OCTIUM

Annual Report

2023





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Octium Life offers flexible and agile life insurance products, designed as a tool for High Net Worth Individuals and their families to plan for the long term.

Our Solutions are tailored to a client's circumstances and needs, ensuring superior wealth planning and protection for individuals and their families.



Independent Auditor's Report

Financial Statements



Directors

Jean-François Willems, Chairman and Non-Executive Director (Belgian) Dara Hurley, CEO and Executive Director Seamus Hughes, Independent Non-Executive Director Massimoluca Mattioli, Non-Executive Director (Italian) (Resigned 2 November 2023) Joan Collins, Independent Non-Executive Director John Finnegan, Non-Executive Director (Appointed 3 January 2024)

Secretary

Ruth Quinn College Park House South Frederick Street Dublin 2

Registered Office

College Park House South Frederick Street Dublin 2

Independent Auditors

Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2

Solicitors

A&L Goodbody North Wall Quay Dublin 1

Banks

UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland UBS Europe SE, Bockenheimer Landstrasse 2-4, D-60306 Frankfurt am Main, Germany UBS Europe SE Succursale Italia, Via Del Vecchio Politecnico, 3 20121 Milano Bank of Ireland, St. Stephen's Green, Dublin 2 Allied Irish Banks, 10 Molesworth Street, Dublin 2 Banque Havilland, 35a Avenue J F Kennedy, Luxembourg LGT Bank AG, Herrengasse 12, FL-9490 Vaduz, Liechtenstein EFG Private Bank Limited, 44 Esplanade, St Helier, Jersey

Directors' Report For The Financial Year Ended 31 December 2023

The directors present their report and the audited financial statements of Octium Life DAC (the "Company" or "Octium") for the financial year ended 31 December 2023.

Principal Activity

The Company, which is a wholly owned subsidiary undertaking of Octium Holding S.A., is authorised in Ireland to transact life assurance business under the Solvency II Directive (2009/138/EC) as introduced into domestic Irish Legislation by the EU (Insurance and Reinsurance) Regulations 2015, effective 1 January 2016. The principal activity of the Company is the transaction of cross border life assurance in Europe through the sale of single premium policies under which the risk related to the underlying investments is carried by the policyholders.

Results And Dividends

The results for the financial year ended 31 December 2023 are set out on page 17 of the financial statements. A dividend of \notin 4.0m was declared and paid during the financial year (2022: \notin 1.8m).

Corporate Governance

The Company is committed to high standards of corporate governance and is subject to The Corporate Governance Requirements for Insurance Undertakings 2015 ("the Code"), as issued by the Central Bank of Ireland. As Octium is not designated High Impact, it is not required to comply with the additional requirements of the Code.

The following Board-appointed Committees are established to assist it in discharging its obligations and operated throughout the year under review. Each Committee operates under defined terms of reference and reports to the Board at each Board meeting.

- Audit Committee (Chairperson: Seamus Hughes)
- Risk Committee (Chairperson: Joan Collins)

Review of the Business

The Company is authorised and regulated by the Central Bank of Ireland. On 20 February 2003, the Company received its Class III life assurance licence and commenced trading on 1 April 2003. The Company also holds licenses for Class I and Class VI but does not currently conduct business under these authorisations.

On 21 December 2023, the ownership of the Company was transferred from Octium Holding Limited to Octium Holding Limited's parent - Octium Holding S.A., a company based in Luxembourg.

The Company will continue to explore growth opportunities in the international life assurance market in furtherance of its strategic objectives.

Key Performance Indicators

	2023 €′000	2022 €′000
Other technical income	15,858	16,049
Net operating expenses	12,107	11,310
Assets held to cover linked liabilities	4,804,657	4,178,520

Other technical income is down marginally on last year – primarily due to the impact of administration fee rates on new business. Cost management remains a focus of the business and while net operating expenses have increased over the year, assets held to cover linked liabilities increased relative to the previous financial year-end, in turn increasing the commission paid on this business. The increase in assets was due to both positive net business inflows and asset performance.

Profit before taxation for 2023 amounted to \leq 4.6m (2022: \leq 4.7m).

Note 18 to the financial statements confirms that the Company had a satisfactory surplus over regulatory Solvency II capital requirements at year end.

The ongoing uncertainty in the macro-economic environment caused by Russia's invasion of Ukraine, high inflation and a fast-changing interest rate environment, continues to prove challenging. Notwithstanding this, the Company has continued to demonstrate its operational resilience, and while expenses are up on 2022, profit has remained constant over the year, driven by year-on-year premium growth, positive asset performance and continued expense management.

Principal Risks and Uncertainties

The Company's risk management policy in relation to financial risks is outlined in note 19 of the financial statements.

The principal risks and uncertainties facing the business are: life insurance business risk, valuation risk, liquidity risk, market risk, credit risk, operational risk and regulatory risk.

Life insurance business risk

Mortality risk is largely mitigated by the use of reinsurance. To date, the Company's products typically offer a standard death benefit in addition to the policy value itself. The majority of these benefits are reinsured with Swiss Re Europe S.A. ("Swiss Re"), with the remaining portion borne by the Company.

Valuation risk

This is the risk of incorrect valuation of assets and liabilities. Policyholder liabilities are independently calculated by the Reporting Actuary. Asset valuations are verified through periodic price testing on a sample of securities.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Detailed investment and disinvestment policies and guidelines are in place and updated periodically. Projected cash flows incorporating obligations as a withholding tax agent and actuarial stress testing are part of the Own Risk and Solvency Assessment (ORSA) carried out by the Company. Continuous focus is given to the liquidity position of the Company through updated projections.

Market risk

Shareholders' funds are held in short-term cash deposits with institutions approved by the Board and have limited exposure to interest rate risk. The Company's principal transactions are carried out in Euro and its exposure to foreign exchange risk arises primarily with respect to US Dollar, Swiss Franc and British Pound. Foreign currency balances are converted into Euro periodically to minimise this exposure.

The Company is exposed to market risk on unit-linked investments to the extent that adverse movements in the value of these assets would reduce the future profitability of the Company through a decline in policy administration fees.

Credit risk

Credit risk on shareholders' funds deposited with financial institutions is managed in accordance with Octium's Credit Risk Policy which sets risk-based limits on the amounts that can be deposited with banking counterparties. Octium ensures reinsurance arrangements are only affected with highly rated companies. Swiss Re is the chosen reinsurer which has a credit rating of A+ (2022: A+), as rated by A.M. Best as at 31 December 2023.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external causes. Octium has an Operational Risk Framework designed to identify and manage operational risk in the business.

Regulatory risk

Regulatory risk is the risk of financial loss due to regulatory fines or penalties, restriction or suspension of business, or costs of mandatory corrective action, incurred by not adhering to applicable laws, rules, regulations, accounting standards, local or international best practice (including ethical standards), and Octium's own internal standards and policies. Octium has a Risk Management Framework which is designed to identify and manage these risks.

Subsequent Events

A dividend of €3.9m was declared on 20 March 2024.

There were no other significant events affecting the Company since 31 December 2023.

Directors' and Company Secretary's Interests

The directors who served during the financial year were as follows:

- Jean-François Willems
- Dara Hurley
- Seamus Hughes
- Massimoluca Mattioli (Resigned 2 November 2023)
- Joan Collins

Company secretary:

Ruth Quinn

The directors and the company secretary did not have any disclosable interest in the shares of the Company, or any other group company, at the beginning of the financial period, or at the date of appointment to the Board if later, and end of the financial period or at any time during the financial period.

Political Donations

The Company did not make any political donations during 2023 (2022: €nil).

Own Shares

There were no shares of the Company held by the Company at any point during the financial year.

Accounting Records

The measures that the directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the keeping of accounting records, include the provision of appropriate resources to maintain adequate accounting records, including the appointment of personnel with appropriate qualifications, experience and expertise.

The Company's accounting records are maintained at the Company's registered office at College Park House, South Frederick Street, Dublin 2.

Going Concern

The Company has assessed the future performance of the business to provide assurance that it has the resources in place to meet its ongoing regulatory requirements. The assessment is based on business plans which contain future forecasts of profitability as well as projections of future liquidity and capital requirements. This also includes the impact of stress testing scenarios on the liquidity and capital requirement forecasts.

This assessment showed that the Company had sufficient capital in place to support its future business requirements and remained above its regulatory requirements in the stress test scenarios. It also showed that it can continue to meet its liquidity requirements. The Directors concluded that there was a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and that it is appropriated to continue to adopt the going concern basis in preparing the annual financial statements.

Auditors

The independent auditors Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, have signified their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

Statement on Relevant Audit Information

So far as the directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

On behalf of the directors

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Seamus Hughes Director

Date: 20 March 2024

Dara Hurley Director

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts, issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the end of the financial year, and the profit or loss of the company for the financial year, and otherwise comply with the Companies Act 2014.

In preparing these 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 financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They 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.

Independent Auditor's Report to the Members of Octium Life DAC

Report on the audit of the financial statements

Opinion on the financial statements of Octium Life DAC (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 26, including a summary of significant accounting policies as set out in Note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" issued by the Financial Reporting Council and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015 ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by IAASA's Ethical Standard were not provided and that we remained independent of the company in conducting the audit.

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

Summary of our audit approach

Key audit matters	 The key audit matters that we identified in the current year were: Valuation of Assets Held to Cover Linked Liabilities Revenue recognition: Policy Administration Fees
Materiality	The materiality that we used in the current year was €2.0m which was determined on the basis of Total Equity
Scoping	Our scoping involved obtaining an understanding of the company, its environment and assessing the risks of material misstatement within the company.
Significant changes in our approach	There were no significant changes to our approach in the current period.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We obtained an understanding of the processes in place over the solvency capital requirements and year-end solvency ratio;
- We obtained the Directors Assessment of Going Concern and challenged the key assumptions used in determining the company's ability to continue as a going concern;
- We obtained and read the Own Risk and Self-Assessment ("ORSA") Report 2023, as one of the key inputs in the solvency process, and considered the forward-looking scenarios identified by the Board and management in accordance with the relevant Solvency II preparation guidelines;
- We obtained the 2024 Budget as approved by the Board of Directors and assessed the projections for consistency with our understanding of the business as well as considering the accuracy of previous forecasts; and
- We performed an assessment of the current year performance and year-end position of the company including profitability, assets under management and solvency capital required to ensure the company can demonstrate sufficient liquidity to meet its liabilities as they fall due and confirmed that information was consistent with information used in the ORSA and other relevant projections.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Assets Held to Cover Linked Liabilities Assets are held by the company to match the Technical Provisions for Linked Liabilities and therefore the valuation of these assets has been identified as a key audit matter. As a result, and given the significant portfolio held, a significant portion of audit effort was directed towards the audit of the Key audit matter investments balance. description Assets held to cover linked liabilities amounted to €4.8 billion as at 31 December 2023. Refer to the accounting policy on page 21 and the disclosure in notes 10 and 20 of the financial statements. We designed our audit procedures to address the key audit matter described above in relation to the valuation of the Assets Held to Cover Linked Liabilities. Procedures included the following: How the We obtained an understanding of valuation and reconciliation process for investments and assessed the design and implementation of the relevant controls identified within. scope of our audit We performed substantive procedures over the valuation of the assets by independently obtaining responded prices from pricing services and comparing to valuation included in the financial statements. Where to the key independent prices were not available, we obtained details of management's pricing and evaluated for audit sufficiency and appropriateness. matter We considered if the company's valuation policy for investments is in accordance with the relevant financial reporting framework and also tested the disclosures made in respect of the valuation of investments to ensure compliance with the requirements set out within. **Revenue recognition: Policy Administration Fees** Key audit matter ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the description auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks. The primary sources of revenue in the company is recurring policy administration fees, included within other technical income. Policy Administration fees amounted to €15.9 million for the financial year ended 31 December 2023. Refer to the accounting policy on Page 22 and the disclosure in Note 3 of the financial statements. How the scope The procedures performed to address the key audit matter of the revenue recognition of fee income of our audit included the following: responded to the We obtained an understanding of the process over the calculation of the policy administration fee key audit matter income and assessed the design and implementation of the relevant controls identified within. We assessed the accounting policies regarding revenue recognition for compliance with the relevant financial reporting framework. We re-calculated the fee income for a sample of policies using rates as set out in the product technical specifications or communications provided to the policyholder. We also tested the disclosures made to ensure compliance with the requirements set out within.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	EUR 2,000,000 (2022: EUR 2,000,000)
Basis for determining materiality	3% of Total Capital and Reserves.
Rationale for the benchmark applied	We have considered Total Capital and Reserves to be the critical component for determining materiality because it is a key financial metric regularly assessed by the shareholders. We have considered quantitative and qualitative factors such the principal elements of the financial statements, whether there are items on which the attention of the users of the particular company's financial statements tends to be focused, the nature of this company, and the industry and economic environment in which the company operates and the company's ownership structure and the way it is financed.

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 80% of materiality for the 2023 audit. In determining performance materiality, we considered the following factors:

- our understanding of the company;
- the quality of the Entity's Internal Control over financial reporting;
- the nature and extent of misstatements identified in previous audits; and
- our expectations in relation to misstatements in the current period.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of EUR 100,000 (2022: EUR 100,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the company and its environment, including the controls operating within the company, and assessing the risks of material misstatement related to the financial statements of the company. The risks of material misstatement that had the greatest effect on our audit are identified as key audit matters in the table above.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (Ireland) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://iaasa.ie/publications/description-of-the-auditorsresponsibilities-for-the-audit-of-the-financialstatements/. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: the risk of fraud in revenue recognition relating to policy administration fees. In common with all audits under ISAs (Ireland), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2014 and the relevant accounting framework.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's regulatory solvency requirements under the Solvency II Directive.

Audit response to risks identified

As a result of performing the above, including considering the identification of key audit matters, we considered our key audit matters related to Policy Administration Fees as appropriately addressing the risk of fraud or noncompliance with laws and regulations related to revenue recognition.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Central Bank of Ireland, and;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.

- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of

directors' remuneration and transactions specified by law are not made.

Brian Forrester

For and on behalf of Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

4 April 2024



Financial Statements

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

Technical account – Life assurance business

Technical account – Life assurance business	Notes	2023 €′000	2022 €′000
Investment return	2	319,956	(504,897)
Other technical income, net of reinsurance	3	15,858	16,049
Total Technical Income		335,814	(488,848)
Change In Other Technical Provisions, Net of Reinsurance			
Technical provisions for linked liabilities	15	319,956	(504,897)
Net operating expenses	4	12,107	11,310
Balance on the Technical Account – Life Assurance Business		3,751	4,739
Non-Technical account		€′000	€′000
Balance on the Technical Account – Life Assurance Business		3,751	4,739
Investment income/(expenses)	5	883	(2)
Profit on Ordinary Activities Before Taxation	6	4,634	4,737
Taxation on profit on ordinary activities	9	(687)	(609)
Profit for the Financial Year After Taxation		3,947	4,128

There are no recognised gains or losses for 2023 or 2022 other than the profit for the financial year after taxation shown above.

All of the amounts above are in respect of continuing operations.

STATEMENT OF TOTAL COMPREHENSIVE INCOME

There are no components of other comprehensive income recognised as a part of total comprehensive income outside the income statement.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Assets	Notes	2023 €′000	2022 €′000
Investments			
Assets held to cover linked liabilities	10	4,804,657	4,178,520
Other financial Investments		2	2
Debtors			
Debtors arising out of direct insurance operations – policyholders		46	34
Other debtors and receivables		742	547
Other Assets			
Tangible assets	11	186	247
Italian stamp duty tax asset		835	814
Italian substitute tax asset	12	40,572	30,660
Cash at bank and in hand		45,341	39,119
Prepayments and Accrued Income			
Deferred acquisition cost	13	209	51
Other prepayments		414	376
Total Assets		4,893,003	4,250,369
Liabilities	Notes	2023 €′000	2022 €′000
Capital and Reserves			
Called up share capital	14	1,000	1,000
Capital contribution		5,000	5,000
Retained earnings		63,653	63,707
Total Capital and Reserves		69,653	69,707
Technical Provisions			
Technical provisions for linked liabilities	15	4,804,657	4,178,520
Other Provisions			
Other provisions		656	240
Creditors			
Other creditors including taxation and social security	16	16,509	246
Accruals and Deferred Income			
Accruals		1,528	1,656

Total Liabilities

Approved by the Board of Directors on 20 March 2024 and signed on its behalf by:

Blu

Seamus Hughes Director

Dara Hurley Director

4,250,369

4,893,003

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2023

	Share Capital €′000	Capital Contribution €′000	Retained Earnings €′000	Total Equity €′000
At 1 January 2022	1,000	5,000	61,379	67,379
Profit for the financial year	-	-	4,128	4,128
Dividends paid	-	-	(1,800)	(1,800)
At 31 December 2022	1,000	5,000	63,707	69,707
Profit for the financial year	-	-	3,947	3,947
Dividends paid	-	-	(4,000)	(4,000)
At 31 December 2023	1,000	5,000	63,654	69,653

STATEMENT OF CASH FLOW

AS AT 31 DECEMBER 2023

	2023 €′000	2022 €′000
Profit for the year before taxation	4,634	4,737
Adjustments to reconcile profit for the year to net cash flow from operating activities:		
Depreciation of tangible assets	89	105
Movement in other provisions	416	-
Movement in deferred acquisition cost	(157)	19
(Increase) in debtors	(245)	(408)
(Decrease) in creditors	(75)	(139)
Payments net of recoveries of stamp duty	301	1,651
Payments net of recoveries of substitute tax	5,938	7,133
Taxation		
Corporation tax paid	(650)	(608)
Net cash generated from operating activities	10,249	12,491
Investing activities		
Purchase of tangible fixed assets	(134)	(45)
Disposals of tangible fixed assets	107	-
Net cash from investing activities	(27)	(45)
Financing activities		
Payment of dividends	(4,000)	(1,800)
Net cash from financing activities	(4,000)	(1,800)
Net increase in cash and cash equivalents	6 2 2 2	10.646
Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the year	6,222 39,119	10,646 28,473

AS AT 31 DECEMBER 2023

1. Accounting policies

Statement of compliance

Octium Life DAC is a limited liability company incorporated in the Republic of Ireland. The Registered Office is College Park House, South Frederick Street, Dublin 2.

The Company's financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', FRS 103 Insurance Contracts, issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland, the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

Basis of preparation

The financial statements are prepared under FRS 102.

The financial statements are prepared in Euro which is the presentational and functional currency of the Company and rounded to the nearest $\xi'000$.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the financial year. However, the nature of estimation means that actual outcomes could differ from those estimates. The areas that involve judgements and estimations and that have had the most significant effect on amounts recognised in the financial statements are described in the Investments section below.

Investments

Product Classification

Contracts under which the Company accepts significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder are classified as insurance contracts in accordance with FRS 103 Insurance Contracts.

Insurance risk is significant if, and only if, an insured event could cause the Company to pay significant additional benefits in any scenario. The Company assesses the significance of insurance risk contract by contract. Contracts that qualify as insurance contracts remain insurance contracts until all risks and obligations are extinguished or expired. Where risk is primarily borne by the policyholder, the contract is deemed to be an investment contract. The majority of contracts issued by the Company are deemed to fall into this category, where the insurance risk remaining with the Company is limited to a small percentage of the value of the policy. Where the terms of an existing contract have been substantially modified the financial liability is extinguished and replaced with a liability reflecting the updated terms of the contract. This may result in the reclassification of a contract from an investment contract to an insurance contract.

In cases where an insurance contract contains both an insurance and deposit component, the Company unbundles these components if the deposit component can be measured reliably. Subsequently, the deposit component is accounted for under FRS 102 and the insurance component is accounted for under FRS 103.

The Company has a product feature which offers the option of a level of premium protection in the event of death. Because of the potential for significant insurance risk, these contracts are accounted for as insurance contracts when the option is selected. The Company has ξ 541m (2022: ξ 408m) worth of these contracts at the financial year-end. The net income associated with these contracts was ξ 69k with premiums of ξ 208k and reinsurance premiums of ξ 139k, and is included in Other technical income, net of reinsurance (2022: ξ 54k, premiums of ξ 153k, reinsurance premiums of ξ 99k).

Valuation of investments and assets held to cover linked liabilities

Investments are valued at the balance sheet date as follows:

- Listed securities are valued at the bid market price;
- Unit trust units are valued at bid price;
- Short term deposits are valued at cost, exclusive of accrued interest;
- Loans are valued at fair value

Derivative financial instruments are valued at market rates ruling at the balance sheet date and the gain or loss on these contracts is recorded in the technical account.

Assets held to cover linked liabilities are held at fair value to back the underlying liabilities to which these relate. See note 20 for details of the policy for classification of investments into the fair value hierarchy.

AS AT 31 DECEMBER 2023

1. Accounting policies (continued)

Initial recognition and measurement of financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-tomaturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

Derecognition of financial assets and financial liabilities

A financial asset or financial liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Technical provision for linked liabilities

Linked liabilities are established by reference to the value of the underlying assets which are held to meet those liabilities.

Unit-linked contracts that are investment contracts (i.e. do not involve the transfer of significant insurance risk) are accounted for by using the 'deposit accounting' basis.

Italian substitute tax asset

Payments to the Italian Revenue as a result of the Company being a withholding tax agent for substitute tax are recognised as a tax receivable. All Italian substitute tax on gains due on policies surrendering, or on death from 2016, is charged against the asset. The asset is initially recognised at cost with its recoverable amount assessed annually for impairment by the Board of Directors.

Investment return and investment income and expenses

Investment return included in the life assurance business technical account relates to life assurance business and includes dividends, interest, gains and losses on the realisation of investments, unrealised gains and losses and related expenses.

Dividends are included as investment income on the date that the dividend is received. Interest is included on an accruals basis.

Other investment income and expenses are included in the non-technical account.

Other technical income

Other technical income includes recurring policy administration fees, net of reinsurance fees, and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured, regardless of when the payment is being made. Fees receivable from policyholders on unitlinked investment contracts are recognised as 'Other technical income' in the Technical account - life assurance business and represent the turnover of the Company.

Deferred acquisition costs

The costs directly associated with the acquisition of new investment and insurance contracts are deferred to the extent that they are expected to be recoverable out of future revenues to which they relate. Such amounts are amortised through the Income Statement over the period in which the related revenues are expected to be earned. Deferred acquisition costs are reviewed for impairment on an annual basis. Should the circumstances which justified the deferral of costs no longer apply, costs that are deemed irrecoverable are written off to the Income Statement.

AS AT 31 DECEMBER 2023

1. Accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling on the balance sheet date.

Non-monetary items denominated in a foreign currency, measured at fair value, are translated into the functional currency using the exchange rate ruling at the date when the fair value was determined.

Current tax

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits in the future against which the asset can be offset.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on a straight-line basis to write off the cost of the assets over their expected useful lives as follows:

Fixtures and fittings: 10 years or premises lease term if shorter Computer equipment: 5 years

AS AT 31 DECEMBER 2023

2. Investment return	2023 €′000	2022 €′000
Investment performance of assets held to cover linked liabilities	327,015	(489,771)
Foreign currency (loss) on revaluation of assets held to cover linked liabilities from the currency in which the liability arises to Euro	(7,059)	(15,126)
Total investment return	319,956	(504,897)
3. Other technical income, net of reinsurance		
	2023 €′000	2022 €′000
Recurring policy administration fees	16,263	16,440
Reinsurance fees (net of claims)	(405)	(391)
Total other technical income, net of reinsurance	15,858	16,049
4. Net operating expenses		
	2023 €′000	2022 €′000
Acquisition and administration costs	8,491	8,211
Death claims paid	209	170
Commissions	3,374	2,910
Change in deferred acquisition cost	33	19

Total net operating expenses	12,107	11,310
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5. Non-technical account – investment income / (expense)

	2023 €′000	2022 €′000
Bank deposit interest	883	(2)
Total investment income/(expense)	883	(2)

AS AT 31 DECEMBER 2023

6. Profit on ordinary activities before taxation

The profit before taxation is stated after charging:	2023 €′000	2022 €′000
Auditor's remuneration (including irrecoverable VAT; see Note 8)	103	88
Depreciation of tangible assets	89	105

7. Employees and remuneration

The Company had an average of 37 employees during the year (2022: 33).

(a) Staff costs (including Directors' remuneration)

The aggregate payroll cost of these employees was as follows:	2023 €′000	2022 €′000
Salaries and bonus	3,638	3,173
Social welfare costs	392	340
Other pension costs	340	291
Employee insurances	209	188
Other personnel costs	111	14
	4,692	4,006
(b) Director's remuneration		
	2023 €′000	2022 €′000
Aggregate emoluments in respect of qualifying services	606	552
Aggregate contributions to a retirement benefit scheme in respect of one director's qualifying service – defined contributions schemes	95	52
	701	604

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Only the directors of the Company are considered to meet this definition.

AS AT 31 DECEMBER 2023

8. Auditor's remuneration

The remuneration of the statutory auditor is analysed as follows (excluding VAT). No tax advisory or other non-audit services were provided:

	2023 €′000	2022 €′000
Audit of financial statements	83	77
Other assurance services	40	28
	123	105

9. Taxation

(a) Taxation on profit on ordinary activities:

	2023 €′000	2022 €′000
Current tax	687	609
Taxation on profit on ordinary activities	687	609

(b) Factors affecting current tax charge for the year	2023 €′000	2022 €′000
Profit on ordinary activities before tax	4,633	4,737
Current tax charge at standard Irish corporation tax rate of 12.5% (2022 – 12.5%)	579	592
Effects of:		
Depreciation for the year in excess of capital allowances	4	4
Income tax payable on health insurance	14	14
Items not deductible for tax purposes	90	(1)
	607	COO
Taxation on profit on ordinary activities	687	609

AS AT 31 DECEMBER 2023

10. Assets held to cover linked liabilities

	2023	2022
	€′000	€′000
Investments designated at fair value through profit or loss		
Investment funds	3,255,585	2,960,666
Equities	424,133	224,301
Fixed income securities	672,104	403,674
Deposits, cash and cash equivalents and others	136,060	335,935
Structured products	310,355	250,769
Loans	1,383	1,581
Derivatives	3,802	1,199
Collateral Securities	844	-
Other	390	395
	4,804,657	4,178,520

11. Tangible fixed assets

11. Tangible fixed assets	Computer Equipment €000	Fixtures and Fittings €000	Total €000
Costs:			
At 1 January 2023	143	535	678
Additions	15	119	134
Disposal	2	(525)	(525)
As at 31 December 2023	159	129	288
Depreciation and impairment:			
At 1 January 2023	63	368	431
Depreciation	27	62	89
Depreciation on disposal	1	(420)	(418)
As at 31 December 2023	91	11	102
Carrying amount at 1 January 2023	82	166	247
Carrying amount at 31 December 2023	68	118	186

AS AT 31 DECEMBER 2023

12. Italian Substitute Tax Asset

	2023 €′000	2022 €′000
Italian substitute tax asset at beginning of the year	30,660	37,793
Recovery through exit taxes	(5,243)	(6,722)
Italian stamp duty offset	(1,013)	(411)
Tax on mathematical reserve – 2022 adjustment re increase in AUM	109	-
Tax on mathematical reserve – 2023	16,058	-
Italian substitute tax asset at end of the year	40,572	30,660

As the Company has availed of all available 5-year offset credits covering the tax on mathematical reserves due, it will be required to make a payment in respect of 2023 of 16,058k.

13. Deferred Acquisition Costs2023
€'000Balance at beginning of the year51Deferred during the year191Charged to the Technical Account(33)Balance at end of the year209

14. Called up Share Capital

	2023 €′000	2022 €′000
Authorised, allotted and fully paid:		
1,000,000 ordinary shares of €1 each	1,000	1,000

2022

€′000

71

(19)

51

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AS AT 31 DECEMBER 2023

15. Technical provisions for linked liabilities

The technical provisions in respect of linked business are equal to the value of the assets to which the contracts are linked.

	2023 €′000	2022 €′000
At 1 January	4,178,520	4,610,184
Deposits received from policyholders	608,601	353,723
Payments made to policyholders	(286,154)	(263,995)
Fees deducted in respect of management services	(16,266)	(16,495)
Investment return	319,957	(504,897)
At 31 December	4,804,657	4,178,520

The fair value hierarchy of the technical provisions for linked liabilities follows those for the unit linked assets as disclosed in note 20.

16. Other creditors including taxation and social security

	2023 €′000	2022 €′000
Commission payable	-	5
Corporation tax	91	55
Italian Withholding Tax	16,172	-
Other	246	186
	16,509	246

17. Related party transactions

The Company is a wholly owned subsidiary of Octium Holding S.A. Its ultimate parent undertaking is Albany Settlements Limited, a company incorporated in the British Virgin Islands.

During the financial year the Company provided legal, compliance and internal audit services to Octium Holding S.A., a related party, receiving \notin 21k. In addition, the company received professional services from Octium Holding S.A, and incurred expenses of \notin 66k. The amount owed by Octium Holding S.A. at 31 December was \notin 10k.

The Company provided finance, accounting and IT support services to Octium International Insurance Agency AG, a related party, for which it earned €99k. This amount is included in net operating expenses. The Company incurred expenses of €500k for professional services from Octium International Insurance Agency AG. The Company also incurred commission expenses of €556k to Octium International Insurance Agency AG for distribution services. The related amount receivable from Octium International Insurance Agency AG at 31 December was €168k.

The Company received finance, accounting, IT and HR services from Octium Assurance AG, a related party, totalling €352k. In addition, the Company provided finance, accounting and IT support services to Octium Assurance AG for which it earned €709k. The net amount is included in net operating expenses. The related amount receivable from Octium Assurance AG at 31 December was €305k.

The Company provided finance, accounting and legal services to Octium Services (Switzerland) AG for which it earned €12k. The amount owed by Octium Services (Switzerland) AG at 31 December was €12k. There were no other related party transactions during the financial year.

AS AT 31 DECEMBER 2023

18. Capital Management

The Company is regulated by the Central Bank of Ireland (CBI) which sets and monitors regulatory capital requirements in respect of the Company's operations.

The Company is required to hold sufficient capital to meet the Solvency Capital Requirement (SCR) calculated using the Solvency II standard formula. As at 31 December 2023 the Company held capital in excess of its requirement.

	2023 €′000	2022 €′000
Total shareholders' funds	69,653	69,707
Regulatory adjustments:		
Deferred tax liability	(3,309)	(3,921)
Deferred acquisition cost	(209)	(51)
Technical Provisions	32,192	32,946
Foreseeable dividends	(3,900)	(4,000)
Reinsurance recoverables	(1,608)	(1,523)
Total available capital resources (Solvency II Standard Formula)	92,819	93,157
Solvency Capital Requirement	51,344	40,641
Overall surplus capital over regulatory requirements	41,475	52,516
Ratio of own funds to SCR	181%	229%

The Company's policy is to manage the capital base so as to meet all legal and regulatory requirements relating to the level and type of capital held, and to ensure that capital is managed effectively in order to safeguard the financial soundness and support the strategic objectives of the Company.

The Company maintains a capital structure with a combination of share capital, capital contributions and retained profits, consistent with the Company's risk profile and the regulatory and market requirements of its business.

The Company carries out regular projections of its capital adequacy and these are reviewed by the Board to ensure that satisfactory levels of cover are maintained. Capital adequacy and solvency cover are reported to the Central Bank of Ireland on a quarterly and annual basis.

The Company complied fully with all solvency capital requirements over the year and as a result, no communications of non-compliance were reported by the Company to the Central Bank of Ireland during the year.

The Company has not substantially changed the approaches adopted to manage its capital from the previous accounting period.

AS AT 31 DECEMBER 2023

19. Financial risks and risk management

The Company is exposed to a range of risks through its financial assets and its financial liabilities and also in relation to the accounting estimates and judgements it needs to make in the preparation of its financial statements and its regulatory returns.

These risks are described below together with the risk management approaches adopted by the Company. The objective of the risk management approaches described is to operate within the risk appetite of the Company and to safeguard the Company's value and reputation.

Ultimate responsibility for the Company's risk management rests with the directors and the Board is supported by the operation of a number of committees that meet on a regular basis to review and monitor the Company's risk exposures. A number of policy statements have been prepared and approved by the directors which set out parameters and limitations to manage and limit financial risks. The Company has not substantially changed the approaches adopted to manage its financial risks from the previous accounting period.

Risks associated with investment assets and linked liabilities

The Company matches all the liabilities under investment and insurance contracts with the underlying assets and the liabilities are valued by reference to these asset values. The market and credit risk relating to policyholder financial assets is borne by policyholders as any change in the value of their assets results in an equivalent change in the amount of the Company's obligation to them. However, the Company does have exposure to persistency and an indirect exposure to market risk in respect of the contracts.

The Company's unit-linked products have offered a minimal death benefit equivalent to a small percentage of the underlying fund value, generally in the range of 0.1% to 5%.

Persistency risk is the risk that the policyholder cancels the contracts, thereby exposing the Company to lower annual management fees than that projected in the product pricing. The Company manages this risk by ensuring that its distributors only sell such policies to customers with a medium to long term investment horizon and through maintaining high levels of customer care. Early redemptions are reviewed and analysed to determine potential trends requiring attention.

Market risk arises for the Company as an adverse impact on the value of the fees earned, from the consequent impact of a loss of fair value resulting from adverse fluctuations in equity prices, interest rates and foreign currencies.

A number of financial risks also arise within the investment contracts, and these are carried by the holders of these contracts. These risks are:

- Market risk in respect of fluctuation in interest rates, equity prices and foreign currency rates.
- Credit risk in respect of exposure to counterparties.

These risks are managed on an ongoing basis by the investment managers who are responsible for monitoring the effect of changes in the fair value of the underlying assets.

Risks associated with the investment of own funds

The Company holds other financial assets that are not attributable to investment or insurance contracts, as backing for its general solvency requirements and to maintain an effective working capital level.

Octium takes a conservative position with regard to its investment policy relating to shareholder funds. Investments are limited to liquid assets with group companies, financial institutions with high credit ratings and non-rated financial institutions based on other relevant criteria.

During the financial year 2023 Octium held short-term deposits with a number of domestic banks as well as with other financial institutions approved by the Board. The main risk that the Company is exposed to for these deposits is credit risk with minimal market risk and liquidity risk.

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19. Financial risks and risk management (continued)

Credit risk

Credit risk occurs for assets if the counterparty is unable to pay amounts in full when due. The Company reduces credit risk by placing a limit on the amount of cash held with each bank. The Company monitors its risk by monitoring the credit quality of each counterparty. The following table is based on S&P credit rating of these counterparties.

Credit risk exposure and ratings of cash deposits held at 31 December 2023

	A+/A- €000	BBB+ €000	NR €000	Total €000
Cash deposit < 1 month	25,084	-	-	25,084
Cash deposits between 1 and 3 months	15,138	-	5,119	20,256
	40,222	-	5,119	45,341

Credit risk exposure and ratings of cash deposits held at 31 December 2022

	A+/A- €000	BBB+ €000	NR €000	Total €000
Cash deposit < 1 month	24,104	-	-	24,104
Cash deposits between 1 and 3 months	10,000	-	5,015	15,015
	34,104	-	5,015	39,119

Market risk

Market risk is the risk of change in fair value of a financial instrument due mainly to fluctuations in interest rates, equity prices, and foreign currency rates. The Company's main market risks are interest rate risk and foreign currency risk.

a) Interest rate risk arises primarily from the Company's cash deposits. The change in interest yields is reviewed on a regular basis when the Company prepares projections of its solvency position.

The following deposits are exposed to interest rate risk:	2023 €′000	2022 €′000
Cash deposits < 1 month	25,084	24,104
Cash deposits between 1 and 3 months	20,256	15,015
	45,341	39,119

AS AT 31 DECEMBER 2023

19. Financial risks and risk management (continued)

The carrying values of these deposits are not impacted by a change in interest rates as they have a short term and are valued on an accruals basis. The Company's profits will be impacted by interest rate movements. The following table illustrates the annual impact of an increase or decrease of 1.00% in the overall interest rate applied to these deposits.

	2023	2022
	€′000	€′000
Increase of 1% in overall rate:		
Impact on profit before tax	453	391
Decrease of 1% in overall rate:		
Impact on profit before tax	(453)	(391)

b) Foreign currency risk can arise due to fluctuations in foreign exchange rates. The Company does not have any significant exposure to such movements as its investments are mainly denominated in Euro.

Liquidity risk

Liquidity risk is defined as risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

In managing the Company's assets and liabilities, the Company seeks to ensure that cash is at all times available to settle liabilities as they fall due. Available funds are mainly invested in euro-denominated call or deposit accounts of up to 3 month's duration. The Company's treasury position is reviewed on a regular basis and cash balances are maintained to meet due liabilities.

The Company's main exposure to liquidity risk arises from its role as withholding tax agent for Italian substitute tax which requires it to make annual payments to the Italian tax authorities based on the value of Italian technical provisions and subject to certain offsets and limits. In order to mitigate this risk the Company maintains a high level of liquid assets to meet its liabilities and ensures that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

For investment and insurance contract redemptions, cash paid out is funded by the redemption of the linked assets supporting the contract liability.

Valuation risk

This is the risk of incorrect valuation of assets and liabilities. Liabilities are reviewed on a quarterly basis by the Head of Actuarial Function and are subject to reasonableness and validation checks. Asset valuations are verified through periodic price testing on a sample of securities.

Risks associated with other financial assets

Amounts receivable from debtors are subject to a credit control process.

The balance remaining on the Italian substitute tax asset is recoverable from deductions made from gains made by policyholders on claims.

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20. Fair value disclosures

Fair value methodology

For investments carried at fair value, we have categorised the measurement basis into a "fair value hierarchy" as follows:

Unadjusted quoted prices in active markets

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

These are investments whose fair value is determined using observable, unadjusted quoted prices in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an ongoing basis. Listed debt and equities securities in active markets and quoted unit trusts in active markets would typically be classified within Level 1 of the fair value hierarchy.

Inputs other than quoted prices included within Level 1 that are observable

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

These are investments whose fair value is determined using inputs other than quoted prices included within Level 1 inputs that are observable, either directly or indirectly through corroboration with market data.

Level 2 inputs include the following:

- Evaluated prices based on a compilation of primary observable market information or a broker quote in a non-active market
- Prices based on a Net Asset Value ("NAV") from a fund manager, other than those considered Level 3 below
- Quoted prices for similar (i.e. not identical) assets in active markets
- Inputs other than quoted prices that are observable for the asset (for example, benchmark yields, base spreads, adjustment for corporate actions and reported trades)

Money market vehicles, unlisted fixed income securities, valued using third-party fair value models, unlisted collective investment vehicles and most derivatives are generally classified within Level 2 of the fair value hierarchy.

Inputs are unobservable (i.e. for which market data is unavailable) for the asset/liability

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

These are investments whose fair value is determined using inputs that are not observable, reflecting assumptions that the market participants may use in pricing an investment. Securities for which no indication or comparables are available and financial information is used to calculate the valuation, would typically be classified within Level 3 of the fair value hierarchy.

Investments which are classified as Level 3 include the following:

- Investment funds which invest in a significant level of Level 3 investments. Valuations are based on the NAV produced by the fund.
- Bonds with hybrid or perpetual features whereby the valuation model includes unobservable inputs such as the timing of conversion and call rights

No price risk sensitivity has been performed, as all gains and losses on assets held to cover linked liabilities are matched by an equal but opposite change in liabilities.

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20. Fair value disclosures (continued)

An analysis of investments according to fair value hierarchy is given below:

	Fair value hierarchy			2023
	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets held to cover linked liabilities				
Investment funds	829,960	2,126,892	298,732	3,255,585
Equities	424,133	-	-	424,133
Fixed income securities	413,051	183,412	75,642	672,104
Deposits, cash and cash equivalents and others	136,060	-	-	136,060
Structured products	48,334	253,752	8,269	310,355
Loans	-	-	1,383	1,383
Derivatives	-	3,761	41	3,802
Collateralised Securities	-	-	844	844
Other investments	150	241	-	390
	1,851,688	2,568,058	384,911	4,804,657

	Fair value hierarchy			2022
	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets held to cover linked liabilities				
Investment funds	699,688	2,015,280	245,697	2,960,666
Equities	209,301	-	15,000	224,301
Fixed income securities	274,232	81,539	47,902	403,674
Deposits, cash and cash equivalents and others	335,935	-	-	335,935
Structured products	30,766	216,980	3,024	250,769
Loans	-	-	1,581	1,581
Derivatives	(5)	1,199	5	1,199
Collateralised Securities	-	-	-	-
Other investments	137	259	-	395
	1,550,055	2,315,257	313,209	4,178,520

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21. Financial commitments

During 2023, the Company relocated its operations to the 4th floor at South Frederick Street. As a result, both existing sub-leases were terminated by mutual consent and the head lease was assigned to the Company. The Company leases its office from New Ireland Assurance Company plc and the lease runs until 20 April 2028.

Total future minimum lease payments under the operating lease(s) are as follows:

	2023 €′000	2022 €′000
Less than one year	271	278
Between one and five years	881	464
	1,152	742

22. Ultimate parent

On 21 December 2023, the ownership of the Company was transferred from Octium Holding Limited to Octium Holding Limited's parent - Octium Holding S.A.

The Company is a wholly owned subsidiary of Octium Holding S.A. Its ultimate parent undertaking is Albany Settlements Limited, a company incorporated in the British Virgin Islands.

23. Contingent liabilities

There were no contingent liabilities at 31 December 2023 (2022: €nil).

24. Dividends

A dividend of €4m was declared and paid during the financial year (2022: €1.8m).

25. Subsequent events

A dividend of €3.9m was declared on 20 March 2024.

There were no other significant events affecting the Company since 31 December 2023.

26. Approval of financial statements

The Board of Directors approved these financial statements on 20 March 2024.