



Canada Life
Assurance Europe plc

Solvency and Financial Condition Report

2023

“Another set of positive results delivered while building the foundations for the next era of growth”

Susan Gibson,
Managing Director
Canada Life Assurance Europe plc



Dear readers,

I am pleased to share with you our latest Solvency and Financial Condition Report. 2023 continued to present the world with many twists and turns which we navigated well, delivering another set of strong results, thanks to a solid strategy and a strong team aligned around a clear purpose.

Looking back, many macro factors challenged our business and the market, such as conflict on the edge of Europe and persistent stagflation, along with rising geo-political tensions globally and an intensification of climate-related events. We witnessed advances in Artificial Intelligence and more broadly, continued advancements in technology, which fuelled breakthroughs in health, sustainability, mobility and space exploration. The one thing that is for sure in today's volatile environment is that boundaries are widening and the pace is quickening.

Having built the foundations, adaptability and resilience to respond to such market forces, Canada Life in Germany was well set up for success

in 2023 and able to be there for our customers, our business partners and our colleagues. It also means we are well placed to take advantage of the opportunities ahead of us while navigating the inevitable change and challenges that will come.

Delivering results

Since entering the market 23 years ago, the business has grown steadily through a loyal and supportive adviser base, with annual gross premium inflows of almost €1 bn, which is spread across investment, protection and individual and occupational pensions. We are proud to say that we are now one of the fastest growing insurers in the market, a market that is significant, being the third largest globally, but one that is also stable and known for its ability to innovate and prove resilient through a well-diversified industry base. This is important in the context of macro uncertainty and the drag being felt in the last number of quarters in the German economy (and more generally Europe) due to inflation, energy prices and international demand.

“The need for individuals and companies to increase private funding for pensions is growing.”

But good results are the outcome of focus and effort, and in 2023 we achieved a number of notable milestones which testify to the underlying vitality of our organisation and activities. We continue to invest in our people, with over 70 new members added to the team and a number of notable awards, including “Role Model for Diversity”. Equity is important in helping us become a better organisation, and this year we became members of the Diversity Charter in Ireland and Ireland’s Women in Finance Charter to solidify our focus, and we have stewarded an increase of women in senior roles (as of January 2024, we have 33% women at Executive team level company-wide).

Our people and our culture are critical and sit at the heart of building a business that is focused on delivering for our customers and their advisers. In 2023, we increased the returns on our products, smoothed performance of our Unithold With Profit (UWP) Fund and expanded our fund choice to meet more sustainability requirements. We completed a significant multi-year investment in our core system, migrating all of our customers without impact to a new digital administration platform. This investment means we can now expand our services and quicken the pace of developing new customer and adviser solutions.

Our investment products gained recognition in 2023 with many awards, including the AssCompact Awards for being voted among the “Brokers’ favourite” insurers across all our product

categories. We again received the strong Assekurata rating of AA, which points to our strengths and reliability, and our claims processes have been recognized as “fair” by Assekurata, the top rating that can be achieved. We also continue to be recognised as a leading employer, underlined by winning the “Family Friendly Employer Award 2023” from the magazine *Freundin* for the second time, and being rated second for “most popular insurance employer” by the kununu platform. We were also recognised with the Diversity award for being a role model in diversity from the well-known German newspaper *Frankfurter Allgemeine Zeitung*.

Looking forward

We recognise the need for continued and accelerated investment in our people, our propositions and our systems to retain our position and sustain our performance. As we observe the market and learn from our customers and advisers, we will ensure we keep building our business to respond to their needs.

We know that as volatility increases, customers and their financial plans need more care and attention, so we will focus on building tools using digital and data analytics to increase access to solutions, tools and insights for both customers and advisers. We will be investing in protection solutions and advice support to help customers protect what they have and make more of what they earn. The need for individuals and companies to increase private funding for pensions is growing. Therefore we are planning to introduce a series of developments to support advisers and companies, making it easier to access retirement solutions.

Beyond product innovation, we also recognise the need to deliver solutions easier and faster, and we are enhancing our customer and adviser experiences through simplification, automation and using the latest in digital, data analytics and AI. We will also focus on creating great experiences for our colleagues, equipping them with

access to the best tools, methods and developments so they can help our customers and their advisers thrive.

Our purpose

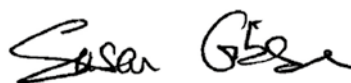
Our purpose is to be here for life with our customers and business partners, helping them to build stronger, more inclusive and more financially secure futures. At the heart of this statement and our strategy is enabling access to trusted advice and relevant solutions. This is how we connect our ambition with the needs of all our stakeholders and this is what is driving the roadmap of exciting developments that we have planned for 2024 and beyond.

In this ever-changing, and at times volatile world, advice is more important and valued than ever before. We strongly believe in the value of advice and our role in delivering innovative solutions and services that meets the customer promise over the long-term, and in so doing,

helping customers and advisers to build better futures. By helping to architect better outcomes for our stakeholders, and by giving them access to more sustainable solutions, we can be better together.

We are thankful for the support of all our stakeholders in 2023, and to our colleagues for driving our business forward. We recognise that the world will continue to present plenty of challenges for us to safely navigate, but we are optimistic that our purpose, our strategy, and our people are prepared for that.

Thank you.



Yours

Susan Gibson

“We strongly believe in the value of advice and our role in delivering innovative solutions and services.”

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SUMMARY

This report sets out the solvency and financial condition of Canada Life Assurance Europe plc, (“Canada Life Europe”, “the Company”) for 2023 in line with the EU-wide Solvency II regulations. It also defines our corporate principles, organisational structure and various functions.

Introduction



Our Parent Group

Canada Life Assurance Europe plc is a member of the Great-West Lifeco Inc. Group (GWL), one of the world’s leading life assurance organisations. Great-West Lifeco Inc. Group has grown into one of the largest and financially strongest international providers of life insurance. We are a wholly owned subsidiary of The Canada Life Assurance Company, which was founded in 1847 and is the oldest Canadian life assurance company. Since 2003, Canada Life has been a part of the Great-West Lifeco Inc. In early 2020, the three traditional brands in Canada, Great-West Life, London Life and Canada Life, were combined under the name Canada Life. The group as a whole has more than 42 million customers worldwide.



Our Company

Canada Life Assurance Europe plc has been operating in Germany since the year 2000. We draw on the international experience and know-how of our parent company to implement innovative insurance products and solutions in Germany. We have, for example, established both essential ability insurance and critical illness cover in the market, as well as high-performing Unitised-With-Profit (UWP) products to provide for people in their old age.

Our gross revenue premiums were €980 million in the year ending 31 December 2023 (€1,011 million in 2022). We are one of the leading companies acquiring new business in the broker market in Germany.

Our customers come to us through our business partners, who are independent brokers, multi-tied agents and banks. Our business partners give their clients access to professional advice, a wide range of financial service providers and their products. To help them sell our products, we support them with accredited training that capitalises on our in-depth industry knowledge. We are convinced this is the best way to give our customers local advice and care that meets their needs.



An increasing number of private and corporate customers in Germany every year trust us with their protection needs and to provide for their old age. We have 613,441 policies in force as at 31 December 2023 (596,838 as at 31 December 2022). Our flexible and high-performing products, as well as our excellent service throughout the entire term of the contract, contribute significantly to the financial security of our customers.

In 2023, the German insurance rating agency Assekurata confirmed our financial strength as very strong with a stable outlook (AA). The excellent financial strength of our Canadian parent company, The Canada Life Assurance Company, (a subsidiary of Great-West Lifeco Inc.) is repeatedly confirmed by leading rating agencies.

As an international company, we profit from the diverse know-how of our employees. We have 782 employees in Ireland and Germany looking after the interests of our customers and business partners. We are proud of our employees and the high degree of loyalty and commitment they have to our customers and business partners.



Our Sustainable Approach

We help clients build stronger and more financially secure futures.

We've built our business around thinking generations ahead. Our business activities can assist in creating positive, lasting change whether by investing for long-term returns, operating in a sustainable way or by expanding the diverse perspectives which shape our company for the future.

We hold that sustainable business practices can help drive long-term value creation for our clients, policyholders, shareholders, and other stakeholders.



Our Values

Our values are the guiding principles for our employees. They put the customer in our focus. We want to offer them a better way to live well and to be financially independent. This is only possible if everyone feels committed to the same values and acts accordingly. That is why we demand and promote an open and performance-oriented corporate culture. We communicate our values to every employee at Canada Life from the very beginning and provide targeted support to them, so they can actively live the values and contribute according to their own strengths. The common values help us to regularly reflect on and adapt the way we operate.

- | Our operations are transparent, fair, forward-thinking, risk-conscious and sustainable for the benefit of our customers, business partners and employees.
- | We consistently pursue our goal of being a high-performance insurance partner. Whenever it makes sense, we also take new and unusual paths in order to offer our clients the best possible protection for a good life.
- | We do not stand still, but we are constantly working on our abilities. And we are ready to go the extra mile for our clients and business partners.
- | We work as a team and help each other to fulfil our brand promise "My life. Better insured" to be experienced. Because our customers and business partners not only trust us to give them good advice and find the right cover with us, but also to be able to rely on us at all times during the course of a long partnership. This is only possible if everyone feels committed to the same values and acts accordingly.



Purpose of the Solvency and Financial Condition Report

This report will help you better understand the regulatory capital and financial position of Canada Life Assurance Europe plc. It covers our business performance, system of governance, risk profile and Solvency II balance sheet valuation.

We embrace Solvency II's Own Risk and Solvency Assessment (ORSA) process as a key part of our risk management system. We use ORSA to evaluate our risk profile and solvency position in relation to our current and future business operations, strategy and plan. It has become a key tool in our decision-making process (for more details on ORSA, see section B.3.6).

We submitted our 2023 ORSA report to the Central Bank of Ireland, following board approval, on 16th November 2023.

Summary Highlights

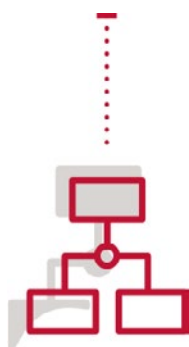
We have detailed our financial performance – which was influenced by market conditions, premium inflow and claims outflows – in section A, Business and Performance.

At the end of 2023, under the Solvency II regime, we reported solvency capital of €893m, which is above the €515m Solvency Capital Requirement (SCR).

We calculate our SCR using the Standard Formula set by the European Insurance and Occupational Pension Authority (EIOPA). We control and report solvency capital in line with the capital management and metrics detailed in section E.

Summary of our capital position in € million

	€m Year End 2023	€m Year End 2022
Tier 1 – unrestricted		
Issued share capital	7.0	7.0
Reconciliation reserve	885.8	835.3
Other	0.0	35.0
Tier 1 – unrestricted	892.8	877.3
Available own funds (before foreseeable dividends and adjustments)		
Foreseeable dividends, distributions and charges	0.0	-35.0
Total available own funds to meet the SCR	892.8	842.3
Tier 1 – unrestricted	892.8	842.3
Tier 1 – restricted	0.0	0.0
Eligible own funds to meet SCR	892.8	842.3
Solvency Capital Requirement (SCR)	515.1	483.0
Solvency ratio	173.3 %	174.4 %
Minimum Capital Requirement (MCR)	224.2	195.1
Eligible own funds as a percentage of MCR	398 %	432 %



Governance Process for Solvency II Returns

We created a specific Solvency II governance process to help the board verify the accuracy of our quantitative and qualitative returns to the Central Bank of Ireland. This process drew on:

- our own subject matter experts
- our wider corporate group (particularly group companies that fall under these regulations)
- external companies.

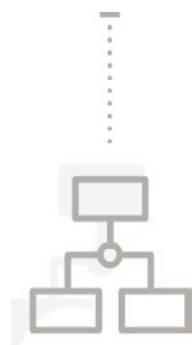
The process was also:

- overseen by our senior executive and management teams
- reviewed by both internal audit and external accounting firms during its initial development and while we were putting it into action.

Our Solvency II governance process is now well established.

Governance structure

You can find full details of our corporate structure governance in section B.

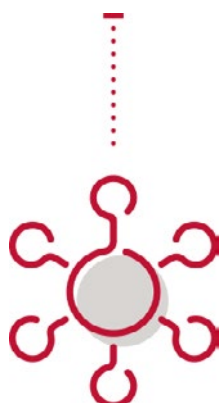


Risk management model

We manage risk using a 'three lines of defence' model.

- **First line of defence:** our business units are the ultimate owners of our risk. Primarily responsible for day-to-day operations within our Enterprise Risk Management (ERM) framework, they identify, measure, manage, monitor and report risk.
- **Second line of defence:** our oversight functions include the Risk Function, Compliance Function, Actuarial Function and Finance Function. The Risk Function oversees the ERM framework and uses it to check on whether the requirements of the first line of defence were met.
- **Third line of defence:** our Internal Audit Function carries out independent risk assessments of our ERM framework and the oversight provided by the second line of defence.

You can find out more about our risk management in section B.3.



Risk Profile

Section C outlines our risk profile. It details how we operate with a board-approved risk appetite that aligns with our business strategy.

Summary of the Solvency Capital Requirement as at 31 December 2023 and 31 December

2022 in € million

	2023	2022
Market risk	196.6	177.0
Counterparty risk	39.8	89.8
Life underwriting risk	351.7	333.6
Health underwriting risk	202.9	179.1
Diversification benefits	-234.0	-242.0
Post diversification	557.0	537.5
Operational risk	36.6	37.3
Loss absorbency	-78.5	-91.9
Total SCR	515.1	482.9



Valuation

Section D contains an analysis of our asset and liability valuations according to the Solvency II balance sheet requirements. We prepare our annual audited financial statements under Financial Reporting Standards (FRS), applicable in the UK and Republic of Ireland. Any significant valuation differences between FRS and Solvency II non-technical provision assets and liabilities are set out in sections D.1 and D.3.

Section D.2 details the methods we use to value technical provisions. These methods have been externally peer-reviewed, and assessed and approved by our board.

The Canada Life Assurance Europe plc board reviewed and approved this report on 25th March 2024.

A

Solvency and Financial
Condition Report

Business and Performance

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This section describes our organisational structure and financial performance over the last financial year.

A.1. Business

Canada Life Assurance Europe plc is a public limited company. We are incorporated in the Republic of Ireland and our company registration number is 297731. Our registered office is:

→ Canada Life Assurance Europe plc

14-15 Lower Abbey Street
Dublin 1
Ireland.

→ We are authorised and regulated by the Central Bank of Ireland

Central Bank of Ireland
P.O. Box 11517
New Wapping Street
North Wall Quay
Dublin 1
Ireland.

Effective January 1st 2021, following the departure of the UK from the EU, the Company's immediate parent company, Canada Life Irish Holding Company Limited, is the Group Solvency II holding company in Ireland which is regulated by the Central Bank of Ireland.

→ We are part of the Canada Life Group (UK) Limited (CLG) which is regulated by the Prudential Regulation Authority (PRA)

Prudential Regulation Authority
20 Moorgate
London EC2R 6DA
United Kingdom.

→ Our external auditors are Mazars, Chartered Accountants and Statutory Audit Firm

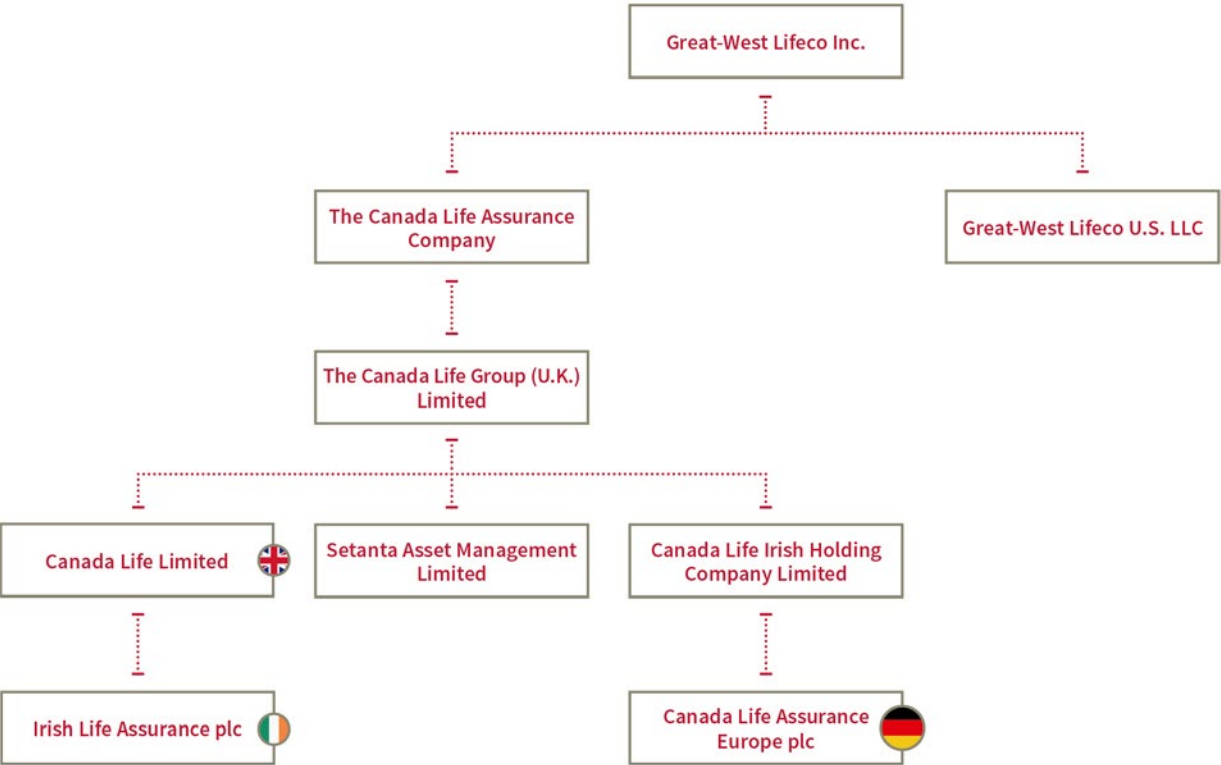
Mazars
Chartered Accountants and Statutory Audit Firm
Block 3, Harcourt Centre, Harcourt Road
Dublin 2
Ireland.

Company organisational overview

Canada Life Assurance Europe plc is a member of the Great-West Lifeco Inc. Group (GWL), one of the world’s leading life assurance organisations. We are a wholly owned subsidiary of The Canada Life Assurance Company which was founded in 1847 and is the oldest Canadian life assurance company. Canada Life is itself a subsidiary of Great-West Lifeco Inc, a leading Canadian insurer with interests in life insurance, health insurance, investment, retirement savings and reinsurance. It operates mainly in Canada, the US and Europe.

Great-West Lifeco Inc. and its subsidiaries, including The Canada Life Assurance Company, had around \$2.85 trillion Canadian dollars in consolidated assets under administration as at 31 December 2023. They are members of the Power Financial Corporation Group of companies. Great-West Lifeco Inc. is incorporated in Canada and listed on the Toronto Stock Exchange.

Simplified organisational structure for the Great-West Lifeco Inc. Group



Note: Simplified Structure

Canada Life Assurance Europe plc carries out life assurance and pension business in the German market. We do not operate in any other market. We were authorised as an insurance provider in July 2000 and sell exclusively through brokers, multi-tied agents and banks. We have established a leading position among providers of products to the German independent intermediary market and are among the top six providers through continuous product, technology and service improvements. The market for traditional German insurance products has been challenging following the introduction of Solvency II in 2016. German insurance providers have been moving to offer hybrid and lighter guarantee products which provides increased competition in the Canada Life product categories.

We aim to strengthen our presence further in the unit-linked and UWP market by continually investing in product development, distribution technology and service improvements. We are also focused on maintaining our strong record of legal and regulatory compliance, including responding to emerging regulatory requirements around corporate governance standards, risk management and consumer protection.

A.1.1. Significant business and other events

We have no extra information to disclose.

A.2. Underwriting performance

For the year ending 31 December 2023, we reported underwriting performance, including investment income, of €51m (2022: €178m), plus details of our premiums, claims and expenses split by Solvency II lines of business (life assurance). We disclosed this performance in the Quantitative Reporting Template (QRT) S.05.01.02 which is in the appendix.

Our Solvency II lines of business are:

- insurance with profit participation (which comprises Unitised-With-Profits)
- index-linked and unit-linked insurance (which comprises variable annuity and critical illness as well as unit-linked)
- health insurance (which comprises income protection)
- other life insurance (which comprises term life insurance)

Further detail on the Solvency II lines of business can be found in section D.2.2.

Our underwriting performance relates entirely to the German market.

Analysis of our underwriting results for 2023 by Solvency II lines of business in € million

Underwriting Performance (net of reinsurance)	Health insurance	Insurance with profit participation	Index-linked and unit- linked insurance	Other life insurance	Total
Premiums earned	29.1	535.2	94.0	64.2	722.5
Claims	-0.8	-225.4	-122.5	-6.2	-354.9
Changes in technical provisions	-2.1	-753.3	-246.6	-70.6	-1,072.6
Expenses incurred	-19.5	-81.6	-12.8	-4.1	-118.0
Investment return	0.0	579.1	295.0	0.0	874.1
Underwriting result	6.7	54.0	7.1	-16.7	51.1

Total net revenue premiums in 2023 were €723m. This was mainly made up of:

- insurance with profit participation €535m
- Index-linked and unit-linked insurance €94m (including optional rider benefits such as serious illness)
- Health insurance €29m
- other life insurance €64m.

Total net claims in 2023 came to €-355m. This was mainly made up of:

- insurance with profit participation €-225m
- index-linked and unit-linked insurance €-123m (including critical illness pay-outs)
- Health insurance €-1m
- other life insurance €-6m

Changes in other technical provisions in 2023 came to €-1,073m. This was mainly made up of:

- insurance with profit participation €-753m
- index-linked and unit-linked insurance €-247m (including critical illness)
- Health insurance €-2m
- other life insurance €-71m.

Total expenses in 2023 came to €-118m. This was mainly made up of:

- insurance with profit participation €-82m
- index-linked and unit-linked insurance €-13m
- Health insurance €-20m
- Other life insurance €-4m

Our expenses include acquisition costs, administrative expenses, investment expenses, claims management expenses and overhead expenses.

Total investment return in 2023 came to €874m.

Analysis of our underwriting results for this year and previous year by Solvency II lines of business in € million

Underwriting Performance (net of reinsurance)	Health insurance	Insurance with profit participation	Index-linked and unit- linked insurance	Other life insurance	Total
2023	6.7	54.0	7.1	-16.7	51.1
2022	22.8	155.7	13.1	-13.9	177.7
Variance	-16.1	-101.7	-6.0	-2.8	-126.6

Underwriting performance this year compared with last year

Our underwriting performance in 2023 was €51.1m which was reduced from the €177.7m result for 2022.

- Future investment return assumption which had a favourable impact on the Insurance with profit participation line of business in 2022 was not repeated in 2023.
- Model refinements in 2023 resulted in reserve strengthening compared with prior year.

Reconciliation between the underwriting result and FRS profits for 2023 in € million

Underwriting result	51.1
Other income (expense) 1	2.7
Tax	-2.5
Profit as per FRS financial statements	51.3

(1) Other income/expenses relates to non technical investment income.

A.3. Investment performance

A number of key factors govern how we invest shareholders' funds. Chief among these are liquidity and solvency considerations, including compliance with regulatory rules and guidelines. We also take into consideration the Company dividend policy and operational constraints.

Our analysis of the investment income below is in line with the statutory FRS financial statements for the financial year ended 31 December 2023.

A.3.1. Non-linked Investments

Net investment income on non-linked investments was a profit of €3.5m (2022: €-1.0m). This is gross of management fee revenue sharing. We received no dividend income, rental returns or mortgage income in 2023 as there was no non-linked investment in equities, mortgages or property during the year. Our investment expenses were not material for either 2023 or 2022 and relate primarily to bonds. The following tables show non-linked income for 2023 and 2022 split by asset class.

Income split by asset class (S.09.01 format) for 2023 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	0.2	0.0	0.0	0.0	0.2
Government bonds	0.0	0.1	0.0	0.6	0.9	1.6
Corporate bonds	0.0	0.3	0.0	0.7	0.5	1.5
Collateralised securities	0.0	0.0	0.0	0.0	0.0	0.0
Collective investment undertakings	0.0	0.1	0.0	0.0	0.1	0.2
Total	0.0	0.7	0.0	1.3	1.5	3.5

Income split by asset class (S.09.01 format) for 2022 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	-0.3	0.0	0.0	0.0	-0.3
Government bonds	0.0	0.5	0.0	-0.4	-0.6	-0.5
Corporate bonds	0.0	0.5	0.0	-0.3	-0.4	-0.2
Collateralised securities	0.0	0.3	0.0	0.0	-0.3	0.0
Collective Investment Undertakings	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	1.0	0.0	-0.7	-1.3	-1.0

Non-linked investment performance this year compared with last year

In 2023 our non-linked investment performance was €3.5m compared with €-1.0m for 2022. The net investment profit of €3.5m was primarily driven by net realised gains and unrealised gains of €1.3m and €1.5m respectively (2022: €-0.7m and €-1.3m). The positive valuation movement was due primarily to the decrease in bond yields in 2023.

A.3.2. Linked investments (unit-linked and UWP)

Our net income from linked investments was €871.3m (2022: €-971.10). This included capital gains and is gross of investment expenses. It was made up as follows:

- €475.0m from equities
- €160.6m from corporate bonds
- €103.3m from government bonds
- €113.2m from collective investments
- €16m from other categories (cash and deposits)

Our other net investment income included investment expenses for 2023 €1.6m (2022: €1.7m).

Our Investment expenses can be broken down as follows:

- €1.0m was linked to securities; specifically equities (2022: €1.0m).
- €0.6m (2022: €0.7m) was not linked to securities. This was mainly custody fees and other levies not related to asset categories.

The following tables show the income for 2023 and 2022 generated by each asset class.

Income split by asset class (\$09.01 format) for 2023 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	12.0	0.0	0.0	4.0	16.0
Government bonds	0.0	23.0	0.0	-12.3	92.6	103.3
Corporate bonds	0.0	38.9	0.0	-8.1	129.8	160.6
Equity	85.5	0.0	0.0	189.3	200.2	475.0
Collective investment undertakings	16.8	0.0	0.0	9.6	86.8	113.2
Mortgages and Loans	0.0	0.9	0.0	0.0	2.6	3.5
Futures	0.0	0.0	0.0	3.4	0.7	4.1
Put options	0.0	0.0	0.0	-0.2	0.0	-0.2
Call options	0.0	0.0	0.0	1.0	-0.3	0.7
Forwards	0.0	0.0	0.0	6.7	-11.6	-4.9
Total	102.3	74.8	0.0	189.4	504.8	871.3

Income split by asset class (S.09.01 format) for 2022 in € million

Asset class	Dividends (€'M)	Interest (€'M)	Rent (€'M)	Net gains and losses (€'M)	Unrealised gains and losses (€'M)	Total (€'M)
Cash and deposits	0.0	-0.8	0.0	0.0	-1.4	-2.2
Government bonds	0.0	20.5	0.0	-58.9	-148.0	-186.4
Corporate bonds	0.0	21.8	0.0	-5.8	-225.8	-209.8
Equity	52.1	0.0	0.0	50.0	-579.1	-477.0
Collective investment undertakings	43.0	0.0	0.0	88.4	-185.1	-53.7
Mortgages and Loans	0.0	0.7	0.0	0.0	-6.9	-6.2
Futures	0.0	0.0	0.0	0.7	-1.2	-0.5
Put options	0.0	0.0	0.0	0.5	0.0	0.5
Call options	0.0	0.0	0.0	0.7	0.0	0.7
Forwards	0.0	0.0	0.0	-44.5	8.0	-36.5
Total	95.1	42.2	0.0	31.1	-1,139.5	-971.1

Linked investment performance this year compared with last year

Our linked investment performance was €871.3m compared with €-971.1m for 2022. This increase was mainly because of:

- increased Corporate/Government Bond income of €660.1m (2023: €263.9m, 2022: €-396.2m). Bonds were positive across the yield curve and credit spectrum. Early central bank easing expectations, tightening credit spreads and resilient economic growth supported returns in both government bonds and credit. Net realised losses from bonds reduced (2023: €-20.4m; 2022: €-64.7m) while net unrealised losses on bonds reduced (2023: €222.4m; 2022: €-373.8m).
- increased Equity income of €952.0m (2023: €475.0m, 2022: €-477.0m) and increased Collective Investments income of €166.9m (2023: €113.2m, 2022: €-53.7m) primarily due to market performance. Overall, global equities were up 19.60% year on year as at 31 December 2023. Net realised gains from equities and collective investment undertakings decreased (2023: €198.9; 2022: €138.4m), while net unrealised gains on equities and collective investment undertakings also increased compared to the previous year (2023: €287m; 2022: €-764.2m).

Reconciling our investment performance with the Financial Reporting Standard (FRS) investment results

Reconciliation between the investment performance analysed in section A.3 and FRS investment results for 2023 in € million

	2023	2022
Non-linked investment income	3.5	-1.0
Linked investment Income	871.3	-971.1
Investment Income as in SFCR A.3 (S.09.01 format)	874.8	-972.1
Other FRS Investment Income (non S.09.01) (1)	2.0	-3.2
Investment Income as in FRS financial statements (2)	876.8	-975.3

(1) Other FRS Investment Income (non S.09.01) includes items such as commission rebate income and securities fees not meeting the criteria for inclusion in the S.09.01.

(2) Investment Income per technical account plus Investment Income per non-technical account.

A.3.3. Other information

We held €0.0m of investments in securitisation in 2023 (2022: €0.0m) which constitute the collateralised securities amount on the balance sheet in section D.1. The investment income of €0.0m (2022: €0.0m) relating to this investment can be identified in the collateralised securities amount in section A.3.1.

We did not recognise any direct equity gains or losses in 2023 or 2022.

A.4. Performance of other activities

We have operating lease obligations of €15.7m at the end of the financial year (2022: €11.8m) relating to lease assets. Please see details on Section D.1. Assets and D.3. Other liabilities. We had no finance leases during the financial year.

We have no other significant income or expenses to report for either 2023 or 2022.

A.5. Any other information

We have no other information to disclose.

B

Solvency and Financial
Condition Report

Systems of Governance

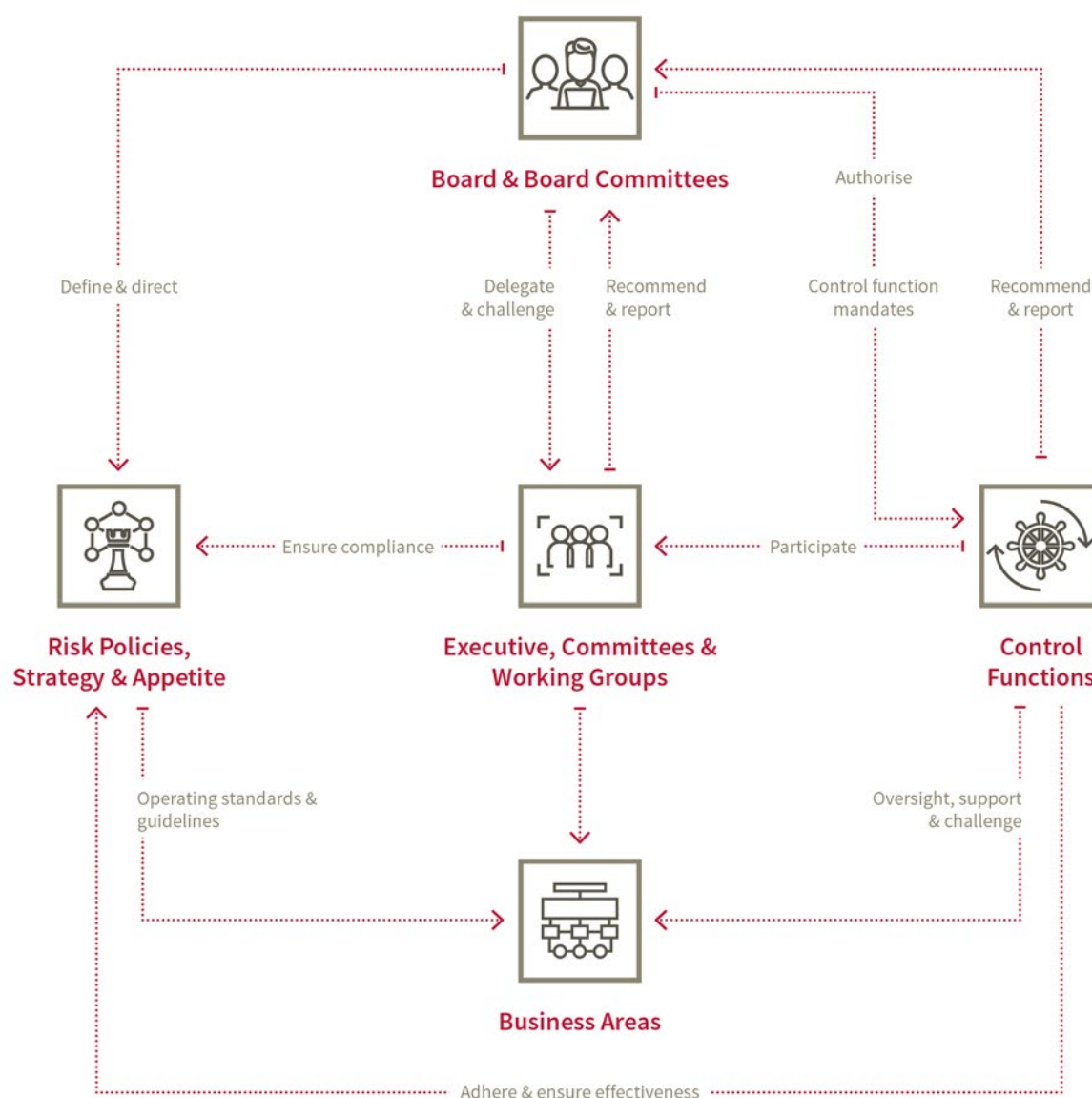
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Section B is an account of the structures, systems and processes we have put in place to manage our operations and risks over the last financial year. Our aim is always to balance the interests of all our stakeholders.

B.1. General information

B.1.1. Our governance structure

Governance map



Bottom up: reporting and escalating business and risk issues.

Top down: communicating and guiding policy and decisions.

Board of Directors

Our board is responsible for the governance and oversight of all Canada Life Assurance Europe plc’s risks and operations. It makes all our strategic decisions. It also:

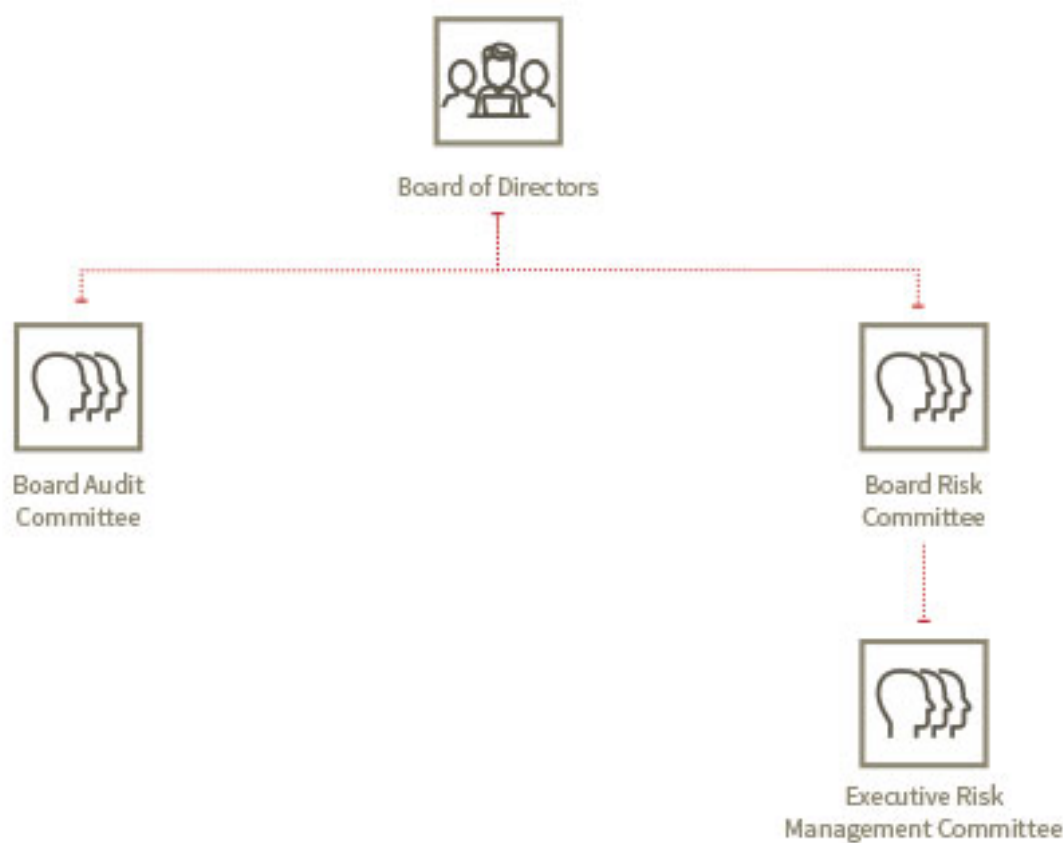
- oversees the implementation of our business strategy
- establishes our organisational structure with clear authority levels and reporting responsibilities
- sets and oversees an effective internal control framework for us
- determines our Risk Policies including our risk tolerance limits
- establishes our governance environment and culture for financial reporting, risk, compliance and control management
- reviews and approves its own terms of reference at least every year.

Executive management team

Our management team is led by our Managing Director. It is in charge of our day-to-day activities and develops our business plans, strategies and annual budgets.

Governance committees chart

The chart shows the Governance structures in place during 2023 and board-level committees which are attended by the directors of the company. The executive level committees help the board-level committees.



Note: The Remuneration Committee and the Nomination and Governance Committee, which are not displayed in the graph above, are constituted at the level of the Canada Life Irish Holding Company Limited, our Group Solvency II holding company in Ireland. The membership of these committees includes some directors other than those of Canada Life Assurance Europe plc. We rely on these committees, as permitted under the Corporate Governance Requirements for Insurance Undertakings as issued by the Central Bank of Ireland.



Board of Directors

Lead and control the company.

- Makes all material strategic decisions.
- Establishes an organisational structure with clearly defined authority levels and reporting responsibilities.
- Agrees the rules on management authority levels and what the Board should be notified of.



Board Audit Committee

Act as an independent link between the board and our external auditors

- Recommends and monitors our external auditors.
- Reviews the scope of our external audit.
- Reviews our annual report and financial statements as well as other public reports and our reports for regulators.
- Reviews the effectiveness of our internal controls, cyber security controls and IT systems.
- Manages the risks of financial reporting by reviewing significant financial reports.
- Reviews our financial statements for Pillar I and Pillar III requirements of the EU Solvency II Directive.
- Reports to the board on financial statements it needs to approve.
- Monitors three of our five control functions – Actuarial, Finance and Internal Audit.



Board Risk Committee

Develops our risk governance, risk exposures and risk strategy

- Reviews compliance with our Enterprise Risk Management (ERM) framework and advises the board on risk oversight.
- Reviews our risk appetite framework and risk strategy.
- Monitors two of our five control functions – Risk and Compliance.
- Recommends changes to our Enterprise Risk Management Framework.
- Develops a company culture that supports risk management.
- Responds when a risk exposure exceeds our defined appetite for it.



Executive Risk Management Committee

Manages all our significant risks

- Oversees our risk exposures and recommends our risk policies.
- Monitors our capital and the balance of what we own and what we owe.
- Reviews new product developments.
- Approves significant transactions.
- Monitors and reviews the risk experience.

Who we are

Here are the directors of our board and our board-level committees

Name	Director status	Board member	Audit Committee member	Risk Committee member
S. Cronin	Independent Non-executive	Yes	Yes	Chair
S. Gibson	Executive	Yes	No	No
I. Kremers	Independent Non-executive	Yes	Yes	Yes
H.G. Lindlahr	Executive	Yes	No	No
K. Murphy	Group Non-executive	Chair	No	Yes
R. McHugh	Independent Non-executive	Yes	Chair	Yes
I. Radovic	Executive	Yes	No	No

In 2023, the board and board committees had scheduled meetings and also met on other occasions as was necessary. We make sure directors have all the information they need ahead of a meeting. They receive the minutes of all recent committee meetings since the last board meeting. If they need anything more, they can either ask for it or invite a committee chair to report to the board.

We pay for our directors to have independent professional advice and training when they need it. All our new directors get training when they start and we encourage existing directors to continually update their skills and knowledge.

B.1.1.1. Adequacy of systems of governance

We have strong corporate governance in line with best practice. Under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms (known as PRISM), we are a medium-high-impact company. We have complied with the Central Bank of Ireland's 2015 Corporate Governance Requirements for Insurance Undertakings and its regulations around the composition of our board and its committees.

Each year, we review our governance systems as well as the performance of our various governance committees. We assess committee responsibilities and update them if we need to.

B.1.1.2. Significant changes in corporate governance structures in the reporting period

Mr. B Collins resigned as a non-executive director on 31 March 2023. Ms. Iris Kremers was appointed as an independent non-executive director on 19 April 2023. Mr. Markus Drews resigned as an executive director on 18 May 2023 and Ms. Susan Gibson was appointed as an executive director on the same date. Mr. W. L. Acton resigned as chair of the board and non-executive director on 20 November 2023 with Mr. K Murphy appointed as chair of the board on the same date.

Mr. Igor Radovic was appointed as an executive director on 1 January 2024.

B.1.2. Key functions

In line with the EU Regulator's Guidelines on System of Governance (EIOPA-BoS-14/253), we consider our Risk Function, Compliance Function, Actuarial Function and Internal Audit Function to be key functions. We also consider our Finance Function a key function. Together, we call these five functions 'control functions'.

Our control functions help the board to manage Canada Life Assurance Europe plc effectively. Each control function reports to either the Board Audit Committee or the Board Risk Committee.

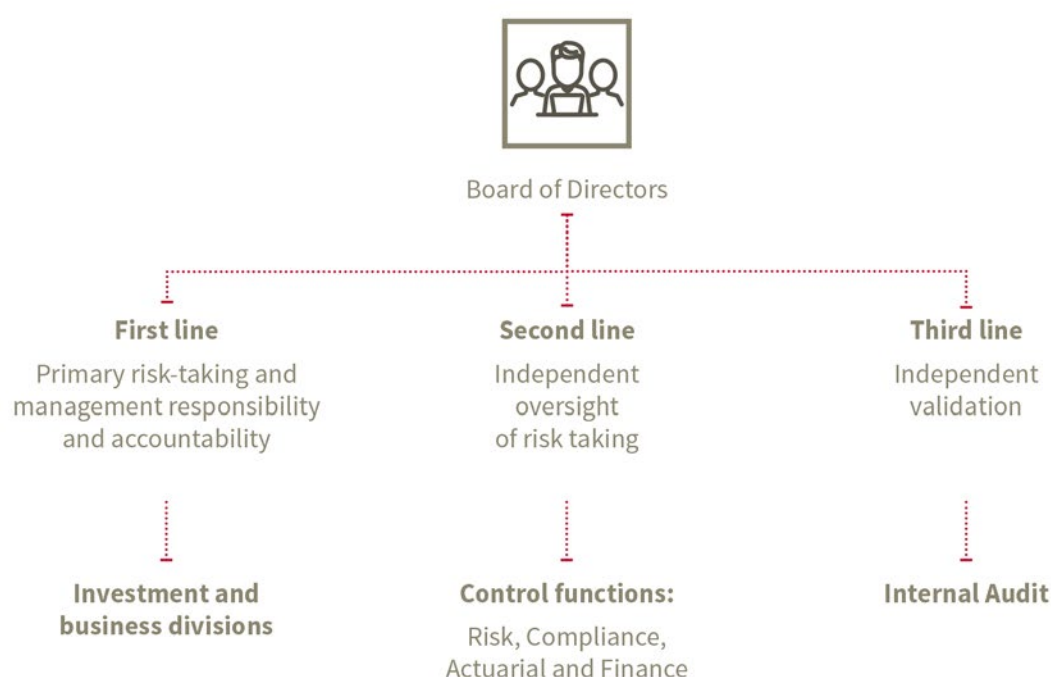
The relevant board committee approves the mandate, resources and plans for each control function every year. Control functions always attend Board Audit Committee or Board Risk Committee meetings. The head of each control function is able to communicate directly with the relevant committee chair.

Each control function is staffed by professionals with appropriate skills and experience as well as a deep knowledge of our business.

B.1.2.1. Risk governance structure

Risk taking is fundamental to the business of any financial institution. Integral to our governance structure is prudent risk management, limitation and mitigation. We have three lines of defence against risk.

Three lines of defence against risk



First line of defence

Our business units and investment managers are the ultimate owners of risk. They are responsible for the day-to-day risk management conducted according to our Enterprise Risk Management (ERM) framework (please see section B.3). They identify, measure, manage, monitor and report risk. In particular, they:

- diversify our products and services as well as our customers and distribution channels
- develop prudent investment underwriting processes with diversification by asset type, issuer, sector and geography
- apply pricing standards and underwriting in a disciplined way
- conduct extensive testing of the risks involved in new products and services
- review, assess and implement regular relevant changes.

All business units make sure their strategies align with our overall ERM framework. They are accountable for the risks they take from the beginning to the end of an operation.

Second line of defence

Our oversight of risk includes activities by our Risk Function, Compliance Function, Actuarial Function and Finance Function. The Risk Function oversees our ERM framework. It checks our first line of defence complies with the ERM Framework and reviews the work of the Compliance Function, Actuarial Function and Finance Function. To make sure there are no conflicts of interest, the Risk Function may introduce additional peer reviews of its activity.

The Risk Function is independent and objective in its review of risk identification, measurement, management, monitoring and reporting.

Third line of defence

Our Internal Audit Function reviews the oversight activities of the other control functions in our second line of defence. It carries out independent assessments of the design and effectiveness of our ERM framework. As part of this activity, it regularly audits the work of both the first line of defence and the second line of defence.

The aim of our third line of defence is to make sure we have effective and efficient operations, integrity of financial reporting, appropriate information technology and compliance with law, regulations and internal policies.

B.1.2.2. Risk Function

Overview

The second-line Risk Function is independent of our business operations and reviews them objectively. It has authority across all our business units and has access to any company information or employees it needs. Our Chief Risk Officer (CRO), reports to the Board Risk Committee and the European holding company CRO on oversight matters. The CRO reports to our Chief Actuary and Head of Actuarial Function on operational matters and day-to-day management. And the CRO updates each meeting of the Board Risk Committee and presents a quarterly CRO Report.

Responsibilities

The Risk Function Mandate, which is set by the Board Risk Committee, defines the responsibilities of the Risk Function. Broadly, the Risk Function oversees all risk and embeds a disciplined risk management culture across all our business units. This is accomplished by the development and implementation of the Company's Enterprise Risk Management Framework. This includes the Risk Appetite Framework which sets out limits for the risks we accept. The Risk Function then monitors these risks and the CRO reports on them each quarter to the Board Risk Committee. Our Enterprise Risk Management Framework also includes:

- risk infrastructure and policies
- risk culture
- risk governance
- risk process
 - risk identification, assessment and prioritisation
 - risk measurement and limit setting
 - risk management, responses and mitigation strategies
 - risk monitoring
 - risk reporting
- Own Risk and Solvency Assessment (ORSA) process
- Recovery Planning process.

Risk governance

Every year, the Board Risk Committee reviews the Risk Function Mandate and assesses the Risk Function's performance against it.

B.1.2.3. Actuarial Function

Overview

The independent second-line Actuarial Function is headed by the Chief Actuary. Our Chief Actuary reports directly on oversight matters to the Board Audit Committee and to the Chief Actuary of the European division of our parent company Great-West Lifeco Inc. Our Chief Actuary reports to our Managing Director on operational matters and day-to-day management.

Our Actuarial Function comprises:

- Actuarial Reporting team that carries out the regular valuations of liabilities to policyholders
- Capital Management team that calculates capital requirements, sensitivities and scenario analysis covering liabilities to policyholders and assets
- Actuarial Development team which develops the actuarial models, processes and mechanisms for the actuarial calculations.

Actuarial Function responsibilities

The Chief Actuary Mandate, which is set by the Board Audit Committee, defines the responsibilities of the Actuarial Function. These include:

- calculating the value of everything we could potentially owe on our insurance policies (in line with regulatory requirements) and reporting this to the board
- contributing to the effective implementation of our risk management system
- overseeing product development, pricing and reinsurance activities
- ensuring that the calculations of what we owe are consistent with policyholder reasonable expectations and with the Unitised With-Profits Operating Principles published on our website
- advising the board on our underwriting and reinsurance arrangements.

Governance

Every year, the Board Audit Committee reviews the Chief Actuary Mandate, makes sure the Actuarial Function complies with it and assesses their performance against it.

B.1.2.4. Compliance Function

Overview

The second-line Compliance Function is independent of our business operations and reviews them objectively. It makes sure we comply with regulations by assessing, monitoring and testing our regulatory compliance management controls across the company.

The Compliance Function is headed by the Chief Compliance Officer (CCO). Our CCO reports directly on oversight matters to the Board Risk Committee. Our CCO reports to our CRO on operational matters and day-to-day management.

Compliance Function responsibilities

The Compliance Function Mandate, which is set by the Board Risk Committee, defines the responsibilities of the Compliance Function. These include:

- maintaining a sound framework for the independent oversight of our regulatory compliance risks
- giving independent advice to the business units on regulatory developments and other compliance matters
- risk-based monitoring of our compliance framework and how well we adhere to it
- ensuring all directors, officers and employees acknowledge our Code of Conduct each year
- preparing our compliance budget and developing our compliance plan
- co-ordinating our relationships with prudential and conduct regulators
- reporting each quarter to the Board Risk Committee and to senior management on key regulatory matters
- training our staff and directors on relevant compliance matters.

Compliance governance

Every year, the Board Risk Committee reviews the Compliance Function Mandate, makes sure the Compliance Function complies with the mandate and assesses its performance against it.

B.1.2.5. Finance Function

Overview

The second-line Finance Function is headed by the Head of Finance, who generates accurate and reliable data for the board, Executive Management Team and company shareholders. The Head of Finance is not involved directly in revenue generation or managing the financial performance of any business team.

The Head of Finance reports directly on oversight matters to the Board Audit Committee and to the European CFO of our parent company Great-West Lifeco Inc. The Head of Finance reports to our Managing Director on operational matters and day-to-day management.

Finance Function responsibilities

These responsibilities include:

- planning our finances
- reporting all necessary statutory and regulatory financial information, including financial statements
- managing our budgets, costs and finances
- complying with financial governance.

B.1.2.6. Internal Audit Function

Overview

The third-line Internal Audit Function is led by the Head of Internal Audit who is part of the Great-West Lifeco Inc. Group Internal Audit Function.

The Internal Audit Function is independent of our business management activities, and is not involved in revenue generation or managing the financial performance of any business team. Internal Auditors have no authority over, or responsibility for, the activities they review, nor do they contribute to the annual performance reviews of any employee whose work they audit.

The Head of Internal Audit reports directly to the Board Audit Committee and meets regularly with the Committee's chair (without other managers present).

Internal Audit Function responsibilities

- Preparation and submission of a risk-based internal audit plan to the Board Audit Committee for review and approval;
- Monitoring and adjustment of the internal audit plan, as necessary, in response to changes in the company's business, risks, operations, programmes, systems, and controls, or requests by the Board Audit Committee or a regulator;
- Communication to the Board Audit Committee any changes to the internal audit plan, for approval;
- Ensuring all internal audit engagements are appropriately executed and results (with applicable conclusions and recommendations) are communicated to appropriate parties;
- Following up on audit findings and corrective actions, and report periodically to senior management and the Board Audit Committee on progress;
- Ensuring internal audit activity remains free from interference by any element in the company, including in matters of audit selection, scope, procedures, frequency, timing, or report content to enable a necessary independent and objective approach and,
- Providing, based on sufficient and appropriate work, an overall opinion on Governance, Risk Management and Control to the Board Audit Committee, including an opinion on whether the organisation's risk appetite framework is being adhered to, together with an analysis of themes and trends emerging from Internal Audit work and their impact on the organisation's risk profile.

Governance

The Board Audit Committee:

- reviews and approves the mandate of the Head of Internal Audit
- reviews and recommends to the Board the appointment or removal of the HIA
- assesses the performance of the HIA and the Internal Audit Function
- reviews and approves the Internal Audit Function's organisational and reporting structure, budget and resources.

B.1.3. Employee remuneration practices

We have designed our employee remuneration policy to attract, retain and reward qualified and experienced people who will contribute to our success. Our policy:

- generates long-term value for our customers and shareholders
- motivates our employees to meet annual corporate, divisional and individual performance goals
- encourages our employees to behave in line with our Code of Conduct
- aligns with sound risk management practices and Solvency II regulations

Our employee remuneration policy is supported by our performance management process. This helps to shape a risk-aware company culture that reflects our vision and values. We base our performance management process on three principles:

- quality feedback and open conversations
- shared responsibility for the performance management process
- fair treatment of employees which recognises their positive contribution.

We manage the risks associated with our employee remuneration policy based on our overall policy for operational risk and our Code of Conduct. We make sure our employee remuneration policy:

- promotes sound and effective risk management and aligns with the risk strategy approved by the board
- is consistent with the long-term interests of the company and its shareholders
- is consistent with our approach to the integration of sustainability risks in the investment advice process as per the Strategic Investment Policy
- is communicated to all employees
- is competitive and fair
- attracts, rewards and motivates employees to meet their objectives
- is underpinned by clear and effective corporate governance.

Our employee remuneration policy meets all the regulations of the EU Solvency II Directive. We make sure we comply with Solvency II by:

- tasking the Remuneration Committee with helping the board to carry out its relevant responsibilities and making sure we comply with our employee remuneration policy each year
- making sure there are appropriate payments for our board, senior leaders and holders of the various control functions
- benchmarking base salaries against market rates for the role as defined in independent salary surveys
- assessing all bonus schemes against both personal and financial targets (the financial targets for senior roles are not significantly linked to our company performance)
- auditing and risk assessing our employee remuneration policy.

B.1.3.1. Share options, shares and variable components of employee payment

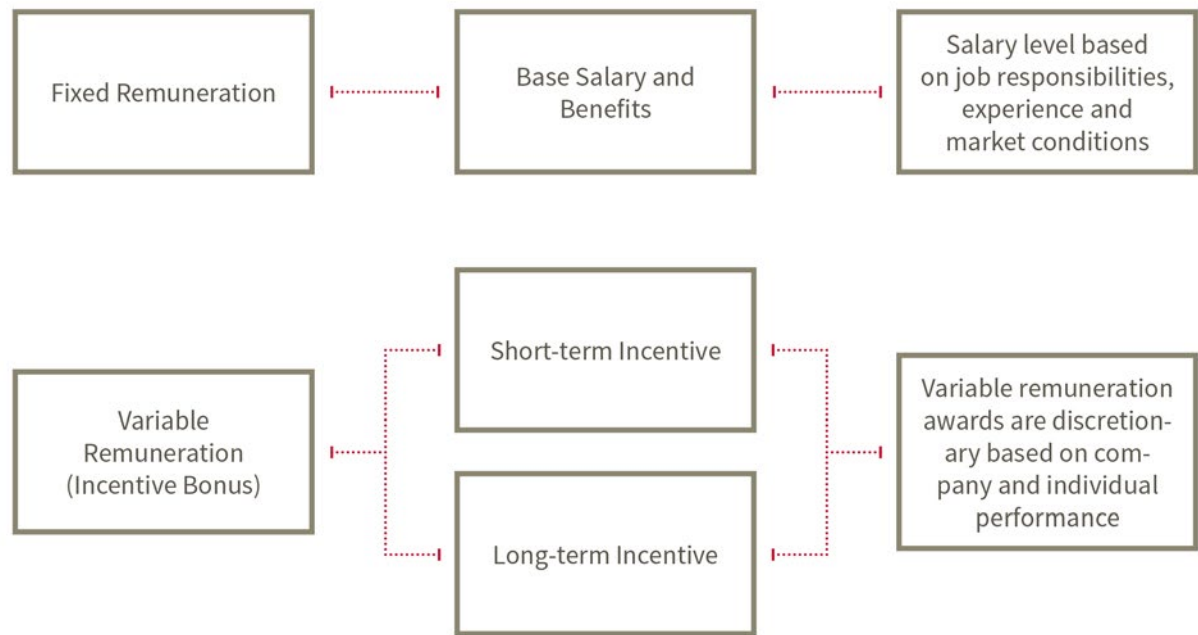
All our employee payments packages include:

- base salary
- annual short-term incentive bonus
- retirement benefits
- benefits during employment.

Senior positions may also include a long-term incentive.

The proportion of each payment element in the overall package varies according to the role.

Employee payment elements



The base salary reflects the skills, competencies, experience and performance level of the individual. Base salaries are based on market rate for the role as defined by independent salary surveys.

We also have an annual incentive bonus scheme that links an individual's overall remuneration to the performance of the company and the performance of the individual. The bonus depends on key business units meeting objectives that are high impact and closely aligned to our critical priorities. However, this does not apply to those in senior oversight roles. Their bonuses are not significantly linked to company performance.

In addition, we have a number of incentive schemes linked to the level of the role (each level attracts different payments for hitting specific targets, and has its own maximum bonus) and, where appropriate, the type of role (for example sales and investment roles). Each staff member has a number of operational and bonus objectives for the year, including a company culture accountability heading. We design our salary levels in such a way as to ensure employees are not overly dependent on bonus payments.

Long-Term Incentives are made up of stock options, issued by our parent company, and performance share units.

B.1.3.2. Supplementary pension or early retirement schemes for directors

Our employee remuneration policy does not include any supplementary pension or early retirement schemes for board members or other key function holders.

B.1.3.3. Significant transactions during the reporting period

There were no significant transactions between the company and any of its employees or directors apart from those linked to employee payment.

B.2. Fit and proper requirements

Fit and Proper Policy

Every year, the board reviews and approves our Fit and Proper Policy, which sets out our process for the assessments that determine the fitness and probity of relevant employees. Our fitness assessment makes sure that all relevant employees have the necessary qualifications, knowledge, skills and experience to carry out their roles. Our probity assessment makes sure they are honest, ethical, financially sound and act with integrity.

We assess all employees in a fit and proper role every year. These include roles that are pre-approval controlled functions (PCFs) as defined in the Irish Central Bank Reform Act 2010 (sections 20 and 22) Regulations. If we have any concerns about the fitness and probity of an employee, we investigate them and take swift and appropriate action. We also inform the Central Bank of Ireland about any negative results of these actions.

HR processes

We have job profiles for all fit and proper roles. A typical profile sets out the accountabilities for the role, the level of knowledge, skills and experience needed to do it, and the essential behavioural competencies. We also have documented HR processes for recruiting people into these roles.

Due diligence checks

Before we appoint a person to run the company or hold one of our key functions, we carry out due diligence checks to make sure they are fit and proper for the role. These due diligence checks are set out in our Fit and Proper Policy and align with the Central Bank of Ireland's Guidance on Fitness and Probity Standards. They include, but are not limited to, the following:

- evidence of compliance with the Central Bank of Ireland's Minimum Competency Code (where relevant)
- evidence of professional qualifications where relevant
- evidence of Continued Professional Development (CPD) where relevant
- record of job interview and application
- reference checks
- record of previous experience
- record of experience gained outside of Ireland
- confirmation of directorships held
- record of other employment.

We carry out appropriate due diligence on an ongoing basis in line with regulatory guidance to ensure that employees who hold such roles continue to meet the requirements of the Central Bank of Ireland's Fitness and Probity Regime.

Most of the applicable roles are pre-approval controlled functions (PCFs) as defined in the Irish Central Bank Reform Act 2010 (sections 20 and 22) Regulations. In addition to our internal due diligence before making appointments into these functions, they are preapproved by the Central Bank of Ireland.

All those in a fit and proper role must reconfirm their adherence to the Fit and Proper standards and requirements every year, with verifying checks completed by us for certain roles. If we become aware of any concerns about the fitness and probity of someone in a role subject to the Fit and Proper Policy, we will investigate and take swift, appropriate action. We will also notify the Central Bank of Ireland of any negative results of the actions we take.

B.3. Risk management system

The Board has put in place a comprehensive Enterprise Risk Management (ERM) Framework, through which it manages all significant risks across the company. The ERM Framework enables us to implement our business strategy while fully understanding the risks involved.

There are three broad ways in which each risk can be treated – capitalisation (holding enough capital to cover the risk), management and mitigation. We carefully review each risk so we can identify the appropriate treatment. Our risk reviews weigh up:

- current and prospective size and complexity of the risk
- potential impact of the risk
- transferability of the risk
- market standard treatment of the risk.

For greater detail on our risk management strategies, objectives, processes and reporting procedures, please see section C.

Risk Function

Our Chief Risk Officer (CRO) is the head of the Risk Function and provides independent oversight of all risk taking activities and is responsible for embedding a disciplined risk culture. For information about CRO reporting duties, see section B.1.2.2.

Enterprise Risk Management Policy

Our Enterprise Risk Management (ERM) Framework includes an Enterprise Risk Management Policy. This Policy establishes responsibilities for the Board, the Executive Risk Management Committee and other key parts of our risk management system. It also establishes responsibilities for our first, second and third lines of defence against risk. For more details about our risk governance structure, please see section B.1.2.1.

A further suite of policies detail the management strategies, objectives, processes, and reporting procedures for all the risks we accept.

B.3.1. Risk appetite and strategy

The Board creates a Risk Appetite Statement and Risk Strategy, which outline our appetite for each type of risk and our strategy for accepting, managing and mitigating these risks. Once new versions of the risk appetite and risk strategy have been approved, we cascade the updates into our company culture.

Risk Appetite Statement

We establish our Risk Appetite Statement through an iterative reviewing, monitoring and updating process involving our key functions. We make sure our strategic and operational plans are aligned with the tolerances of our Risk Appetite Statement. And we are quite aware that as our resources and strategic objectives evolve, so our risk appetite may change.

Here are the key objectives of our Risk Appetite Statement:

- **Strong capital position:** we maintain a healthy balance sheet and do not take risks that would jeopardise our solvency.
- **Strong liquidity:** we maintain an investment portfolio containing enough cash to meet our policyholder and financing obligations under both normal and stressed conditions.
- **Low earnings volatility:** we manage risk concentration, limit our exposure to more volatile businesses and diversify our exposure to risk.
- **Treating Our Customers Fairly and Maintaining our Reputation:** we consider the potential impact on our customers and reputation of all our business activities.

Meeting these objectives supports both shareholder and customer interests by making sure we remain financially strong and profitable. And we can only stay profitable if customers, financial advisors and other interested parties are satisfied that we are a secure company.

We embed our risk appetite in the business through our risk policies (which together make up our Risk Policy Framework). These policies stipulate the controls and limits for each type and level of risk we are allowed to take on. They also set out the operational and reporting procedures for managing these risks. To enforce our risk policies across the company, we establish risk processes and controls for each business unit.

Risk Strategy

We achieve our Risk Strategy goals by embedding a risk awareness culture across all our business activities. We are always prudent when taking and managing risks. We tend to focus on:

- diversifying products, services and customers
- prudent investment management and diversifying by asset type, issuer, sector and geography
- disciplined application of pricing standards and underwriting, and extensively testing the risks involved in new products and offerings
- appropriate use of reinsurance to mitigate insurance, investment and liquidity risks
- thoroughly managing the business through regular reviews
- safeguarding our reputation by operating a highly ethical business, based on the employee Code of Conduct, and sound sales and marketing practices
- generating returns to shareholders through profitable and growing operations while maintaining a strong balance sheet
- resilience of business operations and sustainable growth.

B.3.2. Risk management processes: identification, assessment and treatment

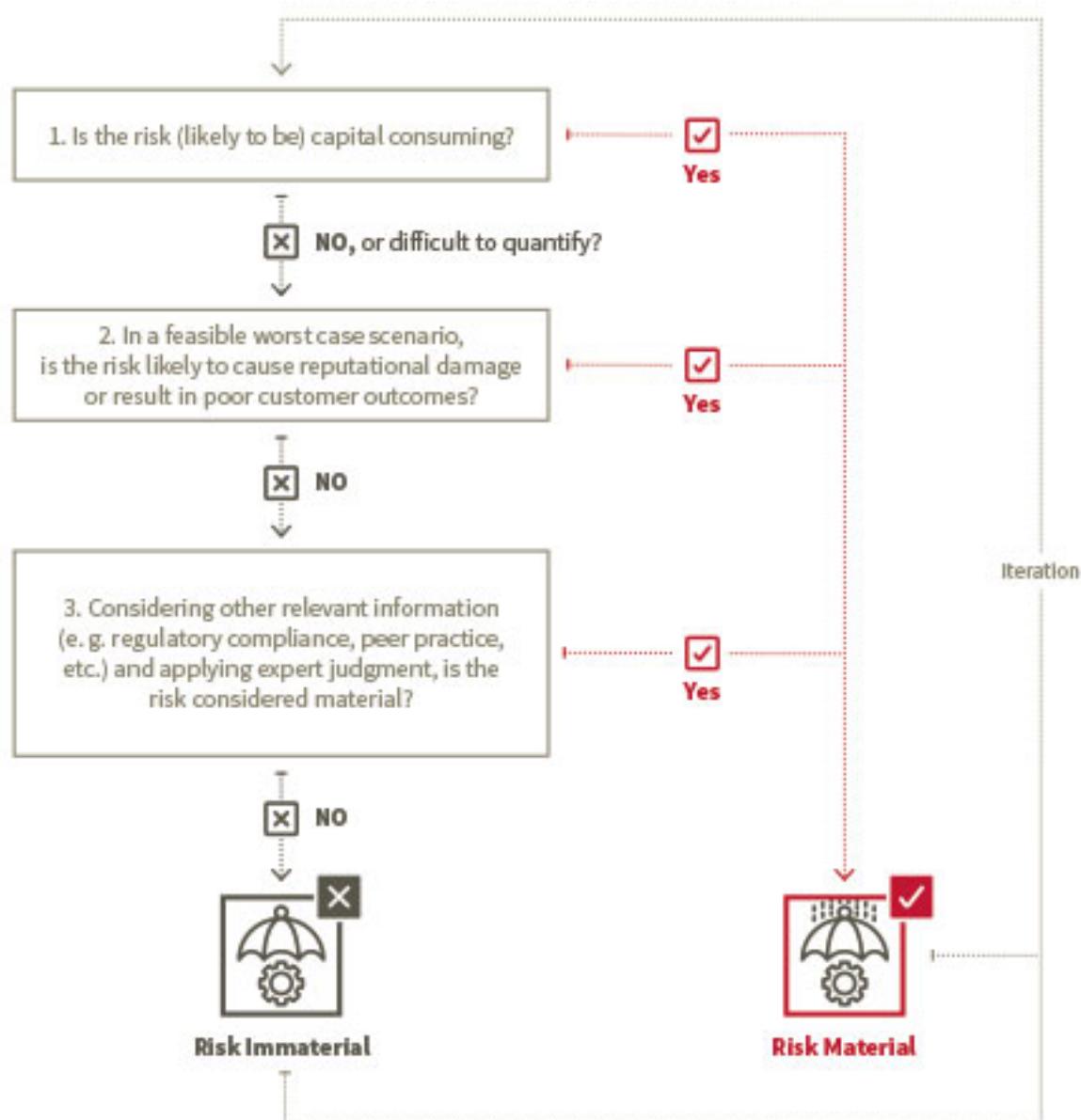
Risk identification

Our Risk Function oversees the identification of both existing and emerging risks. We identify risks within Canada Life Assurance Europe plc from the bottom up as well as the top down. Our business units, senior managers, risk specialists and various risk committees all make significant inputs into this process. We also use a stress-testing framework, which draws on scenario analysis, to spot emerging and previously unidentified risks. Every year, we evaluate the way we categorise risk as part of our Risk Appetite Framework review.

Risk assessment

Once we have identified the risks, we assess them using a risk assessment framework which will determine if the risk is deemed material or not. Senior managers ratify any risks considered material (that's to say, significant for the business) and the Board Risk Committee then monitors these regularly.

Risk Materiality Decision Tree



Risk treatment

Once we have assessed the risks, we treat them using an appropriate combination of three different methods:

- Hold capital so we remain solvent if the risk becomes severe
- Manage the risk through controls
- Mitigate the risk by choosing not to take it on or transferring it to a third party.

These treatments are the basis of our Risk Policies.

B.3.3. Risk management processes: monitoring, measurement and reporting

Risk monitoring

We monitor the limits of our risk appetite and risk policies against selected measures of risk. We have a risk limits framework to make monitoring, evaluating and limiting risk-taking more effective. This framework includes both limits linked to individual risks and aggregate risk exposures for different risk categories (measured by how much they contribute to the capital we need).

Risk measurement

We measure our exposure to risk in a variety of different ways, including sums assured, nominal value or market value of exposures, the level of actual deviation from expected outcomes and the range of potential deviations from expected outcomes. These measures are consistent with the Standard Formula for Solvency II.

Measures for each risk category

Risk category	Risk measures
Underwriting Risks	
Mortality risk	Sum assured both gross and net of reinsurance
Longevity risk	Value of liabilities exposed both gross and net of reinsurance
Morbidity risk	Sum assured both gross and net of reinsurance
Expense risk	Actual, budgeted and projected expense levels
Lapse risk	Actual number of policyholders who surrender their policies early compared to our expected number
Market Risks	
Equity and property risk	Most recent market/fund value of investments and value of the management charges we collect from unit-linked funds investing in equity and property assets
Interest rate risk	Changing value of our assets and liabilities linked to interest rate changes
Currency risk	Changing value of our assets and liabilities linked to exchange rate movements
Credit Risks	
Credit risk (fixed interest/cash assets)	Value of our assets invested with different counterparties
Credit risk (reinsurance counterparties)	Value both gross and net of mitigations (such as any collateral we hold)
Liquidity Risk	
Liquidity risk	Quantity of assets we can readily convert into cash compared to the potential demand we might face for cash
Operational and Conduct Risks	
Operational risk	Operational risk losses and near misses (with potential risk measured according to relevant Key Risk Indicators)
Conduct risk	Same as for operational risk measures
Strategic risk	Evaluation of existing and proposed key strategic initiatives approved by the board

In addition, we use our annual Own Risk and Solvency Assessment (ORSA) process to analyse the impact of different risks on our solvency under stress scenarios (please see section B.3.6)

Risk reporting

We regularly monitor and review our risk exposures and report to the Board Risk Committee and Executive Risk Management Committee each quarter (or more often, if required).

B.3.4. Prudent Person Principle

Our approach to investment management follows the Prudent Person Principle defined in EU Solvency II regulations. The criteria we use for investing all our assets, including unit-linked assets invested for the benefit of policyholders, are set out in our board-approved Strategic Investment Policy.

The various controls and processes defined in our Strategic Investment Policy make sure we invest in assets and financial products only when we can properly identify, measure, monitor, manage, control and report on their associated risks and also take these risks into account when we assess our solvency needs.

The investment restrictions and requirements in the policy ensure the security, quality, liquidity and profitability of our investment portfolio as well as the availability of our assets.

The value of how much we owe as measured by our liabilities moves up or down depending on changing market conditions (for example, interest rates or equity prices), reflecting the value of the assets we invest in.

Our Strategic Investment Policy establishes principles and controls to manage potential conflicts of interest. These include:

- using derivative instruments only if they help reduce risks or improve portfolio management
- limiting the value of assets we can hold which are not publicly traded
- diversifying our assets through strategic asset allocation limits, specified by asset type and individual counterparty risk limits
- reporting on and monitoring our investment positions and oversight responsibilities
- defining the approval process for our investment operations.

B.3.5. Credit assessments

Before we invest with a new counterparty, our asset managers assess their credit quality and go on to review it at least once a year.

We define credit ratings for all the fixed interest we take on (including bonds, cash and commercial mortgages, and investments) with an internal credit review by an appointed investment manager. We supplement this review with any ratings available from external credit rating agencies while making sure our own rating is never higher than the highest published external rating.

Our Risk Function monitors the credit quality of our investment portfolio, along with our compliance with our investment limits, and reports these to the Executive Risk Management Committee and the Board Risk Committee each quarter. It also monitors the credit quality of our reinsurance counterparties and reports these to the same committees each quarter.

B.3.6. Own Risk and Solvency Assessment (ORSA)

Solvency II's Own Risk and Solvency Assessment (ORSA) is key to our risk management system. We have an ORSA Policy that evaluates our risk profile and solvency position in relation to our business operations, strategy and plan:

Own	Reflects our business model and corporate structure and is integrated with our business strategy and plan
Risk	Evaluates risks, including emerging risks, relative to appetite and outlines our risk management techniques and risk governance structures
Solvency	Reviews potential solvency needs under normal and stress conditions and evaluates capital available compared to capital requirements
Assessment	Assesses current and projected risk position and solvency needs

Roles and responsibilities

The Board (with significant support from the Board Risk Committee) directs the ORSA process and reviews and approves the ORSA Policy every year. Our Risk Function handles the process and produces an ORSA Report for review and approval by the Board. The Actuarial Function also contributes to the process, particularly with capital projections and stress testing. And our Head of Actuarial Function offers an opinion on the ORSA report to the board.

Ten step process

ORSA is the main link between our risk management system and year-round capital management activities. It consists of ten steps.

1 / Consider Business Strategy

- First-line business units present our business strategy to the board. This presentation includes the key assumptions behind the strategy, including projected sales, expenses and new business margins.
- The Board considers the risks associated with the business strategy and goes on to approve it.

2 / Assess the Standard Formula

- We use OSRA's Standard Formula to calculate how much capital we must hold under Solvency II regulations. We consider all the risks we're exposed to over the lifetime of our insurance obligations, whether or not these risks are included in the Standard Formula.
- The Executive Risk Management Committee evaluates our risk profile based on the Standard Formula to test whether it is appropriate for our business.

3 / Complete Own Solvency Needs Assessment (OSNA)

- We form an Own View of the Capital required for the business – as distinct from the capital which Solvency II regulations say we must hold. Given our risk profile, this view of capital is not higher than that produced by the Standard Formula.
- We calculate the additional buffer of capital we should hold to make sure we will still meet the capital requirements under the regulations even after adverse events.

4 / Select Stress Tests

- The Board, supported by our Risk Function, establishes our stress tests and weighs up their impact on our business strategy.
- We project our solvency position as at the next five year-ends, using a base case scenario and a range of stress scenarios. The base case scenario reflects our approved business strategy and plans. The stress scenarios consider how developments to the strategy or to our capital position outside of the annual cycle would affect the ORSA.

5 / Produce ORSA Report

- The Risk Function authors an ORSA report at least once each year and our Chief Risk Officer presents it to the Board. The report includes a solvency and liquidity projection under the base assumptions as well as an analysis of the result of our stress tests.
- A record is kept of each ORSA Process and this record supports the ORSA Report.
- The Board reviews and challenges the report.
- We submit the final report approved by the Board to the Central Bank of Ireland.

6 / Review Level of Capital Held

- The Board generates insights about our current and prospective risk profile gained from the first five steps.
- The Board reviews what level of capital we should hold.

7 / Implement ORSA Recommendation

- We may assign ORSA report recommendations (such as risk mitigation initiatives or adjustments to our business plans) to our relevant people.
- Our Risk Function reports to the Board regularly on our progress in implementing the recommendations.

8 / Communicate ORSA Results

- Our Risk Function communicates the ORSA findings to our business divisions as appropriate.

9 / Embed ORSA within Decision-Making

- Managers analyse the impact on ORSA of any significant new initiatives (such as product development and acquisitions or events) during the year.
- Managers present their ORSA findings to the Board for consideration.

10 / Review Risk Policies

- The Board reviews and updates our Risk Policies each year to reflect the outcome of our ORSA process.

B.4. Internal control system

B.4.1. Internal Audit Function

Our Internal Control framework gives reasonable assurance that we run effective and efficient operations, deliver reliable financial reporting and comply with applicable laws and regulations. The framework demands we have a combination of preventive, detective, directive and corrective control processes in place. It has five components:

- **Control environment** – a set of disciplined standards, processes and structures which is the foundation for all the other components of our internal control.
- **Risk assessment** – a process for identifying, assessing and managing risks relevant to the achievement of business objectives.
- **Control activities** – various policies and procedures that make sure we all help to implement the business strategy.
- **Information and communications** – identification, capture and exchange of internal and external information in a form and timeframe that enables us all to fulfil our responsibilities.
- **Monitoring activities** – enable us to check that all components of the Internal Control framework are present and functioning.

Canadian regulation

The Canadian Securities Administrators (CSA) require the company whose securities are publicly traded to verify that:

- every quarter they evaluate the design of their Internal Controls Over Financial Reporting (ICOFR)
- every year they review the ICOFR's effectiveness.

We must comply with this regulation because our parent company Great-West Lifeco Inc. is Canadian. Our Internal Audit Function tests the design and effectiveness of ICOFR to make sure we meet the regulatory requirements.

Roles and responsibilities

Every year, the Board Audit Committee reviews our internal controls and edits them, if necessary, so they continue to reflect an up-to-date control environment. Our Finance Function reviews the Internal Controls framework before it goes to the board for approval. Even if no changes are made to the framework from one year to the next, the board must still approve it.

B.4.2. Compliance Function

Find out more about our Compliance Function in section B.1.2.4.

B.5. Internal Audit Function

Find out more about our Internal Audit Function in section B.1.2.6.

B.6. Actuarial Function

Find out more about our Actuarial Function in section B.1.2.3.

B.7. Outsourcing

We outsource business processes to reduce or control costs, to free internal resources and capital, and to harness skills, expertise and resources not otherwise available to us. There may well be risks associated with outsourcing which we have to go on to manage.

Outsourcing and Supplier Policy

Our board-approved Outsourcing and Supplier Policy sets out the principles and requirements for overseeing outsourcing arrangements and managing outsourcing risk. Here are the policy's requirements identifying and assessing the risks of outsourcing:

- We identify and assess outsourcing arrangements based on their significance
- We appropriately approve outsourcing arrangements
- We thoroughly evaluate the capability of proposed service providers for outsourcing
- We make sure outsourcing contracts contain all mandatory terms and conditions
- Senior management and the Executive Operational Risk Management Committee (with oversight from the Board Risk Committee) effectively monitor and control outsourcing arrangements.

Outsourced business process	Jurisdiction
Intra-group investment management services	Ireland & UK
Intra-group investment administration services	Ireland & UK
Intra-group outsourcing of IT and related activities	Ireland & Canada
Intra-group outsourcing of Internal Audit and related services	Ireland
Intra-group outsourcing of HR and related activities	Ireland
Policy administration services	Ireland
Telephony Services	Ireland & Germany
Payment Related Services	Germany
Data gathering services to support underwriting & claims	Germany & UK
Claims Administration	Germany
Payroll services	Germany

B.8. Any other information

We have no other information to disclose.



Solvency and Financial
Condition Report

Risk Profile

Section C categorises our major risks for the last financial year and evaluates our appetite for them. It goes on to explain each of them in turn.

Risk Appetite

The Board sets the risk appetite for Canada Life Assurance Europe plc and defines a risk preference level for all material risks. Our preferences range from a 1 (no appetite) to a 4 (readily accepts) with a 2 (low appetite) and a 3 (willing to accept) in between.

Risk Preference Levels

4: Readily Accepts

We readily accept exposure to these risks through new and existing business. These risks are associated with our core business and the exchange of these risks into value is a core business activity. We understand and manage these risks well.

3: Willing to Accept

We are willing to accept these risks in certain circumstances in line with our business model. We always try to actively manage these risks where we can.

2: Low Appetite

We have a low appetite for these risks and carefully consider them in the pursuit of our business objectives. We always try to minimise losses from these risks.

1: No Appetite

We have no appetite for these risks but recognise that minimal exposures may arise from time to time. We always try to minimise losses from these risks.

Monitoring the Effectiveness of Risk Mitigation Techniques

Our Risk Function prepares a quarterly Risk Exposures Report, Liquidity Coverage Ratio Report and Risk Monitoring Report which it presents to the Financial Risk Working Group, the Executive Risk Management Committee and the Board Risk Committee. These reports compare our risk appetite with the actual measurements. The Risk Function also monitors the effectiveness of our risk mitigations and explains any significant movements over the quarter.

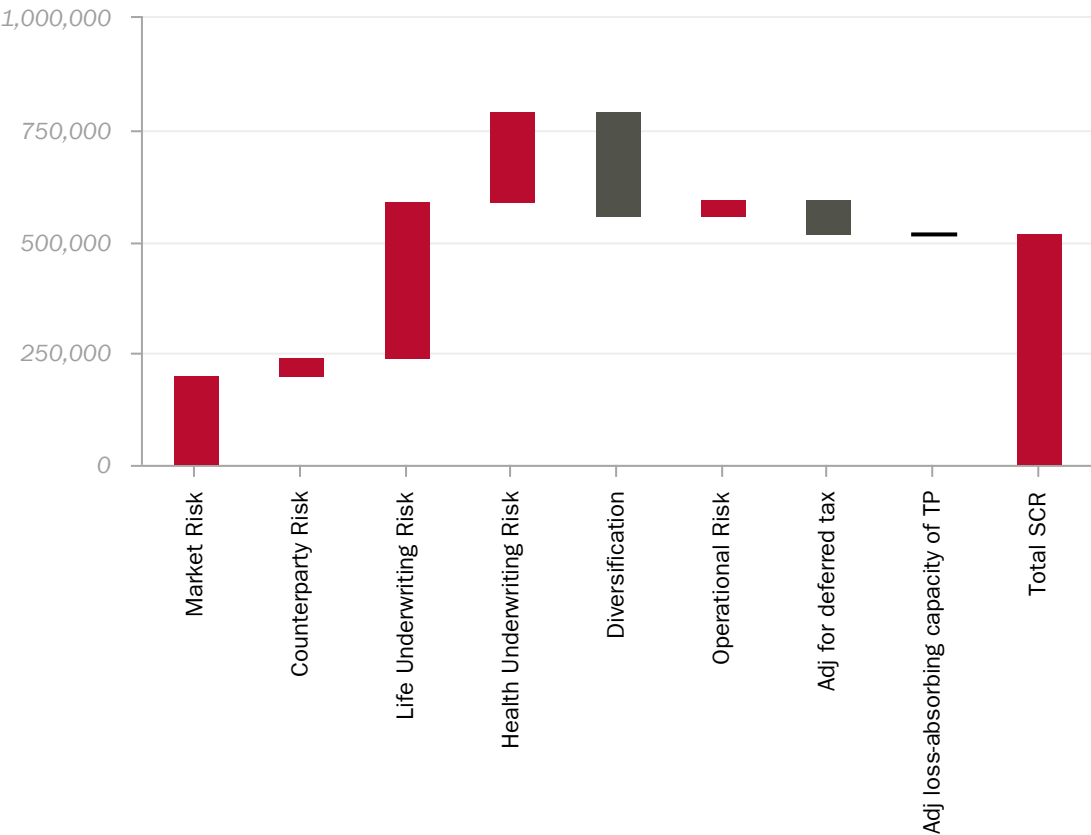
Risk Concentrations

Material risk concentrations are outlined in sections C.1 to C.6 below. No other material risk concentration exists.

Risk Exposure

The risk profile of Canada Life Assurance Europe plc is represented by the composition of the Solvency Capital Requirement of the Standard Formula and shows the risk exposures to life & health underwriting risks, market risk, counterparty and operational risk. After deducting the risk-reducing effects of diversification and the loss-absorbing capacity of the technical provisions and deferred taxes, the SCR is €515m at 31 December 2023.

Composition of SCR €'000



C.1. Underwriting risk

Underwriting risk arises from the risk linked to contractual promises and obligations made under insurance contracts. Underwriting risk includes future uncertainties about:

- frequency and severity of mortality, morbidity and longevity claims, including the impact of any catastrophes
- impact of policyholder behaviour (e.g. lapses)
- expenses arising in our business.

Risk emergence

Morbidity, policyholder lapse and expense risks are material risks for us. Mortality, longevity and catastrophe risks are not material risks for us. We have not identified any material underwriting risk exposures related to climate change.

Risk mitigation

Our processes are sufficient to identify, assess and prioritise our underwriting risks. Our risk mitigation processes include maintaining a risk register (which we assess regularly and report to the Executive Risk Management Committee) and the Own Risk and Solvency Assessment (ORSA) process (which uses scenario testing to assess our risks, solvency and liquidity under both business planning assumptions and stressed conditions).

Risk monitoring

There were no significant changes during 2023 to our underwriting risk exposure.

Morbidity Risk

Morbidity risk is the risk of loss or increase in the value of what we owe due to changes in morbidity rates among our insurance policyholders. We are exposed to morbidity risks through:

- critical illness benefits
- recurring benefits paid if the life assured is unable to perform a series of “activities of daily living” for a specified period or by submitting a certificate provided by a German government body
- recurring benefits paid if the life assured is unable to carry out their own occupation to at least 50% of normal function for six months.

Risk emergence

- **Liquidity:** our insurance policies relating to morbidity risk are always sold individually. As a result, we expect increased claims would still be spread sufficiently to avoid us running out of liquidity and that our reinsurance recoveries would not be unduly delayed.
- **Earnings:** impacts would emerge relatively quickly as the non-reinsured portion of higher policyholder claims would hit our earnings.
- **Concentration:** our insurance product sales are well diversified across Germany’s regions as well as lives assured with a wide variety of occupations.

Risk mitigation

Our highly experienced people underwrite new applications for insurance and assess and manage claims subject to all relevant policies and standards.

Our Pricing and Underwriting Policy sets out the principles behind our product design and pricing. The Board reviews and approves it every year.

We reinsure a significant proportion of each policy benefit (such as critical illness benefit) in order to limit our exposure to the lives we insure.

Risk monitoring

We monitor morbidity experience and compare them every quarter to our aggregated expectations. We also carry out a more detailed investigation each year. This calculates the level of actual relevant claims within Canada Life Assurance Europe plc from the last five years.

Lapse Risk

Lapse risk is the risk of loss due to changes in the rates of policy lapses, surrenders, and/or policyholders reducing their premiums or not paying them at all.

Risk emergence

- **Liquidity:** if there were to be a mass policyholder lapse, we would pay out unit-linked and UWP policies from the unit-linked and UWP funds, although we might have to delay surrender payments for a few days to realise the proceeds. If additional guaranteed values were payable to any of the policyholders, they would be paid to us in the first instance by our reinsurer and we expect that any such reinsurer recoveries would not be unduly delayed. A longer-term deterioration in lapse rates would not create a liquidity risk either.
- **Earnings:** our earnings depend on future annual management fees. An increase in policyholder lapse rates would reduce future earnings. Changes in policyholder lapse rates could lead us to increase our lapse or other (e.g. expense) reserving assumptions and this could further reduce earnings in the short term.
- **Concentration:** we sell all our insurance business in Germany. Policyholder behaviour may be influenced by the economic environment. As a result, our future earnings are exposed to the risk of an economic recession in Germany leading to changes in policyholder behaviour.

Risk mitigation

We provide high quality information, oversight and governance to make sure that that our products meet the needs of customers and that customers understand them when they buy them. The cost of excess policyholder lapses is partially mitigated by:

- the tariff structure of our products,
- financial reinsurance, and
- the recovering of unearned broker commission on early lapses.

Risk monitoring

We monitor policyholder lapse experience and compare them every quarter to our aggregated expectations. We also conduct a more detailed investigation each year. This calculates the level of actual lapses within Canada Life Assurance Europe plc from the last five years.

Expense Risk

Expense risk is the risk of loss that's associated with the variability of the expenses we incur when we acquire, service and maintain business. An increase in expenses, whether due to higher than expected inflation or lower than expected policy volumes would reduce our future profitability and increase our provisions for future expenses.

Expenses generally increase over time (e.g. due to wage inflation). There is a risk, given the long-term nature of our products, that expenses allowed for in the premium would not be enough to cover the actual costs we incur over time. The risk is higher for business with fixed premiums or charges that cannot be reviewed or increased in line with experience.

Most of our business is unit-linked or UWP, with reviewable administration charges that reasonably reflect any corresponding change in the actual costs (in line with the policy conditions).

Risk emergence

If our expenses were to increase by more than we expect, there would be an immediate impact on our cash-flow. If expenses were to increase due to inflation, then we could increase our administration charges on unit-linked or UWP policies by a corresponding amount. However, there would be a time lag between the risk emerging and the increase in administration charges taking effect, during which interval cash-flow would be impacted.

Risk mitigation

Our robust budgetary process ensures accountability for and control of expenses. We also maintain and manage liquid assets actively so that expense risk should not create a liquidity challenge. Our Cash Surplus Relief reinsurance helps us cover any increase in expenses due to increased business volumes.

Risk monitoring

We monitor our business expenses regularly and measure them against our expectations. Each year, we review expenses and relevant administration charges from the policies (subject to legal restrictions and policy conditions).

Mortality, Longevity and Catastrophe Risks

Mortality risk is the risk of loss due to an increase in mortality rates. Longevity risk is the opposite – the risk of loss due to a decrease in mortality rates. We have minimal exposure to catastrophe risk. That's because we don't sell group risk products and we reinsure a significant proportion of the mortality and morbidity risks arising from our individual life insurance products.

Risk emergence

Because our exposure to these risks is insignificant, their impact on our liquidity and earnings is also insignificant. The concentration risk aspects of our mortality and longevity risks are minimal.

Risk mitigation

There are no significant mortality, longevity or catastrophe risks for us to mitigate.

Risk monitoring

We monitor mortality and longevity experience and compare every quarter to our aggregated expectations. We also conduct a more detailed investigation each year. This calculates the level of actual mortality claims and annuity-related deaths within Canada Life Assurance Europe plc from the last five years.

C.2. Market risk

Market risk arises from potential changes in market rates or prices in interest rates, equity, property and currency. We are exposed to this risk as a result of our investment, trading and other relevant business activities.

While we have not identified any material market risk exposures related to climate change, market risk is our largest financial risk associated with climate change. Investments will be primarily affected by the transitional risks associated with climate change as the economy moves away from carbon-based sources of energy. Responsible investment is an important part of our investment strategy.

Risk emergence

Equity and currency risks are significant for us. We are also exposed to significant market risk with our investment guarantees on UWP and variable annuity funds. Our exposure to interest rate risk is low. And our concentration risks are insignificant.

Policyholders primarily bear the market risks (including the effect of changes in interest rates, equity and property prices, and currency exchange rates) for the investments underlying our unit-linked and UWP products.

Reduction in the capital value of unit-linked and UWP funds (e.g. as a result of a fall in the market value of equities, property or fixed-interest assets) exposes us to an indirect market risk. That's because it will reduce the future annual investment management fees we can earn from the unit-linked and UWP business.

Risk mitigation

We have robust processes for identifying, assessing and prioritising our market risks. Here are some of the things we have in place to mitigate these risks.

- **Risk Register:** we maintain a risk register, assess it regularly and report its findings to our Executive Risk Management Committee.
- **Own Risk and Solvency Assessment (ORSA):** our ORSA process includes stress and scenario tests designed to assess the impact of market risks on our solvency and liquidity.
- **Strategic Investment Policy:** together with our Asset Liability Management Policy, our Strategic Investment Policy sets out the principles behind our management of market risk. It makes sure we invest in a prudent and controlled way, consistent with our risk appetite and the Prudent Person Principle in the Solvency II regulations. The Board reviews and approves both policies every year. See section B.3.4 for further information on the Prudent Person Principle.
- **Policyholder fund positioning:** we manage investments relating to policyholder funds in line with the Prudent Person Principle. We match the unit position of each policyholder fund and create enough units to at least equal the number of units allocated to policyholders. We always hold enough assets (of appropriate nature, term and liquidity) to meet our liabilities to policyholders as they become due.
- **Derivatives usage:** we buy derivatives within the unit-linked or UWP funds to reduce market risk for policyholders, while also reducing our indirect market risk. Our Strategic Investment Policy controls our derivatives usage and factors it into efficient portfolio management. We regularly report on our derivative positions to our Investment Committee.
- **Shareholder asset management:** we invest shareholder assets according to market risks we can properly identify, measure, monitor, manage, control and report on. We take shareholder assets into account appropriately when we assess our overall solvency needs.

We always invest shareholder assets to ensure the security, quality, liquidity and profitability of our investment portfolio as a whole. And we manage these investments in line with the Prudent Person Principle.

Risk monitoring

There were no significant changes during 2023 to our market risk exposure.

Equity Risk

Equity risk is the risk of loss from changes in the market prices of common shares. It includes the risk associated with our unit-linked and UWP funds as well as our non-linked funds, including shareholder funds.

Risk emergence

Equity risk exposure arises on our unit-linked and UWP funds. If the unit values were to fall, the annual management fees we earn would also fall. Our UWP funds have an additional equity risk, which would emerge if the funds did not perform well enough to mature at or above their guaranteed values.

Our variable annuity products have an equity risk. This would arise either if the funds did not perform well enough to mature at or above their guaranteed values or if a volatile equity market were to significantly increase the cost of hedging the risk.

Equity risk exposure of our non-linked funds, including shareholder funds, is insignificant.

Risk mitigation

Our UWP funds, including the Prudential UWP fund, have an equity weighting of approximately 40% (within a currently permissible range of 40%-60%). Our Investment Committee manages the equity range and target of our UWP funds. Our holdings are well diversified, so mitigating the risk of sharp falls in equity values of individual companies, sectors or markets.

We control the investment guarantee risk for our UWP fund by imposing minimum investment terms with guarantees, controlling the investment mix of the underlying fund and monitoring the guarantee dates of the block of business to ensure there is no large concentration of risk at any time. We also reinsure the investment guarantees of our UWP funds and variable annuity products to mitigate the risk of poor equity performance affecting our solvency or earnings.

We make sure our liquidity is minimally affected by fluctuations in equity value. And we manage our asset portfolio to ensure our cash-flow needs are met by income and maturing assets.

Risk monitoring

Our Investment Committee regularly monitors the performance of all our funds. We also monitor our liquidity regularly.

Currency Risk

Currency risk is the market risk arising from changes in currency exchange rates.

Risk emergence

There is a currency risk attached to our unit-linked and UWP funds with non-euro denominated assets. Our main exposure arises from the approximately 30% of funds invested in US equities. A fall in asset values from currency changes would have similar impacts to a fall in asset values from equity price changes (see the section on equity risk above).

Non-linked funds, including our shareholder funds, are all euro denominated. As a result, they have no currency risk.

Risk mitigation

We use currency hedges in the UWP fund to mitigate the currency risk associated with non-euro bond investments, and a portion of non-euro equity investments may be hedged at the discretion of the fund manager.

We also reinsure the investment guarantees of our UWP funds and variable annuity products to mitigate the risk of adverse currency movements affecting our solvency or earnings.

Risk monitoring

Our Investment Committee monitors and manages all our foreign currency risks.

Interest Rate Risk

Interest rate risk is the market risk arising either from a potential increase or decrease in interest rates.

Risk emergence

An increase in interest rates would lead to a fall in asset values and expected future income, but would also lead to a higher future return on the investment of new money. A fall in interest rates would potentially make it more costly for us to deliver our investment guarantees, but would increase in fund values.

Interest rate risk is relevant for our unit-linked and UWP funds and our non-linked funds, including shareholder funds.

Risk mitigation

We reinsure the investment guarantees of our UWP funds and variable annuity products to mitigate the risk of adverse interest rate movements affecting our solvency or earnings.

Risk monitoring

Our Investment Committee monitors and manages the exposure of our assets to interest rate risk.

Property Risk

Property risk is the market risk arising from potential changes in market rates or prices for property.

Risk emergence

Property risk is relevant for our unit-linked and UWP funds and our non-linked funds, including shareholder funds. But any potential impact on our liquidity or earnings is insignificant.

Risk mitigation

We reinsure the investment guarantees of our UWP funds and variable annuity products to mitigate the risk of adverse property price and market rate movements affecting our solvency or earnings.

Risk monitoring

Our Investment Committee monitors and manages the exposure of our assets to property risk.

Market Concentration Risk

Market concentration risk typically results from holding a large proportion of total funds in a single investment or from lack of diversification of investments by asset type, issuer, sector and geography.

Risk emergence

Our exposure to market concentration risk is insignificant. As a result, any potential impact on our liquidity or earnings is also insignificant.

Risk mitigation

Our investment portfolio is well diversified by asset type, issuer, sector and geography.

Risk monitoring

Our Investment Committee monitors and manages the exposure of our assets to market concentration risk.

C.3. Credit risk (default and creditworthiness)

Credit risk arises from a counterparty's potential inability or unwillingness to fully meet its contractual obligations to us. Our exposure to credit risk occurs any time funds are extended, committed or invested through actual or implied contractual agreements. Counterparty credit risk includes:

- **Default risk:** occurs when a counterparty makes less than the contractually-agreed payments or is late in making these payments.
- **Downgrade risk:** occurs when a counterparty's credit rating is downgraded, a default is potentially more likely and we have to make increased provisions against this.

We have the following main sources of credit risk:

- **Bonds:** our holding of bonds issued by governments or companies exposes us to credit risk from third parties.
- **Cash and cash equivalents:** the cash we have deposited with credit institutions exposes us to credit risk.
- **Reinsurance counterparty risk:** we are exposed to credit risk from internal and external reinsurers since, if they fail to meet their contractual obligations, we would have to pay for replacement reinsurance or fund the costs of any insurance liabilities they do not meet.
- **Intercompany balances:** we are exposed to credit risk from internal Group companies if they fail to repay outstanding balances they owe.

Risk emergence

- **Liquidity:** if our reinsurers were to delay, reduce or deny the claims obligations in their contracts, we would still be liable to pay the required amounts to claimants on time. It is likely that these amounts would be small and isolated. And we would soon remedy the long-term implications for our capital and cash reserves at market rates with another reinsurer. Even so, for investment-related guarantees, the impact could persist for as long as asset values were lower than guaranteed values. Given that our reinsurers have strong credit ratings, the likelihood of a reinsurer default is remote.
- **Earnings:** a total reinsurer default would have an immediate impact on our earnings. That's because we would have to increase our capital and cash reserves to cover the loss of risk mitigation from reinsurance. A change in asset value due to a downgrade in an issuer's creditworthiness or a default of a bond in our shareholder fund would have an immediate earnings impact. A change in asset value due to a downgrade in an issuer's creditworthiness or a default of a bond in our policyholder funds (with unit-linked and UWP funds) would impact our earnings indirectly through the loss of future fee income.

Risk mitigation

We have robust processes for identifying, assessing and prioritising our credit risks. Here are some of the things we have in place to mitigate the following risks.

- **Strategic Investment Policy:** we manage credit risk in line with our Board-approved Strategic Investment Policy. We emphasise quality in our investment portfolio and keep it well diversified by issuer, industry and geography. We also mitigate credit risk with effective fund mandates, regular monitoring and the appointment of expert fund managers subject to second- and third-line oversight.
- **Reinsurance and Risk Mitigation Policy:** we manage reinsurance counterparty risk in line with our Board-approved Reinsurance and Risk Mitigation Policy. Where there is credit risk, we use only reinsurers meeting minimum financial strength ratings. We regularly monitor our reinsurance arrangements and report regularly to the Board (who are also advised by the Board Risk Committee).
- **Counterparty credit ratings:** where there is credit risk, we use only counterparties with high credit ratings. We regularly monitor the credit rating of both internal and external counterparties.

- **Counterparty limits:** we have strict limits on appropriate counterparties for each category of assets. Specifically, we set individual counterparty limits as well as aggregate concentration limits for all our investments in bonds and cash deposits with credit institutions. We regularly review these limits to make sure they are consistent with our available assets and risk appetite.
- **Shareholder fund management:** we minimise creditworthiness risks and default risks from bonds in the shareholder fund. We ensure diversification and avoid concentration by being exposed only to short-dated bonds with high credit ratings and by limiting the amount we hold from any one issuer.
- **Policyholder fund management:** we reinsure the investment guarantees of our policyholder funds to mitigate creditworthiness risks and default risks in UWP funds and variable annuity products. When we use derivatives within unit-linked and UWP funds they are generally short dated (three months or less) to minimise credit risk to our counterparty.

Risk monitoring

We monitor our credit risk with regular reviews of counterparty credit ratings and the proportion of our assets held with any single counterparty. We also carry out stress and scenario tests as part of our ORSA process, including stress tests of credit default risk.

There were no significant changes during 2023 to our credit risk exposure.

C.4. Liquidity risk

Liquidity risk is the risk that we will not have enough cash to meet our commitments as and when they fall due.

We maintain a high quality diversified investment portfolio with enough liquidity to meet our policyholder and financing obligations under normal and stressed conditions. We always take liquidity into consideration when designing products and entering transactions.

As at Q4 2023, expected profit included in future premiums was €758m. We do not consider this profit (or other negative technical provisions which contribute to our own funds) to be available to meet our liquidity needs until it becomes actual profit. We also exclude this asset from our liquidity risk mitigation and liquidity risk monitoring processes.

Risk emergence

When we underwrite a new life assurance contract, we incur significant acquisition costs up front. We recover these costs through future fee income but nonetheless our new business activity is exposed to a short-term liquidity risk.

Sums payable under the unit-linked and UWP contracts of our policyholder funds are generally due on demand. We could be exposed to liquidity risk if the assets we hold to match what we owe a policyholder were to become impaired (that's to say, not easily or converted into cash or difficult to price and value). If our matching assets were to become impaired, it would delay our ability to deal with policyholder requests to surrender or switch their policies.

Policyholder funds have a potential liquidity risk should there be a concentration of claims.

Shareholder assets also have a potential liquidity risk if their investment were ever to be over-concentrated.

Risk mitigation

To alleviate our new business liquidity strain, we rely on advances from our Cash Surplus Relief reinsurance.

Our investment experts always manage our relevant matching assets to ensure we have enough cash to meet our policyholder liabilities (on unit-linked and UWP contracts) as they fall due.

We minimise the risk of concentrating our shareholder assets by making sure they are well diversified. We also make sure shareholder assets cover commissions and other acquisition expenses, our continuing operating expenses and any need for additional cash reserves and are enough for us to remain highly solvent.

In general, we aim to invest all assets, including shareholder and non-linked assets, to ensure the liquidity (as well as the security, quality and profitability) of our portfolio as a whole.

Risk monitoring

We regularly monitor our short- and medium-term liquidity (in appropriate currencies) to make sure we have enough cash to pay what we owe when demands arise. Our investments to meet these demands are for appropriately short durations so we can convert them into cash when needed.

Our Risk Function oversees regular stress testing as part of the ORSA process to make sure our liquidity is adequate under the severest conditions. We determine our potential liquidity strain over a 30 day, 90 day and 1 year period using the impact of a single point of operational failure scenario. We then compare this liquidity strain to the available assets we have, reduced by large known cash outflows and an asset stress due to a forced sale. Our aim in this stress test is to ensure over a 90 day time horizon our available assets always exceed our cash requirements by at least a minimum target approved by the CLE Board. Throughout 2023, the available assets exceeded our cash requirement by more than the minimum target, meaning we had sufficient cash to meet current and future liabilities. We regularly monitor our liquidity coverage ratio to make sure we have enough cash to cover stressed conditions over the projected business planning period.

There were no significant changes during 2023 to our liquidity risk exposure.

C.5. Operational risk

Operational risk arises from either potential problems relating to day-to-day operations (involving people, processes or systems) or a specific unanticipated event. It can have significant financial and/or reputational consequences. This risk includes:

- **Cyber risk and data loss:** our business is increasingly digital. As a result, there is an increasing risk of our information systems and databases being compromised by external and internal threats and attacks. The security of data also extends to the risk of theft of property containing such data.
- **Business Continuity risk:** there are risks arising from the failure to provide for the continuity of business operations under adverse conditions that may arise from natural, technological or human-cause events.
- **Concentration risk:** there is an operational risk associated with the concentration of several key functions, such as our information technology systems, in one location in Dublin.
- **Legal and regulatory risk:** there would be potential impacts on our business processes if we were to either fail to comply with existing legal and regulatory requirements or fail to identify or plan for emerging requirements (due to new regulations or court judgements).
- **Outsourcing and Supplier risk:** we have a number of arrangements with suppliers and outsourcing providers, both internal and external to the Group. The failure of a service provider to meet their obligations could potentially affect us.
- **Conduct risk:** we expect our people to always treat customers fairly, from product design and disclosure to post-sales service. Conduct risk arises because our business model includes providing financial products and services in support of customers.
- **Strategic risk:** we expect risks to business strategy to arise externally from the business environment in which we operate. They include, for example, competitor activity, market conditions and the economic climate.
- **Sustainability risk:** there are risks which arise from environmental, social or governance events or conditions that could cause an actual or a potential negative impact for us, including through reputational damage, changes in levels of sales due to economic impacts, or changes to the value of investments or liabilities.

Risk emergence

Given the nature of our business and volume of data processed, some errors are likely to occur.

Rarer large-scale events with significant and immediate impact on our earnings could occur. Such events could also have a significant impact on our customers and reputation.

Strategic risks are an inherent part of being in business. If they were to be realised, they would result in reduced future sales and/or loss of existing business.

Risk mitigation

We accept limited operational risk as part of our business model. But we mitigate it through integrated and complementary policies, processes and controls. Our ORSA process, for example, specifically considers both the qualitative and quantitative aspects of operational risk.

- **Cyber risk and data loss mitigation:** we have extensive measures in place to identify and protect against cyber threats, as well as physical security measures and encryption of data.
- **Business Continuity risk:** our Board-approved Business Continuity Planning (BCP) policy ensures our business can carry on at off-site centres or in home offices if and when a crisis or other large-scale event happens.
- **Concentration risk mitigation:** we have a wide geographical spread of customers within Germany and an even distribution of business across the broker market. Our business operations are also spread over three locations.
- **Legal and regulatory risk mitigation:** we actively manage legal and regulatory risks according to best practice.
- **Outsourcing and supplier risk mitigation:** our Supplier Risk Management Policy ensures our supplier services are protected by formal agreements and appropriate due diligence processes are followed.
- **Conduct risk mitigation:** we promise to conduct ourselves in a fair and ethical manner, as outlined in our Conduct Risk Policy and the Code of Conduct of our parent company Great-West Lifeco Inc. We actively manage conduct risks according to best practice.
- **Strategic risk mitigation:** we cannot control the likelihood of strategic risks being realised, but we can mitigate their impact on us through business planning, product diversification and other actions.
- **Sustainability risk mitigation:** our comprehensive risk management system covers our most material sustainability risks.

Individual departments manage operational risks. We record operational risks, as well as their associated controls and any associated losses, at the points where they occur in the business. We go on to identify and assess our top operational risks for specific mitigation and monitoring.

Risk monitoring

We monitor our operational risk exposures according to the processes and limits defined in our Operational Risk Policy and Risk Appetite Framework.

Each of our departments measures and maintains their own key risk indicators. They report quarterly as part of a risk dashboard to the Operational Risk Working Group. This group escalates operational risk issues as appropriate to our Executive Operational Risk Management Committee, who in turn can escalate them to the Risk Committee. Our Risk Function challenges all risk assessments made by the business.

We closely and regularly monitor Germany's competitive and economic environment.

There were no significant changes during 2023 to our operational risk exposure.

C.6. Other material risk

Transactions with Other Great-West Lifeco Companies

We are exposed to the risks of other companies within the Great-West Lifeco group as a result of internal reinsurance and other transactions (see section D.2.8 for details of the reinsurance assets at 31 December 2023). We conduct all transactions with Great-West Lifeco companies on an “arm's length” basis.

C.7. Any other information

Risk Sensitivities

We use a number of sensitivity tests to understand the volatility or not of our capital position. We regularly conduct sensitivity tests on our key risk exposures:

- to inform our decision-making and planning processes
- as part of our framework for identifying and quantifying the risks to which we're exposed
- for monitoring the effectiveness of our risk-mitigation techniques
- for estimating our solvency position to monitor continuous compliance with risk appetite limits.

We have to make a number of assumptions when compiling our financial results. These include assumptions made about future experience in relation to expenses, mortality and other insurance experience rates, and persistency rates connected to our in-force policies. Our assumptions are best estimates and informed by an analysis of historic and expected future experience.

The table below sets out the results of our sensitivity tests (with each sensitivity tested as a single factor and assumptions about other sensitivities left unchanged). It indicates, for each sensitivity tested, the percentage change that would result at 31 December 2023 in our Solvency Capital Requirement (SCR) coverage ratio (the chief Solvency II measure of capital strength).

Sensitivity test results in %

Sensitivity test	Impact on SCR coverage ratio
0.5% increase in interest rates	4.6 %
0.5% fall in interest rates	(5.4)%
0.5% increase due to downgrade in creditworthiness	(0.6)%
10% fall in equity and property values	0.9 %
10% permanent increase in maintenance expenses	(11.2)%
10% permanent increase in policyholder lapse rates	2.6 %
10% permanent reduction in policyholder lapse rates	(2.9)%
5% permanent increase in mortality rates (excluding annuities)	(0.3)%
5% permanent deterioration in morbidity experience	(1.2)%
5% permanent decrease in annuity mortality rates	(0.4)%

Here is additional detail on some of the sensitivity tests:

- **Interest rate tests:** the tests consider the impact on the value of our technical provisions, offset by consistently calculated movements in the market value of fixed interest assets held. Different factors within the technical provisions are impacted in different ways by a change in interest rates, and it is the combination of these factors at 31 December 2023 that result in an improvement in the SCR coverage ratio from a rise in interest rates and a decrease in the SCR coverage ratio from a fall in interest rates. 0.5% is added to or subtracted from actual interest rates up until the last liquid point and interest rates are extrapolated thereafter to the ultimate forward rate to give the stressed yield curve.
- **Downgrade in creditworthiness test:** the test considers the impact on the yields on corporate bonds and other non-sovereign assets held. It allows for the estimated consequential impact on the value of our technical provisions.
- **Equity and property test:** the test allows for a partial offsetting reduction in the SCR equity stress in line with the methodology of the EIOPA.

Key Messages from Sensitivities

The most significant sensitivity above is a permanent increase of 10% in maintenance expenses. We have robust risk mitigation and risk monitoring processes in place to manage and monitor these risks. Further information can be found in section C.1 to C.6 above.

Use of Special Purpose Vehicles (SPVs)

We do not use any Special Purpose Vehicles (SPVs) to transfer risks off our balance sheet.

Other Information

All material information on the risk profile of Canada Life Assurance Europe plc is contained in section A.5. and in sections C.1. to C.7.



Solvency and Financial
Condition Report

Valuation for Solvency Purposes

D.1. Assets

This section is about our valuation of each kind of asset for Solvency II purposes. It explains:

- how the valuation of each asset class for Solvency II is different from the valuation for statutory financial reporting
- what we build our valuations on, and the methods and assumptions we use, both for Solvency II and for statutory financial reporting for the financial year ended 31 December 2023.

Value for each asset class on our Solvency II balance sheet at 31 December 2023

€ million

Asset category	Note	Reporting Standard (FRS)	Reclassification Adjustments	Represented FRS	Valuation Adjustments	Solvency II
Goodwill	1	0.0	0.0	0.0	0.0	0.0
Deferred acquisition costs	2	31.1	0.0	31.1	-31.1	0.0
Deferred tax assets	3	0.0	0.0	0.0	0.0	0.0
Property, plant & equipment held for own use	4	1.6	0.0	1.6	15.6	17.2
Equities - listed	5	0.0	2,687.4	2,687.4	0.0	2,687.4
Government Bonds	6	48.6	1,008.8	1,057.4	0.0	1,057.4
Corporate Bonds	6	118.1	1,595.5	1,713.6	0.0	1,713.6
Collateralised securities	6	0.0	0.0	0.0	0.0	0.0
Investment funds	7	256.4	75.3	331.7	0.0	331.7
Participations	7	0.0	58.9	58.9	0.0	58.9
Derivatives	8	0.0	0.0	0.0	0.0	0.0
Deposits other than cash equivalents	9	36.5	359.8	396.3	0.0	396.3
Assets held for index-linked & unit-linked funds	10	8,262.1	-5,857.5	2,404.6	0.0	2,404.6
Other loans and mortgages	11	—	44.0	44.0	0.0	44.0
Reinsurance recoverables	12	630.5	0.0	630.5	-764.4	-133.9
Insurance and intermediaries receivables	13	9.5	0.0	9.5	0.0	9.5
Reinsurance receivables	14	41.1	-0.1	41.1	0.0	41.1
Receivables (trade, not insurance)	15	3.1	11.8	15.0	0.0	15.0
Cash and cash equivalents	16	38.0	8.0	46.0	0.0	46.0
Any other assets, not elsewhere shown	17	105.4	9.2	114.5	0.0	114.5
Total		9,582.1	1.1	9,583.2	-779.9	8,803.3

Classification of Unitised-With-Profits (UWP) products

A large part of our business is held in a Unitised-With-Profits (UWP) fund. UWP products share features with both unit-linked and with-profits contracts. We have classified our UWP business as with-profit for Solvency II, based on EIOPA guidance.

Under Financial Reporting Standards (FRS), we classify our UWP business as “investments for the benefit of life-assurance policyholders who bear the investment risk”. We classify our matching liability as “technical provisions for life assurance policies where the investment risk is borne by the policyholders”.

The different classifications mean that the way we present the UWP business in financial statements differs from the way we present it in Solvency II Quantitative Reporting Templates. However, there is no difference in the valuation basis.

**Note 1:****Goodwill**

Goodwill is an intangible business asset. It includes such non-physical things as brand name and reputation, and shows up on the asset side of a company's balance sheet.

Solvency II purposes

We value goodwill at nil in line with Article 12 of the Solvency II Delegated Regulations.

FRS purposes

Goodwill is stated at cost less its total reduction in value over time, known as accumulated amortisation, and impairment losses. We calculate amortisation to write off the cost of our acquired portfolio of life assurance assets over five years. Goodwill was fully amortised at 31 December 2021.

**Note 2:****Deferred Acquisition Costs**

“Deferred acquisition costs” describes the practice of spreading the upfront cost of acquiring a new customer over the life of the insurance contract.

Solvency II purposes

We value deferred acquisition costs at nil in line with Article 12 of the Solvency II Delegated Regulations.

FRS purposes

Acquisition costs comprise direct costs, such as commission on acquisitions, plus the indirect costs of winning and processing new business. These costs are net of any cash advances to do with Cash Surplus Relief reinsurance and policy loadings – extra amounts built in to the initial insurance costs to cover operating costs and potential higher losses. The acquisition costs are then deferred and treated as an asset on the balance sheet. We expect to recover the costs out of related future revenues.

We amortise the deferred acquisition cost over five years on a straight line basis. We review deferred acquisition costs for impairment at the end of each financial year. We write off any amount we can't recover to the profit & loss from the balance sheet straight away.

**Note 3:****Deferred Tax Assets**

Deferred tax is recognised in respect of all timing differences that have originated, but not yet reversed, at the balance sheet date. This means where transactions or events have occurred at that date it will result in an obligation to pay more tax or a right to pay less tax. When calculating a net deferred tax liability, deferred tax assets are offset only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The tax rate used to calculate the deferred tax balance is the rate that's expected to be in-force at the time the tax becomes payable. There is no expiry date of taxable temporary differences.

Solvency II purposes

The company only recognises a positive value to deferred tax assets where it is probable that future taxable profit will be available against which the deferred tax assets can be used, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or the carry forward of unused tax credits.

FRS purposes

There is a valuation adjustment due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

**Note 4:****Property, Plant & Equipment Held For Own Use**

This asset class consists of office furniture and fittings and Right of use (ROU) leased assets under IFRS 16.

Solvency II purposes

We state tangible assets at cost less accumulated depreciation and impairment losses.

We calculate depreciation to write off the costs of these assets to their residual value over their estimated useful lives. We believe our valuations closely reflect the fair value of these assets.

Operating leased assets of €15.6m recognised as applied for IFRS 16 are reported in Property, Plant and Equipment (PPE) held for own use. The right of use assets are related to material leased buildings for the offices in Dublin and Germany. We measure right of use assets similarly to PPE, the depreciation of the right of use assets are measured on a straight line basis. The corresponding right of use liabilities of €15.7m are reported in Financial liabilities other than debts owed to credit institutions under Section D3. The right of use assets and liabilities are initially measured on a present value of the lease payments, the discount rate used to determine present value is the rate of interest implicit in the lease agreement. The initial lease asset equals the lease liability.

FRS purposes

There is a valuation adjustment for right of use assets due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

**Note 5:****Equities - Listed**

Listed equities include ordinary shares and preference shares.

Solvency II purposes

Majority of equities valuations are classified as level 1 on the fair value hierarchy (See section D.4).

We value listed equities at fair value using the closing bid price from the exchange where they are principally traded.

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 6:****Government Bonds, Corporate Bonds And Collateralised Securities****Solvency II purposes**

Nearly all valuations for government bonds, corporate bonds and collateralised securities are classified as level 2 on the fair value hierarchy (see section D.4).

We value bonds by referring to quoted market bid prices. These prices are mainly from independent third-party pricing sources. If prices are not quoted in an active market, we use valuation models to determine fair value.

We maximize our use of observable inputs when measuring fair value. And we use quoted prices, when available, for identical assets at the balance sheet date to measure bonds at fair value.

To estimate the fair value of debt securities not traded in active markets, we refer to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. Our approach takes a range of factors into account, including the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as yield curves, credit curves, prepayment rates.

If bonds are not traded in active markets, we adjust valuations to reflect illiquidity. In general, we base these adjustments on available market evidence. If there is no evidence, we use our management's best estimate.

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 7:****Investment Funds and Participations****Solvency II purposes**

The majority of the valuations for investment funds are classified as level 1 on the fair value hierarchy (see section D.4) with the remainder classified as level 2 and Level 3. We hold a single participation which is all classified as level 3 on the fair value hierarchy.

We value listed investment funds and participations, including money market funds, at fair value by referring to quoted market prices. We value units in unlisted funds using the latest price or valuation issued by fund managers.

Our managers review each fund price to assess how reasonable it is. They look at the illiquidity and pricing basis of any underlying assets, restrictions or redemptions put in place by fund managers, and evidence of trading at the issued price. If appropriate, they adjust the latest price or valuation from fund managers to reflect the illiquidity or latest valuations of underlying assets.

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 8:****Derivatives**

Derivatives include forward exchange rate agreements, futures contracts and call options.

Solvency II purposes

Majority of these derivative assets are classified as level 2 on the fair value hierarchy (see section D.4).

We use the bid value supplied by the counterparty to value Over-the-Counter (OTC) derivatives. Where possible, we use independent third-party software to confirm that the counterparty value is reasonable. We value Exchange Traded Derivatives by using the closing price from the exchange in which they are traded. We value Foreign Exchange Traded Derivatives using a market feed of forward points and the corresponding interest rate.

FRS purposes

There is no valuation difference between Solvency II and FRS.



Note 9:

Deposits Other than Cash And Cash Equivalents

Deposits other than cash and cash equivalents consist of deposits we hold for investment purposes.

Solvency II purposes

All deposit valuations are classified as level 1 on the fair value hierarchy (See section D.4) and are valued at their face value.

FRS purposes

There is no valuation difference between Solvency II and FRS.



Note 10:

Assets Held For Index-linked And Unit-linked Funds

We hold unit-linked assets for the benefit of policyholders. We hold them within unit-linked funds. A unit-linked fund is an investment product that pools the premiums from many investors. Premiums are used to buy units in a fund. Investors select which fund to invest their premiums in and then fund managers invest premiums in a range of assets in line with the fund's objectives and mandate. These assets include:

- listed equities
- fixed income securities
- government bonds
- corporate bonds.

If their investment mandate allows it, funds can also invest in:

- derivatives
- foreign currency
- deposits
- exchange traded funds (ETFs)
- collective investment schemes such as a unit trust, investment trust or open-ended investment company.

Solvency II purposes

We value internal fund assets, such as shares and bonds, daily. Most of these asset valuations are classified as level 1 on the fair value hierarchy with the remainder classified as level 2 (see section D.4).

External fund managers provide daily valuations of external funds.

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 11:****Other Loans and Mortgages****Solvency II purposes**

We invest in commercial mortgage loans and these are classified as level 3 on the fair value hierarchy (see section D.4). Fair value of the level 3 mortgages is calculated based on the discounted present value of future contractual mortgage payments.

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 12:****Reinsurance Recoverable**

We have a number of reinsurance arrangements to reduce our exposure to certain risks. These risks include mortality risk, morbidity risk and longevity risk. We record reinsurance assets and liabilities separately on the balance sheet.

Solvency II purposes

We value reinsurance recoverables in line with Chapter III: Rules Relating to Technical Provisions of the Delegated Regulations.

We value the amount we expect to recover from reinsurers, and discount cash-flows on the risk-free yield curve using the same assumptions as for the best estimate of liabilities. We allow for volatility adjustment, matching adjustment and counterparty default adjustment.

Delegated Regulations - Article 41 (paragraph 3) requires that: "For the purpose of calculating the amounts recoverable from reinsurance contracts and special purpose vehicles, cash-flows shall only include payments in relation to compensation of insurance events and unsettled insurance claims. Payments in relation to other events or settled insurance claims shall be accounted for outside the amounts recoverable from reinsurance contracts and special purpose vehicles and other elements of the technical provisions policy."

At 31 December 2023, we do not expect to recover any money from Special Purpose Vehicles (SPVs) as we do not use SPVs.

FRS purposes

The valuation difference between Solvency II and FRS is driven by the differences in valuation methodology for technical provisions (see section D.2).

The reinsurer's share of technical provisions includes amounts due from reinsurance companies for paid and unpaid losses, as well as ceded future life and pension policy benefits. We estimate amounts we can recover from reinsurers in a way that's consistent with the claim liability linked to the reinsured policy.

**Note 13:****Insurance And Intermediaries Receivables**

Insurance and intermediaries receivables include outstanding premiums due from policyholders.

Solvency II purposes

These receivables are valued at the future cash amount expected to be received, net of any amounts considered doubtful debts.

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 14:****Reinsurance Receivables**

Reinsurance receivables are payments due from reinsurers at the reporting date.

Solvency II purposes

We value reinsurance receivables at the future cash amount expected to be received in line with Articles 9 and 10 of the Solvency II Delegated Regulations.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Note 15:**Receivables (trade, not insurance)**

Solvency II purposes

Trade receivables are collateral balances deposited with counterparty in relation to meet derivative margin requirements. These are classified as level 1 on the fair value hierarchy (see section D.4).

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 16:****Cash And Cash Equivalents**

Solvency II purposes

We value cash and cash equivalents at face value and these are based on level 1 of the fair value hierarchy (see section D.4).

FRS purposes

There is no valuation difference between Solvency II and FRS.

**Note 17:****Any Other Assets, Not Shown Elsewhere**

This includes other unit-linked assets not shown elsewhere on the balance sheet. It also includes other non-linked assets not shown anywhere else on the balance sheet, e.g. intercompany debtors, accrued external fees and management charges due.

Solvency II purposes

We record these assets at their fair value, net of any amounts considered doubtful debts.

FRS purposes

There is no valuation difference between Solvency II and FRS.

Any other significant information

There are no asset classes affected by finance lease arrangements. We had material operating lease obligations at the financial year end which has been classified as Right of Use assets and liabilities.

We made no changes during the year to the recognition and valuation basis of the assets outlined above. Please see section D.4 for information on estimation uncertainty.

D.2. Technical provisions

Technical provisions represent the value of our liabilities for policies we have written.

Solvency II technical provisions include:

- account values / unit liabilities (called “Technical provisions calculated as a whole”)
- best estimate of liabilities
- risk margin.

D.2.1. Valuation Results at 31 December 2023

In € million

	Solvency II				Total
	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	
Technical provisions calculated as a whole	6,344.6	2,416.7	0.0	0.0	8,761.3
Best estimate of liabilities	-776.0	-317.2	-507.5	165.7	-1,435.0
Risk margin	113.5	69.1	102.1	5.2	289.9
Total	5,682.1	2,168.6	-405.4	170.9	7,616.2

D.2.2. Valuation methodology

For the majority of our business, we calculate technical provisions on an individual deterministic policy-by-policy basis (which reflects our view of the future) using an actuarial valuation system called ‘Prophet’. For technical provisions related to investment guarantees we perform stochastic calculations (which allow for random variation) and take the average of 5,000 views of the future. These approaches reflect the nature, scale and complexity of the risks within our insurance business.

The Unitised-With-Profits (UWP) fund and the variable annuity products are savings and investment products with investment guarantees. We are exposed to equity and bond market movements through the guarantees on these funds. However, our reinsurance arrangements remove our direct exposure to the guarantees. We describe how this works in section D.2.8.

At year-end 2023, we used a ‘market consistent’ economic scenario generator (ESG) – a tool that produces thousands of random sequences of market variables, like interest rates and equity returns. The ESG was provided by Moody’s Analytics, a leading specialist provider to the insurance industry, who calibrated it to the Euro-swap curve at year-end 2023. Stochastic models (‘Prophet’) are used to project each fund with investment guarantees under 5,000 different investment market scenarios over the next 50 years. These models also take account of the funds’ investment mandates, respective smoothing mechanisms and policyholder maturity profiles.

Under Solvency II, we have to segment our insurance obligations into lines of business and homogeneous risk groups that reflect the risks underlying each obligation. This is straightforward as we calculate our technical provisions on a policy-by-policy basis and can group individual policies depending on their characteristics.

- **Policies that invest entirely in the UWP fund:** we include these in our life insurance “with profit participation” business.
- **Policies that invest entirely in unit-linked funds:** we include these in our “unit-linked insurance” business.

- **Products that invest in a mix of UWP and unit-linked funds:** we assign these to either our “with profit participation” or “unit-linked insurance” business, depending on whether the higher percentage is invested in UWP or unit-linked funds.
- **Non-linked health insurance products:** we include these in our health insurance business.
- **Term assurance:** we include this in our “other life insurance” business.
- **Annuities:** we include these in our “other life insurance” business.

D.2.3. Valuation assumptions

Under Solvency II, best estimate liabilities must represent the probability weighted average of future cash-flows. This is in line with Article 77(2) of Directive 2009/138/EC. We use assumptions consistently over time. We regularly monitor actual experience relative to the assumptions, changing assumptions only where an experience investigation or other factors justify it.

We establish the assumed persistency rates – the volume of business we are able to retain – in the annual persistency study. This looks at our own experience over the previous five years as well as industry data where we do not have enough own experience to make credible assumptions. As our own experience is believed to be representative of expected future experience, we do not adjust the experienced rates to allow for events not in our own data.

We make assumptions about biometric risk – which includes the risk of death, disability and living longer – based on our own experience over the previous five years. We take industry data into account where we do not have enough own experience to make credible assumptions. Where appropriate, we also allow for expected future improvement (annuitant mortality) or deterioration (morbidity).

We work out contractual policy expenses (e.g. sales commissions) on a best estimate basis. We make assumptions about operating expenses per-policy based on analysis of our own functional costs. We set investment expenses to reflect the terms of our contractual arrangements.

Economic assumptions under Solvency II require a market-consistent, risk-neutral investment modelling approach. So, we project unit-linked and UWP fund returns using the risk-free yield curve. In turn, we discount the value of future profits using the same risk-free yields.

We set option take-up rates based on our own experience. We take industry data into account where we do not have enough own experience to make credible assumptions.

Our counterparty default rates depend on credit ratings and default probabilities from the Moody's Analytics ESG mentioned above. The recovery following default is capped at 50% for consistency with EIOPA guidance on default risk for the Standard Formula.

D.2.4. Level of uncertainty associated with the amount of the technical provisions

Estimates are always uncertain, by their nature, and uncertainty is an integral part of insurance.

A high-level view of the sensitivity of Solvency II best estimate of liabilities

Sensitivity test	Impact on Best Estimate of Technical Provisions (€m)
0.5% increase in interest rates	1
0.5% fall in interest rates	3
0.5% increase due to downgrade in creditworthiness	5
10% fall in equity and property values	29
10% permanent increase in maintenance expenses	91
10% permanent increase in policyholder lapse rates	-2
10% permanent reduction in policyholder lapse rates	4
5% permanent increase in mortality rates (excluding annuities)	2
5% permanent deterioration in morbidity experience	14
5% permanent decrease in annuity mortality rates	3

The table above shows the impact of various sensitivities on our Best Estimate of Technical Provisions, net of reinsurance. This breakdown identifies our most material risks as expense, equity and morbidity risk. We cover these risks in more detail in Section C.

Our actuaries calculate the SCR by recalculating both assets and liabilities under a set of stresses prescribed by EIOPA as the Standard Formula. Their calculations give an insight into how sensitive the best estimate of liabilities is to various stress events.

These Standard Formula stress events are individually judged by EIOPA to be 1 in 200-year events. There is an allowance for the positive benefits of diversification and the ability to absorb losses because of the Loss Absorbing Capacity of Technical Provisions (LACTP) and the Loss Absorbing Capacity of Deferred Taxes (LACDT).

D.2.5. Comparison of Solvency II against financial statements

We have prepared our financial statements in line with Financial Reporting Standards. We do not write traditional German with-profits business where the amount of profit paid as dividends to shareholders depends on earnings. As a result, our Solvency II technical provisions do not depend on the results in our financial statements.

Comparison of the technical provisions calculated on both bases at 31 December 2023

in € million

	Solvency II				Total
	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	
Technical provisions calculated as a whole	6,344.6	2,416.7	0.0	0.0	8,761.3
Best estimate of liabilities	-776.0	-317.2	-507.5	165.7	-1,435.0
Risk margin	113.5	69.1	102.1	5.2	289.9
Total	5,682.1	2,168.6	-405.4	170.9	7,616.2
	Financial statements (FRS)				Total
	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	
Technical provisions calculated as a whole	6,344.6	2,416.7	0.0	0.0	8,761.3
Prudent valuation of liabilities	-54.6	133.2	40.9	179.2	298.6
Total	6,290.0	2,549.9	40.9	179.2	9,060.0
	Valuation adjustment (Solvency II – FRS)				Total
	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	
Technical provisions calculated as a whole	0.0	0.0	0.0	0.0	0.0
Prudent valuation of liabilities	-607.9	-381.3	-446.4	-8.3	-1,443.8
Total	-607.9	-381.3	-446.4	-8.3	-1,443.8

We calculate our Financial Reporting Standards (FRS) liabilities on the statutory solvency basis defined in the European Communities (Life Assurance) Framework Regulations, 1994. These regulations are adjusted to exclude certain reserves such as net premium, resilience and other contingency reserves. They are also supplemented by additional requirements issued by the Central Bank of Ireland, and by actuarial standards of practice issued by the Society of Actuaries in Ireland.

The Solvency II technical provisions comprise the best estimate liabilities and the risk margin. We work out the risk margin as the cost of holding capital equal to the non-hedgeable portion of the Solvency Capital Requirement (SCR) projected over the lifetime of our insurance obligations. EIOPA has set a 6% per annum cost of capital. There are differences in the way we value technical provisions for Solvency II and FRS purposes. The key differences in technical provisions stem mainly from:

- how we recognize future profits
- the economic scenarios we use to value investment guarantees
- how we allow for uncertainty.

D.2.5.1. Recognition of future profits

Under FRS, we recognise only the future profits we can recover if a policyholder surrenders a policy immediately. This minimum liability floor does not apply to the best estimate liability under Solvency II. If we expect the value of money coming in (e.g. premiums and charges) to be greater than money going out (e.g. claims and expenses), then the best estimate liability could be negative. Because of this, technical provisions under Solvency II are lower.

D.2.5.2. Economic scenarios

For the FRS valuation of investment guarantees we use economic scenarios from a Moody's Analytics ESG (see section D.2.3) which has been calibrated to produce real-world scenarios allowing for the higher returns expected from investing in riskier assets such as equities and corporate bonds. As outlined above, we value Solvency II liabilities on a market consistent risk-neutral basis where all future returns are based on estimated risk-free rates.

Because of this difference, technical provisions are higher (more prudent) under Solvency II.

D.2.5.3. Allowance for uncertainty

Solvency II allows for uncertainty in the best estimate of liabilities through the requirement to hold an explicit risk margin. The risk margin is held in addition to the best estimate of liabilities as a provision toward the cost to another insurer of taking over and meeting our insurance obligations.

Under FRS there is no explicit risk margin. However, each valuation assumption includes a margin for prudence which are individually set to increase the liability.

These differences in the basis of valuations can affect the valuation in different ways. However, the provisions for future liabilities are normally lower under Solvency II.

D.2.6. Transitional measures and allowable adjustments

The Solvency II Directive includes a number of transitional measures that allow firms to move to full implementation over time. We do not rely on any of these transitional measures or adjustments. That means we can confirm that:

- we do not use the matching adjustment referred to in Article 77b of Directive 2009/138/EC
- we do not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- we do not apply the transitional risk-free interest rate term structure referred to in Article 308c of Directive 2009/138/EC
- we do not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC

D.2.7. Use of simplifications or approximations

When we calculate Solvency II technical provisions, we apply the specified Standard Formula valuation methodology in full.

We base the risk margin on a projection of future SCRs. We project future SCRs accurately at every five year interval and assume that changes happen between these valuations in a gradual and linear way. Where this approach is not feasible for certain risks (e.g. counterparty or operational risk) we use appropriate risk drivers to project the SCRs. This is permitted under Article 58 of the Delegated Regulations.

When calculating the risk margin, insurers are required to exclude the cost of holding capital for market risks that could be avoided. We assumed that:

- all market risks can be hedged and so can be excluded from the risk margin
- counterparty risk can exclude exposure to cash at bank and intercompany balances from the risk margin, as these risks are also avoidable.

D.2.8. Recoverables from reinsurance contracts and special purpose vehicles

We do not use special purpose vehicles (SPVs).

We use reinsurance extensively to:

- protect ourselves against the risk of adverse claims experience
- limit our maximum exposure to investment-related guarantees
- improve liquidity and make efficient use of capital.

The main types of risk we currently reinsure are as follows:

- The risk relating to mortality and morbidity benefits offered on individual insurance business.
- The investment and longevity risks on pension business.
- The liquidity strain associated with writing new business.

Our Reinsurance and Risk Mitigation Policy

This policy gives us a framework for using reinsurance to manage risk and to pass on risk when it is rewarding or prudent to do so. The policy includes minimum financial strength ratings which reinsurers must meet. It also sets out the collateral requirements we must consider for all new reinsurance arrangements that expose us to significant potential loss if the reinsurer defaults.

This table breaks down our reinsurance asset at 31 December 2023 by line of business

in € million

	Life: with-profit participation	Life: unit-linked insurance	Life: health insurance (SLT health)	Other life insurance	Total
Total	109.0	-124.0	-132.3	13.4	-133.9

Our external reinsurers are all highly rated (either AA or A by Standard & Poor's) companies. Our Risk Function monitors our exposure to reinsurers and their credit ratings every quarter. We have no concerns about the liquidity of any of our reinsurers. There have been no delays to payments and our experience of service quality and disagreement resolution has been good.

D.2.9. Assumption changes

As described in section D.2.3 we annually update our valuation assumptions at each valuation date to reflect our own experience of persistency, mortality and morbidity risks and our expenses.

The main changes reflected in the 31 December 2023 assumption updates were to our expense and morbidity assumptions.

D.3. Other liabilities

This section is about our valuation of each kind of 'other liability' for Solvency II purposes. This includes explanations of:

- how the value of each 'other liability' for Solvency II is different from valuing it for statutory FRS financial statements
- the valuation bases, methods and main assumptions used for Solvency II for the financial year ended 31 December 2023, and how they differ from those used for statutory FRS financial statements.

We expect to pay off our financial liabilities within the financial year unless we state otherwise below.

Value for each kind of other liability on our Solvency II balance sheet at 31 December 2023

in € million

Liabilities Type	Note	FRS	Reclassification Adjustments	Represented FRS	Valuation Adjustments	Solvency II
Provisions other than technical provisions	1	10.9	0.0	10.9	0.0	10.9
Derivatives	2	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	3	0.0	0.0	0.0	85.0	85.0
Insurance & intermediaries payables	4	104.5	0.0	104.5	0.0	104.5
Reinsurance payables	5	37.6	0.0	37.6	0.0	37.6
Debts Owed to Credit Institutions	6	0.0	0.6	0.6	0.0	0.6
Financial liabilities other than debts owed to credit institutions	7	0.0	0.0	0.0	15.7	15.7
Payables (trade, not insurance)	8	15.1	0.0	15.1	0.0	15.1
Any other liabilities, not elsewhere shown	9	24.5	0.5	25.0	0.0	25.0
Total		192.5	1.1	193.7	100.7	294.4

Note 1:

Provisions Other Than Technical Provisions

‘Other provisions’ include restructuring costs and litigation costs expected to be settled in respect of legal claims taken against the Company. The majority of this balance is not expected to be settled within the current financial year.

Solvency II purposes

We derive the value of each provision by reviewing and evaluating the expected outflow required to settle the liability to which the provision applies.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 2:

Derivatives

Derivative liabilities include forward exchange rate agreements

Solvency II purposes

Majority of derivative liabilities are classified as level 2 on the fair value hierarchy (see Section D.4). We use the bid value supplied by the counterparty to value Over-the-Counter (OTC) derivatives. Where possible, we use independent third-party software to confirm that the counterparty value is reasonable.

We value Exchange Traded Derivatives by using the closing price from the exchange in which they are traded. We value Foreign Exchange Traded Derivatives using a market feed of forward points and the corresponding interest rate.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 3:

Deferred Tax Liability

Deferred tax is recognised when transactions or events that have happened at the balance sheet date mean either more or less tax is payable than is due on the current year's tax return. A deferred tax liability arises when the tax on an asset value at balance sheet date does not have to be paid in the current tax year, but may be payable in the future, e.g. when the asset is sold. We do not have any unused tax losses and there is no expiry date in relation to the taxable temporary differences.

Solvency II purposes

The tax rate we use to calculate the deferred tax is the rate we expect to be in force at the time the tax becomes payable.

FRS reporting purposes

There is a valuation adjustment due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

Note 4:

Insurance & Intermediaries Payables

Insurance and intermediaries payables refers to the balance of outstanding claims payable to policyholders, commissions payable and policyholder premiums received in advance.

Solvency II purposes

We value insurance and intermediaries payables on an accruals basis – recording revenues and expenses when we incur them, regardless of when we exchange payments.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Note 5:

Reinsurance Payables

Reinsurance payables represent balances due to reinsurers in respect of risk reinsurance on premiums receivable and financial reinsurance payable.

Solvency II purposes

We value payments at the cash amount we expect to pay in the future.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

**Note 6:****Debts Owed to Credit Institutions**

Debts owed to credit institutions comprise collateral received from a credit institution related to an investment made.

Solvency II purposes

Debts owed to credit institutions are valued at face value.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

**Note 7:****Financial liabilities other than debts owed to credit institutions**

Financial liabilities other than debts owed to credit institutions are related to liabilities on Operating Leases.

Solvency II purposes

Right of use liabilities of €16m recognised as applied for IFRS 16 are reported in Financial liabilities other than debts owed to credit institutions. Please see details in Section D.1. above.

FRS purposes

There is a valuation adjustment due to how Solvency II and FRS recognise and de-recognise assets and liabilities on the balance sheet.

**Note 8:****Payables (Trade, Not Insurance)**

Trade payables are payments billed by suppliers for goods and services supplied, or tax we owe.

Solvency II purposes

We value these payments at the cash amount we expect to pay in the future.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

**Note 9:****Any Other Liabilities, Not Shown Elsewhere**

This includes other unit-linked and non-linked liabilities not shown elsewhere on the balance sheet. Significant liabilities include balances with other group companies, outstanding balances with brokers and accruals.

Solvency II purposes

We recognise these liabilities on an accruals basis. We value them at the amount we expect to pay in the future.

FRS reporting purposes

There is no valuation difference between Solvency II and FRS.

Any other material information

We made no changes during the year to the recognition and valuation basis of the liabilities above except operating lease liabilities. There is no early adoption for IFRS 16 under FRS, therefore right of use assets and liabilities are treated differently between SII and FRS, please see Section D.1. and D.3. for the details.

You can find information on estimation uncertainty in section D.4.

Material contingent liabilities are required to be recognised in the Solvency II balance sheet in accordance with Article 11 of the Delegated Regulations. The Company does not have material contingent liabilities in its Solvency II balance sheet as at 31 December 2023.

Employee retirement benefits

We operate a defined contribution pension scheme for certain employees. We hold the assets of the scheme separately from our own assets in an independently administered fund. No contributions were payable to the scheme at the financial year-end.

Our operating expenses also include a charge for the pension costs associated with certain employees who are members of the defined benefit staff pension scheme operated by another group company (Canada Life Irish Holding Company). This spreads the pension cost over the service lives of the employees.

We have a services agreement with Canada Life Group Services Limited. Under this agreement certain employees are seconded to us from Canada Life Group Services Limited. Canada Life Group Services Limited is responsible for paying a significant portion of salary and benefits, including pension entitlements, to these employees.

D.4. Alternative methods for valuation

Overview of methodology for valuing invested assets

The Technical Specification (EIOPA 14/209) outlines the Solvency II rules on how to value assets and liabilities, other than technical provisions. It says that, unless otherwise stated, the default reference framework should be the international financial reporting standards, as adopted by the European Commission in line with Regulation (EC) No. 1606/2002.

In most cases those international financial reporting standards (IFRS) and Solvency II give consistent valuations.

For our annual statutory financial statements we recognise assets and liabilities in line with IFRS. As required under IFRS 13 (Fair Value Measurement), our annual audited statutory financial statements disclose how we value assets and liabilities across level 1, 2 and 3. This is the fair value hierarchy.

- **Level 1:** fair value measurements based on quoted market prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- **Level 2:** fair value measurements based on inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** fair value measurements based on valuation techniques that include inputs for the asset and liability that are based on unobservable market data.

Level 1 and 2 show what's known as a "mark to market" approach. This means values are based on readily available prices in orderly transactions that are sourced externally. Valuations are based on Level 2 measurements when Level 1 measurements are not available.

Level 3 shows a "mark to model" approach. This means values are based on assumptions or financial models. Valuations are based on Level 3 measurements in limited circumstances as described below under "Mark to model".

Where assets are "mark to model" the relevant primary investment manager must maintain supporting documents addressing:

- a description of the process followed (model design) and the data/assumptions it uses (including assessment of data quality)

- the reason why a “mark to market” approach is not possible
- the sign-off process applied in reviewing the valuation and other applicable controls (such as any applicable benchmarking of valuation output to other comparable methods)
- the level of uncertainty in the valuation approach and an assessment of the model’s performance in this case (this should include any particular circumstances where the approach might be ineffective)
- the results of any independent check performed to do with model outputs
- possible alternative valuation models where primary models are complex.

Mark to market

We source prices from third-party, independent pricing sources.

Mark to model

The fair value of the commercial mortgages is calculated based on the discounted present value of future contractual mortgage payments.

Estimation uncertainty

We base estimates and associated assumptions on experience and other factors which we believe to be reasonable under the circumstances. These factors are reflected in our judgements about the valuations of assets and liabilities which are not objectively verifiable. We review the estimates, underlying assumptions and associated uncertainties regularly and revise them where necessary to reflect current conditions.

D.5. Any other information

There is no other important information to report.



Solvency and Financial
Condition Report

Capital Management

This section describes the components of our own funds as at 31 December 2023, as well as the policies and processes we use to make sure we meet all regulatory capital requirements when we manage own funds.

E.1. Own funds

Own funds are how much the value of our assets exceeds the value of our liabilities, where the value of our liabilities includes technical provisions.

E.1.1. Capital Management and Liquidity Policy

Our Capital Management and Liquidity Policy aligns with our strategic objectives, the scale and nature of our business, and our risk profile. This policy makes sure we have enough capital, reserves and liquidity to meet our liabilities as they fall due and to meet our regulatory solvency requirements. It covers a range of stressed scenarios. We set our reserves in line with the conditions set out in our Actuarial Reserving Policy.

We manage our capital so we remain solvent enough to carry out our long-range strategic plan and current business plan within our risk appetite. Through our Enterprise Risk Management framework, we identify all significant risks that could potentially need capital. We actively and regularly review the local capital ratios – the ratio of capital to risk – and the quality of our capital.

We monitor asset cash-flows so that, both in timing and scale, they give us enough liquidity to meet our liabilities as they fall due.

E.1.1.1. Framework for capital management

We aim to manage our own funds so that our solvency ratio stays within a targeted range at all times. This protects us against adverse changes in our overall risk profile, and takes into account our preferences for material risks specified in our Risk Strategy. When setting the target range for the solvency ratio, the board considers the capital projections and stress tests produced as part of the Own Risk and Solvency Assessment (ORSA) process. This process projects the solvency ratio for the next five years.

E.1.1.2. Framework for liquidity management

We monitor our liquidity needs by carrying out regular (at least once a year) projections of cash-flows in and out of the business in both base and stressed scenarios. Incoming cash-flows include premiums and fund management charges and outgoing cash-flows include commissions and expenses. We carry out these projections over the short-, medium- and long-term, and include the projection of new business.

E.1.2. Breakdown of own funds

Own funds are divided into three tiers based on their permanence and how well they can absorb losses. Tier 1 funds are the highest quality. Our entire tier 1 capital is available to meet our Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR).

Breakdown of own funds at 31 December 2023 in € million

	Tier	31-Dec-23	31-Dec-22
Paid-up share capital	1	7.0	7.0
Capital contribution/dividends	1	0.0	0.0
Reconciliation reserve	1	885.8	835.3
Total	1	892.8	842.3

E.1.2.1. Share capital

As at 31 December 2023, we had fully paid-up issued share capital of €7m. We have treated this as tier 1 capital to meet our MCR and SCR. This is because our share capital meets the requirements of Article 71 of the Delegated Regulation (EU) 2015/35 in that it is undated, it is available to absorb losses and it ranks after all other claims if our business were to be wound up.

E.1.2.2. Capital Contribution

As at 31 December 2023, we have no capital contributions.

E.1.2.3. Reconciliation reserve

As at 31 December 2023, we had a reconciliation reserve of €885.8m. It equals the excess of assets over liabilities from the Solvency II balance sheet, reduced for paid up share capital and capital contributions. We have judged this to be tier 1 capital to meet our MCR and SCR.

Our reconciliation reserve at 31 December 2023 in € million

	31-Dec-23	31-Dec-22
Retained earnings (FRS financial statements) adjusted for:	322.7	336.4
Difference in net technical provisions under Solvency II - net of reinsurance	679.3	645.6
Difference in asset valuation under Solvency II	-15.5	1.0
Difference in other liabilities valuation under Solvency II	-15.7	-11.7
Solvency II deferred tax liabilities	-85.0	-101.0
Proposed dividend	0.0	-35.0
Reconciliation reserve	885.8	835.3

See Section E.1.4 for an explanation of the differences between the FRS financial statements and Solvency II.

E.1.2.4. Other instruments

Our own funds do not include any subordinated debt, preference shares or other hybrid instruments.

E.1.2.5. Change in own funds in 2023

Our own funds increased by €50.5m in 2023. The increase of €50.5m is mainly due to growth in our business which was partly offset by dividend payments in 2023.

E.1.3. Eligible own funds to cover SCR and MCR

Whether or not our own funds are eligible to cover our SCR and MCR is governed by:

- Section 3, Subsection 3, Articles 98 to 99 of the Directive 2009/138/EC
- Chapter IV, Section 3, Articles 80 to 82 of the Delegated Regulation (EU) 2015/35.

We have reviewed these guidelines to decide which of our own funds are eligible. Currently, we view all of them as eligible.

At 31 December 2023, we had €892.8m of own funds eligible to meet both our SCR and MCR. This entire amount is classified as tier 1 capital.

Own funds eligible to meet SCR and MCR at 31 December 2023 in € million

	31-Dec-23	31-Dec-22
Own funds		
Tier 1	892.8	842.3
Solvency Capital Requirement	515.1	483.0
Solvency ratio	173.3 %	174.4 %
Minimum Capital Requirement	224.2	195.1
Eligible own funds as a percentage of MCR	398.3 %	431.6 %

We will continue to monitor the eligibility of our own funds every quarter.

E.1.4. Reconciliation from Financial Reporting Standards to Solvency II

This table below shows the difference between the shareholders' funds shown in the financial statements and the own funds for Solvency II in € million

	31-Dec-23	31-Dec-22
Total shareholders' funds from life assurance	329.7	343.4
Difference in technical provisions under Solvency II	679.3	645.6
Difference in Property	15.6	11.7
Removal of deferred acquisition costs	-31.1	-10.7
Financial liabilities other than debts owed to credit institutions	15.7	-11.7
Solvency II deferred tax liabilities	-85.0	-101.0
Proposed dividend	0.0	-35.0
Regulatory adjustments to valuation of assets and liabilities	563.1	498.9
Solvency II own funds	892.8	842.3

These are the key differences between the shareholders' funds in the financial statements and the Solvency II own funds.

- How we value insurance contract liabilities in the financial statements differs from how we value technical provisions under Solvency II. There's more detail on this in section D.2.
- We hold a deferred tax liability for the tax arising on the above differences between financial statements and Solvency II.
- Under Solvency II, we reduce the value of own funds for expected dividend payments.

E.1.5. Transitional measures

We do not use any Solvency II transitional measures.

E.1.6. Ancillary own funds

Under Solvency II, ancillary own funds are funds other than basic own funds that can be used to absorb losses. We do not have any ancillary own funds available to support our Solvency II needs. In the future, if we have ancillary own funds available, we will seek approval from the Central Bank of Ireland to include these in the own funds calculations required by Article 90 of the Directive 2009/138/EC.

E.1.7. Deductions from own funds and restrictions on transferability

We are not required to deduct any items from our own funds. We view all of our own funds as tier 1 capital for the purpose of meeting our MCR and SCR. There are also no significant restrictions on how we can transfer our own funds. We do not have any ring-fenced funds.

There was no foreseeable dividend at 31 December 2023.

E.2. Own funds Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Solvency Capital Requirement

We calculate the Solvency Capital Requirement (SCR) using the Standard Formula. This is the sum of:

- Basic Solvency Capital Requirement (BSCR)
- Solvency Capital Requirement for operational risk
- adjustments for the loss absorbing capacity of technical provisions and deferred taxes.

The BSCR is the sum of the capital requirements arising on the following six risk modules, allowing for diversification benefits:

- market
- counterparty default
- life underwriting
- health underwriting
- non-life underwriting (not relevant to us)
- intangible assets (not relevant to us).

MCR and SCR split by risk module in € million

	31-Dec-23	31-Dec-22
Market risk	196.6	177.0
Counterparty default risk	39.8	89.8
Life underwriting risk	351.7	333.6
Health underwriting risk	202.9	179.1
Diversification benefits	-234.0	-241.8
Total BSCR	557.0	537.7
Operational risk	36.6	37.3
Loss absorbing capacity of technical provisions	-0.7	-0.6
Loss absorbing capacity of deferred tax	-77.7	-91.4
SCR	515.1	483.0
MCR	224.2	195.1

The final amount of our SCR and MCR at 31 December 2023 are subject to supervisory assessment.

Loss Absorbing Capacity of Deferred Tax: The revenue loss incurred under the stressed business conditions underlying the SCR calculation would create a tax loss which could be offset against the Deferred Tax Liability and, if that was not sufficient, it could be used to reduce the tax charge on future New Business profits (at normal budgeted levels for a maximum of 5 years).

The loss absorbing capacity of deferred taxes of €77.7m was fully recoverable from CLE's Deferred Tax Liability of €85.0m. No Deferred Tax Asset was held under Solvency II at 31 December 2023.

E.2.2. Use of simplified methods

We do not use any simplified methods.

E.2.3. Use of undertaking-specific parameters or capital add-ons

We do not use undertaking-specific parameters and have no capital add-ons.

E.2.4. Minimum Capital Requirement**How we calculated the Minimum Capital Requirement at 31 December 2023** in € million

	Amount	Factor	Contribution to MCR
Obligations with profit participation: guaranteed benefits	5,458.1	3.7%	201.9
Obligations with profit participation: future discretionary benefits	1.6	-5.2%	-0.1
Unit-linked insurance obligations	2,223.5	0.7%	15.6
Capital at risk	9,614.3	0.07%	6.7
Total			224.2

- For obligations with profit participations, we include the best estimate of liabilities (allowing for reinsurance) plus the unit reserves on our Unitised-With-Profits business.
- For unit-linked insurance obligations, we include the best estimate of liabilities (allowing for reinsurance) and the unit reserves on our unit-linked business.
- For capital at risk, we include the total benefits in force (net of reinsurance) less reserves held for those benefits.

E.2.5. Changes in the SCR and MCR over the reporting period

Our SCR increased by €32m over 2023. This increase was mainly due to:

- A fall in Euro interest rates
- A reduction in our effective tax rate
- Growth in our business, including persistency and movements in the in-force block
- Market movements

Partially offset by:

- Methodology changes

The MCR increased by €29m over 2023.

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

We do not use the duration-based equity risk sub-module, which is optional under the Solvency II regulations.

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

We use the Standard Formula to calculate the SCR, so there are no differences between the standard model and our internal model.

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

Throughout 2023 we complied with both the MCR and SCR requirements.

E.6. Any other information

We have no additional information about our capital management to disclose in this report.



Solvency and Financial
Condition Report

Appendix

General Information

Undertaking name	Canada Life Assurance Europe plc
Undertaking identification code	213800ZK7A1XGTCD2U22
Type of code of undertaking	LEI
Type of undertaking	Life undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31/12/2023
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02	Balance sheet
S.04.05.21	Premiums, claims and expenses by country
S.05.01.02	Premiums, claims and expenses by line of business
S.12.01.02	Life and health SLT technical provisions
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement - only life or only non-life insurance or reinsurance activity

S.02.01.02 - Balance sheet €'000

Assets		Solvency II value C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	17,225
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	6,245,216
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	58,850
R0100	Equities	2,687,398
R0110	Equities - listed	2,687,398
R0120	Equities - unlisted	0
R0130	Bonds	2,770,982
R0140	Government Bonds	1,057,370
R0150	Corporate Bonds	1,713,611
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	331,668
R0190	Derivatives	2
R0200	Deposits other than cash equivalents	396,315
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	2,404,570
R0230	Loans and mortgages	43,974
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	43,974
R0270	Reinsurance recoverables from:	-133,943
R0280	Non-life and health similar to non-life	0
R0290	Non-life excluding health	0
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding index-linked and unit-linked	-9,920
R0320	Health similar to life	-132,332
R0330	Life excluding health and index-linked and unit-linked	122,412
R0340	Life index-linked and unit-linked	-124,023
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	9,482
R0370	Reinsurance receivables	41,161
R0380	Receivables (trade, not insurance)	15,044

Assets		Solvency II value C0010
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	46,018
R0420	Any other assets, not elsewhere shown	114,586
R0500	Total assets	8,803,332

S.02.01.02 - Balance sheet €'000

Liabilities		Solvency II value C0010
R0510	Technical provisions - non-life	0
R0520	Technical provisions - non-life (excluding health)	0
R0530	TP calculated as a whole	0
R0540	Best Estimate	0
R0550	Risk margin	0
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	5,447,537
R0610	Technical provisions - health (similar to life)	-405,446
R0620	TP calculated as a whole	0
R0630	Best Estimate	-507,513
R0640	Risk margin	102,067
R0650	Technical provisions - life (excluding health and index-linked and unit-linked)	5,852,982
R0660	TP calculated as a whole	6,344,590
R0670	Best Estimate	-610,242
R0680	Risk margin	118,635
R0690	Technical provisions - index-linked and unit-linked	2,168,611
R0700	TP calculated as a whole	2,416,728
R0710	Best Estimate	-317,231
R0720	Risk margin	69,114
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	10,854
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	84,959
R0790	Derivatives	18
R0800	Debts owed to credit institutions	661
R0810	Financial liabilities other than debts owed to credit institutions	15,673
R0820	Insurance & intermediaries payables	104,475
R0830	Reinsurance payables	37,586
R0840	Payables (trade, not insurance)	15,076
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in BOF	

		Solvency II value C0010
Liabilities		
R0870	Subordinated liabilities in BOF	0
R0880	Any other liabilities, not elsewhere shown	25,084
R0900	Total liabilities	7,910,535
R1000	Excess of assets over liabilities	892,797

S.04.05.21 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations €'000

R1010	Life	Top 5 countries (by amount of gross premiums written): life and health SLT					
		Home Country	DE				
		C0030	C0040	C0041	C0042	C0043	C0044
R1020	Gross Premium Written		979,611				
R1030	Gross Earned Premium		979,611				
R1040	Claims Incurred		435,257				
R1050	Gross Expenses Incurred		256,936				

S.05.01.02 - Premiums, claims and expenses by line of business €'000

		Line of Business for: life insurance obligations				Total C0300
		Health insurance C0210	Insurance with profit participation C0220	Index-linked and unit- linked insurance C0230	Other life insurance C0240	
	Premiums written					
R1410	Gross	88,066	676,238	148,716	66,590	979,611
R1420	Reinsurers' share	58,937	141,084	54,669	2,397	257,087
R1500	Net	29,129	535,154	94,047	64,193	722,524
	Premiums earned					
R1510	Gross	88,066	676,238	148,716	66,590	979,611
R1520	Reinsurers' share	58,937	141,084	54,669	2,397	257,087
R1600	Net	29,129	535,154	94,047	64,193	722,524
	Claims incurred					
R1610	Gross	6,299	275,287	146,607	7,065	435,257
R1620	Reinsurers' share	5,495	49,878	24,119	815	80,308
R1700	Net	803	225,409	122,488	6,249	354,949
R1900	Expenses incurred	19,480	81,641	12,813	4,078	118,012
R2510	Balance - other technical expenses/income					
R2600	Total technical expenses					118,012
R2700	Total amount of surrenders		84,012	49,252		133,264

S.12.01.02 - Life and health SLT technical provisions €'000

Page 1 of 2

		Index-linked and unit-linked insurance				Other life insurance			(Life other than health insurance, incl Unit-linked)
		Insurance with profit participation C0020	C0030	Contracts without options and guarantees C0040	Contracts with options or guarantees C0050	C0060	Contracts without options and guarantees C0070	Contracts with options or guarantees C0080	
R0010	Technical provisions calculated as a whole	6,344,590	2,416,728						8,761,317
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	491,023							491,023
	Technical provisions calculated as a sum of BE and RM								
	Best estimate								
R0030	Gross Best Estimate	-775,977			-317,231			165,735	-927,473
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-382,040			-124,023			13,429	-492,634
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	-393,937		0	-193,208		0	152,306	-434,839
R0100	Risk margin	113,480	69,114			5,155			187,749
	Amount of the transitional on Technical Provisions								
R0200	Technical provisions - total	5,682,093	2,168,611			170,890			8,021,594

S.12.01.02 - Life and health SLT technical provisions €'000

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		Health insurance (direct business)			Total (Health similar to life insurance) C0210
		C0160	Contracts without options and guarantees C0170	Contracts with options or guarantees C0180	
R0010	Technical provisions calculated as a whole				0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole				0
	Technical provisions calculated as a sum of BE and RM				
	Best estimate				
R0030	Gross Best Estimate			-507,513	-507,513
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default			-132,332	-132,332
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re			-375,181	-375,181
R0100	Risk margin	102,067			102,067
	Amount of the transitional on Technical Provisions				
R0200	Technical provisions - total	-405,446			-405,446

S.23.01.01 - Own funds €'000

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	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total C0010	Tier 1 unrestricted C0020	Tier 1 restricted C0030	Tier 2 C0040	Tier 3 C0050
R0010	Ordinary share capital (gross of own shares)	6,983	6,983		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	885,814	885,814			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	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	0				
R0230	Deductions for participations in financial and credit institutions	0				
R0290	Total basic own funds after deductions	892,797	892,797	0	0	0

S.23.01.01 - Own funds €'000

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	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total C0010	Tier 1 unrestricted C0020	Tier 1 restricted C0030	Tier 2 C0040	Tier 3 C0050
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/ EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	Total ancillary own funds	0			0	0

S.23.01.01 - Own funds €'000

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	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total C0010	Tier 1 unrestricted C0020	Tier 1 restricted C0030	Tier 2 C0040	Tier 3 C0050
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	892,797	892,797	0	0	0
R0510	Total available own funds to meet the MCR	892,797	892,797	0	0	0
R0540	Total eligible own funds to meet the SCR	892,797	892,797	0	0	0
R0550	Total eligible own funds to meet the MCR	892,797	892,797	0	0	0
R0580	SCR	515,112				
R0600	MCR	224,163				
R0620	Ratio of Eligible own funds to SCR	173.32 %				
R0640	Ratio of Eligible own funds to MCR	398.28 %				
	Reconciliation reserve	C0060				
R0700	Excess of assets over liabilities	892,797				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges	0				
R0730	Other basic own fund items	6,983				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	0				
R0760	Reconciliation reserve	885,814				
	Expected Profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business	757,841				
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0				
R0790	Total Expected profits included in future premiums (EPIFP)	757,841				

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula €'000

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		Gross solvency capital requirement C0110	USP C0090	Simplifications C0120
R0010	Market risk	196,622		
R0020	Counterparty default risk	39,768		
R0030	Life underwriting risk	351,724	0	
R0040	Health underwriting risk	202,854	0	
R0050	Non-life underwriting risk	0	0	
R0060	Diversification	-233,982		
R0070	Intangible asset risk	0		
R0100	Basic Solvency Capital Requirement	556,987		
	Calculation of Solvency Capital Requirement	C0100		
R0130	Operational risk	36,576		
R0140	Loss-absorbing capacity of technical provisions	-749		
R0150	Loss-absorbing capacity of deferred taxes	-77,702		
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC			
R0200	Solvency Capital Requirement excluding capital add-on	515,112		
R0210	Capital add-ons already set			
R0211	of which, capital add-ons already set - Article 37 (1) Type a			
R0212	of which, capital add-ons already set - Article 37 (1) Type b			
R0213	of which, capital add-ons already set - Article 37 (1) Type c			
R0214	of which, capital add-ons already set - Article 37 (1) Type d			
R0220	Solvency capital requirement	515,112		

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula €'000

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		Gross solvency capital requirement C0110	USP C0090	Simplifications C0120
	Other information on SCR			
R0400	Capital requirement for duration-based equity risk sub-module	0		
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0		
	Approach to tax rate	C0109		
R0590	Approach based on average tax rate	No		
	Calculation of loss absorbing capacity of deferred taxes	LAC DT C0130		
R0640	LAC DT	-77,702		
R0650	LAC DT justified by reversion of deferred tax liabilities	-77,702		
R0660	LAC DT justified by reference to probable future taxable economic profit	0		
R0670	LAC DT justified by carry back, current year	0		
R0680	LAC DT justified by carry back, future years	0		
R0690	Maximum LAC DT	0		

S.28.01.01 - Minimum Capital Requirement - only life or only non-life insurance or reinsurance activity €'000


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			Net (of reinsurance/ SPV) best estimate and TP calculated as a whole C0020	Net (of reinsurance) written premiums in the last 12 months C0030
	Linear formula component for non-life insurance and reinsurance obligations			
R0010	MCR _{NL} Result	0		
R0020	Medical expense insurance and proportional reinsurance			
R0030	Income protection insurance and proportional reinsurance			
R0040	Workers' compensation insurance and proportional reinsurance			
R0050	Motor vehicle liability insurance and proportional reinsurance			
R0060	Other motor insurance and proportional reinsurance			
R0070	Marine, aviation and transport insurance and proportional reinsurance			
R0080	Fire and other damage to property insurance and proportional reinsurance			
R0090	General liability insurance and proportional reinsurance			
R0100	Credit and suretyship insurance and proportional reinsurance			
R0110	Legal expenses insurance and proportional reinsurance			
R0120	Assistance and proportional reinsurance			
R0130	Miscellaneous financial loss insurance and proportional reinsurance			
R0140	Non-proportional health reinsurance			
R0150	Non-proportional casualty reinsurance			
R0160	Non-proportional marine, aviation and transport reinsurance			
R0170	Non-proportional property reinsurance			

S.28.01.01 - Minimum Capital Requirement - only life or only non-life insurance or reinsurance activity €'000

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			Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
	Linear formula component for life insurance and reinsurance obligations	C0040	C0050	C0060
R0200	MCRL Result	224,163		
R0210	Obligations with profit participation - guaranteed benefits		5,458,075	
R0220	Obligations with profit participation - future discretionary benefits		1,555	
R0230	Index-linked and unit-linked insurance obligations		2,223,520	
R0240	Other life (re)insurance and health (re)insurance obligations			
R0250	Total capital at risk for all life (re)insurance obligations			9,614,278
	Overall MCR calculation	C0070		
R0300	Linear MCR	224,163		
R0310	SCR	515,112		
R0320	MCR cap	231,800		
R0330	MCR floor	128,778		
R0340	Combined MCR	224,163		
R0350	Absolute floor of the MCR	4,000		
R0400	Minimum Capital Requirement	224,163		



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