

LION III RE DESIGNATED ACTIVITY COMPANY

Report of the Directors and Financial Statements

Registered Number: 689732

For the financial year ended 31 December 2023

LION III RE DAC

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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LION III RE DAC

DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

Davina Saint (Independent)
Stephen Hodgins (Independent)
Brian McDonagh (resigned 27 January 2023)
John Hetherington (appointed 27 January 2023)

SECRETARY AND REGISTERED OFFICE

Marsh Management Services (Dublin) Limited
Ground Floor, Charlotte House, Charlemont Street,
Dublin 2
Ireland

AUDITORS

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

SOLICITORS

Walkers Global
The Exchange
George's Dock
IFSC
Dublin 1
Ireland

ADMINISTRATOR

Marsh Management Services (Dublin) Limited
Ground Floor, Charlotte House, Charlemont Street,
Dublin 2
Ireland

BANKER, CUSTODIAN AND INDENTURE TRUSTEE

The Bank of New York Mellon
One Canada Square,
London
E14 5AL
England

CEDING INSURER

Assicurazioni Generali S.p.A.
Piazza Duca degli Abruzzi, 2
34132 Trieste
Italy

CLAIMS REVIEWER & LOSS RESERVE SPECIALIST

Deloitte Advisory Ltd
20 Parliament Street
Hamilton HM12
Bermuda

LISTING AGENT

Ocorian Securities (Bermuda) Ltd
5th Floor Victoria Place,
31 Victoria Street, Hamilton
HM10, Bermuda

LION III RE DAC

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the financial year ended 31 December 2023.

1. INCORPORATION AND COMMENCEMENT TO TRADE

Lion III Re DAC (the “Company”) was incorporated in Ireland on 5 March 2021. The Company commenced trading on 25 June 2021.

2. RESULTS

The results for the financial year are outlined on pages 13 – 29.

3. PRINCIPAL ACTIVITIES

The Company is a reinsurance special purpose vehicle, regulated by the Central Bank of Ireland, whose principal activity is to place risks associated with European windstorm and Italian earthquake with the capital markets. Risk is assumed by the Company under a Reinsurance Agreement with Assicurazioni Generali S.p.A for the period 29 June 2021 until 28 June 2025. The Company passes these risks on to investors through the issuance of variable rate notes, listed on the Bermuda Stock Exchange.

On 25 June 2021, the Company issued €200,000,000 Principal-at-Risk Variable Rate Notes due 16 July 2025, with an optional extension maturity date of 16 July 2030.

The notes issued by the Company are with limited recourse to certain assets of the Company. Noteholders will only have recourse to the Collateral Account and Collateral Payment Account relating to the Class A Notes. In addition to the European windstorm and Italian earthquake perils associated with the Reinsurance Agreement, investors in the notes issued by the Company (the “Noteholders”) are exposed to the credit risk of Assicurazioni Generali S.p.A. (as Ceding Insurer), and The Bank of New York Mellon (as Indenture Trustee).

4. REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The funding of the running costs of the Company is provided for by Assicurazioni Generali S.p.A. through the Reinsurance Agreement. During the year, the Company received net €50,000 (2022: €650,000) of gross expense reimbursement from Assicurazioni Generali S.p.A. to fund the operating costs of the Company. At 31 December 2023, €650,955 (2022: €848,224) was considered a rebate to Assicurazioni Generali S.p.A., as operating expenses for the financial year only totalled €246,930 (2022: €249,434).

The Directors expect that present activities will continue subject to the terms of the existing Reinsurance Agreement with Assicurazioni Generali S.p.A.

REPORT OF THE DIRECTORS (Continued)

5. SAFEKEEPING OF INVESTMENTS IN FINANCIAL ASSETS

On the notes issued by the Company, all the proceeds paid to the Company were placed in a collateral account maintained with the Indenture Trustee (The Bank of New York Mellon). All funds in the collateral account were used to purchase unsecured debt securities (the “EBRD Notes”) issued by the European Bank for Reconstruction and Development (EBRD) pursuant to its existing Global Medium Term Note Programme. The Bank of New York Mellon is also the custodian and holds the investments as custodian for the indenture trustee.

6. PRINCIPAL RISKS AND UNCERTAINTIES

The key risks of the Company and the methods in place to manage and control these risks are set out in Note 21 on pages 26 to 29 of these financial statements.

7. HOLDING COMPANY

The ultimate holding company is Walkers Ireland Shareholding Services Limited, which holds the shares in trust for one or more charitable organisations.

8. EVENTS AFTER REPORTING PERIOD

There have been no significant events subsequent to year end that would require adjustment or disclosure in the financial statements.

9. DIRECTORS

The current Directors are as follows:

Davina Saint (Independent)
Stephen Hodgins (Independent)
John Hetherington (appointed 27 January 2023)

The details regarding the changes in Director’s appointments that have occurred during the financial year are as stated on page 2.

10. DIVIDENDS

The Directors did not recommend the payment of a dividend.

11. INTERESTS OF DIRECTORS AND SECRETARY

At the beginning and end of the financial year, the Directors and Secretary had no interests in the share capital, in debentures or in loan stock of the Company.

12. RESEARCH AND DEVELOPMENT

The Company did not engage in any research and development activity during the year.

REPORT OF THE DIRECTORS (Continued)

13. POLITICAL DONATIONS

The Electoral Act, 1997 as amended by the Electoral (Amendment) (Political Funding) Act, 2012 requires companies to disclose all political donations over €200 in aggregate made during the financial year. The Directors, on enquiry have satisfied themselves that no such donation in excess of this amount has been made by the Company.

14. ACCOUNTING RECORDS

The Directors have appointed Marsh Management Services (Dublin) Limited in order to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014. The accounting records of the Company are maintained at Ground Floor, Charlotte House, Charlemont Street, Dublin 2, Ireland.

15. AUDIT INFORMATION

In accordance with Section 332 of Companies Act, 2014, the Directors who held office at the date of the approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

16. AUDITORS

Mazars, Chartered Accountants and Statutory Audit Firm were appointed statutory auditors on 25 February 2022 and has expressed their willingness to continue in office as auditors in accordance with section 383 (2) of the Companies Act 2014.

On behalf of the Board of Directors

DocuSigned by:

03756578A72D4CD...
John Hetherington
Director

DocuSigned by:

BCA2CE6FEC8E4E3
Davina Saint
Director

Date: 3 April 2024

LION III RE DAC

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'.

Under company law the directors must not approve the Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and its profit for that year. In preparing the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014 and the European Union (Insurance and Reinsurance) Regulations 2015. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors confirm to the best of their knowledge that they have complied with the above requirements in preparing the financial statements.

On behalf of the Board of Directors

DocuSigned by:

03756578A72D4CD...
John Hetherington
Director

DocuSigned by:

BCA2CE8EEC8E4E3
Davina Saint
Director

Date: 3 April 2024

Independent auditor's report to the members of Lion III Re DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lion III Re DAC ('the Company'), for the year ended 31 December 2023, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and notes to the financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023, and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 and FRS 103; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), applied as required for the types of entity determined to be appropriate in the circumstances. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Our evaluation of the director's assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of the reasonableness of management's going concern assessment including enquiries with management and review of the financial performance and financial position of the Company at the year-end date for indicators of any going concern uncertainties;
- Review of the terms of the relevant contracts underpinning the structure of the Company specifically in respect to the maturity date of the Company's debt securities issued and extension clauses;
- Evaluation of the limited recourse nature of the Company's debt securities issued;
- Confirmation with management that no event occurred post year-end which would result in an event payment under the terms of the Reinsurance Agreement in place; and
- Evaluation on the sufficiency of disclosures in the financial statements pertaining to the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's

ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Key audit matters

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

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Key audit matter - Event risk	How the matter was addressed
<p>The Company is, in accordance with the terms of the Reinsurance Agreement, obligated to make payments following the occurrence of an event resulting in an event payment.</p> <p>As a result of the Reinsurance Agreement, the Company and holders of the notes issued by the Company are at risk in the event that the triggering event occurs in the covered area during the risk period as set out in the Reinsurance Agreement.</p> <p>If, during certain measurement periods for the principal at risk notes, there are one or more trigger events resulting in principal reductions with respect to notes, investors in the notes could lose all or a portion of their investment.</p> <p>We considered the risk that covered events have not been recognised in the financial statements to be a key audit matter due to the material impact that such events would have on the financial position of the Company. However, we note that we consider the likelihood of the occurrence of this risk to be low.</p> <p>Refer to note 2 (accounting policy) on pages 19 to 20 and note 21 (financial disclosures) on pages 26 to 29.</p>	<p>We addressed the risk through the following procedures:</p> <ul style="list-style-type: none"> ▪ We considered events during the year in the covered areas that could have had an event risk impact; ▪ We confirmed independently with the Ceding Insurer, Assicurazioni Generali S.p.A., that there have been no covered events during the year that fall within the scope of the Reinsurance Agreement between the Company and Assicurazioni Generali S.p.A.; ▪ We confirmed independently with the Claims Reviewer and Loss Reserve Specialist, Deloitte Advisory Limited, that it is not aware of any such event notice during the year; and ▪ We assessed the appropriateness of the related disclosures in the financial statements. <p>Based on procedures performed, we did not identify any events which would result in an event payment.</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit and in evaluating the impact of misstatements, if any. Materiality is an expression of the relative significance or importance of a matter in the context of the financial statements. Misstatements in the financial statements are

material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€3,102,052
How we determined it	1.5% of total assets
Rationale for benchmark applied.	In determining our materiality, we considered those financial metrics which we believed to be relevant and concluded that total assets was the most relevant benchmark. We applied this benchmark because in our view this is the metric against which the recurring performance of the Company is commonly measured by its primary users.
Performance materiality	<p>€2,326,539</p> <p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>Performance materiality was determined at 75%, by taking into account factors such as:</p> <ul style="list-style-type: none"> ▪ It is not an initial audit engagement; ▪ Assessment of the control environment; ▪ The volume and nature of the entity's transactions; and ▪ Consideration of previous errors and likelihood of re-occurrence.
Reporting threshold	We agreed with those charged with governance that we would report to them misstatements identified during our audit above €93,062 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of the audit

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Financial Statements other than the financial

statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

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

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Companies Act 2014, corruption and fraud, and we considered the extent to which non-compliance might have a direct effect on the determination of material amounts and disclosures in the financial statements. We also considered the other applicable laws and regulations including Central Bank of Ireland regulatory requirements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- Obtaining an understanding of the legal and regulatory framework applicable to the Company, the industry in which it operates;
- Inquiry of those charged with governance and management as to whether the Company is in compliance with laws and regulations, and discussing the policies and procedures in place regarding compliance with laws and regulations;
- Inspecting correspondence with the Central Bank of Ireland;
- Reviewing minutes of Board of director meetings;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- Focusing on areas of laws and regulations that could reasonably be expected to have a direct effect on the determination of material amounts and disclosures in the financial statements such as Companies Act 2014 and the European Union (Insurance and Reinsurance) Regulations 2015.

Our procedures in relation to fraud, including our specific procedures we are required to perform to respond to the risk of management override of controls, included but were not limited to:

- Making inquiries of those charged with governance and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements;
- Inquiries with those involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Testing the appropriateness of journal entries;
- Assessing for any evidence of management bias through judgements and estimates; and
- Reviewing for evidence of any significant one-off or unusual transactions.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under “Key audit matters” within this report.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at:
<http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f->

[a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf](#). This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Board of Directors, we were appointed by the Company on 25 February 2022 to audit the financial statements for the period ending 31 December 2021 and subsequent financial periods. The total uninterrupted engagement including previous renewals and reappointments is 3 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
Date: 4 April 2024

LION III RE DAC

STATEMENT OF COMPREHENSIVE INCOME**For the financial year ended 31 December 2023**

	Notes	Financial Year Ended 31 December 2023 €	Financial Year Ended 31 December 2022 €
Gross premium written	3	8,475,556	8,145,111
Unearned premium	4	(344,167)	(378,722)
Net earned premium income		8,131,389	7,766,389
Interest income on loans and receivables	5	6,105,579	152,993
Other (expense)/income	6	(997,070)	665,434
Net income		13,239,898	8,584,816
Administrative expenses	7	(246,930)	(249,434)
Interest expense on debt securities issued	8	(12,991,968)	(8,334,382)
Total expenses		(13,238,898)	(8,583,816)
Profit on ordinary activities before tax		1,000	1,000
Tax charge on profit of ordinary activities	11	(250)	(250)
Profit on ordinary activities after taxation		750	750
Attributable to:			
Equity holders of the Company		750	750
Total comprehensive income for the year		750	750


The accompanying notes on pages 17 to 29 form an integral part of these financial statements.

On behalf of the Board of Directors

DocuSigned by:

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John Hetherington
Director

DocuSigned by:

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Davina Saint
Director

Date: 3 April 2024

LION III RE DAC

STATEMENT OF FINANCIAL POSITION**As at 31 December 2023**

	Notes	2023 €	2022 €
ASSETS			
Loans and receivables	12	200,622,500	201,037,500
Other receivables and prepayments	15	8,007	5,528
Premium receivable	14	2,059,556	1,995,833
Interest income receivable	16	1,762,261	567,993
Cash and cash equivalents	13	2,351,117	893,968
TOTAL ASSETS		206,803,441	204,500,822
EQUITY AND LIABILITIES			
Ordinary shares	17	2	2
Retained earnings		2,250	1,500
TOTAL EQUITY		2,252	1,502
LIABILITIES			
Debt securities issued	19	200,000,000	200,000,000
Interest payable to note holders	18	3,477,650	2,185,104
Unearned premium	4	344,167	378,722
Other accruals and deferred income	20	2,979,372	1,935,494
TOTAL LIABILITIES		206,801,189	204,499,320
TOTAL EQUITY AND LIABILITIES		206,803,441	204,500,822

The accompanying notes on pages 17 to 29 form an integral part of these financial statements.

On behalf of the Board of Directors

DocuSigned by:



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John Hetherington
Director

DocuSigned by:



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Davina Saint
Director

Date: 3 April 2024

LION III RE DAC

STATEMENT OF CHANGES IN EQUITY**For the financial year ended 31 December 2023**

	Share Capital €	Retained Earnings €	Total Equity €
Opening Balance as at 1 January 2023	2	1,500	1,502
Share capital issued	-	-	-
Total comprehensive income for the year	-	750	750
Closing Balance as at 31 December 2023	<u><u>2</u></u>	<u><u>2,250</u></u>	<u><u>2,252</u></u>

	Share Capital €	Retained Earnings €	Total Equity €
Opening Balance as at 1 January 2022	2	750	752
Share capital issued	-	-	-
Total comprehensive income for the year	-	750	750
Closing Balance as at 31 December 2022	<u><u>2</u></u>	<u><u>1,500</u></u>	<u><u>1,502</u></u>

LION III RE DAC

STATEMENT OF CASH FLOWS**For the financial year ended 31 December 2023**

	Financial Year Ended 31 December 2023	Financial Year Ended 31 December 2022
	€	€
Cash flows from operating activities		
Profit on ordinary activities before tax	1,000	1,000
<i>Adjustments for:</i>		
Amortisation of deferred income relating to EBRD note premium	(415,000)	(415,000)
Interest income on loans and receivables	(6,105,579)	(152,993)
Interest expense on debt securities issued	12,991,968	8,334,382
	<hr/> 6,472,389	<hr/> 7,767,389
<i>Working capital adjustments:</i>		
Increase in other receivables	(1,000)	(1,000)
(Increase)/decrease in prepayments	(1,479)	7,682
Increase in premium receivable	(63,723)	(117,444)
Decrease in tax liabilities	-	(250)
(Decrease)/increase in unearned premium	(34,555)	17,000
Increase in other accruals and deferred income	1,458,878	302,445
Cash generated from operations	<hr/> 7,830,510	<hr/> 7,975,822
Interest received	5,326,311	-
Interest paid	(11,699,422)	(7,665,945)
Tax paid	(250)	(302)
Net cash flow from operating activities	<hr/> 1,457,149	<hr/> 309,575
Net increase in cash and cash equivalents	1,457,149	309,575
Cash and cash equivalents at beginning of year	<hr/> 893,968	<hr/> 584,393
Cash and cash equivalents at end of year	<hr/> <hr/> 2,351,117	<hr/> <hr/> 893,968

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a reinsurance special purpose vehicle, regulated by the Central Bank of Ireland, whose principal activity is to place risks associated with European windstorm and Italian earthquake with the capital markets. Risk is assumed by the Company under a Reinsurance Agreement with Assicurazioni Generali S.p.A for the period 29 June 2021 until 28 June 2025. The Company passes these risks on to investors through the issuance of variable rate notes, listed on the Bermuda Stock Exchange.

On 25 June 2021, the Company issued €200,000,000 Principal-at-Risk Variable Rate Notes due 16 July 2025, with an optional extension maturity date of 16 July 2030.

The notes issued by the Company are with limited recourse to certain assets of the Company. Noteholders will only have recourse to the Collateral Account and Collateral Payment Account relating to the Class A Notes. In addition to the European windstorm and Italian earthquake perils associated with the Reinsurance Agreement, investors in the notes issued by the Company (the "Noteholders") are exposed to the credit risk of Assicurazioni Generali S.p.A. (as Ceding Insurer), and The Bank of New York Mellon (as Indenture Trustee).

2. SIGNIFICANT ACCOUNTING POLICIES**a) *Basis of preparation of the Financial Statements*****Statement of compliance**

The financial statements have been prepared in accordance with the provisions of the Companies Act 2014, and all regulations to be construed as one with the Act. The financial statements for the financial year ended 31 December 2023 have been prepared in accordance with the Company's accounting policies under Financial Reporting Standard 102 ("FRS 102") "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 ("FRS 103") "Insurance Contracts" issued by the Financial Reporting Council being applicable in the UK and Republic of Ireland, amended where necessary in order to comply with the Companies Act 2014, and the European Union (Insurance and Reinsurance) Regulations 2015.

Going concern

The financial statements for the financial year ended 31 December 2023 have been prepared on a going concern basis. The Directors are satisfied that the Company is a going concern and that it is appropriate for the financial statements to be prepared on such basis.

b) *Basis of measurement*

The financial statements have been prepared under the historical cost convention.

c) *Key accounting estimates and judgements*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. At the statement of financial position date there are no assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**d) *Investment income***

Investment income is accounted for on an accruals basis in line with the contractual terms of the underlying financial assets. Investment income is reported in the statement of comprehensive income.

e) *Administration expenses and expense reimbursement*

The funding of the running costs of the Company is provided by the Ceding Insurer under the Reinsurance Agreement. These costs and the related income are accounted for on an accruals basis.

f) *Insurance Contract Classification*

Reinsurance risk is transferred to the Company when the Company agrees to compensate the Ceding Insurer if a specified uncertain future event (other than a change in financial variable) adversely affects the Ceding Insurer. Any contracts not meeting the definition of a reinsurance contract, are classified as investment contracts or derivative contracts as appropriate.

g) *Premiums on insurance contracts*

Net earned premium income is calculated as gross premium written less unearned premium. Gross written premium reflects business incepted during the year in accordance with the terms of the Reinsurance Agreement with Assicurazioni Generali S.p.A.. Unearned premiums are those portions of premium written in the year that relate to insurance cover after the year end.

h) *Taxation*

The Company is an Irish registered company and is structured to qualify as a securitisation company under Section 110 of the Taxes Consolidation Act, 1997. The Company generates minimal net income for Irish corporation tax purposes which is liable to Irish corporation tax at 25%.

i) *Interest expense*

Interest expense is recognised on an effective interest basis in accordance with the contractual terms of the underlying financial liabilities.

j) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates, the Company's functional currency. The financial statements are prepared in Euro (€), which is the Company's functional and presentation currency.

Foreign currency transactions are recorded initially at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities at the end of the financial year denominated in foreign currencies are translated in Euro at the exchange rates prevailing at the end of the accounting year with resulting profits and losses recorded in the statement of comprehensive income for the year.

Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**k) Provisions**

A provision is set up whenever the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company accounts for its financial instruments in accordance with the recognition and measurement principles of IAS 39, as permitted by FRS 102.

The Company classifies its financial instruments as follows:

- Loans and receivables are classified as financial assets at amortised cost
- Debt securities issued are classified as financial liabilities at amortised cost

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments. Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the financial asset including any transaction costs – and measured subsequently at amortised cost. Interest on loans and receivables is included in the statement of comprehensive income using the effective interest rate.

Financial liabilities

Financial liabilities consist of the Variable Rate Notes, and are initially recognised at fair value, being their issue proceeds (fair value of consideration received).

Financial liabilities are subsequently measured at amortised cost.

Recognition

Financial assets and liabilities are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instruments. Purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to the cash flows on that financial asset are cancelled, expire or are transferred to another party, or if the Company retains the contractual rights but enters into a contract under which the relevant cash flows must be duly paid under a 'pass-through arrangement'.

A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liabilities) is derecognised when the obligation is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**l) *Financial instruments (continued)***

modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted. If any such indication exists, the impairment loss is reported as a deduction from the carrying value of the financial asset and recognised in the statement of comprehensive income as 'Loan impairment charges'.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right of set-off and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

m) *Cash and cash equivalents*

Cash and cash equivalents include deposits held at call with banks and other short term highly liquid investments with a maturity of three months or less at the date of purchase. Cash equivalents are carried at amortised cost.

n) *Share Capital*

Ordinary Shares are classified as equity in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. GROSS PREMIUM WRITTEN

	Financial Year Ended 31 December 2023 €	Financial Year Ended 31 December 2022 €
(a) Analysis of gross premium written		
By class of business:		
Reinsurance	8,475,556	8,145,111
(b) Analysis of gross premium written, net premium earned		
Gross premium written	8,475,556	8,145,111
Net earned reinsurance premium income	8,131,389	7,766,389

The second annual risk period up to 31 December 2022 the risk premium spread is 3.83% for the Class A notes. The third annual risk premium runs from 1 January 2023 to 31 December 2023. The spread for the third annual risk period is 4.01%. For the fourth annual risk period up to 31 December 2024 the risk premium spread is 4.13%.

4. UNEARNED PREMIUM

	Financial Year Ended 31 December 2023 €	Financial Year Ended 31 December 2022 €
Unearned premium	344,167	378,722
	344,167	378,722

5. INTEREST INCOME ON LOANS AND RECEIVABLES

	Financial Year Ended 31 December 2023 €	Financial Year Ended 31 December 2022 €
Interest income on EBRD notes	6,520,579	567,993
Amortisation of EBRD note premium	(415,000)	(415,000)
	6,105,579	152,993

LION III RE DAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER (EXPENSE)/INCOME

	Financial Year Ended 31 December 2023	Financial Year Ended 31 December 2022
	€	€
Gross expense reimbursement	246,930	249,434
Other expense	(1,660,000)	-
Release of deferred income relating to EBRD note premium	415,000	415,000
Fee income	1,000	1,000
	<u>(997,070)</u>	<u>665,434</u>

Included in Other (Expense)/Income is an amount of (€1,660,000) (2022: €Nil) relating to monies owed to Assicurazioni Generali S.p.A. The amount relates to a rebate of the initial EBRD Note issuance premium paid by Assicurazioni Generali S.p.A. at the commencement of the overall transaction. Under the terms of the Indenture this monies would be returned to Assicurazioni Generali S.p.A. at such time the EBRD Note commenced making interest payments to the Company, with the transaction taking priority over the distribution of permitted investment yield to the Noteholders. The monies were transferred to Assicurazioni Generali S.p.A. on 8th January 2024.

Under the Reinsurance Agreement in place, the Company is entitled to €1,000 of fee income every year, plus gross expense reimbursement to fund the ongoing expenses of the Company.

7. ADMINISTRATIVE EXPENSES

	Financial Year Ended 31 December 2023	Financial Year Ended 31 December 2022
	€	€
Corporate service provider	26,313	22,500
Director fees	10,000	10,000
Audit and tax fees	18,635	18,573
Other fees	191,982	198,361
	<u>246,930</u>	<u>249,434</u>

8. INTEREST EXPENSE ON DEBT SECURITIES ISSUED

	Financial Year Ended 31 December 2023	Financial Year Ended 31 December 2022
	€	€
Interest expense	12,991,968	8,334,382
	<u>12,991,968</u>	<u>8,334,382</u>

9. EMPLOYEES AND REMUNERATION

The Company has no employees. Administration services are provided under a service level agreement with Marsh Management Services (Dublin) Limited.

LION III RE DAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	Financial Year Ended 31 December 2023	Financial Year Ended 31 December 2022
The profit on ordinary activities before taxation is arrived at after charging:	€	€
Audit of individual accounts (ex. VAT)	13,500	12,500
Taxation compliance services (ex. VAT)	2,950	2,600
	<u>16,450</u>	<u>15,100</u>
 Emoluments: Directors' Remuneration		
For services as Directors	<u>10,000</u>	<u>10,000</u>
 11. TAXATION ON ORDINARY ACTIVITIES	Financial Year Ended 31 December 2023	Financial Year Ended 31 December 2022
	€	€
Profit on ordinary activities before taxation	1,000	1,000
Corporation tax @ 25%		
Tax charge for the year	<u>250</u>	<u>250</u>
 12. LOANS AND RECEIVABLES	As at 31 December 2023	As at 31 December 2022
ERBD Notes	<u>200,622,500</u>	<u>201,037,500</u>

The Company has used the proceeds from the issue of the Variable Rate Notes to purchase EBRD Notes, which are deposited in the applicable collateral account. Following the purchase of the EBRD Notes and until one business day prior to the applicable redemption date, each collateral account is expected to contain only the applicable EBRD Notes unless such EBRD Notes are redeemed early. When the EBRD Notes are redeemed, the cash proceeds of such redemption will be deposited in the applicable collateral account and may be invested in the applicable Money Market Funds. The EBRD notes accrue interest based on 3 Month EURIBOR with a maturity date of 16 July 2025.

LION III RE DAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. LOANS AND RECEIVABLES (continued)	As at 31 December 2023	As at 31 December 2022
	€	€
Balance at the beginning of the year	201,037,500	201,452,500
Amortisation of EBRD premium	(415,000)	(415,000)
Amortised cost at end of the year	<u>200,622,500</u>	<u>201,037,500</u>

The financial assets are collateral for the Notes in issue of the Company. In the event there is no claim during any annual risk period any funds made available through their disposal will be used to repay the principal and accrued interest of the Notes. In the event of a claim the reinsured will take priority over the noteholders with regards payment of the redemption of the collateral for the Notes.

13. CASH AND CASH EQUIVALENTS	As at 31 December 2023	As at 31 December 2022
	€	€
Cash held at BNY Mellon	2,351,117	893,968
Balance at bank	<u>2,351,117</u>	<u>893,968</u>

14. PREMIUM RECEIVABLE	As at 31 December 2023	As at 31 December 2022
	€	€
Premium receivable	2,059,556	1,995,833
Total premium receivable	<u>2,059,556</u>	<u>1,995,833</u>

15. OTHER RECEIVABLES & PREPAYMENTS	As at 31 December 2023	As at 31 December 2022
	€	€
Fee income receivable	3,000	2,000
Prepayments	5,007	3,476
Tax Recoverable	-	52
Total other receivables and prepayments	<u>8,007</u>	<u>5,528</u>

16. INTEREST INCOME RECEIVABLE	As at 31 December 2023	As at 31 December 2022
	€	€
Interest income receivable	1,762,261	567,993
Total interest income receivable	<u>1,762,261</u>	<u>567,993</u>

LION III RE DAC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CALLED UP SHARE CAPITAL (PRESENTED AS EQUITY)	As at 31 December 2023	As at 31 December 2022
	€	€
Authorised		
5,000 ordinary shares of €1.00 each	5,000	5,000
Allotted and called up and fully paid share capital		
2 ordinary shares of €1.00 each	2	2
18. INTEREST PAYABLE TO NOTE HOLDERS	As at 31 December 2023	As at 31 December 2022
	€	€
Interest payable to note holders	3,477,650	2,185,104
Total interest payable to note holders	3,477,650	2,185,104
19. DEBT SECURITIES ISSUED	As at 31 December 2023	As at 31 December 2022
	€	€
Principle At-Risk Variable Rate Notes maturing 16 July 2025	200,000,000	200,000,000
	200,000,000	200,000,000

Due to the limited recourse nature of the Variable Rate Notes, the repayment of the principal and accrued interest of the notes is dependent upon funds being available to meet such liabilities as they fall due. If the Company has insufficient funds available for the purpose of redeeming the principal outstanding on any class of notes in full or interest thereon, such amounts shall not be payable to the Noteholders - see Note 21.

Note interest is equal to the risk premium received plus permitted investment yield.

20. OTHER ACCRUALS AND DEFERRED INCOME	As at 31 December 2023	As at 31 December 2022
	€	€
Deferred income relating to EBRD note premium	622,500	1,037,500
Deferred income from Sponsor for operating expenses	650,955	848,224
Repayable to Sponsor – repayment of EBRD note premium	1,660,000	-
Accrued expenses	45,917	49,770
	2,979,372	1,935,494

During the year, the Company received a net payment of €50,000 (2022: €650,000) from Assicurazioni Generali S.p.A. to fund the operating costs of the Company in accordance with the Reinsurance Agreement in place.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Strategy in using financial instruments**

As stated in the Report of the Directors, the principal activity of the Company is limited to placing risks associated with earthquakes across Italy (including Vatican City and San Marino Republic), or a European windstorm event across Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France (excluding Departements, Regions, Collectivites and Pays d'Outre-mer), Germany, Hungary, Ireland, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, The Netherlands (excluding Aruba and the Netherlands Antilles), Norway, Poland, Slovakia, Slovenia, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (excluding overseas territories but including the Isle of Man and Channel Islands). Risk is assumed by the Company under a Reinsurance Agreement with Assicurazioni Generali S.p.A. for the period 29 June 2021 until 28 June 2025. The Company has issued Variable Rate Notes in order to obtain funds to support its obligations under the Reinsurance Agreement to make certain payments to Assicurazioni Generali S.p.A.

The financial liabilities provided the funding to purchase the Company's investment in loans and receivables. Financial assets and liabilities represent the majority of the assets and liabilities of the Company. The Company has purchased EBRD Notes as a means of investing the proceeds of the Variable Rate Notes issued.

The strategies used by the Company in achieving its objectives regarding the use of its loans and receivables and financial liabilities were set when the Company entered into the transactions. The Company has attempted to match the properties of its financial liabilities to its assets to avoid the risk generated by mismatches of investment performance against its obligations.

The key risks of the Company are set out in the offering circular, offering circular supplement and transaction documents entered into on or around 25 June 2021. The financial risks the Company is exposed to include market risk (interest rate risk and currency risk), event risk, credit risk and liquidity risk. All of the risk of the Company is ultimately borne by the Noteholders. The Directors seek to assess, monitor and manage any potential adverse risks on the Company's financial performance by appropriate methods as discussed below.

Interest rate risk

Interest rate risk is the risk that fair value of the future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company primarily finances its operations through the issue of Variable Rate Notes upon which interest is payable. The Company receives income under the Reinsurance Agreement and EBRD Notes sufficient to cover interest due on the loan notes. Accordingly, the Directors believe that the Company is not exposed to interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's material assets and liabilities are denominated in Euro. Consequently, the Directors believe that there is no material currency risk to the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**Event risk**

The Company has issued Variable Rate Notes in order to obtain funds to support its obligations under the Reinsurance Agreement to make certain payments to Assicurazioni Generali S.p.A. As a result of the Reinsurance Agreement the Company and holders of the Notes issued by the Company are at risk in the event that an earthquake across Italy (including Vatican City and San Marino Republic), or a European windstorm event across Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France (excluding Departements, Regions, Collectivites and Pays d'Outre-mer), Germany, Hungary, Ireland, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, The Netherlands (excluding Aruba and the Netherlands Antilles), Norway, Poland, Slovakia, Slovenia, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (excluding overseas territories but including the Isle of Man and Channel Islands) which occurs during the risk period, has a model loss exceeding the event attachment points or the event reset attachment points. The Company will be required to make payments to Assicurazioni Generali S.p.A., in the event that a European windstorm and Italian earthquake that has a loss as set forth in a Notice of Loss Payment exceeding the Event Attachment Level or the Event Reset Attachment Level.

If during certain measurement periods for the Notes there is one or more trigger events resulting in principal reductions with respect to the notes, investors in the Notes could lose all or a portion of their investment. The total Variable Rate Notes in issue at 31 December 2023 was €200,000,000 (2022: €200,000,000) (Note 19).

No trigger events occurred during the year.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. At the balance sheet date, financial assets exposed to credit risk include cash at bank, premium receivable and loans and receivables. These assets are detailed in Notes 12, 13 and 14. It is the opinion of the Company that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

Credit rating of Counterparties

Asset	Counterparty	2023 Rating (Moody's)	2022 Rating (Moody's)
Loans and receivables	EBRD	Aaa	Aaa
Cash at bank	Bank of New York Mellon	Aa2	Aa2
Premium Receivable	Assicurazioni Generali S.p.A.	A3	A3

The Company's exposure and the credit ratings of its counterparties are regularly monitored by the Board. No financial assets are past due, nor impaired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. All substantial risks and rewards associated with the Company's financial assets and liabilities are ultimately borne by the Noteholders.

The Company's obligations under the Notes are matched with the receipts of accrued interest and proceeds from the redemption of financial assets. The table below discloses the undiscounted contractual cash flows of the financial liabilities.

Financial liabilities	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2023	€	€	€	€	€	€
Interest payable to noteholders	3,477,650	-	-	-	-	3,477,650
Unearned premium	344,167	-	-	-	-	344,167
Accrued expenses	-	45,917	-	-	-	45,917
Debt securities issued	688,333	1,376,667	6,195,000	204,497,111	-	212,757,111
	<u>4,510,150</u>	<u>1,422,584</u>	<u>6,195,000</u>	<u>204,497,111</u>	<u>-</u>	<u>216,624,845</u>

Financial liabilities	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2022	€	€	€	€	€	€
Interest payable to noteholders	2,185,104	-	-	-	-	2,185,104
Unearned premium	378,722	-	-	-	-	378,722
Accrued expenses	49,769	-	-	-	-	49,769
Debt securities issued	668,333	1,336,667	6,015,000	212,386,444	-	220,406,444
	<u>3,281,928</u>	<u>1,336,667</u>	<u>6,015,000</u>	<u>212,386,444</u>	<u>-</u>	<u>223,020,039</u>

Variable Rate Notes

The Company's only sources of funds for repayment of the Outstanding Principal Amount of the Variable Rate Notes will be: (i) the principal amount of the EBRD Notes in the applicable Collateral Account, if any; and (ii) the net proceeds of the liquidation of any applicable Money Market Funds (net of any applicable withholding taxes and fees) in respect of the Negative Index Payments which have been invested therein (if any) and if an EBRD Put Event occurs which results in a redemption of the applicable EBRD Notes, in which case unless such EBRD Put Event has occurred prior to the Payment Date immediately prior to the applicable Redemption Date, the net proceeds of the liquidation of any Money Market Funds (net of any applicable withholding).

Payment of the Outstanding Principal Amount of the Notes is effectively subordinated to the obligations of the Company to the Ceding Insurer under the Reinsurance Agreement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's sole sources of funds for payment of interest on the Notes will be: (i) the Periodic Payments received from the Ceding Insurer under the applicable Reinsurance Agreement relating to the payment of interest to the holders of the Notes; and (ii) the applicable Permitted Investment Yield, if any. The Permitted Investment Yield is an amount equal to the actual investment earnings on the amounts invested in the Permitted Investments which have not been previously distributed.

In the event of the failure of the Ceding Insurer to make Periodic Payments when due under the applicable Reinsurance Agreement, the Company would likely be unable to make full payment of interest on the Outstanding Principal Amount of the Notes.

22. ULTIMATE PARENT UNDERTAKING

The ultimate controlling party is Walkers Ireland Shareholding Services Limited, who hold all the shares of the Company in trust.

23. RELATED PARTY TRANSACTIONS

The Company's related parties are the Administrator and the Directors.

During the year the Company incurred fees relating to the management services provided by Marsh Management Services (Dublin) amounting to €26,313 (2022: €22,500). Outstanding fees at year end amounted to €12,500 (2022: €11,342). John Hetherington is an employee of Marsh Management Services (Dublin) Limited. Mr. Hetherington did not receive any remuneration in respect to his Directorship. Director remuneration is disclosed in Note 10.

24. CAPITAL MANAGEMENT

The Company is not subject to externally imposed capital requirements. The Company was initially financed by €2 equity. Any subsequent transactions entered into by the Company are designed to enable the Company to pay its liabilities as they fall due.

25. CONTINGENT LIABILITIES AND COMMITMENTS

There are neither contingent liabilities nor commitments as at 31 December 2023.

26. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events subsequent to year end that would require adjustment or disclosure in the financial statements.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 3 April 2024.