Monument Re Limited

Annual Report

For the year ended 31st December 2022

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Strategic Report

Introduction

Monument Re Limited ("Monument Re" or "the Company") is a Bermuda based reinsurance company established to provide solutions for asset intensive portfolios through reinsurance or acquisition. In executing this dual insurance and reinsurance strategy, the Company looks to assume asset based risks within its risk appetite, 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.

Monument Re is a Class E reinsurer, the designated insurer of the Group and holding company of other European insurance entities. It is subject to Group Supervision by the Bermuda Monetary Authority through Solvency II Equivalence attained on a permanent basis from the European Commission. With effect from 1st January 2023, Monument Insurance Group Limited ("MIGL"), a Bermuda exempted company limited by shares and the ultimate parent company of Monument Re, became the head of the Group, for which the BMA acts as insurance Group Supervisor.

The Company's immediate parent company is Monument Finco Limited ("FINCO"), a Bermuda based company. FINCO is owned by Monument MIDCO Limited ("MIDCO"), which is owned by the ultimate parent, Monument Insurance Group Limited ("MIGL"). MIGL together with its subsidiaries (the "Group") is a Bermuda based insurance group.

Monument Re has an established track-record of acquiring life insurance portfolios across Europe. Since incorporation, twenty-six (26) transactions have been signed. These transactions support the Company's strategy to build and grow the Ireland, Benelux and Crown Territories platforms as well as demonstrating the capacity to develop and transact on opportunities in other territories.

Transactions completed in 2022 include:

- 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").
- On 18th February 2022, the Company, through its subsidiary Monument Assurance Luxembourg S.A., completed the acquisition of AME Life Luxembourg ("AMELL") from French Mutual Insurance Group Covéa. AMELL is a well-established Luxembourg-based life insurance company with market presence in Luxembourg, Belgium and Italy.
- The Company entered into three quota share reinsurance agreements, on a funds withheld basis, reinsuring blocks of annuities and savings portfolios.

In addition, Monument Re disposed of the following entity:

Introduction Cont'd

- 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.

Additionally, Monument Re has signed the following transaction which remained subject to regulatory approval at the reporting date. This transaction is not reflected in the financials within this report given it had not completed at the reporting date.

- On 19th December 2022, the Company, through its subsidiary Monument Assurance Belgium signed an agreement to acquire a run-off block of retail life policies, annuities and associated assets. This transaction is subject to regulatory approval.

Chairman's Report

We are pleased to present the annual report of Monument Re.

Having just overcome the wide-ranging challenges posed by the Covid-19 pandemic, 2022 saw the war in Ukraine pitch world financial markets into territory not seen for many years as interest rates rose notably and inflation surged to levels not seen for many decades. Just as falling interest rates had led to many life insurers experiencing solvency strains due to their assets being shorter-dated than their liabilities, rising interest rates led to sorely-needed relief for some, but by no means all. Whilst inflation is a risk that is, typically, poorly hedged by most insurers, it appears that the recent surge will not be sustained with central banks already forecasting a return to more customary levels by the end of 2023. It would, therefore, seem that the damage is likely to be relatively limited and unsustained.

In addition to facilitating primary insurers divesting themselves of under-performing or non-core business lines, Monument Re's role is also to provide relief to insurers experiencing financial strain as a result of a changing economic environment, such as we have seen in 2022. In circumstances such as these, Monument Re is able to offer support through portfolio transfer to one of its existing operating subsidiaries or through reinsurance or corporate acquisition. This service has continued to be valued by our reinsurance and transaction partners and Monument Re has been successful in completing portfolio transfers in Luxembourg, Belgium and the Isle of Man together with a further two reinsurance treaties and the novation of a retrocession agreement in Bermuda. It has also been particularly pleasing to note the efficiency born of experience with which these acquired business operations have been integrated into the existing local business units, ensuring continuity of policyholder servicing to the customary high level.

When Monument Re was founded in 2017, one of the key attractions of Bermuda was its status as a high-quality Solvency II equivalent regulatory regime. Access to the Scenario Based Approach enables insurers with long-dated liabilities to manage the balance sheet volatility that can result from credit spread widening on the fixed interest assets that comprise the greater part of our investment portfolios. It was, therefore, pleasing to note that Bermuda's equivalence was reconfirmed in 2022, although we should also note that the BMA has recently commenced a period of consultation with the local industry on changes to the solvency framework, which it deems necessary.

In line with BMA industry-wide challenge of the Scenario Base Approach, Monument Re has been tasked by the BMA with improving its approach to the application of the Scenario Based Approach. We have, in the meantime, adopted the Standard Curves for the purpose of determining regulatory liabilities at 31st December 2022 with a resulting fall in reported regulatory capital coverage, which even on that basis is healthy. Going forward, it is intended that the Scenario Based Approach will be used incorporating enhanced model governance and oversight in line with further industry-wide strengthening of the regulatory framework in Bermuda.

The rise in interest rates in 2022 demonstrated the effectiveness of our management of liquidity as we hedged the collateral used to support reinsurance and retrocession obligations, which are, typically, based on Solvency II liabilities and so, in effect, longer dated. In line with our risk appetite, we look to do what we can to mitigate unrewarded risk and, to this end, the management team has been developing further management of this risk.

Chairman's Report

In conclusion, we are moving through challenging times and my fellow board members and I consider ourselves to be fortunate in having a well-resourced management team with the depth of skills and commitment to address the forthcoming changes and leave Monument Re in an even stronger position from which to take advantage of the strategic opportunities that lie ahead.

Jonathan Yates

Chief Executive Officer's Report

2022 was a strong year for Monument Re despite the residual challenges presented by the Covid pandemic and the rapid changes in the economic environment, relating in particular to rapidly rising interest rates as governments sought to combat heightened and persistent inflation.

Consolidation activity in 2022 was strong with the acquisition and merger of AMELL in Luxembourg and the completion of significant transactions of portfolio transfers from AXA in Belgium, Zurich in the Isle of Man where we established a presence in Singapore. We also consolidated the Crown Dependencies with the transfer of the Nordben business from Guernsey into Monument International Life Assurance in the Isle of Man. The integration of these portfolios has progressed well and has been smoothly handled with no disruptions to customer service, continuity or regulatory standing. Good progress was made in developing external reinsurances with three annuity reinsurance deals completed including the life reinsurance block of Enhanzed Re in Bermuda.

We accelerated progress with the execution of our strategic asset allocation with the acquisition of a block of private credit and infrastructure assets. Our investment performance remains strong while the quality of the portfolio overall remains very high. We observed modest impacts on mortality and lapses in some of our portfolios in 2022, not unexpected given the lagged effects of the pandemic but well within tolerances. Our financial results for 2022 show profits after tax of €132.7 million. Solvency coverage remains strong at 167% of Capital Requirements. With the rapid growth of the business, we announced in May 2022 the appointment of Carlo Elsinghorst as Chief Financial Officer and Alex Brogden continued as Group Chief Underwriting Officer. The addition of Paul Stanworth as Chief Investment Officer and Jon Bird as Group Head of Compliance and Corporate Governance further strengthened the management team.

Bermuda secured its Solvency II equivalence in the EIOPA assessment concluded in 2022 but is also consulting on a sequence of changes mainly to the rules underlying the Economic Balance Sheet methodology. The scope of changes is significant and introduces some uncertainty in the operating environment although the changes are not expected to fundamentally alter underlying transaction economics. The consultation is expected to result in promulgation of regulations towards the end of 2023 to be effective from 1st January 2024 onwards with allowance for transition, albeit unclear as to the form of transition and the ultimate landing place of the revised regulations as at the time of writing.

Despite recent market conditions, significant inflationary impacts and the uncertainty arising from the consultation process, the market for transactions remains buoyant. The principal market drivers remain effective; in particular, sustained pressure on Solvency II capital margins for subscale and legacy portfolios. EU regulators and EIOPA have paid increasing attention to the activities of consolidators, recognising the benefits of scale and fresh capital to support backbooks but also seeking to protect policyholder interests and to ensure the investment horizon of shareholders matches the long-term nature of the liabilities taken on. Our business model and shareholder base fit well into this context. Despite increasing competition, we are well differentiated by our local presence, reputation, transaction capabilities and solutions-oriented approach. As a business, we benefit very strongly from the invaluable and abiding support of our shareholders and capital providers which undergirds management's positive outlook as we look to capitalise on the opportunities so clearly evident in the European life insurance space.

M. Maske

Manfred Maske

Key Financial Data

Directors monitor the progress of the Group by reference to the key financial data, including but not limited to:

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Gross written premium	4,096,097	2,741,394
Claims incurred, net of reinsurance	1,719,014	2,455,764
Profit on ordinary activities before tax	161,425	168,631
Enhanced Capital Requirement	654,404	492,367
Economic Balance Sheet Available Capital	1,095,279	1,472,337
Bermuda Economic Balance Sheet Solvency Coverage Ratio	167%	299%

Capital Management

Capital management and allocation is a key driver of the Group's success. Capital is a resource that supports the risk-bearing capacity of the Company, forming a foundation for the Company's long-term viability and the trust of its customers. Effective capital management is a key element of the Group's strategy and ability to complete and acquire portfolios across different jurisdictions. The Group has a robust capital management policy, which governs the management of our capital resources to provide flexibility to execute new reinsurances and acquisitions, while maintaining financial strength ensuring policyholder and cedant security. An important element of this approach is to maintain financial flexibility by pooling capital at Monument Re, which brings diversification benefits as the business grows.

The primary objective of the Group is to ensure compliance with externally imposed capital requirements and to maintain appropriate capital ratios in order to protect the security of its stakeholders, including cedants and policyholders, while maintaining shareholder value.

As a Bermuda reinsurer, the Group's primary capital benchmark is to maintain sufficient Economic Balance Sheet ("EBS") Available Capital to meet, at all times, the Enhanced Solvency Capital Requirements ("ECR") adhering to EBS Framework.

The principles of capital management at Monument Re are:

Monument Re Capital Management principles

1) Target Setting

Sufficient capital levels set by the Board, so that the Group is able to withstand appropriate stress scenarios, as approved by the Board.

The current Target Capital level for Monument Re is to maintain Available Capital equivalent to 150% of the ECR

The Target Capital level for each subsidiary is approved by the relevant Board, taking into account local requirements.

2) Monitoring

Capital levels shall be assessed regularly to ensure that they remain appropriate to support the Group's operations

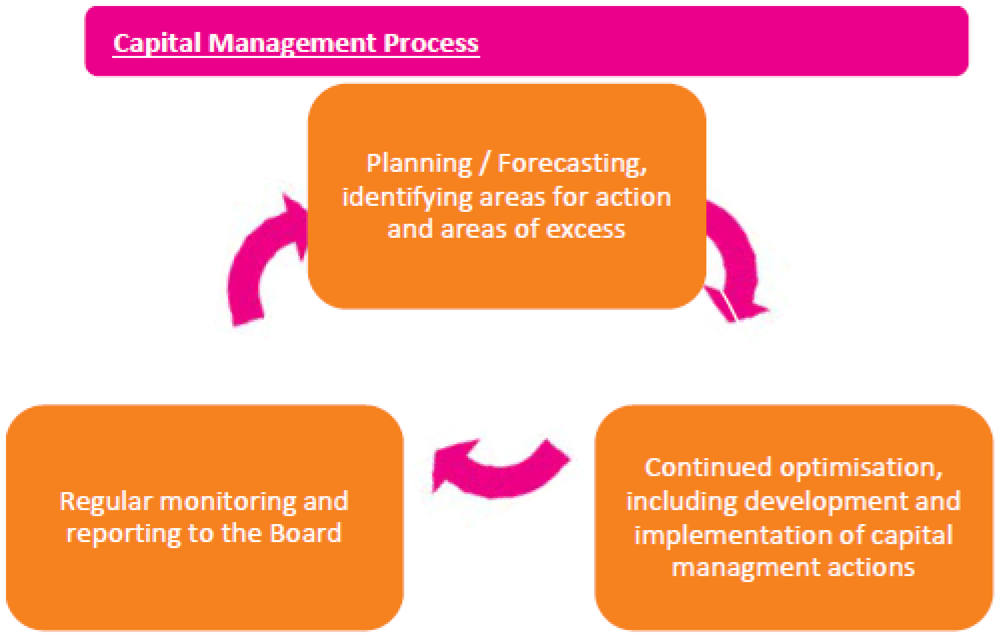
Appropriate processes maintained to enable effective monitoring and reporting of capital positions across the Group including the impact of new transactions

3) Management Actions

Activities undertaken to optimise the capital position of the company (and /or subsidiaries)

Actions continuously identified and executed, in order to optimize capital and remedy breaches of capital levels should a breach occur

The process followed for Capital Management is as follows:



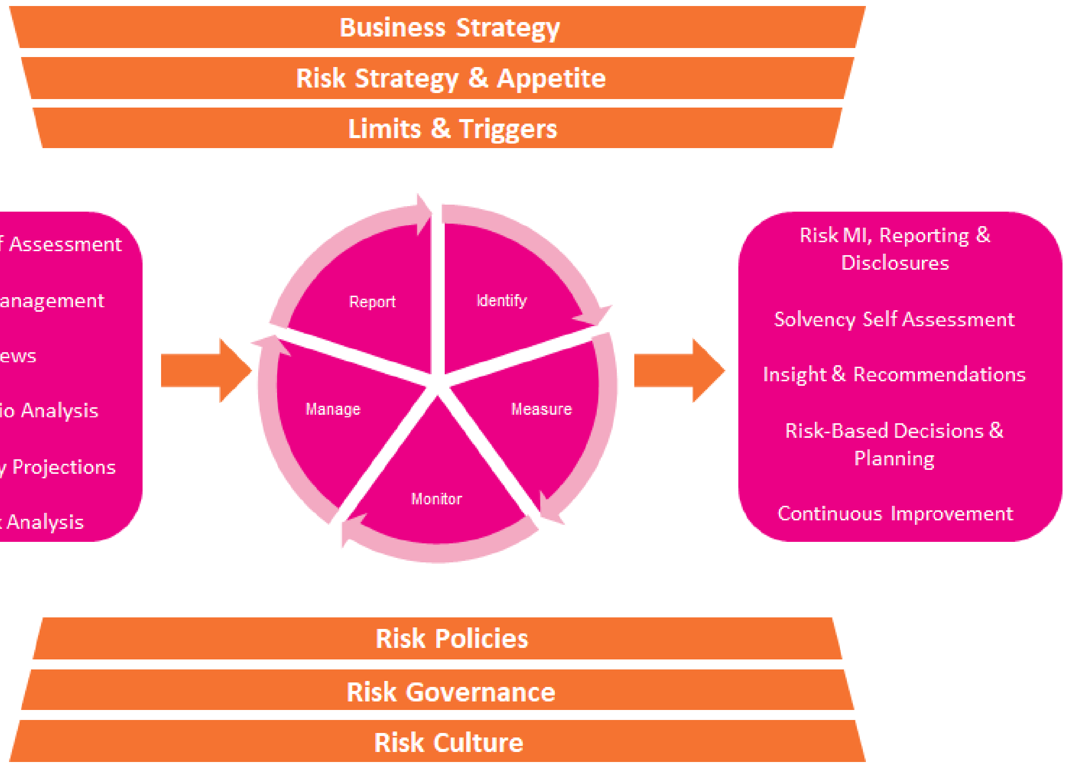
A capital management plan is prepared annually with the business planning period covering five years. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by senior management and the firm's risk profile. This plan is reviewed and updated on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

The Company's solvency coverage reduced over 2022 owing to a change in the valuation techniques adopted and a material dividend payment of €201.5m, enabling the parent company, Monument Finco Limited, to reduce bank debt outstanding. This was partially offset by the recognition of undrawn preference shares in April 2023.

Risk Management

Monument Re has established and maintains a Risk Management Framework, which is depicted below:

Risk Management Framework



The framework is based on a sound risk culture, an effective system of governance with clear accountabilities, and a suite of supporting risk policies.

Monument Re has implemented a "Three Lines of Defence" model for Enterprise Risk Management, which 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: individual 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 and committees providing independent assurance and challenge in respect of the effectiveness and integrity of the risk management framework and internal control framework.

The Board has established a Risk Committee to assist the Board by providing leadership, direction and oversight with regard to Monument Re's risk management framework, including risk appetite, limits, risk policies and risk reporting.

The risk strategy of the Group is aligned to the business strategy. Risk appetite statements express the Board's appetite across all categories of risk facing the business. Quantitative risk limits are set for key risks, along with early warning thresholds, which support proactive risk management. Exposures relative to limits and triggers are regularly monitored and reported to the Board.

Principal Risks and Uncertainties

Risk	Description	Mitigating actions and controls
Market Risk	The risk of loss or other adverse impact on the Group arising from movements in markets e.g. equities, property, exchange rates, interest rates and inflation rates, including basis risk arising from a hedging instrument imperfectly tracking a hedged item.	Investment policy and derivatives and hedging policy reviewed at least annually by the Board, including asset-liability management and concentration risk limits. Regular monitoring of exposures relative to market risk limits, supplemented by stress and scenario testing.
Insurance Risk	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.	Regular monitoring of actual versus expected claims and expenses. Regular review of actuarial assumptions. Management of persistency through customer service. Selective use of reinsurance.
Credit Risk	The risk of loss or other adverse impact on the Group arising from a deviation between the actual and expected performance of credit investments, or a change in the credit standing of a counterparty or debtor.	Credit risk policy and investment policy reviewed and approved at least annually by the Board. Regular monitoring of exposures relative to credit risk limits including credit ratings limits for investment counterparties and concentration limits.
Operational Risk	The risk of loss or other adverse impact on the Group arising from inadequate or failed internal processes, personnel or systems or external events.	Operational policies, processes and controls, including deal pricing and execution, integrations, outsourcing, compliance, information technology, data protection and cyber security. Regular Risk and Control Self-Assessment process. Event and issue management process, root cause analysis and learning from adverse experience.

Risk	Description	Mitigating actions and controls
Liquidity Risk	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.	Liquidity framework reviewed and approved at least annually by the Board. Liquidity buffer maintained to cover severe stress, including derivatives and reinsurance collateral requirements. Close matching of asset and liability cash flows and prudent levels of investment in illiquid assets.
Group Risk	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.	Group risk policy reviewed and approved at least annually by the Board. Significant commonality of Board composition across the Group and its subsidiaries. Close scrutiny of intra-group transactions including external specialist input where appropriate. Stress and scenario testing through solvency self-assessment process. Reputational Risk policy and escalation process.
Strategic Risk	The risk of loss or other adverse impact on the Group arising from failing to identify or react appropriately to opportunities or threats arising from changes in the market, some of which may emerge over a number of years.	Strategic risk policy reviewed and approved at least annually by the Board. Board members and executive committee members with broad experience and deep industry knowledge. Rigorous due diligence process led by internal experts with support from external specialists as required. Emerging risks forum with senior representation across the group. Topics are debated using a PESTLE framework to ensure broad risk coverage.
Sustainability Risk	The risk of loss or other adverse impact on the Group arising from environmental, social and governance ("ESG") risks, or the risk of adverse social or environmental externalities arising from the activities of the Group.	Sustainability Risk policy reviewed and approved at least annually by the Board. ESG limits embedded in the Investment policy. Diversified investment portfolio. Corporate social responsibility, and community investment.

Further information relating to risk management is outlined in Note 1 to the Consolidated Financial Statements.

Corporate Governance

Directors and Officers

Directors

- **Jonathan Yates, Non-Executive Director and Chairman of the Board**

  Jonathan is a Fellow of the Institute of Actuaries with over thirty years experience in the life insurance industry. He was previously CEO of Windsor Life Assurance Company Limited and, subsequently, Guardian Assurance Company Limited and a Director of various companies within the respective groups, including Ark Life Assurance Company Limited in Ireland.

  He was also previously Group Finance Director of Phoenix Group Holdings plc, a UK listed company as well as a Director of various group companies, including the life insurance companies within the group and Ignis Asset Management. Jonathan has previously held non-Executive Directorships of Paternoster Insurance Company Limited, in the UK, and The Empire Life Insurance Company, in Canada. He is currently a non-Executive Director with the Viridium Group in Germany, including the various life insurance companies within the group.

- **Clive Rowe, Non-Executive Director and Chairman of the Investment Committee**

  Until October 2019 Clive was a general partner and managing member of Oskie Capital Management, a New York based investment fund focused on companies going through significant transformations. He founded the firm in 2010 and was a Portfolio Manager responsible for investments in media, telecom, energy and health care including managed care organisations (health insurers).

  Prior to founding Oskie Capital, Clive was a partner at SLS Capital, a New York based long short equity fund which he co-founded in 1999. Prior to his career in the investment business, Clive worked at Monitor Company, a strategy consultancy where he co-led the restructuring group. Clive is currently a Board member of E-L Financial, a Toronto based holding company with a portfolio of investments..

- **Lesley Caslin, Non-Executive Director and Chairman of the Audit Committee**

  Lesley is a Chartered Accountant and has over 30 years' experience in the (re)insurance industry in the UK, Bermuda and Ireland, including 8 years in audit specialising in insurance. Lesley has held a number of senior positions, including the position of Chief Financial Officer of XL Re Latin America Ltd. in Bermuda, Director of Finance and Operations for Catlin Insurance, Bermuda and Chief Risk Officer at SureStone Insurance dac in Ireland. She also acted as an Independent Risk Advisor to the Insurance Division of the Central Bank of Ireland from 2012 to 2016. She is currently an independent non-executive director of Aviva Insurance Ireland, dac, Monument Life Insurance dac, and ITX Re dac and a director of the CARI Foundation, a charitable organisation.

- **Robert Morgan, Non-Executive Director**

  Rob currently serves as the Chief Executive Officer, Enstar Bermuda, & Vice President, M&A. In his current role, he has responsibility for shaping and executing the companies' strategies, engaging with boards, connecting with stakeholders, and overseeing the Bermuda executive team. Rob has over 12 years' experience in the (re)insurance industry and has been with Enstar since 2015. Prior to joining Enstar, Rob worked at KPMG. Rob is a Fellow Chartered Accountant with the Institute of Chartered Accountants in England and Wales.

- **Michael Winkler, Non-Executive Director and Chairman of the Risk & Compliance Committee**

  Michael is an Actuary and member of the Swiss Actuarial Association. He is the Managing Director of RefinSol GmbH, of which he is also the founder and Executive Director, providing consulting services for international (re)insurance companies. Michael has also served as CEO of WRM Reinsurance AG, a specialised carrier for bespoke reinsurance transactions for life insurance companies in the area of Financial Solutions. Michael brings over thirty years of experience to Monument Re, having covered multiple roles in the life (re)insurance industry since 1980.

- **Manfred Maske, Executive Director and Group Chief Executive Officer**

  Manfred is a Fellow of the Institute of Actuaries with more than twenty years of experience in the life industry in South Africa, the United Kingdom, India, the Middle East and Bermuda. He was previously CEO and Director of Legal and General Reinsurance in Bermuda and CEO and Director of Legal & General Gulf in the Middle East.

  Manfred has worked previously in a range of management and technical roles within Legal & General in the UK, culminating in the role of International Actuary with a business development focus, where he sat on the Boards of start-ups and as member or chair of the Investment Committee. Prior to this, Manfred held mainly actuarial but also investment roles with PricewaterhouseCoopers in the UK, Old Mutual and Momentum Life in South Africa.

Appointed Actuary

- Quintin Li
  PricewaterhouseCoopers LLP
  300 Madison Avenue
  New York, NY 10017
  USA

Company Secretary and Registered Office

- Conyers Corporate Service (Bermuda) Limited
  Clarendon House
  2 Church Street
  Hamilton, HM11
  Bermuda

Auditors

- PricewaterhouseCoopers Ltd.,
  Chartered Professional Accountants
  Washington House
  16 Church Street
  Hamilton, HM12
  Bermuda

Officers

- **Carlo Elsinghorst, Group Chief Financial Officer**

  Carlo was appointed Group Chief Financial Officer in 2022 after joining Monument Re as CEO of Monument Insurance Ireland in 2020. Prior to joining Monument, Carlo held positions in the life and pensions industry in Ireland, The Netherlands and the UK for over 20 years, including CFRO of Monuta Holding in The Netherlands, CFO of Friends First in Ireland and CRO & Interim CEO of Eureko Reinsurance Ireland. He also held senior management positions at Achmea in The Netherlands.

  Before entering into managerial roles, he worked as a consulting actuary at Mercer in London. Carlo holds a Master's degree in Mathematics from Delft University of Technology, qualified as an actuary and completed an MBA at INSEAD in France.

- **Alex Brogden, Group Chief Underwriting Officer**

  Alex is a Fellow of the Institute of Actuaries with over fifteen years of experience in the life industry. His previous role was Senior Corporate Actuary at the Phoenix Group, where his role included pricing and capital structuring of acquisitions and reinsurance, managing the Group's defined benefit pension schemes and developing significant capital management actions.

  He was previously Pricing Actuary at Admin Re (part of the Swiss Re Group), pricing closed fund transactions, including the c.GBP750m acquisition of Barclays Life. Prior to that, Alex was a Life Insurance Consultant at Willis Towers Watson and worked on a number of client projects, across the UK, Europe, US and Asia.

- **Neil Burt, Group Chief Actuary**

  Neil is a Fellow of the Institute of Actuaries with over fifteen years of experience in the life industry and a First Class Honours degree in Mathematics. Neil was previously the Approved Actuary and Head of Actuarial Reporting for Legal & General Re, responsible for reporting the actuarial liabilities of the Company. As Approved Actuary, he was responsible for providing an opinion on the sufficiency of the long-term reserves of the Company and supporting the regulatory requirements to the Bermuda Monetary Authority.

  Prior to Legal & General Re, Neil transferred from within the Legal & General Group in the UK where he worked within the Legal & General Retirement Finance team. In the UK, Neil supported the development of the Solvency II reporting, strategic planning and the international expansion of the Retirement Division. Prior to Legal & General, Neil was an Actuarial Manager at Deloitte working on a number of Solvency II and M&A projects.

- **David Leach, Group Chief Risk Officer**

  David is a Fellow of the Institute of Actuaries and holds a First Class Honours degree in Economics from the University of Warwick. David has over twenty years of experience in life insurance. He was previously Deputy Chief Risk for ReAssure Life Limited and Risk Management Head of Investment Oversight for ReAssure Group, a division of Swiss Re. Prior to that, David held the role of Senior Risk Actuary for Guardian Financial Services. He has also worked in actuarial consulting roles at EY, Deloitte and Watson Wyatt (now Willis Towers Watson) and as Pricing Actuary at Munich Re. His consulting work focused on mergers and acquisitions in Europe and Asia, actuarial audit, risk management and Solvency II.

- **Jon Bird, Group Head of Compliance**

  Jon has nearly 40 years of experience within the Financial Services sector with last 25 years in the Compliance field. Prior to joining Monument, Jon was Compliance Assurance Director with Aon. Before that he has had a number of roles covering compliance, risk, financial crime, data protection and governance with providers of life, pensions, general insurance, savings and investments products covering both UK and international jurisdictions. These roles have included being a Money Laundering Reporting Officer and Data Protection Officer.

- **Tobias Fritsch, Group Chief Operating Officer**

  Tobias has over fifteen years of experience in the insurance sector, ranging broadly across various jurisdictions in Europe, Asia and North-America. He has deep experience in IT, Operations and Change Management, leading sizable international business transformation initiatives, BPO projects and M&As before taking C-level roles within Operations. Tobias started his career as a strategy consultant before joining Allianz. Within Allianz, he led teams in the P&C, Life & Health and Investment sectors.

  Prior to joining Monument Re, Tobias was the COO for Allianz Investment Management in North America. As a dedicated learner, Tobias holds two PhDs and over ten masters degrees spanning relevant areas including business administration, economics, computer science and law.

- **Paul Stanworth, Group Chief Investment Officer**

  Paul has over 30 years' experience in institutional investments and finance covering a wide range of markets including private and public credit, venture capital, private equity, real estate, derivatives and interest rates. Through his career, Paul has built several start-up teams and businesses within corporate investment functions and treasury operations in Europe and the US. Prior to joining Monument Re, Paul was CEO of 777AM, a startup US based asset manager supporting a Bermudian reinsurer. This followed a role as CEO of Legal General Capital where Paul built a private investments platform to support the insurer and oversight of the insurers long-term credit funds. Earlier in his career, Paul worked in investment banking and fund management, including Head of Credit at Prudential M&G. Paul holds a BSc from the University of London and professionally qualified as an actuary.

- **Fiona Davies, Group Chief of Staff**

  Fiona is a Fellow of both the Academy of Life Underwriting and the Life Management Institute with over 25 years of experience in the life insurance industry. Fiona was previously the Transactions Manager for Monument Re before assuming the role of Group Chief of Staff in March 2022. Prior to joining Monument Re Fiona held the position of Senior Underwriter for Hannover Life Reassurance Bermuda Ltd, a role which included traditional mortality and longevity underwriting, underwriting manual development and mortality evidence-based research projects. Prior to Hannover Re, Fiona was an Assistant Vice President at BF&M Insurance Group with responsibility for various underwriting and policy administration functions.

- **Riya Sen Gupta, Group General Counsel**

  Riya is an English qualified lawyer with over twelve years' experience in the financial services industry. Prior to starting her current role, she spent her career as a corporate lawyer at the international law firm Clifford Chance LLP, most recently holding the role of Director of Insurance: Transactions and Regulation. Riya has a wealth of experience in advising on complex M&A, corporate restructurings, reinsurance and distribution arrangements for (re)insurers and other financial institutions across the UK, Europe, US and Asia.

- **Gemma Cerasi, Group Head of Human Resources**

  Gemma has over 15 years experience within the Financial Services and IT sector. Prior to joining Monument Gemma's last role was Head of HR for Ark Life. Prior to that she held various senior HR roles within Aviva at a local and European level across their Life and Pensions and General Insurance businesses. Gemma started her career with Oracle where she previously held positions within their Learning and Development division.

- **Colm Brennan, Group Head of Internal Audit**

  Colm has 17 years of experience in the Financial Services sector with 10 years of experience in the insurance industry. Prior to taking up his current role he held the position of Head of Financial Control for Monument Assurance and Monument Insurance.

  In this role, Colm had overall responsibility for the controllership, financial reporting and regulatory reporting activities for the organisation. Prior to joining Monument, Colm held the position of Financial Accountant with Friends First Finance, an asset finance company. Colm is a Fellow of the Association of Chartered Certified Accountants, a Chartered Tax Adviser and member of the Chartered Institute of Internal Auditors.

Officers of the Group, employed by the subsidiary entities

- **Olivier Schmidt-Berteau, Chief Executive Officer, Luxembourg**

  Olivier has twenty-one years experience in the insurance industry. He has served in Luxembourg since December 2006, first as Risk Manager and Financial Controller, then Chief Financial Officer and finally from June 2010 as Chief Executive Officer of Aspecta Luxembourg International S.A., a company of the Talanx Group. In his latest function, he had responsibility to set up the run-off of the company. From June 2009 Olivier was also Executive Director of the finance and investment company of the Group in Luxembourg, Talanx Finanz (Luxemburg) S.A. From June 2009, Olivier also held this position within EURO International Reinsurance S.A. Luxemburg to prepare and complete the sale of the company one year later. Prior to that, Olivier had nearly 10 years of experience in Germany in a number of senior management roles primarily in Risk Management and Financial Controlling with Gerling Beteiligungs-GmbH, Gerling G&A Versicherungs-AG and General Accident Versicherungs-AG. Olivier graduated from the Institut d'Etudes Politiques de Paris and holds a law degree.

- **Chris Carson, Group Integrations, Change & Technology Director and UK Country Manager**

  Chris is an operational strategy and change expert and has delivered restructurings, mergers, demergers and transformations for a number of companies over the past 15 years including

M&G Prudential, Direct Line, MetLife, AVIVA, and HBOS. He was an insurance Consulting Partner at PwC and also led their EMEA Insurance Advisory practice from 2013 – 2015.

He began his career as a management trainee with Aachen Re in the US and moved with them to Ireland in 1993. He worked with Scottish Amicable and St. James's Place Capital in Dublin before moving into management consulting with Deloitte Bacon & Woodrow and then PwC in the UK. Before joining Monument Re Chris led the operational separation of M&G Prudential from Prudential Group ahead of their listing on the LSE.

- **Warwick Helps, Chief Executive Officer, Nordben, Guernsey**

Warwick is a Fellow of the Association of Chartered Certified Accountants with thirteen years of experience in the finance industry. Warwick has served at Nordben since January 2012, first as Deputy Chief Financial Officer, then Chief Financial Officer and finally from May 2016 as Chief Executive Officer. In his latest function, he has taken responsibility for executing Nordben's strategy to ensure the business is run off as efficiently and profitably as possible with a strong focus on excellent operational management and communication skills to be able to motivate the staff to meet the challenges of running off the liabilities of the Company. Prior to Nordben, Warwick was an audit manager at Deloitte working predominantly with a mixture of insurance clients.

- **Koen Depaemelaere, Chief Executive Officer, Belgium**

Koen has more than 15 years of relevant experience in the BeNeLux insurance market and was Director and CEO of the Life Insurance business at AXA Belgium. He held a mandate as President and previously CEO of AXA Private Management. He was also the CEO of the largest BeNeLux broker Vanbreda Risk & Benefits. He has led several digital transformations as CEO of Portima/ Assurnet, the leading IT-platform in the Be Insurance sector, Chief Transformation Officer at SD Worx and CCO at Banksys/Worldline. Koen holds a Master of Engineering Science (ir.) from KU Leuven and an MBA from Vlerick Business School.

- **David Healy, Chief Executive Officer, Ireland**

David has more than 30 years' experience in the International Insurance Industry , specialising in the cross border, pan EMEA, Life, Health and Employee Benefits markets. Prior to joining Monument as CEO of the Irish company, David was the CEO of Aetna International Health Insurance Europe based out of London, before moving to Dubai to take the role of CEO of the EMEA region for Aetna. David was also a Board Director of Aetna's operations in India.

David began his career in the International cross border market with J Rothschild International in Dublin before moving to Luxembourg as Managing Director of Scottish Equitable International. David then returned to Ireland to take up the role of CEO at the launch of Aegon Ireland, leading the introduction of the first Variable Annuity products sold into Europe.

David holds a BA (Hons) degree in Insurance Management and is an Associate of the Chartered Insurance Institute (ACII). He is also a qualified Chartered Director with the Institute of Directors. .

- **Jeffrey More, Chief Executive Officer, Crown Dependencies**

  Jeffrey is a Fellow of the Faculty of Actuaries with thirty-five years' experience in life assurance. He continues as CEO and as a director of Monument's life insurance, insurance management and fund manager businesses, very recently acquired from Charles Taylor of London, where he served on the Group Executive Committee. He was CFO and then CEO of that business under its ownership by Aberdeen Asset Management and was on the Board of Aberdeen funds in Ireland. Jeffrey has been a director of life insurers in the Isle of Man, Guernsey and Jersey acquired by Charles Taylor and transferred into the main Isle of Man life insurer. He was previously Appointed Actuary of Scottish Provident International in the Isle of Man. He was previously Product Development Actuary for Scottish Provident Institution in the UK.

  In the Isle of Man, with the upcoming retirement of the current CEO, a new Crown Dependencies CEO has been appointed, subject to the approval of the Isle of Man Financial Services Authority.

The Board of Directors plays a critical role in the successful operation of Monument Re, being ultimately responsible for sound and prudent governance and oversight of the Company. The Board's duties, membership, frequency of meetings and quorum is defined in the Board charter. The mix of skills and experience of Board members ensures that there is an appropriate level of experience, knowledge and expertise that is commensurate with the nature, scale and complexity of Monument Re's business. Membership of the Board and its committees will be reviewed at least every three years, or more frequently upon a material change in business activities or risk profile, in compliance with the Bermuda Monetary Authority ("BMA")'s Group Supervision Rules.

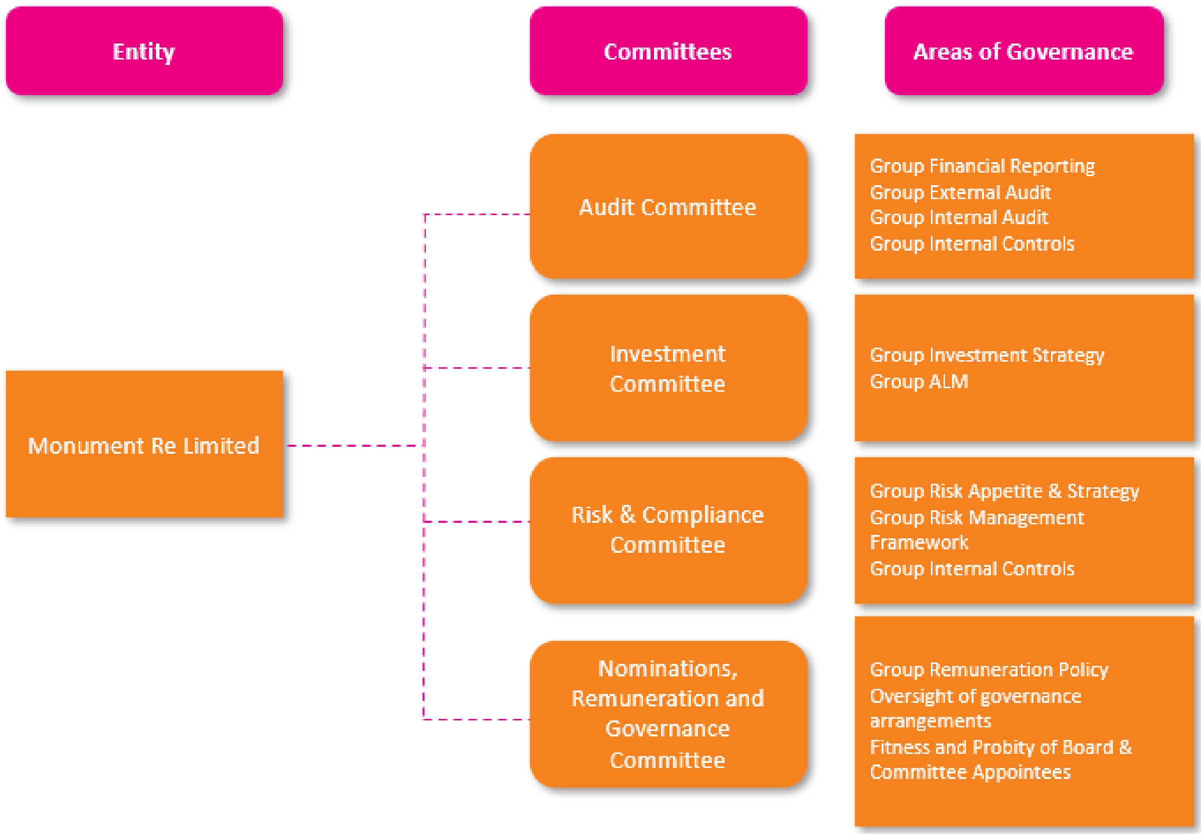
Monument Re's Board includes one Independent Non-Executive Director, four Non-Executive Directors and one Executive Director whose duties include, but are not limited to:

- Maintain an adequate understanding of the Company's total business and operations to be able to test and challenge the decisions of other Directors and Senior Management;
- Devote sufficient time to enable the proper discharging of the Director's governing function duties and attend all Board meetings where possible;
- Through Board meetings and activities, assist with determining the long and short-term strategy of the Company;
- When requested by the Board, represent the Company in its dealings with third parties;
- At all times comply with the legal, fiduciary and common law duties as a Director, as well as applicable regulation, including the requirements of the BMA and ensure that any conflicts of interest are properly resolved; and
- Liaise with external auditors, PricewaterhouseCoopers ("PwC") Bermuda, as to their findings.

In line with international best practices, the Board has delegated its authority either directly or indirectly to a number of committees, which meet in Bermuda, each with their own terms of reference.

Corporate Governance Structure

The key Board committees at Monument Re are depicted below:



In 2022, compliance reporting moved from the formerly known Audit and Compliance Committee to the now Risk and Compliance Committee ("RCC").

Note that the other Monument entities are each governed by a Board of Directors and have additional committees as their size and scope requires.

Committee	Members	Key Responsibilities
Audit	▪ Lesley Caslin (Chairperson); ▪ Michael Winkler; ▪ Robert Morgan; and ▪ Clive Rowe	Ensuring the integrity of financial statements and the financial reporting process; and Overseeing, challenging and reviewing both the internal and external audit functions.
Risk and Compliance	▪ Michael Winkler (Chairman); ▪ Clive Rowe; ▪ Jonathan Yates; ▪ Manfred Maske; ▪ Lesley Caslin; and ▪ Robert Morgan	Providing leadership, direction and oversight to Monument Re's risk appetite and tolerance, and Risk Management Framework; Reviewing and recommending for Board approval all risk policies; and Overseeing the effectiveness of the internal control system. Reviewing and monitoring the adequacy and effectiveness of the Company's compliance function, and risk and compliance training programs.
Investment	▪ Clive Rowe (Chairman); ▪ Manfred Maske ▪ Jonathan Yates ▪ Michael Winkler	Overseeing the development of the investment strategy and the making, holding and disposal of investments; Monitoring compliance of investment portfolios with the policies, guidelines and risk limits; and Reviewing and approving periodically investment benchmarks and KPI's for investment portfolios and investment function.
Nominations, Remunerations and Governance	▪ Jonathan Yates (Chairman); ▪ Clive Rowe; ▪ Lesley Caslin; and ▪ Robert Morgan	Assisting with the determination of the overall remuneration policy for the Group; Reviewing membership of the Board and Committees to ensure fitness and probity; and Assisting the Board in ensuring it retains an appropriate balance of skills to support Monument Re's strategic objectives.

Directors' Report

Principal Activities

Monument Re is a Bermuda based Class E life reinsurer. Within risk appetite Monument Re seeks opportunities to assume European life (re)insurance companies, and efficiently operate these businesses and/or portfolios. The key activities relate to 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 long-dated, asset intensive liabilities, typically with guarantees.

Additionally Monument Re is the parent company and designated insurer of Monument Re Group (the "Group"), which is made of Monument Re and its subsidiaries and as such is subject to Group supervision by the BMA.

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 2022.

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

The member reappointed the auditor, PricewaterhouseCoopers Ltd., by way of member's unanimous written resolutions constituting the 2022 annual general meeting of the company dated 10th August 2022.

Results and Dividends

Results for the year are set in the Consolidated Statement of Comprehensive Income below and show a profit before tax of €161.4 million on ordinary activities for the year ended 31st December 2022. There were no capital contributions from the parent company to Monument Re. Dividends of €201.5 million were paid to the shareholder during the year ended 31st December 2022.

Business Review

In 2022, the Group completed the acquisition of AME Life Luxembourg which led to a bargain purchase gain of €37.1 million.

In addition, in 2022, the Group completed acquisitions of a closed book unit-linked portfolio from Zurich International Life Limited (Singapore Branch) and a run-off life insurance portfolio from AXA Belgium SA, as well as entered into three new reinsurance agreements.

In 2022, the Group 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 resulted in a loss of approximately €8 million.

See the CEO report for further details.

Directors

The names of the persons who were Directors during the year ended 31st December 2022 and to the date of this report are set out below:

Director	Date Appointed
Clive Rowe	1st March 2017
Jonathan Yates	31st October 2016
Manfred Maske	4th May 2017
Michael Winkler	1st March 2017
Lesley Caslin	10th January 2023
Robert Morgan	26th January 2023
Paul Bohus	4th May 2017 (resigned 3rd January 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 he is aware, there is no relevant audit information of which the Company's statutory auditors are unaware and he has taken all the steps that he ought to have taken as a Director in order to make himself 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 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").

Additionally in accordance with the Insurance Act 1978 as amended and regulations promulgated thereunder ("Regulations") issued by the BMA, the Group has to prepare Statutory Financial Statements ("SFS").

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 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
30th April 2023

Director
30th April 2023

Independent auditor's report

To the Board of Directors and Shareholder of Monument Re Limited

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Monument Re Limited (the Company) and its subsidiaries (together 'the Group') as at 31 December 2022, 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 2022;
- 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

30 April 2023

Monument Re Limited Consolidated Financial Statements

Consolidated Statement of Comprehensive Income
General Business Technical Account
For the years ended 31st December 2022 and 2021

	Notes	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Earned premiums, net of reinsurance			
Gross premiums written	*4*	12,168	14,472
Net premiums earned		12,168	14,472
Investment income	*5*	259	263
Losses on realisation of investments	*5*	(574)	(73)
Unrealised losses on investments	*5*	(242)	(244)
Other income		—	125
Claims incurred			
Claims paid			
- gross amount	*15*	(4,590)	(7,363)
Net claims paid		(4,590)	(7,363)
Change in the provision for claims			
- gross amount	*15*	(1,487)	3,004
Change in the net provision for claims		(1,487)	3,004
Claims incurred		(6,077)	(4,359)
Operating expenses	*6*	(4,189)	(6,442)
Foreign exchange gains/(losses)		(216)	738
Balance on the general business technical account		**1,129**	**4,480**

Consolidated Statement of Comprehensive Income
Long-Term Business Technical Account
For the years ended 31st December 2022 and 2021

	Notes	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Earned premiums, net of reinsurance			
Gross premiums written	*4*	4,083,929	2,726,922
Outward reinsurance premiums		(12,522)	(3,492)
Net premiums earned		4,071,407	2,723,430
Investment income	*5*	74,078	50,604
Losses on realisation of investments	*5*	(285,436)	(29,854)
Unrealised losses on investments	*5*	(1,223,900)	(71,105)
Loss from deposits with ceding undertakings	*5*	(457,113)	(79,386)
Other technical income, net of reinsurance		12,234	5,954
Other income		535	7,909
Claims incurred, net of reinsurance			
Claims paid			
- gross amount	*15*	(1,043,572)	(502,186)
- reinsurers' share	*15*	5,073	2,678
Net claims paid		(1,038,499)	(499,508)
Change in the provision for claims			
- gross amount	*15*	(639,435)	(1,952,110)
- reinsurers' share	*15*	(35,003)	213
Change in the net provision for claims		(674,438)	(1,951,897)
Net claims incurred		(1,712,937)	(2,451,405)
Operating expenses	*6*	(273,720)	(80,403)
Other technical charges, net of reinsurance		(45,444)	(1,218)
Foreign exchange gains/(losses)		(24,945)	45,761
Tax on profit on the long-term business account	*7*	(28,690)	(15,524)
Balance on the long-term business technical account		**106,069**	**104,763**

Consolidated Statement of Comprehensive Income
Non-Technical Account
For the years ended 31st December 2022 and 2021

	Notes	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Balance on the General business technical account		1,129	4,480
Balance on the Long-term business technical account		106,069	104,763
Tax credit attributable to balance on General and Long-term business	*7*	28,690	15,524
Shareholder's pre-tax profit from technical accounts		**135,888**	**124,767**
Investment income	*5*	31	6,774
Unrealised losses on investments	*5*	(14)	(11,412)
Other income		3,480	3,272
Gain on acquisition	*2*	37,063	92,663
Foreign exchange losses		(517)	(339)
Operating expenses	*6*	(14,506)	(47,094)
Profit on ordinary activities before tax		**161,425**	**168,631**
Tax on profit on ordinary activities	*7*	(28,688)	(15,764)
Profit on ordinary activities after tax		**132,737**	**152,867**
Profit on ordinary activities after tax attributable to:			
Shareholder		122,896	152,867
Non-controlling interests		9,841	—
		132,737	152,867
Total comprehensive income after tax		**132,737**	**152,867**
Total comprehensive income after tax attributable to:			
Shareholder		122,896	152,867
Non-controlling interests		9,841	—
		132,737	152,867

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 2022 and 2021

	Notes	31st December 2022 €'000	31st December 2021 €'000	
Assets				
Investments				
Investment property	*8*	549,774	669,238	
Investments in participating interests		8,213	39,149	
Other financial investments	*10*	8,366,356	7,444,781	(1)
Deposits with ceding undertakings	*10,17*	2,981,657	2,704,931	
		11,906,000	10,858,099	
Assets covering unit-linked liabilities	*10,11*	1,503,398	2,174,054	
Reinsurers' share of technical provisions				
Long-term business provision	*15*	1,952	13,842	
Technical provisions for unit-linked liabilities	*15*	71,714	89,005	
		73,666	102,847	
Debtors				
Debtors arising out of direct insurance and reinsurance operations	*13*	832,281	1,072,518	
Other debtors	*13*	37,676	44,120	
		869,957	1,116,638	
Cash and cash equivalents		1,130,440	1,230,611	
(restricted 2022: €55,185 and 2021: €44,944)				
Intangible assets	*12*	19,682	19,253	
Other assets		7,182	6,372	
Prepayments and accrued income				
Accrued interest		71,803	36,547	
Other prepayments and accrued income		12,043	14,179	
		83,846	50,726	
Total assets		**15,594,171**	**15,558,600**	

(1) Derivative liabilities of approximately €18 million were reclassified from Other financial investments to Other financial liabilities to conform to the current year presentation.

Consolidated Statement of Financial Position – Continued
As at 31st December 2022 and 2021

	Notes	31st December 2022 €'000	31st December 2021 €'000	
Liabilities, Capital and Reserves				
Capital and reserves				
Called up share capital	*14*	52,491	52,491	
Capital contribution	*14*	552,758	552,758	
Profit and loss account		552,955	631,605	
Other comprehensive income		(375)	(375)	
Total shareholder's equity		1,157,829	1,236,479	
Non-controlling interests	*14*	54,972	45,131	
Total capital and reserves		1,212,801	1,281,610	
Liabilities				
Technical provisions				
Long-term business provision	*15*	10,813,993	9,749,347	
General business provision	*15*	8,712	6,498	
Technical provisions		10,822,705	9,755,845	
Technical provisions for linked liabilities	*10,11*	1,704,931	2,174,054	
Reinsurance liability	*15*	101,645	97,814	
Creditors				
Creditors arising out of direct insurance operations	*18*	73,544	41,598	
Creditors arising out of reinsurance operations	*18*	843,883	1,123,346	
Amounts owed to credit institutions	*16*	344,081	813,624	
Other financial liabilities	*17, 23*	313,826	96,157	*(1)*
Other creditors including taxation and social security	*19*	148,352	137,842	
		1,723,686	2,212,567	
Accruals and deferred income		28,403	36,710	
Total liabilities and equity		**15,594,171**	**15,558,600**	

[(1)] *Derivative liabilities of approximately €18 million were reclassified from Other financial investments to conform to the current year presentation.*

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.

On behalf of the Board

Director	Director
30th April 2023	30th April 2023

Consolidated Statement of Changes in Equity
For the years ended 31st December 2022 and 2021

	Called up share capital €'000	Capital contribution €'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	**52,491**	**552,758**	**631,605**	**(375)**	**1,236,479**	**45,131**	**1,281,610**
Profit on ordinary activities, after tax	—	—	122,896	—	122,896	9,841	132,737
Total comprehensive income, net of tax	—	—	122,896	—	122,896	9,841	132,737
Dividend distributions	—	—	(201,546)	—	(201,546)	—	(201,546)
Total transactions with owners, recognised directly in equity	—	—	(201,546)	—	(201,546)	—	(201,546)
Balance at 31st December 2022	**52,491**	**552,758**	**552,955**	**(375)**	**1,157,829**	**54,972**	**1,212,801**

	Called-up share capital €'000	Capital contribution €'000	Profit and loss reserve €'000	Other comprehensive income €'000	Total shareholder's equity €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1st January 2021	**52,491**	**486,758**	**567,879**	**(375)**	**1,106,753**	**—**	**1,106,753**
Profit on ordinary activities, after tax	—	—	152,867	—	152,867	—	152,867
Total comprehensive income, net of tax	—	—	152,867	—	152,867	—	152,867
Dividend distributions	—	—	(89,141)	—	(89,141)	—	(89,141)
Capital contributions	—	66,000	—	—	66,000	—	66,000
Total transactions with owners, recognised directly in equity	—	66,000	(89,141)	—	(23,141)	—	(23,141)
Non-controlling interests acquired during the year	—	—	—	—	—	45,131	45,131
Balance at 31st December 2021	**52,491**	**552,758**	**631,605**	**(375)**	**1,236,479**	**45,131**	**1,281,610**

Consolidated Statement of Cash Flows
For the years ended 31st December 2022 and 2021

	Notes	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Net cash from operating activities	*22*	**2,337,543**	**2,131,826**
Interest received/(paid)		79,485	(6,767)
Net cash generated from operating activities		**2,417,028**	**2,125,059**
Cash flow from investing activities			
Acquisition of subsidiary (net of cash acquired)		4,062	364,999
Disposal of associates		30,936	—
Proceeds from the sale of investments		5,134,877	2,550,640
Purchases of investments		(7,094,541)	(4,334,074)
Sale of investment properties		56,131	—
Net cash used in investing activities		**(1,868,535)**	**(1,418,435)**
Cash flow from financing activities			
Debt repaid		(469,543)	—
Debt raised		—	200,000
Dividends paid		(201,546)	(89,141)
Capital contribution		—	66,000
Net cash generated from financing activities		**(671,089)**	**176,859**
Net increase in cash and cash equivalents		**(122,596)**	**883,483**
Cash and Cash Equivalents at the beginning of the year		1,230,611	349,408
Effect of exchange rate on cash and cash equivalents		22,424	(2,280)
Cash and Cash Equivalents at the end of the year		**1,130,439**	**1,230,611**

Statement of Accounting Policies

General Information

Monument Re Limited ("Monument Re" or the "Company") is a long-term class E reinsurer under Bermuda's Insurance Act of 1978. The principal activities of the Company together with its subsidiaries (the "Group") are to reinsure in-force blocks of long-dated, asset intensive liabilities, typically with guarantees and to acquire closed blocks of annuity, guaranteed savings or linked products. Monument Re is the Designated Insurer of the Group. 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.

The Company's immediate parent company is Monument Finco Limited ("FINCO"). FINCO is owned by Monument MIDCO Limited ("MIDCO"), which is owned by the ultimate parent, Monument Insurance Group Limited ("MIGL"). All these entities are Bermuda domiciled.

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").

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 Combination 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. Negative value-in-force (asset VIF or “AVIF”) related to acquired unit-linked investment products 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 presentational 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 and for which there is (i) no contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity, potentially on unfavourable terms; or (ii) 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.

Equity 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 shareholder 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

The lease that does not meet the criteria for a financial lease is 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 ("LTI") plan. An expense is recognized when the Company has a legal or constructive obligation to make payments under the LTI plan as a result of past events and a reliable estimate of the obligation can be made. The Company recognises a liability under the LTI plan 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: individual 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 and committees 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.

Sensitivities (€'000)	Net Assets Delta	Description
Interest Rate Up Risk	(66,333)	100 basis points ("bps") parallel shift up in interest rates
Interest Rate Down Risk	82,196	100 bps parallel shift down in interest rates

- *Credit Spread Risk*

At 31st December 2022, Monument Re had a €9,561.5 million portfolio of fixed income and mortgage fund investments. Movements in spreads impact the market value of these fixed interest assets. At 31st December 2022, a 50 basis point increase in spreads reduces net assets by €18.9 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 2022, 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 €9.1 million ($9.8 million).
- A 10% appreciation in EUR relative to GBP would reduce the Company's net assets by €63.4 million (£56.1 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 €1.3 million.

- *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 €28.6 million. This allows for the equity hedges that were in place at the reporting date.

- *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 €83.2 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	(46,854)	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)	(12,154)	A permanent 10% decrease in lapse rates for guaranteed savings business
Non-Annuitant Mortality	(16,243)	Increase in mortality for non-annuitants by 5%
Annuitant Mortality Improvements	(34,997)	Longevity improvements increase by 0.25% p.a. in all future years
Pandemic	(35,099)	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 2022 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 below.

The following table provides information regarding credit risk exposure of financial instruments within the Group at 31st December 2022 and 2021 by classifying them according to external credit ratings.

December 31, 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	537,425	1,412,039	782,275	1,488,424	23,146	1,494	267,162	4,511,965
Equities and equity funds	—	—	—	—	—	—	1,510,120	1,510,120
Private credit funds	—	—	—	—	—	—	772,834	772,834
Fixed income mutual funds	—	—	—	—	—	—	346,475	346,475
Alternative funds	—	—	—	—	—	—	339,411	339,411
Loans and receivables	—	—	—	—	—	—	359,925	359,925
Residential mortgage funds[(2)]	—	249,226	—	—	—	—	—	249,226
Term deposit	—	—	—	2,409	—	—	—	2,409
Derivative assets	—	13,957	105,950	5,486	—	—	949	126,342
Other	—	—	—	—	—	—	22,190	22,190
Total	**537,425**	**1,675,222**	**888,225**	**1,496,319**	**23,146**	**1,494**	**3,619,066**	**8,240,897**

(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.

December 31, 2021	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	Not rated €'000	Total[1] €'000
Financial instruments:							
Debt securities and other fixed income securities	1,167,230	1,645,339	320,397	766,755	13,685	318,160	4,231,566
Equity mutual funds	—	—	—	—	—	1,228,940	1,228,940
Loans and receivables	—	—	—	—	—	907,750	907,750
Fixed income mutual funds	—	—	—	—	—	457,428	457,428
Private credit funds	—	—	—	—	—	244,481	244,481
Residential mortgage funds[2]	—	106,421	—	—	—	—	106,421
Alternative funds	—	—	—	—	—	50,543	50,543
Derivatives	—	(9,471)	(2,431)	(66)	—	—	(11,968)
Other	—	—	—	—	—	23,946	23,946
Total	**1,167,230**	**1,742,289**	**317,966**	**766,689**	**13,685**	**3,231,248**	**7,239,107**

(1) The financial instruments at 31st December 2021 above exclude financing leases of €150.2 million and policyholder loans of €36.9 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. No debtors were past due at 31st December 2022 and 2021.

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 2022 is provided in Note 10.

Analysis of contract liabilities maturities

The maturities of the Company's contract liabilities for the years ended 31st December 2022 and 2021 are shown below. Cash flows assume the application of contract boundaries and are gross of reinsurance.

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**

For the year ended 31st December 2021	Premiums	Claims	Expenses	Total
Maturities	€'000	€'000	€'000	€'000
Less than 1 year	(224,203)	1,279,054	52,811	1,107,662
1-2 years	(202,202)	671,050	42,875	511,723
2-3 years	(186,531)	657,495	40,173	511,137
3-4 years	(171,315)	619,968	39,488	488,141
Over 5 years	(1,319,777)	7,218,155	417,519	6,315,897
Total	**(2,104,028)**	**10,445,722**	**592,866**	**8,934,560**

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 commonality of Board composition 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 shareholder’s 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

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 has 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.

On 15th December 2021, following receipt of regulatory approval, the Company completed the acquisition of the insurance portfolio of Integrale SA ("Integrale") ("Integrale Acquisition"). The relevant assets and liabilities as well as personnel were transferred to Monument Re’s Belgian subsidiary Monument Assurance Belgium ("MAB").

On 16th February 2021, following receipt of regulatory approval, the Company completed the acquisition of the Charles Taylor Group's Isle of Man life and investment operations, which include LCL International Life Assurance Company Limited (subsequently renamed Monument International Life Assurance Company Limited) and represents the core life insurance entity in the Isle of Man.

Combined, these transactions have led to a bargain purchase gain of €92.7 million, recognised directly in the Statement of Comprehensive Income for the year ended 31st December 2021.

3. Portfolio Transfers & Reinsurance Agreements

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").

On 31st December 2021, the Group completed the acquisition of the closed-block portfolio of variable annuities from Athora Ireland plc, a wholly-owned subsidiary of Athora Holding Ltd. ("Athora Portfolio Transfer"). This transaction was initially effected as reinsurance through Monument Re Limited ("Athora Reinsurance"). In accordance with the approval of the Irish High Court, the portfolio has transferred to Monument Life Insurance DAC ("MLIDAC") with unchanged terms and conditions for policyholders.

On 1st April 2021, following receipt of regulatory approval, Monument Re completed the acquisition of a classical life retail insurance book from Allianz Benelux (Belgium) ("Allianz Portfolio Transfer").

In addition, the Company entered into a number of reinsurance agreements during the years ended 31st December 2022 and 2021.

4. Gross Premiums Written

a. Gross Premiums Written

Gross premiums written consist of:

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Direct insurance	2,647,928	2,525,837
Assumed insurance	1,448,169	215,557
Gross premiums written	**4,096,097**	**2,741,394**

Direct insurance premiums for the year ended 31st December 2022 primarily relate to premiums recorded in association with the AXA Belgium Portfolio Transfer. Direct insurance premiums for the year ended 31st December 2021 were driven by the Allianz Portfolio Transfer and Athora Portfolio Transfer.

Increase in assumed premiums written for the year ended 31st December 2022 compared to 2021 was mainly driven by the reinsurance agreements that the Company entered into during the year ended 31st December 2022.

Gross premiums written consist of:

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Direct Non Participating Premiums		
Recurring Premiums		
Protection	172,041	24,781
PPI - Designated as General Business	9,208	7,561
PPI - Designated as Life	6,323	11,139
Savings and Guarantees	579	860
Other	5,490	2,615
	193,641	46,956
Premiums Acquired During the Year		
Savings and Guarantees	2,445,329	—
Protection	—	1,371,942
	2,445,329	1,371,942
	2,638,970	1,418,898
Direct Participating Premiums		
Recurring Premiums		
Protection	7,545	2,134
Savings and Guarantees	1,071	—
Annuities	340	—
Other	2	5
	8,958	2,139
Premiums Acquired During the Year		
Annuities	—	1,103,893
Other	—	907
	—	1,104,800
	8,958	1,106,939
Assumed Non Participating Regular Premiums		
Recurring Premiums		
Annuities	66,756	71,897
Protection	44,301	48,844
	111,057	120,741
Premiums Acquired During the Year		
Protection	868,138	78,968
Annuities	421,095	15,848
Savings and Guarantees	42,146	—
	1,331,379	94,816
Assumed Participating Regular Premiums		
Recurring Premiums		
Annuities	5,733	—
	5,733	—
Gross premiums written	**4,096,097**	**2,741,394**

b. Geographical Analysis Premium

Gross premiums written relate to the following countries:

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Belgium	2,620,791	1,398,765
Germany	997,956	85,802
United Kingdom	412,020	1,212,286
Ireland	48,370	22,569
France	6,147	15,699
Singapore	3,972	—
Luxembourg	3,187	4
Other	3,654	6,269
Gross premiums written	**4,096,097**	**2,741,394**

5. Investment Return

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
(a) Technical Account - General Business		
Investment income		
Income on financial assets at fair value through profit and loss	271	263
Losses on realisation of investments	(574)	(73)
	(303)	190
Net unrealised losses on investments	(242)	(244)
Investment expenses and charges		
Investment management expenses	(12)	—
Net investment return - General Business	**(557)**	**(54)**
(b) Technical Account - Long-term Business		
Investment income		
Income on financial assets at fair value through profit and loss	111,652	60,288
Losses on realisation of investments	(285,436)	(29,854)
	(173,784)	30,434
Net unrealised losses on investments	(1,223,900)	(71,105)
Loss from deposits with ceding undertakings	(457,113)	(79,386)
Investment expenses and charges		
Investment management expenses	(37,574)	(9,684)
Net investment return - Long-term Business	**(1,892,371)**	**(129,741)**
(c) Non-technical Account		
Investment income		
Income on financial assets at fair value through profit and loss	18	7,653
	18	7,653
Net unrealised losses on investments	(14)	(11,412)
Investment expenses and charges		
Investment management expenses	13	(879)
Net investment return - Non-technical account	**17**	**(4,638)**
Net investment return	**(1,892,911)**	**(134,433)**

6. Operating Expenses

a. Operating Expenses

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Administrative expenses	183,871	122,008
Reinsurance commission and profit participation	108,544	11,931
Operating expenses	**292,415**	**133,939**

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 December 31, 2022 and 2021 was €25.8 million and €26.3 million, respectively.

The Company operates a long-term incentive plan ("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 2022 and 2021 was as follows:

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Fees related to the audit of		
- The consolidated financial statements	662	319
- The Company's subsidiaries	2,616	2,328
Fees related to audit	3,278	2,647
Fees related to other assurance services	782	447
Total	**4,060**	**3,094**

7. Taxation

a. Tax on Profit on Ordinary Activities

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Current Tax		
Corporation tax expense on profit for the financial year	5,376	3,174
Adjustment in respect of prior financial years	(199)	—
Current tax expense for the financial year	**5,177**	**3,174**
Deferred Tax		
Deferred tax charge for the year	23,511	12,590
Tax expense on profit on ordinary activities	**28,688**	**15,764**

b. Reconciliation of Tax Expense

Tax assessed for the years ended 31st December 2022 and 2021 is higher than the standard rate of corporation tax in Bermuda of 0%. The differences are as follows:

	Year Ended 31st December 2022 €'000	Year Ended 31st December 2021 €'000
Profit on ordinary activities before tax	161,425	168,631
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	2,161	6,024
Loss carryforwards	(1,306)	(2,992)
Expenses not deductible for tax purposes	2,969	841
Deductions allowable for tax purposes	1,150	(699)
Other	402	—
Adjustment in respect of prior financial years	(199)	—
Deferred tax charge for the year	23,511	12,590
Current tax expense for the year	**28,688**	**15,764**

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. The standard rate of tax in Republic of Ireland, Belgium, Luxembourg, Italy and Netherlands was 12.5%, 25%, 24.94%, 30.82% and 25%, respectively, for the year ended 31st December 2021.

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 2022 and 2021 is as follows:

	31st December 2022 €'000	31st December 2021 €'000
Deferred tax acquired on business combinations	63,727	43,650
Deferred tax	**63,727**	**43,650**

Deferred tax 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, €15.3 million is expected to be released in 2023.

8. Investment Property

The Group's investment property of €549.8 million (2021: €669.2 million) was acquired as part of the Integrale Acquisition. The fair value of the investment property is based on valuation provided by an established independent third party, using proprietary valuation methods. The decrease from the 2021 year-end was primarily due to the sale of certain real-estate investment vehicles 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 2022. 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 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 2022 and 2021 were as follows:

	31st December 2022 €'000	31st December 2021 €'000
Held at fair value through profit and loss		
Debt securities and other fixed income securities	4,511,965	4,231,566
Equities and equity funds	1,510,120	1,228,940
Private credit funds	772,834	244,481
Loans and receivables	359,925	907,750
Fixed income mutual funds	346,475	457,428
Alternative funds	339,411	50,543
Residential mortgage fund	249,226	106,421
Finance leases	84,880	150,174
Policy loans	40,579	36,861
Term deposit	2,409	—
Derivative assets	126,342	6,671
Other	22,190	23,946
Other financial investments	**8,366,356**	**7,444,781**
Deposits with ceding undertakings	**2,981,657**	**2,704,931**
Assets covering unit-linked liabilities	**1,503,398**	**2,174,054**

b. Deposits with Ceding Undertakings

At 31st December 2022, the Company's Consolidated Statement of Financial Position included within 'Investments – Deposits with ceding undertakings' financial assets of €2,981.7 million (2021: €2,704.9 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.

31st December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Debt securities and other fixed income securities	1,864,192	2,565,781	81,992	4,511,965
Equities and equity funds	1,302,016	74,176	133,928	1,510,120
Private credit funds	—	—	772,834	772,834
Fixed income mutual funds	14	—	346,461	346,475
Alternative funds	—	—	339,411	339,411
Loans	–	—	359,925	359,925
Residential mortgage fund	—	—	249,226	249,226
Derivative asset	—	—	126,342	126,342
Finance leases	–	—	84,880	84,880
Policyholder loans	–	—	40,579	40,579
Term deposit	–	2,409	—	2,409
Forwards and swaps	—	—	(261,298)	(261,298)
Other	—	22,190	—	22,190
Financial instruments(1)	**3,166,222**	**2,664,556**	**2,274,280**	**8,105,058**
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.

31st December 2021	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Debt securities and other fixed income securities	3,130,261	1,050,669	50,636	4,231,566
Equities and equity funds	895,286	—	333,654	1,228,940
Loans	—	15,768	891,982	907,750
Fixed Income mutual funds	215,564	—	241,864	457,428
Private credit funds	—	—	244,481	244,481
Finance leases	—	—	150,174	150,174
Residential mortgage fund	—	—	106,421	106,421
Alternative funds	—	—	50,543	50,543
Policyholder loans	—	—	36,861	36,861
Derivative asset	—	—	6,671	6,671
Derivative liability	—	—	(18,639)	(18,639)
Other	—	23,946	—	23,946
Financial instruments(1)	**4,241,111**	**1,090,383**	**2,094,648**	**7,426,142**
Deposits with ceding undertakings(2)	**49,674**	**2,654,677**	–	**2,704,351**
Assets covering unit-linked liabilities(3)	**1,642,584**	**421,072**	**105,485**	**2,169,141**
Investment contracts - linked liabilities(3)	**(1,642,584)**	**(421,072)**	**(105,485)**	**(2,169,141)**

(1) Financial instruments include derivative liabilities that were recorded in Other financial liabilities at 31st December 2021.

(2) Deposits with ceding undertakings exclude cash and cash equivalents of €0.6 million.

(3) Assets covering unit-linked liabilities and the associated Investment contracts - linked liabilities in the table above exclude cash of €4.8 million and €0.1 million prepayments and creditors arising out of direct insurance and reinsurance operations.

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.
- *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 2022 of €344.1 million (2021: €813.6 million) approximates their carrying values.

The carrying value of financial liabilities associated with preference shares at 31st December 2022 of €52.5 million (2021: €77.5 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 2022 was €84.9 million (2021: €150.2 million). The reconciliation between the gross investment in the lease and the present value of minimum lease payments receivable at 31st December 2022 was as follows:

31st December 2022	<1 year €'000	1-5 years €'000	>5 years €'000	Gross investment in the lease €'000
Minimum lease payments	49,053	42,577	28,618	120,248

The unguaranteed residual value at 31st December 2022 was €45.2 million (2021: €70.1 million).

11. Assets covering Unit-linked Liabilities

Assets covering unit-linked liabilities at 31st December 2022 of €1,503.4 million (2021: €2,174.1 million) and related liabilities of €1,704.9 million (2021: €2,174.1 million) relate to unit-linked investment contracts.

For the year ended 31st December 2022, the Company changed the presentation of liabilities related to unit shorting in its annual financial statements. The difference between assets covering unit-linked liabilities of €1,503.4 million and related liabilities of €1,704.9 million 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 €19.7 million and €19.3 million at 31st December 2022 and 2021, 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 2022 and 2021 was as follows:

	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.

	31st December 2021 €'000 AVIF	Other	Total
Balance at 1st January	14,941	—	14,941
Additions/(disposals)	4,275	2,132	6,407
Amortisation expense (1)	(1,970)	(125)	(2,095)
Balance at 31st December	**17,246**	**2,007**	**19,253**

(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 2022 and 2021 were as follows:

	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**

	31st December 2021 €'000 AVIF	Other	Total
Intangible assets subject to amortisation			
Cost	22,545	2,132	24,677
Accumulated amortisation	(5,299)	(125)	(5,424)
Carrying Value	**17,246**	**2,007**	**19,253**

13. Debtors

	31st December 2022 €'000	31st December 2021 €'000
Debtors		
Debtors arising out of direct insurance operations		
Policyholders	34,580	18,154
Debtors arising out of reinsurance operations	797,701	1,054,364
Other debtors including tax and social security		
Tax recoverable	10,293	12,358
Other debtors	27,383	31,762
Other debtors	37,676	44,120
Total debtors	**869,957**	**1,116,638**

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.

14. Equity

	2022 31st December	2021 31st December
Authorised		
Ordinary shares at €0.8734 each	150,000	150,000
	€'000	€'000
Allotted, called up and fully paid - presented as equity		
Ordinary shares at €0.8734 each	52,491	52,491

During 2022, the Company received a capital contribution of €nil (2021: €66.0 million) from the parent company.

At 31st December 2022 and 2021, there were 60.1 million issued ordinary shares. There is a single class of equity share. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

During the year ended 31st December 2022, the Company paid a dividend of €201.5 million (2021: €89.1 million to its parent company, FINCO.

The non-controlling interest of €55.0 million (2021: €45.1 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 2022 and 2021 were as follows:

	31st December 2022 €'000	31st December 2021 €'000
Best Estimate Liabilities (Gross)	10,673,801	9,591,277
Risk Margin	148,904	164,567
Technical Provisions (Gross)	**10,822,705**	**9,755,844**
Reinsurance Asset	(1,952)	(13,842)
Technical Provisions	**10,820,753**	**9,742,002**

a. General Business Provision

The movement in provision for claims for the years ended 31st December 2022 and 2021 was as follows:

	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**

	Gross €'000	Reinsurers' Share €'000	Net €'000
Balance at 1st January 2021	9,558	—	9,558
Provision for claims acquired	2,997	—	2,997
Liabilities discharged in the year	(4,926)	—	(4,926)
Unwinding of discount rates	(3)	—	(3)
Changes in experience	(240)	—	(240)
Changes in assumptions	(375)	—	(375)
Other	(513)	—	(513)
Balance at 31st December 2021	**6,498**	**—**	**6,498**

b. Long Term Business Provision

The movement in provision for claims for the years ended 31st December 2022 and 2021 was as follows:

	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[(1)]	(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**

(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 2021	3,458,261	(11,070)	3,447,191
Long term technical provision acquired	6,661,621	(7,727)	6,653,894
Liabilities discharged in the year	(348,479)	—	(348,479)
Unwinding of discount rates	9,590	—	9,590
Changes in experience	20,495	—	20,495
Changes in assumptions	(187,618)	4,627	(182,991)
Other	9,235	328	9,563
Impact of foreign exchange	126,242	—	126,242
Balance at 31st December 2021	**9,749,347**	**(13,842)**	**9,735,505**

c. Reinsurance Liabilities

The reinsurance liability of €101.6 million at 31st December 2022 includes €76.1 million (2021: €97.8 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 €76.0 million at 31st December 2022 (2021: €97.7 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. As part of the annual review of assumptions, certain assumptions have been updated for the year ended 31st December 2022. As a result of these assumption changes technical provisions at 31st December 2022 increased by approximately €209 million.

Year	BMA Risk-Free		Bloomberg Swap Curve[1]	
	EUR Spot Rate	GBP Spot Rate	EUR Spot Rate	GBP Spot Rate
1	3.10%	4.47%	3.26%	4.46%
2	3.17%	4.44%	3.40%	4.47%
3	3.04%	4.27%	3.30%	4.33%
4	2.95%	4.13%	3.25%	4.20%
5	2.90%	4.00%	3.23%	4.07%
6	2.88%	3.89%	3.21%	3.96%
7	2.86%	3.79%	3.19%	3.86%
8	2.86%	3.72%	3.19%	3.79%
9	2.87%	3.67%	3.19%	3.74%
10	2.88%	3.64%	3.20%	3.71%
20	2.66%	3.47%	2.87%	3.54%
30	2.18%	3.30%	2.37%	3.36%
40	2.08%	3.38%	2.04%	3.15%
50	2.29%	3.73%	1.79%	2.93%

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

In order to determine the asset-based discount rates, a number of additional assumptions and management actions are required and 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 to cover all the expected investment costs.

16. Amounts Owed to Credit Institutions

In 2021, Monument Re Limited issued €200 million unsecured subordinated 6.25% notes due in 2031. The amount outstanding at 31st December 2022 was €200 million (2021: €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. 13% of the balance maturing in 2023, 46% of the balance maturing in 2024-2027 and 41% of the total balance maturing in 2028 and later. Debt is collateralised by the real estate held in these vehicles. Interest rates range from 0.01% to 7.91%. The

[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

significant decrease in the balance from the previous year end was driven by a sale of a number of these vehicles.

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 2022 of €52.5 million (2021:€77.5 million), held by Countrywide, are classified as a financial liability.

Other financial liabilities also include FX forwards and spread lock and interest rate swaps in a liability position at 31st December 2022 and a 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 2022 €'000	31st December 2021 €'000
Creditors arising out of direct insurance operations		
Claims payable	67,832	36,125
Commission and profit share payable	1,996	3,557
Other	3,716	1,916
Total	**73,544**	**41,598**
Creditors arising out of reinsurance operations		
Reinsurance balances payable	**843,883**	**1,123,346**

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 2022 €'000	31st December 2021 €'000
Other creditors including tax and social security		
Deferred tax liability [1]	63,727	43,650
LTIP accrual	18,342	39,800
Corporation tax payable	3,568	3,858
Other	62,715	50,534
Total	**148,352**	**137,842**

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.

20. Commitments

At 31st December, 2022, the Company had €217.0 million (2021: €176.5 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.

At 31st December 2022, the Company had €114.8 million (2021: €15.0 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 has not been required to provide any funding, as a bank provides liquidity to the fund. The Group's maximum commitment to the fund at 31st December 2022 was €115.0 million (2021: €15.0 million). This is an increase of €100.0 million as an additional two RCFs were entered into 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 2022, letters of credit have been 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 2022 were €1.7 million in 2022, €4.6 million in 2023-2027 and €3.2 million after 2027.

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 2022 €'000	31st December 2021 €'000
Profit on ordinary activities before tax	161,425	168,631
Adjustments:		
Interest received/(paid)	(79,485)	6,767
Shareholder realised and unrealised investment gains	1,790,799	186,874
Non-cash movement in technical reserves	1,073,415	1,422,651
Movement in deferred expenses	(1,547)	2,286
Deposits with ceding undertakings	(516,171)	248,460
Gain on acquisition	(37,063)	(92,663)
Movements in other assets/liabilities	(53,830)	188,820
Net cash from operating activities	**2,337,543**	**2,131,826**

23. Related Party Transactions

See Note 6 for disclosure of key management compensation and Note 14 for disclosure of capital contribution by the parent company during the year ended 31st December 2021.

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 2022, the fair value of the contract is a liability position of €71.8 million.

There were no other material related party transactions during the years ended 31st December 2022 and 2021.

24. Events after the Reporting Date

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 19th December 2022, the Company, through its subsidiary Monument Assurance Belgium signed an agreement to acquire a run-off block of retail life policies, annuities and associated assets. This transaction is subject to regulatory approval.

In April 2023, MIDCO made a capital contribution to the Company of €233.3 million, to support the growth of the business.