AXA MPS Financial DAC

Directors’ report and financial statements

Year ended 31 December 2023

Registered number: 293822

AXA MPS Financial DAC

Directors’ report and financial statements
For the year ended 31 December 2023

Contents	*Page(s)*

AXA MPS Financial DAC

Directors and other information

For the year ended 31 December 2023

Directors	D. Leroux, Chairman and Non-Executive Director (France) N. Guinan, CEO and Executive Director J. Finnegan, Independent Non-Executive Director R. Commons, Independent Non-Executive Director S. Freschi, Non-Executive Director (Italy) L Mannucci Non-Executive Director (Italy) S Piscuoglio Non-Executive Director (Italy)
Registered office	33 Sir John Rogerson's Quay Dublin 2 Ireland
Secretary	Tudor Trust Limited 33 Sir John Rogerson's Quay Dublin 2 Ireland
Independent Auditors	PricewaterhouseCoopers Chartered Accountants and Registered Auditors One Spencer Dock North Wall Quay Dublin 1 Ireland
Bankers	Allied Irish Banks plc 7/12 Dame Street Dublin 2 Ireland Banca Monte dei Paschi di Siena Member of MPS Banking Group 23100 Siena Italy
Solicitors	Dillon Eustace 33 Sir John Rogerson's Quay Dublin 2 Ireland
Service provider	FNZ Ireland Limited (formerly Irish Progressive Services International Limited) Block C Irish Life Centre Lower Abbey Street Dublin 1 Ireland

AXA MPS Financial DAC

Directors and other information

For the year ended 31 December 2023

Investment managers	AllianceBernstein (Luxembourg) S.àr.l Abrdn Investments Luxembourg SA Allianz Global Investors GmbH Amundi Asset Management SAS Anima Asset Management Ltd Anima SGR SpA AXA Investment Managers Baillie Gifford Investment Management Europe Ltd Barings International Fund Managers Ireland Ltd BlackRock Asset Management BlueBay Funds Management BNP Paribas Asset Management BNY Mellon Investment Management Candriam Luxembourg Comgest Asset Management International Ltd CPR Asset Management SA/France DWS Investment SA Eleva Capital SAS Epsilon Associati Sgr SpA FIL Investment Management Luxembourg SA First Sentier Investors Franklin Templeton International Services Sarl Fulcrum Asset Management Ltd Generali Investments Luxembourg SA Goldman Sachs Asset Management Hermes Fund Managers Ireland Limited HSBC Investment Funds Luxembourg SA INVESCO Management SA Janus Henderson Investors Europe SA JPMorgan Asset Management Jupiter Asset Management LGIM Managers Europe Ltd M&G Investment Management Ltd. Man Asset Management (Ireland) Limited Matthews International Capital Management, LLC MFS Investment Management Morgan Stanley Investment Management ACD Ltd Natixis Investment Managers SA Neuberger Berman Europe Ltd NN Investment Partners Nordea Investment Management PGIM Investments Pictet Asset Management Europe SA PIMCO Global Advisors Ireland Ltd PineBridge Investments Europe Ltd Robeco Institutional Asset Management Schroder Investment Management Europe SA State Street Global Advisors Ltd Threadneedle Management Luxembourg SA TT International Investment Management LLP UBP Asset Management (Europe) S.A. UBS Fund Management Luxembourg SA Vanguard Group Ireland Ltd Vontobel Asset Management SA

The Directors present their annual report and the audited financial statements for AXA MPS Financial DAC ("the Company") for the year ended 31 December 2023.

Going Concern

The directors have a reasonable expectation that the Company will continue in operational existence for twelve months from the date of approval of these financial statements ('the year of assessment') and have prepared the financial statements on a going concern basis.

In making this assessment the directors considered:

1. the Company's capital and solvency position, including the stress testing scenarios carried out as part of the Own Solvency and Risk Assessment ("ORSA") process,
2. the impact of Russia Ukraine conflict on investment exposures, and operations,
3. liquidity, and
4. the financial condition of the Company's distribution partner.

Principal activities, business review and future developments

The Company is authorised in Ireland to transact life assurance business in the European Union ("EU") under the Solvency II Directive (2009/138/EC) as introduced into domestic Irish legislation by the European Union (Insurance and Reinsurance) Regulations 2015, effective 1 January 2016 (previously authorised under the European Union Third Life Directive as introduced into domestic Irish legislation by the European Communities (Life Assurance) Framework Regulations, 1994).

The Company's business to date has mainly been the sale of single premium investment products in Italy through a distribution network of banking intermediaries.

During 2023, the Company wrote gross written premium of €759 million (2022: €962 million), a decrease of 21%.

Total outflows for the year amounted to €1,457 million (2022: €1,315 million), an increase of 11%.

Total policyholder assets under management at end of 2023 amounted to €6,815 million (2022: €7,050 million), a decrease of €235 million. Net equity for 2023 is €128 million (2022: €135 million).

The Company generated a profit after tax of €28.5 million (2022: €35.2 million).

Note 21 to the financial statements confirms that the Company has a satisfactory surplus over regulatory Solvency II capital requirements at the year end.

During 2023 the Company's product offering faced strong competition from products offering competitive interest rate returns and competition from non-insurance mutual fund providers. The Company continues to offer products that meets customers' needs. Personal Style represented 33% of total gross written premium, sales for 2023 (2022 51%) and Progetto Protetto sales contributed to 51% (2022 38%). The Directors are satisfied that the Company is well placed to continue product innovation and providing savings and investment life products relevant to a diverse customer market into the future.

Financial Risk Management Objectives

The Directors play an active role in the development of the Company through the ongoing review and oversight of budgets and performance. It is the Company's objective to achieve a satisfactory level of profitability for its shareholder whilst taking into account statutory, financial, fiscal and regulatory requirements and to meet policyholders' reasonable expectations. At each Board meeting, the Directors are provided with key financial performance indicators and a margin variance analysis against budget to inform them of the main profit drivers. The Company continues to meet policyholder needs by way of delivering a range of products to meet their requirements and this is reflected in the sales mix for 2023.

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

These risks are described below together with the risk management approaches adopted by the Company. Ultimate responsibility for the Company's risk management rests with the Board, supported by the operation of a number of committees that meet on a regular basis to review and monitor the Company's risk exposures. A number of policy statements have been prepared and approved by the Directors which set out parameters and limitations to manage and limit financial risks.

The Company has not substantially changed the approaches adopted to manage its financial risks from the previous accounting year.

The Company's approach to financial risk and capital management is set out in greater detail in note 22.

Corporate governance

The Board continues to develop the corporate governance framework in line with best practice, guidance provided by immediate and ultimate parent companies, and the corporate governance code issued by the Central Bank of Ireland. The Company continues to be rated a Medium Low entity according to the Central Bank of Ireland PRISM rating guide and the Company is satisfied it is in compliance with the standards expected of a company with this rating. The Board is aware of the critical need for effective corporate governance, risk management and internal controls to guide the Company's business practices and activities, thereby promoting compliance with all laws and regulations and safeguarding the Company's reputation.

The Company has a well-established Board Audit Committee, a Board Investment Committee, a Board Risk Committee all of which aim to meet at least 4 times each year. A Board Remuneration Committee is also well established. The charters for these committees are reviewed annually and the committees report back to the Board on all issues noted to and raised by them.

Key performance indicators

The Company tracks, on a quarterly basis, certain Key Performance Indicators (KPIs). These are shown below in €'000s.

Gross written premiums	€759m	(2022:	€962m)
TOCF*	(€698)m	(2022:	(€353)m)
Profit after tax	€28.5m	(2022:	€35.2m)

*Technical Operating Cash Flow (written premiums minus redemptions)

Results for the year and state of affairs at 31 December 2023

The results for the year are set out on pages 16 and 17. The Company's balance sheet is set out on pages 18 and 19.

Dividends

The Directors propose a dividend in respect of 2023 of €26 million (2022: €35 million - paid in May 2023).

Directors

The following Directors served during the year:

Damien Leroux, Chairman and Non-Executive Director
Neil Guinan, CEO and Executive Director
Michele Spagnuolo - Non-Executive Director (retired 31.12.2023)
Andrea Gavioli, Non-Executive Director (resigned 01.09.2023)
Simone Freschi, Non-Executive Director
Maurizio Pecora, Non-Executive Director (resigned 13.04.2023)
John Finnegan, Independent Non-Executive Director
Rosemary Commons, Independent Non-Executive Director

The following Directors did not serve during the financial year, but were appointed during 2024:

Luca Mannucci, Non-Executive Director (appointed 26.01.2024)
Salvatore Piscuoglio, Non-Executive Director (appointed 26.01.2024)

Directors' and secretary's and interests

The Directors and secretary who held office at 31 December 2023 had no interests in the shares in, or debentures or loan stock of, the Company or any other group company which require disclosure under Section 260 of the Companies Act, 2014.

Accounting records

The Directors are satisfied that they have complied with the requirements of Section 281 to Section 285 of the Companies Act, 2014 with regard to keeping accounting records by employing a service provider and personnel within the Company with appropriate expertise and by providing adequate resources to the financial function and maintenance of computerised accounting systems. The accounting records of the Company are maintained at the premises of its service provider, FNZ Ireland Limited (formerly Irish Progressive Services International Limited), Block C, Irish Life Centre, Lower Abbey Street, Dublin 1, Ireland.

Political donations

The Company made no political donations during the year (2022: Nil).

Climate change

While the Company is not directly exposed to climate risk due to the nature of business written, there is a second order impact on how policyholders choose to invest and therefore it is important to ensure that the fund range over time evolves to meet changing needs. "Inclusion and sustainability" is one of the pillars of the Company's strategic plan, which envisages growth of environmental, social and governance (ESG) assets and other green initiatives. Potential impacts of climate change are assessed through the operational risk process, such as impact of flooding.

Climate change *(continued)*

Over time it is expected that client behaviour will gradually change towards opting for funds adhering to ESG considerations. Fund managers within the Company's fund range have policies in place outlining the ESG considerations they must take into account in selecting assets in which to invest, so as to address the expected changing client demand as a result of climate change factors and other social and governance considerations. The Company has also introduced some funds specifically branded ESG, which have a particularly strong ESG approach, and it is expected that the range of ESG focused funds on offer will continue to increase over time.

AXA MPS Financial DAC is a subsidiary of AXA S.A. and as such plays a full part in AXA Initiatives in respect to Sustainability, Climate Change and ESG Integration. For a full understanding of these initiatives please refer to the AXA S.A. Annual Report for 2023 (also titled Universal Registration Document 2023). There is a section on Sustainability (pages 143-234) with a subsection dedicated to "Climate Change and Biodiversity Loss" on pages 165-190. This document is freely available online.

Directors' compliance statement

Section 225[1] of the Companies Act 2014 (the "Act") requires the Directors of AXA MPS Financial DAC ("AMF" or the "Company") to make an annual compliance statement in the Directors' report, which forms part of the Company's statutory financial statements.

The directors confirm that they have:

1. drawn up a compliance policy statement setting out the Company's policies respecting compliance by the company with its relevant obligations;
2. put in place appropriate arrangements or structures that are designed to secure material compliance with the Company's relevant obligations;
3. conducted a review, during the financial year ended 31 December 2023, of the arrangements and structures, referred to above.

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

1. as far as he/she is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
2. he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Events after the reporting period

There have been no significant events affecting the Company since the year end which require amendment to the 2023 Financial Statements.

Significant business developments or other events

The Russian invasion of Ukraine in 2022 was a significant disruptor of investment markets and consumer confidence, as well as a driver of higher levels of inflation than had been experienced for quite some time.

The Company continues to monitor exposures to our business, including the macroeconomic environment and the operational impacts.

Independent Auditors

As a result of a change in auditor at AXA Group, the Independent Auditors, PricewaterhouseCoopers, will be resigning from office in accordance with section 400 of the Companies Act 2014. The Board has undertaken a formal tender process and a successor auditor has been identified. A resolution will be proposed at the Annual General Meeting to appoint the succeeding auditors.

Neil Guinan

Neil Guinan

Director

John Finnegan

Director

26 March 2024

AXA MPS Financial DAC

Directors' responsibilities statement

For the year ended 31 December 2023

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year. Under Irish company law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102: Financial Reporting Standards Applicable in the U.K. and Republic of Ireland ("FRS 102") and FRS 103 Insurance Contracts ("FRS 103").

Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and 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 that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Neil Guinan

Neil Guinan

Director

John Finnegan

Director

26 March 2024

Independent auditors' report to the members of AXA MPS Financial DAC

Report on the audit of the financial statements

Opinion

In our opinion, AXA MPS Financial DAC's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' report and financial statements, which comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

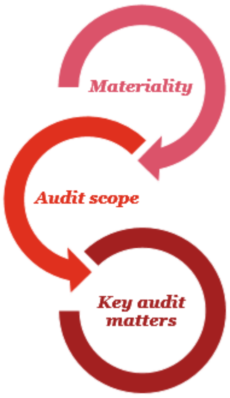
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the company.

Other than those disclosed in note 8 to the financial statements, we have provided no non-audit services to the company in the period from 1 January 2023 to 31 December 2023.

Our audit approach

Overview



Overall materiality

- €10,223,217 (2022: €10,715,379)
- Equates to circa 0.15% of Investments for the benefit of life assurance policyholders who bear the investment risk.

Performance materiality

- €7,667,413 (2022: €8,036,534)

Audit scope

- We performed a full scope audit of the company's financial statements based on materiality levels.

Key audit matters

- Existence and valuation of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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 auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Existence and valuation of investments *Refer to note 1, note 12, note 13 and note 22 to the financial statements.* The investments included in the balance sheet of the company at 31 December 2023 are held in the company's name and are valued at fair value in line with FRS 102. These assets comprise primarily government bonds and unit trusts. We focused on this area because it represents the principal element of the financial statements.	We tested the design and operating effectiveness of selected processes and controls relating to financial assets custody and valuation. We obtained independent confirmation from the custodians of nominal assets holdings at 31 December 2023, agreeing the amounts held to the accounting records, on a sample basis. We tested the valuation of the investment portfolio by agreeing the valuation of investments to independent sources, on a sample basis. No matters were noted as a result of performing these procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

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 in aggregate 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	€10,223,217 (2022: €10,715,379).
How we determined it	circa 0.15% of Investments for the benefit of life assurance policyholders who bear the investment risk.
Rationale for benchmark applied	Given the unit linked nature of the company, Investments for the benefit of life assurance policyholders who bear the investment risk is considered an appropriate benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €7,667,413.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €511,161 (2022: €535,769) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

In accordance with guidance on the audit of insurers issued by the Financial Reporting Council, which is generally accepted in Ireland, we have applied a higher materiality threshold of €68,149,100 solely for the purpose of identifying and evaluating the effect of misstatements that are likely only to lead to a reclassification between line items within assets and liabilities.

Conclusions relating to going concern

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

- obtaining management's going concern assessment for the going concern period which covers a year from the date of approval of the financial statements;
- obtaining an understanding of and considering the company's capital position and plans for the period of the assessment;
- evaluation of the company's liquidity position; and
- evaluation of the company's forecast capital positions over the going concern period.

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 on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Directors' report and financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Irish insurance laws and regulations and in particular the Solvency II Regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Audit committee, management and internal audit, including consideration of whether there are known or suspected instances of non-compliance with laws and regulations and fraud;
- Inspecting relevant correspondence with the Central Bank of Ireland ('CBI'), including those in relation to compliance with laws and regulations;
- Reading relevant meeting minutes including those of the Board of Directors and Audit Committee;
- Challenging assumptions made by management in accounting estimates and judgements;
- Identifying and testing journal entries based on risk criteria; and
- Designing audit procedures to incorporate unpredictability in our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

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

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 2 November 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2016 to 31 December 2023.

Shane McDonald
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

5 April 2024

AXA MPS Financial DAC

Technical profit and loss account life insurance

for the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Gross premiums written		-	-
Outward reinsurance premiums		-	-
Change in the gross provision for unearned premiums		-	-
Earned premiums, net of reinsurance		**-**	**-**
Investment return for assets held to cover linked liabilities		-	-
Investment performance of shareholder assets	*5*	3,059	(844)
Investment income		**3,059**	**(844)**
Unrealised gain on investment		-	-
Other technical income, net of reinsurance	*4*	127,742	140,574
Claims paid - insurance contracts		-	-
Change in technical provisions for insurance liabilities		-	-
Change in investment liabilities		-	-
Claims incurred, net of reinsurance		**-**	**-**
Change in deferred acquisition costs	*15*	(17,414)	(16,486)
Administration expenses	*7*	(19,654)	(16,254)
Net operating expenses		**(37,068)**	**(32,740)**
Investment return for assets held to cover linked liabilities	*3*	(6,850)	(10,018)
Value adjustments on investments		-	-
Losses on the realisation of investments		-	-
Investment expenses and charges		**(6,850)**	**(10,018)**
Unrealised losses on investments		-	-
Other technical charges, net of reinsurance	*6*	(50,442)	(55,573)
Tax attributable to the life assurance business		-	-
Balance on the technical account for life insurance business		**36,441**	**41,399**

All profits were generated by continuing activities.

The accompanying notes form an integral part of these financial statements.

AXA MPS Financial DAC

Non-technical profit and loss account life insurance
for the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Balance on the technical account for life insurance business		**36,441**	**41,399**
Value adjustment on investments		-	-
Fee and commission income		-	-
Investment income		**-**	-
Investment management expenses		(3,441)	(1,158)
Value adjustment on investments		-	-
Fee and commission expenses		-	-
Investment expenses and charges		**(3,441)**	**(1,158)**
Profit before tax		**33,000**	**40,241**
Taxation	*11*	(4,506)	(5,062)
Profit for the year		**28,494**	**35,179**

All profits were generated by continuing activities.

The accompanying notes form an integral part of these financial statements.

AXA MPS Financial DAC

Balance sheet
As at 31 December 2023

		2023	2022
		€'000	**€'000**
Investments			
Shareholder financial assets	*12*	63,092	46,818
Investments for the benefit of life assurance policyholders who bear the investment risk	*13*	6,814,910	7,050,028
		6,878,002	**7,096,846**
Debtors			
Other Debtors	*16*	52,364	48,526
		52,364	**48,526**
Other assets			
Deferred acquisition costs	*15*	79,264	96,678
Cash at bank and in hand	*14*	77,679	63,416
		156,943	**160,095**
Total assets		**7,087,309**	**7,305,466**

The accompanying notes form an integral part of these financial statements.

On behalf of the board

Neil Guinan

Neil Guinan
Director

John Finnegan
Director

26 March 2024

AXA MPS Financial DAC

Balance sheet
As at 31 December 2023

		2023	2022
		€'000	**€'000**
Capital and reserves			
Called up share capital	*17*	635	635
Profit or loss account		127,504	134,010
Shareholder's funds		**128,139**	**134,645**
Technical provisions			
Investment contract technical provisions	*18*	6,831,846	7,072,126
		6,831,846	**7,072,126**
Other provisions			
Provision for Italian tax		7,245	8,561
		7,245	**8,561**
Creditors: amounts falling due within one year			
Creditors arising out of direct insurance operations	*19*	97,299	68,875
Other creditors including tax and social welfare	*20*	22,780	21,259
		120,079	**90,134**
Total liabilities and shareholders' equity		**7,087,309**	**7,305,466**

The accompanying notes form an integral part of these financial statements.

On behalf of the board

Neil Guinan

Neil Guinan
Director

John Finnegan
Director

26 March 2024

AXA MPS Financial DAC

Statement of changes in equity

For the year ended 31 December 2023

	Issued capital €'000	Retained earnings €'000	Available for sale reserve €'000	Total equity €'000
At 1 January 2023	**635**	**134,010**	**-**	**134,645**
Profit for the year	-	28,494	-	28,494
Other comprehensive loss	-	-	-	-
Total recognised gains for the financial year	**-**	**28,494**	**-**	**28,494**
Dividends paid	-	(35,000)	-	(35,000)
As at 31 December 2023	**635**	**127,504**	**-**	**128,139**
As at 31 December 2021	**635**	**137,808**	**1,175**	**139,618**
Changes on transition to FRS 102/103		**1,023**	**(1,175)**	**(152)**
At 1 January 2022	**635**	**138,831**	**-**	**139,466**
Profit for the year	-	35,179	-	35,179
Other comprehensive loss				-
Total recognised gains for the financial year	**-**	**35,179**	**-**	**35,179**
Dividends paid	-	(40,000)	-	(40,000)
As at 31 December 2022	**635**	**134,010**	**-**	**134,645**

The accompanying notes form an integral part of these financial statements.

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102: Financial Reporting Standards Applicable in the U.K. and Republic of Ireland ("FRS 102") and FRS 103 Insurance Contracts ("FRS 103") as issued by the Financial Reporting Council and with the Companies Act 2014.

The Company has adopted FRS 102 & 103 from 1 January 2023. The prior year financial statements were prepared in conformity with International Financial Reporting Standards ("IFRS") as adopted by the EU therefore the prior financial year financial statements were restated for material adjustments on adoption of FRS 102 & 103 in the current financial year, for more information see explanation below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemption in relation to presentation of a cash flow statement in its separate financial statements.

Equivalent disclosures have been given in the group financial statements of AXA SA which are available to the public and can be obtained as set out in note 22.

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. See note 23, accounting estimates and judgement in the notes to the financial statements.

The financial statements have been prepared on a going concern basis. The directors have a reasonable expectation that the Company will continue in operational existence for twelve months from the date of approval of these financial statements ('the year of assessment') and have prepared the financial statements on a going concern basis.

In making this assessment the directors considered:

- the Company's capital and solvency position, including the stress testing scenarios carried out as part of the Own Solvency and Risk Assessment ("ORSA") process,
- liquidity, and
- the financial condition of the Company's distribution partner.

1 Accounting policies *(continued)*

Explanation of transition to FRS 102/103

The last financial statements issued were prepared in accordance with IFRS and were for the year ended 31 December 2022. The Company transitioned to FRS 102 & 103 on 1 January 2023. As a consequence of adopting FRS 102 & 103 a number of accounting policies have changed to comply with that standard:

- The Company has elected to apply IFRS 9 on adoption of FRS 102, replacing IAS 39 “Financial Instruments: Recognition and Measurement”, being the accounting policy previously applied under IFRS. IFRS 9 contains guidance on the classification, recognition. measurement and derecognition of financial instruments, including a new expected credit loss model for impairing financial assets and general hedge accounting requirements. As from the date of initial application, a distinction is made when classifying financial assets between equity and debt instruments; in the case of the latter, this is based on the business models used to manage the asset and on the contractual cash flows. If the cash flows are solely payments of principal and interest (“SPPI test”), debt instruments are measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss, depending on the business model concerned. Equity instruments and derivatives are measured at fair value through profit or loss. For further information on IFRS 9 accounting policies refer to page 26.
- On transition to FRS 103, the Company has elected to unbundle insurance contracts to separate deposit components, as allowed for under FRS 103 Section 2 (“Section 2”). This states that unbundling is permitted if the Company can measure the rights and obligations arising from the deposit component separately from the insurance component and its accounting policies do not prohibit separate measurement. The Company has previously unbundled insurance and deposit components and is therefore able to separately measure the deposit components. FRS 102 Section 11 and 12 will be applied to the deposit components and in accordance with the Company’s accounting policy choices, the Company has elected to apply the recognition and measurement requirements of IFRS 9 to such components. After unbundling, the remaining insurance components are immaterial and are included in Investment contract technical provisions on the balance sheet.
- The Company adopted FRS 102 Section 20 (“Section 20”) Leases on adoption of FRS 102, replacing IFRS 16 Leases being the accounting policy previously applied under IFRS. On adoption of Section 20 the Company classified the lease as an operating lease and derecognised the right-of-use asset and lease liability previously recognised under IFRS 16. Under Section 20, lease payments made are recognised in the profit and loss account on a straight-line basis even if the payments are not made on such a basis.
- On transition to FRS 102 the Company will adopt Section 29 Income tax (“Section 29”). Section 29 is based on a 'timing differences plus' approach rather than the 'temporary differences' approach of IAS 12 Income Tax. The effect is that deferred taxation is recognised when the entity has an obligation to pay more, or a right to pay less, tax at a future date based on amounts that have been recognised in the financial statements and/or tax computation.

1 Accounting policies *(continued)*

Reconciliation of equity

	At 31 December 2021 €'000
Equity reported under IFRS	139,617
Adjustments to equity on transition to FRS 102	
Adoption of IFRS 9*	-
Adoption of Section 20	(152)
Tax impact on transition to FRS 102	-
Equity reported under FRS 102	**139,465**

Reconciliation of profit or loss for 2022

	At 31 December 2022 €'000
Profit for the financial year under IFRS - 2022	36,270
Adjustments to profit on transition to FRS 102	
Adoption of IFRS 9	(1,248)
Adoption of Section 20	-
Tax impact on transition to FRS 102	157
Profit for the financial year under FRS 102	**35,179**

**Note that the reversal of the available for sale reserve had a net impact of nil on equity as it was reclassified to retained earnings on adoption of IFRS 9.*

1 Accounting policies *(continued)*

Currency

The financial statements are prepared in Euro (€) which is the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest thousand euro, unless otherwise stated.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value, are translated to euro at foreign exchange rates ruling at the date the fair value was determined.

Insurance and investment contracts - classification

Product classification
Contracts under which the Company 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 are classified as insurance contracts. Insurance contracts may also transfer some financial risk.

Investment contracts are those contracts that transfer a significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party or contract.

Contracts for which the Company is deemed to have a significant insurance risk are classified as insurance contracts by the Company. Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts.

A contract that qualifies as insurance remains an insurance contract until all risks and obligations are extinguished or expire. However, an investment contract, classified as such on inception, could subsequently be reclassified as an insurance contract if it meets the insurance definition provided above.

The Company unbundles and separately measure insurance and deposit components in contracts which contain both.

Investment contracts – recognition and measurement

Unit linked investment contracts have been classified as financial liabilities at fair value through profit and loss to eliminate an inconsistency that would otherwise arise between the valuation of assets and liabilities. Unit linked liabilities are valued with reference to the value of the underlying net asset value of the unitised investment funds at the balance sheet date.

The revenue arising from these contracts (initial management charges, surrender penalties and annual management charges) is recognised over the life of the contract and is recorded in the other technical income line. These are deducted from the policyholders' funds. Policyholder contract benefits charged to the profit and loss account include benefit claims incurred during the year in excess of policyholders' funds and interest credited to the policyholders' balance. Death claims paid are charged to administration expenses.

1 Accounting policies *(continued)*

Premiums / benefits paid

Premium written from and benefits paid to policyholders of investment contracts are accounted for as deposits received (or repaid) and are not included within premiums and claims in the profit and loss account.

Liability measurement

Liabilities related to unit linked contracts are held at fair value through the profit and loss account. A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit and loss account. Gains and losses arising from changes in the fair value of financial liabilities designated at fair value through the profit and loss account or loss are included in the profit and loss account in the year in which they arise.

Deferred acquisition costs

The costs directly associated with the acquisition of new insurance and investment contracts are deferred to the extent that they are expected to be recoverable out of future revenues to which they relate. Such costs are amortised through the profit and loss account over the year in which the reserves on the related contracts are expected to be earned, at a rate commensurate with those revenues.

Deferred acquisition costs are reviewed by category of business at the end of each financial year. Should the circumstances which justified the deferral of costs no longer apply, costs to the extent that they are believed irrecoverable are written off.

Investment income

The Company has designated all unit linked products and their associated investment and insurance contract liabilities at fair value through the profit and loss account. Investment income in the technical account comprises all investment income (including interest income for financial assets carried at amortised cost, using the effective interest rate method), realised investment gains and losses and movements in unrealised gains and losses supporting the insurance business.

Realised gains and losses on investments carried at fair value through profit and loss account are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price, if occurred during the year, or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current year.

Interest income

Interest income is recognised in the profit and loss account as it accrues using the effective interest method.

Dividend income

Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

1 Accounting policies *(continued)*

Financial instruments

As permissible under FRS 102, the Company has elected to adopt the recognition and measurement provisions of IFRS 9 Financial Instruments as adopted for use in the EU ("IFRS 9").

Classification and measurement

IFRS 9 uses a single approach to determine the measurement category for financial assets based on the business model in which those financial assets are held and on the characteristics of their contractual cash flows:

- a financial asset is measured at amortized cost if both (i) the asset is held within a business model whose objective is achieved by collecting contractual cash flows from the assets held, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI");
- if both (i) the asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets (which is the major business model for the Company's investments in debt instruments), and (ii) the contractual terms of cash flows are SPPI, the financial asset is measured at fair value through other comprehensive income ("FV OCI") and realized gains or losses are recycled through profit or loss upon sale;
- assets not fitting either of these categories are measured at fair value through profit or loss ("FV P&L").

In addition to the general classification guidance above, the Company uses the following classification options:

- optional FV P&L designation (Fair Value Option for financial assets). The Company applies this option for some financial assets that otherwise meet the requirements to be measured at amortized cost or at FV OCI, if doing so eliminates or significantly reduces an accounting mismatch in profit or loss.

The Company applies the fair value hierarchy as described in Note 22 for all assets and liabilities measured at fair value.

Loans which are not designated under the fair value option are accounted for at amortised cost using the effective interest rate method.

Financial liabilities, including notes payable and loans, are recognised at amortised cost where they do not relate to liabilities from derivatives. Interest accreted on these financial liabilities is reported in "Financing costs." Liabilities from derivatives are measured at fair value.

1 Accounting policies *(continued)*

Impairment of financial assets

The impairment applies to debt instruments, loans and trade debtors measured at amortized cost or at FV OCI and reflects Expected Credit Losses ("ECL") on those financial assets.

The Company measures ECL allowances at an amount equal to:

- 12-month ECL resulting from default events that are possible within the 12 months after the reporting date and recognized for financial instruments for which the credit risk has not increased significantly since initial recognition (it is also assumed that the credit risk has not increased significantly since initial recognition if the financial instrument has low credit risk at the reporting date); or
- lifetime ECL resulting from all possible default events over the expected life of the financial instrument and calculated for financial instruments for which there have been significant increases in credit risk since initial recognition, as well as for financial instruments for which a credit event has occurred since their initial recognition.

ECL for trade debtors that are within the scope of IFRS 9, typically outstanding for a relatively short period of time, are always measured at an amount equal to lifetime ECL.

Financial instruments for which 12-month ECL are recognized referred to as "Stage 1" financial instruments. Financial instruments for which lifetime ECL are recognized but for which no credit event has occurred are referred to as "Stage 2" financial instruments. Finally, financial instruments for which a credit event has occurred since their initial recognition are referred to as credit-impaired, or "Stage 3" financial instruments.

To perform the impairment stage allocation, at each reporting date, the Company assesses, for each financial instrument within the scope of the ECL calculation:

- whether the financial instrument has low credit risk;
- whether the credit risk on the financial instrument has increased significantly since initial recognition;
- whether the credit risk on the financial instrument previously classified in Stage 2 has improved since the previous reporting date; and
- whether a credit event (default) has occurred.

The approach used by the Company to perform the impairment stage allocation includes the following components:

- the quantitative assessment designed to detect, for all financial assets within the scope of the ECL calculation, significant increases and decreases in credit risk. This quantitative assessment is based on the Company's IFRS 9 rating which captures all relevant information, including forward-looking information, required to identify significant changes in credit risk since initial recognition based on fact and circumstances specific to the financial asset; and
- the qualitative assessment, based on expert judgment, performed to confirm transfers between Stage 1 and Stages 2 or 3 for material exposures within the scope derived from the quantitative assessment.

ECL is defined at each financial reporting date based on the key inputs which are the probability of the default, the magnitude of the potential credit loss after any potential recovery and the exposure to the risk of default determined as the financial instrument's gross carrying amount plus the accrued interests at the closing date.

The amount of ECL is updated at each reporting date to reflect changes in credit risk on the concerned financial instruments. Any increase in credit risk gives rise to an additional ECL allowance. Previously recognized ECL allowances are reversed when the corresponding credit risk improves. ECL allowances and reversals are recognized in profit or loss and, as a counterpart, affect:

1 Accounting policies *(continued)*

- for the financial instruments measured at amortized cost, their carrying value in the balance sheet;
- for the financial instruments measured at FV OCI, the amount of unrealized gains or losses on those instruments accumulated in the OCI.

Offsetting

Financial assets and liabilities are only offset and reported net if there is a legally enforceable right to do this and the Company intends either to settle such items on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Company does not use hedge accounting. The derivatives held where the risk is retained by the Company are options held for short periods of time as a result of policyholders' surrenders or held to maturity where investment risk is marginal and is in line with the Company's risk appetite statement. The Company also holds derivatives in respect of the dynamic hedging strategy for the Accumulator guarantee business and new tracker bonds issued since 1 November 2010.

With regard to the options held for short periods of time resulting from policyholders' surrenders of structured assets, the Company does not hold these for speculative purposes and sells the instrument back to the issuing company at the next available opportunity but may exercise its right to retain the asset until maturity where the risk of holding is minimal and is in line with the risk appetite statement of the Company. Other derivatives held are included in assets held on behalf of policyholders where all gains and losses on these derivatives are exactly matched by changes in the related liabilities to policyholders.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gains or losses on re-measurement are recognised immediately in the profit and loss account.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred. The Company makes a payment equal to between 5% and 15% of the gross income for each eligible employee's pension fund, the assets of which are vested in independent trustees for the benefit of employees and their dependants.

Life assurance

The Company makes a payment towards life assurance and permanent health insurance for all full-time staff. Contributions towards these plans are recognised as an expense in the profit and loss account.

Italian tax provision

Payments to the Italian Revenue as a result of the Company being a withholding tax agent are recognised as an asset. Italian taxes withheld on payments to policyholders are offset against this asset.

Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the carrying value is reduced to the estimated recoverable amount by means of a charge to the profit and loss account.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

1 Accounting policies *(continued)*

The amount of the cumulative loss that is recognised in the profit and loss account is the difference between the acquisition cost and the current recoverable amount, less any impairment loss on that financial asset previously recognised in the profit and loss account.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Cash at bank and in hand

Cash at bank and in hand comprises cash balances, call deposits and deposits of less than three months duration. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash at bank and in hand.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not provided for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted.

Trade debtors

Trade debtors are initially recognised at fair value and are stated at amortised cost less provision for impairment, which reflects the expected credit losses on the financial asset. The carrying amounts of trade debtors are reviewed at each balance sheet date to determine whether there is any additional indication of impairment. Trade debtors with short term duration are not discounted.

Dividend distributions

Dividends declared by the directors are recognised when approved.

2 Segmental analysis

The Company operated in one main business segment during the year, writing investment contracts in the European Union and specifically in Italy. All premiums relate to individual premium business where the policyholder bears the investment risk.

Total gross written premium is recognised as follows:

Segmental analysis

	2023	2022
	€'000	€'000
Insurance premium revenue	-	-
	-	**-**

3 Investment return for assets held to cover linked liabilities

	2023	2022
	€'000	€'000
Change in Investment Liabilities	122,921	1,327,522
Premiums received	758,658	962,076
Claims (paid)	(1,457,260)	(1,315,321)
Liability option value	25	133
Change in deferred income	5,856	9,066
Realised (loss) / gain on policyholder assets	(6,188)	66,255
Unrealised gain / (loss) on policyholder assets	569,138	(1,059,749)
	(6,850)	**(10,018)**

4 Other technical income, net of reinsurance

	2023	2022
	€'000	€'000
Management fees including initial margin	110,807	123,033
Coupon income	12,493	14,561
Rebate income	4,442	2,980
	127,742	**140,574**

Notes to the financial statements *(continued)*

For the year ended 31 December 2023

5 Investment performance of shareholder assets

	2023	2022
	€'000	€'000
Realised gain(loss) on shareholder assets	3,059	(844)
	3,059	**(844)**

6 Other technical charges, net of reinsurance

	2023	2022
	€'000	€'000
Commission expense – new	(17,713)	(21,162)
Commission expense – ongoing	(32,729)	(34,411)
	(50,442)	**(55,573)**

7 Administration expenses

	2023	2022
	€'000	€'000
General administration and office expenses	(14,564)	(14,065)
Professional fees (including auditors' remuneration) (note 8)	(5,090)	(2,189)
	(19,654)	**(16,254)**

8 Auditors' remuneration

Included in administration expenses is the remuneration paid and payable to the auditors, PricewaterhouseCoopers, for the audit of the statutory financial statements. Details are shown below together with fees paid in respect of other work and figures are exclusive of VAT.

	2023	2022
	€'000	€'000
Audit of statutory financial statements	(89)	(79)
Other assurance services	(43)	(40)
	(132)	**(119)**

9 Staff costs and numbers

Included in administration expenses is staff costs, shown below, which include remuneration paid to executive directors (Note 10):

	2023	2022
	€'000	€'000
Wages and salaries	(5,057)	(4,966)
Social security costs	(556)	(522)
Pension costs	(394)	(382)
	(6,007)	**(5,870)**

	2023	2022
	No.	No.
Average number of employees during the year	62	56
	62	**56**

10 Directors' emoluments

The Directors' compensations are short term in nature and are as follows:

	2023	2022
	€'000	€'000
Fees as directors	(80)	(80)
Salaries and related benefits	(514)	(532)
	(594)	**(612)**

The above figures reflect the remuneration paid by the Company to all Board members.

11 Taxation

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	2023	2022
	€'000	€'000
Corporation tax	(4,506)	(5,062)
Reconciliation of tax at standard rate to actual tax charge at the effective rate		
Profit before tax	33,000	40,242
Tax at 12.5% (2022: 12.5%)	(4,125)	(5,030)
Effects of:		
Items not deductible for tax purposes	(381)	(2)
Movement in deferred tax asset not recognised	-	(30)
Income tax reported in the profit and loss account	**(4,506)**	**(5,062)**

The international tax reform released by Organization for Economic Cooperation and Development (OECD), known as Pillar Two, aims to ensure that an effective taxation of 15% is reached in each jurisdiction where multinational groups operate. This tax reform will be effective in France, where AXA Group head office is located, starting for the 2024 fiscal year. As a result, the Group will have to determine the effective tax rate based on Pillar 2 rules in each jurisdiction where it operates, and, if it is lower than the minimum 15% rate, an additional tax will have to be paid.

Amendments to IAS 12 – Income Taxes issued by the IASB on May 23, 2023, introduce a mandatory temporary exception, prohibiting both the recognition and disclosure of deferred tax assets and deferred tax liabilities that arise from the implementation of the OECD Pillar Two model rules. AXA has applied this exception in its 2023 consolidated financial statements.

In Ireland, a local minimum tax has been enacted on 1 January 2024 starting for 2024 fiscal year. The regulation includes Safe Harbor rules during the transition period 2024-2026. In this context, the rules include temporary exemption for the AXA controlled entities located in jurisdictions where the Effective Tax rate calculated by the Group is above 15 % for 2024.

AXA Group is carefully monitoring the list of countries where it operates that enacted a local legislation aiming at ensuring a 15% minimum tax. At this stage, it is too early to have a firm list of the jurisdictions where it is certain an additional tax would be due.

12 Shareholder financial assets

	2023	2022
	€'000	€'000
Financial assets designated as fair value through profit or loss	**63,092**	**46,818**
Analysed as follows:		
Seed capital investments	500	750
Government securities	20,257	30,387
Collective investment undertakings	39,640	11,647
Hedge assets backing Progetto Protetto	2,695	4,034
	63,092	**46,818**

13 Investments for the benefit of life assurance policyholders who bear the investment risk

	2023	2022
	€'000	€'000
Financial assets designated as fair value through profit or loss	**6,814,910**	**7,050,028**
Analysed as follows:		
Index linked bonds	5	5
Index linked unit trusts	2,327	222,815
Unit trusts	6,812,578	6,827,208
	6,814,910	**7,050,028**

14 Cash at bank and in hand

	2023	2022
	€'000	€'000
Balance at bank	**77,679**	**63,416**

15 Deferred acquisition costs

	2023	2022
	€'000	€'000
Balance at 1 January	96,678	113,164
Capitalisation during the year	18,824	25,895
Amortisation during the year	(36,238)	(42,381)
Movement in current year	(17,414)	(16,486)
Balance at 31 December	**79,264**	**96,678**

16 Other debtors

	2023	2022
	€'000	€'000
Other Debtors	5,880	6,064
Prepaid Italian exit tax	35,926	26,020
Prepaid Italian levy tax	10,558	16,443
	52,364	**48,526**

The prepaid Italian exit tax asset arises from the decision by the Company to avail of the optional "Sostituto d'imposta" regime, introduced by the Italian Taxation Authorities towards the end of 2003, whereby European Union companies operating under the Freedom to Provide Services provisions could elect to deduct tax at source on income and gains from policyholder payments and to offset that tax against amounts prepaid by the Company.

The Company continues to avail of the "Sostituto d'imposta" regime and continues to collect tax from policyholder payments and to offset the tax collected against the amounts prepaid. The rate at which tax is collected from policyholders is a composite rate, based on 12.5% where the underlying policyholder investment asset is in Government Bonds (and equivalent instruments) and 26% for all other assets.

The amount payable in respect of current year is based on 0.50% (2022 – 0.60%) of Italian linked liabilities at the end of the current year.

The accumulated amounts paid and payable, in respect of all years to the end of 2023, are recoverable by way of (i) deduction of tax at source from payments to policyholders, where the payment includes capital gains made by policyholders (ii) via the five year offset mechanism, whereby the annual payment 5 years ago, reduced by current year recoveries, is offset against taxes payable to Italian revenue. Where the offset amount exceeds the annual amount payable, the Company can arrange to swap the excess amount with parent company. The Company is satisfied that these accumulated amounts paid and payable are fully recoverable.

In 2023 the amount of tax recovered through exit taxes on policyholders surrenders amounted to €7.9 million (2022: €14.0 million).

In the opinion of the Directors, the realisable value of the Italian tax asset is not less than its book value.

17 Called up share capital

	2023	2022
	€'000	€'000
Authorised		
5,078,953 (2022: 5,078,953) Ordinary shares at €1 each	5,079	5,079
Allotted, called up and fully paid:		
634,870 (2022: 634,870) Ordinary shares at €1 each	635	635

18 Investment contract technical provisions

	2023	2022
	€'000	€'000
At start of year	7,072,126	8,506,497
Premiums received	758,658	962,076
Claims paid	(1,457,260)	(1,315,321)
Investment gains & losses	562,949	(993,494)
Management charges	(119,621)	(108,466)
Deferred income	14,994	20,834
At end of year	**6,831,846**	**7,072,126**

19 Creditors arising out of direct insurance operations

	2023	2022
	€'000	€'000
Amounts falling due within one year:		
Creditors arising out of direct insurance operations	**97,299**	**68,875**

20 Other creditors

	2023	2022
	€'000	€'000
Amounts falling due within one year:		
Creditors (excluding tax)	22,523	21,241
Taxation	257	18
	22,780	**21,259**

21 Capital position statement

Effective from 1 January 2016, the Solvency II Directive replaced the Solvency I regulatory solvency requirements. The Company has assessed its overall solvency needs using the Solvency II basis. This covers the preparation of the Solvency II Balance Sheet (which differs from the Local Gaap balance sheet) and the Solvency Capital Requirement ("SCR")/Minimum Capital Requirement ("MCR"). For the purposes of calculating Solvency II Pillar I capital requirements, the SCR is calculated by using an Internal Model approach in accordance with the requirements set out in Regulation 114 of SI 485 of 2015. At 31 December 2023, the Company's available capital resources were in excess of the regulatory capital requirements on a Solvency II basis.

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

The Company is regulated in Ireland by the Central Bank of Ireland and is required to observe the rules for the amount and structure of the solvency capital for the business that it carries on.

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

No instances of non-compliance with solvency capital requirements were noted in the year ended 31 December 2023 (2022: None).

22 Risk management policies

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

These risks are described below together with the risk management approaches adopted by the Company. Ultimate responsibility for the Company's risk management rests with the Directors, and the Board is supported by the operation of a number of committees that meet on a regular basis to review and monitor the Company's risk exposures. A number of policy statements have been prepared and approved by the Directors which set out parameters and limitations to manage and limit financial risks.

The Company has not substantially changed the approaches adopted to manage its financial risks from the previous accounting year.

The Company's approach to financial risk and capital management is detailed as follows:

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company may be exposed are:

1. amounts due from sovereign debt issuer;
2. amounts due from financial institutions in respect of deposits held
3. amounts due from counterparties to derivative transactions.
4. amounts due from reinsurers in respect of insurance claims paid, and

22 Risk management policies *(continued)*

Credit risk (continued)

The Company reduces the risk of policyholder payment defaults by selling its products through the banking network of the joint venture Company, Banca de Monte dei Paschi di Siena. Policyholder premiums are debited directly from the bank account at the inception of the policy. Regular premium policyholders are debited on agreed dates.

Reinsurance is used to manage insurance risk on additional rider benefits. If a reinsurer fails to pay a claim the Company is liable for payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength and reputation in the market place prior to any contract being signed. Reinsurance exposure is immaterial for the company given the level of additional rider benefits written.

Transactions involving derivative financial instruments are backed by collateral agreements which mitigate the credit risk for the Company.

To mitigate the risk with financial institutions, the Company has adopted and complies with the group risk guidelines issued by AXA Group and has a Risk Appetite Statement in place to limit exposure to individual institutions. AXA Group guidelines and AMF's Risk Appetite Statement place limits on the Company's market and credit exposures. In the case of deposits only approved financial institutions are considered and a cap on amounts on deposit is followed.

For unit linked contracts, the Company matches all the liabilities with assets in the portfolio on which the unit prices are based. There is therefore no credit risk for the Company on these contracts.

Analysis of counterparty risk on assets and exposures

	2023	2022
	€'000	€'000
Counterparty risk assumed by shareholders		
German government bond (shareholder investment)	53	53
Italian government bond (shareholder investment)	16,908	21,884
French government bonds (shareholder investment)	3,296	3,277
Irish government bonds (shareholder investment)	-	5,173
Units in managed funds	500	750
AXA Liquidity Fund	39,640	11,647
Lapse hedge asset	2,695	4,034
	63,092	**46,818**

	2023	2022
	€'000	€'000
Other assets where counterparty risk is assumed by the policyholder:		
Investments in unit trusts	**6,814,910**	**7,050,028**

22 Risk management policies *(continued)*

Market risk

Market risk can be described as the risk of changes in the fair value of a financial instrument due to changes in interest rates, equity prices, creditworthiness, foreign exchange rates or other factors. The Company seeks to mitigate this risk by a number of factors as described below. The Company's policies to address these risks were unchanged from the previous year.

The Company's direct exposure to changes in interest rates is limited to changes in the value of the shareholder's investments.

Interest rate risk
Interest rate risk can be described as the risk that a security's value will change due to a change in interest rates. All interest rate exposure on policyholder investments is borne by policyholders and as such the Company does not have any direct interest rate exposure in relation to these investments, although there is a second order impact on management charges where the value of assets under management changes.

The Company does hold assets which are exposed to interest rate movements and these are dealt with under the subsequent heading "Exposure to interest rate risk".

Foreign currency risk

Foreign currency risk can be described as the risk that the Company may be affected due to an adverse movement in foreign exchange rates. The Company did hold assets during 2023 which were subject to exposure on currency movements. For unit linked contracts the Company matches all the liabilities with assets in the portfolio on which the unit prices are based. There is therefore no foreign currency risk for the Company on these contracts.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in obtaining funds to meet its commitments including commitments associated with financial instruments. In managing the Company's assets and liabilities, the Company seeks to ensure that cash is at all times available to settle liabilities as they fall due. The Company's treasury position is reviewed on a daily basis and cash balances are maintained to meet due liabilities.

For investment contract redemptions, cash paid out is funded by the redemption of the linked assets supporting the contract liability. The Company may be exposed to certain transactions affecting unit linked transactions such as fund switches. Fund switches typically involve the selling and buying of assets on the same day. If a mismatch occurs, the Company may be liable to fund the purchase of the new assets while awaiting the sales proceeds from the sell transaction to complete. This risk is considered to be minimal and is monitored by management.

If the sales value does not match the minimum sell quantity, the Company is required to take a shareholding in the offering. The risk is minimised by entering into a sell back contract at the original price.

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. . The prices of other assets held by the Company are subject to interest rate movements and equity market movements.

22 Risk management policies *(continued)*

Operational risk

Operational risk is the risk of a loss arising from failed or inadequate internal processes or systems, human error or other external factors. The Company manages these risks by identifying and testing key control procedures, and obtaining and reviewing key management information and trend analyses on operational occurrences. Controls include segregation of duties, access controls, authorisation and reconciliation procedures, staff education and internal audit. Material operational issues and failures are brought to the attention of the Board.

Insurance risk

Insurance risk refers to the fluctuation in the timing, frequency and severity of insured events relative to the expectations of the Company at the time of underwriting.

The Company's reinsurance policy is to reinsure additional rider benefits such as critical illness cover and permanent and total disability. In 2010 the Company decided not to reinsure any new business in relation to rider benefits. The Company has put in place a Board-approved reinsurance strategy which continually monitors the level of mortality risk on the balance sheet. Indicators are set in terms of sum at risk at individual policyholder and at portfolio level.

Exposure to interest rate risk

The following table provides a duration profile for holdings of interest sensitive investment assets:

At 31 December 2023	**6 months or less €'000**	**6-12 months €'000**	**1 - 5 years €'000**	**Over 5 years €'000**	**Total €'000**
Government bonds	14,893	-	3,655	1,708	20,256
Deposits with credit institutions	77,679	-	-	-	77,679
	92,572	**-**	**3,655**	**1,708**	**97,935**

At 31 December 2022	**6 months or less €'000**	**6-12 months €'000**	**1 - 5 years €'000**	**Over 5 years €'000**	**Total €'000**
Government bonds	15,093	-	13,619	1,674	30,386
Deposits with credit institutions	63,416	-	-	-	63,416
	78,509	**-**	**13,619**	**1,674**	**93,802**

22 Risk management policies *(continued)*

The effective interest rates at 31 December 2023 were as follows:

	6 months or less	**6-12 months**	**1 - 5 years**	**Over 5 years**
Government bonds	3.73%	0.00%	2.77%	2.62%
Deposits with credit institutions	2.10%	-	-	-

The effective interest rates at 31 December 2022 were as follows:

	6 months or less	**6-12 months**	**1 - 5 years**	**Over 5 years**
Government bonds	2.20%	0.00%	2.91%	3.09%
Deposits with credit institutions	(1.10%)	-	-	-

The sensitivity analysis highlights the cash flow impact of a reduction by 1% on interest rate sensitive assets held at 31 December 2023 and 2022. These cash flows contribute directly to the profit before tax result. The principal components are as follows:

Fixed coupon bonds: There will be no cash flow implications (the coupon is fixed) unless the bonds are disposed of.

Deposits with credit institutions: A reduction in interest rates will reduce the interest receivable on deposit accounts.

1% reduction in interest rates **At 31 December 2023**	**6 months or less €'000**	**6-12 months €'000**	**1 - 5 years €'000**	**Over 5 years €'000**	**Total €'000**
Government bonds	-	-	-	-	-
Deposits with credit institutions	(63)	-	-	-	(63)
	(63)	**-**	**-**	**-**	**(63)**

1% reduction in interest rates **At 31 December 2022**	**6 months or less €'000**	**6-12 months €'000**	**1 - 5 years €'000**	**Over 5 years €'000**	**Total €'000**
Government bonds	-	-	-	-	-
Deposits with credit institutions	(171)	-	-	-	(171)
	(171)	**-**	**-**	**-**	**(171)**

22 Risk management policies *(continued)*

Derivatives

The Company has entered into “lapse hedge” derivatives in respect of new tranches of the Progetto Protetto product. The purpose of the derivative is to provide a hedge against a reduction in Annual Management Fees which would result as a consequence of higher than expected lapses. For each tranche a projection of all expected cashflows resulting from the expected lapse rate is calculated. This is the initial premium for the purchase of the derivative from our counterparty, BMPS Capital Services, a subsidiary of MPS. The maximum possible loss for the Company (excluding counterparty risk, which is collateralized) is the initial premium. This would be in the case when lapses are zero. Lapses generate positive cashflows for the Company throughout the product life. In scenarios where lapses are zero, or lower than expected, the net loss on the derivative is compensated by higher than expected Annual Management Fees. Conversely, when lapses are higher than expected, there is a net cash inflow from the derivative, compensating the Company for lower than expected Annual Management Fees.

All of the Company’s derivative positions are collateralised. The Company has acquired the services of AXA Investment Managers Paris (“AXA IMP”), a subsidiary of AXA S.A., through an Investment Management Agreement (“IMA”), to manage all of the collateral requirements of the Company. The IMA allows AXA IMP to act on behalf of the Company in relation to derivative transactions, collateralisation of same and to ensure that the Company meets its obligations as required under the European Market Infrastructure Regulation.

The Company's derivative portfolio at 31 December 2023 is shown below:

	Notional amount '000	**Fair value asset €’000**	**Fair value liability €’000**	**Fair value net €’000**
Lapse hedge swaps	1,295,576	2,695	-	2,695
	1,295,576	**2,695**	**-**	**2,695**

The Company's derivative portfolio at 31 December 2022 is shown below:

	Notional amount '000	**Fair value asset €’000**	**Fair value liability €’000**	**Fair value net €’000**
Lapse hedge swaps	1,295,576	4,034	-	4,034
	1,295,576	**4,034**	**-**	**4,034**

22 Risk management policies *(continued)*

Derivatives *(continued)*

The table below provides an analysis of the notional amount of derivative instruments held into their relevant maturity groups based on the remaining year.

At 31 December 2023	**< 1 year '000**	**1 - 5 years '000**	**> 5years '000**	**Total '000**
Lapse hedge swaps	-	1,295,576	-	1,295,576
	-	**1,295,576**	**-**	**1,295,576**

At 31 December 2022	**< 1 year '000**	**1 - 5 years '000**	**> 5years '000**	**Total '000**
Lapse hedge swaps	-	1,109,938	185,638	1,295,576
	-	**1,109,938**	**185,638**	**1,295,576**

Exposure to equity market movements:

Any movement in the Company's assets due to equity market movements, to the extent that they are held on behalf of the policyholder, is exactly offset by a movement in corresponding liabilities. The Company's exposure to market movements is limited to the investment of shareholder's assets in equities and equity related options. Shareholder assets invested in unit funds exposed to equity market movements represents 0.29% (*2022:* 0.26*%*) of total shareholder equity. These assets comprise primarily of loyalty units held of €374k (2022: €344k) which are held for the benefit of policyholders whose policies allow for a loyalty bonus top up upon reaching a specified anniversary date.

22 Risk management policies *(continued)*

Fair value hierarchy

The following table shows an analysis of the financial instruments recorded at fair value in accordance with fair value hierarchy. The fair value hierarchy reflects the significance of the inputs used in determining the valuation and are classified as Level 1, Level 2 and Level 3.

The prices for the debt securities and fixed income securities are quoted on active markets and therefore the prices for these assets are obtained independently from the market. These are classed as Level 1 assets.

Level 2 refers to asset inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 refers to assets whose fair value cannot be determined using observable measures, such as market prices or models. The Company holds no such assets.

There were no transfers between levels 1 and level 2 during the year ended 31 December 2023 (31 December 2022: None)

Fair value hierarchy At 31 December 2022	**Level 1** **€'000**	**Level 2** **€'000**	**Level 3** **€'000**	**Total** **€'000**
German government bond	53	-	-	53
Italian government bond	16,908	-	-	16,908
French government bonds	3,296	-	-	3,296
Seed capital	500	-	-	500
Lapse hedge	2,695	-	-	2,695
AXA Liquidity Fund	39,640	-	-	39,640
Investments in unit trusts	-	6,814,910	-	6,814,910
	63,092	**6,814,910**	-	**6,878,002**

At 31 December 2022	**Level 1** **€'000**	**Level 2** **€'000**	**Level 3** **€'000**	**Total** **€'000**
German government bond	53	-	-	53
Italian government bond	21,884	-	-	21,884
French government bonds	3,277	-	-	3,277
Irish government bonds	5,173	-	-	5,173
Seed capital	750	-	-	750
Lapse hedge	4,034	-	-	4,034
AXA Liquidity Fund	11,647	-	-	11,646
Investments in unit trusts	-	7,050,028	-	7,050,028
	46,818	**7,050,028**	-	**7,096,846**

23 Accounting estimates and judgements

The Company's critical accounting policies and estimates and the application of these policies and estimates are considered by management each reporting year.

Investment contracts

The Company makes estimates of the expected number of deaths for each of the years that it is exposed to risk. These estimates are based on standard industry and national mortality tables, adjusted to reflect the Company's own experience. Appropriate allowance is made for expected improvements in mortality, due to improvements in medical care and social conditions. However, there is considerable uncertainty regarding the impact of epidemics and changes in lifestyle such as smoking, eating and exercise habits, which could result in a deterioration in mortality. For contracts without fixed terms, the Company has assumed that it will be able to increase premiums in future years in line with emerging mortality experience.

Investment contracts are accounted for as financial instruments under IFRS 9. These are primarily unit linked contracts whose value is contractually linked to the fair value of the financial assets held by the Company. Initial fees earned and incremental costs (mainly commission) paid on sale of an investment contract are deferred and recognised over the expected life of the contract. The expected life of the contract is estimated based on current experience, the term of the contracts and is reviewed at least annually. Changes to the life expectancy could affect the income and costs recognised and the value of the related asset and liability included in the financial statements.

However, given that any changes to the life expectancy will affect both costs and fees, the net impact is unlikely to be significant.

Financial instruments

The Company carries certain financial assets and liabilities at fair value, including derivatives and assets and liabilities of the life assurance operations. Assets and liabilities are priced using a quoted market price where available or by using valuation models. Valuation models use data such as interest rate yield curves, equity prices, options volatilities and currency rates. Most of these parameters are directly observable from the market. Changes in the fair value of financial assets will largely be offset by corresponding changes in the fair value of liabilities and therefore the net impact on equity is unlikely to be significant.

Other technical provisions

In the calculation of other technical provisions it has been necessary to make certain assumptions regarding future experience. The main assumptions relate to expense levels and sales assumptions.

24 Ultimate parent undertaking

The Company is a 100% subsidiary of AXA MPS Vita which in turn is 50% owned by Banca Monte dei Paschi di Siena S.p.A. and 50% owned by AXA S.A. AXA S.A. has a controlling interest in AXA MPS Vita and is therefore the ultimate parent of the Company. The parent undertaking of the largest group of undertakings for which group financial statements are drawn up is AXA S.A. which is incorporated in France and this Company is considered by the Directors to be the ultimate parent undertaking.

The financial statements of AXA S.A. are available from the company secretary at 25 Avenue Matignon, 75008, Paris, France.

The financial statements of the Company are available from the Company Secretary at 33 Sir John Rogerson's Quay, Dublin 2, Ireland.

25 Related party transactions

The Company received a number of services from related parties. The Company has an agreements with:

1. AXA Investment Managers Paris for the provision of derivative management services
2. Architas Solutions for the provision of dynamic hedging strategies and provision of investment support services for iProtect.
3. Architas Multimanager Europe for the investment management advice .
4. AXA Investment Managers London for the provision of investment management advice.
5. AXA MPS Assicurazioni Vita for the provision of risk management Services.
6. Banca Monte dei Paschi di Siena (BMPS) and pays commissions in respect of new and ongoing business.
7. AXA Italia Servizi for the provision of IT services.
8. AXA MPS Assicurazioni Vita whereby the Company provides investment management advice for unit linked investment funds.
9. AXA Insurance for the provision of office space in Wolfe Tone House and associated service charges.
10. AXA Group Services WLM for the provision of Anti Money Laundering Solutions

The following table provides transactions with related parties:

	Relationship	**Payable at start of year €'000**	**Expense payable by AXA-MPS €'000**	**Income receivable by AXA-MPS €'000**	**Receipts /(payments) €'000**	**(Payable)/ receivable at end of year €'000**
For the year ended 31 December 2023						
AXA IM Paris	Group	(308)	(1,068)	-	1,185	(191)
Architas Solutions	Group	(9)	(458)	-	459	(8)
AXA IM London	Group	(139)	(1,632)	-	1,639	(132)
AXA MPS Assicurazioni Vita	Group	50	-	100	(100)	50
AXA Italia Servizi	Group	(695)	(240)	-	468	(467)
AXA Insurance	Group	(98)	(367)	-	389	(76)
AXA Group Services WLM	Group	(21)	-	0	-	(21)
Architas Multimanager Europe	Group	20	-	80	(80)	20
BMPS	JV Partner	(11,504)	(47,325)	-	49,059	(9,770)
		(12,704)	(51,090)	180	53,019	(10,595)

	Relationship	**Payable at start of year €'000**	**Expense payable by AXA-MPS €'000**	**Income receivable by AXA-MPS €'000**	**Receipts /(payments) €'000**	**(Payable)/ receivable at end of year €'000**
For the year ended 31 December 2022						
AXA IM Paris	Group	(234)	(1,165)	-	1,091	(308)
Architas Solutions	Group	(11)	(285)	-	287	(9)
AXA IM London	Group	(150)	(1,710)	-	1,721	(139)
AXA MPS Assicurazioni Vita	Group	-	-	100	(50)	50
AXA Italia Servizi	Group	(701)	(455)	-	461	(695)
AXA Insurance	Group	(36)	(368)	-	306	(98)
AXA Group Services WLM	Group	(50)	-	-	29	(21)
Architas Multimanager Europe	Group	-	-	80	(60)	20
BMPS	JV Partner	(16,761)	(57,535)	-	62,792	(11,504)
		(17,943)	(61,518)	180	66,577	(12,704)

Note 10 reflects the remuneration paid by the Company to relevant Board members.

26 Pension commitments

The Company operates a voluntary defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. Pension costs represent contributions payable by the Company to the fund and amounted to €394,254 (including €34,500 in respect of executive directors) in the year ended 31 December 2023 (2022: €381,677 (including €33,630 in respect of executive directors). Pension contributions payable by the Company at 31 December 2023 were €NIL (2022: €NIL).

27 Employee share ownership

AXA S.A. grant performance shares also known as International Performance Shares (PSi). Performance share aim at rewarding and retaining the best talents by associating them to the intrinsic performance of the AXA group and of their operational business unit as well as to the performance of the AXA share price in the medium term (3 to 4 years).

Under the PSi plan, beneficiaries have the right to receive, at the settlement date, a certain number of AXA shares based on the achievement of performance criteria defined by AXA and vesting period. The performance's period and measurement is between two and three years. The vesting period is between three and four years.

The cost to the Company in 2023 in respect of performance shares was €317,269 *(2022: €*220,513).

28 Events after the reporting date

There have been no significant events affecting the Company since the year end which require amendment to the financial statements.

29 Significant business developments or other events

The Russian invasion of Ukraine in 2022 was a significant disruptor of investment markets and consumer confidence, as well as a driver of higher levels of inflation than had been experienced for quite some time.

The Company continues to monitor exposures to our business, including the macroeconomic environment and the operational impacts.

30 Approval of financial statements

The directors approved the financial statements on 26 March 2024.