risks - such as credit risks sourced through Apollo Asset Management Europe (AAME) - that it can understand, control, and manage. In contrast, Athora Ireland avoids, or manages dynamically, other risks like underwriting, operational and systemic market risks (e.g. interest rates or listed equities), which Athora Ireland understands but cannot fully control. These qualitative appetite statements work alongside other more quantitative statements, including the two overarching quantitative risk appetite statements which do not apply to any one particular risk category, but which play a major role in Athora strategy:

A. Financial Strength Statement – This statement defines Athora Ireland's targeted level of financial strength, in order to meet its regulatory capital obligations and to compete in key markets as a financially strong reinsurer.
B. Risk Balance Statement – This statement is targeted at managing the concentration of risk, to encourage appropriate risk diversification, and to ensure that the risk profile is in line with the Business Strategy.

Risk Universe

The Athora ERM Framework identifies a "risk universe" which represents a comprehensive list of the categories of risk which the business faces or may face in the future. Athora categorises risks into three areas: strategic, financial and non-financial. A table of this risk universe is shown below.

Athora Risk Universe



1. 'Alternative Assets Risk' includes Property risk
2. "Internal Fraud" refers to fraud by Athora's Directors, Officers and Employees, perpetrated against the interests of Athora and/or third parties. "External Fraud" refers to fraud perpetrated by external parties against the interests of Athora.
3. ESG = Environmental, social and governance.

Risk Governance

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

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

Risk Assessment, Measurement, Monitoring, Oversight and Reporting

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

The financial strength metrics are compared to the different capital zones in the Capital Management Policy.

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

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

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

Risk Culture

Risk culture is a component of the Company's organisational culture and is therefore rooted in the values, attitudes, beliefs and behaviours which inform and drive how risk-taking is managed within the business. Athora Ireland is committed to building and maintaining a strong risk culture, in which the collective ability to identify and understand, openly discuss and act on our current and future risks is embedded across the business.

B.3.2 Own Risk and Solvency Assessment

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

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

The full ORSA process is performed annually, or more often when the Board deems necessary. In 2020, an ORSA report was produced in December, reflecting the risk profile and strategy over the year.

A graphical overview of the ORSA process is included in the figure below:

A summary of the process is as follows:

- The process is iterative and subject to on-going monitoring to ensure the ORSA responds to major changes impacting the business.
- The process is such that the Group and subsidiary level assessments are co-ordinated in terms of assumptions, timelines, methodologies and approach, as directed by Group Risk.
- The business strategy is clearly set out, with key business objectives outlined, a risk strategy (which is linked to appetite and tolerance) and a capital management plan.

- The business incorporates potential variances and forward-looking risk assessments.
- The output from the business strategy, business plan and capital management plan are used in the overall own risk and solvency assessment and decision-making process.
- The output of risk reporting and dashboards are a key input to the process on an on-going basis.
- At all stages of the process, consideration is given to external environment factors and emerging and long-term risks.
- The Risk Committee is actively involved throughout this process, where relevant.
- All of the above is evidenced.

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

The Capital Management Policy ensures the financial strength of Athora Ireland is protected. The policy defines capital management zones and management is required to maintain capital within specified target zones and take appropriate actions when outside of these target zones.

The allocation of capital to different risks is guided by the Risk Appetite Statements which are a fundamental part of the Enterprise Risk Management Framework. Together, the Capital Management Policy and the Risk Appetite Statements ensure that Athora Ireland is adequately capitalised and that the capital is allocated to risks in line with Athora Ireland's strategy.

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

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

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

B.4 Internal Control system

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

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

General principles of Athora's Internal Control System

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

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

Operational Risk Management Framework

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

Compliance Function

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

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

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

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

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

B.5 Internal Audit Function

As part of the third line of defence, the Internal Audit Function assists the Senior Management Team and the Board Audit Committee in protecting Athora Ireland's assets, reputation and sustainability by independently and objectively evaluating the effectiveness of internal controls, risk management and governance processes.

Internal Audit's main tasks and responsibilities are to:

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

Independence and objectivity of the Internal Audit function

The Internal Audit Function, which is outsourced to AIS, is independent of senior management and is therefore able to provide independent assurance opinions on the effectiveness of the systems of internal control, risk management and governance.

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

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

B.6 Actuarial Function

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

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

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

B.7 Outsourcing

Outsourcing & Supplier Risk Policy

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

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

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

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

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

The service provider performance and internal control must be adequately monitored on an ongoing basis, and operational risk is assessed with the service provider at least annually. For intra-group arrangements, monthly service review meetings are in place with oversight provided via the quarterly Reinsurance Operations Committee, which is responsible for managing escalated issues.

Critical & Important outsourcing arrangements ("CIFA")

The outsourcing arrangements of Athora Ireland which relate to critical and/or important functions or activities are:

- An intra-group agreement with Athora Ireland Services Ltd, for the provision of services relating to policy administration, customer service, IT, HR, Finance, Actuarial, Risk Management, Compliance, Internal Audit and Corporate Communications. Functional reporting is completed on a monthly basis and service level reporting on a quarterly basis.
- An arrangement with AAME which provides investment management and related services to Athora Ireland.
- An arrangement with Aegon Asset Management (formerly Kames Capital) for the management of assets within Athora Ireland's ULG fund range.
- An external agreement with LAB Group, a company based in Luxembourg. LAB provides document scanning and storage services to Athora Ireland.
- An external agreement with KPMG, a consulting firm with a Dublin-based actuarial function, for the provision of services to fulfil the role of the Head of Actuarial Function.

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

Athora Ireland has two chain outsourcing arrangements that fall into the Critical or Important Functions or Activities ("CIFA") category with the relationship and contract owned by AIS. These are:

- Integrity 360 which provides Network & Security Services, including network firewalls and infrastructure, intrusion prevention/detection, vulnerability management.
- Microsoft 365 whose services include email and collaboration services, including email processing, email security and monitoring, access to Office 365.

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

B.8 Any other information

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

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

C. RISK PROFILE

General

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

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

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

The sensitivities involve recalculating the solvency position at points throughout the year and as at 31 December 2020 following adverse stresses. The sensitivity impacts are calculated using Athora Ireland's standard reporting process in so far as possible.

In 2020, the risk profile of Athora Ireland changed materially due to the Belgium Group Life reinsurance transaction, with risk balances moving closer to appetite. The post-transaction risk balance moved significantly towards the target range with an increase in Spread Risk and Counterparty Default Risk being the most significant movements.

Prudent Person Principle

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

Athora Ireland does not directly invest policyholder assets, and instead uses a range of investment management companies. To meet the requirements of the prudent person principle, Athora Ireland only uses investment managers with which it has investment management agreements or subscription agreements in place. Policyholder funds are generally invested in equities, bonds and cash or cash equivalents.

Athora Ireland also invests its shareholder assets in sovereign and corporate bonds, private credit and alternative assets, liquidity funds, cash deposits and absolute return funds. These investments take account of applicable internal risk policies including the Credit Concentration and Counterparty Risk Policy.

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

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

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

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

Off-balance sheet positions and Special Purpose Vehicles

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

C.1 Underwriting risk

At 31 December 2020, underwriting risks comprise 37% of the pre-diversified reported Basic Solvency Capital Requirement. The key underwriting risks which Athora Ireland is exposed to are set out below:

Longevity Risk

The Company is exposed to longevity risk in both its reinsurance portfolio and the legacy ULG business. For the current reinsurance portfolio, longevity risk is low given the policies are fixed term and beneficiaries (i.e. employees) are younger than retirement age by design, with most employees still 10-25 years from retirement.

In the legacy business and due to the nature of the ULG products, Athora Ireland is also exposed to longevity risk (i.e. risk of customers living longer than expected) rather than mortality or catastrophe risk.

The annual mortality experience investigation for the ULG business in 2020 resulted in no changes to expected future mortality.

Policyholder Behaviour Risk

Athora Ireland is exposed to policyholder behaviour risk in both the reinsurance and legacy businesses. In the reinsurance business, policyholder behaviour risk can emerge from lower surrenders or paid-up rates than anticipated, which lead to a longer period of accumulation of policyholders' guaranteed benefits.

For the ULG business, there is a risk from lower lapses than expected, which could lead to higher future expenses arising from the higher number of policies in force.

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

The policyholder behaviour experience investigation performed in 2020 resulted in a refinement of expected lapse rates across the various ULG products, with a reduction in the expected rate in aggregate.

Expense Risk

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

The annual expense analysis resulted in some changes to the current expense assumptions in respect of the ULG business to reflect lower expenses budgeted for 2021. In addition, expense reserves were established in respect of the reinsurance of the Athora Belgium Group Life portfolio, including an allocation of existing overheads to that portfolio, and the portion of existing overheads not expected to be allocated to future new business prior to Athora Ireland reaching its target scale.

Assessment & mitigation

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

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

There have been no material changes to how underwriting risk is assessed over 2020.

Risk concentration

The geographical concentration of Athora Ireland's (re)insurance liabilities is predominantly within the UK and Belgium e.g. Athora Ireland is exposed to changes in UK and Belgian mortality rates due to medical advances or pandemics. The risks associated with the ULG business liabilities have been reinsured to New Re, with the exception of the residual exposure to longevity after the point policyholder funds exhaust.

Risk sensitivity

The solvency position at 31 December 2020 has been re-calculated following adverse stresses for the material underwriting risks. For each of these sensitivities, the table below shows the estimated impact on the reported solvency ratio:

Sensitivity	Change in Solvency Ratio (Post Stress - Pre-Stress)
Lapse rates +20%	+5%
Lapse rates -20%	-5%
Mortality +10%	+15%
Mortality -10%	-18%

The results of the analysis demonstrate that changes in lapse risk or longevity risk have a relatively modest impact on Athora Ireland's solvency ratio. Lapse risk arises through the impact of lower-than-expected lapse rates, which would result in the reinsured Belgian Group Life policies accruing their minimum guarantee rate for longer, and expenses to support the Company's liabilities being projected for longer. Longevity risk primarily arises through the impact of changes in projected mortality rates after each ULG policyholder's unit-linked fund is exhausted.

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

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

C.2 Market risk

At 31 December 2020, market risks comprise 47% of the pre-diversified reported Basic Solvency Capital Requirement. The key market risks to which Athora Ireland is exposed are set out below:

Currency Risk

Currency risk arises where changes in exchange rates create unequal fluctuations in the market value of assets and liabilities. Within Athora Ireland the relevant exchanges rates are Euro, Sterling Pounds ("GBP") and US Dollar ("USD"). With effect from 1 January 2019, the functional currency of Athora Ireland changed from GBP to Euro, but GBP liabilities continue to arise from the UK portion of the legacy ULG book, while a number of private assets in which Athora Ireland invests are denominated in USD and hedged back to EUR using derivatives.

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

Spread Risk

Athora Ireland carries spread risk through its holdings of fixed income assets, both public sovereign and corporate bonds and private debt. Spread risk associated with the ULG portfolio is reinsured, so the risk arises in relation to holdings of fixed income assets within shareholder investments and the inwards reinsurance business.

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

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

Equity Risk

Athora Ireland is exposed to equity risk through shareholder investments in holdings of alternative assets which demonstrate equity-like behaviour. In the policyholder accounts, the risks arising from the guarantees written on the underlying investments (ULG business) are fully reinsured.

Athora Ireland has set an upper bound tolerance range for equity risk that reflects a low to medium appetite for the risk. Where it exists as part of the ULG book, it is mitigated through reinsurance and/or derivatives as most appropriate/effective.

Interest rate risk

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

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

Assessment & mitigation

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

- The reinsurance agreement with New Re mitigates the market risks inherent in the ULG portfolio;
- A series of investment constraints that reflect Athora Ireland's risk appetite are documented in the Investment Management Agreement with AAME;
- A monthly Assets and Liabilities Management ('ALM') dashboard is produced which allows for the monitoring of the impact of certain market risks versus appetite and triggers management actions in order to mitigate these risks, typically via hedging;
- Quarterly reporting to the Capital Management Committee highlights the performance of market risks, including a full attribution which explains any variance to expectations for these risks;
- A quarterly assessment of the risk against stated risk tolerances is performed through the Risk Committee;
- Risk policies incorporate concentration limits in certain asset class risks;
- The ORSA aims to assess risks under stressed conditions through a range of stress and scenario testing.

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

Risk concentration

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

The largest concentration in Athora Ireland's shareholder assets is to the French government, comprising c. 20% of invested assets, and thereafter to other Athora entities (c. 7%). Within Athora Ireland's wider credit holdings, the next largest exposure is to BNP Paribas entities (5%).

Risk sensitivity

The solvency position at 31 December 2020 has been calculated following adverse stresses for the material market risks. For each of these sensitivities, the table below shows the estimated impact on the reported solvency ratio:

Sensitivity	Change in Solvency Ratio (Post Stress – Pre-Stress)
Equity markets +20%	+10%
Equity markets -20%	-6%
Interest Rates Up	+16%
Interest Rates Down	-18%
Spreads Up	-34%

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

The results of the analysis demonstrate that the most material risk to Athora Ireland's solvency ratio would be a scenario where equity and credit markets fall combined with falls in interest rates. However, at 31 December 2020 Athora Ireland was still projected to enjoy a solvency ratio in excess of 120% in any of the scenarios above, indicating that Athora Ireland's market risk profile can withstand severe shocks.

C.3 Credit Risk

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

At 31 December 2020, counterparty default risk comprised 15% of the pre-diversified reported Basic Solvency Capital Requirement. This exposure is largely explained by the retrocession of a quota-share of the reinsurance business to Athora Life Re.

Assessment & mitigation

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

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

The only material change to how counterparty default risk was assessed over the reporting period was the incorporation of the retrocession agreement with Athora Life Re into the calculation of SCR. This calculation allows for the risk-mitigating effect of the retrocession on both market and underwriting risks in calculating the exposure at default.

Risk concentration

The most significant individual counterparty exposure held by Athora Ireland is to Athora Life Re, through the quota-share retrocession of the new reinsurance portfolio.

Risk sensitivity

A scenario in which default and migration losses that could be expected occur once in every 40 years is estimated to reduce the Company's solvency ratio at 31 December 2020 by 13%, indicating that based on the current strategy and business model Athora Ireland's credit risk profile could withstand severe shocks and is within the Board's risk appetite.

C.4 Liquidity risk

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

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

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

Assessment & mitigation

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

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

Risk concentration

The largest concentration risk related to liquidity exposure relates to the reinsurance arrangement in respect of the ULG business.

Risk sensitivity

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

C.5 Operational risk

At 31 December 2020, operational risk comprised 15% of the pre-diversified reported Solvency Capital Requirement (SCR).

The SCR for operational risk makes an allowance for elevated risk in the year following receipt of premiums. As such the share of operational risk in the total SCR is expected to fall by the end of 2021.

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

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

Operational risks primarily relate to the services which have been outsourced to Athora Ireland Services.

Assessment & mitigation

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

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

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

Risk concentration

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

- IT risk
- HR risk
- Vendor risk
- Business continuity risk
- Business process risk
- Financial reporting risk
- Distribution channels risk
- Change risk
- Model risk

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

Risk sensitivity

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

C.6 Other material risks

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

C.7 Any other information

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

D. VALUATION FOR SOLVENCY PURPOSES

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

D.1 Assets

The table below shows assets held on the Solvency II balance sheet and the comparative IFRS values as at 31 December 2020:

Assets *(EUR thousands)*	**Solvency II**	**IFRS**	**Difference**
Assets held for index/unit-linked contracts	790,214	790,141	73
Available-for-sale financial assets	803,399	1,420,310	(616,911)
Cash and cash equivalents	26,751	26,751	-
Collective investments undertakings	912,577	259,364	653,213
Loans and mortgages	40,121	73,000	(32,879)
Insurance and intermediaries receivables and reinsurance recoverable	1,944,659	1,852,981	91,678
Other	23,162	104,856	(81,694)
Total	**4,540,883**	**4,527,403**	**13,480**

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

Assets held for index-linked and unit-linked contracts

The fair value of financial assets traded in active markets is determined by reference to quoted market bid prices. For financial instruments where there is no active market, the fair value is determined by using other appropriate valuation techniques. The choice of pricing model and related assumptions is a source of uncertainty as it can lead to different estimates for the quantification of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value (which is the cost of the deposit and accrued interest). The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques.

Assets held for index-linked and unit-linked contracts of €790,214k are valued at fair value under both IFRS and Solvency II and are presented differently as:

- ‘Financial Assets at fair value through profit or loss’ in the Financial Statements; and
- ‘Assets held for index-linked and unit-linked funds’ on the Solvency II balance sheet.

Available for sale financial assets

Solvency II Available for sale financial assets consist of government bonds with a market value plus accrued interest of €367,085k and corporate bonds totalling €403,262k measured on the same basis. The market value of the subordinated bonds with Athora Lebenversicherung AG and Athora Belgium is €30,051k and €3,001k respectively. Under IFRS, subordinated bonds are recorded in ‘Loans and receivables from group companies’ at amortised cost of €30,000k and €3,000k.

IFRS AFS financial assets consists of government bonds of €364,342k and corporate bonds of €402,682k at market value excluding accrued interest. The market value of Athora Lux funds is €243,221k and the market value of the reinsurance Profit Participating Note (PPN) is €410,065k. Both the Athora Lux funds and the reinsurance PPN are reported at the same market value under ‘Collective Investment Undertakings’ for Solvency II.

Cash and cash equivalents

Cash and cash equivalents of €26,751k are valued at fair value under both IFRS and Solvency II.

Collective Investments Undertakings

Collective Investments Undertakings are valued at fair value under both IFRS and Solvency II. They are presented as ‘Shareholder investments at fair value through profit and loss‘ in the financial statements. The difference of €653,213k consists primarily of the reinsurance PPN of €410,065k and the Athora Lux funds €243,221k which are reported as ‘Available for sale financial assets’ for IFRS. The residual balance consists of seed capital of €73k which is reported in ‘Assets held for index/unit-linked contracts’ under Solvency II.

Loans and mortgages

The loan to Athora Holding Ltd of €40,000k is presented as ‘Loans and mortgages’ under Solvency II and ‘Loans and receivables to group companies’ under IFRS. The loan includes accrued interest of €121k under Solvency II which is separately reported as ‘Insurance Receivables’ under IFRS. Under IFRS the amortised cost of the Athora Lebenversicherung AG subordinated bond is €30,000k and the Athora Belgium bond is €3,000k. The market value of these bonds are reported under Solvency II in ‘Available for sale financial assets’ at €30,051k and 3,001k respectively.

Insurance and intermediaries receivables and reinsurance recoverable

The difference of €91,678k relates primarily to the reinsurance recoverable asset which is valued using differing methodologies under IFRS and Solvency II. The main driver relates to the K-Factors and yield curves used to value the asset.

Other

The difference between Solvency II and IFRS is driven by the magnitude of the deferred tax asset under the two bases and expenses classified as ‘Prepayments and accrued income’ under IFRS .

D.2 Technical provisions

The technical provisions comprise the Best Estimate Liability and the Risk Margin. The table below summarises the technical provisions, split by Solvency II lines of business[1], for all life insurance obligations as at 31 December 2020:

Technical Provisions *(EUR thousands)*	Index-linked and unit-linked insurance	Life reinsurance	Total
Best Estimate Liabilities (Gross of reinsurance)	**1,093,428**	**1,189,944**	**2,283,371**
Recoverables from reinsurance	-9,988	-880,553	-890,540
Best Estimate Liabilities (Net of reinsurance)	1,083,440	309,391	1,392,831
Risk Margin	**20,678**	**32,184**	**52,862**
Technical Provisions (Gross of reinsurance)	**1,114,106**	**1,222,128**	**2,336,234**

As at 31 December 2020 Athora Ireland has not transferred any risk to special purpose vehicles. Athora Ireland has an outward reinsurance agreement in place in respect of the ULG business with New Re and, in respect of the reinsurance business, with Athora Life Re. No significant simplified methods were used to calculate the technical provisions. Athora Ireland has not applied any matching adjustment, volatility adjustment, transitional risk-free interest rate term structures or the transitional deduction.

Best Estimate Liability

The Best Estimate Liability corresponds to a probability-weighted average of future cash-flows, taking account of the time value of money, using the relevant risk-free interest rate term structure prescribed by the European Insurance and Occupational Pensions Authority. For the ULG business, the Best Estimate Liability is calculated on a policy-by-policy basis, allowing for the projection of fund values, charges, claims, expenses and lapses. A stochastic modelling approach is used, given the guarantees which are dependent on market conditions.

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

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

Recoverables from reinsurance contracts

For the ULG business, reinsurance cash flows are not explicitly modelled as there is currently no difference between the reinsurance basis and Athora Ireland's best estimate basis. Therefore, the reinsurance recoverable is calculated as the present value of future revenue and claims under the reinsurance treaty. For the inward reinsurance business,

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

the outwards reinsured cash flows are explicitly modelled.

The need for an allowance for counterparty default in the Best Estimate Liability (the 'Counterparty Default Adjustment' or 'CDA') in respect of the outwards reinsurance agreements is assessed each quarter. No such allowance is currently required for the ULG business as there is currently a liability to the reinsurer rather than an asset. For the reinsurance portfolio a CDA is allowed for, reflecting the probability of default of Athora Life Re applied to the projected shortfall of the funds withheld assets relative to the retroceded claims.

Risk Margin

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

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

During 2020, the Risk Margin calculation was expanded to incorporate the Athora Belgium reinsurance portfolio. For that portfolio, explicit projections of the most material Solvency Capital Requirements applicable (Lapse, Counterparty, and Operational SCRs) are made as part of the calculation, with Longevity and Expense SCRs projected in a simplified manner proportionate to the nature, scale, and complexity of the risks.

Assumptions

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

- *Interest Rates:* The projected cash flows are discounted using the prescribed currency specific risk-free interest rate term structures. Future investment returns on unit-linked funds are also projected using the same risk-free yield curve.
- *Persistency:* Lapse and withdrawal assumptions vary by product type and policy duration. Persistency experience for ULG business is assumed to be dynamic in nature, i.e. policyholder behaviour is assumed to be influenced by the value of the guarantees attached to their product, which is dependent on market conditions. Lapse and paid-up rates for the reinsurance portfolio are not assumed to be dynamic with interest rates given the very high level of moneyness of the guarantees in the current rate environment.
- *Mortality:* Assumptions are differentiated by sex and based on standard industry tables. A best estimate assumption is used for expected future mortality improvements.
- *Expenses:* For the ULG business, renewal expense assumptions are determined with respect to the recurring costs incurred by Athora Ireland in servicing the in-force insurance and reinsurance obligations. This includes administrative expenses, investment operations expenses and

claims management expenses. For the reinsurance portfolio, a best estimate assumption is made for marginal non-budgeted expenses expected to be incurred in servicing the liabilities which will be regularly reviewed as experience emerges. In addition, an assumption is made for the portion of existing overheads allocated to the reinsurance portfolio.

During 2020, the current mortality assumptions for the ULG portfolio were assessed relative to experience data, at the level of products, gender, and age bands. The current assumptions were considered appropriate and no changes were implemented.

The policyholder behaviour experience investigation performed in 2020 resulted in a refinement of expected lapse rates across the various ULG products, with a reduction in the expected rate in aggregate.

Athora Ireland completed its annual expense analysis during 2020. At year-end 2020, Athora Ireland updated the level of expense assumptions for the ULG business to reflect the latest budget. In addition, expense reserves were established in respect of the reinsurance portfolio, including an allocation of existing overheads to that portfolio, and the portion of existing overheads not expected to be allocated to future new business prior to Athora Ireland reaching its target scale. Assumptions for new business, and Athora Ireland's ability to reach its target scale, will be reviewed on a regular basis.

Uncertainty associated with technical provisions

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

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

For ULG products, the uncertainty of the timing, frequency and amount of claims is taken into account through the stochastic modelling of the Best Estimate Liability. The use of dynamic functions also allows for dependencies between market movements, policyholder behaviour and associated cash flows.

Controlled Volatility Funds underlie some of the ULG products. These funds are rebalanced on a daily basis to target a specific volatility and therefore there is uncertainty associated with the future asset mix within the funds.

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

Material differences between Solvency II and the financial statements

The table below highlights the material differences between the gross technical provisions under Solvency II and the equivalent reserves in the financial statements (i.e. before allowance for the impact of reinsurance). The equivalent valuation of the liabilities under IFRS at 31 December 2020 is c. €184,645k less than the technical provisions under Solvency II. The table is presented based on Solvency II lines of business[2]:

Gross SII Technical provisions to IFRS contract liabilities (EUR thousands)	Index linked and unit -linked insurance	Life reinsurance	Total
Solvency II Technical Provisions	1,114,106	1,222,128	2,336,234
Less Risk Margin	-20,678	-32,184	-52,862
Solvency II Best Estimate Liability	1,093,428	1,189,944	2,283,371
Methodology & assumption changes	53,405	-181,172	-127,768
IFRS insurance contract and derivative liabilities	1,146,832	1,008,771	2,155,604

Note 1: There is no Risk Margin required under IFRS. The removal of the Risk Margin decreases the index-linked and unit-linked insurance business by €20,678k and life reinsurance business by €32,184k respectively.

Note 2: The calculation of the Best Estimate Liability involves a projection of future cash flows on best estimate assumptions. The most significant variance relates to the discount rate assumption used for the benefit reserve for reinsurance business. Risk free discount rates are prescribed under Solvency II whereas the expected asset returns are reflected in the IFRS discount rates. The yield curve and other economic assumptions used for the IFRS calculation are not fully aligned to Solvency II.

A further variance arises on expense reserves where the projected expense cash flows are higher under Solvency II due to the inclusion of an over-run reserve and additional investment expense reserve for the reinsurance business.

For ULGs (both unit linked and reinsurance) all future cashflows are projected in the Best Estimate Liability under Solvency II, both guaranteed and non-guaranteed. This differs to IFRS where only the future guarantee fees and guaranteed benefits are considered (and presented as a derivative financial liability).

[2] ULGs are classified as Life insurance under Solvency II. Under IFRS, ULGs are classified as insurance contracts.

D.3 Other liabilities

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

Other liabilities *(EUR thousands)*	**Solvency II**	**IFRS**	**Difference**
Financial liabilities other than debts owed to credit institutions	-	111,616	(111,616)
Reinsurance payables	1,996,031	2,946,957	(950,926)
Payables	39,763	160,239	(120,476)
Total Other liabilities	**2,035,794**	**3,218,812**	**(1,183,018)**

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

Financial liabilities other than debts owed to credit institutions

As at 31 December 2020, Athora Ireland had a collateral obligation of €111,616k to the reinsurer as a result of the ULG reinsurance agreement entered into during 2018. Under IFRS this is presented as 'Collateral Obligations' and as 'Reinsurance payables' under Solvency II.

Reinsurance Payables

Reinsurance payables for both IFRS and Solvency II contain modified coinsurance (ModCo) payables of €1,850,969k and a reinsurance guarantee payable of €33,446k. In addition the Solvency II reinsurance payable contains collateral obligations of €111,616k reported as 'Financial liabilities other than debts owed to credit institutions' under IFRS. IFRS also contains technical provisions on reinsurance of €943,022k, a ULG reserve of €110,791k and an expense reserve of €8,729k which are reported as 'Technical provisions - index-linked and unit-linked' under Solvency II.

Payables

This line item consists of payables and sundry creditors.

D.4 Alternative methods for valuation

Athora Ireland does not have any material assets or liabilities for which it applies alternative methods for valuation. There is a small proportion of policyholder assets where quoted market bid prices are not available, so these assets are valued using appropriate valuation techniques as described in Section D.1. A portion of the shareholder assets are unrated and are valued based on observable valuation techniques (Level III) in line with other group entities.

D.5 Any other information

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

E. CAPITAL MANAGEMENT

E.1 Own funds

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

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

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

Tiering of own funds

The table below sets out the movement in the Solvency II available own funds over the reporting period:

Own funds *(EUR thousands)*	**FY2020**	**FY2019**	**Movement**
Ordinary share capital	105,660	105,660	-
Share premium account	17,026	17,026	-
Reconciliation reserve	36,894	60,410	(23,516)
Amount equal to the value of net deferred tax assets	9,275	12,470	(3,195)
Available own funds	**168,855**	**195,566**	**(26,711)**
Eligible own funds to meet Solvency Capital Requirement	168,855	192,136	(23,281)
Eligible own funds to meet Minimum Capital Requirement	159,580	183,096	(23,516)

As shown below, the majority of Athora Ireland's available own funds consist of Tier 1 capital. The Deferred Tax Asset of €9,275k remains the only lower tier asset and is classified as Tier 3 representing 5.5% of own funds at year end 2020.

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

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

The movement in 'Available own funds' is attributable to the reinsurance inwards deal transacted in 2020.

Own funds summary by tier	**FY2020**		**FY2019**	
(EUR thousands)	**Tier 1**	**Tier 3**	**Tier 1**	**Tier 3**
Ordinary share capital	105,660	-	105,660	-
Share premium account	17,026	-	17,026	-
Reconciliation reserve	36,894	-	60,410	-
Amount equal to the value of net deferred tax assets	-	9,275	-	12,470
Available own funds	**159,580**	**9,275**	**183,096**	**12,470**

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

As at 31 December 2020, 'Ordinary share capital' comprises 105,660,001 ordinary shares of €1 each. The 'Share premium account' of €17,026k related to share capital issued at a premium and held by Athora Ireland's direct parent, Athora Life Re Ltd.

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

Reconciliation reserve *(EUR thousands)*	**FY2020**	**FY2019**
Available own funds / Excess of assets over liabilities	168,855	195,566
Other basic own fund items	(131,961)	(135,156)
Reconciliation reserve	**36,894**	**60,410**

Difference between own funds and IFRS Shareholders Equity

The main differences between available own funds (excess of assets over liabilities) and IFRS Shareholder Equity relate to the valuation of technical provisions (as described in Section D.2), the removal of software costs (an intangible asset) and the reinsurance recoverable asset. The table below provides a reconciliation from IFRS Equity to total own funds for both year-end 2020 and the prior period.

IFRS Equity to own funds *(EUR thousands)*	**FY2020**	**FY2019**
Total IFRS equity	215,529	223,357
Difference in technical provisions	(60,154)	39,949
Deferred tax adjustment	6,668	3,970
Reinsurance recoverable asset	779,749	(71,831)
Reinsurance loss	(771,994)	-
Subordinated debt fair value adjustment	(943)	121
Total own funds	**168,855**	**195,566**

Description of items deducted from own funds

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

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement

The eligible own funds, Solvency Capital Requirement and solvency ratio as at 31 December 2020 and the prior period are presented below:

Solvency II key figures *(EUR thousands)*	**FY2020**	**FY2019**
Eligible Own Funds	168,855	192,136
Solvency Capital Requirement	108,631	60,266
Solvency Ratio	155%	319%

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

Solvency Capital Requirement split by risk module

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

Solvency Capital Requirement by risk module *(EUR thousands)*	**FY2020**	**FY2019**
Market risk	52,582	42,397
Counterparty default risk	21,713	4,825
Life underwriting risk	39,833	28,601
Diversification	-31,221	-17,373
Basic Solvency Capital Requirement	**82,907**	**58,450**
Operational risk	25,724	1,816
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	-	-
Solvency Capital Requirement	**108,631**	**60,266**

The net Solvency Capital Requirement increased by €48,365k (c. 80%) over 2020. The main driver of this change across all risk modules was the new reinsurance business written in 2020. Some additional changes in the asset portfolio and methodology changes also contributed to a lesser extent. Each risk module is examined separately below:

- *Market risk Solvency Capital Requirement:* The increase of €10,185k was primarily caused by an increase in spread risk on assets backing the reinsurance portfolio. There was also an increase in concentration risk capital due to increased exposure to AHL. Currency risk capital reduced due to alignment with Solvency II requirements.

- *Counterparty Default Risk Solvency Capital Requirement:* The main driver of the €16,888k increase is counterparty risk associated with the Athora Life Re retrocession agreement in relation to the reinsurance business written in 2020.
- *Life Underwriting risk Solvency Capital Requirement:* This risk module increased by €11,232k over 2020, primarily due to an increase in the lapse risk capital requirements for the reinsurance business. The reinsurance portfolio also contributed to smaller increases in the longevity risk and expense risk exposures.

Minimum Capital Requirement

The Minimum Capital Requirement figure has increased by €12,091k, from €15,067k at the previous year-end to €27,158k as at 31 December 2020.

Minimum Capital Requirement *(EUR thousands)*	**FY2020**	**FY2019**
Linear Minimum Capital Requirement	13,947	8,851
Solvency Capital Requirement	108,631	60,266
Minimum Capital Requirement cap	48,884	27,120
Minimum Capital Requirement floor	27,158	15,067
Combined Minimum Capital Requirement	27,158	15,067
Absolute Floor	3,700	3,700
Minimum Capital Requirement	**27,158**	**15,067**

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

- The Linear Minimum Capital Requirement is a calculation based on the value of technical provisions and capital at risk.
- The Linear Minimum Capital Requirement is subject to a respective floor of 25% and a cap of 45% of the Solvency Capital Requirement.
- An Absolute Floor of €3,700k is prescribed by the European Insurance and Occupational Pension Authority.

The Minimum Capital Requirement increased by c. 80% over the reporting period, driven by the same factors that caused the change in the Solvency Capital Requirement.

Simplified calculations

In the calculation of the Counterparty Default Risk module, a simplified calculation of the risk mitigating effect is used, pursuant to Article 111 of the Delegated Regulation. The simplified calculation is proportionate to the nature, scale and complexity of the risks faced for this risk module.

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

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

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

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

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

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

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

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

E.6 Any other information

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

APPENDIX – QUANTITATIVE REPORTING TEMPLATES

All values are in €000's

S.02.01.02 - Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	9,275
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	10,965
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,715,977
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	803,399
Government Bonds	R0140	365,105
Corporate Bonds	R0150	438,294
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	912,577
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	790,214
Loans and mortgages	R0230	40,121
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	40,121
Reinsurance recoverables from:	R0270	890,540
Non-life and health similar to non-life	R0280	-

		Solvency II value
		C0010
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	832,322
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	832,322
Life index-linked and unit-linked	R0340	58,219
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	1,380
Reinsurance receivables	R0370	1,052,738
Receivables (trade, not insurance)	R0380	2,922
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	26,751
Any other assets, not elsewhere shown	R0420	-
Total assets	**R0500**	4,540,883

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	-
Technical provisions – non-life (excluding health)	R0520	-
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	1,150,227
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	1,150,227
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	1,132,091
Risk margin	R0680	18,137
Technical provisions – index-linked and unit-linked	R0690	1,186,006

		Solvency II value
		C0010
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	1,151,281
Risk margin	R0720	34,726
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	-
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	21,377
Reinsurance payables	R0830	1,996,031
Payables (trade, not insurance)	R0840	15,724
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	2,662
Total liabilities	**R0900**	4,372,028
Excess of assets over liabilities	**R1000**	168,855

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

Columns containing no data have been excluded

All values are in €000's

Life		Line of Business for: life insurance obligations	Life reinsurance obligations	Total
		Index-linked and unit-linked insurance	Life-reinsurance	
		C0230	C0280	C0300
Premiums written				
Gross	R1410	(830)	1,080,530	1,079,700
Reinsurers' share	R1420	16,750	778,766	795,516
Net	R1500	(17,580)	301,764	284,184
Premiums earned				
Gross	R1510	(830)	1,080,530	1,079,700
Reinsurers' share	R1520	16,750	778,766	795,516
Net	R1600	(17,580)	301,764	284,184
Claims incurred				
Gross	R1610	98,035	4,953	102,988
Reinsurers' share	R1620	450	3,357	3,807
Net	R1700	97,585	1,596	99,181
Changes in other technical provisions				
Gross	R1710	-	-	-
Reinsurers' share	R1720	-	-	-
Net	R1800	-	-	-
Expenses incurred	R1900	4,746	7,131	11,877
Other expenses	R2500			-
Total expenses	R2600			11,877

Total amount of surrenders	R2700	40,452	-	40,452

S.05.02.01 - Premiums, claims and expenses by country

Columns containing no data have been excluded

All values are in €000's

Life		Home Country	Top 5 countries (by amount of gross written premiums) - Life					Total Top 5 and home country
			BE	GB	FR	DE	NL	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	-	1,073,421	4,017	2,262	-	-	1,079,700
Reinsurers' share	R1420	-	771,654	15,715	2,262	998	9	790,638
Net	R1500	-	301,767	(11,698)	0	(998)	(9)	289,062
Premiums earned								
Gross	R1510	-	1,073,421	4,017	2,262	-	-	1,079,700
Reinsurers' share	R1520	-	771,654	15,715	2,262	998	9	790,638
Net	R1600	-	301,767	(11,698)	0	(998)	(9)	289,062
Claims incurred								
Gross	R1610	-	4,476	96,483	-	1,965	64	102,988
Reinsurers' share	R1620	-	3,357	450	-	-	-	3,807
Net	R1700	-	1,119	96,033	-	1,965	64	99,181

Life		Home Country	Top 5 countries (by amount of gross written premiums) - Life					Total Top 5 and home country
			BE	GB	FR	DE	NL	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Changes in other technical provisions								
Gross	R1710	-	-	-	-	-	-	-
Reinsurers' share	R1720	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-
Expenses incurred	R1900	-	-	11,773	-	104	-	11,877
Other expenses	R2500							-
Total expenses	R2600							11,877

S.12.01.02 - Life and Health SLT Technical Provisions

Columns containing no data have been excluded

All values are in €000's

		Index-linked and unit-linked insurance		Accepted reinsurance			**Total (Life other than health insurance, incl. Unit-Linked)**
			Contracts with options or guarantees		Index-linked and unit-linked insurance	Other life insurance	
		C0030	C0050	C0100	C0120	C0130	C0150
Technical provisions calculated as a whole	R0010	0		0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0		0	0	0	0
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		1,093,428	1,189,944	57,853	1,132,091	2,283,371
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		9,988	880,553	48,231	832,322	890,540
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		1,083,440	309,391			1,392,831
Risk Margin	R0100	20,678		32,184	14,047	18,137	52,862
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110	0		0			0
Best estimate	R0120		0	0			0
Risk margin	R0130	0		0			0

Technical provisions - total	R0200	1,114,106		1,222,128			2,336,234

S.23.01.01 - Own funds

All values are in €000's

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	105,660	105,660		-	
Share premium account related to ordinary share capital	R0030	17,026	17,026		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	36,894	36,894			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	9,275				9,275
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	**168,855**	**159,580**	**-**	**-**	**9,275**

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	168,855	159,580	-	-	9,275
Total available own funds to meet the MCR	R0510	159,580	159,580	-	-	
Total eligible own funds to meet the SCR	R0540	168,855	159,580	-	-	9,275
Total eligible own funds to meet the MCR	R0550	159,580	159,580	-	-	
SCR	R0580	**108,631**				
MCR	R0600	**27,158**				
Ratio of Eligible own funds to SCR	R0620	**155%**				
Ratio of Eligible own funds to MCR	R0640	**588%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	168,855
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	131,961
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	**36,894**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	-

S.25.01.21 - Solvency Capital Requirement

Columns containing no data have been excluded

All values are in €000's

		Gross solvency capital requirement	Simplifications
		C0040	C0120
Market risk	R0010	52,582	None
Counterparty default risk	R0020	21,713	
Life underwriting risk	R0030	39,833	None
Health underwriting risk	R0040	0	None
Non-life underwriting risk	R0050	0	None
Diversification	R0060	(31,221)	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	82,907	

Basic Solvency Capital Requirement (USP)

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

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	25,724
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	108,631
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	108,631
Other information on SCR		

Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

S.28.01.01 - Minimum Capital Requirement

Columns containing no data have been excluded.

All values are in €000's

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	13,947

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

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	

Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	1,093,062	
Other life (re)insurance and health (re)insurance obligations	R0240	299,769	
Total capital at risk for all life (re)insurance obligations	R0250		163

Overall MCR calculation

		C0070
Linear MCR	R0300	13,947
SCR	R0310	108,631
MCR cap	R0320	48,884
MCR floor	R0330	27,158
Combined MCR	R0340	27,158
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	27,158