

Monument Assurance Luxembourg S.A.

Solvency and Financial Condition Report
at 31 December 2024

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Executive Summary

Introduction and Purpose

This is the Solvency and Financial Condition Report ("SFCR") for Monument Assurance Luxembourg S.A. ("MAL" or "the Company") for the year ended 31 December 2024. The purpose of the SFCR is to meet the public disclosure requirements of Articles 290 to 303 of the Commission Delegated Regulation (EU) 2015/35.

This public report contains quantitative and qualitative information about the solvency position and the financial condition of the Company. Its objective is to increase transparency for consumers.

This report quotes all figures in 000's as per Article 2 of ITS 2015/2452. All nominal amounts are presented in Euro 000's.

Business Information

MAL is a life insurance company based in Luxembourg that has been closed to new business. Most of its operations are outsourced to the service provider Monument Assurance Luxembourg S.à r.l. ("MASL") and Monument Insurance Europe services SRL ("MIES"). MAL is the sole shareholder of MASL.

The business strategy of the Company is focused on running off the existing closed book of policies and ensuring that high quality customer service remains a priority while seeking opportunities to grow the Company through acquisition of books of business in line with Monument Re group strategy.

Through a strategy of reinsurance and/or acquisition, Monument Re looks to assume asset-based risks within its risk appetite and efficiently operate these businesses or portfolios. The focus includes two principal areas, namely:

- acquiring portfolios or direct insurers, primarily those in run-off and targeting annuity, guaranteed savings or protection product lines, to drive risk diversification and create capital synergies; and
- reinsurance long-dated guaranteed life insurance liabilities.

Performance

The current accounting year end date of the Company is 31 December. This report is for the year ended 31 December 2024 with prior year comparatives for the 12-month statutory period ending 31 December 2023.

MAL's premium income for the year 2024 amounted to EUR 28,003 thousand gross written premiums. Most of these premiums relate to traditional (non-linked) business. The overall result under Luxembourg GAAP was EUR 1,622 thousand. Net premiums and net results reflect the intra-group reinsurance contracts.

Further details on the Company's business and performance are shown below in **Section A. Business and Performance**.

System of Governance

The Company has established a system of governance which is appropriate for the Company's business strategy and operations. There is a clear delegation of responsibilities, reporting lines and allocation of functions prescribed by committee terms of reference and key function charters. The system of governance includes requirements relating to fitness and probity of persons responsible for key functions, remuneration practices and outsourcing activities. A significant portion of the Company's operations and governance arrangements is outsourced to a regulated PSA (Professionnel du Secteur des Assurances) service company, MASL. There were no material changes in the system of governance during the year ended 31 December 2024.

Further details of the Company's system of governance are provided below in **Section B. System of Governance**.

Risk Profile

The Company's risk management system is proportionate to the nature, scale and complexity of the risks to which the Company is exposed. The system includes processes for the identification, assessment and reporting of all categories of risk. The risk management system includes the Own Risk and Solvency Assessment ("ORSA") which assists MAL's Board of Directors ("the Board") in determining whether there are adequate Own Funds to cover the Company's risks over its business planning horizon.

The Company's business activities give rise primarily to underwriting, market, credit and operational risks. Outsourcing significantly contributes to mitigate risks on a long term basis.

Further details of the Company's risk profile are provided below in **Section C. Risk Profile**.

Valuation for Solvency Purposes

All assets and liabilities have been valued in accordance with Solvency II valuation principles. For the valuation for solvency purposes, MAL applies the volatility adjustment for the traditional (non-linked) AMELL and Integrale Luxembourg portfolios. MAL does not apply any transitional measures or other adjustments. During the reporting period, best estimate assumptions were updated.

Further details of the Company's valuation for Solvency purposes are provided below in **Section D. Valuation for Solvency Purposes**.

Capital Management

The structure of the Company's Own Funds comprises of ordinary share capital and the reconciliation reserve (including retained earnings). The capital management policy focuses on ensuring compliance with externally imposed capital requirements and to maintain appropriate capital ratios in order to protect the security of its stakeholders while maintaining shareholder value.

The Company's Solvency Capital Requirement (SCR) is calculated using the Standard Formula set by the European Insurance and Occupational Pension Authority (EIOPA). The following table summarises the Company's Own Funds and solvency position at 31 December 2024, with prior year comparatives (in € '000, except for percentages):

	31 December 2024	31 December 2023
Eligible Own Funds to cover Regulatory Solvency	31,723	20,562
Solvency Capital Requirement	10,264	7,828
Minimum Capital Requirement	4,000	4,000
Ratio of Own Funds to SCR	309%	263%
Ratio of Own Funds to MCR	793%	514%

At the year end 2024 basic own funds amount to EUR 31,723 thousand of the highest classification Tier 1. MAL's total basic own funds are available without restrictions for an unlimited period of time and are eligible at their full amount to cover the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR). The corresponding SCR ratio is 309% and the MCR ratio is 793%. The Solvency ratios are significantly above 100%. These solvency ratios exceed the Company's target. Without application of the volatility adjustment, the SCR ratio is slightly lower at 306%.

Compared to the previous year, own funds increased by EUR 11,161 thousand, mainly reflecting the inclusion of the Integrale Luxembourg portfolio. The SCR increased similarly mainly due to the increase of the liability and asset basis due to the new portfolio. As in the previous years, the MCR is equal to the absolute floor of EUR 4,000 thousand.

Further details of the Company's Own Funds and SCR are provided in ***Section E. Capital Management***.

A. Business and Performance

A.1 Business

A.1 (a) Name and legal form

Name and registered office of the Company is:

Monument Assurance Luxembourg S.A

29, rue du Puits Romain, Bourmicht

L-8070 Bertrange

GD de Luxembourg

(hereafter: "MAL" or "the Company")

A.1 (b) Name and contact details of supervisory authority

Local Supervisor:

Commissariat aux Assurances

11, Rue Robert Stumper

L-2557 Gasperich

GD de Luxembourg

Tel: (+352) 22 69 11 - 1

Fax: (+352) 22 69 10

Email: caa@caa.lu

Group supervisor of the group to which the Company belongs:

Bermuda Monetary Authority

BMA House

43 Victoria Street

Hamilton

Bermuda

A.1 (c) Name and contact details of the external auditors

PwC Luxembourg

2, rue Gerhard Mercator

L-2182 Luxembourg

GD de Luxembourg

Tel: (+352) 49 48 48 - 1

Fax: (+352) 49 48 48 - 2900

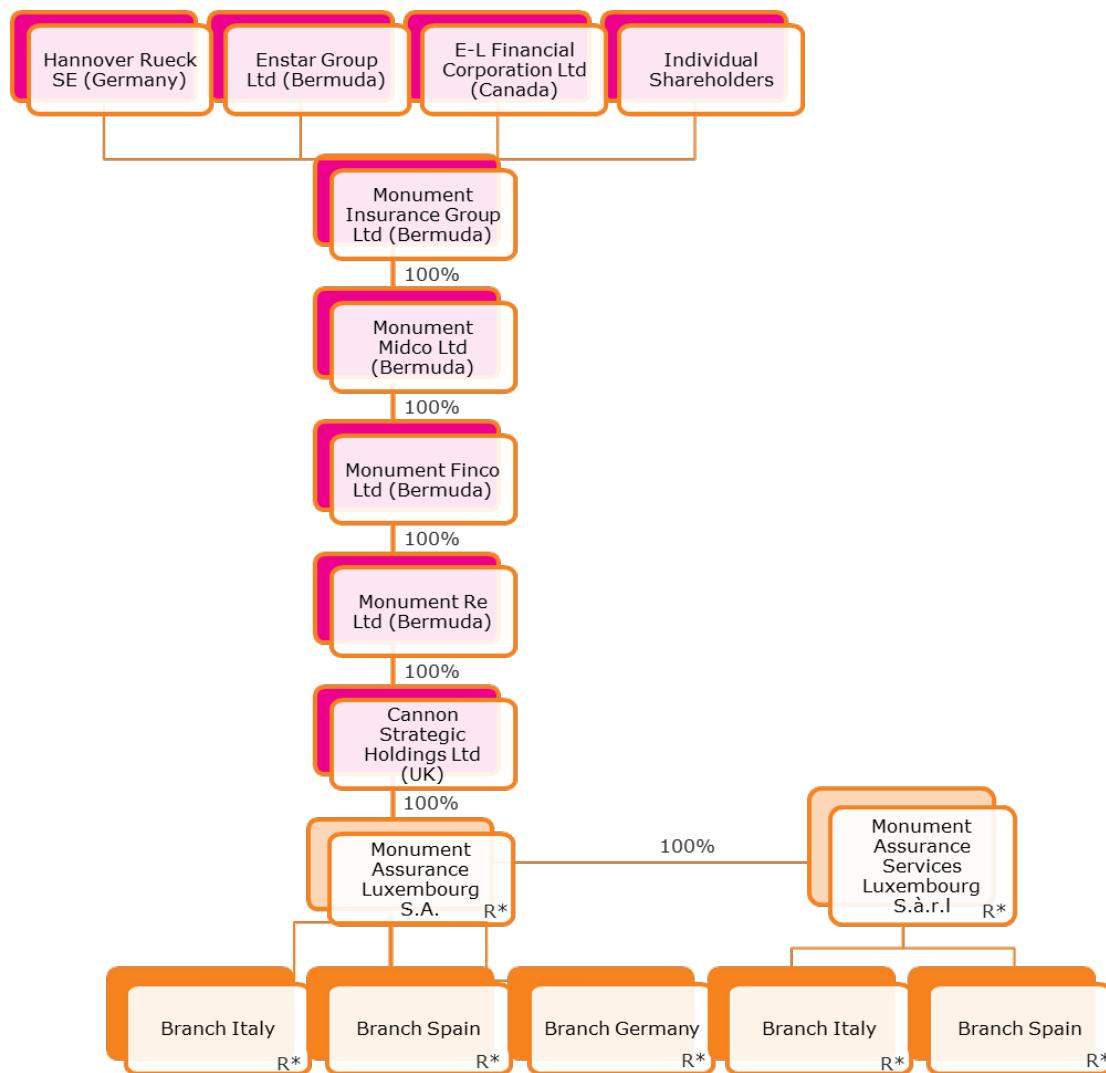
Email: info@lu.pwc.com

A.1 (d) Holders of qualifying holdings in the undertaking

Monument Assurance Luxembourg S.A. (formerly: Aspecta Assurance International Luxembourg S.A.) was incorporated in Luxembourg in 2000 as a 100% subsidiary of Talanx Group. In 2018, Aspecta was acquired by Monument Re Limited based in Bermuda and renamed as Monument Assurance Luxembourg ("MAL").

MAL owns 3 branches (Italy, Spain and Germany). MASL is a PSA (Professionnel du Secteur des Assurances), registered and regulated by the Commissariat aux Assurances (CAA), the supervisory authority for the insurance industry in Luxembourg. MAL is the sole shareholder of MASL.

The ownership structure of MAL as at 31 December 2024 is set out in the following chart ("R" stands for Luxembourg regulated entity):



Monument Re Group has also insurance entities in Belgium (Monument Assurance Belgium), Ireland (Monument Life Insurance DAC) and Isle of Man (Monument International Life Assurance Company Limited).

A.1 (e) Material lines of business and material geographical areas

MAL is a life insurance company based in Luxembourg that is closed to new business. The in-force business is composed of unit-linked and traditional products. The business was principally sold via the Company's branches in Italy, Spain and Germany and via Freedom of Services ('FOS') in several countries. MAL now comprises four run-off insurance portfolios:

- The remaining in-force policies of Aspecta Assurance International Luxembourg S.A., which became part of Monument Re Group on 2 October 2018. The Aspecta portfolio is closed to new business since 2011.
- A portfolio of closed unit-linked business underwritten in Italy and acquired from Omega Life DAC (formerly Cattolica Life DAC) on 31 December 2020.
- AMELL's guaranteed (traditional life), unit-linked and individual protection and savings portfolio marketed in Luxembourg and Belgium, and closed to new business since January 2021.
- The portfolio of Integrale Luxembourg transferred on 31 January 2024 mainly consisting of group and individual pension business sold via FOS in several countries.

The following table provides the details of gross written premiums by geographical area for the year ended 31 December 2024, with prior year comparatives:

Country	2024 €'000	2023 €'000
Belgium	3,503	4,093
France	228	209
Germany	1,538	1,677
Italy	5,611	6,550
Luxembourg	14,567	2,967
Netherlands	723	0
Spain	1,833	2,004
Total	28,003	17,499

The Company's total premium income for the year 2024 amounted to EUR 28,003 thousand gross written premiums (premiums before reinsurance) and EUR 2,895 thousand net written premiums (premiums net of reinsurance). Due to the transfer of the large non-linked Integrale Luxembourg portfolio, the larger part of these premiums now relates to traditional business, whereas in 2023 the larger part related to unit-linked business. The unit-linked business is assigned to the line of business "Index-linked and unit-linked" for Solvency II purposes (hereafter: "unit-linked business"). Traditional business is assigned to "Life excluding health and index-linked and unit-linked" (hereafter: "traditional business"). For Solvency II purposes, the traditional business is split further into the two lines of business "Insurance with profit participation" and "Other life insurance".

The following table summarises how the benefits provided under policies issued by the Company are classified under Solvency II Lines of Business.

SII Line of Business	Benefits Provided
D: Life Insurance Obligations	
(30) Insurance with profit participation	traditional life insurance business (endowments, deferred capital, capitalisation business, annuities, term life)
(31) Index-linked and unit-linked insurance	unit-linked business
(32) Other life insurance	traditional life insurance business (term life insurance without profit participation)

A.1 (f) Significant business or other events which have occurred over the reporting period

The Company acquired the entire portfolio of Integrale Luxembourg on 31 January 2024 following receipt of regulatory approval from the Commissariat aux Assurances. This portfolio consists mainly of group and individual pension business.

In accordance with Monument Re Group strategy, the Integrale Luxembourg portfolio was included in the intra-group reinsurance framework.

A.2 Underwriting Performance

The Company's financial statements are prepared in accordance with Generally Accepted Accounting Practice in Luxembourg ("LGAAP").

Qualitative and quantitative information regarding the material line of business and material geographical area can be found above in **Section A.1 (f) Material lines of business and material geographical areas**.

The following tables highlight the underwriting results for the year ended 31 December 2024, with prior year comparatives:

	2024							
	Belgium €'000	France €'000	Germany €'000	Italy €'000	Luxem- bourg €'000	Nether- lands €'000	Spain €'000	Total €'000
Net premiums written	357	9	274	490	1,439	72	252	2,895
Net premiums earned	345	9	274	491	1,400	72	252	2,843
Net claims incurred	2,345	-2,017	-93	3,729	-5,740	-9,809	511	-11,074
Changes in other technical provisions	1,066	-2,101	-1,501	1,567	-7,401	-10,054	-612	-19,037
Expenses incurred	263	53	100	318	595	68	78	1,475

	2023						
	Belgium €'000	France €'000	Germany €'000	Italy €'000	Luxem- bourg €'000	Spain €'000	Total €'000
Net premiums written	469	5	297	566	277	253	1,866
Net premiums earned	469	5	297	567	277	253	1,867
Net claims incurred	5,356	17	361	3,523	1,036	470	10,763
Changes in other technical provisions	4,152	-5	-742	1,454	404	-538	4,725
Expenses incurred	319	48	122	437	198	89	1,213

Any new premiums received from policyholders during the reporting year only relate to regular premiums on existing regular premium policies (99.9%) and a small amount of top-up premiums (0.1%). The largest share of such new premiums stems from the Luxembourg, Belgian and Italian business; other significant contributions come from the Spanish and German markets. Net claims incurred were negative due to the transfer of the Integrale Luxembourg portfolio and the way this has to be reflected under Luxembourg GAAP. The corresponding increase of technical provisions is reflected in the changes in other technical provisions.

Together with the investment performance (cf. A.3), the underwriting performance contributes positively to the overall result of EUR 1,622 thousand under Luxembourg GAAP. The overall result is significantly higher compared to the previous reporting period (EUR -1,075 thousand). Note that in 2023, the overall result was negative due to the Company's capital injection into MASL and the following write-down of this participation.

A.3 Investment Performance

A.3 (a) Income & expenses

The following table summarises the investment performance of the Company by asset class as reported in the Company's financial statements as of 31 December 2024, with prior year comparatives:

	2024		2023	
	Income €'000	Expenses €'000	Income €'000	Expenses €'000
Investments (other than assets held for index-linked and unit-linked contracts)	14,537	5,438	5,976	6,034
<i>Holdings in related undertakings, including participations</i>	0	0	0	2,201
Government and Corporate Bonds	13,720	4,663	4,317	2,433
Collective Investments Undertakings	817	775	1,659	1,401
Assets held for index-linked and unit-linked contracts	51,111	18,251	63,153	36,285
Loans and mortgages	61	894	7	0
Total	65,709	24,583	69,135	42,320

In respect of unit-linked business, the investments linked to insurance policies are selected by policyholders, or their appointed advisers. The Company does not provide asset selection advice. Technically, the assets are owned by the Company which is required by the regulator to maintain assets to match its policyholder liabilities at all times. Investment gains and losses directly affect the policyholders' fund values. In the table above such unrealised gains and losses are recognised as income and expenses of assets held for index-linked and unit-linked contracts (hereafter: "unit-linked assets"), respectively. Refunds from fund managers and dividends paid are included in the income; investment administration expenses are included in the expenses.

For the portfolio of assets backing traditional business, the Company has adopted a risk-averse investment strategy focussing on the investment in government and corporate bonds. Following the acquisition of AMELL and the transfer of the Integrale Luxembourg portfolio, the assets backing traditional business have adopted the same investment principles as per the Group operating model. In the table above, investment gains and losses are recognised as income and expenses, respectively. Investment administration expenses are included in the expenses.

In 2023, expenses for holdings in related undertakings reflected the Company's capital injection into MASL; there were no such expenses in 2024. Compared to the previous reporting period, income and expenses on the bond portfolio have increased due to higher volume of rebalancing of the portfolio and therefore more crystallization of gains and losses. Furthermore, interest income increased significantly compared to the previous reporting period. For unit-linked assets, market performance was overall better than in the previous reporting period. Due to the specific recognition of unrealised gains and losses as income and expenses, the income decreased and expenses decreased compared to the previous reporting period.

A.3 (b) Gains and losses recognised directly in equity

Not applicable.

A.3 (c) Investments in securitisation

Not applicable.

A.4 Performance of other activities

There is no material income or expenses from non-insurance business.

A.5 Any other information

There is no other material information regarding the business and performance of the insurance undertaking other than what has been reported in this section.

B. System of Governance

B.1 General information on the system of governance

B.1 (a) Structure of administrative, management or supervisory body

Board

The Board represents the administrative, management and supervisory body of the Company.

The Board of Directors of MAL has the responsibility for the oversight of the Company's business and sets its strategy and risk appetite. As at 31 December 2024 the board comprises two non-executive directors representing the shareholder, one independent non-executive director and one executive director ("Administrateur Délégué") in charge of the daily management. There are no separate sub-committees due to the size of the Board.

Board of Directors:

- Koen Depaemelaere, Non-Executive Director and Chairman of the Board;
- Neil Burt, Non-Executive Director, Board Member;
- Olivier Mortelmans, Independent Non-Executive Director, Board Member;
- Olivier Schmidt-Berteau, Executive Director (Administrateur Délégué), Board member.

Key functions roles and responsibilities

The system of governance includes the anti-money laundering, compliance, risk management, actuarial and internal audit functions. Excepted for the Risk Management and Compliance key functions, each of the key functions is attributed to one member of the Board of Directors. Activities are delegated to appropriate experts within or outside the Group with a direct reporting line to the responsible Board member.

The holders of the key functions are:

- Olivier Mortelmans is in charge of Internal Audit;
- Olivier Schmidt-Berteau is compliance key function holder and responsible for Anti-Money Laundering;
- Aziza El Amrani is in charge of the Risk Management Function;
- Afaf Hounka is in charge of the actuarial function. On 16 January 2025 MAL Board of Directors appointed Neil Burt as interim Actuarial Function holder;
- Jean-Yves Litampha is the Company's Head of Compliance and its Anti-Money Laundering officer.

B.1 (b) Material changes in the system of governance

There were no other material changes in the system of governance during the year ended 31 December 2024 than those mentioned in this Section.

B.1 (c) Remuneration policy and practices

Principles of the Remuneration Policy

The remuneration policy and practices have been developed to ensure the Company is able to attract, develop and retain high performing employees. The policy focuses on ensuring sound and effective risk management and recognises the long-term interests of the Company.

The remuneration policy is designed to meet the Company's regulatory requirements. The Company has identified and assessed the applicable regulatory principles with respect to remuneration.

The Monument Re Group Board Remuneration Committee ("Rem Comm") assists the Board in fulfilling its remuneration-related roles and responsibilities. The Rem Comm is responsible for ensuring that the Monument Re Group complies with its commitments within the Remuneration Policy and that appropriate methods are adopted within the Group's reward practices to safeguard policyholders.

Performance criteria on variable components of remuneration

Employees are eligible to participate in the Company's discretionary performance related bonus scheme. The reward is based on completion of individual objectives as well as Company performance. The discretionary performance bonus is based on performance against employee objectives and Monument Re values. The annual bonus is only in cash without options or shares. Identified staff of independent control functions are performance assessed for annual bonus against individual objectives only. So their performance assessment is entirely separate from the performance of the business units and areas on which they exercise control. The bonus schemes for the Group entities are approved annually by the Rem Comm.

Pension scheme

Employees of MAL benefit from contributions to a post-employment defined contribution retirement plan based on a percentage of salary. Once the contributions have been paid, MAL has no further payment obligations. The assets of the benefit plan are held separately from MAL in the form of a group insurance policy issued by a Luxembourg insurance company. There is no supplementary pension or early retirement scheme for members of the Board and other key function holders.

B.1 (d) Material transactions executed with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

No other material transactions were executed during this period with the Board members, Senior Executives, or other individuals who exert significant influence over the Group.

B.1 (e) Assessment of the adequacy of the system of governance

Based on the proportionality principle and taking into consideration the size of MAL, activities (closed books) and type of products the Company maintains adherence to all local statutory and regulatory reporting requirements.

In general, MAL's system of governance is well-defined and fully in line with what is set forth in the relevant legal and regulatory requirements.

B.2 Fit and proper requirements

B.2 (a) Specific requirements concerning skills, knowledge and expertise

The Fit and Proper Policy is outlined at Monument Re Group level, although it is applicable to all individuals identified as controllers at: Monument Re, its subsidiaries, intermediaries and third-party service providers. In particular, a director, an officer, a secretary or senior executive is considered as a controller. Hence, MAL's controllers should comply with this Policy.

Monument Re is committed to ensure that every subsidiary adheres to the local regulations regarding the Fit and Proper Framework. For MAL, this means compliance with the law of 7 December 2015 on the insurance sector.

The key guidelines of the Fit and Proper Policy are to:

- Ensure that the members of the Board and each of its committees and the members of the executive team, individually and collectively, have the requisite Fit & Proper considerations;
- Ensure that the members of the Board and the executives are and continue to be Fit and Proper on an on-going basis; and
- Consider the likely and/or actual impact on the interests of policyholders of a shareholder holding a particular controller position at Monument Re, and *mutatis mutandis* MAL, to determine the application of the Fit and Proper requirements described in this Policy.

In general, the controller must have relevant experience, sufficient skills, knowledge, integrity and soundness of judgement to undertake and fulfil the particular duties and responsibilities of his or her office. These considerations are summarized in three main Fit & Proper principles, each of which has been broken down further in detail, namely:

- Competence and Capability;
- Honest, Ethical and Acts of Integrity; and
- Financial Soundness.

B.2 (b) Process for assessing fitness and propriety

The Fit and Proper Policy describes the level of due diligence required at recruitment stage. In addition, the Company completes an annual review of the fitness and propriety of each member of the Board, and persons responsible for independent control functions.

Subsequently, the Fit & Proper Policy formulates a three-step procedure.

The first step is the Assessment Process. This takes place before appointing a candidate to any role. His/her qualities and skills will be carefully evaluated against specified criteria. The candidate's record is also considered as an indicator of character, honesty, integrity, fairness and ethical behaviour.

The second step is the monitoring process where the Fit and Proper system and controls are tested periodically. Accordingly, the Company completes an annual review of the fitness and propriety of each member of the Board and persons responsible for independent control functions. There is also a re-assessment against Fit and Proper requirements in case of change in role or function and risk situations.

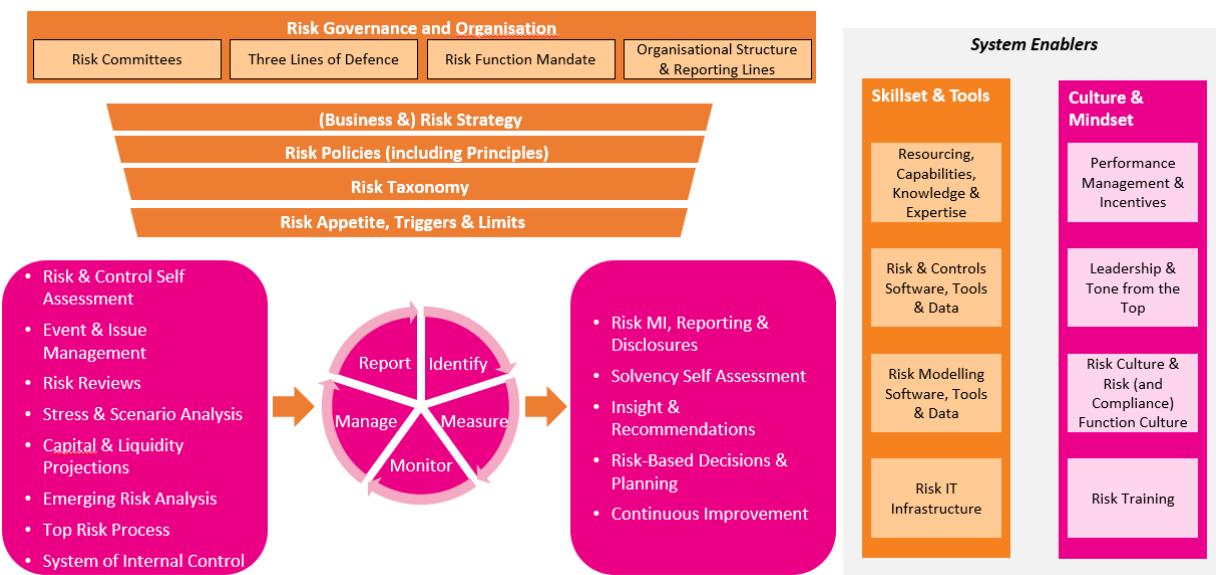
Ultimately, there is a reporting process. On the one hand, the relevant supervisory authority will be notified about any changes to controllers, officers and shareholder controllers. On the other hand, a description of the Fit and Proper qualifications of and process assessing of board and senior executives are reported in the Financial Condition Report.

B.3. Risk management system including the own risk and solvency assessment

B.3 (a) Description of risk management system (strategies, processes and reporting procedures)

Risk Management Framework

The Company has adopted the Group's Risk Management Framework, depicted below:



Risk Strategy

The risk strategy and risk appetite of MAL are aligned to MAL's business strategy. Risk appetite statements express the Board's appetite across all categories of risk facing the business. The material risks addressed by the risk management framework include:

- Market risk;
- Credit risk;
- Liquidity risk;
- Insurance risk;
- Operational risk;
- Strategic risk;
- Group risk.

These are defined as level 1 risks in the Risk Universe. Further level 2 risks are also defined. At least annually, the Board reviews and approves the Company's risk appetite statement, which outlines the Company's appetite for each type of key risk and its strategy for accepting, managing and mitigating these risks. Risk appetite is articulated in qualitative terms and/or quantitative metrics across the key risk categories and written policies have been established to address these risks. The Risk Management Framework covers both existing risks and emerging risks, the latter being specifically considered at regular emerging risks forums.

Risk management process and reporting procedures

The cycle of risk identification, measurement, management, monitoring and reporting is embedded through a set of risk management processes, in particular:

- Risk and Control Self-Assessment ("RCSA");
- Solvency Self-Assessment ("ORSA");
- Event and issue management;
- Risk reviews;
- Stress and scenario testing and emerging risk analysis;
- Capital and liquidity projections; and
- Risk reporting, including quarterly risk Management Information ("MI") and ORSA reports.

All key risks are recorded in the Company's Risk Register and ownership is assigned to each risk. All key controls are recorded in the Company's Controls Register and ownership is assigned to each control. An RCSA process is carried out on an annual basis. This involves risk owners identifying material inherent risks, identifying key controls to mitigate these risks and, in conjunction with control owners, assessing the effectiveness of controls, and measuring the inherent and residual risk. This process is facilitated and overseen by the risk management function, and the results are summarized and presented to the Board, including actions to address themes and issues identified.

A risk event process is in place by which operational risk events are notified, recorded, escalated and reported. Root cause analysis is carried out where appropriate. Risk events may be closed only once remedial actions have been satisfactorily completed and reviewed.

Risk reviews provide the Board with an impartial view from the risk management function on proposed transactions. They may also be used in other areas in accordance with the risk management plan and at the request of the Board.

The ORSA evaluates the Company's risk profile and solvency position in relation to business operations, strategy and plan. Further information on the ORSA process is provided in **Section B.3 (c) Own Risk and Solvency Assessment**.

Furthermore, risk exposures relative to the risk limits and early warning thresholds, specified in the Company's Risk Appetite Statement, are regularly monitored and reported to the Board on at least a quarterly basis. Escalation guidelines are in place where risk exposures or risk events require urgent notification and decision-making, as outlined in the following table:

Trigger	Review Responsibility			
	MAL Board	MAL EC	MAL RM	Risk Function
Expected or actual breach of Risk Tolerance	X	X	X	X
Breach of Risk Trigger	X	X	X	X
Breach of Risk Limit	X	X	X	X
New Risk identified and rated High		X	X	X
New Risk identified and rated Medium or lower			X	X
Breach of a Risk Policy			X	X
Query regarding interpretation of a Risk				X

MAL EC: MAL Executive Committee

MAL RM: MAL Risk Manager Key function holder

B.3 (b) Implementation and integration of the risk management system into the organisation structure and decision-making processes

The Company's Risk Management Policy sets out the roles and responsibilities, principles and requirements regarding risk management at Board and business levels. The risk management function supports the Board and business areas in discharging their risk management-related responsibilities.

The risk management function operates with organisational authority and operational autonomy. The Company's Risk management function holder and the risk management team (see above **Section B.1 (a) Structure of administrative, management or supervisory body, Key functions roles and responsibilities: Operational structure**) provide review and challenge in respect of material risk-taking activities in an appropriate and balanced manner. Furthermore, they have the authority to perform monitoring reviews in all areas and attend any meetings relevant for the execution of the risk management responsibilities. They have direct access to all levels of management and the Board, and to all relevant documents. The risk management function keeps under review its level of resourcing to ensure that all aspects of the annual risk management plan are delivered.

The RCSA process ensures clear ownership of risks and controls, as described in **Section B.3 (a) Description of risk management system (strategies, processes and reporting procedures)** above. The

ORSA provides a key link between the risk management system, capital management and decision-making processes of the Company. Further, the risk management function provides challenge to the business consistent with the Three Lines of Defence model as outlined in **Section B.4 (a) Description of Internal Control System**. The Company's Risk Management Policy sets out the roles and responsibilities, principles and requirements regarding risk management at Board and business levels. The risk management function supports the Board and business areas in discharging their risk management-related responsibilities.

The risk management function operates with organisational authority and operational autonomy. The Company's Risk function holder and the risk management team (see above **Section B.1 (a) Structure of administrative, management or supervisory body, Key functions roles and responsibilities: Operational structure**) provides review and challenge in respect of material risk-taking activities in an appropriate and balanced manner. Furthermore, they have the authority to perform monitoring reviews in all areas and attend any meetings relevant for the execution of the risk management responsibilities. They have direct access to all levels of management and the Board, and to all relevant documents. The risk management function keeps under review its level of resourcing to ensure that all requirements of the annual risk management plan are delivered.

The RCSA process ensures clear ownership of risks and controls, as described in **Section B.3 (a) Description of risk management system (strategies, processes and reporting procedures)** above. The ORSA provides a key link between the risk management system, capital management and decision-making processes of the Company. Further, the risk management function provides challenge to the business consistent with the Three Lines of Defence model as outlined in **Section B.4 (a) Description of Internal Control System**.

B.3 (c) Own Risk and Solvency Assessment

Process

The ORSA process is a key element of the Company's Risk Management Framework and is embedded in the decision-making process and business planning for the Company. The ORSA evaluates the Company's risk profile and solvency position in relation to business operations, strategy and plan. It is the main link between the Company's risk management system and capital management activities.

The Board has established an ORSA Policy that sets out the roles and responsibilities for completing the ORSA, and reviews and approves the ORSA Policy annually. The Board takes an active part in the ORSA process through its review of the approach, the choice of scenarios to be included and the results of the assessment. The Board approves the ORSA report and considers the insights from the ORSA in its decision-making processes, including setting the Company's risk appetite and limits, the Company's capital policy and target capital level.

The risk management function co-ordinates the ORSA process and prepares the ORSA report with support from relevant areas. The actuarial team assists the risk management function in producing various aspects of the ORSA, in particular the capital projections and stress testing which inform the Company's own solvency needs assessment.

Frequency

The regular ORSA is performed annually and is approved by the Board. A non-routine ORSA is performed following any significant change in the Company's risk profile. The CAA is informed of the results of this

process by online submission via the CAA's document portal within two weeks of completion of the ORSA process.

Determination of own solvency needs

The ORSA includes an assessment of the Company's view of the capital required for the business, the own solvency needs. The Company examines the appropriateness of the Standard Formula with reference to its own risk profile. It considers whether there are any significant risks that are not captured within the Standard Formula and whether there are any stress scenarios by which the Standard Formula may not adequately capture the Company's own solvency needs. At 31 December 2024, the Company concluded that the Standard Formula is an appropriate basis for the assessment of its own solvency needs.

B.4 Internal Control System

B.4 (a) Description of Internal Control System

The internal control system encompasses the policies, processes and activities that contribute to the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with laws and regulations.

The Board, including senior executives, are responsible for adopting an effective internal controls framework.

An internal control system has been established with the following components:

- Internal control environment;
- Risk assessment;
- Internal control activities;
- Information and Communication; and
- Monitoring.

The Company applies a "Three Lines of Defence" model for Enterprise Risk Management:



Such a model is widely adopted across the financial services industry and allows for appropriate segregation of risk ownership, oversight and assurance responsibilities. In particular:

- First line of defence:
MAL's first line of defence is Individuals and committees with direct responsibility for the management, control and reporting of risk. Management controls and internal control measures are in place and are reported in case of breaches.

The first line:

- undertakes risk assessments to identify all material risks and key controls;
- owns and maintains risk and control assessments to ensure they remain fit for purpose; and
- ensures risk assessments conform to procedures and policy requirements.

- Second line of defence:

The organizational structure of MAL ensures appropriate oversight by establishing a second line of defence which is composed of the risk management key function, the compliance key function, and the actuarial key function with a responsibility for the design, coordination, oversight of the effectiveness and integrity of the Company's risk management and internal control framework.

The risk management function:

- sets and communicates the risk and control assessment framework and procedures; and

- provides independent oversight and challenge to risk and control assessments.
- Third line of defence:

MAL's third line of defence is comprised of MAL's internal audit activities. The internal audit function is responsible for amongst other things, the periodic independent evaluation of the effective implementation of the Risk Management Framework and the Compliance Risk Management Framework across the organization, and of MAL's control environment. The Internal audit function has also the co-responsibility of the Whistleblowing Policy.

The third line:

 - provides independent assurance; and
 - challenges in respect of the effectiveness and integrity of the Risk Management Framework.

The people working in the support functions of the Group are not part of the first line of defence but remain vigilant in their day to day job. Both MAL's first and second lines of defence are supported by these shared support functions.

The Company has also defined high-level principles and standards to ensure that situations, which could lead to potential conflicts of interest, are appropriately managed. These are formally described in the Company's Conflicts of Interest Policy.

The risk register records owners for each risk, who are responsible for ensuring that the risks are identified and that controls remain appropriate on an ongoing basis. The risk register is periodically reviewed by the Risk management function holder and is subject to formal review across the business at least annually. This process requires business functions to update the risk register, including the mapping of controls to risks and implementation of new controls.

The RCSA process requires business functions to review and self-assess the effectiveness of controls mitigating the key risks identified. The control owner is encouraged to make any relevant comments about the control and may record its operation as 'effective', 'partially effective' or 'ineffective'. Any record of the control not being effective requires a narrative explanation as well as the assessment. This process is facilitated and overseen by the risk management function, and the results are summarized and presented to Board, including actions to address themes and issues identified.

The internal audit function assesses the operating effectiveness of controls on a periodic basis.

B.4 (b) Implementation of the compliance function

The Head of Legal and Compliance is a MAL employee who reports to the MAL Executive director who is also the compliance key function holder. In addition a functional reporting line exist to Group compliance. He remains responsible for integrating laws, regulations and circulars in the relevant countries. Compliance matters are in addition framed by the Group's policies and guidelines.

B.5 Internal audit function

B.5 (a) Implementation of the internal audit function

The internal audit function is held by MAL's Non-executive Independent Director. The internal audit reviews are outsourced to appropriate experts, since 2019.

A designated representative from MAL has overall responsibility for the outsourced activity of the internal audit function. The Head of Internal audit ("HoIA") is invited to attend Executive Committee meetings on a monthly basis and report on the status of the audit plan and results of individual audit reviews. The internal audit function is also required to attend all Board meetings.

There is an outsourcing agreement in place with the Irish Branch of Monument Insurance European Services ("MIES") with regard to the Internal audit function and services. In general, the internal audit function is responsible for developing and delivering an agreed internal audit plan and monitoring the control environment. Furthermore, the internal audit function reports to the Executive Committee on a monthly basis, and to the Board on a quarterly basis. The annual audit plan is also reported to the Board in the fourth quarter for review and approval.

The internal audit function shall exhibit objectivity, integrity and confidentiality in conducting audit work and consistent with the Standards for Professional Practice of Internal auditing.

B.5 (b) Independence and objectivity

The internal audit function is independent of the Company's business management activities. It is not involved directly in revenue generation, nor in the management and financial performance of the Company.

The internal audit function does not have direct responsibility for, or authority over, any of the activities they review. Nor does their review and appraisal relieve others of their responsibilities. Moreover, the internal audit function shall disclose any impairments to the objectivity or independence to the Board as soon as identified. It shall also put procedures in place for oversight by a party outside Internal audit in relation to any function for which the Head of Internal audit has direct responsibility.

B.6 Actuarial Function

Implementation of the actuarial function

The actuarial function is held by a MAL employee who reports to the CEO. On 16 January 2025 MAL Board of Directors appointed Neil Burt (MAL Non executive Director, Board member) as interim Actuarial Function holder. The function is supported by appropriate experts inside and outside the Group. The key roles and responsibilities of the actuarial function include:

- Delivery of actuarial reporting, bases, valuation models and corresponding processes for Solvency II and GAAP reporting;
- Co-ordinate the calculation of Technical Provisions
- Compare the best estimates against experience
- Implementation of processes to deliver robust monitoring of capital, liquidity and solvency positions on an ongoing basis;
- Completion of actuarial regulatory requirements;

- Review of reinsurance transactions, acquisitions and retrocession from a capital, solvency and actuarial perspective to ensure transactions meet hurdle requirements and capital implications are well understood;
- Ensuring a robust asset liability matching framework that effectively manages investment risks within the risk appetites and tolerances of the Company in conjunction with the Group Chief Investment Officer; and
- Contribution to the effective implementation of the Risk Management Framework.

The Board receives an annual report from the actuarial function which includes the results of the tasks undertaken, clearly identifying any deficiencies and giving any recommendations as to how such deficiencies could be remedied. The actuarial function operates under the ultimate responsibility of and reports to the Board and, where appropriate, cooperates with the other key functions in carrying out its role. It is objective and free from the influence of other functions or the Board. It provides its opinions in an independent fashion and can communicate on its own initiative with any staff member, or Board member, and obtains access to any records necessary to carry out its responsibilities.

B.7 Outsourcing

Description of Outsourcing Policy

When appropriate, the Company outsources specific business functions to reduce or control costs, to free internal resources and capital, and to harness skills, expertise and resources not otherwise available. However, the Company's outsourcing of critical or important operational functions or activities shall not be undertaken in such a way as to unduly increase the Company's exposure to Operational Risk. An appropriate level of due diligence shall be conducted prior to completing the selection process.

All outsourcing agreements shall be monitored by the assigned business owner and reviewed to ensure that outsourced activities are conducted in adherence with the outsourcing policy, the terms set out in outsourcing agreements and with applicable regulatory requirements. Reporting processes shall be in place to ensure outsourcing performance is managed in line with the outsourcing policy, outsourcing agreements and the Company's strategy.

Outsourcing and jurisdiction of critical or important operational functions or activities

The following table provides details of the outsourced critical or important operational functions or activities and the jurisdiction in which the service providers of such functions or activities are located.

Service provider	Activity	Nature of service provider	Jurisdiction
Monument Assurance Services Luxembourg	IT infrastructure, Policy administration, Claims handling, Accounting and Reporting.	Intercompany	Luxembourg
Gesellschaft für Finanz- und Aktuarwissenschaften mbH (ifa)	Actuarial services support and Reinsurance accounting.	External	Germany
Monument Re Limited	Asset management services for traditional business	Intercompany	Bermuda
Monument Insurance European Services	Fund administration, Internal audit services, Human Resource, Vendor Management Support and IT services	Intercompany	Ireland

B.8 Any other information

The system of governance is considered appropriate for the Company. There is no other material information regarding the system of governance of the Company other than what has been reported in this section.

C. Risk Profile

Sections C.1 to C.6 contain a description of the Company's risks whereby risks are assigned to risk categories prescribed by the regulator. Risks are quantified with reference to the Solvency II Standard Formula unless otherwise indicated.

The Company uses a series of techniques to assess risks qualitatively and quantitatively, as set out in **Sections B.3 Risk Management system including the own risk and solvency assessment and B.4 Internal Control system**.

No material changes to the measures used to assess risks have been made in the period.

C.1 Underwriting risk

General

Underwriting risk (insurance risk) means the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. This risk category comprises biometric risks (mortality, disability-morbidity, mortality catastrophe risk and longevity risk), risks associated with policyholder behaviour (lapse risk) and expense risk. Underwriting risk is the Company's second most important risk category after market risk. The Standard Formula assigns a value of EUR 3,821 thousand to underwriting risk (cf. E.2).

The Company is in run-off, its portfolio consist of unit-linked contracts without financial guarantees and traditional business. Lapse risk and expense risk are the most important underwriting risks.

Lapse risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders. For the Company, the most relevant contractual options are surrender and waiver of premium.

Expense risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance contracts.

Furthermore, as a life insurance company, the Company is exposed to an increase of mortality rates (mortality risk) and the associated mortality catastrophe risk. Moreover, the Company is also exposed to longevity risk associated with annuities in payment. The Company has limited exposure to disability-morbidity risk via riders attached to the main contracts.

Mitigating Actions and Controls

Intra-group reinsurance substantially mitigates underwriting risks.

Furthermore, the Company monitors and controls insurance risk using the following methods:

- Regular monitoring of actual versus expected claims and expenses;
- Regular review of actuarial assumptions;
- Management of persistency through high quality customer service;
- External reinsurance to mitigate mortality and morbidity risks;

- Risk is measured principally in terms of Solvency Capital Requirement (“SCR”), supplemented by sensitivity tests to key assumptions, and stress and scenario testing; and
- Lapse management/ monitoring.

Material risk concentrations

There are no material risk concentrations with respect to underwriting risk.

The following table shows the geographical analysis of insurance contracts on a gross and net of reinsurance basis as of 31 December 2024, with prior year comparatives:

Country	31st December 2024		31st December 2023	
	Gross policy reserves €'000	Net policy reserves €'000	Gross policy reserves €'000	Net policy reserves €'000
Belgium	150,225	20,556	154,025	21,396
France	23,210	2,600	4,243	267
Germany	46,330	9,128	41,682	7,627
Italy	171,830	23,627	182,921	25,195
Luxembourg	167,347	18,212	76,235	9,033
Netherlands	103,419	10,342	0	0
Spain	46,235	6,744	42,514	6,131
EEA others	240	24	0	0
Non-EEA others	302	30	0	0

Risk sensitivity

Underwriting risk consists of the following risks:

Risk	SCR € '000
Mortality	114
Longevity	199
Disability-morbidity	9
Lapse	2,764
Life expense	1,464
Revision	0
Life catastrophe	95
Diversification	-823
SCR Underwriting risk	3,821

The intra-group reinsurance significantly reduces risk exposure and corresponding capital requirements for all underwriting risks.

The Company analysed the impact on the solvency margin by stress testing the best estimate assumptions for its two most important underwriting risks (in line with the ORSA report):

- For the analysis of lapse risk, a mass lapse event of 25% is assumed. The stress leads to a decrease of Own Funds and a slight increase of the SCR such that the overall solvency ratio decreases by 16 percentage points.
- For the analysis of expense risk, expenses are increased by 13%. The stress leads to a decrease of Own Funds and a slight increase of the SCR such that the overall solvency ratio decreases by 8 percentage points.

C.2 Market risk

General

Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. This risk category comprises equity risk, interest rate risk and currency risk, which are material for the Company. The Solvency II Standard Formula also assigns credit spread risk (including an allowance for ratings migrations and cost of defaults on corporate bonds) to market risk.

The Standard Formula assigns a value of EUR 4,979 thousand to market risk (cf. E.2). Market risk results from the Company's investment portfolio (cf. D.1) as well as from the technical provisions (cf. D.2) since they also depend on market parameters.

Although after the transfer of the Integrale Luxembourg portfolio, non-linked business represents a major part of the Company's business, equity risk, driven by unit-linked contracts without financial guarantees, is still its most important market risk. It results from changes in level or volatility of equity prices. Here, product design serves as the primary risk mitigation factor since, in case of unit-linked contracts without financial guarantees, share price losses are in principle borne by the policyholder. However for unit-linked business, the Company's fees are linked to the total assets under management, a drop in the equity value results in a drop in fee income. In this respect, equity risk is material for the Company.

Interest rate risk is associated with all assets or liabilities which are sensitive to changes of the term structure of interest rates or the volatility of interest rates. Unit-linked contracts without financial guarantees are affected similarly to equity risk, but all other business is affected as well. In particular, the portfolio also contains a large portion of traditional contracts with long-term interest rate guarantees. Furthermore, the Company manages a smaller portfolio of traditional contracts with a specific type of financial guarantees. Guaranteed interest is granted to these contracts at inception and at regular intervals thereafter where the applicable interest rates are adjusted based on the maximum interest rate allowed by the regulator. Hence, the Company has a sizeable exposure to high and long-term interest rate guarantees.

Currency risk results from the uncertainty about future changes in the level or volatility of currency exchange rates. The Company is indirectly exposed to currency risk since a material share of unit-linked assets is invested in foreign currencies. Similar to equity risk, the largest part of currency risk is again borne by the policyholders, but the Company's fees depend on the development of currency exchange rates.

Spread risk results from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate curve. Changes of credit spreads are in particular the result of changes in credit ratings of debtors. Spread risk is material for the Company.

Mitigating Actions and Controls

Intra-group reinsurance substantially mitigates market risk.

Additionally, the Company monitors and controls financial market risks using the following methods:

- Investment Risk Policies imposing close matching of assets to insurance liabilities and imposing credit ratings limits for investment counterparties and concentration limits to avoid excessive risk concentrations.
- Regular monitoring of exposures relative to market risk limits, supplemented by stress and scenario testing.
- Risk is measured using standard metrics such as “DV01”, the sensitivity of asset and liability values to small changes in market variables.

The Company adheres to the prudent person principle in the implementation of its investment strategy. This is accomplished through an investment framework focused on governance, risk assessment and portfolio diversification. A key part of the implementation is the use of third party and Group investment service providers who can provide expertise for their appointed mandates.

The Company governance structure is outlined in ***Section B.1 General information on the system of governance*** of this report. The Company continually assesses the risks associated with its business objectives, particularly those related to the investment portfolio, and determines which risks to accept and which to mitigate. This is encompassed within the Risk Management Framework, as outlined in ***Section B.3 Risk Management System including the own risk and solvency assessment***, and is manifested in the Company's risk policies. This risk assessment has led the Company to structure the investment portfolios primarily in investment grade, fixed income assets with a closely matched duration and cash flow profile to the liabilities that they support.

One of the key risk mitigants is to diversify the investment portfolios. This is achieved through documentation of guideline limits in the investment policies and ensuring that third party investment service providers adhere to these limits. Specific exposure limits are established for investment sector, issuer and credit ratings. For each mandate, the Company oversees compliance of the service providers against the limits through a regular review of each portfolio. As noted above, the governance framework establishes reporting protocols for policy compliance.

Material risk concentrations

Market risk concentrations are relevant, as illustrated by the individual risk capital in the table below.

Sensitivity

Market risk consists of the following risks:

Risk	SCR € '000
Interest rate	1,343
Equity	2,961
Property	0
Spread	1,534
Concentration	237
Currency	1,211
Diversification	-2,307
SCR Market risk	4,979

The intra-group reinsurance significantly reduces risk exposure and corresponding capital requirements for all market risks except for interest risk.

As market risk is material for the Company, the Company performed several sensitivity analyses with respect to capital market movements to measure the impact on its solvency margin:

- For the analysis of equity and currency risk, the initial fund volume of the unit-linked contracts is reduced by 20%. The stress leads to a decrease of Own Funds and SCR. As the relative decrease of Own Funds is lower than that of SCR, the overall solvency ratio increases by 13 percentage points.
- For the analysis of interest rate risk, interest rates are decreased by 125bps. The stress leads to a decrease of Own Funds and an increase of the SCR such that the overall solvency ratio decreases by 24 percentage points.

C.3 Credit risk

General

Credit risk means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

The Company's exposure to credit risk is derived from assets such as debt securities and from cash and reinsurance counterparties. The Company has low credit exposure with respect to receivables due from other counterparties.

Mitigating Actions and Controls

In order to mitigate its counterparty exposure towards banks, the Company has defined minimum standards for creditworthiness and has set banking counterparty exposure limits. Credit ratings for the relevant financial institutions are regularly monitored.

The credit risk resulting from the investment in residential mortgage loans is largely mitigated by collateral.

Where material, credit risk arising from reinsurance arrangements is mitigated by collateral. Reinsurance counterparty exposure towards Monument Re Limited is mitigated via collateral arrangements which are required to be regularly monitored and topped up according to a series of triggers. An intra-group reinsurance policy is in place, and the Company monitors the solvency and liquidity position of Monument Re Limited at least on a quarterly basis.

Material risk concentrations

Exposure in respect of single term deposits can be materially concentrated. Monitoring of counterparty credit ratings is in place as described above.

Exposure towards Monument Re in respect of the Company's intra-group reinsurance represents a material concentration of risk, that is mitigated as described above.

Sensitivity

As measured using the Standard Formula SCR, gross counterparty default risk capital is EUR 1,685 thousand. This amount is sensitive to the credit rating of the Company's counterparties. The level of collateralization on the reinsurance arrangement with Monument Re is sufficient to fully mitigate counterparty default risk on this basis.

C.4 Liquidity risk

Liquidity risk is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due. Sources of liquidity risk include:

- Higher than expected claims or expenses;
- Future acquisitions; and
- An inability to sell investments within the required timescale.

Mitigating Actions and Controls

The Company monitors liquidity risks using the following methods:

- Liquidity Policy imposing close matching of asset and liability cash flows and prudent restrictions on investment in illiquid assets; and
- Liquidity Framework requiring forward-looking assessment of liquidity requirements and maintenance of a liquidity buffer to cover severe market and demographic stress.

Sensitivity

The Company projects its liquidity position over short, medium and long time horizons and considers a range of stress scenarios to determine an appropriate liquidity buffer. This liquidity planning process takes into account expected future acquisitions, which can be a key driver of future liquidity needs.

Expected profit included in future premiums

Expected profit in future premiums (“EPIFP”) is potentially an illiquid asset. Due to the nature of the Company’s products, EPIFP differs depending which portfolio we are considering:

	Index-linked and unit-linked (“unit-linked business”) €’000	Life excluding health and index-linked and unit-linked (“traditional business”) €’000	Total € ’000
EPIFP	4,559	-5,896	-1,337

C.5 Operational risk

General

Operational risk means the risk of loss or other adverse impact on the Company arising from inadequate or failed internal processes, personnel or systems or external events. This also extends to IT risks (including Cyber and Data security risks). Operational risk is measured principally through scenario analysis.

Mitigating Actions and Controls

The Company monitors and controls operational risks using the following methods:

- Regular Risk and Control Self-Assessment process;
- Outsourcing risk is monitored in accordance with the Company’s Outsourcing Framework and Outsourcing Policy. This includes monitoring outsourcer performance, carrying out oversight and reporting to the Board of Directors;
- Event and issue management process, root cause analysis and learning from adverse experience;
- Oversight exercised by Internal audit, Risk Management and Compliance functions; and,
- Key person risk is mitigated by succession planning and notice periods in employment contracts.

Technical measures such as firewalls, cybersecurity practices and controls (including cyber insurance) and access restrictions have been established in order to protect systems and are periodically tested. A business continuity plan is in place and tested annually for effectiveness.

Legal and compliance risks are managed by the compliance function (cf. B.4). The Company has established a well-defined compliance policy according to the high standards of the Group. It has also implemented a strong third party payment procedure including anti-money laundering controls. Adequate litigation provisions have been set up where deemed appropriate.

Material risk concentrations

The Company’s operating model involves the outsourcing of various functions as described in **Section B.7 Outsourcing**. This represents a concentration of risk and oversight measures are in place as set out above. Exit plans are required for each critical or important outsourcer/outsourcer.

Key person risk owing to the relatively small size of the Company is mitigated as described above.

Sensitivity

Size and complexity of the business are drivers of risk. As a run-off business, sensitivity is somewhat limited. Operational risk capital on the Solvency II Standard Formula basis is EUR 3,575 thousand.

C.6 Other material risks

Group risk

Group risk means the risk of loss or other adverse impact on the Company arising from financial or non-financial relationships between entities within the Monument Group. This includes reputational, contagion, accumulation, concentration and intra-group transactions risk.

Mitigating Actions and Controls

- Group Risk Policy imposing requirements for the management of Group risk management;
- Significant commonality of Board composition across the Group and its subsidiaries;
- Close scrutiny of intra-group transactions including external specialist input where appropriate;
- Reputational Risk policy and escalation process;
- Risk is measured qualitatively and quantitatively *e.g.* via stress and scenario testing of adverse scenarios across the Monument Group and Company as part of the solvency self-assessment process; and
- Collateral and monitoring arrangements to mitigate credit risk towards Monument Re in respect of intra-group reinsurance and intra-group outsourcing respectively (see **Sections C.3 Credit Risk and C.5 Operational Risk**)

Material risk concentrations

The intra-group reinsurance with Monument Re represents a material concentration of risk. Within the Solvency II Standard Formula, reinsurance counterparty risk is included within credit risk (see **Section C.3 Credit risk**). Concentration risk arising from intra-group outsourcing arrangements is addressed within **Section C.5 Operational Risk**.

Strategic risk

Strategic risk means the risk of loss or other adverse impact on the Company arising from failing to identify and react appropriately to opportunities and/or threats arising from changes in the market, some of which may emerge over a number of years.

The Monument Group's strategy is to acquire and consolidate books of life assurance operations in the European market and the Company plays an active role in this. Risks associated with acquisitions are mitigated by due diligence, capitalisation and change management.

Mitigating Actions and Controls

- Strategic Risk Policy imposing requirements for strategic risk management.
- Board members with broad experience and deep industry knowledge.
- Rigorous due diligence process led by internal experts with support from external specialists as required.
- Tried-and-tested integration approach and experienced, skilled integration team.
- Emerging risk analysis and reporting.
- Strategic risks are measured qualitatively.

Material risk concentrations

Given the Company's focus on life insurance consolidation, a lack of opportunity for further market consolidation would be detrimental from a strategic growth perspective. This is not expected to impact the run-off of the existing in-force business.

Sustainability risk

Sustainability risk means the risk of loss or other adverse impact on the Company arising from environmental, social and governance risks, or the risk of adverse social or environmental externalities arising from the activities of the Company.

Mitigating Actions and Controls

- Maintenance of a well-diversified investment portfolio;
- Oversight as part of weekly reporting provided by Group investment;
- Promoting low carbon practices e.g. video-conferencing in preference to business travel; and
- Providing opportunities for and promoting community investment.

Material risk concentrations

No material risk concentrations have been identified.

Emerging Risk

Emerging risk refers to an issue that is perceived to be potentially significant but which may not be fully understood or allowed for in insurance terms and conditions, pricing, reserving or capital setting.

Mitigating Actions and Controls

- The Company takes part in an emerging risks forum, facilitated by the group risk management function. The profile of emerging risks is reviewed and updated as necessary. Matters arising from previous forums, which may include research on specific risks. Focus areas for further analysis are agreed;
- The profile of emerging risks is reported to the Board on a quarterly basis; and

- Where emerging risks threaten business continuity, these are dealt with in accordance with the Company's Business Continuity Plan.

Material risk concentrations

Unexpected regulatory, legal or fiscal change could adversely affect the Company. It would generally be anticipated that wide scale, material change of this nature would be managed over a period of time and include industry consultation, in order for insurers to respond and plan appropriately.

C.7 Other Relevant Information

There is no other relevant information regarding the risk profile of the Company other than what has been reported in this Section.

D. Valuation for Solvency Purposes

The valuation of assets and liabilities for solvency purposes follows a specific economic valuation concept which materially deviates from the applicable rules for statutory accounting in Luxembourg (local GAAP balance sheet). Therefore, Solvency II requires a revaluation of assets and liabilities. Hereby, Solvency II values are in principle determined according to the following valuation hierarchy:

Level 1: Use of quoted prices in active markets for identical assets or liabilities

Level 2: Use of quoted prices in active markets for similar assets or liabilities, with adjustments to reflect differences

Level 3: Use of alternative methods for valuation (cf. D.4)

In general, the valuation for solvency purposes uses local GAAP as a reference. For this purpose, local GAAP balance sheet positions are mapped to the Solvency II balance sheet positions. For certain items of the Solvency II balance sheet specific requirements or simplifications apply. In any case, compliance with the Solvency II valuation principles has to be ensured. In what follows, only the Solvency II balance sheet positions relevant at 31 December 2024 are explained in detail.

The following table provides a comparison of the amounts reported in the Company's annual report under local GAAP and the amounts reported in the Solvency II balance sheet for each major balance sheet category as at 31 December 2024:

	31st December 2024		
	Solvency II €'000	Local GAAP €'000	Valuation Differences €'000
Assets			
Intangible assets	0	1,900	-1,900
Property, plant & equipment held for own use	737	737	0
Investments (other than assets held for index-linked and unit-linked contracts)	408,954	433,346	-24,392
Holdings in related undertakings, including participations	0	0	0
Government Bonds	156,852	178,741	-21,890
Corporate Bonds	219,068	221,569	-2,501
Collective Investments Undertakings	33,035	33,036	-1
Assets held for index-linked and unit-linked contracts	324,787	324,787	0
Loans and mortgages	4,302	4,302	0
Reinsurance recoverables	607,293	617,875	-10,581
Insurance and intermediaries receivables	10,920	9,581	1,339
Reinsurance receivables	6,922	6,922	0
Receivables (trade, not insurance)	4,967	5,367	-400
Cash and cash equivalents	9,167	9,167	0
Any other assets, not elsewhere shown	385	385	0
Total	1,378,436	1,414,369	-35,934
Liabilities			
Technical Provisions	686,561	709,138	-22,576
Provisions other than technical provisions	4,900	4,914	-14
Deposits from reinsurers	631,930	653,712	-21,782
Deferred tax liabilities	1,276	0	1,276
Insurance & intermediaries payables	10,394	10,394	0
Reinsurance payables	2,614	2,614	0
Payables (trade, not insurance)	9,036	6,947	2,089
Any other liabilities, not elsewhere shown	0	8,414	-8,414
Total	1,346,712	1,396,133	-49,421
Excess of assets over liabilities	31,723	18,236	13,488

D.1 Assets

D.1 (a) Bases, methods and main assumptions used for the valuation for solvency purposes

Intangible assets

Intangible assets are shown in the Solvency II balance sheet at zero value in line with the Solvency II technical specifications.

Property, plant & equipment held for own use

The Company does not have any property or plant for own use in its portfolio.

Equipment is valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Holdings in related undertakings, including participations

Holdings in related undertakings, including participations consist of a 100% participation in MASL, the service company that administers the run-off portfolios. The market value corresponds to the assumed net realisable value, considering the projected results of the service company in the foreseeable future. (cf. D.4).

Government and Corporate Bonds

Government and corporate bonds are marked to market for solvency purposes. In case of unlisted bonds the market value is determined by means of the discounted cash-flow method and taking into account term and issuer specific spreads (cf. D.4).

Collective Investments Undertakings

Collective investments undertakings consist of investment fund units. They are shown at market value (market price, redemption price) in the Solvency II balance sheet.

Assets held for index-linked and unit-linked contracts

Assets held for index-linked and unit-linked contracts consist of investment fund units. They are shown at market value (market price, redemption price) in the statutory accounts. Hence, the Solvency II value equals the statutory accounts value.

Loans and mortgages

Loans and mortgages consist of policy loans and a private loan guaranteed by a mortgage inscription. In the statutory accounts they are shown at nominal value net of value adjustment when applicable.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Reinsurance recoverables

For solvency purposes the valuation of reinsurance recoverables is based on the projection of future cash-flows between the Company and its reinsurance counterparties. This valuation is an integral part of the projection models used for the determination of technical provisions (cf. D.2). The resulting present value of cash-flows is negative, which corresponds to the cost of risk mitigation by means of reinsurance.

Conversely, reinsurance cover reduces the SCR (cf. C.1). In addition, reinsurance recoverables include a large portion of the reinsurance deposits. The reinsurance deposits are also included in the item Deposits from reinsurers (cf. D.3).

	31st December 2024		
	Index-linked and unit-linked (“unit-linked business”) €’000	Life excluding health and index-linked and unit-linked (“traditional business”) €’000	Total €’000
Reinsurance recoverables	254,541	352,752	607,293

Insurance and intermediaries receivables

Insurance and intermediaries receivables consist of commission clawbacks and receivables from policyholders. They are valued in the statutory accounts based on their nominal value; for commission clawbacks a specific allowance for bad debts is made.

For solvency purposes, the receivable due to Italian stamp duty is evaluated using a discounted cash flow method (cf. D.4). No adjustment is made for solvency purposes for any other item included in this position since there is no indication that the statutory valuation is inappropriate (principle of proportionality). In particular, expected default of counterparties is reflected appropriately.

Reinsurance receivables

Reinsurance receivables consist of the clearing account receivables arising from the reinsurance programme. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Receivables (trade, not insurance)

Receivables (trade, not insurance) mainly consist of tax receivables and receivables from funds. They are valued in the statutory accounts based on their nominal value.

For solvency purposes, the Italian tax receivable is valued using a discounted cash flow method (cf. D.4).

For the remaining receivables no adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Cash and cash equivalents

Cash and cash equivalents are shown at market value in the statutory accounts. Hence, the Solvency II value equals the statutory accounts value.

Any other assets, not elsewhere shown

Other assets which are not elsewhere shown include in particular prepaid expenses. They are valued in the statutory accounts based on their nominal value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

D.1 (b) Material differences between the bases, methods and assumptions used for the valuation for solvency purposes and those used in financial statements

Intangible assets

Intangible assets are valued in the statutory accounts based on amortised cost. This implies that the statutory accounts value is higher than the Solvency II value of zero.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR -1,900 thousand.

Holdings in related undertakings, including participations

Holdings in related undertakings, including participations are valued in the statutory accounts based on historical acquisition cost less any impairment. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR 0 thousand. This only relates to the participation in MASL.

Government and Corporate Bonds

Government and corporate bonds are valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR -21,890 thousand in case of Government Bonds and EUR -2,501 thousand in case of Corporate Bonds.

Collective Investments Undertakings

Collective investments undertakings are valued in the statutory accounts based on amortised cost. This implies that the market value may be higher or lower than the statutory accounts value.

This results in a valuation difference of EUR -1 thousand between Solvency II value and statutory accounts value.

Insurance and intermediaries receivables

The revaluation of the receivable due to Italian stamp duty leads to in a valuation difference of EUR 1,339 thousand between Solvency II value and statutory accounts value.

Reinsurance recoverables

Reinsurance recoverables considered in the statutory accounts largely coincide with the reinsurance deposits.

The valuation of reinsurance recoverables for solvency purposes, based on the projection of future cash-flows between the Company and its reinsurance counterparties and a market value adjustment for the reinsurance deposit, results in a valuation difference of EUR -10,581 thousand between Solvency II value and statutory accounts value.

Receivables (trade, not insurance)

The revaluation of the Italian tax receivable results in a valuation difference of EUR -400 thousand between Solvency II value and statutory accounts value.

For all remaining asset classes the values in the financial statement and for solvency purposes coincide (cf. D.1 (a)).

D.2. Technical provisions

D.2 (a) Bases, methods and main assumptions used for the valuation for solvency purposes

The following table contains the technical provisions for the Company as of 31 December 2024:

	31st December 2024		
	Solvency II € '000	Local GAAP € '000	Difference € '000
Best Estimate Liabilities	683,185	709,138	-25,953
Risk Margin	3,377	0	3,377
Total	686,561	709,138	-22,576

For the three lines of business of the Company (cf. A.1 (f)), both best estimate and risk margin are calculated using the same bases, methods and main assumptions.

The following table contains the technical provisions for the Company as of 31 December 2024:

	31st December 2024		
	Index-linked and unit-linked (“unit-linked business”) €'000	Life excluding health and index-linked and unit-linked (“traditional business”) €'000	Total €'000
Best Estimate Liabilities	294,922	388,262	683,185
Risk Margin	1,844	1,532	3,377
Total	296,767	389,794	686,561

The best estimate corresponds to the probability-weighted average of future cash-flows associated with the fulfilment of the obligations arising from insurance contracts, taking account of the time value of money. The market value of the investment fund units assigned to unit-linked contracts is included in the best estimate of unit-linked business, while reinsurance recoverables (cf. D.1) are not included in the best estimate.

Best estimate and risk margin are determined based on the Company's own cash-flow projection models. The models reflect all main tariffs of the portfolio. In principle, cash-flow projections are carried out on the level of individual contracts. The output includes a projection of local GAAP balance sheet and profit and loss account.

Since unit-linked products do not include an interest rate guarantee, their projection is performed for a single scenario (so-called certainty-equivalent scenario). Allowance is made for participation of policyholders in risk surplus and cost surplus.

Likewise, the projection for traditional products is also carried out using a certainty-equivalent scenario. Allowance is made for guaranteed interest rates and participation in investment surplus as well as participation of policyholders in risk surplus and cost surplus (where applicable). The time value of options and guarantees (TVOG) related to future profit sharing for the non-linked AMELL capitalization business as well as the non-linked Integrale Luxembourg capitalization and annuities in payment portfolios is assessed based on a stochastic simulation. For the remaining business, there is no indication for a material TVOG (principle of proportionality). This is mainly due to the characteristics of the embedded options and guarantees and the corresponding profit sharing policy.

The underlying best estimate assumptions are based on company-specific observations and include appropriate smoothing as well as extrapolation where required. They do neither include explicit nor implicit safety margins. Assumptions with material impact on the results include assumptions regarding future expenses, take-up rates of contractual options (in particular lapses), refunds received from fund managers in the case of unit-linked business as well as the level of future surplus participation in risk surplus and cost surplus.

Future cash-flows are discounted based on the relevant current risk-free interest rate curve prescribed by the applicable regulations. For the traditional (non-linked) AMELL and traditional (non-linked) Integrale Luxembourg portfolios, the risk-free curve including volatility adjustment is applied (cf. D.2 (d)).

The risk margin is a theoretical add-on to the best estimate to account for the cost of holding capital in respect of non-hedgeable risks. It is intended to ensure that the value of the technical provisions is equivalent to the amount that a so-called reference insurance undertaking would require in order to take over and meet the insurance obligations. The risk margin is calculated as present value of the cost of providing eligible own funds at the amount of the SCR (cf. E.2) which are required to cover the non-hedgeable risks until the portfolio has run off.

Typically, any projection of the SCR requires simplifications. Therefore, various types of simplified calculations are stipulated. The Company applies the so-called method 1, where the SCRs for the relevant risk (sub-)modules of the Standard Formula are projected based on suitable drivers and then aggregated for each year of the projection.

D.2 (b) Uncertainty associated with the value of technical provisions

The valuation of technical provisions for solvency purposes includes uncertainty, in particular regarding the following aspects:

- There is inevitable uncertainty regarding assumptions about future developments, which may have material impact on the valuation of technical provisions and the expected profit in future premiums (EPIFP). This holds particularly for non-economic assumptions regarding future policyholder behaviour (take-up rates of contractual options), expenses and refunds from fund managers. In order to reduce such uncertainty, best estimate assumptions are closely monitored and in general updated on an annual basis. Furthermore, uncertainty results from economic assumptions (e.g. risk free interest rates and fund performance).
- In principle, cash-flow projections are performed on the level of individual contracts. For proportionality reasons, certain contract characteristics are not reflected or are modelled in a

simplified way. No future profits or losses are assumed for the small unmodelled portion of the portfolio.

- Unit-linked contracts without financial guarantees comprise a large part of the Company's business. Furthermore, the portfolio also contains a material portion of traditional contracts with guarantees. The time value of contractual options and guarantees is assessed for the non-linked AMELL capitalization business as well as the non-linked Integrale Luxembourg capitalization and annuities in payment portfolios. It is not considered material or relevant for the remaining business. Lapse experience is monitored and reported on a regular basis. This would include any (potential) fluctuations caused by dynamic policyholder behaviour.

For the unit-linked business the investment risk is borne by the policyholder, limiting the direct impact of fund fluctuations. Management actions relating to expenses have been agreed and taken into account in determining the value of technical provisions.

The actuarial function (cf. B.6) ensures the adequateness of methods and assumptions underlying the calculation of technical provisions. According to the Company's own assessment, the uncertainties described above do not result in a material uncertainty regarding the assessment of the value of technical provisions.

D.2 (c) Material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used in financial statements

The valuation of technical provisions for solvency purposes differs from the valuation used for statutory accounts, in particular regarding the following material aspects:

- For Index-linked and unit-linked insurance, the statutory valuation basically equals the market value of the investment fund units assigned to unit-linked contracts. The value of future profits and losses associated with such contracts is not considered.
- The valuation for solvency purposes is based on best estimates and market-consistent assumptions. In contrast, for the statutory accounts the technical provisions are valued based on prudent assumptions which include safety margins (e.g. for future expenses or biometric assumptions).
- The valuation for solvency purposes reflects future discretionary benefits resulting from unrealised gains and losses on investments backing traditional business as well as allocated surplus from risk coverage and cost. The profit sharing policy for the non-linked AMELL capitalization business and the non-linked Integrale Luxembourg portfolio is reflected as well. In contrast, statutory accounts only include guaranteed benefits.

These different valuation approaches result in a valuation difference between Solvency II value and statutory accounts value of EUR -28,020 thousand for the line of business of Index-linked and unit-linked insurance and of EUR +5,444 thousand for the line of business of Life insurance excluding health and index-linked and unit-linked.

D.2 (d) Matching adjustment and volatility adjustment

In order to reduce the impact of fluctuations of market values of interest-bearing securities, the European legislator has stipulated the use of certain adjustments.

The Company applies the volatility adjustment according to Article 77d to the traditional (non-linked) AMELL portfolio and the non-linked Integrale Luxembourg portfolio. The volatility adjustment is not applied for any other portfolio.

The impact of applying the volatility adjustment on the technical provisions is set out in the table below.

	31st December 2024		
	Index-linked and unit-linked ("unit-linked business") €'000	Life excluding health and index-linked and unit-linked ("traditional business") €'000	Total €'000
With Volatility Adjustment	296,767	389,794	686,561
Without Volatility Adjustment	296,767	396,077	692,844
Impact of VA set to zero	0	6,283	6,283

Further details are presented in section E.1 (a).

The Company does not use the matching adjustment according to Article 77b of Directive 2009/138/EC.

D.2 (e) Transitional risk-free rate and transitional deduction

In order to support a smooth transition from the old solvency rules to the new Solvency II regime, the European legislator has stipulated the use of certain transitional measures. Their application usually improves the coverage of the SCR and of the Minimum Capital Requirement (MCR) substantially.

The Company does not use either the transitional measures on risk-free interest rates according to Article 308c or the transitional measures on technical provisions according to Article 308d of Directive 2009/138/EC.

D.2 (f) Recoverables from reinsurance contracts and special purpose vehicles

See **Section D.1(a), reinsurance recoverable**.

D.2 (g) Material changes to assumptions made in calculating technical provisions compared to previous reporting period

Best estimate assumptions were updated during the reporting period. But no material changes were made in the assumptions calculating technical provisions compared to previous reporting period.

D.3. Other liabilities

D.3 (a) Bases, methods and main assumptions used for the valuation for solvency purposes

Provisions other than technical provisions

Provisions other than technical provisions mainly consist of provisions for expenses, for anticipated losses as well as for taxes. They are valued in the statutory accounts with their expected fulfilment value.

Except for the provisions for anticipated losses no adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality). For anticipated losses from legal claims a revaluation is made based on expert judgement (cf. D.4).

Deposits from reinsurers

Deposits from reinsurers are the shares of the reinsurance counterparties in the technical provisions of the local GAAP balance sheet, which are placed with the direct insurer. Deposits from reinsurers also include collateral provided under the intra-group reinsurance contracts. They are valued in the statutory accounts with their fulfilment value.

For solvency purposes, deposits for intra-group reinsurance are adjusted based on the market value of the deposited assets. The same amount (except for collateral) is included in the item Reinsurance recoverables (cf. D.1).

Deferred tax liabilities

The revaluation of assets and liabilities for solvency purposes changes the (theoretical) basis for tax assessment. The realisation of such temporary valuation differences impacts future tax payments (so-called deferred taxes). (Theoretical) future tax payments are shown in the Solvency II balance sheet in the item Deferred tax liabilities.

Deferred taxes are in principle determined by considering valuation differences for each asset and liability position. There is no comparable item in the local GAAP balance sheet.

Furthermore, allowance is made for tax losses carried forward. This reduces the expected future taxes and the deferred tax liabilities are decreased accordingly.

Note that these deferred tax liabilities are a purely theoretical valuation concept for solvency purposes; they are not the actual tax provisions or tax liabilities. The actual tax provisions and tax liabilities shown in the local GAAP balance sheet are recorded in the item Provisions other than technical provisions and in the item Payables (trade, not insurance) in the Solvency II balance sheet respectively.

Insurance & intermediaries payables

Insurance and intermediaries payables consist of short-term payment obligations vis-à-vis policyholders and intermediaries, which are not part of the technical provisions. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Reinsurance payables

Reinsurance payables consist of the clearing account payables arising from the reinsurance programme. They are valued in the statutory accounts based on their fulfilment value.

No adjustment is made for solvency purposes since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Payables (trade, not insurance)

Payables (trade, not insurance) include in particular tax liabilities, short-term payment obligations of social security contributions as well as various other short-term payables. They are valued in the statutory accounts based on their fulfilment value.

For solvency purposes, the payable due to Italian stamp duty is revaluated using a discounted cash flow method (cf. D.4). No adjustment is made for solvency purposes for any other item included in this position since there is no indication that the statutory valuation is inappropriate (principle of proportionality).

Any other liabilities, not elsewhere shown

Other liabilities not elsewhere shown include the value of business acquired (VOBA) for the Integrale Luxembourg portfolio. For solvency purposes, a value of zero is assigned as there are no future cash outflows associated with the VOBA.

D.3 (b) Material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and those used in financial statements

Provisions other than technical provisions

The adjustment for the provision of anticipated losses results in a valuation difference of EUR -14 thousand between Solvency II value and statutory accounts value.

Deposits from reinsurers

The market value adjustment for the reinsurance deposits results in a valuation difference of EUR -21,782 thousand between Solvency II value and statutory accounts value. This amount is also reflected in the Reinsurance recoverables.

Deferred tax liabilities

The recognition of the deferred tax liability results in a valuation difference of EUR 1,276 thousand between Solvency II value and statutory accounts value.

Payables (trade, not insurance)

The revaluation of the payable for Italian stamp duty results in a valuation difference of EUR 2,089 thousand between Solvency II value and statutory accounts value.

Any other liabilities, not elsewhere shown

The VOBA is recognised as a deferred income in the statutory accounts and calculated as the positive difference between transferred assets (at market value) and liabilities (at book value). For subsequent valuation, the VOBA is then amortised on a straight-line basis over the average remaining lifetime of the relevant transferred liabilities.

This results in a valuation difference between Solvency II value and statutory accounts value of EUR -8,414 thousand.

For all remaining liabilities the values in the financial statements and for solvency purposes coincide (cf. D.3 (a)).

D.4 Alternative methods for valuation

Alternative valuation methods are used in case no market values are available for the valuation of assets or liabilities which are not technical reserves or for which no specific valuation requirements hold.

The Company applies alternative valuation methods for the following items of the Solvency II balance sheet:

Alternative valuation methods	
Holdings in related undertakings, including participations	Assumed net realisable value, considering the projected results of the service company in the foreseeable future
Government and Corporate Bonds	Discounted cash-flow method
Insurance and intermediaries receivables	Discounted cash-flow method
Receivables (trade, not insurance)	Discounted cash-flow method
Provisions other than technical provisions	Expected fulfilment value
Payables (trade, not insurance)	Discounted cash-flow method

For the provisions for anticipated losses from legal claims the Solvency II value is determined based on expert judgement regarding amount and likelihood of occurrence, since the statutory valuation is considered too conservative to be appropriate for solvency purposes. This assessment is updated on a regular basis.

The appropriateness of the application of alternative valuation methods is regularly monitored considering acquired experiences. According to the Company's own assessment the application of the above mentioned alternative valuation methods does not have a material impact on the Solvency II balance sheet.

D.5 Any other material information

Dynamic policy behaviour is not taken into account in the valuation. More specifically, lapse rates are determined based on past observations.

There is no other material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

Capital management and allocation is a key driver of the Company's success. Capital is a resource that supports the risk bearing capacity of the Company, forming a foundation for the Company's long-term viability and the trust of its customers.

E.1 Own funds

'Own Funds' refers to the excess of the value of the Company's assets over the value of its liabilities, where the value of its liabilities includes technical provisions and other liabilities. Own Funds are divided into three tiers based on their permanence, and how well they can absorb losses. Tier 1 are of the highest quality.

E.1 (a) Objectives, policies and processes for managing Own Funds

The primary objective of the Company is to ensure compliance with externally imposed capital requirements and to maintain appropriate capital ratios in order to protect the security of its stakeholders, including cedants and policyholders, while maintaining value. The capital management policy sets out the objectives of the Company. The key objective of this policy is to ensure that the regulatory requirement for the Solvency Coverage is met on an ongoing basis. Processes and reporting are in place to meet this objective. The capital management policy outlines the actions available to the management and the Board at different levels of the reporting solvency ratio.

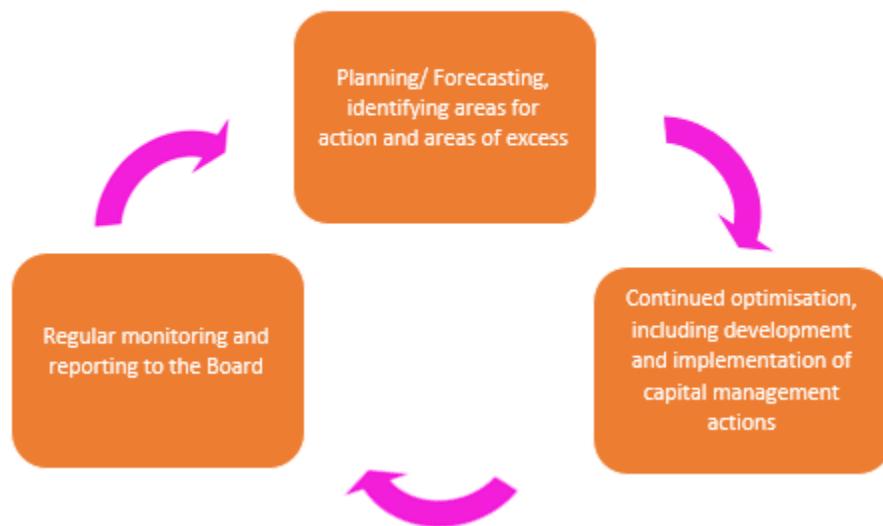
The Company adopted Monument Re's key principles of capital management which are:

Monument Re Capital Management Principles

1) Target Setting	2) Monitoring	3) Management Actions
<ul style="list-style-type: none">▪ Sufficient capital levels set by the Board so that the Group is able to withstand appropriate stress scenarios, as approved by the Board▪ The current Target Capital level for Monument Re is to maintain Available Capital equivalent to 150% of the SCR▪ The Target Capital level for each subsidiary is approved by the relevant Board, taking into account local requirements	<ul style="list-style-type: none">▪ Capital levels shall be assessed regularly to ensure that they remain appropriate to support the Group's operations▪ Appropriate processes maintained to enable effective monitoring and reporting of capital positions across the Group including the impact of new transactions	<ul style="list-style-type: none">▪ Activities undertaken to optimise the capital position of the company (and/ or subsidiaries)▪ Actions continuously identified and executed, in order to optimize capital and remedy breaches of capital levels should a breach occur

The process followed for capital management is depicted below:

Capital Management Process



A capital management plan is prepared annually with the business planning period covering five years. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by senior management and the firm's risk profile. This plan is reviewed and updated on a regular basis to reflect the actual performance of the business. The policy is reviewed annually with the results of the annual ORSA process taken into consideration.

Own Funds for the Company are calculated quarterly through the production of the technical provisions and a valuation of the Company's balance sheet. The technical provisions are valued using the policyholder information at the end of the quarter and included in the valuation of the balance sheet. The value of the Own Funds is approved by the CFO on a quarterly basis, whilst annually, it is approved by the Board.

Between the quarterly production runs, an estimate of the Own Funds is calculated regularly to provide an input to an estimated SCR ratio. This uses the values from the ORSA to estimate the balance sheet position.

The objectives, policies and processes employed by the Company for managing its Own Funds were aligned with Monument Re Group requirements. The Company continues to target a minimum long-term Solvency ratio of 135%. Potential dividend distributions are decided on a yearly basis taking into account a forward looking view on the Solvency ratio. In principle, dividend payments will only be distributed, if the distribution will not jeopardise the targeted Solvency ratio over the forward looking period.

Summary of the Own Funds and solvency position at 31 December 2024, with prior year comparatives (in € '000, except for percentages):

	31 December 2024	31 December 2023
Own Funds	31,723	20,562
Solvency Capital Requirement (SCR)	10,264	7,828
Minimum Capital Requirement (MCR)	4,000	4,000
Absolute Floor of Minimum Capital Requirement	4,000	4,000
Relevant Solvency Ratio	309%	263%

The actual Solvency Ratio is well above the internal target ratio of 135%.

Without application of the volatility adjustment, Own Funds are slightly lower and the SCR also reduces slightly. This leads to a slight decrease of the Solvency Ratio, as shown below (in € '000, except for percentages):

	31st December 2024	
	With Volatility Adjustment	Without Volatility Adjustment
Own Funds	31,723	31,165
Solvency Capital Requirement (SCR)	10,264	10,180
Minimum Capital Requirement (MCR)	4,000	4,000
Absolute Floor of Minimum Capital Requirement	4,000	4,000
Relevant Solvency Ratio	309%	306%

E.1 (b) Information on Own Funds by Tier and the amount eligible to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

Own funds comprise the sum of basic own funds and ancillary own funds. The starting point for the determination of available basic own funds is the excess of assets over liabilities of the Solvency II balance sheet (cf. section D). Ancillary own funds consist of items other than basic own funds which can be called up to absorb losses. For the Company, ancillary own funds are not relevant.

Available own funds are classified according to the Solvency II technical specifications into three different classes (Tiers). This classification considers in particular the availability of own funds and their subordination to other claims. Hereby, Tier 1 denotes the highest available classification. The classification determines the eligibility of own funds as far as compliance with the SCR and the MCR is concerned.

The excess of assets over liabilities of the Solvency II balance sheet equals EUR 31,723 thousand. The excess of assets over liabilities is EUR 578 thousand higher than the sum of ordinary share capital and corresponding share premium account of EUR 31,146 thousand shown in the local GAAP balance sheet.

The following table shows the composition of the Solvency II Basic Owns Funds and what is eligible to cover the Solvency Capital Requirement and Minimum Capital Requirement:

	Total Own funds 31st December 2024 € '000	Total Own funds 31st December 2023 € '000	Tier	Eligible Own Funds to cover SCR 31st December 2024 € '000	Eligible Own Funds to cover SCR 31st December 2023 € '000	Eligible Own Funds to cover MCR 31st December 2024 € '000	Eligible Own Funds to cover MCR 31st December 2023 € '000
Ordinary Share Capital	10,300	10,300	1	10,300	10,300	10,300	10,300
Share premium account related to ordinary share capital	20,846	20,846	1	20,846	20,846	20,846	20,846
Reconciliation reserve	578	-10,584	1	578	-10,584	578	-10,584
Total Basic Own Funds	31,723	20,562	1	31,723	20,562	31,723	20,562

As in the previous reporting period, the ordinary share capital comprises the subscribed and fully paid equity and is divided into 10,000 registered shares with a nominal value of EUR 1,030 per share. The share premium account of EUR 20,846 thousand results from a merger in previous years and is unchanged compared to the previous reporting period. Uncalled capital does not exist. The ordinary share capital and the share premium account meet the requirements for classification as Tier 1.

The reconciliation reserve comprises the valuation differences regarding the excess of assets over liabilities between the valuation for solvency purposes and the statutory valuation, as well as certain parts of the local GAAP equity. The reconciliation reserve is classified as Tier 1. Compared to the previous year, the reconciliation reserve increased by EUR 11,161 thousand. This reflects the realized gain in 2024 (cf. A.2) and a significant increase in the valuation differences between Solvency II and statutory accounts. The latter represents an increase of expected future profits which is linked to the risk sensitivity as discussed in section C. For more details on the valuation differences see E.1 c).

In total, this yields available basic own funds at an amount of EUR 31,723 thousand of the highest classification Tier 1. The Company's total basic own funds are available without restrictions for an unlimited period of time and are eligible at their full amount to cover the SCR and the MCR.

E.1 (c) Material differences between equity in the financial statements and the excess of assets over liabilities for solvency purposes

The excess of assets over liabilities exceeds the shareholders' equity including reserves and retained earnings from financial statements by EUR 13,488 thousand. This difference is due to the following reasons:

- unrealised gains/losses that arise from the market-consistent valuation of assets for solvency purposes (cf. D.1)
- market-consistent valuation of technical provisions as sum of a best estimate and a risk margin (cf. D.2)

- other differences regarding the valuation for solvency purposes of certain assets (cf. D.1) and other liabilities (cf. D.3), including the impact of intra-group reinsurance contracts and the Solvency II concept of deferred taxes

The following table summarises the differences between shareholders equity reported in the Company's financial statements and the excess of assets over liabilities for solvency purposes:

	31st December 2024 € '000	31st December 2023 € '000
Shareholder Equity per financial statements	18,236	16,614
Difference in the valuation of assets	-35,934	-42,263
Difference in the valuation of liabilities	49,421	46,212
Solvency II Excess of Assets over Liabilities	31,723	20,562

E.1 (d) Basic own fund item subject to the transitional arrangements

Not applicable.

E.1 (e) Ancillary Own Funds

The Company did not have any ancillary own fund items at 31 December 2024.

E.1 (f) Material items deducted from Own Funds

There are no material items deducted from Own Funds at 31 December 2024.

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

E.2 (a) Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The following table shows the Company's SCR and MCR requirements as of 31 December 2024, with prior year comparatives:

	31st December 2024 € '000	31st December 2023 € '000
SCR	10,264	7,828
MCR	4,000	4,000

Compared to the previous reporting period, the SCR increased which is mainly due to the transfer of the Integrale Luxembourg portfolio.

E.2 (b) The amount of the SCR split by risk module

The Basic Solvency Capital Requirement is calculated using a set of EIOPA defined stresses given by the Standard Formula approach. The SCR is calculated separately for each of the following risk modules:

- Market risk
- Counterparty default risk
- Life underwriting risk
- Non-life underwriting risk
- Health underwriting risk

These modules are then combined using correlation factors as defined by EIOPA, with an allowance for operational risk. The following table shows the split of the SCR as of 31 December 2024, with prior year comparatives:

	31st December 2024 €'000	31st December 2023 €'000
Market risk	4,908	4,102
Counterparty default risk	1,685	796
Life underwriting risk	4,316	3,305
Diversification	-2,914	-2,030
<i>Basic Solvency Capital Requirement</i>	7,995	6,173
Operational Risk	3,575	2,829
Loss-absorbing capacity of technical provisions	-303	-102
Loss-absorbing capacity of deferred taxes	-1,003	-1,072
Solvency Capital Requirement	10,264	7,828

Market risk, life underwriting risk and operational risk are the dominating risk categories. Diversification effects between different risks (mainly market and life underwriting risk) as well as the loss-absorbing capacity of technical provisions and deferred taxes mitigate risk. Loss-absorbing capacity means in this context that in a stress scenario future discretionary benefits for policyholders or future taxes may be lower, which reduces the liabilities and thus the risk associated with the stress scenario.

The Non-life and Health underwriting risk modules do not apply to the Company, as its balance sheet is not exposed to these risks.

The level of the SCR is subject to regulatory review.

E.2 (c) Use of simplified calculations

The Company did not use any simplified calculations or undertaking-specific parameters to arrive at its SCR as of 31 December 2024 or 31 December 2023.

E.2 (d) Undertaking specific parameters and capital add-ons

The undertaking specific parameters referred to in Article 104(7) of Directive 2009/138/EC are not used by the Company.

The capital add-on as per sub paragraph of Article 51(2) of Directive 2009/138/EC does not apply.

E.2 (e) Information on inputs used to calculate the MCR

The calculation of the MCR follows a prescribed formula-based approach depending on the business volume (in particular depending on the levels of the technical provisions and capital at risk), with a floor of 25% and a cap of 45% of the SCR. Additionally, an absolute floor of EUR 4,000 thousand has to be considered.

As in the previous year, the absolute floor was relevant in 2024. Hence, the MCR equals EUR 4,000 thousand.

The Company does neither use simplifications nor undertaking-specific parameters according to Article 104 of Directive 2009/138/EC for the calculation of the MCR.

E.2 (f) Material changes to SCR and MCR over the reporting period

Compared to the previous year, no significant changes of the SCR can be observed.

The MCR remains unchanged as the absolute floor for the MCR was relevant in both years.

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

Not applicable.

E.4 Differences between the Standard Formula and any internal model used

Not applicable.

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

The Company remained compliant with the MCR and the SCR throughout the reporting period.

E.6 Any other information

There is no other material information regarding the capital management of the Company other than what has been reported in this section.

Appendix 1 - List of public QRT to be disclosed

Article 3 - Templates and instructions for the disclosure of the solvency and financial condition report of individual undertakings.

- Template S.02.01.02 of Annex I, specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC, following the instructions set out in section S.02.01 of Annex II to this Regulation;
- Template S.04.05.21 of Annex I, specifying information on premiums, claims and expenses by country, following the instructions set out in section S.04.05 of Annex II to this Regulation;
- Template S.05.01.02 of Annex I, specifying information on premiums, claims and expenses using the valuation and recognition principles used in the undertaking's financial statements, following the instructions set out in section S.05.01 of Annex II to this Regulation, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35;
- Template S.12.01.02 of Annex I, specifying information on the technical provisions relating to life insurance and health insurance pursued on a similar technical basis to that of life insurance ('health SLT') for each line of business as defined in Annex I to Delegated Regulation (EU) 2015/35, following the instructions set out in section S.12.01 of Annex II to this Regulation;
- Template S.22.01.21 of Annex I, specifying information on the impact of the long term guarantee and transitional measures, following the instructions set out in section S.22.01 of Annex II;
- Template S.23.01.01 of Annex I, specifying information on own funds, including basic own funds and ancillary own funds, following the instructions set out in section S.23.01 of Annex II;
- Template S.25.01.21 of Annex I, specifying information on the Solvency Capital Requirement calculated using the Standard Formula, following the instructions set out in section S.25.01 of Annex II;
- Template S.28.01.01 of Annex I, specifying the Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity, following the instructions set out in section S.28.01 of Annex II;

All nominal amounts in the QRT are presented in Euro 000's.

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	737
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	408,954
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	375,919
Government Bonds	R0140	156,852
Corporate Bonds	R0150	219,068
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	33,035
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	324,787
Loans and mortgages	R0230	4,302
Loans on policies	R0240	122
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	4,180
Reinsurance recoverables from:	R0270	607,293
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	352,752
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	352,752
Life index-linked and unit-linked	R0340	254,541
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	10,920
Reinsurance receivables	R0370	6,922
Receivables (trade, not insurance)	R0380	4,967
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	9,167
Any other assets, not elsewhere shown	R0420	385
Total assets	R0500	<b style="background-color: #f0a0a0;">1,378,436

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions - non-life	R0510	
Technical provisions - non-life (excluding health)	R0520	
TP calculated as a whole	R0530	
Best estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best estimate	R0580	
Risk margin	R0590	
TP - life (excluding index-linked and unit-linked)	R0600	389,794
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
TP - life (excluding health and index-linked and unit-linked)	R0650	389,794
TP calculated as a whole	R0660	
Best estimate	R0670	388,262
Risk margin	R0680	1,532
TP - index-linked and unit-linked	R0690	296,767
TP calculated as a whole	R0700	
Best estimate	R0710	294,922
Risk margin	R0720	1,844
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	4,900
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	631,930
Deferred tax liabilities	R0780	1,276
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	10,394
Reinsurance payables	R0830	2,614
Payables (trade, not insurance)	R0840	9,036
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	1,346,712
Excess of assets over liabilities	R1000	31,723

S.04.05.21 – Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written): life insurance and reinsurance obligations				
R0010	C0030		ITALY	BELGIUM	SPAIN	GERMANY	NETHERLANDS
Gross written premium	R1020	14,466	5,584	3,503	1,803	1,512	723
Gross earned premium	R1030	14,382	5,589	3,378	1,803	1,512	723
Claims incurred	R1040	-73,622	28,551	13,193	4,026	2,770	-100,676
Gross expenses incurred	R1050	7,561	4,200	3,382	1,032	1,318	718

S.05.01.02 – Premiums, claims and expenses by line of business: life insurance

		Line of Business for: life insurance obligations			
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance
		C0210	C0220	C0230	C0240
Premiums written					
Gross	R1410		19,208	8,584	212
Reinsurers' share	R1420		17,228	7,671	210
Net	R1500		1,980	913	2
Premiums earned					
Gross	R1510		19,008	8,584	207
Reinsurers' share	R1520		17,079	7,671	206
Net	R1600		1,929	913	1
Claims incurred					
Gross	R1610		-186,817	42,278	417
Reinsurers' share	R1620		-170,612	37,180	384
Net	R1700		-16,204	5,098	32
Expenses incurred	R1900		501	798	175
Balance - other technical expenses/income	R2500				
Total expenses	R2600				
Total amount of surrenders	R2700		15,895	40,991	29

S.05.01.02 – Premiums, claims and expenses by line of business: life insurance

	Line of Business for: life insurance obligations		Life reinsurance obligations		Total
	Annuites stemming from non-life insurance contracts and relating to health insurance obligations	Annuites stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
	C0250	C0260	C0270	C0280	C0300
Premiums written					
Gross	R1410				28,003
Reinsurers' share	R1420				25,108
Net	R1500				2,895
Premiums earned					
Gross	R1510				27,799
Reinsurers' share	R1520				24,955
Net	R1600				2,843
Claims incurred					
Gross	R1610				-144,122
Reinsurers' share	R1620				-133,048
Net	R1700				-11,074
Expenses incurred	R1900				1,475
Balance - other technical expenses/income	R2500				0
Total expenses	R2600				1,475
Total amount of surrenders	R2700				56,915

S.12.01.02 – Life and Health SLT Technical Provisions

	Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance				
		Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
Technical provisions calculated as a whole	R0010							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020							
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030	384,894		294,922				3,368
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	350,311		254,541				2,441
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	34,584		40,381				927
Risk Margin	R0100	1,519	1,844			13		
Technical provisions - total	R0200	386,413	296,767			3,381		
Expected profits included in future premiums (EPIFP)	R0370	-5,842	4,559			-54		

S.12.01.02 – Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)	
					C0090	C0100
					C0150	C0160
					C0170	C0180
Technical provisions calculated as a whole	R0010					
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020					
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate	R0030			683,185		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			607,293		
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090			75,892		
Risk Margin	R0100			3,377		
Technical provisions - total	R0200			686,561		
Expected profits included in future premiums (EPIFP)	R0370			-1,337		

S.12.01.02 – Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0190	C0200	C0210
Technical provisions calculated as a whole	R0010			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	R0030			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090			
Risk Margin	R0100			
Technical provisions - total	R0200			
Expected profits included in future premiums (EPIFP)	R0370			

S.22.01.21 – Impact of long term guarantees and transitional measures

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070
Technical provisions	R0010	686,561		6,283	
Basic own funds	R0020	31,723		-558	
Eligible own funds to meet Solvency Capital Requirement	R0050	31,723		-558	
Solvency Capital Requirement	R0090	10,264		-84	
Eligible own funds to meet Minimum Capital Requirement	R0100	31,723		-558	
Minimum Capital Requirement	R0110	4,000		0	

S.23.01.01 – Own funds

	Total	Tier 1 -		Tier 2	Tier 3
		unrestricted	restricted		
	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	10,300	10,300		
Share premium account related to ordinary share capital	R0030	20,846	20,846		
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	578	578		
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180				
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	31,723	31,723		

S.23.01.01 – Own funds

		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					

S.23.01.01 – Own funds

	Total	Tier 1 -	Tier 1 -	Tier 2	Tier 3		
		unrestricted	restricted				
	C0010	C0020	C0030	C0040	C0050		
Available and eligible own funds							
Total available own funds to meet the SCR	R0500	31,723	31,723				
Total available own funds to meet the MCR	R0510	31,723	31,723				
Total eligible own funds to meet the SCR	R0540	31,723	31,723				
Total eligible own funds to meet the MCR	R0550	31,723	31,723				
SCR	R0580	10,264					
MCR	R0600	4,000					
Ratio of Eligible own funds to SCR	R0620	309.07%					
Ratio of Eligible own funds to MCR	R0640	793.09%					
Reconciliation reserve			C0060				
Excess of assets over liabilities	R0700	31,723					
Own shares (held directly and indirectly)	R0710						
Foreseeable dividends, distributions and charges	R0720						
Other basic own fund items	R0730	31,146					
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740						
Reconciliation reserve	R0760	578					
Expected profits							
Expected profits included in future premiums (EPIFP) - Life Business	R0770	-1,337					
Expected profits included in future premiums (EPIFP) - Non- life business	R0780						
Total Expected profits included in future premiums (EPIFP)	R0790	-1,337					

S.25.01.21 – Solvency Capital Requirement — for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications	
		C0110	C0090	C0120
Market risk	R0010	4,908		
Counterparty default risk	R0020	1,685		
Life underwriting risk	R0030	4,316		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-2,914		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	7,995		

Approach to tax rate

	Yes/No
	C0109
Approach based on average tax rate	R0590
	No

Calculation of loss absorbing capacity of deferred taxes

	LAC DT
	C0130
LAC DT	R0640
LAC DT justified by reversion of deferred tax liabilities	R0650
LAC DT justified by reference to probable future taxable economic profit	R0660
LAC DT justified by carry back, current year	R0670
LAC DT justified by carry back, future years	R0680
Maximum LAC DT	R0690
	-1,276

S.25.01.21 – Solvency Capital Requirement — for undertakings on Standard Formula

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	3,575
Loss-absorbing capacity of technical provisions	R0140	-303
Loss-absorbing capacity of deferred taxes	R0150	-1,003
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	10,264
Capital add-on already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	10,264
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01 – Minimum Capital Requirement — Only life or only non-life insurance or reinsurance activity

MCR calculation Life	Life activities	
	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	33,071
Obligations with profit participation - future discretionary benefits	R0220	1,513
Index-linked and unit-linked insurance obligations	R0230	40,381
Other life (re)insurance and health (re)insurance obligations	R0240	927
Total capital at risk for all life (re)insurance obligations	R0250	64,434

	Non-life activities	Life activities
	C0010	C0040
MCRNL Result	R0010	
MCRL Result	R0200	1,492

Overall MCR calculation		C0070
Linear MCR	R0300	1,492
SCR	R0310	10,264
MCR cap	R0320	4,619
MCR floor	R0330	2,566
Combined MCR	R0340	2,566
Absolute floor of the MCR	R0350	4,000
Minimum Capital Requirement	R0400	C0070
		4,000

Appendix 2: Glossary

Absolute Minimum Capital Requirement: This is an amount of money that the Company is obliged to hold as capital as an absolute floor. For the Company, this amount is €4.0m.

Basic Own Funds: According to art. 88 of Solvency II Directive 2009/138/CE, Basic Own Funds are defined as the sum of the excess of assets over liabilities measured on market consistent principles in accordance with art. 75 of Solvency II Directive 2009/138/CE and reduced by the amount of own shares held by the insurance or reinsurance undertaking and subordinated liabilities.

Best Estimate Liability: The Best Estimate Liability represents the expected present value of future cashflows related to insurance and reinsurance obligations in force at valuation date. The Best Estimate Liability is calculated on a gross of reinsurance basis, i.e. without any deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles.

Best estimate operating assumptions: The assumptions on all those non-financial factors which can have an impact on future cashflows, including not only the most common operating factors (i.e. mortality/longevity, disability/morbidity, lapses, expenses), but also those contractual policyholders' options that can be exercised by policyholders at pre-determined conditions.

Cash and cash equivalents: The item includes cash and highly-liquid short-term financial investments (readily convertible in specific amounts of cash which are subject to an irrelevant risk of change in value). Furthermore, this asset class includes also short-term deposits and money-market investment funds.

Compliance Function Charter: The responsibilities of the compliance function are described in the Compliance Function Charter.

Contract boundaries: This is the limit beyond which relevant cash flows are excluded from the calculation of technical provisions. It is defined in line with art. 18 of the Delegated Acts and refers to future dates where the insurance undertaking has a unilateral right either to terminate the contract, or to reject payable premiums or to amend the payable premiums or the benefits in such a way that the premiums fully reflect the risks.

Correlation factors: Factors which reflect the relationships between the risks included in the calculation of the Solvency Capital Requirement.

Counterparty default risk adjustment: The counterparty default adjustment is the amount of reinsurance recoverables that the Company expects not to be able to recover because of the possible default of the reinsurance counterparty at any point in time in the future.

Delegated act: As part of the Lisbon Treaty, the EU created a tool to put a law in place. They used an 'implementing act' for ruling on procedure and on how to follow legislation that already exists and use a

delegated act for ruling on the content of legislation. The Solvency II requirement includes various implementing acts and delegated acts.

Expected Profit Included in Future Premiums (EPIFP): it is the expected present value of future cash flows, if positive, which results from the inclusion in technical provisions of premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future, but that may not be received for any reason, other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.

Fixed income instruments: Direct investments in government and corporate bonds, loans, term deposits other than those presented as cash and cash equivalents, and reinsurance deposits. Moreover, this asset class includes also investments funds mainly exposed to investments or risks similar to direct investments presented within this asset class.

Insurance contracts: a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary [Appendix A, IFRS4].

Investments properties: direct investments in real-estates. Moreover, this asset class includes also investments funds mainly exposed to real-estate investments.

Long term guarantee adjustments and transitional measures: This expression refers to the matching adjustment (as set out in art. 77b of Solvency II Directive 2009/138/EU), the volatility adjustment (as set out in art. 77d of Solvency II Directive 2009/138/EU), the transitional measure on the risk-free interest rates (as set out in art. 308c of Solvency II Directive 2009/138/EU) and the transitional measure on technical provisions (as set out in art. 308d of Solvency II Directive 2009/138/EU).

Minimum Capital Requirement (MCR): The Minimum Capital Requirement corresponds to an amount of eligible basic Own Funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk were insurance and reinsurance undertakings allowed to continue their operations. It corresponds to the Value-at-Risk of the basic Own Funds subject to a confidence level of 85% over a one-year period (Solvency II Directive 2009/138/CE, art. 129).

Net cash inflows: it is an indicator of cash flows generation of the life segment. It is equal to the amount of premiums collected net of benefits paid.

Other investments: includes participations in non-consolidated Group companies, derivative investments and receivables from banks and customers, the latter mainly related to normal banking operations.

Own Funds: According to art. 87 of Solvency II Directive 2009/138/EU, Own Funds are defined as the sum of basic Own Funds and ancillary Own Funds.

Per policy fee: Administration fees charges by Monument Insurance Services Limited are charged monthly. The fee is a function of the number of policies and the agreed policy administration fee.

Premiums Reserves: The Premiums Reserves (or Premium Provisions) are reserves for contracts that are either in force at the valuation date or for which a legal obligation exists to provide coverage.

Reinsurance recoverables: Reinsurance recoverables represent the amount of best estimate liability expected to be recovered via reinsurance treaties or special purpose reinsurance vehicles and correspond to the expected present value of the future cash flows referring to the in-force reinsurance agreements.

Risk Appetite: The Risk Appetite sets out the Company's willingness to accept or avoid in order to achieve its business objectives.

Risk Control Self-Assessment (RCSA): is the process of identifying, recording and assessing potential risks and related controls.

Risk Management Framework (RMF): The Risk Management Framework is the structured process used to identify potential threats to an organisation and to define the strategy for removing or minimising the impact of these risks as well as the mechanisms to effectively control and evaluate actions.

Risk Margin (RM): The risk margin is the part of technical provisions that should ensure that the overall value of the technical provisions is equivalent to the amount a third party would theoretically require in order to take over and meet the insurance liabilities, taking into account the cost of capital required to support those liabilities over their remaining future lifetime and regarding non-hedgeable risks such as underwriting and operational risks.

Solvency II ratio: defined as the ratio between the Eligible Own Funds and the Solvency Capital requirement, both calculated according to the definitions of the Solvency II regime. The ratio has to be intended as preliminary since the definitive Regulatory Solvency Ratio will be submitted to the supervisory authority in accordance with the timing provided by the Solvency II regulations for the official reporting.

Solvency Capital Requirement (SCR): The Solvency Capital Requirement is determined as the economic capital to be held by insurance and reinsurance undertakings in order to ensure that ruin occurs no more often than once in every 200 cases or, alternatively, that those undertakings will still be in a position, with a probability of at least 99.5%, to meet their obligations to policyholders and beneficiaries over the following 12 months (Solvency II Directive 2009/138/EU).

Solvency and Financial Condition Report (SFCR): The SFCR helps policyholders and other stakeholders better understand the Company's regulatory capital and financial position as required by the European-wide Solvency II regulations and regime.

Standard formula: The Standard Formula is a standard method defined by Solvency II Directive for the calculation of the Solvency Capital Requirement. The Standard Formula covers the following risks: non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk.

Technical provisions: The technical provisions correspond to the sum of the best estimate liability and risk margin. In case where technical provisions are considered on a net of reinsurance basis, the amount of reinsurance recoverables net of the counterparty default adjustment is deducted from the technical provisions.

Three lines of defence: In the Three Lines of Defence model, management control is the first line of defence in risk management, the various risk control and compliance over-sight functions established by management are the second line of defence and internal auditor is the third.