MONUMENT RE

FINANCIAL CONDITION REPORT

at 31st December 2021

CONTENTS

Executive Summary

The Economic Balance Sheet ("EBS") regulatory framework sets out the requirements for annual qualitative and quantitative reporting for insurance companies.

Monument Re Limited, together with its subsidiaries, is referred to in this report as "Monument Re", the "Company" or the "Group".

This report contains information about the Group's business and performance, its corporate governance, risk profile, solvency valuation and capital management for the reporting period 1st January 2021 to 31st December 2021 , with the balance sheet and solvency position shown at the reporting date 31st December 2021.

This report has been prepared in accordance with the Insurance (Public Disclosure) Rules 2015 and section 30 of Insurance (Group Supervision) Rules 2011, as promulgated by the Bermuda Monetary Authority ("BMA"), Bermuda's regulator of insurance companies.

Business and Performance

Monument Re 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 or 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 and holding company of other European insurance entities. It is subject to Group Supervision by the BMA through Solvency II Equivalence attained on a permanent basis from the European Commission.

Monument Re has an established track-record of acquiring life insurance portfolios across Europe. Since incorporation, twenty-four (24) 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.

Over 2021, Monument Re built upon the success of 2020 with the completion of five transactions. There were also four further transactions that remained subject to regulatory approval at 31st December 2021 (and which are not reflected in the financials presented here).

Transactions completed in 2021 include:

- 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 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 25th November 2021, the Company entered into a quota share reinsurance agreement on a funds withheld basis with Countrywide Assured plc ("Countrywide"), a subsidiary of Chesnara plc. The deal covers a block of UK annuities and is the first external reinsurance deal for the Company.
- 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").
- 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.

Additionally, Monument Re have signed the following transactions which remained subject to regulatory approval at the reporting date. The financials for these transactions are not reflected in this report given they had not completed at the reporting date.

- On 18th March 2022, the Company entered into a reinsurance agreement with Aviva Insurance Ireland Designated Activity Company. The deal covers a block of UK savings and annuities.
- On 18th February 2022, the Company acquired 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.
- On 20th December 2021, the Company, through its subsidiary MAB, signed an agreement to acquire a run-off life insurance portfolio from AXA Belgium. This transaction is subject to regulatory approvals.
- On 22nd December 2020, the Company signed an agreement to acquire a portfolio of unit-linked policies. This transaction is expected to be completed during the third quarter of 2022.

The following deal was subject to disposal at the reporting date:

- 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.

Transactions completed in the previous years:

Counterparty	Target	Country	Completion
Zurich Life Assurance plc.	Unit-linked international portfolio bond policies	Republic of Ireland	November 2020
Cattolica Assicurazioni	Cattolica Life DAC	Italy	June 2020

Counterparty	Target	Country	Completion
GreyCastle Holdings Ltd	GreyCastle Holdings Ltd and its subsidiaries	Bermuda	May 2020
Societe Generale S.A.	Inora Life Designated Activity Company ("Inora"), unit-linked savings	Republic of Ireland	September 2019
Rothesay Life Plc ("Rothesay")	Annuity portfolio	United Kingdom	Reinsurance in-force deal in March 2019, portfolio transfer to MLIDAC in
Curalia OVV ("Curalia")	Closed book of life business	Belgium	December 2019
Storebrand Livsforsikring AS	Nordben Life and Pension Insurance Co Limited ("Nordben"), unit-linked and	Guernsey	June 2019
Enstar Group Limited (Alpha Insurance S.A.; "Alpha")	A run-off portfolio of traditional life and credit life business	Belgium	May 2019
MetLife Europe Designated Activity Company ("MetLife")	A run-off portfolio of linked and traditional business	Republic of Ireland	April 2019 (transferred to MLIDAC)
Amerborgh Financial Services B.V.	Robein Leven N.V. ("Robein Leven"), traditional and unit-linked products	Netherlands	March 2019
Talanx AG	Aspecta Assurance International Luxembourg S.A., unit-linked savings	Luxembourg	October 2018 (renamed Monument Assurance Luxembourg S.A. ("MAL"))
Ethias S.A. ("Ethias")	FIRST A portfolio, traditional savings	Belgium	September 2018 (transferred to MLIDAC)
ABN AMRO Bank N.V.	ABN AMRO Life Capital Belgium N.V., traditional savings	Belgium	March 2018 (renamed Monument Assurance Belgium N.V. ("MAB"))
Enstar Group Limited	Laguna Life DAC, term life protection	Republic of Ireland	March 2017 (renamed Monument Life Insurance DAC,"MLIDAC")

Counterparty	Target	Country	Completion
Barclays Bank PLC	Barclays Insurance (Dublin) Designated Activity Company and Barclays Assurance (Dublin) Designated Activity Company, payment protection insurance ("PPI") and short-term income protection	Republic of Ireland	March 2017 (companies renamed Monument Assurance DAC ("MADAC") and Monument Insurance DAC ("MIDAC"), respectively); now in liquidation and renamed Monument Trinity B DAC and Monument Trinity A DAC respectively; PPI portfolio has transferred to Monument Life Insurance DAC

Further details of the Group structure and the transactions can be found in section A.6 Regulated Entities.

The Company recorded gross written premiums of €2,741.4m (2020: €101.2m) and an investment return loss of €134.4m (2020: Gain of €231.0m).

Further details of the Company's results for the reporting date are provided in sections A.10 Insurance Business and A.11 Investment Performance.

System of Governance

The Company has established a system of governance appropriate to the Company's business strategy and operations. There is clear delegation of responsibilities, reporting lines and allocation of functions through documented committee terms of reference and key function charters. The system of governance includes requirements relating to fitness and probity of persons responsible for key functions, remuneration practices and outsourcing activities. There were no material changes in the system of governance during the year ended 31st December 2021.

Further details of the Company's system of governance are provided in section B.

Risk Profile

The Company's risk management system is proportionate to the nature, scale and complexity of the risks to which the Company is exposed. The system includes processes for the identification, assessment and reporting of all categories of risk. The risk management system includes the Solvency Self-Assessment, which assists the Board in determining whether there is adequate Available Capital to cover the Company's risks over its business planning horizon.

The Group's business activities give rise to market, insurance, credit, strategic, operational, liquidity and group risks. Further details of the Company's risk profile are provided in section C.

Solvency Valuation

Assets and liabilities presented in this report have been valued in accordance with EBS valuation principles. The Company's financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in the United Kingdom and Republic of Ireland. There are no material differences between valuation principles used under the EBS and GAAP frameworks.

Further details of the Company's valuation provisions are provided in section D.

Capital Management

The structure of the Company's Available Capital, as defined under the EBS regime, is comprised of share capital and retained earnings. The capital management policy focuses on ensuring compliance with externally imposed capital requirements and to maintain appropriate capital ratios in order to protect the security of its stakeholders, including cedants and policyholders, while maintaining shareholder value.

The capital requirements are calculated using the capital regime promulgated by the BMA. The following table summarises the Company's Available Capital and Capital Coverage Ratio at 31st December 2021 with a comparison against the previous reporting date, 31st December 2020.

EBS Solvency Position (€m)	31st December 2021	31st December 2020
Available Capital	1,472.3	1,099.6
Enhanced Capital Requirement	492.4	232.3
Free Surplus	**980.0**	**867.3**
EBS Capital Coverage Ratio	**299 %**	**473 %**

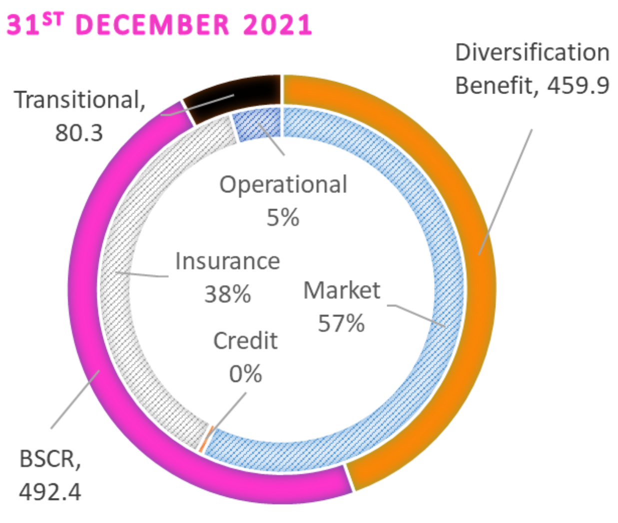
The Group's Available Capital amounted to €1,472.3m compared to an Enhanced Capital Requirement ("ECR") of €492.4m, which produced an EBS Capital Coverage Ratio of 299%.

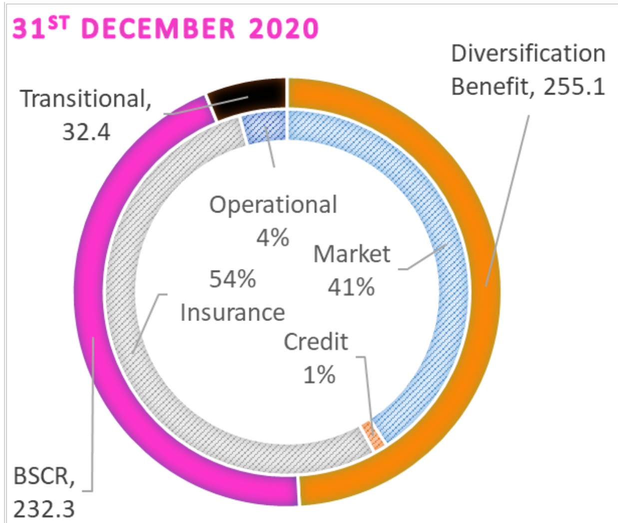
The significant increase in Available Capital over the reporting period is largely driven by the completion of five transactions, a Tier 2 Debt raise of €200m and a capital contribution of €66.0m from Monument Finco Limited ("Finco"), the immediate parent company of Monument Re. This is partially offset by a €90m dividend payment to Finco.

The Enhanced Capital requirement is given by the maximum of the Bermuda Solvency Capital Requirement ("BSCR") and the regulatory Minimum Solvency Margin ("MSM"). At the reporting date, the BSCR was the binding constraint to the Group (€492.4m). The MSM was lower at €308.8m.

The new capital regime became effective 1st January 2019, and is being phased in over 9 years for Monument Re. On the reporting date, 31st December 2021, the reported BSCR was calculated based on 33% of the new BSCR regime and 67% of the old BSCR regime.

The diagram below shows the BSCR for the Company at 31st December 2021 with a comparison against the previous reporting date, 31st December 2020. The BSCR has been shown split by risk module. The outer ring shows the total Group diversified BSCR, the level of diversification benefit realised within the Group and the transitional benefit in moving to the new capital regime. The inner ring shows each risk module as a proportion of total undiversified capital. Figures are shown in €m.





A. BUSINESS AND PERFORMANCE

A.1. COMPANY PROFILE

Monument Re Limited is a Bermuda based Class E life reinsurer (with registration number 51969 and incorporation date 27th October 2016) and a Designated Insurer with Group supervision by the Bermuda Monetary Authority ("BMA").

A.2. GROUP SUPERVISOR

Table 1: Group Supervisor

Details	Group Supervisor
Name	Bermuda Monetary Authority
Jurisdiction	Bermuda
Address	BMA House, 43 Victoria Street, Hamilton, HM12
Contact	Gerald Gakundi, Director, Insurance Supervision
Email Address	ggakundi@bma.bm
Phone Number	+1 (441) 295 5278

Group supervision is carried out by the BMA within a comprehensive legislative framework, which includes, but is not limited to:

- The Insurance Act 1978 (the "Act");
- The Insurance (Group Supervision) Rules 2011 (the "Group Supervision Rules");
- The Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 (the "Group Prudential Standards"); and
- The BMA Guidance Note on the Role of the Designated Insurer (the "Guidance Note").

A.3. APPROVED GROUP AUDITOR

Table 2: Approved Group Auditor

Details	Approved Group Auditor
Name	PricewaterhouseCoopers Ltd.
Jurisdiction	Bermuda
Address	Washington House, 16 Church Street, Hamilton, HM12
Contact	Damian Cooper, Partner
Email Address	damian.cooper@pwc.com
Phone Number	+1 (441) 295 2000

A.4. Company Ownership

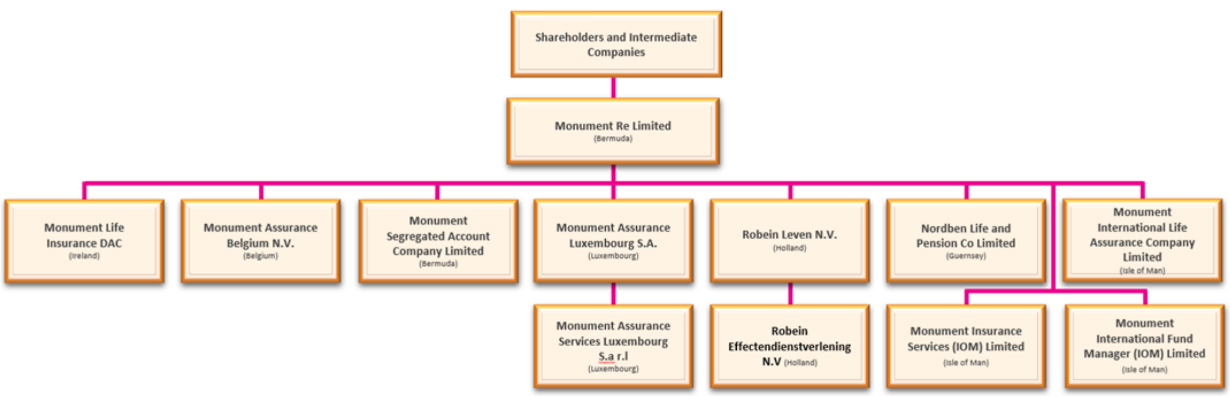
Monument Re is backed by high quality shareholders made up of several institutional investors and individual investors who are experienced insurance professionals. In particular, our ultimate institutional investors are:

- Hannover Rück SE ("Hannover Re") (GR: HNR1) - Hannover Re was established in 1966 and is the world's third largest reinsurer transacting all lines of property and casualty and life and health reinsurance.
- Enstar Group Limited ("Enstar") (NASDAQ: ESGR) - Enstar is publicly traded on the NASDAQ and is a leading Bermuda-based Property & Casualty ("P&C") run-off consolidator.
- E-L Financial Corporation ("ELFC") (TSE: ELF) - ELFC is an investment and insurance holding company incorporated in 1969 in Canada, and is publicly traded on the Toronto Stock Exchange. ELFC's strategy is to accumulate shareholder value through long-term capital appreciation and dividend income from its investments.

The Company has a seasoned Board of Directors, nominated by each shareholder and chaired by Jonathan Yates, and an experienced management team led by Manfred Maske.

A.5. Company Structure

The Company's simplified Group structure, at 31st December 2021 is summarised below and focuses on regulated entities only:



A.6. Regulated Insurance Entities

Monument Re Limited

Monument Re Limited is a Bermuda based Class E life reinsurer (with registration number 51969 and incorporation date 27th October 2016) and a Designated Insurer with Group supervision by the BMA.

On 25th November 2021, the Company entered into a quota share reinsurance agreement on a funds withheld basis with Countrywide Assured plc ("Countrywide"), a subsidiary of Chesnara plc. The deal covers a block of UK annuities and is the first external reinsurance deal for the Company.

Monument Life Insurance Designated Activity Company

(formerly known as Laguna Life Designated Activity Company)

On 29th August 2017, Monument Re completed the acquisition of Monument Life Insurance Designated Activity Company (formerly Laguna Life Designated Activity Company, "Laguna"), an insurance undertaking, authorised in Ireland and regulated by the Central Bank of Ireland, and which holds the following licenses:

- Life Insurance Class I and III (with connected Class IV), IV and VI licenses; and
- Non-Life Insurance Class 1, 2 and 16 (for in-force non-life business only).

Laguna was acquired from Enstar Group Limited, a leading global insurance run-off consolidator and also a minority shareholder of Monument Re. At the time, the entity comprised of a closed book of term life protection risks within the UK and Spain and voluntarily ceased to underwrite new business in 2007 and 2009 respectively.

On 2nd April 2020, by a Special Resolution of the Company, and with the approval of the Registrar of Companies, Laguna changed its name to Monument Life Insurance Designated Activity Company ("Monument Life" or "MLIDAC" or "MLI").

A number of further transactions have completed into Monument Life, as set out below.

On 28th September 2018, Monument Re completed the acquisition of a run-off portfolio of flexible premium retail life insurance contracts from Ethias S.A. ("Ethias"), known as the FIRST A Portfolio. In accordance with the authorisation by the National Bank of Belgium, the FIRST A portfolio transferred into Laguna in Ireland with the terms and conditions unchanged except for the loss of Belgian state guarantee. Ireland does not maintain an equivalent system of guarantee.

On 1st April 2018, Monument Re signed an agreement to reinsure a portfolio of business from MetLife Europe Insurance Designated Activity Company ("MetLife"), an Irish incorporated entity domiciled in Ireland. Following high court approval, these policies were transferred to Monument Life.

On 29th March 2019, Monument Re signed a business transfer agreement with Rothesay Life in relation to a portfolio of annuities. Following completion of the Part VII transfer, this business was portfolio transferred into Monument Life in September 2020.

On 30th June 2020, the insurance business of Monument Insurance Designated Activity Company ("MIDAC") and Monument Assurance Designated Activity Company ("MADAC") transferred into Monument Life. This transfer consisted of a portfolio of Payment Protection Insurance ("PPI"). In July 2020, the Companies names were changed to Monument Trinity A DAC and Monument Trinity B DAC and post delicencing were subsequently placed into liquidation. Trinity B DAC was formally dissolved on 10th March 2022.

On 30th November 2020, following approval of the Irish High Court, the Company completed a portfolio transfer of unit-linked international Portfolio Bond policies from Zurich Life Assurance plc into Monument Life.

On 31st December 2021, following approval of the Irish High Court, Monument Life completed the acquisition of a closed-block portfolio of variable annuities from Athora Ireland plc.

Inora Life Designated Activity Company

Inora Life Designated Activity Company ("Inora") was an Irish unit-linked assurance company established in 2001 and which closed to new business in 2012. Monument Re signed a Share Purchase Agreement in relation to Inora on 27th March 2019. The transaction received regulatory approval and completed in September 2019 and subsequently became a subsidiary of Monument Life.

On 31st December 2020, the insurance business of Inora transferred into Monument Life. The Inora entity was subsequently delicenced in 2021.

Monument Assurance Belgium N.V. ("MAB")

Monument Re acquired ABN AMRO Life Capital Belgium N.V. ("AALCB"), a Belgian Life insurance company.

On 28th March 2018, regulatory approval was obtained from the National Bank of Belgium and subsequently, AALCB was renamed Monument Assurance Belgium N.V. ("MAB"). MAB is now structured directly under Bridge Strategic Holdings Ltd.

On 10th October 2018, Monument Re acquired a run-off portfolio of traditional life and credit life business by entering into a Business Transfer Agreement with Alpha Insurance SA ("Alpha"), a Belgian composite insurance company and a wholly-owned subsidiary of Enstar Group Limited. This transaction completed and transferred into MAB on 31st May 2019.

On 16th December 2019, regulatory approval was received to acquire a closed book of life business from Curalia OVV ("Curalia"), a Belgian mutual insurance company. This portfolio was subsequently transferred into MAB.

On 1st April 2021 MAB completed the acquisition of part of Allianz Benelux's closed life book portfolio in Belgium.

On 23rd November 2021, regulatory approval was received to acquire the entire insurance portfolio and personnel of Integrale, a Belgian insurance company. The relevant assets and liabilities of Integrale's balance sheet were transferred into MAB.

Monument Assurance Luxembourg S.A. ("MAL")

On 26th January 2018, Monument Re signed an agreement to acquire full ownership of Aspecta Assurance International Luxembourg S.A. ("Aspecta"). Aspecta is a life insurance undertaking based in Luxembourg with branches in Germany, Italy and Spain, which was incorporated in 2000 as a 100% subsidiary of Talanx Group.

Aspecta ceased writing new business at the end of 2010. Approval was received from the Commissariat aux Assurances ("CAA") in September 2018 and the entity was renamed as Monument Assurance Luxembourg S.A. ("MAL") on 11th October, 2018.

On 4th June 2020, following receipt of regulatory approvals, Monument Re completed the acquisition of Cattolica Life Designated Activity Company ("Cattolica") from Societa Cattolica di Assicurazione Societa

Cooperative. Cattolica was a closed Irish entity which wrote unit-linked business on a cross-border basis in Italy. The entity was subsequently renamed as Omega Life Designated Activity Company ("Omega").

The insurance business within Omega was transferred into MAL on 31st December 2020 following approval of the Irish High Court. The Omega entity was subsequently delicenced in Q1 2021 and formally dissolved on 8th March 2022.

Robein Leven N.V.

In June 2018, Monument Re, through its 100% wholly owned U.K Holding Company Knight Strategic Holdings Limited, signed the acquisition of Robein Leven N.V. from Amerborgh Financial Services B.V. ("Amerborgh"), including three subsidiary companies (Robein Vermogensopbouw, Robein Effectendienstverlening and Robein Hypotheken), (together called “Robein”). Regulatory approval was received on 25th March 2019.

Robein has been in run-off since 2010.

Robein completed the legal merger of Robein Hypotheken and Robein Leven effective from 2nd September 2020. Further, following the sale of Robein Vermogensopbouw and the Robein Effectendienstverlening Direct Clients portfolio on 30th September 2020, the liquidation process for Robein Vermogensopbouw completed on 30th December 2020.

On 27th April 2022, the Company completed the sell 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.

Nordben Life and Pensions Co Limited

On 21st December 2018, Monument Re entered into a Share Purchase Agreement to purchase all of the shares in relation to Nordben Life and Pension Insurance Co Limited (“Nordben”) from BenCo Insurance Holding B.V., which is owned 89.96% by Storebrand Livsforsikring AS. Nordben is a Guernsey domiciled life insurance company which was established in 1985 to provide pension and risk coverage products to expatriates. This transaction establishes the Company’s presence in Guernsey. Regulatory approval was received on 27th June 2019.

Nordben closed to writing new business in 2016.

Monument Segregated Account Company Limited

On 21st March 2020, Monument Re signed an agreement to acquire GreyCastle Holdings Ltd ("GreyCastle") and its subsidiaries, which included GreyCastle Life Reinsurance (SAC) Ltd and GreyCastle Services, from the shareholders of GreyCastle Holdings Ltd. GreyCastle is domiciled in Bermuda and is focused on managing a portfolio of annuity and life risks. Approval was received from the BMA in May 2020 and the entity was renamed as Monument Segregated Account Company Limited ("MSAC").

Monument International Life Assurance Company

On 16th February 2021 Monument Re completed the acquisition of the Charles Taylor Group's Isle of Man life and investment operations following receipt of regulatory approval from the Isle of Man Financial Services Authority ("FSA") and non-objection from the BMA. The regulated entities were subsequently renamed as Monument International Life Assurance Company Limited ("MILAC"), Monument Insurance Services (IOM) Limited and Monument International Fund Manager (IOM) Limited.

A.7. SERVICE COMPANIES

MONUMENT INSURANCE SERVICES LIMITED

Monument Insurance Services Limited ("MISL") was incorporated on 22nd May 2017. The principal driver in establishing MISL was achieving cost-efficiency through integration of almost all required services in Ireland in one entity. This also provides increased mobility of talent, allowing employees to work on other Monument related activity. MISL provides various services to the Group's regulated entities and Monument Life in addition to support other Group activities.

MONUMENT INSURANCE EUROPEAN SERVICES

(formerly known as Monument Insurance Belgium Services Srl)

Monument Insurance Belgium Services Srl ("MIBS") was incorporated on 28th March 2018. The principal driver in establishing MIBS was to achieve greater cost-efficiency and mobility of talent by supporting services across a number of Group entities.

MIBS was renamed as Monument Insurance European Services ("MIES") effective 31st December 2021 in line with Monument's strategic objective of one Service Company providing services within the EU. MIES will provide services to the regulated insurance companies in both Ireland (MLIDAC) and Belgium (MAB).

MONUMENT ASSURANCE SERVICES LUXEMBOURG

Monument Assurance Services Luxembourg ("MASL"), formerly Quality Insurance Services Luxembourg S.à.r.l ("QISL"), is a regulated outsource company through which MAL delivers most of the operations. MAL owns 100% of MASL. Monument acquired 25% interest in the company upon completion of the Aspecta acquisition and obtained regulatory approval from the CAA to acquire 100% ownership on 8th July 2020. The entity was subsequently renamed as MASL.

MONUMENT RE SERVICES (UK) LTD

Monument Re Services (UK) Ltd. provides accounting, administration, actuarial and claims services for MSAC and various other Monument entities.

Monument Re Services (UK) Ltd. acts an internal reinsurance centre of excellence and provides accounting, administration, actuarial, claims and IT services for MSAC as well as Axa XL. The team also provide support to other Group entities around finance, actuarial, risk management and intra-group reinsurance.

MONUMENT ASSURANCE BELGIUM SERVICES S.A.

Monument Assurance Belgium Services S.A. ("MABS") was incorporated on 16th July 2021 to provide support services to MAB. MABS provides support services to MAB, and administers the Integrale book. MABS provides policy administration services on the transferred Integrale book, and several support services within the risk, actuarial, finance, compliance, legal and operational functions.

MONUMENT INSURANCE SERVICES (IOM) LIMITED

Monument Insurance Services (IOM) Limited ("MIS") is an insurance manager registered with Isle of Man FSA which provides outsourcing to MILAC for almost all activities. MIS and Monument International Fund Managers (IOM) Limited, an authorised fund manager, obtain staff, systems and supplies primarily from Monument Management Services (IOM) Limited, a services company. All these entities were acquired from Charles Taylor in early 2021 and subsequently renamed.

A.8. Holding Companies

There are three UK Holding Companies; Bridge Strategic Holdings Limited, Knight Strategic Holdings Limited and Cannon Strategic Holdings Limited.

These UK holding companies were set up to hold the investments in Belgium, Netherlands and Luxembourg. The companies have been set up to fulfill all substance requirements with UK employees focusing on providing linking services but not undertaking any insurance or key economic activities.

A.9. Significant Events

Monument Re has signed agreements in respect of the following transactions below. The financial results of these transactions are not included in the Consolidated Financial Statements because they either remained subject to regulatory approval at the reporting date or were signed after the reporting date.

- On 18th March 2022, the Company entered into a reinsurance agreement with Aviva Insurance Ireland Designated Activity Company. The deal covers a block of UK savings and annuities.
- On 18th February 2022, the Company acquired 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.
- On 20th December 2021, the Company, through its subsidiary MAB, signed an agreement to acquire a run-off life insurance portfolio from AXA Belgium. This transaction is subject to regulatory approvals.
- On 22nd December 2020, the Company signed an agreement to acquire a portfolio of unit-linked policies. This transaction is expected to be completed during the third quarter of 2022.

The following deal was subject to disposal at the reporting date:

- 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.

Monument Re continues to pursue transactions that further support the Company's strategy to build and grow its existing platforms as well as developing opportunities in other territories.

A.10. Insurance Business

The following tables show premium volumes by line of business and geographical location.

Table 3: Gross Written Premium by Line of Business

Line of Business (€m)	2021	2020
Gross Written Premiums - Recurring:		
Annuities	*71.9*	*42.0*
Savings and Guarantees	*0.9*	*3.7*
Protection	*75.8*	*33.1*
Payment Protection Insurance	*18.7*	*22.4*
Other	*2.6*	—
Gross Written Premiums - Recurring	**169.9**	**101.2**
Gross Written Premiums - Acquired:		
Savings and Guarantees	—	—
Annuities	*1,119.7*	—
Protection	*1,371.9*	—
Traditional Life Insurance	*79.0*	—
Other	*0.9*	—
Gross Written Premiums - Acquired	**2,571.5**	**—**
Total Gross Written Premiums	**2,741.4**	**101.2**

Table 4: Gross Written Premium by Geographical Location

Geographical Location (€m)	2021	2020
United Kingdom	1,212.3	85.3
Germany	85.8	—
Ireland	22.6	3.7
Belgium	1,398.8	3.7
France	15.7	3.4
Netherlands	2.0	0.6
United States of America	1.1	0.5
Italy	1.1	1.3
Other	2.0	2.6
Total Gross Written Premiums	**2,741.4**	**101.2**

A.11. Investment Performance

The following table shows the Company's investment return, net of investment expenses, as reported in the statutory financial statements for the years ended 31st December 2021 and 2020.

Table 5: Investment Performance

Investment Performance (€'000)	2021	2020
Cash & Cash Equivalents	(0.5)	0.1
Investments	81.0	43.5
Policy Loans	(0.6)	0.6
Gross Investment Income Earned	**79.9**	**44.2**
Income from Funds Withheld	(79.4)	167.9
Investment Expenses	(10.6)	(5.5)
Net Realised Gains and Losses	(29.9)	25.2
Change in Fair Value	(82.8)	(0.7)
Net Investment Return	**(122.8)**	**231.0**

A.12. Other Material Information

There is no other material information to be provided.

B. Governance Structure

B.1. Parent Board and Senior Executives

Parent Board Structure

Monument Re is the operating company from where the Board of Directors ("Board") governs the Group. Pursuant to the Group Supervision Rules, Monument Re, as the designated insurer and specified insurer, is the ultimate insurance holding company of the Group for the purposes of Group supervision by the BMA.

The Board 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 Board meets at least four times a year in Bermuda. 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 Group Supervision Rules.

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

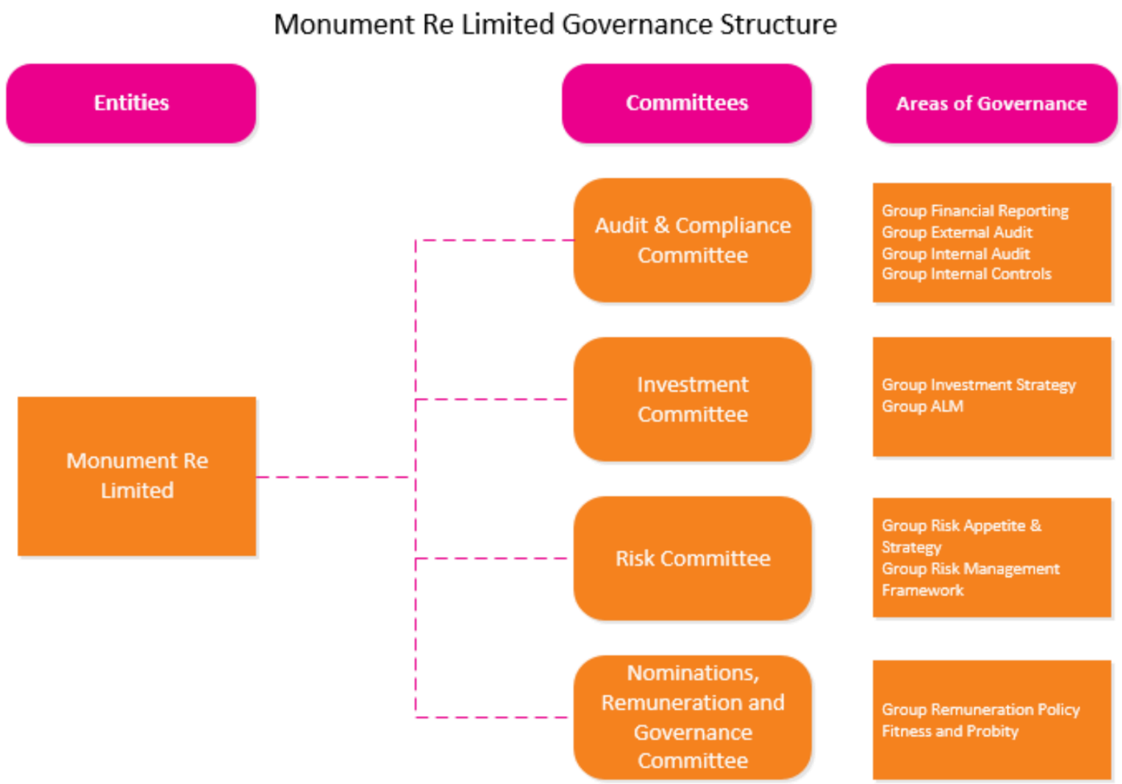
- Maintain an adequate understanding of the Company's total business and operations to be able to test and challenge the decisions of other Directors and Senior Management;
- Devote sufficient time to enable the proper discharging of the Director's governing function duties and attend all Board meetings 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.

Monument Re's Directors comprise the following:

- Jonathan Yates (Chairman);
- Clive Rowe (nominated by ELFC);
- Paul Bohus (nominated by Enstar);
- Michael Winkler (nominated by Hannover Re); and
- Manfred Maske (Group Chief Executive Officer ("Group CEO")).

The Board has delegated certain authorities either directly or indirectly to a number of committees, which meet in Bermuda, each with their own terms of reference.

The key Board committees at Monument Re are depicted below:



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

The table below provides an overview of the key attendees and the role and responsibilities of each committee:

Table 6: Committee Roles and Responsibilities

Committee	Members	Key Responsibilities
Audit and Compliance	▪ Paul Bohus (Chairman); ▪ Michael Winkler; and ▪ Clive Rowe	Ensuring the integrity of financial statements and the financial reporting process; Overseeing, challenging and reviewing both the internal and external audit functions; and Reviewing and monitoring the adequacy and effectiveness of the Company's compliance function, and risk and compliance training programs.

Committee	Members	Key Responsibilities
Risk	▪ Michael Winkler (Chairman); ▪ Paul Bohus; ▪ Clive Rowe; ▪ Jonathan Yates; and ▪ Manfred Maske	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.
Investment	▪ Clive Rowe (Chairman); ▪ Manfred Maske ▪ Jonathan Yates; and ▪ 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; and ▪ Paul Bohus	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.

Executive Committee

The Executive Committee ("ExCo") is not a committee of the Board but acts in ensuring effective management and in developing Monument Re's business strategy and related policies. Monument Re's ExCo team as of 29th April 2022 is comprised of:

Manfred Maske
Group Chief Executive Officer

- **Alex Brogden** Group Chief Underwriting Officer
- **Neil Burt** Group Chief Actuary
- **David Leach** Group Chief Risk Officer
- **Roger Thompson** Group Chief Investments Officer
- **Anthony Philip** Group Head of Compliance & Governance
- **Tobias Fritsch** Group Chief Operating Officer
- **Carlo Elsinghorst** Group Chief Financial Officer
- **Fiona Davies** Group Chief of Staff
- **Chris Carson** Group Integrations, Change & Technology Director and UK Country Manager
- **Riya Sen Gupta** Group General Counsel
- **Gemma Cerasi** Group Head of Human Resources

Executives are permanently based in Bermuda apart from Carlo Elsinghorst, Tobias Fritsch, Chris Carson, Riya Sen Gupta and Gemma Cerasi.

ExCo draws its attention to risk management and governance matters and is effectively the executive arm of the Board, responsible for undertaking all management and operational actions to ensure the effective implementation of Monument Re's strategic objectives. ExCo (and the Board) also have explicit focus and responsibility for new acquisitions. The table below provides an overview of the key responsibilities of the ExCo:

Table 7: Exco Key Responsibilities

Committee	Key Attendees	Key Responsibilities
ExCo	▪ Manfred Maske (Chairman); and ▪ All Executive Officers	Formulating and recommending to the Board the annual Business Plan, with due consideration to the risk appetite statement, tolerances and limits; Reviewing and considering the development of high-level policies and recommend these to the Board for approval; Reviewing compliance monitoring results to ascertain ongoing adherence to the BMA regulatory requirements and minimum standards; and Reviewing potential reinsurance and acquisition transactions, including pricing, due diligence, integration planning and operations for presentation to and ultimate approval by the Board. Therefore, it will assist the Board in fulfilling its role of an "Underwriting Committee".

Senior executives are individually and collectively responsible for establishing systems and controls that produce complete, reliable, clear, consistent, timely, and relevant reporting concerning the business activities and risks to which Monument Re is exposed. In particular, they are responsible for:

- Providing the Board with timely, accurate and comprehensive reports that highlight current and prospective changes in business activities, profitability, capital and funding liquidity position, risk profile or key drivers;
- Reporting promptly to the Board any material deficiencies in the effectiveness of Monument Re's functions or any decisions which deviate materially from the Board approved risk appetite and operational strategy;
- Reviewing and approving all material outsourcing arrangements and for the effective performance and oversight of outsourced functions or tasks;
- Completion of all required returns and financial statements in an accurate, complete and timely manner; and
- Reviewing the adequacy and effectiveness of the internal control environment and systems and controls.

Key Functions

The Company has determined a number of key functional activities as being those which best support the governance and business objectives. Each key function has an equal standing within the system of governance and its activities are co-ordinated and monitored through the ExCo team.

The Company considers its key functions to be:

- Risk management function, led by the Group Chief Risk Officer, and the Compliance and Internal Audit functions, led by Group General Counsel and Group Head of Internal Audit, respectively, are collectively responsible for the oversight of the ongoing day-to-day management of the business;
- Finance function, led by the Group Chief Financial Officer ("CFO"), is responsible for the day-to-day management of all finance matters including financial reporting;
- Actuarial function, led by the Group Chief Actuary, is responsible for the coordination and calculation of the actuarial liabilities, capital management and reinsurance;
- Investment function, led by the Group Chief Investment Officer ("CIO"), is responsible for implementing and managing the investment, asset liability matching strategy and liquidity position of the Company;
- Underwriting function, led by the Group Chief Underwriting Officer ("GCUO"), is responsible for ensuring that pricing and terms for accepting risks in a transaction are properly understood and priced for; and
- Operations function, led by the Group CEO, is responsible for the day-to-day operational management of the business, including information technology and customer services.

It is the responsibility of the key function owners to maintain the appropriate policy and procedures documentation, which incorporate the function's responsibilities for operations, risk management, internal control, internal audit, outsourcing and reporting. All governance documentation is reviewed at least annually by the senior executive management team and the Board according to the relevant terms of reference.

Remuneration Policy and Practices

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

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

Monument Re provides for a range of benefits to employees including contractual salary, variable bonuses and benefits that are moderated with regard to variable and fixed elements, as well as term of award. Variable annual bonuses are defined by individual objectives linked to the performance of Monument Re and the individual. Variable longer-term bonuses relate to the proven performance of Monument Re and its transactions over longer periods. The selection of criteria for the variable compensation system and upper limits of variable compensation elements by the Nominations, Remunerations and Governance Committee ensure that inappropriate incentives are not offered, which may persuade employees to make decisions that are outside the risk appetite of Monument Re.

The Board members of Monument Re were remunerated in 2021 by Monument Re in addition to the Group CEO in the course of his duties as the Group CEO. All Board members are also reimbursed for travel and accommodation expenses in respect of Board meetings.

Pensions and Early Retirement Schemes

Monument Re makes contributions to a post-employment defined contribution retirement plan based on a percentage of salary in respect of its Bermudian employees. Once the contributions have been paid, Monument Re has no further payment obligations. The assets of the benefit plan are held separately from Monument Re in the form of a government approved group policy issued by a Bermudian insurance company. The mandatory provision of approved retirement plans for non-Bermudian staff has been deferred to allow for industry consultation.

Employees of the entities in Ireland, Belgium, Luxembourg, Guernsey, the Netherlands, Isle of Man and London benefit from contributions made by the respective Service Companies to a post-employment defined contribution retirement plan based on a percentage of salary. The assets of the benefit plan are held separately from the respective Service Companies in the form of a group insurance policy issued by an insurance company in the respective jurisdiction.

The Board members do not receive any pension or early retirement benefits, contributions or allowances from Monument Re, aside from the Group CEO in the course of his duties as the Group CEO.

Material Transactions

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

B.2. Fitness and Propriety Requirements

Fit and Proper Assessment

Monument Re is committed to ensuring that it complies with its obligations under the BMA's 'Fit and Proper' framework at all times. The Company has arrangements in place to ensure the fitness, competence and propriety of persons effectively running the business and other staff who work in the business. In particular, Monument Re ensures that:

- All members of the Board and each of its committees and the members of the executive team, individually and collectively, have the requisite knowledge, skills, expertise and soundness of judgement appropriate to undertake and fulfil their responsibilities;
- All members of the Board and ExCo are, and continue to be, 'Fit and Proper' on an on-going basis; and
- Account is taken on the likely and/or actual impact of policyholder interests or of a shareholder holding a particular controller position at Monument Re to determine the application of the fit and proper requirements.

Monument Re assesses 'Fit and Proper' status against the following requirements:

- Competence and capability;
- Honest, ethical and acts with integrity; and
- Financial soundness.

Monument Re's Board is responsible for:

- Ensuring the Company complies with its legal and regulatory obligations and the 'Fit and Proper' Policy;
- Ensuring that processes and procedures to assess and document the fitness and propriety of its members, controllers and officers, as well as any individual employed by a service provider providing an outsourced function, are in place and in line with the BMA's requirements;
- Maintaining and supporting a culture that places a high value on appointing 'Fit and Proper' people and ensuring that robust processes exist that lead to the recruitment and appointment of 'Fit and Proper' persons;
- Reviewing any instances reported by the Compliance Officer or others whereby any employee is suspected of misusing systems or is suspected of committing fraud, money laundering, theft, financial crime or tax evasion; and
- Reviewing the membership of the Board and its Committees, including the composition of the chief and senior executives, no less frequently than every three years and upon a material change in the business activities or risk profile of the Group to ensure that the members of the Board and ExCo continue to be 'Fit and Proper'.

Monument Re's CEO is responsible for selecting, in close collaboration with the Compliance function, senior executives who are 'Fit and Proper' and who have the requisite knowledge and skills, given the nature, scale and complexity of the business.

The Compliance Officer is responsible for:

- Monitoring any changes or potential changes to the law and regulatory rules dealing with fitness and probity and reporting to the Board and senior management on the impact of these changes;
- Creating and maintaining the processes and underlying procedures as set out in the 'Fit and Proper' Procedures document;
- Monitoring that the 'Fit and Proper' Policy and underlying procedures are fully implemented; and
- Liaising with the BMA in relation to the 'Fit and Proper' Policy as required under applicable legislation and regulations.

In appointing a candidate to any role within Monument Re, the qualities and skills of that person are carefully evaluated against the specified criteria for the role to ensure the individual has the competence and capability required. The duties and responsibilities of each employee are set out in a job specification, which is discussed as an integral part of the recruitment process.

Monument Re ensures that the 'Fit and Proper' system and controls in place are tested periodically to ensure they are fit for purpose. Any weaknesses in the systems and controls in place will be reported to the Compliance Officer and a plan for rectification must be put in place, which includes appropriate timeframes.

Monument Re expects, and supports, controllers to maintain all professional qualifications, including the fulfillment of continuing professional development requirements, that may be relevant to the person's fitness for his/her current role and responsibilities.

Where Monument Re becomes aware that there may be concerns regarding compliance with the requirements described in the 'Fit and Proper' Policy, an investigation into such concerns and appropriate action shall be taken immediately.

Adherence to policies and procedures is assessed on an annual basis as part of the employees' performance review. An annual Board performance and effectiveness review is also undertaken.

Board Professional Qualifications, Skills and Expertise

Monument Re's Directors comprise the following:

Table 8: Board Member Professional Qualifications, Skills and Expertise

Board Member	Professional Qualifications, Skills and Expertise
Jonathan Yates – **Chairman**	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. Jonathan 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. He has previously held non-Executive Directorships of Paternoster Insurance Company Limited, in the UK, and The Empire Life Insurance Company, in Canada. Jonathan is currently a non-Executive Director with the Viridium Group in Germany, including the various life insurance companies within the Group. He is also Chairman of MLIDAC.
Clive Rowe	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. E-L owns a Canadian life insurer Empire Life Insurance Company (regulated by OSFI) and he serves on its Board and as Chairman of its Investment Committee. He is also on the Board of Algoma Central Corporation, a publicly traded shipping company and there he is Chairman of the Corporate Governance Committee. In the past, Clive served on the Board of Dominion of Canada, a property and casualty insurer prior to its sale to Travellers in 2013. Clive also served as Chairman of the Board of Roadone Logistics, a Boston based trucking company, from 2012 to June 2015.

Board Member	Professional Qualifications, Skills and Expertise
Paul Bohus	Paul is a Senior Vice President of Corporate Development at Enstar. He has significant experience in the (re)insurance industry, particularly in mergers and acquisitions. Paul has been with Enstar since 2014 and is responsible for executing and overseeing all stages of the acquisition process including strategy, alternative capital, due diligence, valuation, financial impact analysis and integration. Prior to joining Enstar, Paul spent over ten years in public accounting, focusing on the reinsurance industry. Paul is a Certified Public Accountant (Ohio, USA).
Michael Hermann Winkler	Michael is a member of the Swiss Association of Actuaries. He is the Managing Director of RefinSol GmbH, of which he is also the founder and Executive Director, providing consulting services for international reinsurance 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 reinsurance industry since 1980.
Manfred Maske – Group Chief Executive Officer	Manfred is a Fellow of the Institute of Actuaries with over twenty years of experience in the life industry across a number of territories. 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. He has worked previously in a range of management and technical roles within Legal & General in the UK, culminating in the role of International Actuary, where he sat on the Boards of start-ups and either as member or chair of the Investment Committee. Prior to this, Manfred held actuarial roles with PricewaterhouseCoopers in the UK, Old Mutual and Momentum Life in South Africa.

Senior Executive Professional Qualifications, Skills and Expertise

Monument Re's Senior Executive team is comprised of:

Table 9: Senior Executive Professional Qualifications, Skills and Expertise

Senior Executive	Professional Qualifications, Skills and Expertise
Manfred Maske – Group Chief Executive Officer	Details as provided above.

Senior Executive	Professional Qualifications, Skills and Expertise
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. Alex joined the Company as Group Chief Financial Officer, and, effective 1st April 2022, assumed the role of Group Chief Underwriting Officer.
Roger Thompson – Group Chief Investment Officer	Roger is a Chartered Accountant and Chartered Financial Analyst with over twenty-five years of experience in treasury and investments. His previous role was Chief Investment Officer at Enstar Group Limited, where his role included oversight of external investment managers, modelling of investment returns for potential acquisition targets, designing and executing optimal investment strategies for newly acquired companies. Roger was previously an Executive Vice President, Chief Investment Officer at AXIS Capital Holdings Limited and had involvement in AXIS's IPO and various capital raising projects, including debt, equity, preferred shares and LOC credit facilities.
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 providing an opinion on the sufficiency of the company's long-term reserves and determining capital requirements in accordance with the Bermuda Monetary Authority ("BMA") rules. 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, with over twenty years of experience in life insurance. Prior to joining Monument Re, David held senior risk management roles at ReAssure Life Limited and Guardian Financial Services. He has also worked as an actuarial consultant at EY, Deloitte and Willis Towers Watson and as a pricing actuary at Munich Re. His consulting work focused on mergers and acquisitions in Europe and Asia, risk management, financial reporting and actuarial audit. David has written a number of articles on risk and actuarial topics, and chaired the Stress and Scenario Testing working party of the Institute and Faculty of Actuaries. David has a first class honours degree in economics from the University of Warwick.

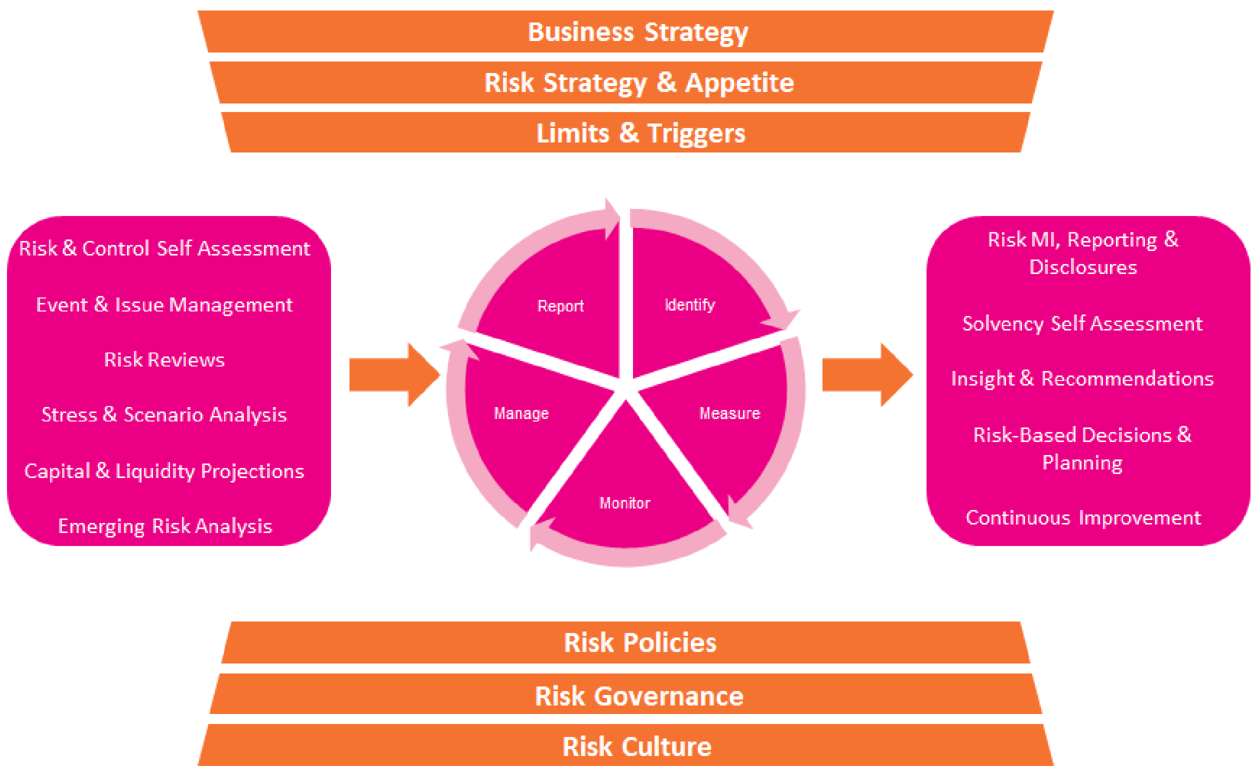
Senior Executive	Professional Qualifications, Skills and Expertise
Anthony Philip – Group Head of Compliance and Corporate Governance	Anthony has over twenty-five years of experience serving as a Barrister and Attorney in the financial services industry in Bermuda. His last role was CEO of American International Company Ltd. ("AIG Bermuda"). Prior to that, he was Senior Vice President & General Counsel of AIG Bermuda. Anthony has served as a Senior Legal Adviser with Flagstone Reinsurance Limited, West End Capital Management (Bermuda) Limited (a fund management company) and Appleby, Spurling and Kempe Barristers and Attorneys. He was also the Manager of the Companies, Partnerships and Permits Division at the BMA.
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.
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.
Carlo Elsinghorst – Group Chief Financial Officer	Carlo has over 20 years of experience in the life and pensions industry in Ireland, The Netherlands and the UK. Before he was appointed CEO of Monument Insurance Ireland in 2020, his most recent positions were 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. Carlo joined the Group as CEO Ireland and, effective 1st April 2022, assumed the role of the Group Chief Financial Officer.

Senior Executive	Professional Qualifications, Skills and Expertise
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.
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.
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 Human Resources for Ark Life. Prior to that she held various senior human resource 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.

B.3. RISK MANAGEMENT AND SOLVENCY SELF-ASSESSMENT

RISK MANAGEMENT PROCESSES AND PROCEDURES

Monument Re has established and maintains a Risk Management Framework, depicted as follows:



Foundational elements of the Risk Management Framework include a sound risk culture, an effective system of governance including committee structures and clear accountabilities, and a suite of risk policies.

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.

The Risk Management Framework is applied to newly acquired businesses such that there is proportionate and consistent application of a single framework across the Group. A period of transition, in which pre-existing policies continue to operate, is typically required prior to the embedding of Group policies with respect to newly acquired businesses.

The material risks addressed by the Risk Management Framework include:

- Insurance/underwriting risk;
- Market risk;

- Credit risk;
- Liquidity risk;
- Operational risk;
- Group risk;
- Strategic risk; and
- Sustainability risk.

The Risk Management Framework covers both existing risks and emerging risks, the latter being specifically considered in periodic emerging risks forums at Group level.

The key objectives of the risk management function, under the leadership of the Group Chief Risk Officer, are to:

- Maintain a sound and effective risk management framework that supports effective risk-based decision-making, including risk appetite statements and risk limits, and oversee the implementation of the Risk Management Framework via appropriate policies, processes and controls;
- Maintain a robust risk reporting framework, including processes and systems for commenting on the overall risk environment, addressing mitigating actions for risks identified, discussing relevant current and emerging issues as well as reporting on risk metrics that monitor risk exposures relative to agreed limits;
- Deliver all external reports as required to meet regulatory and other stakeholder expectations, including Solvency Self-Assessment, risk content for Capital and Solvency Returns, Financial Condition Reports, Financial Statements and Regular Supervisory Reports (where relevant);
- Actively review and challenge, in a second line capacity, all transactions and material activities of the Company, seeking to deliver a better overall outcome for the Group by either reducing the level of risk overall or improving the reward for certain assumed risks; and
- Ensure that the risk management function remains appropriately resourced, with the requisite skills, knowledge and capacity, to support the planned growth of the Group.

Implementation of Risk Management and Solvency Self-Assessment into the Insurance Group Operations

Risk reviews are a key component of the Group's Risk Management Framework. The purpose of a risk review is to provide the Risk Committee with an impartial view from the risk management function on material risk matters, ahead of final decision-making. The Group's Delegated Authority Schedule states the areas in which risk reviews are required, and the Board or Risk Committee may additionally request a risk review at any time.

Risk reviews are carried out ahead of key decisions that will materially impact the risk profile of the Group, including decisions to bind the Company to a transaction. The results of risk reviews are presented to Risk Committee and are used to inform its risk-based recommendations to the Board.

Stress and scenario testing and projections of the Group's capital position are fundamental to the Group's approach to risk assessment. Stress and scenario testing is used to quantify how the economic balance sheet and capital requirements would be expected to change across a range of scenarios chosen to be most relevant to the decision at hand.

A key risk management objective is to ensure that the risk profile of the Group remains within risk appetite as set, at least annually, by the Board, and to highlight any deviations and propose rectifying actions. Reporting of exposures relative to early warning thresholds supports proactive risk management.

On a day-to-day basis, risk management is implemented first-and-foremost by the risk-informed actions of our people, consistent with the requirements of our risk policies and formalised through a set of processes and controls, and supported by an ongoing programme of risk management training.

A Risk and Control Self-Assessment ("RCSA") process is carried out at least annually. This process requires business functions to review and self-assess the effectiveness of controls mitigating the key risks identified. This process is facilitated and overseen by the risk management function, and the results are summarised and presented to Risk Committee, including actions to address themes and issues identified.

Relationship Between the Solvency Self-Assessment, Solvency, and Capital and Risk Management Systems of the Insurance Group

Monument Re quantifies its capital requirements in accordance with the Bermuda Solvency Capital Requirement ("BSCR") set out within Bermuda's economic capital regime. A capital management buffer is targeted substantially in excess of BSCR.

Projections of Monument Re's capital position are carried out at least annually. This includes analysis of management actions that can be taken in advance or in response to adverse events, to ensure that the capital position remains robust. These projections, combined with stress and scenario testing across a range of adverse scenarios, underpin the Group's capital planning.

These projections are updated as required based on actual transactions, in order that capital projections remain appropriate. Material changes to the risk profile of the Group also trigger review of the appropriateness of risk limits, tolerances and triggers. Thus, capital and risk management remain synchronized as the business grows.

Solvency Self-Assessment Approval Process

Monument Re considers the above analyses as part of its solvency self-assessment process. This is known as Own Risk and Solvency Assessment ("ORSA") for European entities within the Group, Commercial Insurers Solvency Self Assessment ("CISSA") for Monument Re as a Bermudian Class E life reinsurer and MSAC as a Bermudian Class C reinsurer, and Group Solvency Self Assessment ("GSSA") for Monument Re as a Designated Insurer with Group supervision by the BMA.

The proposed stress scenarios are presented to Risk Committee for approval, prior to commencement of the solvency self assessment. The results of the solvency assessment are reviewed by Risk Committee for recommendation to the Board for approval. The solvency self-assessment process involves cross-functional collaboration owing to the broad remit of the exercise. At least annually, Monument Re reports on this process to the relevant supervisory authorities.

B.4. Internal Control

Internal Control System

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

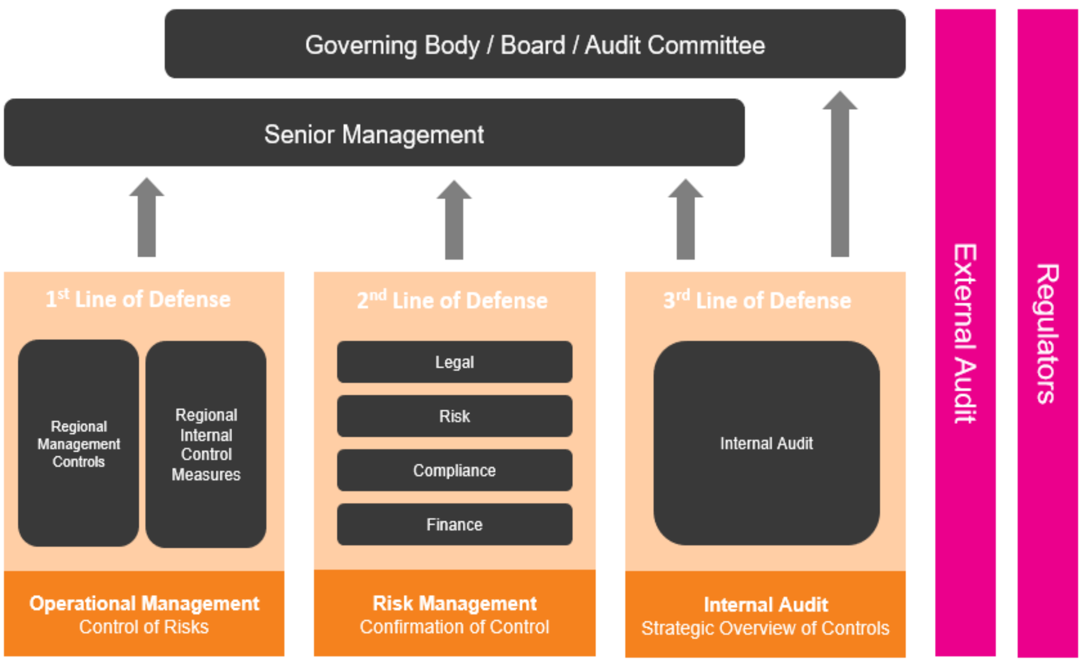
The Board and the CEO, including senior executives, are responsible for adopting an effective internal controls framework.

The Board has established an internal control policy that outlines the processes by which the internal control system is implemented to provide for and maintain the suitability and effectiveness of internal control. The policy outlines the roles and responsibilities, procedures and reporting requirements to be applied.

The internal control system combines the following components:

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

Monument Re has implemented a "Three Lines of Defence" model for Enterprise Risk Management.



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

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

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

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

The Group control register records ownership of each control. The RCSA process also requires the control owner to self-assess the effectiveness of controls at least annually, and to remediate material deficiencies.

The RCSA process is facilitated and overseen by the risk management function, and the results are summarised and presented to Risk Committee, including progress against agreed actions to address themes and issues identified.

The Internal Audit Function assesses the operating effectiveness of controls on a periodic basis.

Compliance Function

The Board of Monument Re retains ultimate responsibility for compliance within the Group, and has delegated the day-to-day responsibility to the Group Compliance Function ("GCF") to ensure that the operations are carried out in accordance with all legal and regulatory requirements. The GCF has been established in proportion to the nature, scale and complexity of the business carried on by the Group, and to assist with the monitoring and evaluation of compliance with laws, regulations, internal controls, policies and procedures.

The Board has nominated the Group General Counsel ("GC"), as the Compliance Officer, to be responsible for and to provide leadership to the GCF. The GC is to carry out these responsibilities in accordance with the laws and regulations of Bermuda, including but not limited to, the Act, The Insurance Code of Conduct, the Group Supervision Rules, and the Bermuda Companies Act 1981. The GC is also responsible to ensure that all regulated subsidiaries within the Group are in compliance with the laws and regulations of the countries in which they carry on business.

The Audit and Compliance Committee ("ACC"), under delegated authority from the Board of Monument Re, provides oversight, review, challenge and monitoring of all compliance activities pursuant to the ACC Terms of Reference (as amended from time to time). The ACC has the duty to ensure that there are procedures in place for an independent investigation of issues of non-compliance, if appropriate, and for appropriate follow up action.

Following an application by the Company, in July 2017, the BMA made a preliminary determination to designate the Company to be the Designated Insurer in respect of the Monument Re Group. This preliminary determination was made subject to satisfaction of a condition that the Company's balance sheet be the largest in the Group. In January 2018, the BMA made its final determination on its role as a supervisor of the Monument Re Group, and designated the Company as the Designated Insurer, pursuant to section 27B(5) of the Insurance Act 1978.

Group supervision is carried out by the BMA within a comprehensive legislative framework, which includes, but is not limited to:

- The Act;

- The Group Supervision Rules;
- The Group Prudential Standards; and
- The Guidance Note.

According to the Guidance Note, the BMA has adopted an approach to supervision that combines both direct and indirect supervision. Monument Re, as Designated Insurer, is the lead insurer for the members of the Monument Re Group. As Designated Insurer, Monument Re must act in an early warning role. This allows the BMA to administer Group supervision in an effective and timely manner. One of the key evidences of fulfillment of the duties of the Designated Insurer was for Monument Re to establish organisational, governance and communications structures at the Group level.

In addition to quarterly and annual reporting, consistent with a Solvency II equivalent jurisdiction, the BMA has the power under the legislative framework to (i) compel production of information, documents or reports; and (ii) issue directions to Monument Re with respect to compliance by the Group with the Act, the Group Supervision Rules, and the Group Prudential Standards.

Monument Re is obliged, and complies with the requirement, to maintain a register of every entity within the Group. Further, the Company is required to report any changes in various particulars of Group companies, including the name and address of other competent authorities supervising other members within the Group.

B.5. Internal Audit

The Internal Audit Function ("IAF") assesses the operating effectiveness of controls on a periodic basis. The Company's Internal Audit Function is performed by the Group Head of Internal Audit and is governed by an internal audit charter.

The IAF assists the Company to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the risk management control and governance processes. The objective of Internal Audit is to assist the ACC in the effective discharge of the ACC's responsibilities as defined by the ACC Terms of Reference. This includes:

- Provide management and the ACC with independent, objective analysis, appraisals, recommendations and pertinent comments designed to add value and improve the Company's operations;
- Provide management and the ACC with an independent appraisal function to assess the Company's internal control and operating environment so as to provide reasonable assurance to assist them in concluding whether:
    - Financial reporting is reliable;
    - Operations are effective and efficient;
    - Compliance with laws and regulations; and
    - Assets are appropriately safeguarded.
- Provide an annual assessment to the ACC and management on the overall condition of the Company's internal control environment based on conducting a risk based internal audit program, which includes reviewing the internal controls over financial reporting, operational controls, and fraud and risk management controls deemed necessary for such an assessment.

The function maintains its independence and its objectivity from the business it reviews by not participating in the Company's operational activities and by adhering to the Board's instruction on the function and the Institute of Internal Auditor's Standard according to the International Professional Practices Framework.

The IAF activities are free of influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

Internal auditors have no direct operational responsibility or authority over any of the activities they review. Accordingly, they do not develop nor install systems or procedures, prepare records, or engage in any other activity that would normally be audited.

The Head of Internal Audit reports directly to the ACC for oversight matters and is responsible to the Group CEO for operational and day-to-day management.

B.6. Actuarial Function

The Company's Group Chief Actuary is responsible for the actuarial function. The key roles and responsibilities of the actuarial function include:

- Delivery of actuarial reporting, bases, valuation models and corresponding processes for EBS and UK GAAP reporting on a Group consolidated basis, as well as stand-alone reporting requirements under local regulatory rules;
- Implementation of processes to deliver robust monitoring of capital, liquidity and solvency positions on an ongoing basis including monitoring of reinsurance arrangements;
- Completion of actuarial regulatory reporting requirements;
- Review of reinsurance transactions, acquisitions and retrocession from a capital, solvency and actuarial perspective to ensure transactions meet hurdle requirements and capital implications are well understood;
- Ensuring a robust asset liability matching framework that effectively manages investment risks within the risk appetites and tolerances of the Group in conjunction with the CIO; and
- Contribution to the effective implementation of the Risk Management Framework.

The actuarial function provides oversight to the local actuarial functions to ensure they adopt consistent standards while meeting local regulatory requirements.

The EBS Technical Provisions are independently reviewed by the Group Approved Actuary to ensure that they meet the following:

- The requirements of the Insurance Act 1978 and related rules and regulations; and
- Make reasonable provision for the Technical Provisions of the Group under the terms of its insurance contracts and agreements.

Group entities have equivalent independent reviews by local approved actuaries, in line with local regulatory and reporting requirements.

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

B.7. Outsourcing

Monument Re has defined a number of principles that underpin its outsourcing policy:

- The Group's outsourcing strategy shall not unduly increase the Group's exposure to Operational Risk;
- Outsourcing agreements shall be monitored and reviewed to ensure that outsourced activities are conducted in adherence to terms set out in outsourcing agreements and to applicable regulatory requirements; and
- Reporting processes shall be in place to ensure outsourcing performance is managed in line with outsourcing agreements and the Group's strategy.

Monument Re and its subsidiaries aligns the management of outsourcing arrangements in line with the "Three Lines of Defense" model. The Company retains oversight and clear accountability for all externally out-sourced functions. Monument Re has a strong interest in building-up and increasing in-sourced functions over time, as the business grows.

The Board has ultimate responsibility for all out-sourced functions, and the Risk Committee has responsibility to agree and monitor all outsourcing agreements.

Monument Re has implemented a selection and due diligence process for the selection of external vendors and third-party supply arrangements that is consistent with the principles defined above. These service providers are selected after a due diligence process comparing services provided, experience, reputation, costs, and a number of other factors.

Investment service providers, including mandates and guidelines, are recommended to the Investment Committee for approval by the ExCo. The relationships with investment service providers are overseen by the CIO who regularly reviews the performance under each arrangement and reports back to the ExCo and Investment Committee. This due diligence is applied and maintained so that those individuals providing the external service to Monument Re are 'Fit and Proper' in accordance with the outsourcing policy and regulatory requirements.

A business owner is assigned responsibility for management and monitoring of each supplier. The business owner's responsibilities include managing the relationship and monitoring the performance and quality of service provided against agreed service levels.

A number of outsource service providers are used across the Group providing services including, but not limited to, policy servicing and administration, information technology systems and actuarial and accounting support.

Monument Re also outsources its investment management and other investment related services to third-party service providers. This includes investment management, custodian services, risk analytics, and investment accounting. Portfolios are managed by reputable third-party investment managers whose particular focus is on insurance asset management and who have expertise in the investment sectors we have allocated to.

Monument Re has an in-sourced master services agreement with MISL to provide defined support for Group functions, as deemed necessary.

B.8. OTHER MATERIAL INFORMATION

The system of governance is considered appropriate for the Company and there is no other material information to be provided.

C. Risk Profile

C.1. Material Risks

The Company uses a series of techniques to assess risks within the Company, as described below.

Annual Risk and Control Self-Assessment

As noted in section B.3, on an annual basis, risk and control owners carry out an RCSA to identify material inherent risks and to assess controls.

Risk Limits

The Company has established a series of limits and early warning thresholds aligned to risk appetite that are used to measure and monitor risk exposure and drive timely decision-making and actions. The Risk Committee is regularly apprised of exposures relative to limits and early warning thresholds.

Solvency Self-Assessment

All material risks are assessed quantitatively and/or qualitatively as part of the solvency self-assessment process. Stress testing is used to assess risk exposures and risk mitigation. This process is discussed further in B.3.

The table below sets out the material risks to which Monument Re is exposed along with risk mitigations in each case:

Table 10: Material Risks

Risk	Description	Mitigating Actions and Controls
Market Risk	Market risk is the risk of loss or other adverse impact on the Group arising from movements in markets (e.g. exchange rates, inflation rate and interest rates).	Investment policy and derivatives and hedging policy requiring mitigation of currency, interest rate and inflation risk to within Board approved asset-liability management limits. Regular monitoring of exposures relative to market risk limits. Risk is measured using standard metrics such as “DV01”, the sensitivity of asset and liability values to small changes in market variables, and stress and scenario testing to assess the impact of higher levels of stress.
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.	Regular monitoring of actual versus expected claims and expenses. Regular review of actuarial assumptions. Management of persistency through high quality customer service. Selective use of reinsurance. Risk is measured principally through sensitivity tests to key assumptions, and stress and scenario testing.

Risk	Description	Mitigating Actions and Controls
Credit Risk	The risk of loss or other adverse impact on the Group arising from one party to a financial instrument failing to discharge an obligation.	Credit risk policy setting out principles and requirements for credit risk management, and investment policy with credit ratings limits for investment counterparties and concentration limits to avoid overexposure to any investment counterparty. Regular monitoring of exposures relative to credit risk limits. Key risk measures include exposure by credit rating, risk concentration and sensitivity of asset values to movements in credit spreads.
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.	Outsourcer oversight framework, outsourcing policy and operational risk policy. Regular RCSA process. Event and issue management process, root cause analysis and continuous improvement. Oversight exercised by Internal Audit, Risk and Compliance functions. Risk is measured using scenario analysis, operational event data, operational performance data including outsourcer performance metrics, and deep dives including due diligence on new outsourcers.
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 requiring forward-looking assessment of liquidity requirements, including those arising from derivatives and reinsurance collateral mechanisms, and maintenance of a liquidity buffer to cover severe market and demographic stress. Investment policy that requires close matching of asset and liability cash flows and sets prudent restrictions on investment in illiquid assets. Risk is measured using scenario analysis.

Risk	Description	Mitigating Actions and Controls
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 setting out requirements for group risk management. Significant commonality of Board composition across the Group and its subsidiaries. Close scrutiny of intra-group transactions including external specialist input where appropriate. Stress and scenario testing through solvency self-assessment process. Reputational risk policy and escalation process. Risk is measured qualitatively and quantitatively e.g. via stress and scenario testing of adverse scenarios across the Group as part of the solvency self-assessment process.
Strategic Risk	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.	Strategic risk policy with requirements for strategic risk management. 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. Tried-and-tested integration approach and experienced, skilled integration team. Emerging risk analysis and reporting. Strategic risks are measured qualitatively.
Sustainability Risk	The risk of loss or other adverse impact on the Group arising from environmental, social and governance risks, or the risk of adverse social or environmental externalities arising from the activities of the Group.	Investment policy including ESG limits. Diversified investment portfolio. Corporate social responsibility, and community investment. Sustainability risks are measured using ESG ratings, deep dive analysis and qualitative assessment.

Material Changes over the Reporting Period

The quantum of risk borne by the Company, along with the Company's capital resources, increased substantially over the reporting period due to corporate transactions. The most material changes arose from the transaction with Integrale S.A. that completed in December 2021. Capital resources remain substantially in excess of capital requirements plus the capital management buffer, providing a platform for future growth.

C.2. Risk Mitigation

Risk mitigation for each material risk has been provided in section C.5.

C.3. Risk Concentrations

At 31st December 2021, Monument Re held cash balances with a number of global banks. The largest single exposure was €292.1m with an A rated bank. Monument Re has investments in a number of money market funds. At 31st December 2021, the largest aggregate exposure to a single money market fund was €199.7m. The underlying investments are well diversified and the fund has an AAA credit rating.

Concentration risk is mitigated by the establishment of sector and issuer limits and minimum credit ratings as outlined in the investment policy.

At 31st December 2021, Monument Re held investments in mortgage funds totalling €106.4m and mortgages directly written by a subsidiary of €398.9m.

On the liability side, there is concentration in certain product categories, including annuities, guaranteed savings, unit-linked savings, payment protection insurance and term assurance. However, the policy size and policyholder base is well diversified.

C.4. Prudent Person Principle

Monument Re adheres to the prudent person principle in the implementation of its investment strategy. This is accomplished through an investment framework focused on governance, risk assessment and portfolio diversification.

The Company governance structure is outlined in section B.1 of this report. In summary, the Board of Directors, as advised by the Investment Committee and ExCo, establish and oversee the investment strategy. This structure includes a robust reporting process between ExCo and the Investment Committee with frequent communication between the key internal resources responsible for the investment function and third-party investment service providers.

Monument Re continually assesses the risks associated with its business objectives, particularly those related to the investment portfolio, and determines which risks to accept and which to mitigate, in accordance with the risk appetite established by the Board. This is encompassed within the Risk Management Framework, as outlined in section B.3. This risk assessment has led the Company to structure the investment portfolios primarily in investment grade, fixed income assets with a closely matched duration and cash flow profile to the liabilities that they support.

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

Counterparty credit risk is principally controlled through the investment policy that imposes minimum credit ratings for investment counterparties and concentration limits to avoid overexposure to any investment counterparty. Investments are placed with international financial institutions, subject to credit rating and other limits.

C.5. Stress Testing

Stress testing has been carried out on the business in force at the reporting date, as set out below.

Table 11: Stress Descriptions

Sensitivities	Description
Interest Rate Up Risk	100 basis points ("bps") parallel shift up in interest rates
Interest Rate Down Risk	100 bps parallel shift down in interest rates
Spread Up Risk	All spreads +50 basis points
Currency Risk	Euro appreciates 10% relative to non-Euro currencies
Equity Risk	Equity values fall by 20%
Property Risk	A permanent 10% fall in property values, and a 100 bps increase in residential mortgage spreads
Unemployment and Sickness Risk	A 35% increase in morbidity rates in year 1 followed by a 25% increase in years 2+, and a 20% decrease in recovery rates; and A 40% increase in claim frequencies for one year followed by a 20% increase in claim frequencies for a further year, and a 20% decrease to claim termination rates
Mass Lapse Risk	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)	A permanent 10% decrease in lapse rates for guaranteed savings business
Non-Annuitant Mortality	Increase in mortality for non-annuitants by 5%
Annuitant Mortality Improvements	Longevity improvements increase by 0.25% p.a. in all future years
Pandemic	0.27% excess mortality for annuitants, 0.135% excess mortality for protection business. Calibrated to 1918 flu pandemic
Expense Risk	A permanent 10% increase in expenses

The following table shows the quantified impacts of these stresses.

Table 12: EBS Stress Impacts

Sensitivities	Available Capital (€m)	Delta (€m)	EBS Capital Coverage Ratio (%)	EBS Capital Coverage Ratio Delta (%)
Base	**1,472.3**		**299 %**	
Interest Rate Up Risk	1,401.5	(70.9)	318 %	19 %
Interest Rate Down Risk	1,555.3	83.0	280 %	(19)%
Spread Up Risk	1,430.0	(42.4)	303 %	4 %
Equity Risk	1,442.1	(30.2)	293 %	(6)%
Property Risk	1,396.4	(75.9)	287 %	(12)%
Unemployment and Sickness Risk	1,472.2	(0.2)	299 %	— %
Mass Lapse Risk	1,458.2	(14.2)	296 %	(3)%
Lapse Down (Guaranteed Savings)	1,457.8	(14.5)	296 %	(3)%
Non-Annuitant Mortality	1,451.6	(20.8)	295 %	(4)%
Annuitant Mortality Improvements	1,419.1	(53.3)	287 %	(12)%
Pandemic	1,434.2	(38.1)	291 %	(8)%
Expense Risk	1,407.0	(65.3)	285 %	(14)%

Interest Rate Risk

This stress assesses a 100 basis point ("bp") up and down parallel shift across the entire interest rate curve, with no change to the ultimate forward rate.

Movements in interest rates impact the value of fixed interest assets, interest rate derivatives and policyholder liabilities. The Group mitigates this risk by holding assets (including derivatives) with a similar sensitivity to interest rate changes in the liabilities. Monument Re manages its interest rate exposures within limits set out in the Group's investment, derivatives and hedging policy.

The impacts allow for a change in the market value of the assets and liabilities, as well as an allowance for the change in the market value of interest rate swaps.

The movements are not symmetrical, partly down to non-linearity of stress impacts and partly down to the biting lapse capital contributing to the Risk Margin calculation.

At the reporting date, a 100 bps increase in interest rates would reduce the Company’s net assets by €70.9m.

Movements in interest rates also impact the variation margin required on interest rate swaps. At the reporting date, a 100 bps increase in interest rates would give rise to an €5.6m increase in variation margin across the Group.

Credit Spread Risk

At the reporting date, Monument Re had a circa €10,762m portfolio of government bonds, corporate bonds and mortgage fund investments. Movements in spreads impact the market value of these fixed interest assets. At the reporting date, a 50 bps increase in spreads would reduce the Company’s net assets by €42.4m.

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, Euro ('Currency Translation Risk'). The Group has exposure to this risk as a result of holding surplus assets in GBP and USD. The reporting risk arising from fluctuations in GBP, USD and other non-Euro assets to the Euro ("EUR") exchange rate is an accepted risk for Monument Re.

At the reporting date, 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 EUR 6.2m (USD 7.8m).
- A 10% appreciation in EUR relative to GBP would reduce the Company's net assets by EUR 54.7m (GBP 50.6m).

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. However, the Company manages this risk exposure via the use of equity derivatives.

At the reporting date, the impact of a 20% fall in equity prices only has a limited impact on the balance sheet due to the hedging strategy of the Group, reducing the Company's net assets by €30.2m.

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 increase in residential mortgage spreads would decrease the Company's net assets by €75.9m.

Disability & UK Unemployment

Monument Re is exposed to both 1) higher disability claim rates and a rise in UK unemployment claim frequencies and 2) lower recovery rates on its payment protection insurance. However, on a reporting basis, the impact is limited due to a one month contract boundary.

Lapse Risk

Lapse risk varies according to the type of business. Typically, a decrease in lapse rates for long term savings business with in-the-money interest rate guarantees is onerous for the Company; whereas, an increase in lapses is typically onerous on unit-linked business, owing to the loss of future profits arising from the excess of management fees over expenses. At the reporting date, the impact on Available Capital from each of these scenarios has been assessed, as shown below:

- A 20% mass lapse on unit-linked business would decrease the Company's net assets by €14.2m; and
- A 10% permanent decrease in lapse rates for guaranteed savings business only would decrease the Company's net assets by €14.5m, owing to the longer duration of the business remaining in-force.

NON-ANNUITANT MORTALITY RISK

Non-annuitant mortality risk mainly arises on protection products which offer benefits on death in excess of policy reserves.

At the reporting date, a permanent 5% increase in mortality rates would decrease the Company's net assets by €20.8m.

LONGEVITY RISK

Longevity risk arises annuitants live longer than expected and the Company mainly has exposure to this risk in its annuity portfolio.

At the reporting date, a 0.25% p.a. increase in annuitant mortality improvements would reduce the Company's net assets by €53.3m.

PANDEMIC RISK

This stress replicates the impact of a 1 in 200 year pandemic event. It is parameterised based on the 1918 pandemic mortality level and pattern of mortality, with adjustments for improvements in underlying health and medical interventions over the past century. The impacts on offsetting lines of business are considered together.

At the reporting date, excess mortality from such a pandemic would reduce the Company's net assets by €38.1m

EXPENSE RISK

Expense risk arises when expenses are higher than expected. To demonstrate the materiality of this, a 10% stress has been applied to all future expenses reserved within the BEL. In reality, the Company would take reasonable management actions to manage this assumption, which have not been allowed for here.

At the reporting date, a 10% increase in expenses would reduce the Company's net assets by €65.3m.

C.6. OTHER MATERIAL INFORMATION

The risk exposures of the Group are expected to change as the Group continues to pursue its growth strategy through acquisition and reinsurance.

D. SOLVENCY VALUATION

D.1. ASSETS

ASSET OVERVIEW

The Group's investments are predominantly held in bonds, cash & cash equivalents and mortgage funds and loans. These balances make up a significant proportion of the Company's assets at the reporting date. The remaining assets comprise of amounts owed from other Group companies and trade debtors. Most of the investments are fair valued using quoted market prices in active markets where available or observable inputs. Debtors and cash, which are held at cost, are revalued for exchange rate movements.

The table below summarises the valuation of the Company's assets at 31st December 2021 and 2020.

Table 13: Asset Portfolio

Assets (€m)	31st December 2021	31st December 2020	Delta
Cash & Cash Equivalents	1,230.7	349.4	881.3
Investments and Funds Withheld	10,761.9	4,222.0	6,539.9
Assets covering Unit-Linked Liabilities	2,174.1	1,404.0	770.1
Insurance & Intermediaries' Receivables	1,072.5	26.9	1,045.6
Other Assets	95.2	33.9	61.3
Total Assets	**15,334.4**	**6,036.3**	**9,298.1**

The EBS basis has certain prudential filters that must be applied under BMA regulations. This means that the assets reported on an EBS basis are lower than the assets presented in the Company's financial statements. Specifically, this relates to removing prepayments and deferred expenses in relation to successful new business that have been capitalised against future transactions.

CASH & CASH EQUIVALENTS, INVESTMENTS AND FUNDS WITHHELD

Cash & cash equivalents are measured at amortized cost using the effective interest method. Investments are measured at fair value and the changes in fair value are recognised in profit or loss.

The funds withheld account 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 Monument Re. The asset is recorded at fair value determined based on the fair value of the assets held on the Monument Re's behalf by the ceding company.

A split of the investment assets by type and credit quality within the Group is provided below:

Table 14: Investments by Credit Rating, 31st December 2021

Assets by Credit Rating (€m)	AAA	AA	A	BBB	BB	B	Not rated	Total
Bonds	1,167.2	1,645.3	320.4	766.8	13.7	—	775.6	**4,689.0**
Mortgage Funds	—	106.4	—	—	—	—	907.8	**1,014.2**
Derivatives	—	(9.5)	(2.4)	(0.1)	—	—	—	**(12.0)**
Equity Mutual Fund	—	—	—	—	—	—	1,228.9	**1,228.9**
Other	—	—	—	—	—	—	319.0	**319.0**
Total Investments	**1,167.2**	**1,742.3**	**318.0**	**766.7**	**13.7**	**—**	**3,231.2**	**7,239.1**
Proportion	16 %	24 %	4 %	11 %	— %	— %	45 %	**100 %**

Table 15: Investments by Credit Rating, 31st December 2020

Assets by Credit Rating (€m)	AAA	AA	A	BBB	BB	B	Not rated	Total
Bonds	254.7	296.3	155.4	275.1	12.3	0.1	22.0	**1,016.0**
Mortgage Funds	—	118.1	—	—	—	—	—	**118.1**
Derivatives	—	3.1	(2.2)	0.8	—	—	—	**1.7**
Equity Mutual Fund	—	—	—	—	—	—	76.9	**76.9**
Other	—	—	—	—	—	—	37.6	**37.6**
Total Investments	**254.7**	**417.5**	**153.2**	**275.9**	**12.3**	**0.1**	**136.5**	**1,250.2**
Proportion	20 %	33 %	12 %	22 %	1 %	— %	11 %	**100 %**

Figures in the tables above exclude cash & cash equivalents (including cash and accrued interest within funds withheld assets in respect of the MSAC and MetLife portfolios), financial investments which are accounted for as "Deposits with ceding undertakings", investment property, policyholder loans and term deposits.

Assets Covering Unit-Linked Liabilities

Assets covering unit-linked liabilities relate to unit-linked investment contracts and include primarily investments in funds. These assets are measured at fair value at each reporting date.

Insurance & Intermediaries' Receivables

Insurance & intermediaries' receivables are valued at their estimated transaction price i.e. the premium that is expected to be received from policyholders and intermediaries.

Other Assets

Other assets consist of other trade debtors valued at their transaction price and due within one month of the reporting date.

Deferred Expenses and Prepayments

Deferred expenses and prepayments are permissible under UK GAAP but not under EBS. The Group capitalises expenses incurred to the end of the reporting period that are directly related to successful new business efforts within the balance sheet.

Other Material Differences

There are no other material differences in the bases, methods and assumptions used between EBS and the financial statements.

D.2. Technical Provisions

Technical Provisions Overview

Technical Provisions represent the sum of Best Estimate Liabilities ("BEL") and Risk Margin and are calculated in line with the EBS valuation principles, as defined in the BMA's Group Prudential Standards and Guidance Note for Commercial Insurers and Groups (dated 30th November 2016).

The table below shows the EBS Technical Provisions for Monument Re as at 31st December 2021 and 2020.

Table 16: Technical Provisions

Technical Provisions (€m)	31st December 2021	31st December 2020
Gross BEL	11,731.1	4,735.0
Reinsurance Asset	(3.3)	(0.5)
Net BEL	**11,734.4**	**4,735.5**
Risk Margin	175.0	114.4
Technical Provisions	**11,909.4**	**4,849.9**

The EBS Technical Provisions presented above includes both non-linked and unit-linked business.

The financial statement liabilities aim to adopt the same methodology, as far as is possible, as used to determine the EBS Technical Provisions. The only methodology difference that exists is the treatment of unit-linked investment business where a positive acquisition value in-force ("AVIF") is present on the acquisition date.

Where an AVIF exists, an intangible asset is set up based on the fair value amount at time of acquisition. This differs from the treatment under EBS, whereby the AVIF is netted off against the Technical Provisions.

Under the financial statements the AVIF is amortized and tested for impairment going forwards. The amortization pattern is based on the expected run-off of the unit-linked assets, based on the lapse rates in place on the acquisition date.

Methodology

The BEL is based on an assessment of best estimate cash flows required to satisfy insurance obligations. The cash flow projections used in the calculation of the best estimate take into account of all future cash inflows and outflows required to settle the insurance obligations attributable to the lifetime of the policy, subject to contract boundaries where applicable.

Contract boundaries are deemed applicable where, under the terms and conditions of the underlying contracts, the Company is no longer required to provide coverage or can reassess the premium to fully reflect the risk.

The BEL is calculated based on gross best estimate cash flows, without a deduction of amounts recoverable from reinsurance contracts. The best estimate of reinsurance recoverable amounts are calculated and shown separately, before being deducted to determine the reported net BEL.

The BEL is calculated deterministically on an individual policy-by-policy basis for all contracts in-force at the reporting date. The only exceptions are:

- The variable annuity portfolios have been assessed using stochastic modelling techniques; and
- Payment protection insurance uses grouped model points for materiality reasons.

Best estimate cash flows are produced using best estimate assumptions, as approved by the ACC.

The best estimate cash flows are discounted in line with the EBS valuation principles, and as discount curve methodology approved by the ACC.

The Risk Margin reflects an allowance for the risk of uncertainty inherent in the best estimate cash flows and is intended to reflect the compensation that an insurer requires to bear this risk.

A cost of capital approach is used to determine the Risk Margin by projecting the non-hedgeable BSCR's using appropriate risk drivers and discounting these cash flows using the BMA's prescribed risk-free curves.

A cost of capital rate of 6% is applied to the cash flows, in line with the EBS valuation principles and as prescribed by the BMA.

Assumptions

An annual review is performed on the experience of the Company to determine the appropriateness of the demographic assumptions used in calculating the BEL. The key demographic assumptions at the reporting date include longevity and mortality, lapse/surrender and expenses.

Key assumptions are derived with reference to the Company's past experience, layering in expert judgement where applicable.

The Company closely monitors its expense basis and uses historic experience and the budgeting process to determine the appropriate allowance for future expense provisions.

The discount rates used in the calculation of the Technical Provisions are dependent on the product type and the currency of the liabilities. For asset intensive business, the Company uses the Scenario Based Approach as described in the BMA's Guidance Note for Commercial Insurers and Groups (dated 30th November 2016). Otherwise, the Standard or Risk-Free curves provided by the BMA are used.

Uncertainty Associated with the Value of Technical Provisions

Given the use of assumptions, there is inherent uncertainty. The level of uncertainty associated in the value of Technical Provisions have been quantified in section C.5.

D.3. Reinsurance

Outwards Reinsurance - External

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 reinsurance 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.

At the reporting date, a number of reinsurance arrangements were in place to mitigate insurance risks.

Inwards Reinsurance - Internal

The Company has internal reinsurance arrangements with a number of local entities. The strategy to reinsure risk internally allows the Company to manage its capital more efficiently while also pooling risk centrally to achieve an optimal diversified portfolio of risks.

Inwards Reinsurance - External

On 25th November 2021, the Company entered into a quota share reinsurance agreement on a funds withheld basis with Countrywide Assured plc ("Countrywide"), a subsidiary of Chesnara plc. The deal covers a block of UK annuities and is the first external reinsurance deal for the Company.

The Company also has, via its MSAC subsidiary, a retrocession arrangement with Axa XL to reinsure a portfolio of annuity and protection business.

D.4. Other Liabilities

The following table summarises the valuation of the Company's Other Liabilities (excluding Technical Provisions) for the years ended 31st December 2021 and 2020.

Table 17: Other Liabilities

Other Liabilities (€m)	31st December 2021	31st December 2020
Insurance & Intermediaries' Payables	41.6	21.1
Reinsurance Payables	1,123.3	0.9
Deferred Tax Liabilities	43.6	3.7
Other Liabilities	744.1	61.1
Total Other Liabilities	**1,952.6**	**86.8**

Insurance & intermediaries' payable are mostly represented by prepaid premiums, premium taxes payable, claims payables, commission and profit share payables. Commission payables are accrued for on a quarterly basis and settled within 15 days of the quarter end. Profit share payables are also accrued for on a quarterly basis but settled annually in January.

Reinsurance payables mainly relate to payables from existing external reinsurance arrangements, most noticeably the Athora reinsurance with New Re.

Deferred Tax Liabilities ("DTL") reflect expected future tax payable in the local jurisdiction. When calculating a deferred tax liability, consideration is given to the net assets on the tax balance sheet compared to the retained EBS Available Capital (or net assets) of the local entity. Where EBS net assets exceed the net assets on the tax balance sheet, a DTL is required at the prevailing local tax rates applicable at the reporting date. At the reporting date, the DTL was materially in respect of the Belgium entity.

The remaining liabilities comprise accruals for expenses and taxes incurred but not yet settled. Trade and other creditors are also included and are valued at their respective transaction price, and deemed payable within three months after the reporting date.

D.5. Other Material Information

There is no other material information to be provided.

E. Capital Management

E.1. Eligible Capital

Capital Management Policy

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 EBS Available Capital to meet, at all times, the Enhanced Capital Requirement ("ECR"), adhering to the EBS framework.

The key 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

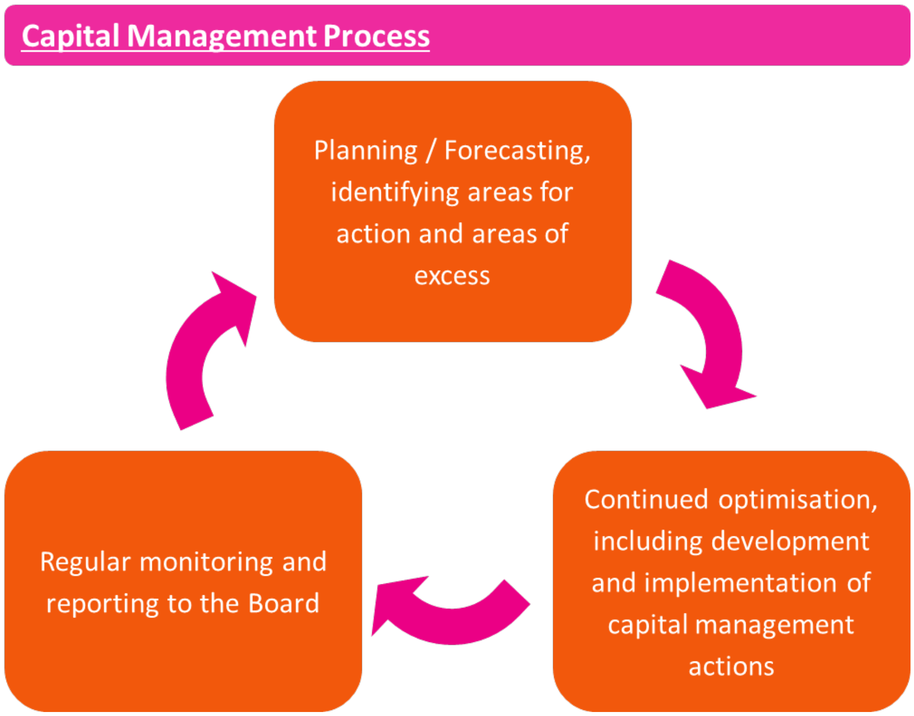
2) Monitoring

- 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 depicted below:



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

Categorisation of Eligible Capital

Available Capital is adjusted to reflect, where applicable, the limited accessibility of the assets. At the reporting date, the Company's Eligible Capital was primarily Tier 1, as shown in the table below. Tier 2 Eligible Capital is driven by a €200m Tier 2 Debt (raised in 2021) and an amount of MSAC assets held on a funds with-held basis. Despite this, the amount of Tier 2 Capital does not result in a reduction in the total level of Eligible Capital available to support the ECR.

Table 18: Eligible Capital

Eligible Capital (€m)	31st December 2021	31st December 2020
Tier 1	1,120.2	1,011.6
Tier 2	352.2	88.0
Tier 3	—	—
Total	**1,472.3**	**1,099.6**

Eligible Capital that is Subject to Transitional Arrangements

No Eligible Capital is subject to transitional arrangements.

Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

There are no factors affecting encumbrances on the availability and transferability of capital to meet the ECR.

Identification of Ancillary Capital Instruments Approved by the BMA

There was no ancillary capital at the reporting date.

Differences in Shareholder Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

There are no significant differences between UK GAAP Shareholder Equity and Available Capital.

The only differences relate to:

- Deferred expenses and prepayments, as set out in section D; and
- Unwind of AVIF versus the treatment under EBS, as also set out in section D.

E.2. Regulatory Capital Requirements

Enhanced Capital Requirement

The Company's regulatory capital requirement, also known as the ECR, is given below for the years ended 31st December 2021 and 2020:

Table 19: Enhanced Capital Requirement

Enhanced Capital Requirement (€m)	31st December 2021	31st December 2020
Bermuda Solvency Capital Requirement	492.4	232.3
Minimum Solvency Margin	308.8	149.9
Enhanced Capital Requirement	**492.4**	**232.3**

The ECR is determined based on the maximum of the Minimum Solvency Margin ("MSM") and the BSCR.

Minimum Solvency Margin

The Group Supervision Rules require that the Company must ensure that the value of the Available Capital, as calculated in accordance with Schedule XIV of the Group Prudential Standards, exceeds the aggregate of:

- The aggregate MSM of each qualifying member of the Group controlled by Monument Re; and
- Monument Re'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.

A member is a qualifying member of the Group if it is subject to solvency requirements in the jurisdiction in which it is registered. The MSM for each qualifying member is given by the minimum solvency requirements, calculated in accordance with the local regulatory capital regime. The table below shows the MSM for each qualifying member of the Group.

Table 20: Minimum Solvency Margin

Minimum Solvency Margin (€m)	31st December 2021	31st December 2020
MLI	8.9	6.2
MAB	57.0	3.7
MAL	3.7	3.7
Robein	3.7	3.7
Nordben	6.3	6.8
Inora	—	3.7
MSAC	42.2	48.1
Omega	—	3.7
MILAC	5.6	—
MRL (Class E)	181.4	70.4
Group	**308.8**	**149.9**

Monument Re (Class E) is subject to the MSM calculated in accordance with the Insurance Account Rules 2016. This requires Monument Re to calculate the MSM as the greater of:

- $8m €6.5m at the reporting date); or
- 2% of the first $500m (€439.8m) of assets plus 1.5% of assets above $500m.
- This is subject to a minimum floor of 25% of ECR.

For local entities, the MSM (or Minimum Capital Requirement ("MCR") as known under Solvency II) is calculated in accordance with the local legislative framework. For Monument Re (Group), the MSM is calculated as the sum of each local entities MSM, as shown in the table above.

Bermuda Solvency Capital Requirement

The BSCR is calculated at an individual risk level and is based on the methodology and capital charge calibrations prescribed by the Group Prudential Standards. The BMA has calibrated the BSCR capital charges to a 99% tail value at risk over a one-year time horizon.

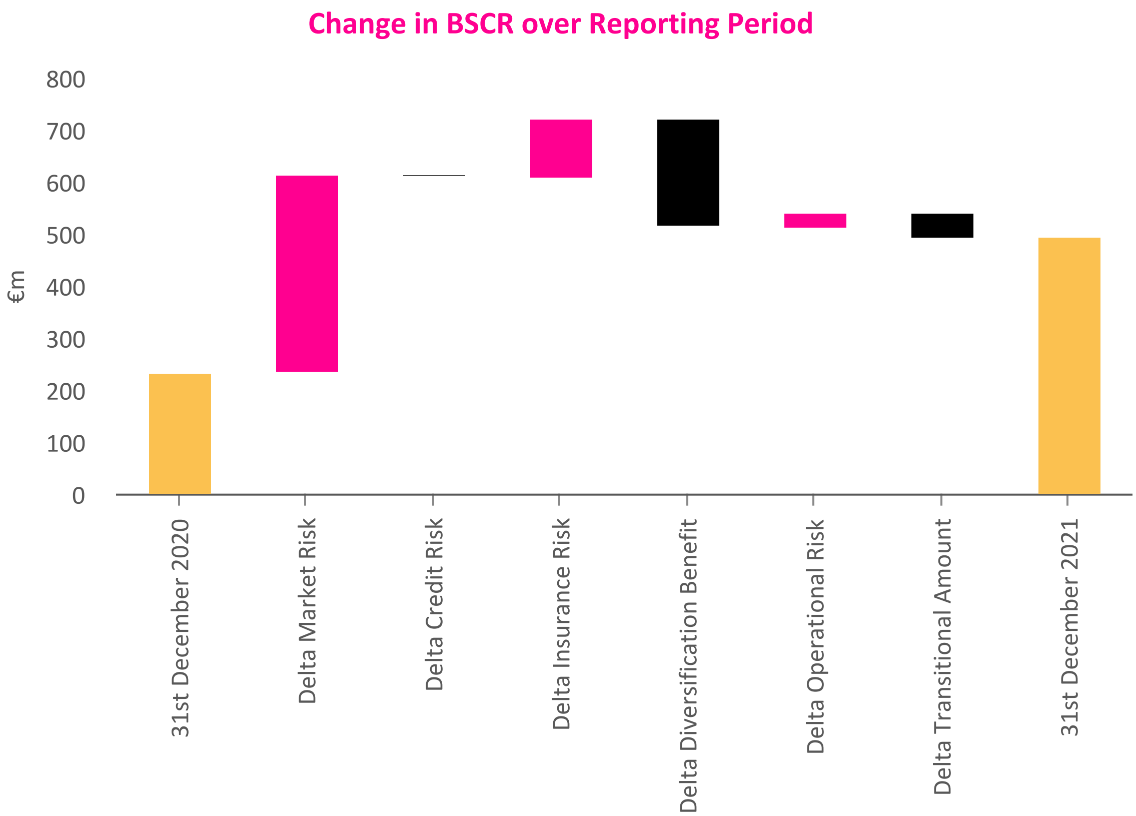
The capital charges determine the required level of capital for each individual risk. These capital amounts are then aggregated and an adjustment is made for the covariance between all the risks to arrive at the diversified BSCR (before operational risk).

The risk modules in the BSCR regime include market, credit, property & casualty ("P&C") insurance, long-term insurance and operational risk.

In assessing operational risk, the Company has performed a Commercial Insurer Risk Assessment ("CIRA") to assess the quality of the Group's risk management function surrounding its operational risk exposures, which determines the operational risk capital charge. Operational risk is then determined as a percentage of the diversified BSCR.

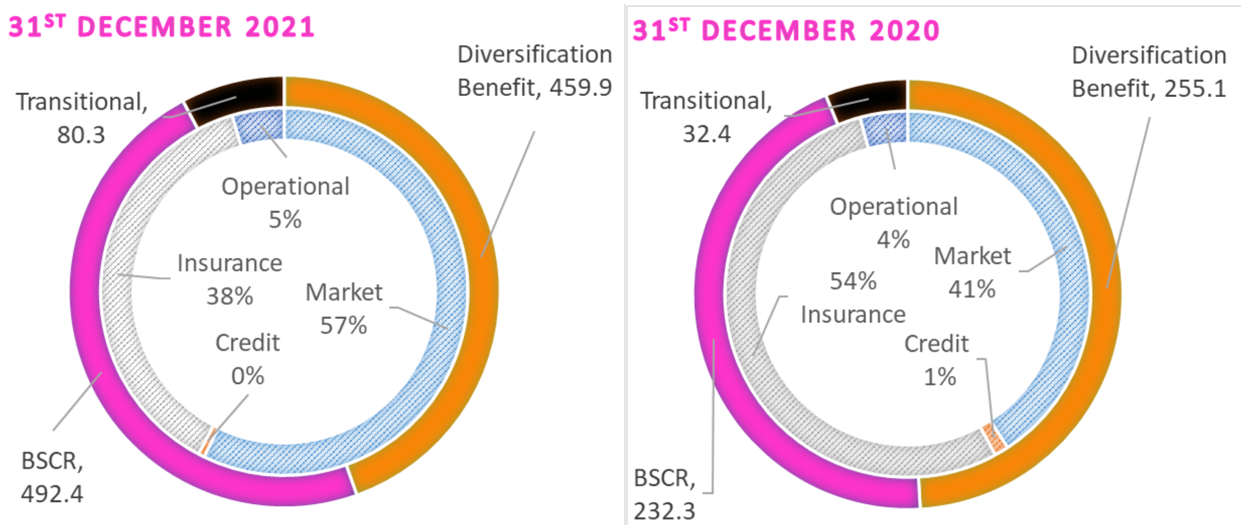
The new capital regime became effective 1st January 2019, and is being phased in over 9 years[1] for Monument Re. On the reporting date, 31st December 2021, the reported BSCR was calculated based on 33% of the new BSCR regime and 67% of the old BSCR regime.

Over 2021, the diversified BSCR increased by €260m. This was primarily driven by the Integrale transaction which resulted in greater insurance and market risk. A breakdown of the change in BSCR over the reporting period is shown in the graph below:

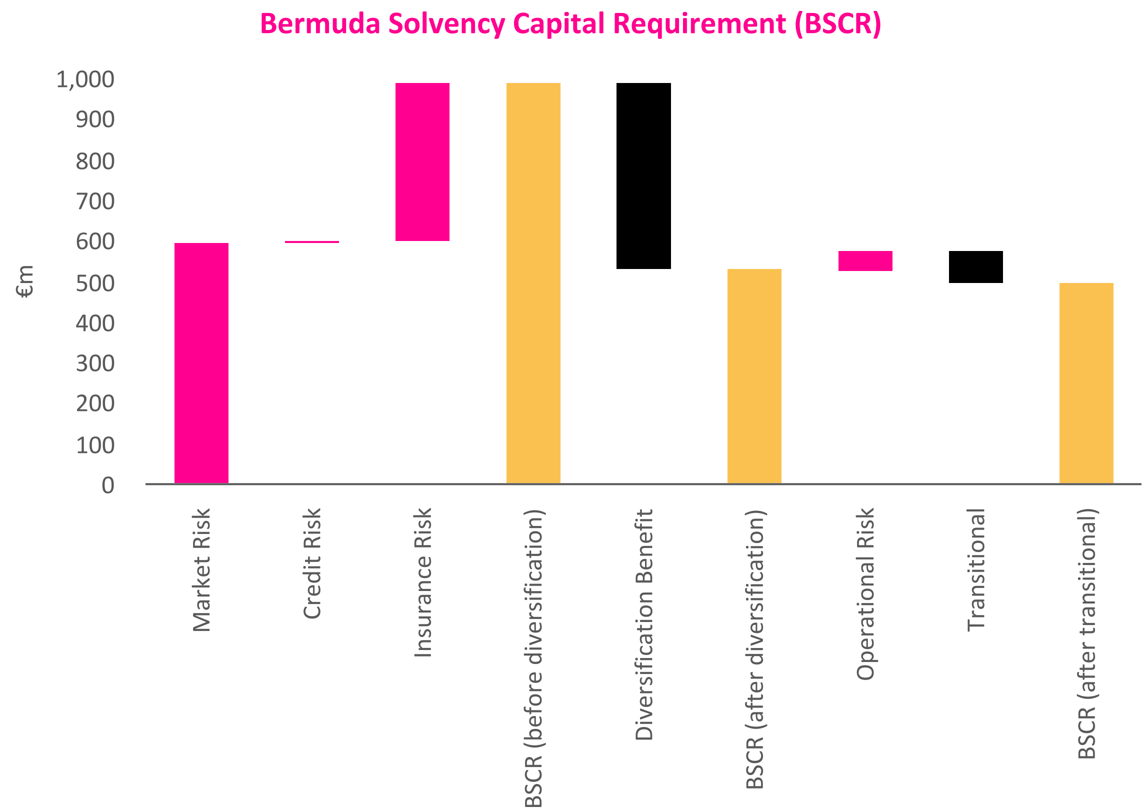


[1] 9 year transitional period was determined based on a weighting of the P&C and life BSCR amounts at 31st December 2019. The transitional period runs off linearly.

The diagram below shows the BSCR for the Company at 31st December 2021 with a comparison against the previous reporting date, 31st December 2020. The BSCR has been shown split by risk module. The outer ring shows the total Group diversified BSCR, the level of diversification benefit realised within the Group and the transitional benefit in moving to the new capital regime. The inner ring shows each risk module as a proportion of total undiversified capital. Figures are shown in €m.



A summary of the reported BSCR at 31st December 2021 is shown in the waterfall chart below, to illustrate the magnitude of each risk:



Identification of any Non-Compliance with the MSM and the ECR

The Company was compliant with the MSM and ECR requirement at the end of the reporting period.

Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and their Effectiveness

Not applicable.

Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

Not applicable.

E.3. Approved Internal Capital Model

Not applicable. The Company has not applied to use an internal capital model to determine its regulatory capital requirements.

E.4. Capital Coverage Ratio

The table below shows the EBS Capital Coverage Ratio ("CCR") of the Company for reporting periods ending 31st December 2021 and 2020.

Table 21: Capital Coverage Ratio

EBS Solvency Position (€m)	31st December 2021	31st December 2020
Available Capital	1,472.3	1,099.6
Enhanced Capital Requirement	492.4	232.3
Free Surplus	**980.0**	**867.3**
EBS Capital Coverage Ratio	**299 %**	**473 %**

At the reporting date, the EBS CCR significantly exceeds the minimum solvency target level set by the BMA (120% of ECR) and the minimum level set by the Board, as defined in the Capital Management Policy (150% of ECR).

The Group's Available Capital amounted to €1,472.3m compared to an Enhanced Capital Requirement ("ECR") of €492.4m, which produced an EBS Capital Coverage Ratio of 299%.

The significant increase in Available Capital over the reporting period is largely driven by the completion of five transactions, a Tier 2 Debt raise of €200m and a capital contribution of €66.0m from Monument Finco Limited ("Finco"), the immediate parent company of Monument Re. This is partially offset by a €90m dividend payment to Finco. The change in the BSCR was covered in section E.2.

F. Significant Events

F.1. Transactions Pending Completion

Monument Re has signed agreements in respect of the following transactions below. The financial results of these transactions are not included in the Consolidated Financial Statements because they either remained subject to regulatory approval at the reporting date or were signed after the reporting date.

- On 18th March 2022, the Company entered into a reinsurance agreement with Aviva Insurance Ireland Designated Activity Company. The deal covers a block of UK savings and annuities.
- On 18th February 2022, the Company acquired 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.
- On 20th December 2021, the Company, through its subsidiary MAB, signed an agreement to acquire a run-off life insurance portfolio from AXA Belgium. This transaction is subject to regulatory approvals.
- On 22nd December 2020, the Company signed an agreement to acquire a portfolio of unit-linked policies. This transaction is expected to be completed during the third quarter of 2022.

The following deal was subject to disposal at the reporting date:

- 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.

These transactions will have the following impacts on the Group FCR:

- Business and performance – The Company will expand its geographical presence as a Bermuda reinsurer as well as increasing its presence in a number of existing territories.
- Governance structure – Risk management, internal controls and other functions and processes will be impacted.
- Risk profile – The risk profile will change on account of the acquisitions. It is expected that the transactions will introduce a greater proportion of market and life insurance risk, aligned to our strategy, which will allow the Company to further diversify its business.
- Capital management – The Company's internal calculations indicate that it will be able to meet all regulatory requirements post acquisition and the Company will be in full adherence to its Capital Management Policy.

G. DECLARATION

We declare that to the best of our knowledge and belief, the information in the Financial Condition Report fairly represents the financial condition of the Company in all material respects.

M. Maske

Dated: 29 April 2022

Manfred Maske, Group Chief Executive Officer

Dated: 29 April 2022

Carlo Elsinghorst, Group Chief Financial Officer

H. GLOSSARY

AVAILABLE CAPITAL: Available Capital relates to the value of the Groups total statutory economic capital and surplus, as defined and calculated in accordance with Schedule XIV of the Group Prudential Standards. This is defined as the sum of:

- The Company's Tier 1 capital, which shall be not less than 80% of the value of the Company's MSM; and
- The Company's Tier 2 capital, which shall be not more than 25% of the amount above.

BERMUDA MONETARY AUTHORITY ("BMA"): The BMA is the integrated regulator of the financial services sector in Bermuda. Established under the Bermuda Monetary Authority Act 1969, the BMA supervises, regulates and inspects financial institutions operating in or from within the jurisdiction. It also issues Bermuda's national currency; manages exchange control transactions; assists other authorities in Bermuda with the detection and prevention of financial crime; and advises the Government and public bodies on banking and other financial and monetary matters. The BMA develops risk-based financial regulation that it applies to the supervision of Bermuda's banks, trust companies, investment businesses, investment funds, fund administrators, money service businesses, corporate service providers, and insurance companies. It also regulates the Bermuda Stock Exchange.

BERMUDA SOLVENCY CAPITAL REQUIREMENT ("BSCR"): Establishes a measure of solvency capital that is used by the BMA to monitor the capital adequacy of insurance groups domiciled in Bermuda. The BSCR is determined by combining the calculated capital for each risk category (excluding operational risk) and applying a covariance adjustment with the square root rule, which is further adjusted to include operational risk, group-related risks and any capital add-ons.

The BSCR is determined as the required capital to be held by insurance and reinsurance undertakings in order to ensure that ruin occurs no more often than once in every 200 cases or, alternatively, that those undertakings remain in a position, with a probability of at least 99% tail value at risk, to meet their obligations to policyholders and beneficiaries over the following 12 months.

The BSCR regime is currently in a transition phase with the new capital regime coming into effect from 1st January 2019, replacing the previous capital regime. The transitional period for Monument Re is calculated as 9 years, and is based on the amounts of life and P&C BSCR at the reporting date. On the reporting date, 31st December 2021, the reported BSCR was calculated based on 33% of the new BSCR regime and 67% of the old BSCR regime.

BEST ESTIMATE LIABILITY ("BEL"): The BEL represents the expected present value of future cash flows related to insurance and reinsurance obligations in force at reporting date. The best estimate liability is calculated on a gross and net of reinsurance basis, i.e. with and without a deduction for a recoverable amount from reinsurance contracts.

CAPITAL COVERAGE RATIO ("CCR"): Defined as the ratio between Available Capital and the ECR, calculated in accordance with the Group Prudential Standards under the EBS framework.

CASH & CASH EQUIVALENTS: This item includes cash, highly liquid short-term financial investments, short-term deposits and money market investment funds.

Contract Boundaries: This is the limit beyond which relevant cash flows are excluded from the calculation of the BEL. It is defined in paragraph 122 of the BMA's Guidance Note for Commercial Insurers and Groups Statutory Reporting Regime (dated 30th November 2016), and refers to the situation where the insurance undertaking has a right to either terminate the contract, reject payable premiums or to amend the payable premiums or the benefits in such a way that the premiums fully reflect the underlying risks.

Demographic Assumptions: Non-market assumptions which can have an impact on future best estimate cash flows i.e. mortality, longevity, disability, morbidity, lapses and expenses.

Economic Balance Sheet ("EBS"): Solvency II equivalent capital regime promulgated by the BMA.

Eligible Capital: Available Capital eligible to support the Company's ECR.

Enhanced Capital Requirement ("ECR"): Maximum of BSCR and MSM.

Gross Written Premiums ("GWP"): Equal to the gross written premiums of direct business and accepted by third parties.

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

Minimum Solvency Margin ("MSM"): The prescribed minimum amount by which the value of the assets of the Company must exceed the value of its liabilities.

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

Risk Appetite: Risk appetite refers to the Group's relative desire to take specific risks, underpinned by an assessment of the relative risks and rewards.

Risk Margin: The Risk Margin is an allowance for the risk of uncertainty inherent in the best estimate cash flows and is intended to reflect the compensation that an insurer needs to bear this risk.

Tail Value at Risk: Means the conditional average potential given that the loss outcome exceeds a given threshold.

Technical Provisions: The Technical Provisions correspond to the sum of the BEL and Risk Margin.

MS APPENDIX: INFORMATION ON MONUMENT SEGREGATED ACCOUNT COMPANY LIMITED

This appendix provides further detail on Monument Segregated Account Company Limited's ("MSAC") financial condition at 31st December 2021.

MS A. BUSINESS PERFORMANCE

MS A.1. COMPANY PROFILE

Monument Segregated Account Company Limited is a Bermuda based Class C life reinsurer (with registration number 49002 and incorporation date 24th April 2014).

MS A.2. SUPERVISOR

Table MS1: Monument SAC Supervisor

Details	Group Supervisor
Name	Bermuda Monetary Authority
Jurisdiction	Bermuda
Address	BMA House, 43 Victoria Street, Hamilton, HM12
Contact	Gerald Gakundi, Director, Insurance Supervision
Email Address	ggakundi@bma.bm
Phone Number	+1 (441) 295 5278

MS A.3. APPROVED AUDITOR

Table MS2: Approved Auditor

Details	Approved Auditor
Name	PricewaterhouseCoopers Ltd.
Jurisdiction	Bermuda
Address	Washington House, 16 Church Street, Hamilton, HM12
Contact	Damian Cooper, Partner
Email Address	damian.cooper@pwc.com
Phone Number	+1 (441) 295 2000

MS A.4. COMPANY OWNERSHIP

MSAC is 100% owned by Monument Holdings Ltd.

MS A.5. COMPANY STRUCTURE

This is described in section A.5 of this report.

MS A.6. INSURANCE BUSINESS

The following tables show premium volumes by line of business and geographical location.

Table MS3: Gross Written Premium by Line of Business

Line of Business (€m)	2021	2020
Annuities	67.2	67.8
Protection – mortality	34.4	37.0
Protection – critical illness	14.5	14.7
Variable Annuity	4.7	5.6
Total Gross Written Premiums	**120.7**	**125.2**

Table MS4: Gross Written Premium by Geographical Location

Geographical Location (€m)	2021	2020
France	3.9	5.6
Ireland	6.7	6.9
United Kingdom	108.7	110.4
Other	1.4	2.2
Total Gross Written Premiums	**120.7**	**125.2**

MS A.7. INVESTMENT PERFORMANCE

The following table shows the MSAC's investment return, net of investment expenses, for the years ended 31st December 2021 and 2020.

Table MS5: Investment Performance

Investment Performance (€m)	2021	2020
Gross Investment Income Earned	2.0	5.0
Income from Funds Withheld	(79.4)	230.0
Investment Expenses	(3.7)	(5.0)
Net Realised Gains and Losses	4.0	4.2
Change in Fair Value	(9.9)	5.2
Net Investment Return	**(87.0)**	**239.3**

MS B. Governance Structure

MS B.1 Board and Senior Executives

The Governance Structure mirrors that of Monument Re, with members of the Group's senior executive team taking positions on the Board and performing other key roles for MSAC.

Board Structure and Senior Executives

The Board plays a critical role in the successful operation of MSAC, being ultimately responsible for sound and prudent governance and oversight of MSAC. The Board's duties, membership, frequency of meetings and quorum is defined in the Board charter. The Board meets at least four times a year in Bermuda. 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 MSAC'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 Group Supervision Rules.

MSAC's Directors comprise the following:

- Manfred Maske (Chairman);
- Alex Brogden;
- Roger Thompson

The senior executives and the roles they carry out are detailed in the table below.

Table MS6: Exco

Manfred Maske Group Chief Executive Officer					
Alex Brogden Group Chief Underwriting Officer	**Neil Burt** Group Chief Actuary	**David Leach** Group Chief Risk Officer	**Roger Thompson** Group Chief Investments Officer	**Anthony Philip** Group Head of Compliance & Governance	**Colm Brennan** Group Head of Internal Audit

A considerable amount of the day to day activity is outsourced to Monument Re Services (UK) Limited, who are also responsible for providing actuarial, accounting, treaty administration and claims services to Axa XL.

Remuneration Policy and Practices; Pensions and Early Retirement Schemes; Material Transactions

MSAC does not directly employ any staff. MSAC's staff in Bermuda are employed by Monument Re with the services being recharged to the MSAC. Similar arrangements are in operation with Monument Re Services (UK) Limited.

MS B.2 FITNESS AND PROPRIETY REQUIREMENTS

FIT AND PROPER ASSESSMENT; BOARD AND SENIOR EXECUTIVE PROFESSIONAL QUALIFICATIONS, SKILLS AND EXPERTISE

See section B.2 of this report.

MS B.3 RISK MANAGEMENT AND SOLVENCY SELF-ASSESSMENT

MSAC has adopted the Group's Risk Management Framework and Solvency Self Assessment process. See section B.3 of this report.

MS B.4 INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

MSAC follows the same internal controls as described in section B.4 of this report, and similarly applies a "three lines of defence model" for Enterprise Risk Management. MSAC maintains a control register and a risk register and completes a Risk and Control Self Assessment ("RCSA") process on an annual basis.

COMPLIANCE FUNCTION

The Group compliance function as described in section B.4 of this report also acts as the compliance function for MSAC.

MS B.5 INTERNAL AUDIT

Internal audit is performed by the Group Internal Audit function which is described in section B.5 of this report.

MS B.6 ACTUARIAL FUNCTION

MSAC's Chief Actuary is responsible for the Actuarial Function. The keys roles and responsibilities of the Actuarial Function are described in section B.6 of this report. The EBS Technical Provisions are independently reviewed by the Approved Actuary (Quintin Li from PWC).

MS B.7 OUTSOURCING

MSAC's outsourcing policy is consistent with Monument Re's and this is described in section B.7 of this report. MSAC's key outsourcing arrangement is with Monument Re Services (UK) Limited who provide actuarial, accounting, treaty administration and claims services.

MS B.8 OTHER MATERIAL INFORMATION

The system of governance is considered appropriate for the MSAC and there is no other material information to be provided.

MS C. Risk Profile

MS C.1 Material Risks

MSAC uses the series of techniques outlined in section C.1 of this report to assess the risks within the company. There is considerable overlap between the material risks that MSAC is exposed to and that Monument Re is exposed to, but there are slight differences in emphasis, and so the table below sets out the material risks to which MSAC is exposed along with risk mitigations in each case:

Table MS7: Material Risks

Risk	Description	Mitigating Actions and Controls
Market Risk	Market risk is the risk of loss or other adverse impact on MSAC arising from movements in markets (e.g. exchange rates, inflation rate and interest rates).	Currency hedging is carried out within the MSAC portfolios, but some hedging of interest rate risk is carried out within Monument Re due to restrictions within the MSAC investment guidelines. Regular monitoring of exposures relative to market risk limits. Risk is measured using standard metrics such as "DV01", the sensitivity of asset and liability values to small changes in market variables, and stress and scenario testing to assess the impact of higher levels of stress.
Insurance Risk	Insurance risk is the risk of loss or other adverse impact on MSAC 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, including detailed experience analysis investigations. Regular review of actuarial assumptions Risk is measured principally through sensitivity tests to key assumptions, and stress and scenario testing.
Credit Risk	The risk of loss or other adverse impact on MSAC arising from one party to a financial instrument failing to discharge an obligation.	Credit risk policy imposing principles and requirements for credit risk management, and investment policy imposing credit ratings limits for investment counterparties and concentration limits to avoid overexposure to any investment counterparty. Regular monitoring of exposures relative to credit risk limits. Key risk measures include exposure by credit rating, risk concentration and sensitivity of asset values to movements in credit spreads.

Risk	Description	Mitigating Actions and Controls
Operational Risk	The risk of loss or other adverse impact on MSAC arising from inadequate or failed internal processes, personnel or systems or external events.	Outsourcer oversight framework, outsourcing policy and operational risk policy. Regular RCSA process. Event and issue management process, root cause analysis and continuous improvement. Oversight exercised by Internal Audit, Risk and Compliance functions. Risk is measured using scenario analysis, operational event data, operational performance data including outsourcer performance metrics, and deep dives including due diligence on new outsourcers.
Liquidity Risk	The risk of loss or other adverse impact on MSAC arising from insufficient liquidity resources being available to meet obligations as they fall due.	Liquidity policy imposing close matching of asset and liability cash flows and prudent restrictions on investment in illiquid assets. Liquidity framework requiring forward-looking assessment of liquidity requirements, including those arising from collateral requirements under severe market and demographic stresses.
Group Risk	The risk of loss or other adverse impact on MSAC 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 setting out requirements for group risk management. Significant commonality of Board composition across the Group and its subsidiaries. Close scrutiny of intra-group transactions including external specialist input where appropriate. Stress and scenario testing through solvency self-assessment process. Reputational risk policy and escalation process. Risk is measured qualitatively and quantitatively e.g. via stress and scenario testing of adverse scenarios across the Group as part of the solvency self-assessment process.
Sustainability Risk	The risk of loss or other adverse impact on MSAC arising from environmental, social and governance risks, or the risk of adverse social or environmental externalities arising from MSAC's activities.	Investment policy including ESG limits. Diversified investment portfolio. Corporate social responsibility, and community investment.

Material Changes over the Reporting Period

There have been no material changes in either the operating environment of MSAC or in the risk profile of the business.

MS C.2 Risk Mitigation

Risk mitigation for each material risk has been provided in section C.1.

MS C.2 Risk Concentrations

Asset concentration risk is mitigated by the establishment of sector and issuer limits and minimum credit ratings as outlined in the investment guidelines. There is concentration in certain product classes, especially longevity risk, but this is mitigated through a relatively diverse policyholder base.

MS C.4 Prudent Person Principle

MSAC adheres to the prudent person principle in the implementation of its investment strategy. This is accomplished through an investment framework focused on governance, risk assessment and portfolio diversification.

MSAC's governance structure is outlined in section MS B.1 of this appendix. The Group Board and Investment Committee also have oversight of MSAC's investment strategy, and so section C.4 of this report also applies to MSAC.

MS C.5 Stress Testing

Stress testing has been carried out on the business in force at the reporting date, as set out below.

Table MS8: Stress Descriptions

Scenario	Description
Interest Rate Up Risk	100 basis points parallel shift up in interest rates
Interest Rate Down Risk	100 basis points parallel shift down in interest rates
Spread Up Risk	50 basis point increase in spreads
Equity Risk	Equity values fall by 20%
Non-Annuitant Mortality	Increase in mortality for non-annuitants by 5%
Annuitant Mortality Improvements	Longevity improvements increase by 0.25% p.a. in all future years
Expense Risk	A permanent increase in expenses of 10%

The following table shows the quantified impacts of these stresses.

Table MS9: EBS Stress Impacts

Sensitivities	Available Capital (€m)	Delta (€m)	EBS Capital Coverage Ratio (%)	EBS Capital Coverage Ratio Delta (%)
Base	**566.7**	**—**	**356 %**	**— %**
Interest Rate Up Risk	523.9	(42.8)	355 %	(1)%
Interest Rate Down Risk	617.2	50.5	357 %	1 %
Spread Up Risk	545.1	(21.6)	353 %	(3)%
Equity Risk	561.3	(5.4)	353 %	(3)%
Non-Annuitant Mortality	547.9	(18.8)	344 %	(12)%
Annuitant Mortality Improvements	525.2	(41.5)	326 %	(30)%
Expense Risk	561.7	(5.0)	352 %	(4)%

INTEREST RATE RISK

Movements in interest rates impact the value of fixed interest assets and policyholder liabilities. MSAC mitigates this risk by holding assets with a similar sensitivity to interest rate changes to its liabilities (calculated under the requirements of the Retrocession Agreements with Axa XL). As these requirements are more onerous than the EBS basis, there is a fairly significant excess of available assets over the Enhanced Capital Requirement and so at the reporting date, a 100 bps increase in interest rates would reduce MSAC's net assets by €42.8m.

CREDIT SPREAD RISK

At the reporting date, MSAC had a circa €2.8bn portfolio of government and corporate bonds and mortgage fund investments. Movements in spreads impact the market value of these fixed interest assets.

At the reporting date, a 50 bps increase in all spreads would reduce MSAC's net assets by €21.6m.

EQUITY RISK

Movements in equity values impact the reserves held in respect of Variable Annuity business. Reductions in equity values will increase the values of the guarantees provided, and hence increase the reserves. At the reporting date, an immediate fall of 20% in the value of global equity values would reduce MSAC's net assets by €5.4m.

MORTALITY RISK

Increases in mortality rates will increase the claims paid on MSAC's term assurance portfolio. At the reporting date, a 5% increase in mortality rates would reduce MSAC's net assets by €18.8m. This stress looks at the protection portfolio in isolation, so no credit is taken for any potential releases of reserves from the annuity business that a 5% increase in mortality rates would produce.

LONGEVITY RISK

Longevity risk mainly arises from annuity policies since MSAC has exposure to policyholders living longer than expected.

At the reporting date, an increase of 0.25% in the rate of mortality improvement would lead to a reduction in MSAC's net assets of €41.5m.

EXPENSE RISK

At the reporting date, a 10% increase in expenses, would lead to a reduction in MSAC's net assets of €5.0m.

In reality, MSAC would take reasonable management actions to manage this assumption, which have not been reflected here.

MS D. Solvency Valuation

MS D.1 Assets

Asset Overview

MSAC's investments are predominantly held in bonds, and cash & cash equivalents. These balances make up a significant proportion of MSAC's assets at the reporting date. The remaining assets comprise of amounts owed from other companies in the Monument Group and trade debtors. Most of the investments are fair valued using quoted market prices in active markets where available or observable inputs. Debtors and cash, which are held at cost, are revalued for exchange rate movements.

The table below summarises the valuation of MSAC's assets at 31st December 2021 and 2020.

Table MS10: Asset Portfolio

Assets (€m)	31st December 2021	31st December 2020
Cash & Cash Equivalents	19.1	49.0
Investments and Funds Withheld	2,760.7	3,128.4
Other Assets	32.0	28.9
Total Assets	**2,811.8**	**3,206.3**

Cash & Cash Equivalents, Investments and Funds Withheld

Cash & cash equivalents are measured at amortized cost using the effective interest method. Investments are measured at fair value and the changes in fair value are recognised in profit or loss. The funds withheld account represents a receivable for assets held by Axa XL in accordance with the retrocession agreements in which MSAC acts as the retrocessionairre. The assets withheld by Axa XL are legally owned by Axa XL's cedant for the Single Premium Annuity business, and by Axa XL for the remaining business, however the assets are legally segregated and all economic rights and obligations on the underlying assets accrue to MSAC.

A split of the investment assets by type and credit quality within the Group is provided below:

Table MS11: Investments by Credit Rating, 31st December 2021

Assets by Credit Rating (€m)	AAA	AA	A	BBB	BB	B	Not rated	Total
Bonds	7.5	50.5	42.9	33.1	0.5	0.0	0.0	134.5
Bonds within Funds Withheld	223.5	539.5	931.3	845.3	5.7	0.0	1.1	2,546.3
Total	**231.0**	**590.1**	**974.2**	**878.4**	**6.1**	**0.0**	**1.1**	**2,680.8**

Table MS12: Investments by Credit Rating, 31st December 2020

Assets by credit rating (€m)	AAA	AA	A	BBB	BB	B	Not rated	Total
Bonds	19.1	61.8	44.5	43.3	3.1	0.1	0.0	171.9
Bonds within Funds Withheld	283.3	577.7	980.3	1,012.0	12.2	4.6	0.0	2,870.0
Total	**302.4**	**639.5**	**1,024.8**	**1,055.4**	**15.2**	**4.7**	**0.0**	**3,041.9**

Figures in the tables above exclude cash & cash equivalents.

Other Assets

Other assets consist of other trade debtors valued at their transaction price and due within one month of the reporting date.

MS D.2 Technical Provisions

Technical Provisions Overview

Technical Provisions are calculated as the sum of the Best Estimate Liabilities ("BEL") and Risk Margin, calculated in line with the EBS valuation principles, as defined in the BMA's Guidance Note for Commercial Insurers and Groups (dated 30th November 2016).

The table below shows the Technical Provisions for MSAC as at 31st December 2021 and 2020.

Table MS13: Technical Provisions

Technical Provisions (€m)	31st December 2021	31st December 2020
Gross BEL	2,171.8	2,346.2
Reinsurance Asset	0.0	0.0
Net BEL	**2,171.8**	**2,346.2**
Risk Margin	70.2	85.6
Technical Provisions	**2,242.0**	**2,431.9**

The valuation and amount of the financial statement liabilities and the EBS Technical Provisions are equivalent.

Methodology and Assumptions

The approach used to calculating the BEL is identical to that described in section D.2 of this report. As MSAC's functional currency is USD, then the discount rates used in setting the Risk Margin are USD based, rather than EUR based which is used by the Group. The assumptions MSAC uses in calculating the BEL are identical to those used by the Group.

Uncertainty Associated with the Value of Technical Provisions

Given the use of assumptions, there is inherent uncertainty. The level of uncertainty associated with the value of Technical Provisions has been estimated by examining how Available Capital would change if certain material assumptions were to change. These are quantified in section MS C.5.

MS D.3 Reinsurance

MSAC retains all its risks and there is no reinsurance.

MS D.4 Other Liabilities

The following table summarises the valuation of MSAC's Other Liabilities (excluding Technical Provisions) for the years ended 31st December 2021 and 2020.

Table MS14: Other Liabilities

Other Liabilities (€m)	31st December 2021	31st December 2020
Insurance & Intermediaries' Payables	2.7	2.8
Reinsurance Payables	0.0	0.0
Deferred Tax Liabilities	0.0	0.0
Other Liabilities	0.4	0.0
Total Other Liabilities	**3.1**	**2.8**

Insurance & intermediaries' payable are mostly represented by prepaid premiums and premiums taxes payable, claims payable, commission and profit share amounts payable.

The remaining liabilities comprise accruals for expenses and taxes incurred but not yet settled. Trade and other creditors are also included and are valued at their respective transaction price, and deemed payable within three months after the reporting date.

MS D.5 Other Material Information

There is no other material information to be provided.

MS E. CAPITAL MANAGEMENT

MS E.1 ELIGIBLE CAPITAL

CAPITAL MANAGEMENT POLICY

As part of the Monument Group, capital is managed in accordance with group policies. MSAC is also required to hold capital equivalent to a Standard & Poors "AA" level under its retrocession arrangement with Axa XL. This level of capital and reserves is tested against the regulatory level quarterly.

CATEGORISATION OF ELIGIBLE CAPITAL

Available Capital is adjusted to reflect, where applicable, the limited accessibility of the assets. At the end of the reporting period, MSAC's Eligible Capital was wholly categorised as Tier 1, as shown in the table below. This means that 100% of the Available Capital is used to support the ECR.

Table MS15: Eligible Capital

Eligible Capital (€m)	31st December 2021	31st December 2020
Tier 1	566.7	771.7
Tier 2	0.0	0.0
Tier 3	0.0	0.0
Total	**566.7**	**771.7**

ELIGIBLE CAPITAL THAT IS SUBJECT TO TRANSITIONAL ARRANGEMENTS

No Eligible Capital is subject to transitional arrangements.

FACTORS AFFECTING ENCUMBRANCES ON THE AVAILABILITY AND TRANSFERABILITY OF CAPITAL TO MEET THE ECR

There are no factors affecting encumbrances on the availability and transferability of capital to meet the ECR.

IDENTIFICATION OF ANCILLARY CAPITAL INSTRUMENTS APPROVED BY THE BMA

There was no ancillary capital at the reporting date.

DIFFERENCES IN SHAREHOLDER EQUITY AS STATED IN THE FINANCIAL STATEMENTS VERSUS THE AVAILABLE CAPITAL AND SURPLUS

There are no differences between UK GAAP Shareholder Equity and Available Capital.

MS E.2 REGULATORY CAPITAL REQUIREMENTS

ENHANCED CAPITAL REQUIREMENT

MSAC's regulatory capital requirement, also known as the ECR, is given below for the years ended 31st December 2021 and 2020:

Table MS16: Enhanced Capital Requirement

Enhanced Capital Requirement (€m)	31st December 2021	31st December 2020
Bermuda Solvency Capital Requirement	159.2	187.3
Minimum Solvency Margin	42.2	48.1
Enhanced Capital Requirement	**159.2**	**187.3**

The ECR is determined based on the maximum of the Minimum Solvency Margin ("MSM") and the BSCR.

Minimum Solvency Margin

MSAC (Class C) is subject to the MSM calculated in accordance with the Insurance Account Rules 2016. This requires MSAC to calculate the MSM as the greater of:

- $0.5m (€0.4m); or
- 1.5% of assets.

This is subject to a minimum floor of 25% of ECR.

Bermuda Solvency Capital Requirement

The BSCR is calculated at an individual risk level and is based on the methodology and capital charge calibrations prescribed by the BMA's Prudential Standards. The BMA has calibrated the BSCR capital charges to a 99% tail value at risk over a one-year time horizon.

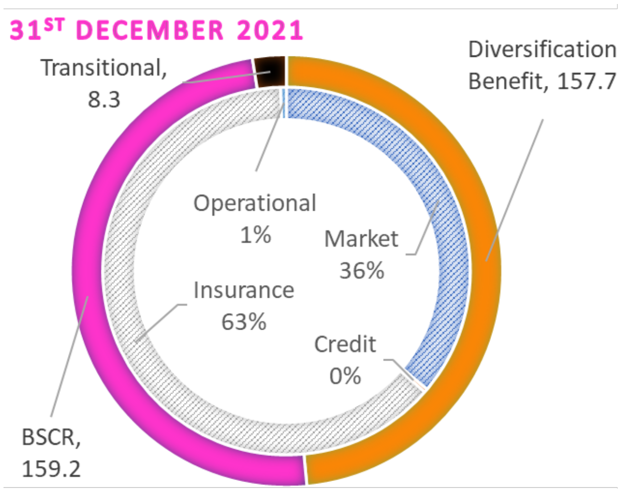
The capital charges determine the required level of capital for each individual risk. These capital amounts are then aggregated and an adjustment is made for the covariance between all the risks to arrive at the diversified BSCR (before operational risk).

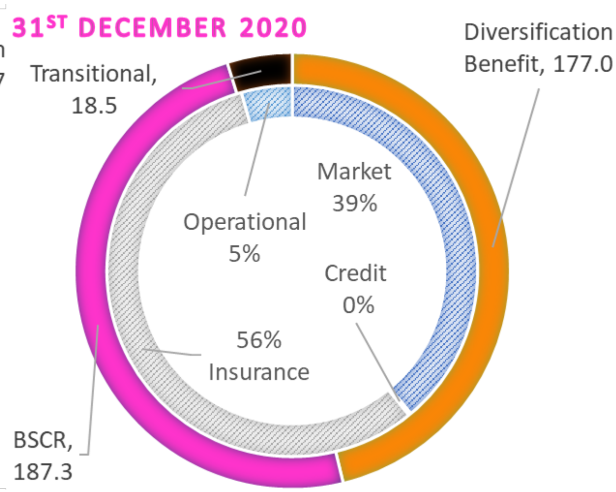
The risk modules in the BSCR regime include market, credit, property & casualty ("P&C") insurance, long-term insurance and operational risk.

In assessing operational risk, MSAC has performed a Commercial Insurer Risk Assessment ("CIRA") to assess the quality of the Group's risk management function surrounding its operational risk exposures, which determines the operational risk capital charge. Operational risk is then determined as a percentage of the diversified BSCR.

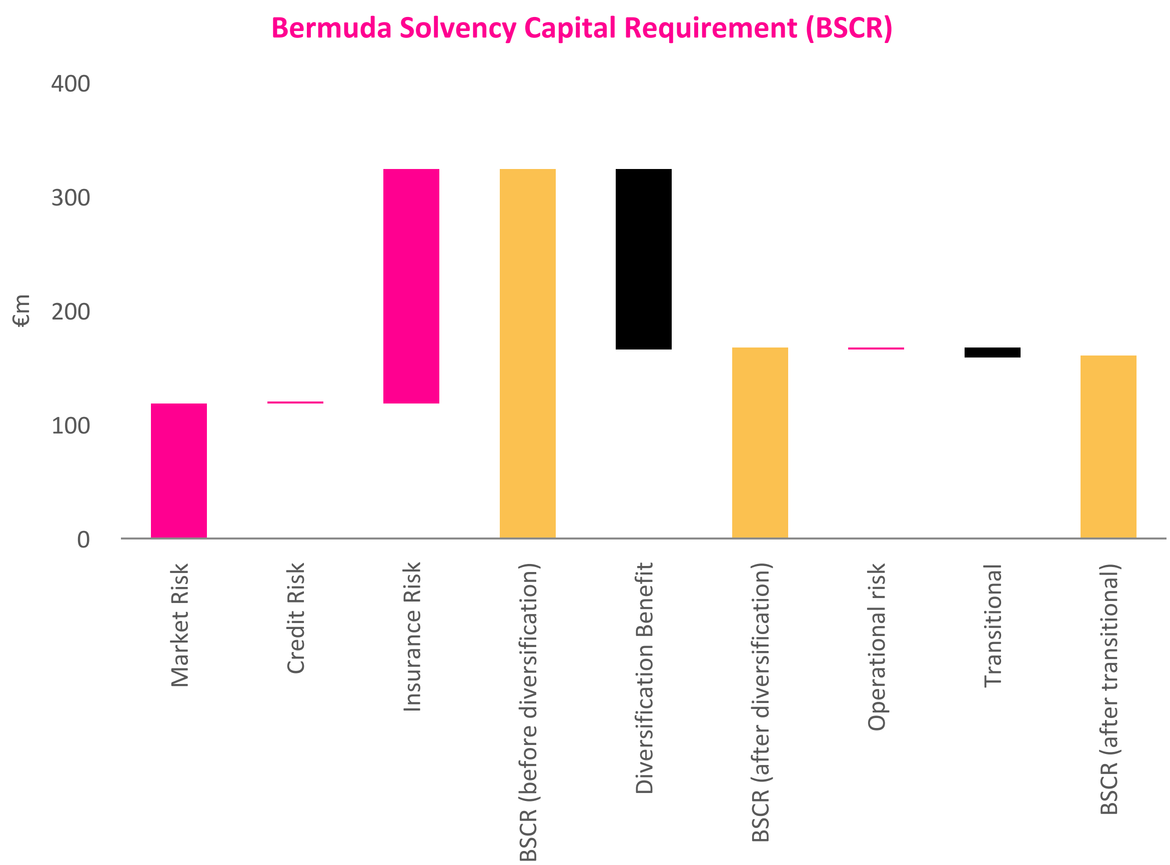
The BSCR regime is currently in a transition phase with the new capital regime coming into effect from 1st January 2019, replacing the previous capital regime. The transitional period for MSAC is 10 years, and at 31st December 2021, the reported BSCR is based on 70% of the previous capital regime and 30% of the new capital regime.

The diagram below shows the BSCR for MSAC at 31st December 2021 with a comparison against the previous reporting date, 31st December 2020. The BSCR has been shown split by risk module. The outer ring shows the total diversified BSCR, the level of diversification benefit realised within the Group and, where relevant, any transitional benefit in moving to the new capital regime. The inner ring shows each risk module as a proportion of total undiversified capital. Figures are shown in €m.

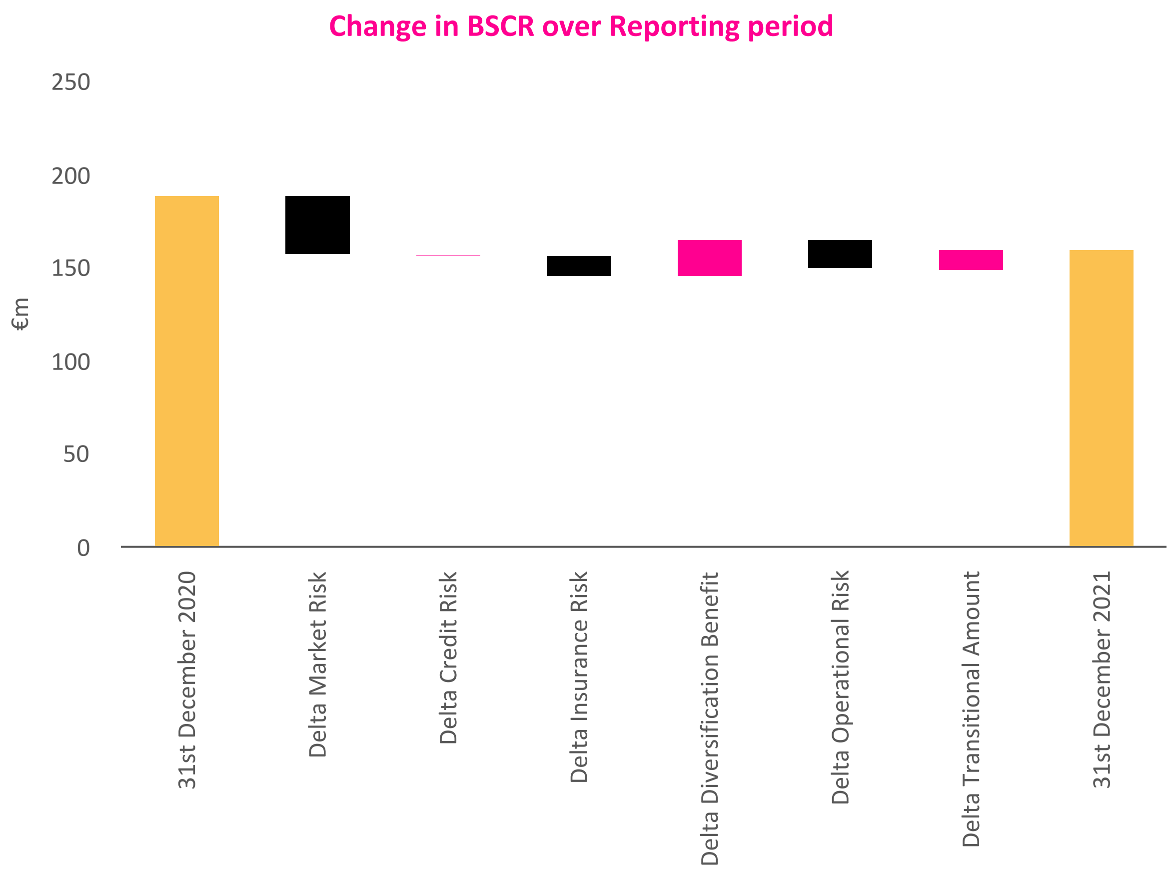




The diagram below shows the BSCR split by risk module :



The diagram below shows the change in BSCR over the reporting period, split by risk module.



Identification of any Non-Compliance with the MSM and the ECR

MSAC was compliant with the MSM and ECR requirement at the end of the reporting period.

Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and their Effectiveness

Not applicable.

Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

Not applicable.

MS E.3 Approved Internal Capital MODEL

Not applicable. MSAC has not applied to use an internal capital model to determine its regulatory capital requirements.

MS E.4 Capital Coverage Ratio

The table below shows the EBS Capital Coverage Ratio ("CCR") of MSAC for reporting periods ending 31st December 2021 and 2020.

Table MS17: Capital Coverage Ratio

EBS Solvency Position (€m)	31st December 2021	31st December 2020
Available Capital	566.7	771.7
Enhanced Capital Requirement	159.2	187.3
Free Surplus	**407.5**	**584.4**
EBS Capital Coverage Ratio	**356 %**	**412 %**

At the reporting date, the EBS CCR significantly exceeds the minimum solvency target level set by the BMA (120% of ECR) and the minimum level set by the Board, as defined in the Capital Management Policy (150% of ECR).

MONUMENT RE