Monument Insurance Group Limited

Annual Report

For the year ended 31st December 2023

Contents

Corporate Governance

Directors' Report

Principal Activities

Monument Insurance Group Limited ("MIGL" or the "Company") together with its subsidiaries (the "Group") is a Bermuda based insurance and reinsurance group. MIGL is the ultimate holding company within the group, facilitating funding through ordinary shares.

MIGL has five shareholders, each holding 20% of the issued ordinary voting share capital, made up of a number of institutional and individual investors who are experienced insurance professionals.

The designated insurer of the Group is Monument Re Limited ("Monument Re"), a Bermuda based Class E life reinsurer. With effect from 1st January 2023, MIGL became the head of the Group, for which the BMA acts as insurance Group Supervisor.

Within risk appetite the Group seeks opportunities to acquire European life (re)insurance companies, and efficiently operate these businesses and portfolios. The focus includes two principal areas, namely:

- Acquisition of portfolios or direct insurers, primarily those in run-off and targeting mainly annuity, guaranteed savings or linked products; and
- Reinsurance of in-force blocks of long-dated, asset intensive liabilities, typically with guarantees.

Accounting Records

The measures taken by the Directors to secure compliance with the Company's obligations to keep adequate accounting records are the use of appropriate systems, procedures and controls, and the employment of competent persons. The accounting records are kept at Crown House, 4 Par-la-Ville Road, Hamilton, HM08, Bermuda.

Accounting Period-End

These Consolidated Financial Statements are prepared for the year ended 31st December 2023.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Consolidated Financial Statements have been compiled on a going concern basis.

Auditors

PricewaterhouseCoopers Ltd. are the appointed auditors for the Company.

Results and Dividends

Results for the year are set in the Consolidated Statement of Comprehensive Income below and show a loss before tax of €127.1 million on ordinary activities for the year ended 31st December 2023. Dividends of €37.4 million were paid to the preferred shareholders during the year ended 31st December 2023.

Business Review

On 30th June 2023, following receipt of regulatory approval from the National Bank of Belgium, the Company, through its subsidiary, Monument Assurance Belgium, completed the acquisition of a run-off life insurance portfolio from Federale Verzekering ("Federale Belgium Portfolio Transfer").

Preferred Share Drawdown
At 31st December 2022, there were €233 million of committed unissued preference shares. These shares were drawn down during the second quarter in April 2023.

Capitalisation and Bonus Share Issuance
During December 2023 MIGL capitalised €300 million of its distributable reserves (retained earnings) by way of issuing ordinary shares of par value EUR 0.8734 as fully paid bonus shares to its existing common shareholders on a pro rata basis.

During March 2023, MIDCO capitalised €167 million of its distributable reserves (retained earnings) in the form of a bonus issue to MIGL of 191 million ordinary voting shares of par value €0.8734 each.

For additional information on the Group structure, including reports from the Chairman, Chief Executive Officer as well as a summary of the Capital Management and Risk policies of the Group please refer to the Annual Report of Monument Re Limited.

Directors

The names of the persons who were Directors during the year ended 31st December 2023 and to the date of this report are set out below:

Director	Date Appointed
Jonathan Yates	12th April 2016 (resigned 12th December 2023)
Michael Winkler	1st March 2017
Clive Rowe	1st March 2017
Paul Bohus	4th May 2017 (resigned 3rd January 2023)
Robert Morgan	26th January 2023
Carlo Elsinghorst	25th April 2023
Lesley Caslin	25th April 2023
Michael Kastenholz	27th October 2023
Monika Machon	27th October 2023

Events after the Period End

Please see Note 24 to the Consolidated Financial Statements.

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations.

Disclosure of Information to Auditors

The Directors in office at the date of this report have each confirmed that as far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of all the relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Statement of Directors' Responsibilities

Bermuda law requires the Directors to prepare consolidated financial statements for each financial period that give a true and fair view of MIGL, together with its subsidiaries' (the "Group"), assets, liabilities and financial position at the end of the financial period and the profit or loss of the Group for the financial year. Under that law, the Directors have prepared the Consolidated Financial Statements in accordance with Generally Accepted Accounting Practice in UK & Ireland (accounting standards issued by the Financial Reporting Council of the UK, and promulgated by the Institute of Chartered Accountants in Ireland and Irish law), including Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102"), and Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103").

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- Correctly record and explain the transactions of the Group;
- Enable, at any time, the assets, liabilities, financial position and profit or loss of the Group to be determined with reasonable accuracy; and
- Enable the Directors to ensure that the consolidated financial statements comply with FRS 102 and FRS 103 and enable those consolidated financial statements to be audited.

Under Bermuda law, the Directors shall not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the Group's assets, liabilities and financial position as at the end of the financial period and the profit or loss of the Group for the financial period.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the consolidated financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the Notes to the Financial Statements;

- Notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- Prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Director
29th April 2024

Director
29th April 2024

Independent auditor's report

To the Board of Directors and Shareholders of Monument Insurance Group Limited

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Monument Insurance Group Limited (the Company) and its subsidiaries (together 'the Group') as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include the statement of accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the consolidated financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts", and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants
Hamilton, Bermuda

29 April 2024

Consolidated Statement of Comprehensive Income
General Business Technical Account
For the years ended 31st December 2023 and 2022

	Notes	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Earned premiums, net of reinsurance			
Gross premiums written	*4*	5,167	12,168
Net premiums earned		5,167	12,168
Investment income	*5*	206	259
Losses on realisation of investments	*5*	(19)	(574)
Unrealised gains/(losses) on investments	*5*	343	(242)
Other technical income, net of reinsurance		(70)	—
Claims incurred			
Claims paid			
- gross amount	*15*	(3,689)	(4,590)
Net claims paid		(3,689)	(4,590)
Change in the provision for claims			
- gross amount	*15*	4,871	(1,487)
Change in the net provision for claims		4,871	(1,487)
Claims incurred		1,182	(6,077)
Operating expenses	*6*	(3,844)	(4,189)
Foreign exchange losses		(20)	(216)
Balance on the general business technical account		**2,945**	**1,129**

Consolidated Statement of Comprehensive Income
Long-Term Business Technical Account
For the years ended 31st December 2023 and 2022

	Notes	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Earned premiums, net of reinsurance			
Gross premiums written	*4*	490,339	4,083,929
Outward reinsurance premiums		(10,068)	(12,522)
Net premiums earned		480,271	4,071,407
Investment income	*5*	340,538	74,078
Losses on realisation of investments	*5*	(4,762)	(285,436)
Unrealised gains/(losses) on investments	*5*	320,616	(1,223,900)
Gains / (Losses) from deposits with ceding undertakings	*5*	212,152	(457,113)
Other technical income, net of reinsurance		24,686	12,234
Other income / (expense)		(18,299)	535
Claims incurred, net of reinsurance			
Claims paid			
- gross amount	*15*	(1,401,054)	(1,043,572)
- reinsurers' share	*15*	5,724	5,073
Net claims paid		(1,395,330)	(1,038,499)
Change in the provision for claims			
- gross amount	*15*	126,295	(639,435)
- reinsurers' share	*15*	(6,012)	(35,003)
Change in the net provision for claims		120,283	(674,438)
Net claims incurred		(1,275,047)	(1,712,937)
Operating expenses	*6*	(182,725)	(273,720)
Other technical charges, net of reinsurance		1,770	(45,444)
Foreign exchange losses		(6,099)	(24,945)
Tax on profit on the long-term business account	*7*	(5,638)	(28,690)
Balance on the long-term business technical account		**(112,537)**	**106,069**

Consolidated Statement of Comprehensive Income
Non-Technical Account
For the years ended 31st December 2023 and 2022

	Notes	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Balance on the General business technical account		2,945	1,129
Balance on the Long-term business technical account		(112,537)	106,069
Tax credit attributable to balance on General and Long-term business	*7*	5,638	28,690
Shareholder's pre-tax profit/(loss) from technical accounts		**(103,954)**	**135,888**
Investment income	*5*	2,164	(25)
Unrealised gains/(losses) on investments	*5*	144	(424)
Other income		2,520	3,454
Gain on acquisition	*2*	—	37,063
Foreign exchange gains/(losses)		1,180	(866)
Operating expenses	*6*	(29,156)	(36,124)
Profit/(loss) on ordinary activities before tax		**(127,102)**	**138,966**
Tax on profit/(loss) on ordinary activities	*7*	(5,638)	(28,688)
Profit/(loss) on ordinary activities after tax		**(132,740)**	**110,278**
Profit/(loss) on ordinary activities after tax attributable to:			
Shareholder		(90,529)	100,437
Non-controlling interests		(42,211)	9,841
		(132,740)	110,278
Total comprehensive income/(loss) after tax		**(132,740)**	**110,278**
Total comprehensive income/(loss) after tax attributable to:			
Shareholder		(90,529)	100,437
Non-controlling interests		(42,211)	9,841
		(132,740)	110,278

The accounting policies and estimation techniques in the Statement of Accounting Policies and Notes to the Financial Statements below form an integral part of these Consolidated Financial Statements.

All of the amounts above relate to continuing activities.

Consolidated Statement of Financial Position
As at 31st December 2023 and 2022

	Notes	31st December 2023 €'000		31st December 2022 €'000	
Assets					
Investments					
Investment property	*8*	374,110		549,774	
Investments in participating interests		2,119		8,213	
Other financial investments	*10*	8,149,150		8,377,618	
Deposits with ceding undertakings	*10,17*	2,892,621		2,981,657	
		11,418,000		11,917,262	
Assets covering unit-linked liabilities	*10,11*	1,489,517		1,503,398	
Reinsurers' share of technical provisions					
Long-term business provision	*15*	592		1,952	
Technical provisions for unit-linked liabilities	*15*	70,309		71,714	
		70,901		73,666	
Debtors					
Debtors arising out of direct insurance and reinsurance operations	*13*	774,547		832,281	
Other debtors	*13*	1,031,340		37,560	
		1,805,887		869,841	
Cash and cash equivalents		1,274,075	*[1]*	1,158,298	*[1]*
Intangible assets	*12*	17,932		19,682	
Other assets		8,234		7,301	
Prepayments and accrued income					
Accrued interest		76,606		75,544	
Other prepayments and accrued income		14,938		12,137	
		91,544		87,681	
Total assets		**16,176,090**		**15,637,129**	

[1] Of the Cash and cash equivalents balance at the year end the restricted amount is €35.1 million (2022: €55.2 million).

Consolidated Statement of Financial Position – Continued
As at 31st December 2023 and 2022

	Notes	31st December 2023 €'000	31st December 2022 €'000
Liabilities, Capital and Reserves			
Capital and reserves			
Called up share capital	*14*	300,873	873
Preference shares	*14*	533,641	300,308
Profit and loss account		240,564	678,205
Other comprehensive income		(370)	(370)
Total shareholder's equity		1,074,708	979,016
Non-controlling interests	*14*	12,761	54,972
Total capital and reserves		1,087,469	1,033,988
Liabilities			
Technical provisions			
Long-term business provision	*15*	10,612,012	10,813,993
General business provision	*15*	3,114	8,712
Technical provisions		10,615,126	10,822,705
Technical provisions for linked liabilities	*10,11*	1,803,384	1,704,931
Reinsurance liability	*15*	106,178	101,645
Creditors			
Creditors arising out of direct insurance operations	*18*	88,428	73,544
Creditors arising out of reinsurance operations	*18*	738,554	843,883
Amounts owed to credit institutions	*16*	509,361	570,777
Other financial liabilities	*17, 23*	122,019	313,826
Other creditors including taxation and social security	*19*	1,064,810	143,511
		2,523,172	1,945,541
Accruals and deferred income		40,761	28,319
Total liabilities and equity		**16,176,090**	**15,637,129**

The accounting policies and estimation techniques in Statement of Accounting Policies and Notes to the Financial Statements below form an integral part of these Consolidated Financial Statements.

On behalf of the Board

Director	Director
29th April 2024	29th April 2024

Consolidated Statement of Changes in Equity
For the years ended 31st December 2023 and 2022

	Called up share capital €'000	Preference shares €'000	Profit and loss account €'000	Other comprehensive income €'000	Total shareholder's equity €'000	Non-controlling interests €'000	Total capital and reserves €'000
Balance at 1st January 2023	**873**	**300,308**	**678,205**	**(370)**	**979,016**	**54,972**	**1,033,988**
Loss on ordinary activities, after tax	—	—	(90,529)	—	(90,529)	(42,211)	(132,740)
Total comprehensive income, net of tax	—	—	(90,529)	—	(90,529)	(42,211)	(132,740)
Dividend distributions - preference shares	—	—	(37,388)	—	(37,388)	—	(37,388)
Preference share issuances	—	233,333	—	—	233,333	—	233,333
Ordinary share issuances	300,000	—	(300,000)	—	—	—	—
Changes in Ownership Interests in Subsidiaries	—	—	(9,724)	—	(9,724)	—	(9,724)
Total transactions with owners, recognised directly in equity	300,000	233,333	(347,112)	—	186,221	—	186,221
Balance at 31st December 2023	**300,873**	**533,641**	**240,564**	**(370)**	**1,074,708**	**12,761**	**1,087,469**

	Called up share capital €'000	Preference shares €'000	Profit and loss account €'000	Other comprehensive income €'000	Total shareholder's equity €'000	Non-controlling interests €'000	Total capital and reserves €'000
Balance at 1st January 2022	**873**	**300,308**	**594,506**	**(370)**	**895,317**	**45,131**	**940,448**
Profit on ordinary activities, after tax	—	—	100,437	—	100,437	9,841	110,278
Total comprehensive income, net of tax	—	—	100,437	—	100,437	9,841	110,278
Dividend distributions - preference shares	—	—	(16,738)	—	(16,738)	—	(16,738)
Total transactions with owners, recognised directly in equity	—	—	(16,738)	—	(16,738)	—	(16,738)
Balance at 31st December 2022	**873**	**300,308**	**678,205**	**(370)**	**979,016**	**54,972**	**1,033,988**

Consolidated Statement of Cash Flows
For the years ended 31st December 2023 and 2022

	Notes	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Net cash from operating activities	*22*	**(640,076)**	**2,329,039**
Interest received/(paid)		147,437	75,333
Net cash generated from operating activities		**(492,639)**	**2,404,372**
Cash flow from investing activities			
Acquisition of subsidiary (net of cash acquired)		—	4,062
Disposal of associates		6,094	30,936
Proceeds from the sale of investments		3,440,088	5,180,445
Purchases of investments		(3,082,925)	(7,152,553)
Purchases of investment properties		181,761	—
Sale of investment properties		(43,275)	56,131
Net cash used in investing activities		**501,743**	**(1,880,979)**
Cash flow from financing activities			
Debt repaid		(62,790)	(663,222)
Capital contribution		233,333	—
Dividends paid on preference shares		(37,388)	(16,738)
Acquisition of non-controlling interests		(9,724)	—
Interest paid		(17,437)	(15,979)
Net cash generated from financing activities		**105,994**	**(695,939)**
Net increase in cash and cash equivalents		**115,098**	**(172,546)**
Cash and Cash Equivalents at the beginning of the year		1,158,298	1,316,066
Effect of exchange rate on cash and cash equivalents		679	14,778
Cash and Cash Equivalents at the end of the year		**1,274,075**	**1,158,298**

Statement of Accounting Policies

General Information

Monument Insurance Group Limited ("MIGL" or the "Company") together with its subsidiaries (the "Group") is a Bermuda based insurance group. MIGL is the ultimate holding company within the group, facilitating funding through ordinary shares. The designated insurer of the Group is Monument Re Limited ("Monument Re"), a Bermuda based Class E life reinsurer. The Company is a private company incorporated in Bermuda with its principal place of business being Crown House, 4 Par-la-Ville, Hamilton, HM08, Bermuda.

Statement of Compliance

The Consolidated Financial Statements have been prepared in compliance with United Kingdom Accounting Standards ("UK GAAP"), including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the UK and Republic of Ireland'' (''FRS 102''), and Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103").

New disclosure requirements and changes in accounting policies

Except for the OECD Pillar Two amendments (see section below) there were no other amendments to standards that apply from 1st January 2023 and we have therefore not disclosed any changes in accounting policies in these financial statements.

Global Implementation of OECD Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development ('OECD') published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules ("GloBE") Pillar Two: Inclusive Framework on BEPS, hereafter referred to as the 'OECD Pillar Two model rules' or 'the rules'. The rules are designed to ensure that large multinational enterprises within the scope of the rules pay a minimum level of tax on the income arising in a specific period in each jurisdiction where they operate. In general, the rules apply a system of top-up taxes that brings the total amount of taxes paid on an entity's excess profit in a jurisdiction up to the minimum rate of 15%. The rules will come into effect for in-scope businesses with accounting periods beginning on or after 31st December 2023.

The Monument Group is within the scope of the OECD Pillar Two model rules. Although no Pillar Two legislation has yet been enacted in Bermuda, several jurisdictions in which the Group has a taxable presence have enacted legislation that is consistent with the Pillar Two Model rules. Some of the provisions in the latter rules are effective from 1st January 2024, while others will not apply until 1st January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, the Group could be liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. While some entities in the Group have an effective tax rate that exceeds 15%, others have an effective tax rate that is below 15%. Thus, for instance, income that arises in some jurisdictions such as Bermuda and the Isle of Man is currently subject to an effective tax rate of 0%. Moreover the statutory tax rate in Ireland is currently 12.5%.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the substantively enacted legislation is not yet reasonably estimable. The Group notes that, even though the effective tax rate of some of its entities is below 15%, there are some factors that could reduce the incidence of top-up taxes under the Pillar Two rules. These include the potential impact of the new Bermuda Corporate Income Tax rules and the availability of certain reliefs which limit the applicability of top-up tax for jurisdictions in which profits and/or revenues are below de minimis levels. The Group is currently engaging with tax specialists to ensure that it is able fully to comply with the Pillar Two rules.

Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the Consolidated Financial Statements are set out below.

Basis of Presentation

The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit and loss. The preparation of Consolidated Financial Statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in Critical Accounting Judgements and Estimation Uncertainty below.

In addition, certain items were reclassified to conform to the current year presentation.

a. Going Concern

When preparing Consolidated Financial Statements, management performs an assessment of the Company's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity, cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the date when the Consolidated Financial Statements are authorised for issue. The Consolidated Financial Statements are compiled on a going concern basis, unless management determines in their assessment applying the above criteria that such a basis of presentation would not be appropriate.

b. Basis of Consolidation

The Consolidated Financial Statements include the financial statements of the Company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company consolidates its investees when it owns directly or indirectly through its subsidiaries more than 50% of voting power of that entity, unless it can be clearly demonstrated that such ownership does not constitute control. The Company also consolidates its investees when it has less than 50% of voting power of that entity, however it has control based on other factors.

Any subsidiary undertakings or associates sold or acquired during the period are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business Combinations and Goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued as would be determined by an independent market participant plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Intangible assets acquired as part of an acquisition of a business are not capitalised separately from goodwill unless, based on circumstances, such recognition would provide meaningful information and the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions. Where asset value-in-force ("VIF" or “AVIF”) related to acquired unit-linked investment products is beneficial to the Company, it is recognized as an intangible asset. AVIF related to non-linked business is offset against technical provisions. Amortization pattern is based on the expected run-off of the unit linked assets, based on the lapse rate assumed on the acquisition date (the AVIF should generally move in line with the unit linked assets). Impairment analysis is required to be performed annually. Impairment is driven by excessive lapses rather than market movements post acquisition.

Goodwill represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company’s interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Where the fair value of the Company’s interest in the assets, liabilities and contingent liabilities acquired exceeds the fair value of the purchase consideration and directly attributable costs, a gain on acquisition arises. The gain up to the value of the monetary assets and liabilities over which it has been attributed is recognized in the Consolidated Statements of Comprehensive Income for the period in which the Company is expected to benefit. Any material non-monetary residual balance is recognized in the Consolidated Statements of Financial Position and released to profit and loss over the period in which said assets are recovered.

Portfolio Transfer

Transferred assets and liabilities are valued in accordance with the Company’s accounting policies for specific assets and liabilities. The Company presents the compensation received as premiums within Gross premiums written and losses transferred are recorded within Claims incurred - Change in the provision for claims in the Consolidated Statements of Comprehensive Income.

Basis of Accounting for Insurance and Reinsurance Business

a. Contract Classification

The Group issues or assumes contracts that transfer insurance risk, financial risk or both. The contracts issued or assumed by the Group include savings and protections contracts, annuity risks and unit-linked products.

Insurance contracts are those contracts that transfer significant insurance risk or contracts designated as discretionary participation contracts. Such contracts may also transfer financial risk. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk and are not contracts designated as discretionary participation contracts. Unit-linked contracts written by the Company, where the liability under the contract is dependent on the value of the underlying financial assets, are classified as either insurance contracts or investment contracts depending on the level of insurance risk transferred.

b. Insurance and Reinsurance Business

- *Premiums Written - Long-term and General Business*

Premiums are written and earned when due for payment, irrespective of whether they relate in whole or in part to a later accounting period, together with regular periodic premiums received on contracts entered into in previous years. Any related commissions are expensed as incurred.

- *Claims - Long-term and General Business*

Claims are accounted for when notified or due for payment. Claims payable include related external claims handling costs.

- *Technical Provision - Long-term and General Business*

The Company measures its insurance contract liabilities using the requirements of UK GAAP. Best Estimate Liabilities (“BEL”) are calculated using the gross premium valuation method. An allowance for adverse deviation from best estimate is made through the addition of the risk margin ("RM").

The BEL is based on an assessment of cash flows required to satisfy insurance obligations. Best estimate corresponds to a probability weighted average of future cash flows with an allowance, where applicable, for contract boundaries. The BEL is determined by discounting the best estimate cash flows at the applicable curve depending on the underlying approach adopted. The currency of the curve is represented by the currency of the policyholder liabilities.

For asset intensive business, where appropriate, the Company uses a discount curve based on the expected yield on the actual portfolio of assets assigned to the block of business. For non-asset intensive business the Company uses the BMA risk free curves. There may be situations where it is not appropriate to use the asset based curves for asset intensive business, such as those portfolios where the assets currently held are not sufficiently cashflow matched. In these situations either the risk-free or standard BMA curves will be used to discount the liabilities.

The cash flow projections used in the calculation of the best estimate take account of all future cash in- and out-flows required to settle the insurance obligations attributable to the lifetime of the policy, subject to contract boundaries. The cash flows are defined to continue up to the point at which:

- The insurer is no longer required to provide coverage;

- The insurer has the right or the practical ability to reassess the risk of the particular policyholder and, as a result, can set a price that fully reflects that risk; and
- The insurer has the right or the practical ability to reassess the risk of the portfolio that contains the contract and, as a result, can set a price that fully reflects the risk of that portfolio.

The RM reflects uncertainty inherent in the best estimate cash flows and reflects the cost of capital that a third party would apply were it to provide a price for the assumption of the BEL. It follows a cost of capital approach, using 6% cost of capital charge. It includes an allowance for insurance, operational and counterparty risk capital, projected over the contract period and discounted at risk-free. The risk-free curve used is given by the reporting currency, EUR.

We consider this to be an appropriate approximation of fair value, and consistent with how the business is managed more generally.

Where reserves on policies are negative (i.e. an asset rather than a liability) the negative reserve is offset against positive reserves for policies within the same grouping.

Liability adequacy testing on its insurance liabilities is performed to ensure that the carrying amount of the liabilities is sufficient to cover current estimates of future cash flows. When performing the liability adequacy test, the Company discounts all contractual cash flows and compares this amount with the carrying value of the liability. Any deficiency is immediately charged to the Consolidated Statements of Comprehensive Income by establishing a provision for reserves.

For general insurance products, the same approach is adopted as used for calculating the long-term business provision.

- *Discretionary participation features*

A discretionary participation contract entitles the policyholder to receive bonuses as a supplement to guaranteed benefits. Bonuses are declared and credited annually.

These discretionary increases or bonuses increase policy benefits and, once credited, become guaranteed. Discretionary increases or bonuses are recognized in the Consolidated Statements of Comprehensive Income within ‘Change in the net provision for claims’.

- *Reinsurance*

The Company cedes insurance premiums and risk in the normal course of business. Outwards reinsurance premiums are accounted for in the same accounting period as the related premiums for the direct insurance business being reinsured. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses, ceded unearned premiums and ceded future life policy benefits. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Amounts recoverable under reinsurance contracts are assessed for impairment at each Statement of Financial Position date. If objective evidence of impairment exists, reinsurance assets are reduced to the level at which they are considered to be recoverable and an impairment loss is recognised in the technical account. Reinsurance commission is earned in accordance with conditions of the underlying reinsurance agreements.

Modified coinsurance ("Modco") is a type of reinsurance agreement where the ceding company retains the assets with respect to all policies reinsured and establishes and retains the total reserves on the policies, thereby creating an obligaiton to render payments to the reinsurer at a later date. The value of the Modco assets and liabilities is based on the fair value of the assets retained and the reserve value of the liabilities ceded.

- *Deposits with ceding undertakings*

Deposits with ceding undertakings represents a receivable for assets held by ceding companies in accordance with reinsurance agreements in which the Company acts as the reinsurer. The assets withheld by the ceding company are legally owned by those companies, however the assets are legally segregated from other accounts of the cedants and all economic rights and obligations on the underlying assets accrue to the Company. The assets are required to be sufficient to meet the associated policyholder obligations and any surplus or shortfall is periodically settled. The asset is recorded at fair value determined based on the fair value of the assets held on the Company's behalf by the ceding company.

- *Unit-linked investment contracts*

These represent portfolios maintained to meet the specific investment objectives of policyholders who bear the credit, market and liquidity risks related to the investments. Financial liabilities in respect of unit-linked investment contracts are measured at fair value through profit and loss and are presented in the Consolidated Statements of Financial Position within 'Technical provisions for linked liabilities'. Fair values are determined at each reporting date by reference to the underlying financial assets and fair value adjustments are recognised in the Consolidated Statements of Comprehensive Income. Deposits and withdrawals in respect of unit-linked investment contracts are recorded directly as an adjustment to the liability to the policyholder in the Consolidated Statements of Financial Position. Fees from unit-linked investment contracts (included in 'Other technical income') and investment income and interest payable on contract balances are recognised in the Consolidated Statements of Comprehensive Income in the year they are assessed unless they relate to services to be provided in future years, in which case they are deferred and recognised as the service is provided. The liability is derecognised when the contract expires, is discharged or is cancelled.

Foreign Currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions, except where this is not practical and the average exchange rates do not fluctuate significantly during the reporting period. The Company uses the posting date as an approximation of the date of the transaction.

At the end of each financial period foreign currency monetary items are translated to the functional currency using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial period of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statements of Comprehensive Income.

For subsidiaries for which their local functional currency is not consistent with the functional currency of the Group, the results and financial position of the subsidiary are translated to the Group's functional currency as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date;
- Income and expenses are translated at the average rate of exchange during the period; and

- All resulting exchange differences are recognised in Foreign currency translation reserve in the Capital and Reserves section of the Consolidated Balance Sheets.

Financial Instruments Presented as Equity

An equity instrument is a contract that references a residual interest in the net assets of an entity:
(i) for which there is no contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with another entity, on unfavourable or potentially unfavourable terms; or

(ii) which cannot be settled in a variable number of the entity's own equity instruments or other than by exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Preference shares that are redeemable at issuer's discretion and have no mandatory dividends are recorded in equity.

Equity shares and preference shares are recognised when issued. Incremental costs directly attributable to the issue of new equity shares or options, if material, are shown in equity as a deduction, net of tax, from the proceeds.

A non-controlling interest in the net assets of a subsidiary is included in equity.

Dividend Recognition

A dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are declared.

Cash and Cash Equivalents

Cash and cash equivalents includes cash-in-hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial Instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

- *Basic Financial Assets*

  Basic financial assets, including cash, trade and other debtors, short-term deposits and investments in corporate bonds are initially recognised at transaction price (including transaction costs).

  Cash, trade and other debtors are subsequently measured at amortised cost using the effective interest method. The Company's corporate bonds, equities, loans and certain term deposits are upon their initial recognition designated as at fair value through profit and loss (see Other Financial Assets for further discussion).

- *Other Financial Assets*

  Other financial assets are initially recognised at transaction price excluding transaction costs except for any other financial assets not measured at fair value through profit and loss. Other financial assets, as well as corporate bonds, equities, loans and certain term deposits are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

  Realised gains and losses on investments carried at fair value through profit and loss are calculated as the difference between net sales proceeds and carrying value. In the case of investments included at amortised cost, realised gains and losses are calculated as the difference between sale proceeds and their latest carrying value. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

  The Company uses derivatives to meet risk management objectives. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

  Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

  At the end of each financial period, financial assets measured at amortised cost and equities whose fair values cannot be measured reliably are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired, an impairment loss is recognised in the Consolidated Statements of Comprehensive Income. The impairment loss is reversed if, in a subsequent period, the amount of an impairment loss decreases as a result of an event occurring after the impairment was recognized.

- *Assets covering Unit-linked Liabilities*

  Assets covering linked liabilities include managed funds which hold equities, corporate bonds, cash and cash deposits and derivatives. These assets are measured at fair value at each reporting date.

- *Financial Liabilities*

  Basic financial liabilities, including trade and other creditors and bank loans are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest method.

  Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Borrowing costs are not capitalized.

Investment Property

Investment property is initially recognized at cost comprising its purchase price and any directly attributable expenditure and is subsequently measured at fair value with changes in fair value recognised in the Consolidated Statements of Comprehensive Income.

Investments in Participating Interests

Investments in participating interests are accounted for at fair value.

Fair Value Measurements

The Company measures certain financial instruments, such as debt securities, equities whose values can be measured reliably, loans, certain term deposits and derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The values of financial assets and financial liabilities are measured at fair values that are quoted in active markets based on bid prices for financial assets or ask prices for financial liabilities.

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

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

Investment Income

Investment income includes interest and dividend income and is net of investment expenses and withholding taxes.

Interest income is recognised as it accrues.

Dividend income is recognised when the right to receive payment is established.

Leases

Leases that do not meet the criteria for a financial lease are recognized by the Company as an operating lease. The expenses are recognized on a straight-line basis.

The Company recognises lease income from operating leases (excluding amounts for services such as insurance and maintenance) in profit or loss on a straight-line basis over the lease term. The related asset is recognized based on its nature.

The Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The net investment in a lease, consisting of minimum lease payments receivable and any unguaranteed residual value, is discounted at the interest rate implicit in the lease.

Employee Benefits

The Group operates a number of annual bonus plans for employees. An expense is recognised in the Consolidated Statements of Comprehensive Income when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

In addition to the annual bonus plans for employees, the Company also operates a long-term incentive plan ("LTIP"). An expense is recognized when the Company has a legal or constructive obligation to make payments under the LTIP as a result of past events and a reliable estimate of the obligation can be made. The Company recognises a liability under the LTIP measured at the present value of the benefit obligation at the reporting date.

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Income Tax

Income tax expense for the financial period comprises current and deferred tax. Income tax expense is presented in the same component of total comprehensive income (profit and loss reserve or other comprehensive income) as the transaction or other event that resulted in the income tax expense. Current or deferred tax assets and liabilities are not discounted.

- *Current Tax*

  Current tax is the amount of income tax payable in respect of the taxable profit for the financial period or past financial periods. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial period.

- *Deferred Tax*

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the Consolidated Financial Statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial periods different from those in which they are recognised in the Consolidated Financial Statements.

Deferred tax is recognised on all timing differences at the end of each financial period with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial period end and that are expected to apply to the reversal of the timing difference.

Assets Held for Sale and Discontinued Operations

The decision to sell an asset, or plans to discontinue the operation to which an asset belongs, is considered an impairment indicator, which triggers an impairment review for assets subject to this guidance. If the impairment review indicates that a loss should be recognised and such loss can be allocated to the available assets it is recognised immediately in the profit or loss. Any loss that remains unallocated will be recognized once the sale completes.

Related Party Transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. This disclosure includes transactions with shareholders and Directors. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Consolidated Financial Statements.

Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements made in the process of preparing the Consolidated Financial Statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonably possible under the circumstances.

a. Critical Judgement in Applying the Entity’s Accounting Policies

In the application of the Company’s accounting policies, as described in the Statement of Accounting Policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

b. Critical Accounting Estimates and Assumptions

The Directors make estimates and assumptions concerning the future of the Company in the process of preparing the Company’s Consolidated Financial Statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- *Technical Provisions*

The estimation of the ultimate liability arising from claims under life insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for those claims. Estimates are made to the expected number of claims for each of the periods in which the Company is exposed to risk. The calculation incorporates assumptions regarding average claims costs, durations and delay factors. The life assurance provision is based on assumptions in relation to mortality, persistency, expenses, inflation and the discount rate.

- *Fair Value Measurements* – see Note 10 for further details.

1. Risk Management

a. Framework

The Company applies a risk governance framework aligned to the "Three Lines of Defence" model for Enterprise Risk Management. Such a model is widely adopted across the financial services industry and allows for appropriate segregation of risk ownership, oversight and assurance responsibilities.

- 1st line of defence: individuals and committees with direct responsibility for the management, control and reporting of risk;
- 2nd line of defence: individuals and committees with responsibility for the design, coordination, oversight of the effectiveness and integrity of Monument Re's risk management and internal control framework; and
- 3rd line of defence: individuals providing independent assurance and challenge in respect of the effectiveness and integrity of the risk management framework and the internal control framework.

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

The Board is ultimately accountable to ensure the effective implementation of the risk management framework, which the Board reviews and approves at least annually. The Risk and Compliance Committee is a committee of the Board and assists the Board by providing leadership, direction and oversight with regard to the risk management framework and other risk matters.

The risk management function, led by the Group Chief Risk Officer ("CRO"), supports the Board and its Committees in discharging their risk management-related responsibilities. The risk management function also provides challenge to the business, consistent with the three lines of defence risk governance model outlined above.

The risk management framework includes the following overarching components:

- Risk strategy and appetite, aligned to the Company's business strategy;
- Risk tolerances, limits and triggers; and
- Risk management policies and ongoing processes to identify, measure, monitor, manage and report risk.

The material risks addressed by the risk management framework include:

- Market Risk;
- Insurance Risk:
- Credit Risk;
- Operational Risk;
- Liquidity Risk;
- Group Risk;
- Strategic Risk; and

- Sustainability Risk.

The risk management framework addresses both existing and emerging risks and includes the following key risk management tools:

- Risk and Control Self-Assessment (“RCSA”);
- Event and Issue Management;
- Risk Reviews;
- Stress and Scenario Testing;
- Capital and Liquidity Projections; and
- Emerging Risk Analysis.

A period of integration is typically required in order that the risk management framework can be embedded within newly acquired businesses.

At least annually, the Company carries out a Commercial Insurer Solvency Self-Assessment and ensures that a Group Solvency Self-Assessment is performed. Stress and scenario testing and capital and liquidity projections are key aspects, as is the assessment of management actions available to mitigate risk and support capital or liquidity, either pre-emptively or in response to stress events. The results are used principally to review the appropriateness of capital and liquidity planning and to assess financial and operational resilience.

b. Market Risk

Market risk is the risk of loss or other adverse impact on the Group arising from movements in markets. The principal exposures of the Group are to interest rates, credit spreads, foreign exchange rates (currency risk), inflation rates, property and equities (and associated basis risk from hedging).

- *Interest Rate Risk*

Movements in interest rates impact the value of fixed interest assets, policyholder liabilities and associated regulatory capital requirements. The Group mitigates this risk by holding assets (including derivatives) with a slightly greater sensitivity to interest rate movements than the policyholder liabilities. This approach acts to protect Monument Re from the consequential changes to regulatory capital requirements resulting from interest rate movements. Monument Re manages its interest rate exposures in accordance with its investment and hedging policies that have strict tolerances, applied across the interest rate curve, which are monitored against the benchmark derived for each sub-portfolio. At the valuation date, Monument Re held some short term derivative positions which has temporarily caused the interest rate down risk to increase above its normal level.

Sensitivities (€'000)	Net Assets Delta	Description
Interest Rate Up Risk	(52,299)	100 basis points ("bps") parallel shift up in interest rates
Interest Rate Down Risk	154,644	100 bps parallel shift down in interest rates

- *Credit Spread Risk*

At 31st December 2023, Monument Re had a €9,619.0 million portfolio of fixed income and mortgage fund investments. Movements in spreads impact the market value of these fixed interest assets. At 31st December 2023, a 50 basis point increase in spreads reduces net assets by €38.8 million. A 50 basis point decrease in spreads increases net assets by €50.1 million.

- *Currency risk*

The Group recognises two forms of currency risk:

- Currency risk where there is a mismatch between assets and liabilities by currency (‘Currency Mismatch Risk’). The Company has very low risk appetite for this risk and mitigates currency risk by matching policyholder liabilities with assets denominated in the same currency or hedged back to the same currency as the liabilities; and
- Reporting risk when translating the financial results into the reporting currency, EUR (‘Currency Translation Risk’).

At 31st December 2023, the Company had limited exposure to Currency Mismatch Risk. However, the Company does have exposure to Currency Translation Risk as a result of holding surplus assets, mainly in GBP and USD. The Company’s main exposures to Currency Translation Risk are given below:

- A 10% appreciation in EUR relative to USD would reduce the Company’s net assets by €1.9 million ($2.0 million).
- A 10% appreciation in EUR relative to GBP would reduce the Company’s net assets by €50.6 million (£43.5 million).

Conversely, the impact of a depreciation would cause an equal but opposite change in the Company’s net assets.

- *Inflation rate risk*

The Group is exposed to inflation rates being higher than expected, in particular wage inflation. The impact of a 1% increase in expense inflation would reduce the Company's net assets by €16.9 million. The impact of inflation rates being lower than expected would be to cause an equal but opposite change in the Company's net assets.

- *Equity risk*

Equity risk is borne directly through private equity investments and indirectly through unit-linked policies where the investor bears the investment risk. The latter exposure arises because fund charges, a source of income for the Company, depend on future performance of the unit-linked funds. These funds are typically invested in a mixture of asset classes, including equities. At the reporting date, the impact of a 20% fall in equity prices would reduce net assets by €19.7 million. This allows for the equity hedges that were in place at the reporting date. The impact of a 20% rise in equity prices would be an equal and opposite increase in the Company's net assets.

- *Property risk*

Property risk exists from direct property exposure and the Company is at risk from a fall in property valuations.

At the reporting date, a 10% decrease in property values, and a 100 bps widening of residential mortgage spreads would decrease net assets by €62.2 million.

c. Insurance Risk

Insurance risk is the risk of loss or other adverse impact on the Group arising from unexpected fluctuations in the timing, frequency or severity of insured events, or timing and amount of claim settlements and expenses.

The insurance technical provisions are sensitive to the key assumptions set out in Note 15. The sensitivity of certain variables like legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the balance sheet date.

Consequently, the ultimate liabilities will vary, possibly materially, as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent periods' Consolidated Financial Statements.

The Group has a large and diversified insurance portfolio. Individual sums assured are limited by product type, and reinsurance is used to further mitigate insurance concentration risk.

The table below shows the impact on net assets for a number of relevant insurance risks, allowing for reinsurance covers in place at the reporting date.

Sensitivities (€'000)	Net Assets Delta	Description
Mass Lapse Risk	(44,313)	An immediate 20% lapse of unit-linked policies in-force. Expenses are assumed to reduce in line with policies in force
Lapse Down (Guaranteed Savings)	(12,110)	A permanent 10% decrease in lapse rates for guaranteed savings business
Non-Annuitant Mortality	(15,456)	Increase in mortality for non-annuitants by 5%
Annuitant Mortality Improvements	(48,908)	Longevity improvements increase by 0.25% p.a. in all future years
Pandemic	(33,947)	0.27% excess mortality for annuitants, 0.135% excess mortality for protection business. Calibrated to 1918 flu pandemic

The above stresses have been performed assuming contract boundaries apply.

The financial impact of a pandemic on the Company is sensitive to the age profile of excess deaths, due to opposing financial impacts on the Company's protection and annuity business.

d. Credit Risk

Credit risk is the risk of loss or other adverse impact on the Group arising from one party to a financial instrument failing to discharge an obligation. The credit risk exposures of the Group at 31st December 2023 are:

- Liquidity funds and cash deposited with banks;
- Amounts due from bond issuers;
- Deposits with ceding undertakings; and
- Amounts due from reinsurers in respect of claims already paid.

The Group manages the levels of credit risk it accepts by imposing minimum credit ratings for investment counterparties, and concentration limits to avoid overexposure to any investment counterparty, and limits in respect of reinsurance counterparty risk.

The risk of changes in the credit standing of counterparties (e.g. downgrades for rated counterparties) is an aspect of credit risk. Credit investments are also typically exposed to the risk of changes in market value arising from market movements, which may or may not be related to changes in the market's perception of the creditworthiness of the counterparty. This is considered under Market Risk above.

The following table provides information regarding credit risk exposure of financial instruments within the Group at 31st December 2023 and 2022 by classifying them according to external credit ratings.

December 31, 2023	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	B €'000	Not rated €'000	Total[1] €'000
Financial instruments:								
Debt securities and other fixed income securities	442,180	2,368,901	567,422	1,010,105	13,665	1,551	181,513	4,585,337
equity funds	—	—	—	—	—	—	1,302,512	1,302,512
Private credit funds	—	—	—	—	—	—	753,164	753,164
mutual funds	—	—	—	—	—	—	499,741	499,741
Alternative funds	14,495	—	—	—	—	—	273,643	288,138
Loans and receivables	—	—	—	—	—	—	342,552	342,552
Residential mortgage funds[2]	—	257,453	—	—	—	—	—	257,453
deposit	—	—	—	—	—	—	—	—
assets	—	—	6,001	1,211	—	—	1,966	9,178
Other	—	—	—	—	—	—	46,094	46,094
Total	**456,675**	**2,626,354**	**573,423**	**1,011,316**	**13,665**	**1,551**	**3,401,185**	**8,084,169**

(1) The financial instruments at 31st December 2023 above exclude financing leases of €24.4 million and policyholder loans of €40.6 million which are not rated.

(2) The rating represents an assigned internal rating as stated in the Group Investment Policy. The rating is determined based on input from the investment manager and Management's knowledge and expertise.

2022	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	B €'000	Not rated €'000	Total[(1)] €'000
Financial instruments:								
Debt securities and other fixed income securities	539,557	1,413,147	786,236	1,492,485	23,146	1,494	267,162	4,523,227
Equities and equity funds	—	—	—	—	—	—	1,510,120	1,510,120
Loans and receivables	—	—	—	—	—	—	359,925	359,925
Fixed income mutual funds	—	—	—	—	—	—	346,475	346,475
Private credit funds	—	—	—	—	—	—	772,834	772,834
Residential mortgage funds[(2)]	—	249,226	—	—	—	—	—	249,226
Alternative funds	—	—	—	—	—	—	339,411	339,411
Derivatives	—	13,957	105,950	5,486	—	—	949	126,342
Other	—	—	—	—	—	—	22,190	22,190
Total	**539,557**	**1,676,330**	**892,186**	**1,500,380**	**23,146**	**1,494**	**3,619,066**	**8,252,159**

(1) The financial instruments at 31st December 2022 above exclude financing leases of €84.9 million and policyholder loans of €40.6 million which are not rated.
(2)The rating represents an assigned internal rating as stated in the Group Investment Policy. The rating is determined based on input from the investment manager and Management's knowledge and expertise.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder. Management assesses the creditworthiness of all the Group's reinsurers on a periodic basis.

Certain subsidiaries within the Group are also exposed to credit risk on its insurance policies for which premiums are collected by monthly direct debit. This risk is accepted as part of the normal business practice of collecting premiums by monthly direct debits. 2023 and 2022.

e. Operational Risk

Operational risk is the risk of loss or other adverse impact on the Group arising from inadequate or failed internal processes, personnel or systems or external. Operational risks include, inter alia, outsourcing arrangements to external providers, information systems (including information and cyber security), legal, compliance, regulatory, fraud and people risks. The main operational risks of the Group are:

- The risk of the inability to protect customer and Group data from unauthorised access, use and disclosure from, for example, a cyber-security incident;
- The risk of exposing the Group to overseas taxation through the creation of a Permanent Establishment ("PE") outside Bermuda; and
- The risk of financial or reputational loss from the failure/non-performance of outsourcing/ third party arrangements.

The Company's risk management framework provides for the timely identification, measurement, monitoring and control of operational risk. The Company has in place a tested business continuity plan and a cyber insurance policy.

f. Liquidity Risk

Liquidity risk is the risk of loss or other adverse impact on the Group arising from insufficient liquidity resources being available to meet obligations as they fall due. The main liquidity risks facing the Group are obligations to:

- Pay policyholder claims and expenses; and
- Meet derivative margin and reinsurance collateral requirements.

These risks are mitigated by cash holdings and highly liquid investments held in accordance with the Group's Liquidity Framework. The Liquidity Framework requires a forward-looking assessment of liquidity requirements, including those arising from derivative margin and reinsurance collateral mechanisms, and maintenance of a liquidity buffer to cover severe market and demographic stress. Further details of the Group's exposure to derivatives at 31st December 2023 is provided in Note 10.

Analysis of contract liabilities maturities

The maturities of the Company's contract liabilities for the years ended 31st December 2023 and 2022 are shown below. Cash flows assume the application of contract boundaries and are gross of reinsurance.

For the year ended 31st December 2023	Premiums	Claims	Expenses	Total
Maturities	**€'000**	**€'000**	**€'000**	**€'000**
Less than 1 year	(254,008)	1,629,507	98,180	1,473,679
1-2 years	(218,988)	1,004,150	65,036	850,198
2-3 years	(196,995)	940,341	60,409	803,755
3-4 years	(176,019)	885,163	56,156	765,300
Over 5 years	(1,202,614)	9,195,091	611,153	8,603,630
Total	**(2,048,624)**	**13,654,252**	**890,934**	**12,496,562**

For the year ended 31st December 2022	Premiums	Claims	Expenses	Total
Maturities	**€'000**	**€'000**	**€'000**	**€'000**
Less than 1 year	(257,149)	1,332,134	84,570	1,159,555
1-2 years	(224,158)	983,370	60,057	819,269
2-3 years	(203,185)	949,786	53,232	799,833
3-4 years	(182,754)	893,557	49,706	760,509
Over 5 years	(1,276,770)	9,550,814	537,974	8,812,018
Total	**(2,144,016)**	**13,709,661**	**785,539**	**12,351,184**

See also Note 16 in relation to maturities associates with outstanding debt.

g. Group Risk

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

Risk reporting at Group level mitigates the risk of unidentified risk accumulations or concentrations. Significant Group Executive representation across the Group subsidiary boards mitigates the risk of lack of awareness or communication of activity in different parts of the Group. Intra-group transaction risks are mitigated by close scrutiny of intra-group transactions including external specialist input where appropriate. Conflicts are managed in accordance with the Group's conflicts of interest policy.

h. Strategic Risk

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

The Group includes solvency and financial condition risk within strategic risk, given the importance of the group's solvency position to the achievement of the Group's objectives.

The nature of the Group's operations within the EU means that different regulatory capital regimes apply to subsidiaries subject to the Solvency II Framework Directive as adopted by local regulators. This requires the Group to operate a robust capital management framework to ensure applicable regulatory requirements and stakeholder expectations are met.

The Company maintains sufficient equity shareholders' funds to meet the regulatory capital requirements of the business. The Company is licensed by the BMA as a Class E long-term insurer and is subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. The BMA also acts as the Insurance Group regulatory supervisor. The BMA has integrated the EBS framework into the determination of Bermuda Solvency and Capital Requirement ("BSCR"). The European Commission has granted the BMA's regulatory regime for reinsurance, group solvency calculation and group supervision full equivalence to the European Union's Directive (2009/138/EC, or "Solvency II"). Under the Bermuda Insurance Act, the Company is required to maintain statutory capital and surplus to meet the Minimum Margin of Solvency ("MSM") which is equal to the greater of USD 8 million (€7 million) or 2% of the first USD 500 million (€467 million) of Statutory Financial Statements ("SFS") assets plus 1.5% of SFS assets above USD 500 million, subject to a floor of 25% of the Enhanced Capital Ratio ("ECR").

As an insurance group, the Company must ensure that the value of the insurance group's total statutory economic capital and surplus, calculated in accordance with Schedule XIV of the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011, exceeds the aggregate of:

The aggregate MSM of each qualifying member of the Group controlled by the parent company; and

The parent company's percentage shareholding in the member multiplied by the member's MSM, where the parent company exercises significant influence over a member of the group but does not control the member.

There were no breaches of the regulatory capital requirements during the financial period.

Further key strategic risks for the Group are:

Future transactions significantly underperform, or the Group is not successful in making future acquisitions;

Regulatory, legal and fiscal risk exposure from potential changes in the regulatory, legal and fiscal environment in which the Company operates.

i. Sustainability Risk

Sustainability risk is the risk of loss or other adverse impact on the Group arising from climate and other ESG risks, or the risk of adverse social or environmental externalities arising from the activities of the Group. Key sustainability risks for the Group are transition risk and physical risk, arising from the Company's investment portfolio.

The Company's Sustainability Risk Policy, in conjunction with the Risk Management Policy, sets out requirements for the identification, assessment, monitoring, management and reporting of sustainability risks. The Company's Investment Policy establishes limits in respect of ESG criteria and risk concentrations, and the composition of the Company's asset portfolio is monitored relative to those limits on an ongoing basis.

The Group promotes corporate social responsibility, and community investment.

2. Business Combinations

Current Year

None completed in 2023.

Prior Year
On 18th February 2022, following receipt of regulatory approval, the Company, through its subsidiary Monument Assurance Luxembourg, completed the acquisition of AME Life Luxembourg ("AMELL", "AMELL Acquisition") from French Mutual Insurance Group Covéa. AMELL is a well-established Luxembourg-based life insurance company with market presence in Luxembourg, Belgium and Italy.

This transaction led to a bargain purchase gain of €37.1 million, recognised directly in the Statement of Comprehensive Income for the year ended 31st December 2022.

3. Portfolio Transfers & Reinsurance Agreements

Current Year

On 30th June 2023, following receipt of regulatory approval from the National Bank of Belgium, the Company, through its subsidiary, Monument Assurance Belgium, completed the acquisition of a run-off life insurance portfolio from Federale Verzekering (“Federale Belgium Portfolio Transfer”).

Prior Year

On 1st November 2022, the Company, through its subsidiary, Monument International Life Assurance Company Limited ("MILAC"), completed the acquisition of a closed book unit-linked portfolio from Zurich International Life Limited (Singapore Branch) ("Zurich SG"). The portfolio and employees have transferred into the Singapore branch of MILAC following receipt of court and regulatory approvals in the Isle of Man and Singapore.

On 31st October 2022, following receipt of regulatory approval from the National Bank of Belgium, the Company, through its subsidiary, Monument Assurance Belgium, completed the acquisition of a run-off life insurance portfolio from AXA Belgium ("AXA Belgium Portfolio Transfer").

In addition, the Company entered into a number of reinsurance agreements during the year ended 31st December 2022.

4. Gross Premiums Written

a. Gross Premiums Written

Gross premiums written consist of:

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Direct insurance	382,555	2,647,928
Assumed insurance	112,951	1,448,169
Gross premiums written	**495,506**	**4,096,097**

Direct insurance premiums for the year ended 31st December 2023 partly relate to premiums recorded in association with the Federale Belgium Portfolio Transfer, in addition to recurring premiums on existing business. Direct insurance premiums for the year ended 31st December 2022 were driven by the AXA Belgium Portfolio Transfer.

Assumed premiums written for the year ended 31st December 2023 was mainly driven by Monument Segregated Account Company ("MSAC"). Assumed premiums for the year ended 31st December 2022 was mainly driven by the reinsurance agreements that the Company entered into during the year.

Gross premiums written consist of:

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Direct Non Participating Premiums		
Recurring Premiums		
Protection	208,375	172,041
PPI - Designated as General Business	2,612	9,208
PPI - Designated as Life	3,919	6,323
Savings and Guarantees	450	579
Other	29,619	5,490
	244,975	193,641
Premiums Acquired During the Year		
Savings and Guarantees	129,817	2,445,329
	129,817	2,445,329
	374,792	2,638,970
Direct Participating Premiums		
Recurring Premiums		
Protection	6,802	7,545
Savings and Guarantees	956	1,071
Annuities	—	340
Other	—	2
	7,758	8,958
Premiums Acquired During the Year		
Protection	5	—
	5	—
	7,763	8,958
Assumed Non Participating Regular Premiums		
Recurring Premiums		
Annuities	63,499	66,756
Protection	41,187	44,301
	104,686	111,057
Premiums Acquired During the Year		
Protection	—	868,138
Annuities	3,329	421,095
Savings and Guarantees	—	42,146
	3,329	1,331,379
Assumed Participating Regular Premiums		
Recurring Premiums		
Annuities	4,936	5,733
	4,936	5,733
Gross premiums written	**495,506**	**4,096,097**

b. Geographical Analysis Premium

Gross premiums written relate to the following countries:

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Belgium	341,239	2,620,791
Germany	3,563	997,956
United Kingdom	105,809	412,020
Ireland	5,802	48,370
France	6,218	6,147
Singapore	22,649	3,972
Luxembourg	2,992	3,187
Other	7,234	3,654
Gross premiums written	**495,506**	**4,096,097**

5. Investment Return

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
(a) Technical Account - General Business		
Investment income		
Income on financial assets at fair value through profit and loss	233	271
Losses on realisation of investments	(19)	(574)
	214	(303)
Net unrealised gains or (losses) on investments	343	(242)
Investment expenses and charges		
Investment management expenses	(27)	(12)
Net investment return - General Business	**530**	**(557)**
(b) Technical Account - Long-term Business		
Investment income		
Income on financial assets at fair value through profit and loss	372,849	111,652
Losses on realisation of investments	(4,762)	(285,436)
	368,087	(173,784)
Net unrealised gains or (losses) on investments	320,616	(1,223,900)
Gains or (Losses) from deposits with ceding undertakings	212,152	(457,113)
Investment expenses and charges		
Investment management expenses	(32,311)	(37,574)
Net investment return - Long-term Business	**868,544**	**(1,892,371)**
(c) Non-technical Account		
Investment income		
Income/(loss) on financial assets at fair value through profit and loss	2,164	(39)
	2,164	(39)
Net unrealised gains/(losses) on investments	144	(424)
Investment expenses and charges		
Investment management expenses	—	14
Net investment return - Non-technical account	**2,308**	**(449)**
Net investment return	**871,382**	**(1,893,377)**

6. Operating Expenses

a. Operating Expenses

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Administrative expenses	165,791	154,421
Reinsurance commission and profit participation	9,770	108,544
Financing expenses	40,164	51,067
Operating expenses	**215,725**	**314,032**

b. Key Management Compensation

Key management includes the Directors and members of senior management. The compensation paid or payable to key management for employee services included in 'Operating expenses' for the year ended 31st December 2023 and 2022 was €21.1 million and €25.8 million, respectively.

The Company operates a LTIP designed to recognise transactions that demonstrate the emergence of anticipated value. The Company awards a portion of the value generated to key executives involved in delivering the transaction and in the ongoing management of the associated business. The value assessment takes account of the risks and rewards of the transaction. The experience assumed in pricing is tested over a four year period with phased payments to participants if the experience emerges in line with assumptions with 25% (end of year 2), 35% (end of year 3) and 40% (end of year 4).

c. Auditors' Remuneration

The auditors' remuneration included in 'Operating expenses' for the years ended 31st December 2023 and 2022 was as follows:

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Fees related to the audit of		
- The consolidated financial statements	769	778
- The Company's subsidiaries	3,756	2,616
- Other group companies	93	—
Fees related to audit	4,618	3,394
Fees related to other assurance services	373	782
Total	**4,991**	**4,176**

7. Taxation

a. Tax on Profit on Ordinary Activities

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Current Tax		
Corporation tax expense on profit for the financial year	25,664	5,376
Adjustment in respect of prior financial years	5,043	(199)
Current tax expense for the financial year	**30,707**	**5,177**
Deferred Tax		
Deferred tax charge/(credit) for the year	(25,069)	23,511
Tax expense on profit on ordinary activities	**5,638**	**28,688**

b. Reconciliation of Tax Expense

Tax assessed for the years ended 31st December 2023 and 2022 is higher than the standard rate of corporation tax in Bermuda of 0%. The differences are as follows:

	Year Ended 31st December 2023 €'000	Year Ended 31st December 2022 €'000
Profit/(Loss) on ordinary activities before tax	(127,102)	138,966
Standard tax rate for Bermuda	0%	0%
Profit on ordinary activities before tax multiplied by the standard rate of tax for Bermuda	—	—
Effect of:		
Foreign taxes at local expected tax rates	13,265	2,161
Loss carryforwards	7,752	(1,306)
Expenses not deductible for tax purposes	9,391	2,969
Deductions allowable for tax purposes	(5,885)	1,150
Other	1,141	402
Adjustment in respect of prior financial years	5,043	(199)
Deferred tax charge/(credit) for the year	(25,069)	23,511
Current tax expense for the year	**5,638**	**28,688**

The standard rate of tax in Republic of Ireland, Belgium, Luxembourg, Italy and Netherlands was 12.5%, 25%, 24.94%, 27.90% and 25%, respectively, for the year ended 31st December 2023. The standard rate of tax in Republic of Ireland, Belgium, Luxembourg, Italy and Netherlands was 12.5%, 25%, 24.94%, 27.90% and 25%, respectively, for the year ended 31st December 2022.

c. Deferred Tax

The provision for deferred taxation included in 'Other creditors including taxation and social security' in the Consolidated Statements of Financial Position at 31st December 2023 and 2022 is as follows:

	31st December 2023 €'000	31st December 2022 €'000
Deferred tax acquired on business combinations	51,314	63,727
Deferred tax	**51,314**	**63,727**

Deferred tax liability was recorded in Belgium, Italy and Ireland and the enacted tax rates related to the releases of the deferred tax balance are expected to be 25%, 27.90% and 12.5%, respectively. Of the deferred tax in the table above, €9.1 million is expected to be released in 2024.

d. Deferred Tax Asset

The provision for deferred taxation asset included in 'Other Debtors' in the Consolidated Statements of Financial Position at 31st December 2023 and 2022 is as follows: (see Note 13)

'Other Debtors including tax and social security' includes Deferred Tax Asset which includes €11 million in respect of Economic Transition Adjustment (ETA) as result of changes under the Bermuda Corporate Income Tax Act, that was enacted in December 2023.

Under the Bermuda Corporate Income Tax Act, the Company and some of its Bermudian subsidiaries will also be entitled to offset certain cumulative losses arising prior to 31st December 2024 against taxable profits arising after 1 January 2025. The Company estimates that, as at the balance sheet date, it and its subsidiaries will be carrying forward gross losses of €83.6 million, with a maximum potential value of €12.5 million at 15% rate. However the ability of the Company and its subsidiaries to get value for these losses will dependent upon a number of factors including the level of profits arising in the period between the balance sheet date and 1st January 2025. For these reasons, no deferred tax asset has been recognised in respect of those losses in these accounts.

In addition to tax losses in Bermuda, certain subsidiaries of the Company who are resident in other jurisdictions also had carried forward tax losses as at 31st December 2023. These tax losses include; gross tax losses in Luxembourg of €44 million with a maximum potential value of €11 million, gross tax losses in Spain of €11 million with a maximum potential value of €2.8 million and gross tax losses in Germany of €8 million with a maximum potential value of €1.3 million. However as a consequence of uncertainties about the future emergence of taxable profits against which these losses could be offset, no deferred tax assets have been recognised in respect of the latter losses.

8. Investment Property

The Group's investment property of €374.1 million (2022: €549.8 million) was acquired as part of the Integrale Acquisition. The fair value of the investment property is based on valuations provided by an established independent third party, using proprietary valuation methods. The decrease from the 2022 year-end was primarily due to €181.8 million of sales of certain real-estate investment vehicles which were previously consolidated, and fluctuations in market values.

9. Investments in Group Undertakings

Set out below are the Company' investments in the primary regulated entities at 31st December 2023. None of the primary regulated entities are directly held by the Company. All subsidiaries set out below are included in the consolidation.

Subsidiary undertakings	Country of Incorporation	Principal activity	Class of shares held	Percentage of nominal value and voting rights
Monument Re Limited	Bermuda	Life Reinsurance	Ordinary	100%
Monument Life Insurance DAC ("MLIDAC")	Republic of Ireland	Life Assurance	Ordinary	100%
Monument Assurance Belgium N.V. ("MAB")	Belgium	Life Assurance	Ordinary	100%
Monument Assurance Luxembourg S.A. ("MAL")	Luxembourg	Life Assurance	Ordinary	100%
Monument Segregated Account Company Limited ("MSAC")	Bermuda	Life Assurance	Ordinary	100%
Monument International Life Assurance Co. Limited ("MILAC")	Isle of Man	Life Assurance	Ordinary	100%

10. Financial Instruments

a. Financial Assets

The carrying values of financial assets included in 'Other financial investments', 'Deposits with ceding undertakings' and 'Assets covering unit-linked liabilities' in the Company's Consolidated Statements of Financial Position at 31st December 2023 and 2022 were as follows:

	31st December 2023 €'000	31st December 2022 €'000
Held at fair value through profit and loss		
Debt securities and other fixed income securities	4,585,337	4,523,227
Equities and equity funds	1,302,512	1,510,120
Private credit funds	753,164	772,834
Loans and receivables	342,552	359,925
Fixed income mutual funds	499,741	346,475
Alternative funds	288,138	339,411
Residential mortgage fund	257,453	249,226
Finance leases	24,404	84,880
Policy loans	40,577	40,579
Term deposit	—	2,409
Derivative assets	9,178	126,342
Other	46,094	22,190
Other financial investments	**8,149,150**	**8,377,618**
Forwards and swaps	(70,811)	(261,298)
Financial instruments	**8,078,339**	**8,116,320**
Deposits with ceding undertakings	**2,892,621**	**2,981,657**
Assets covering unit-linked liabilities	**1,489,517**	**1,503,398**

b. Deposits with Ceding Undertakings

At 31st December 2023, the Company's Consolidated Statement of Financial Position included within 'Investments – Deposits with ceding undertakings' financial assets of €2,892.6 million (2022: €2,981.7 million) related primarily to the Monument Segregated Accounts Company Limited business acquired during 2020 as well as two quota share reinsurance agreements on a funds withheld basis entered into in 2022 and 2021.

c. Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices in an active market; the investments in this category generally include equities listed on a major exchange, quoted fixed income funds, government issued bonds, government sponsored or government agency issued bonds; government sponsored enterprises bonds, supranational and corporate bonds for which quoted prices in active markets are available;
- Level 2 - Recent transactions of an identical asset if there is unavailability of quoted prices; the investments in this category generally include government issued bonds, government sponsored or government agency issued bonds; government sponsored enterprises bonds, supranational and corporate bonds, certain loans and term deposits; and
- Level 3 - Use of a valuation technique if there is no active market or other transactions which are a good estimate of fair value; the investments in this category include certain illiquid fixed income securities, equities, residential mortgage funds, loans and receivables, policyholder loans, certain fixed income and alternative funds and derivatives.

	Level 1	Level 2	Level 3	Total
31st December 2023	**€'000**	**€'000**	**€'000**	**€'000**
Debt securities and other fixed income securities	2,749,537	1,771,472	64,328	4,585,337
Equities and equity funds	975,113	236,232	91,167	1,302,512
Private credit funds	—	—	753,164	753,164
Fixed income mutual funds	62,879	—	436,862	499,741
Alternative funds	—	—	288,138	288,138
Loans	—	—	342,552	342,552
Residential mortgage fund	—	—	257,453	257,453
Derivative asset	—	—	9,178	9,178
Finance leases	—	—	24,404	24,404
Policyholder loans	—	—	40,577	40,577
Term deposit	—	—	—	—
Other	23,579	22,515	—	46,094
Other financial investments	**3,811,108**	**2,030,219**	**2,307,823**	**8,149,150**
Forwards and swaps - liability(4)	—	—	(70,811)	(70,811)
Financial instruments(1)	**3,811,108**	**2,030,219**	**2,237,012**	**8,078,339**
Deposits with ceding undertakings(2)	**11,500**	**2,880,276**	**—**	**2,891,776**
Assets covering unit-linked liabilities(3)	**1,348,520**	**107,925**	**33,072**	**1,489,517**
Investment contracts - linked liabilities(3)	**(1,348,520)**	**(107,925)**	**(346,939)**	**(1,803,384)**

(1) Financial instruments include derivative liabilities recorded in Other financial liabilities at 31st December 2023.
(2) Deposits with ceding undertakings exclude cash and cash equivalents of €0.8 million.
(3) See note 11 regarding the difference between Assets covering unit-linked liabilities and Investment contracts - linked liabilities.
(4) See note 17

31st December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Debt securities and other fixed income securities	1,864,192	2,577,043	81,992	4,523,227
Equities and equity funds	1,302,016	74,176	133,928	1,510,120
Residential mortgage fund	—	—	249,226	249,226
Loans	—	—	359,925	359,925
Finance leases	—	—	84,880	84,880
Policyholder loans	—	—	40,579	40,579
Term deposit	—	2,409	—	2,409
Fixed income mutual funds	14	—	346,461	346,475
Private credit funds	—	—	772,834	772,834
Alternative funds	—	—	339,411	339,411
Derivative asset	—	—	126,342	126,342
Other	—	22,190	—	22,190
Other financial investments	**3,166,222**	**2,675,818**	**2,535,578**	**8,377,618**
Forwards and swaps	—	—	(261,298)	(261,298)
Financial instruments(1)	**3,166,222**	**2,675,818**	**2,274,280**	**8,116,320**
Deposits with ceding undertakings(2)	**11,190**	**2,969,469**	**—**	**2,980,659**
Assets covering unit-linked liabilities(3)	**1,116,594**	**209,664**	**177,140**	**1,503,398**
Investment contracts - linked liabilities(3)	**(1,116,594)**	**(209,664)**	**(378,673)**	**(1,704,931)**

(1) Financial instruments include derivative liabilities that were recorded in Other financial liabilities at 31st December 2022.

(2) Deposits with ceding undertakings exclude cash and cash equivalents of €1.0 million.

(3) See note 11 regarding the difference between Assets covering unit-linked liabilities and Investment contracts - linked liabilities.

The Company determines fair value based on the following methods of valuation and assumptions:

- *Debt securities and other fixed income securities* – Securities that are actively traded are priced based on quoted market prices. Other fixed income securities are priced by independent pricing services. The independent pricing services use actual transaction prices for securities that have been actively traded. For securities that have not been actively traded, each pricing source has its own proprietary method to determine the fair value. For Level 2 assets these include index pricing for identical assets, and for Level 3 assets, fair value is estimated using the discounted cash flow method.
- *Equity mutual funds* – The funds that are actively traded and where quoted prices are available are included in Level 1. Funds with no unobservable market price and one of a number of internal valuation models used to value the assets have been classified as Level 3 investments.
- *Equities* - Shares that are actively traded and where quoted prices are available are included in Level 1. Where equities have been priced internally or no quoted market price is available either

because they are a private issue, have defaulted or suspended, then they are included in Level 3, otherwise they are included in Level 2.

- *Private credit and alternative funds* – These funds have no observable market price and internal valuation models are used for valuation. As such, these have been classified as Level 3 investments.
- *Fixed income funds* – The funds that are actively traded and where quoted prices are available are included in Level 1. Funds with no unobservable market price and one of a number of internal valuation models used to value the assets have been classified as Level 3 investments.
- *Loans* – Mortgage loans and other loans are valued using the prevailing risk-free market interest rate for the remaining term, plus credit and liquidity surcharges. In the absence of recent observable market transactions and an illiquid market, the use of a discounted cash flow method to estimate the fair value has been used and are included in Level 3, otherwise they are included in Level 2.
- *Residential mortgage fund* – The net asset value of the fund is provided on a monthly basis.
- *Total return swap* - Valuation reflects principal under the agreement together with a contractual risk margin, which accrues on a daily basis, reduced by the value of payments made.
- *Derivatives* – The Company's derivatives included in Level 3 are valued based on counterparty bank's internal models.
- *Finance leases* – Finance leases are valued using a discounted cash flow technique incorporating the prevailing risk-free market interest rate for the remaining term, plus credit and liquidity surcharges. In the absence of recent observable market transactions and an illiquid market, leases are included in Level 3, otherwise, they are included in Level 2.
- *Policyholder loans* – Policy loans represent partial surrenders where the policyholder has surrendered a portion of the their policy and are valued based on an assessment of cash flows required to satisfy future obligations, discounted at the risk free curves provided by the Bermuda Monetary Authority. The currency of the curve is represented by the currency of the policyholder liabilities.
- *Term deposits* – Term deposits are valued using the prevailing risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.
- *Deposits with ceding undertakings* - The underlying investments are managed directly and predominantly represent actively traded bonds.
- *Assets covering unit-linked liabilities and Investment contracts - linked liabilities* – The assets include investments in publicly traded funds, shares and debt securities for which quoted prices are available, and unquoted debt securities and investments in funds. The liabilities reflect the value of these assets.

To validate prices, the Company compares the fair value estimates to its knowledge of the current market and will investigate prices that it considers not to be representative of fair value.

d. Financial Liabilities

The fair value of financial liabilities related to debt at 31st December 2023 of €509.4 million (2022: €570.8 million) approximates their carrying values.

The carrying value of financial liabilities associated with preference shares at 31st December 2023 of €51.2 million (2022: €52.5 million) reflects their fair value and is based on the associated net assets determined based on the fair value of the underlying funds (see also Note 17).

e. Finance Leases

The carrying value of finance leases at 31st December 2023 was €24.4 million (2022: €84.9 million). The reconciliation between the gross investment in the leases and the present value of minimum lease payments receivable at 31st December 2023 was as follows:

31st December 2023	<1 year €'000	1-5 years €'000	>5 years €'000	Gross investment in the lease €'000
Minimum lease payments	6,462	31,691	20,138	58,291

The unguaranteed residual value at 31st December 2023 was €9.4 million (2022: €45.2 million).

11. Assets covering Unit-linked Liabilities

Assets covering unit-linked liabilities at 31st December 2023 of €1,489.5 million (2022: €1,503.4 million) and related liabilities of €1,803.4 million (2022: €1,704.9 million) relate to unit-linked investment contracts.

The difference between assets covering unit-linked liabilities of €1,489.5 million and related liabilities of €1,803.4 million predominately relates to unit shorting in accordance with reinsurance agreements. These shorted units are shown within Other financial instruments.

An analysis of financial assets covering unit-linked liabilities is included in Note 10 above.

12. Intangible Assets

Intangible assets of €17.9 million and €19.7 million at 31st December 2023 and 2022, respectively, primarily relate to value-in-force of newly acquired unit-linked investment business when the value is negative ("AVIF"). This intangible asset is subject to amortisation based on the expected run-off of the unit-linked assets, which is dependent on the lapse rate assumed on the acquisition date.

The movement in the intangible assets for the years ended 31st December 2023 and 2022 was as follows:

	31st December 2023 €'000		
	AVIF	Other	Total
Balance at 1st January	17,315	2,367	19,682
Additions/(disposals)	—	415	415
Amortisation expense (1)	(1,118)	(1,047)	(2,165)
Balance at 31st December	**16,197**	**1,735**	**17,932**

(1) The amortisation expense for AVIF is included in the technical result and the amortisation expense for Other in Operating Expenses.

	31st December 2022 €'000		
	AVIF	Other	Total
Balance at 1st January	17,246	2,007	19,253
Additions/(disposals)	1,828	1,625	3,453
Amortisation expense (1)	(1,759)	(1,265)	(3,024)
Balance at 31st December	**17,315**	**2,367**	**19,682**

(1) The amortisation expense for AVIF is included in the technical result and the amortisation expense for Other in Operating Expenses.

The carrying amount and accumulated amortisation of the intangible assets at 31st December 2023 and 2022 were as follows:

	31st December 2023 €'000		
	AVIF	Other	Total
Intangible assets subject to amortisation			
Cost	24,373	4,172	28,545
Accumulated amortisation	(8,176)	(2,437)	(10,613)
Carrying Value	**16,197**	**1,735**	**17,932**

	31st December 2022 €'000 AVIF	Other	Total
Intangible assets subject to amortisation			
Cost	24,373	3,757	28,130
Accumulated amortisation	(7,058)	(1,390)	(8,448)
Carrying Value	**17,315**	**2,367**	**19,682**

13. Debtors

	31st December 2023 €'000	31st December 2022 €'000
Debtors		
Debtors arising out of direct insurance operations		
Policyholders	28,409	34,580
Debtors arising out of reinsurance operations	746,138	797,701
Other debtors including tax and social security		
Receivable for securities sold	913,284	3,163
Tax recoverable	10,302	10,293
Other debtors	107,754	24,104
Other debtors	1,031,340	37,560
Total debtors	**1,805,887**	**869,841**

Funds due from policyholders relates to premiums collected for which cash is received one month in arrears by the Group.

The debtors arising from reinsurance operations primarily relates to the Athora Portfolio Transfer and represents a modified coinsurance agreement ("Modco") with New Reinsurance Company Limited ("NewRe"). The company's subsidiary MLIDAC executed two reinsurance agreements with NewRe, a highly rated counterparty, to reinsure the risks associated with the variable annuity book of business. MLIDAC retains ownership of the assets and the accompanying fee, commissions and guarantee income associated with these assets. A reinsurance premium is subsequently paid to the counterparty for the risks covered as part of the reinsurance agreement. MLIDAC retains associated expense and partial longevity risks.

'Tax recoverable' includes Deferred Tax Asset of which €11 million is in respect of Economic Transition Adjustment (ETA) as result of changes under the Bermuda Corporate Income Tax Act, that was enacted in December 2023. (See note 7)

'Other debtors including tax and social security' includes 'Receivables for securities sold' at 31st December 2023 which includes €891 million of unsettled trades as result of asset rebalancing activity in

MAB portfolio, selling corporate bonds and related purchase of government bonds €866 million (see note 19). Trades settled 2nd January 2024.

14. Equity

	31st December 2023	31st December 2022
Authorised		
Ordinary shares at €0.8734 each	344,485	1,000
MIDCO Preferred Shares at €1.00 each	500,000	500,000
PIK Shares at €1.00 each	55,595	55,595
Hannover Re New Preferred Shares at €1.00 each	75,000	75,000
Hannover Re PIK Shares at €1.00 each	18,532	18,532
	€'000	€'000
Allotted, called up and fully paid - presented as equity		
Ordinary shares at €0.8734 each	300,873	873
Midco Preferred Shares at €1.00 each	460,511	227,178
Hannover Re New Preferred Shares at €1.00 each	73,130	73,130

During December 2023 MIGL capitalised €300m of its distributable reserves (retained earnings) by way of issuing ordinary shares of par value EUR 0.8734 as fully paid bonus shares to its existing common shareholders on a pro rata basis.

The Company has 4 classes of preferred shares (collectively known as, "2021 Preferred Shares"):

- 10% perpetual cumulative preferred shares of Monument Midco Limited, with a par value of €1.00 per share ("Midco Preferred Shares");
- 10% perpetual cumulative preferred PIK shares of Monument Midco Limited, with a par value of EUR 1.00 per share ("PIK Shares");
- 10% perpetual cumulative non-redeemable preferred shares of Monument Midco Limited, with a par value of EUR 1.00 per share ("Hannover Re New Preferred Shares"); and
- 10% perpetual cumulative non-redeemable preferred PIK shares of Monument Midco Limited, with a par value of EUR 1.00 per share ("Hannover Re PIK Shares").

At 31st December 2023, there were €533.6 million (2022: €300.3 million) issued preference shares. The preference shares have no voting rights and have liquidation preference over the common shares. The holders have no right to redeem their shares, except after certain liquidity events. The Board of Directors has discretion to declare dividends. The 2021 Preferred Shares issued yield 10% p.a. The dividends are cumulative and recorded when and if declared by the Board of Directors.

The accrued yield on the preference shares as at 31st December 2023 was €27.6 million (2022: €15.5 million).

The non-controlling interest of €12.8 million (2022: €55.0 million) arose on the Integrale Acquisition and is primarily related to a number of real-estate vehicles.

15. Technical Provisions

The gross BEL and RM and net technical provisions at 31st December 2023 and 2022 were as follows:

	31st December 2023 €'000	31st December 2022 €'000
Best Estimate Liabilities (Gross)	10,509,094	10,673,801
Risk Margin	106,032	148,904
Technical Provisions (Gross)	**10,615,126**	**10,822,705**
Reinsurance Asset	(592)	(1,952)
Technical Provisions	**10,614,534**	**10,820,753**

a. General Business Provision

The movement in provision for claims for the years ended 31st December 2023 and 2022 was as follows:

	Gross €'000	Reinsurers' Share €'000	Net €'000
Balance at 1st January 2023	8,712	—	8,712
Liabilities discharged in the year	(1,668)	—	(1,668)
Changes in experience	(3,877)	—	(3,877)
Changes in assumptions	(155)	—	(155)
Other	(60)	—	(60)
Impact of foreign exchange	162	—	162
Balance at 31st December 2023	**3,114**	**—**	**3,114**

	Gross €'000	Reinsurers' Share €'000	Net €'000
Balance at 1st January 2022	6,498	—	6,498
Liabilities discharged in the year	(481)	—	(481)
Changes in experience	502	—	502
Changes in assumptions	2,420	—	2,420
Other	53	—	53
Impact of foreign exchange	(280)	—	(280)
Balance at 31st December 2022	**8,712**	**—**	**8,712**

b. Long Term Business Provision

The movement in provision for claims for the years ended 31st December 2023 and 2022 was as follows:

	Gross €'000	Reinsurers' Share €'000	Net €'000
Balance at 1st January 2023	10,813,993	(1,952)	10,812,041
Long term technical provision acquired	119,854	—	119,854
Liabilities discharged in the year	(1,474,000)	(921)	(1,474,921)
Unwinding of discount rates	441,789	—	441,789
Changes in experience	237,729	(731)	236,998
Changes in assumptions	476,650	3,085	479,735
Other(1)	(45,690)	(73)	(45,763)
Impact of foreign exchange	41,687	—	41,687
Balance at 31st December 2023	**10,612,012**	**(592)**	**10,611,420**

(1) Other includes the impact of changes in presentation related to unit shortening, discussed further above in Note 11.

	Gross €'000	Reinsurers' Share €'000	Net €'000
Balance at 1st January 2022	9,749,347	(13,842)	9,735,505
Long term technical provision acquired	4,105,435	—	4,105,435
Liabilities discharged in the year	(1,059,668)	(18,678)	(1,078,346)
Unwinding of discount rates	106,056	—	106,056
Changes in experience	287,962	—	287,962
Changes in assumptions	(2,113,480)	27,232	(2,086,248)
Other	(113,692)	1,760	(111,932)
Impact of foreign exchange	(147,967)	1,576	(146,391)
Balance at 31st December 2022	**10,813,993**	**(1,952)**	**10,812,041**

c. Reinsurance Liabilities

The reinsurance liability of €106.2 million at 31st December 2023 (2022: €101.6 million) includes €75.3 million (2022: €76.1 million) related to certain reinsurance treaties, arranged with a deficit account carrying forward the reinsurers' losses on an underwriting year basis. The related asset of €70.9 million at 31st December 2023 (2022: €73.7 million) is included in Reinsurers' share of technical provisions.

d. Principal Assumptions

An annual review is performed on the claims experience of the Company to determine the appropriateness of the demographic assumptions used in calculating the BEL.

The principal assumptions underlying the calculation of the BEL at the reporting date are set out below:

Expenses: A regular investigation is performed to monitor its expense experience to determine the expenses incurred in administering and running the business across each of the entities. An allowance is made for expense inflation, considering both salary and price inflation.

Lapses: Lapse rates impact the expected remaining duration of the in-force business. Lapse risk is present across most portfolios and the Company performs an annual investigation on the appropriateness of these assumptions.

Accident & Sickness Incidence and Recovery Rates: These assumptions drive the level of expected accident and sickness claims and are key to the PPI business. Recovery rate assumptions are most relevant for the technical provisions given the short contract boundary. The Company performs an annual investigation on the appropriateness of the assumptions.

Unemployment Incidence rates and probability of returning to work: These assumptions are key to the PPI business and they drive the level of expected claims. Recovery rate assumptions are most relevant for the technical provisions given the short contract boundary. The Company performs an annual investigation on the appropriateness of the assumptions.

Mortality: This is not a material assumption for the unit-linked and savings business. For MLIDAC, MAB and MAL, where there is mortality and rider risks, reinsurance is in place to reinsure a significant proportion of this exposure. This is a more material assumption for the annuity portfolios. Where credible data is available Monument Re will perform an annual investigation on the appropriateness of the mortality assumptions used for the annuity portfolios.

Discount Rates: For asset intensive business, where appropriate, the Company uses a discount curve based on the expected yield on the actual portfolio of assets assigned to the block of business. For non-asset intensive business the Company uses the BMA risk free curves. There may be situations where it is not appropriate to use the asset based curves for asset intensive business, such as those portfolios where the assets currently held are not sufficiently cashflow matched. In these situations either the risk-free or standard BMA curves will be used to discount the liabilities.

Year	BMA Risk-Free		Bloomberg Swap Curve[1]	
	EUR Spot Rate	GBP Spot Rate	EUR Spot Rate	GBP Spot Rate
1	3.45%	4.73%	3.48%	4.74%
2	2.80%	4.01%	2.81%	4.02%
3	2.55%	3.67%	2.56%	3.67%
4	2.47%	3.47%	2.46%	3.47%
5	2.45%	3.35%	2.43%	3.35%
6	2.45%	3.28%	2.42%	3.28%
7	2.47%	3.25%	2.43%	3.25%
8	2.50%	3.24%	2.45%	3.24%
9	2.53%	3.25%	2.47%	3.25%
10	2.57%	3.27%	2.50%	3.28%
20	2.68%	3.42%	2.50%	3.42%
30	2.47%	3.34%	2.27%	3.34%
40	2.45%	3.47%	2.08%	3.15%
50	2.61%	3.87%	1.90%	2.91%

[1] GBP Ticker: YCSW0022 Index, EUR Ticker: YCSW0045 Index

In order to determine the asset-based discount rates, a number of additional assumptions including future spread assumptions, defaults and investment expenses.

Spread assumptions reflect the additional return above the swap curve that is expected to be earned on the underlying asset portfolio.

The Company makes an allowance for defaults by adopting the default assumptions published by EIOPA which are derived from Standard & Poor's data.[1]

Investment expenses are set by assessing the overall investment costs within the Group. At the Group level, an investment assumption of 15 basis points per annum has been used for public assets to cover all the expected investment costs.

[1] EIOPA published default rates are provided here each month https://www.eiopa.europa.eu/tools-and-data/risk-free-interest-rate-term-structures_en

16. Amounts Owed to Credit Institutions

Debt - Amounts Owed to Credit Institutions	31st December 2023 €'000	31st December 2022 €'000
Subordinated Debt	200,000	200,000
MIM Collateralized Debt	81,291	144,081
FINCO Bank Debt	228,070	226,696
Amounts Owed to Credit Institutions	**509,361**	**570,777**

During 2023, the Company made no repayments related to the existing debt facilities (2022: repayments of £164.1 million and €7.0 million (in total, €193.7 million)).

The loan accrues interest at the applicable variable margin rate (2023: 3.875%, 2022: 3.875%) plus applicable Euribor by currency per annum, payable in arrears. The debt is scheduled for repayment in four installments at 10% on the date falling 12 months after the agreement date, 15% on the date falling 24 and 36 months after the agreement date, 20% on the date falling 48 months after the agreement date, with the remaining 40% due on the termination date, being 60 months from the date of facility. At 31st December 2023, the Company was in compliance with all the covenants.

In 2021, Monument Re Limited issued €200 million unsecured subordinated 6.25% notes due in 2031. The amount outstanding at 31st December 2023 was €200 million (2022: €200 million).

The remaining debt was assumed on the Integrale Acquisition and relates to a number of real-estate vehicles. This debt matures on various dates, with app. 14% of the balance maturing in 2024, 53% of the balance maturing in 2025-2028 and 34% of the total balance maturing in 2029 and later. Debt is collateralised by the real estate held in these vehicles. Interest rates range from 0.01% to 7.91%. The significant decrease in the balance from the previous year end was driven by a sale of a number of these vehicles.

During the fourth quarter of 2021, the Group entered into an Amendment and Restatement Agreement related to the Senior Credit Facility ("SCR Agreement"). Under the SCR Agreement, an additional revolving credit facility of EUR 140 million is available to the Group. In 2022 this facility was increased to EUR 215 million and remained undrawn at 31st December 2023.

17. Other Financial Liabilities

During 2021, the Company entered into a quota share reinsurance agreement on a funds withheld basis with Countrywide Assured plc ("Countrywide"), a UK based subsidiary of Chesnara plc. In connection with this Agreement a new allocation fund, Monument Allocation Fund I, was set up under the ICAV umbrella to hold the investments pertaining to the funds withheld asset. A portion of the reinsurance premiums under the Agreement was transferred to the Allocation Fund I by way of subscription for the Allocation Fund I shares. Preference shares of Monument Allocation Fund I at 31st December 2023 of €51.2 million (2022:€52.5 million), held by Countrywide, are classified as a financial liability.

Other financial liabilities also include Derivatives (FX Forwards & Interest Rates Swaps) in a liability position at 31st December 2023 of €70.8 million (2022: €261.3 million) which also included total return swap written with a related party (see Note 23 for further details).

18. Creditors Arising out of Direct Insurance and Reinsurance Operations

	31st December 2023 €'000	31st December 2022 €'000
Creditors arising out of direct insurance operations		
Claims payable	85,260	67,832
Commission and profit share payable	2,358	1,996
Other	810	3,716
Total	**88,428**	**73,544**
Creditors arising out of reinsurance operations		
Reinsurance balances payable	**738,554**	**843,883**

Commission and profit share payable, together with amounts due to policyholders fall due within three months of the period end date. The movement in reinsurance balances payable relates to a Modco agreement with NewRe (see Note 13).

19. Other Creditors

	31st December 2023 €'000	31st December 2022 €'000
Other creditors including tax and social security		
Deferred tax liability (1)	51,314	63,727
LTIP accrual	13,135	18,342
Corporation tax payable	14,726	3,568
Payable for Securities Purchased Not Settled	866,822	2,275
Other	118,813	55,598
Total	**1,064,810**	**143,510**

1) See note 7.c.

Trade and other creditors are payable at various dates in the three months after the end of the financial period in accordance with the creditors' usual and customary credit terms.

Payable for Securities Purchased Not Settled as at 31st December 2023 includes €866 million of unsettled trades as a result of asset rebalancing activity in MAB portfolio for purchases of government bonds, with related sales of corporate bonds (see note 13). These trades settled post year end on 3rd January 2024.

Other creditors as at 31st December 2023 includes €59 million (31st December 2022: Nil) of payables relating to unsettled restructuring transactions on ICAV funds primarily involving Monument Infrastructure Debt Fund (Infra Debt) for pay down of note principal by Infra DAC to Infra Debt ICAV sub-fund and simultaneous issuance to Infra Debt ICAV sub-fund by Infra DAC of further tranche of equity shares, related receivables shown in Other Debtors (Note 13).

20. Commitments

At 31st December, 2023, the Company had €351.1 million (2022: €217.0 million) of unfunded commitments as a limited partner in a number of direct lending funds, infrastructure debt funds and other fixed income funds. The funds have existing investment periods ranging from three to seven years where the unfunded commitments can be drawn down. Following changes in asset allocation at the end of March 2024, the Company disposed of a Private Credit portfolio which reduced these unfunded commitments in direct lending funds by €118.4 million. (see note 24)

At 31st December 2023, the Company had €97.8 million (2022: €114.8 million) of unfunded commitments as a limited partner in three European revolving credit facility ("RCF") funds. The funds purchase RCFs at a discount from financial institutions and the Group is at risk for its portion of any defaults on those RCFs. The Group's maximum commitment to the fund at 31st December 2023 was €105.0 million (2022: €115.0 million). This is a decrease of €10.0 million due to a reduction of commitment within one of the RCF Funds and there have been no defaults under these facilities.

Effective July 2022, Monument Re Limited entered into a Letter of Credit Facility Agreement ("Facility Agreement") with a syndicate of banks, including National Westminster Bank Plc, ABN AMRO Bank N.V., Lloyds Bank PLC, Natixis and ING Bank N.V., London Branch ("Issuing Banks"). The Facility Agreement is available to Monument Re Limited to guarantee reinsurance liabilities up to €450 million. At 31st December 2023 the Facility had €389.2 million (2022: €389.2 million) of letters of credit outstanding, issued to Group subsidiaries as well as third parties.

The Group leases office space in various locations where its subsidiaries and branches are located. Total estimated future payments under these leases at 31st December 2023 were €1.8 million in 2023, €5.4 million in 2024-2028 and €5.2 million after 2028.

21. Discontinued Operations

On 27th April 2022, the Company completed the sale of Robein Leven N.V. and its subsidiary Robein Effectendienstverlening (collectively "Robein") to the Waard Group, a Netherlands-based platform of Chesnara plc. The sale and the related exit of the Company from the Dutch market was a result of insufficient opportunities that would align with the Company's risk and strategic appetite.

22. Reconciliation of Profit Before Tax to Net Cash from Operating Activities

	31st December 2023 €'000	31st December 2022 €'000
Profit / (loss) on ordinary activities before tax	(127,102)	138,966
Adjustments:		
Interest received/(paid)	(147,437)	(75,333)
Accrued interest payable	17,636	17,001
Realised and unrealised investment gains	119,532	1,791,204
Non-cash movement in technical reserves	(92,479)	1,073,415
Movement in deferred expenses	576	(1,547)
Deposits with ceding undertakings	(314,922)	(516,171)
Gain on acquisition	—	(37,063)
Movements in other assets/liabilities	(95,880)	(61,433)
Net cash from operating activities	**(640,076)**	**2,329,039**

23. Related Party Transactions

See Note 6 for disclosure of key management compensation and Note 14 for disclosure of preference shares issued to the shareholders during 2023.

During the year ended 31st December 2022, the Group entered into a total return swap ("TRS") with Hannover Re (Bermuda) Ltd., pursuant to an ISDA master agreement. At 31st December 2023, the fair value of the contract was a liability position of €16.9 million (2022: €71.8 million)

There were no other material related party transactions during the years ended 31st December 2023 and 2022.

24. Events after the Reporting Date

In Q2 2024, MRL paid a dividend of €7.8 million to its parent FINCO.

Monument Re has signed an agreement in respect of the transaction below. The financial result of this transaction is not included in the Consolidated Financial Statements because it remained subject to regulatory approval at the reporting date.

- On 16th May 2023, the Company announced that its Luxembourg subsidiary Monument Assurance Luxembourg S.A. ("MAL") reached an agreement with Integrale Luxembourg S.A. to acquire its closed book portfolio of long term life insurance business. The transaction completed 31st January 2024.

Preference share conversion

On 2nd January 2024 €183.6 million of preference shares at MIDCO were redeemed and the proceeds were used to subscribe for 105 million ordinary shares issued at a premium by MIGL. MIGL made a €9.6 million capital contribution to MIDCO.

Changes in asset allocation

At the end of March 2024, the Company disposed of a Private Credit portfolio which had previously been part of its strategic asset allocation, leading to a reduction in retained earnings and unfunded commitments. The Company continues to reoptimize its strategic asset allocation in light of the enhancements to the regulatory regime for commercial insurers in Bermuda.