

Solvency and Financial Condition Report

BlackRock Life Limited

as at 31 December 2023

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Summary

This report has been created in line with Article 51 of the Directive 2009_138_EC. The structure of the report follows Annex XX of the Delegated Regulations (EU) 2015/35. Sections D and E are audited unless otherwise stated. For further details, refer to the independent auditor's opinion.

Business and performance

Operating within the BlackRock group, BlackRock Life Limited ("BLL" or "the company") is a UK based insurance company authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. BLL's principal activity is to provide pooled investment funds to UK employer sponsored pension schemes, both directly and via reinsurance platforms. The majority of BLL's funds are designed to track specific indices and are invested in quoted and other securities that are considered to be highly liquid.

Revenue is earned as a percentage of assets under management ("AUM") and an agreed percentage of this revenue is paid to BGL Group in return for the provision of all required services. In this document, "BGL Group" refers to BlackRock Group Limited ("BGL") and its subsidiaries excluding BLL. BLL has no employees and outsources all functions to other BGL Group undertakings, some of which are subsequently carried out externally. BLL's cost base is therefore entirely related to its revenue, providing a significant degree of resilience in adverse conditions.

The BLL Board and senior management recognise that they retain regulatory responsibility for the compliant performance of all outsourced activities. The oversight arrangements in place are detailed within Section B7 of this document.

As demonstrated in sections A.2.1 and D respectively, BLL remains profitable and well capitalised.

Due to the nature of BLL's business, AUM can fluctuate as a result of market movements, net policyholder flows and matters such as regulatory change. Net policyholder outflows partly offset by market movements were the drivers of the AUM reduction (from £44.9bn to £44.0bn) over the year. As a result of lower average AUM, fee income for the year was lower, reducing from £34.8m to £28.2m.

It is expected that BLL will continue to offer funds to BlackRock clients if there is client demand that the wider group wishes to meet. The fund range is reviewed on a periodic basis to identify funds that are regarded as sub-scale. Such funds are proposed for closure, with remaining clients offered the opportunity to move into suitable alternatives which may include funds provided by other BlackRock entities.

Resilience

Events outside of the company's control, including natural disasters, pandemics, health crises or geopolitical events may arise from time to time. Any such events, and the response to them, may cause significant physical damage, disruptions to commerce, market volatility and may adversely affect the global economy or capital markets. This may cause AUM, revenue and earnings to decline, but BLL's operating model is designed to ensure that it remains profitable and that capital is preserved even after significant reductions in AUM. Due to the outsourced nature of BLL's operating model, the impact of such events on outsourced service providers, including BGL Group companies, has been, and will continue to be, monitored closely. There are currently no concerns. The Board is aware that many of BLL's unit-linked peers operate with a significantly lower level of AUM.

As outlined above, any reductions in AUM lead to reductions in income and, proportionately, in costs as these are set at a fixed percentage of income under a transfer pricing agreement. All BLL's business is unit-linked and so policyholders bear the market risk associated with the policyholder assets. Any reduction in policyholder assets is matched by an equivalent reduction in policyholder liabilities. Non-policyholder assets comprise UK gilts, cash and working capital. BLL's gilt holdings have not materially changed in value, although some were not reinvested upon maturity in order to facilitate a dividend payment.

From 31 December 2023 up to the signing date of this report, BLL has maintained a strong capital position with no deterioration in own funds in excess of solvency capital requirements.

From an operational perspective, BLL operated as expected throughout 2023 and continues to do so. Receipts from, and payments to, clients continue to be processed, funds continue to be priced daily and there is regular communication with external service providers. Material fund flows are monitored in order that action can be taken to preserve the integrity of funds. Up to the signing date of this report, the company has not seen unplanned large outflows from the BLL fund range and BLL funds are able to meet their liquidity requirements without resorting to any extraordinary measures.

To assess BLL's operational resilience, important business services ("IBS") have been identified and an impact tolerance set for each of these. Key resources that support an IBS and any gaps and/or vulnerabilities in the end-to-end process which could lead to intolerable consumer harm have also been identified. Scenario testing has been performed to show how a range of extreme but plausible scenarios of varying nature, duration and severity impact each IBS's ability to remain within their impact tolerances. No significant internal vulnerabilities have been identified for BLL.

Climate change and sustainability

Climate change presents a number of threats and opportunities for BLL. Since BLL writes no non-life risks and has no long-term guarantees, it is less vulnerable than many others in the insurance industry. Risks would likely manifest as a reduction in revenue (with a proportionate reduction in costs due to BLL's business model) as a result of a reduction in the value of AUM.

Climate change could impact BLL in two ways:

1. Climate change is a motivation for a number of clients to request sustainability funds. Where there is client demand, BLL has been either launching new sustainability funds or transitioning existing funds to sustainability compliant investments. It is expected that this process will continue.
2. In theory, climate change could have a direct operational impact on BLL or its outsourced vendors. However, the nature of its transfer pricing agreements, combined with contractual terms which allow BLL to exit policies quickly, if necessary, provide comfort to the Board that this poses little financial risk to BLL. Notwithstanding this the Board continues to monitor the situation. It is also plausible that climate change could cause significant reductions in the value of financial assets. BLL models scenarios for significant reductions in asset values and so the Board considers BLL to be financially resilient.

BLL continues to comply with sustainability related disclosure requirements for statutory and regulatory reporting. In line with the requirements of the FCA Environmental, Social and Governance sourcebook ("ESG sourcebook"), BLL publishes a Task Force on Climate-Related Financial Disclosures ("TCFD") entity report annually. In keeping with the TCFD Recommendations and Recommended Disclosures, BLL's TCFD entity report details its governance, strategy and risk management arrangements as they relate to climate change, in addition to the disclosure of relevant quantitative metrics and targets. The most recent BLL TCFD entity report is available at: <https://www.blackrock.com/institutions/en-gb/literature/public-disclosure/bll-fca-tcf-2023.pdf>.

Consumer Duty

New Consumer Duty regulations came into force in July 2023. The regulations set higher and clearer standards of consumer protection across financial services and require firms to put their customers' needs first. BLL has delivered on all the relevant outcomes within the regulatory compliance deadline and will continue to operate under the high standards required.

System of governance

BLL operates as an integrated part of an investment management group. The BGL Group has significant financial resources and has established information systems, suitable management information and risk reporting systems appropriate to business needs. In accordance with its outsourcing and control policy, BLL outsources operational activities to BGL Group companies possessing the requisite skills, processes and systems. BLL's system of governance includes:

- The Board has appointed a Chief Executive Officer ("CEO") who is responsible under the immediate authority of the Directors for the day-to-day operation of the company, excluding those matters specifically reserved for decision by the Board itself. In fulfilling this responsibility, the CEO is assisted by a Life Management Executive Committee ("LIME");
- The Board is responsible for all outsourced activities provided by BGL Group companies;
- BGL Group and external outsourced service providers are subject to oversight by the CEO and the Board;
- BGL Group staff providing services to BLL are subject to high standards of compliance and conduct training and BlackRock-wide policies are designed to ensure consistent compliance with regulatory obligations;
- The Board has adopted the BlackRock internal control framework, comprising three lines of defence and an Enterprise Risk Management Framework ("ERMF");
- An Audit Committee, which is a committee of the Board; and
- An Investment Policy Committee ("IPC"), which is a committee of the Board.

BLL also benefits from attendance at, and participation in, BGL's Internal Capital Adequacy and Risk Assessment ("ICARA") Committee.

These governance fora provide the BLL Board with comfort that documents and disclosures of a capital nature (Own Risk and Solvency Assessment ("ORSA") and the Solvency and Financial Condition Report ("SFCR")) are subject to rigorous review prior to consideration at the BLL Board.

The system of governance of the business is discussed in section B. There have been no material changes during the year.

Risk profile

The purpose of BLL is to act primarily as a vehicle for BGL Group client businesses. It has no financial targets other than to remain financially sound and to maintain capital requirements in excess of those required by the PRA and the Board. BLL is therefore structured to avoid or mitigate risks where possible; it does not underwrite traditional insurance risks and market and counterparty risks are almost wholly transferred to policyholders.

BLL's qualitative risk profile has not changed in the year. The operational, market and insurance risk capital requirements have all reduced as a result of lower average levels of AUM during 2023 (refer to section E.2.7).

Valuation for solvency purposes

The solvency balance sheet as at 31 December 2023 and 31 December 2022 was as follows:

	Solvency II value 31 December 2023 £'000	Solvency II value 31 December 2022 £'000	Reference
Assets			
Government bonds	26,095	26,025	D.1.1
Collective investment undertaking	31	29	
Assets held for index-linked and unit-linked contracts	44,005,043	44,946,779	D.1.2
Receivables (trade, not insurance)	21,718	21,921	D.1.3
Cash and cash equivalents	23,332	31,614	D.1.4
Any other assets, not elsewhere shown	221	-	D.1.5
Total assets	44,076,440	45,026,368	
Liabilities			
Technical provisions calculated as a whole	44,005,043	44,946,779	D.2
Best estimate	(2,438)	(2,492)	D.2
Risk margin	222	425	D.2
Technical provisions – index-linked and unit-linked	44,002,827	44,944,712	
Deferred tax liabilities	554	486	D.3.1
Insurance & intermediaries payables	-	-	D.3.2
Payables (trade, not insurance)	15	72	D.3.3
Any other liabilities, not elsewhere shown	-	1,860	D.3.4
Total liabilities	44,003,396	44,947,130	
Excess of assets over liabilities	73,044	79,238	

Figures subject to rounding

Capital management

There have been no instances of non-compliance with either the Minimum Capital Requirement (“MCR”) or the Solvency Capital Requirement (“SCR”) in the reporting period.

BLL does not use a volatility or matching adjustment; nor have any transitional arrangements been utilised.

The table below sets out own funds by tier as at 31 December 2023 and 31 December 2022, together with the MCR and SCR.

	2023	2022
	£'000	£'000
Tier 1 – unrestricted – 31 December		
Share capital	1,300	1,300
Reconciliation reserve	71,744	77,938
Total own funds to cover SCR and MCR	73,044	79,238
SCR	6,023	7,453
SCR cover	1213%	1063%
MCR	3,495	3,445
MCR cover	2090%	2300%

Figures subject to rounding

Whilst there have been no changes in either the approach to capital management or the capital management policy during the reporting period, there has been a reduction in BLL's own funds and a reduction in capital requirement during 2023.

A dividend of £20.0m was paid to BlackRock International Limited ("BIL") during the year. This reduction in own funds was partially offset by post-tax profits generated of £13.7m.

Following the UK exit from the European Union ("Brexit"), the UK Government is in the process of reforming Solvency II into Solvency UK. The reforms are likely to become law in 2024, apart from the reforms to the risk margin calculation and the removal of the requirement to complete a Regular Supervisory Report which became effective for 2023 year-end reporting. The amendments to the calculation of the risk margin did not result in a material change for BLL.

A. Business and Performance

A.1 Business

A.1.1 Name and legal form of undertaking

BLL is a UK based insurance company with limited liability, registered in England and Wales. The registered number is 02223202.

A.1.2 Supervisory body responsible for financial supervision of BLL

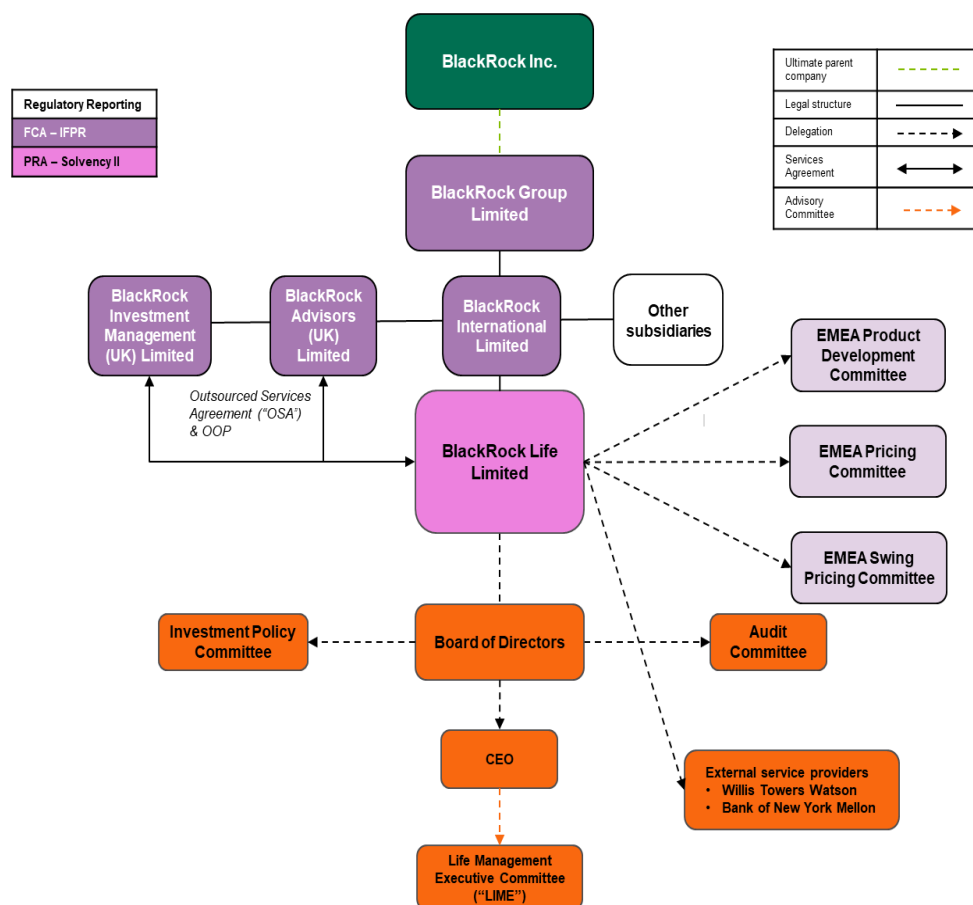
BLL is authorised by the PRA, 20 Moorgate, London, EC2R 6DA and regulated by the FCA, 12 Endeavour Square, London E20 1JN. Prudential supervision is undertaken by the PRA.

A.1.3 External auditor

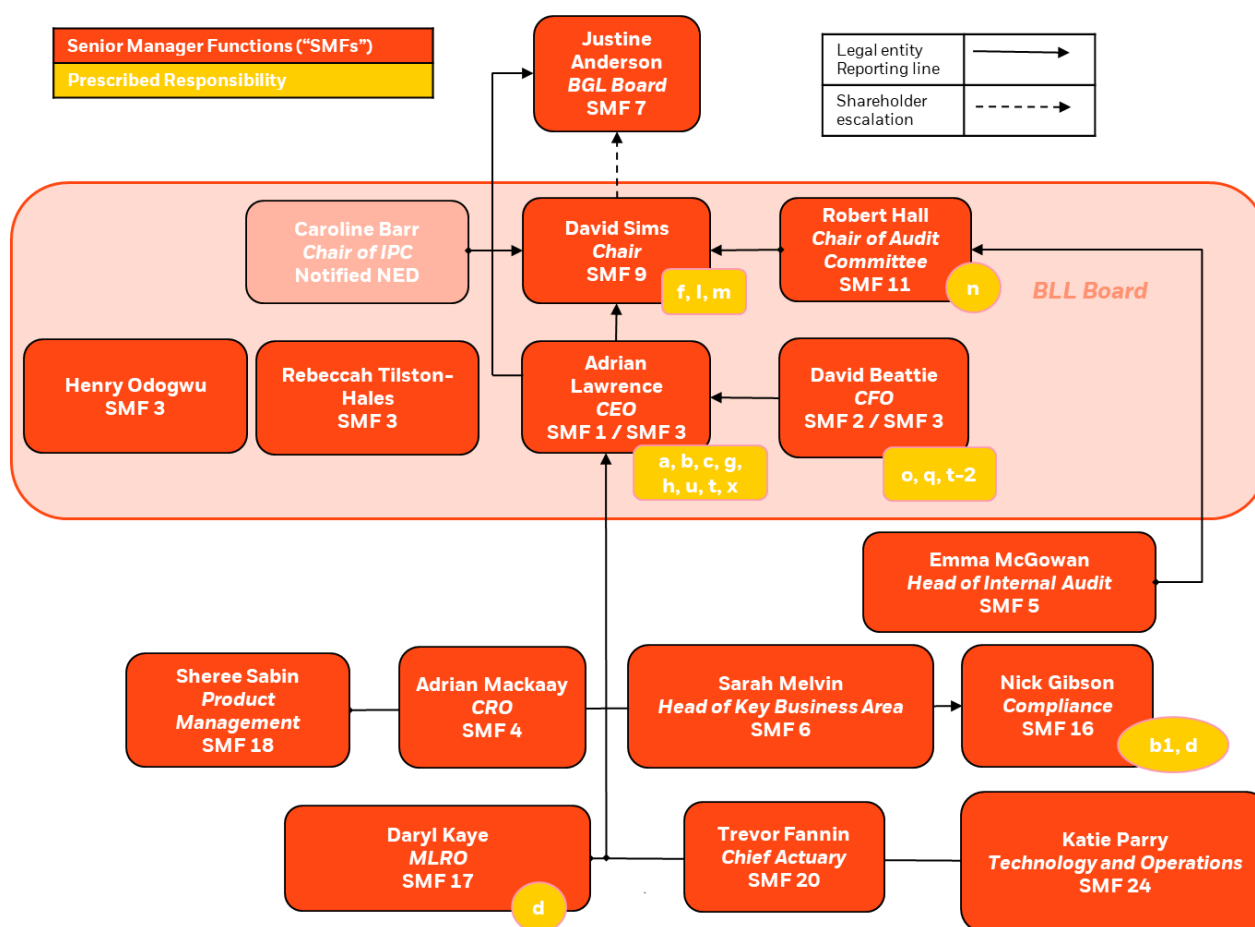
BLL’s annual financial statements and elements of the SFCR are audited by Deloitte LLP, 1 New St Square, London, EC4A 3HQ.

A.1.4 Holders of qualifying holdings in BLL and position within the BGL Group

BLL corporate structure and governance model



BLL Senior Management functions and prescribed responsibilities



BlackRock, Inc. which was founded in 1988, is the world's largest publicly traded investment management firm with employees in more than 30 countries who serve clients in over 100 countries. It provides a broad range of investment and risk management services and had \$10.0 trillion of AUM at 31 December 2023 (31 December 2022: \$8.6 trillion). BlackRock, Inc. is an independent publicly traded company, with no single majority shareholder and over two-thirds of its Board of Directors are independent directors. It is highly regulated and serves its clients as a fiduciary. It does not engage in proprietary trading activities that could conflict with the interests of its clients.

BLL is a wholly owned subsidiary of BIL, which is a subsidiary of BGL, the holding company for BlackRock's Europe, the Middle East and Africa ("EMEA") business, which in turn is a wholly owned indirect subsidiary of BlackRock, Inc. BLL does not have any related undertakings or branches.

BLL outsources the performance of its operational activities to BGL Group companies where the appropriate skills, process and systems exist within the BGL Group. BLL has no employees, but individuals employed by BGL Group companies who undertake functional activities on behalf of BLL are subject to high standards of compliance and conduct training and BGL Group-wide policies are designed to ensure consistent compliance with regulatory obligations. Where a function is not provided internally by BGL Group, external outsourced providers are engaged.

BGL Group recharges the cost of all relevant activity through a transfer pricing charge equal to an agreed percentage of BLL's revenue. The terms of the intra-group contract place liability on outsourced service providers to reimburse BLL for all operational losses arising due to fault.

Assets are valued in accordance with International Financial Reporting Standards ("IFRS") and Solvency II rules.

A.1.5 Material lines of business and geographical areas

BLL is a UK based insurance company authorised by the PRA and regulated by the FCA and the PRA. BLL's principal activity is to provide pooled investment funds to UK employer sponsored pension schemes, both directly and via reinsurance platforms. BLL writes one type of business – single premium unit-linked pension business.

Within this, there are two principal types of contracts (which are reported as separate lines of business):

- Group trust-based contracts where the policyholders are the trustees of Defined Benefit (“DB”) and Defined Contribution (“DC”) pension schemes under which the company provides investment management to the schemes; and
- Reinsurance accepted contracts where the policyholder is another insurance company and under which the company provides indirect investment services to pension arrangements written by the primary insurers.

The unit-linked investments offered by BLL transfer investment risks to the policyholders. BLL's business is carried out within the UK.

A.1.6 Significant events over the reporting period

There have been no significant events over the reporting period.

A.2 Underwriting performance

The Solvency II Directive defines underwriting risk as “the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions” which, for BLL, comprises expense and lapse risks. BLL does not have material exposure to expense or lapse risks which could result in a loss or an adverse change in value of the liabilities. This is due to the fully variable cost base that ensures any reduction in revenue, e.g., as a result of increased lapses or margin compression, would be accompanied by a proportionate reduction in expenses and hence BLL would continue to be profitable.

BLL undertakes only unit-linked business in the UK. It does not, and has no plans to, underwrite conventional insurance risks and hence has no risk mitigation techniques relating to underwriting risk. Section A.2.1 details the financial performance of BLL as disclosed in its financial statements, splitting the components between those attributable to policyholders and those that have a direct impact on BLL's capital position.

A.2.1 Financial performance

BLL's revenue is earned as a percentage of AUM. The majority of business is priced “wholesale”, so its revenue is a low percentage of AUM. Transfer pricing arrangements transfer all expense risk, so the business is designed to always generate net revenue after expenses. BLL enjoys the benefit of group relief, where it is available, on its corporation tax.

The tables below show, as at 31 December 2023 and 31 December 2022, that the vast majority of the components of the Statement of Comprehensive Income within the annual report and accounts are attributable to policyholders, with relatively minor amounts having a direct impact on the capital position.

	Statement of Comprehensive Income		
	Year ended 31 December 2023	Attributable to policyholders	Direct impact on capital position
	£'000	£'000	£'000
Fee income and performance fees	28,641	-	28,641
Investment return	4,265,173	4,262,693	2,480
Fair value movement in liabilities to customers under investment contracts	(4,253,859)	(4,253,859)	-
Investment management expenses	(19,476)	-	(19,476)
Tax	(6,754)	(8,834)	2,080
Profit after tax	13,725	-	13,725

Figures subject to rounding

	Statement of Comprehensive Income		
	Year ended 31 December 2022	Attributable to policyholders	Direct impact on capital position
	£'000	£'000	£'000
Fee income and performance fees	35,161	-	35,161
Investment return	(10,826,724)	(10,827,179)	455
Fair value movement in liabilities to customers under investment contracts	10,855,671	10,855,671	-
Investment management expenses	(23,910)	-	(23,910)
Tax	(28,155)	(28,492)	337
Profit after tax	12,043	-	12,043

Figures subject to rounding

A.3 Investment performance

A.3.1 Information on income and expenses arising from investments by asset class

BLL does not take investment risk on behalf of policyholders or for its shareholder. Due to the nature of unit-linked policies, policyholders bear the investment risk in relation to linked assets and BLL does not seek to maximise return on investments used to back capital. Non-policyholder assets are held in cash or invested in UK Government debt in order to preserve capital. Over the year, the non-policyholder assets on which an investment return was earned were primarily UK Government debt and cash, and this is shown as the investment return with a direct impact on the capital position in the table in section A.2.1. BLL exists primarily to serve the needs of client businesses – it does not have target returns and hence there is no risk to BLL’s strategy from the performance of investments. Variance in investment performance year on year is largely correlated with market performance.

BLL earns revenue based on a percentage of AUM and, under the Outsourced Services Agreement (“OSA”), pays fees to BGL Group at an agreed percentage of revenues. This fee includes the provision of investment management services which are therefore not identifiable separately.

The IPC (refer to diagram in section A.1.4 above) oversees all policyholder investments. Its principal responsibilities are outlined in section B.1.1.2 below.

A.3.2 Information about gains and losses recognised directly in equity

BLL does not recognise any gains or losses directly in equity.

A.3.3 Information about any investments in securitisation

BLL does not hold any non-policyholder investments in securitisations.

A.4 Performance of other activities

A.4.1 Other material income and expenses incurred over the reporting period

BLL has no other activities other than those set out in section A.1.5.

A.4.2 Description of material leasing arrangements for financial and operating leases

BLL does not have any leasing arrangements.

A.5 Any other information

There is no other information required to understand BLL's business and performance.

B. System of Governance

B.1 General information on the system of governance

B.1.1 Structure of BLL's Board, including main roles and responsibilities

In common with other regulated subsidiaries within the BGL Group, BLL operates as an integrated part of an investment management group.

The BGL Group has significant financial resources and has established information systems, suitable management information and risk reporting systems appropriate to business needs. In accordance with its outsourcing and control policy, BLL outsources operational activities to BGL Group companies possessing the requisite skills, processes and systems. The BLL Board has established a governance model for the effective oversight of its outsourced functions, which is described in section B.7.

The BLL Company Secretary is BlackRock Company Secretarial Services (UK) Limited ("BCSS"). A representative of EMEA Fund Board Governance ("FBG") sits on the board of BCSS as the BLL representative and is responsible for BLL company secretarial matters and ensuring all necessary filings are made at Companies House.

Board meetings are organised by FBG, who apply the current Board calendar when setting the agenda with the Chair. These documents set out, by subject and function, the Board activity required to ensure its obligations are discharged with the appropriate level of review and delegation.

This structure facilitates demonstrable oversight of outsourced key functions and other outsourced activities, together with the formal review of the appropriateness of regulatory submissions, business continuity arrangements and significant client business initiatives and proposals.

The key internal control functions are outsourced and the BLL Board maintains an internal control framework, comprising three lines of defence and an ERMF (refer to section B.3.1.1). These are described in further detail in the following sections, with the overall governance diagrams included in section A.1.4.

There have been changes to the individuals performing SMFs in 2023 (refer to section B.1.2 for details), however no material change has been made to the system of governance during the reporting period.

B.1.1.1 BLL Board of Directors

The BLL Board is the company's governing body. It meets at least four times a year and its principal responsibilities (as set out in its terms of reference) are:

- Strategy and management;
- Structure and capital;
- Financial reporting and internal controls;
- Product management;
- Material contracts and regulatory filings;
- Appointments and removals: Board membership (including CEO), Senior Managers, key function holders ("KFHs") as defined by the respective regulators and Company Secretary;
- Delegation of authority and defining the role of CEO;
- Consumer Duty principles;

- Corporate governance and regulatory matters;
- Approval of policies;
- Statutory and regulatory obligations;
- Appointment of the BLL IPC and Audit Committee; and
- Annual Board evaluation.

The Board’s review of the continued appropriateness of the directors is evidenced in the following activities:

- Review of directors’ biographies;
- Review of Companies House filings;
- Approval of appointments of directors (including CEO), Senior Managers, KFHs as defined by the respective regulators and company secretary; and
- Annual Board evaluation, including composition and training needs

The BLL Board has adopted a Board Diversity Policy.

The following were members of the Board at 31 December 2023:

Director	Approved function
A.M. Lawrence*	SMF 1 CEO and SMF 3 Executive Director
D.C.M. Beattie	SMF 2 Chief Finance Officer and SMF 3 Executive Director
H. Odogwu	SMF 3 Executive Director
R. Tilston-Hales	SMF 3 Executive Director
D.P. Sims*/^/°	SMF 9 Chair
R.J. Hall*/^/°	SMF 11 Chair of Audit Committee
C.J. Barr*/^/°	Notified Non-Executive Director (“NED”)

*IPC member

^Audit Committee member

° Independent Non-Executive Director

B.1.1.2 BLL Investment Policy Committee (IPC)

The IPC has been established as a committee of the Board and is comprised of at least three directors, including at least one independent NED. The IPC is chaired by an independent NED who is also the Consumer Duty Champion. FBG acts as the Secretary to the IPC which meets at least four times each year. Its principal duties are to:

- Review the performance of unit-linked funds (including but not limited to the consideration of transaction costs, review of investments including costs and charges and the review of fund flows and the impact on investors);
- Review the use of derivatives within unit-linked funds;
- Review investment policies for all funds, making recommendations to the Board;
- Consider the impact of investment policy on the regulatory capital position of BLL;
- Oversee the securities lending programme and policy for the company;
- Engage with regulatory risk and investment risk functions to assist the BLL Board in overseeing risks in relation to the management of portfolios, and in particular whether that level of risk is appropriate for the investment objectives;
- Consider items related to value for money for customers;
- Consider withholding tax reclaims in BLL funds and the percentage of net asset value;
- Receive reporting against the BLL Policy for the LifePath UK suite of funds;
- Receive reporting on the activities of the EMEA Swing Pricing Committee; and
- Review BLL’s UK Consumer Duty Annual Assessment and consider aspects of pricing and value under the UK Consumer Duty.

B.1.1.3 BLL Audit Committee

The BLL Audit Committee, a committee of the Board, is comprised of three independent NEDs. FBG acts as the Secretary to the Audit Committee which meets at least four times each year.

The Audit Committee has delegated authority from the BLL Board in respect of its functions and power as stated in its Terms of Reference. The purpose of the Committee is to assist the Board in meeting its responsibilities for:

- The integrity of BLL’s financial and regulatory reporting;
- The effectiveness of BLL’s internal controls;
- Monitoring the effectiveness and objectivity of BLL’s internal and external audit processes; and
- Reviewing whistleblowing arrangements.

The Audit Committee is mandated to carry out the responsibilities prescribed by the PRA Rulebook: CRR Firms and Solvency II Firms: Audit Committee Instrument 2016.

B.1.1.4 CEO and Life Management Executive (LIME)

The Board has appointed a CEO who is responsible under the immediate authority of the Directors for the day-to-day operation of the company, excluding those matters specifically reserved for decision by the Board itself.

LIME is the CEO’s executive committee and assists the CEO in the operation of BLL, including with respect to the following matters:

- Strategy and planning;
- Regulatory compliance (including financial crime);
- Risk management;
- Review of the performance of delegates/outsourced suppliers;
- Review of products and services;
- Legal and regulatory matters;
- Transfer pricing and treasury matters;
- Contracts and agreements; and
- Litigation.

Representatives from a number of the key functions are members of LIME. Other representatives may attend for all or part of any meeting as appropriate to assist in the effective discharge of the body’s duties. A member of Internal Audit also attends each meeting.

The Chief Actuary is entitled to receive LIME papers to enable him to discharge his duties and may attend LIME if he deems it appropriate.

The Outsourcing Oversight Protocol (“OOP”) is used to facilitate BLL’s supervision, monitoring and control of outsourced services. On an ongoing basis, Senior Managers and KFMs will monitor the performance of the Outsourced Service Providers (“OSPs”) and report via LIME and the Board as required by the OOP.

In addition, LIME will review periodic and annual entity-level due diligence reviews performed by BlackRock of appointed OSPs. LIME provides reporting to the BLL CEO. The CEO then reports to the Board leveraging LIME and, where appropriate, makes recommendations on any material issues or concerns identified.

B.1.1.5 Key roles and responsibilities

The table below details BLL's KFHS as at 31 December 2023 as specified in the Solvency II regulations and BLL's Senior Managers as required under the UK Senior Managers and Certification Regime ("SMCR"). KFHS are certified under SMCR and complete an annual SMCR Fitness & Propriety assessment.

Name	Role	SMF
Adrian Lawrence	Executive Director, Chief Executive Officer	SMF 1 & 3
David Beattie	Executive Director, Chief Finance Officer	SMF 2 & 3
Rebeccah Tilston-Hales	Executive Director	SMF 3
Henry Odogwu	Executive Director	SMF 3
Adrian Mackaay	Chief Risk Officer	SMF 4
Emma McGowan	Internal Audit	SMF 5
Sarah Melvin	Head of Key Business Areas – Institutional Client Business and Retail	SMF 6
Justine Anderson	BGL Group Entity Senior Manager	SMF 7
David Sims ^o	Chair of the Governing Body	SMF 9
Robert Hall ^o	Chair of the Audit Committee	SMF 11
Caroline Barr ^o	Non-Executive Director, Investment Oversight	Notified NED
Nicholas Gibson	Compliance Oversight	SMF 16
Daryl Kaye	Money Laundering Reporting Officer	SMF 17
Sheree Sabin	Other Overall Responsibility – Product Management	SMF 18
Trevor Fannin	Chief Actuary Function (outsourced externally)	SMF 20
Katie Parry	Head of Technology and Operations	SMF 24
Oliver Al-Alawi	KFH – Tax	N/A
Scott Walker	KFH – Fund Accounting Oversight	N/A
Murray Preston	KFH – Custody Oversight	N/A

^o Independent Non-Executive Director

B.1.2 Material changes in the system of governance during the reporting period

There have been no material changes in the system of governance during the reporting period. The following changes were made to BLL's Senior Managers during the year and up to the date of approval of this report (refer to section B.1.1.5 for details of current key roles and responsibilities):

- Katie Parry replaced Robert Lamb as SMF 24 on 15 February 2023.
- Felicity Percy ceased to serve as a Board Director (SMF 3) on 10 May 2023;
- Henry Odogwu was appointed as a Board Director (SMF 3) on 23 November 2023.

B.1.3 Remuneration

BLL does not have any employees. Remuneration policy is established at BGL Group level and is designed to reinforce corporate policy regarding acting in the interests of customers at all times. The remuneration practices of BGL Group, BLL's only shareholder and main service provider, are detailed in Appendix 4.

B.1.4 Material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

Particulars of transactions during 2023 and 2022, and the balances outstanding at 31 December 2023 and 31 December 2022, are detailed below:

Relationship	Related Party
Ultimate parent undertaking	BlackRock, Inc.
Shareholder	BlackRock International Limited
Fellow subsidiary	BlackRock Investment Management (UK) Limited
Fellow subsidiary	BlackRock Advisors (UK) Limited
Fellow subsidiary	BlackRock (Channel Islands) Limited

	Relationship	Year to / as at 31 December 2023 £'000	Year to / as at 31 December 2022 £'000
Dividend	Shareholder	20,000	20,000
Securities lending income	Fellow Subsidiary	9,685	11,511
BGL Group recharge	Fellow Subsidiary	19,476	23,909
Amounts receivable	Fellow Subsidiary	5,383	4,465

BLL invests financial assets in respect of linked liabilities to customers into funds provided by BGL Group companies, predominantly Authorised Contractual Schemes (“ACS”), and/or other collective investment schemes or other investment funds managed by BlackRock.

Securities lending activity is arranged through BlackRock Advisors (UK) Limited, and the income generated for policyholders is a component of Investment return (refer to section C.7.1.1 for more information).

The BGL Group recharge represents payment for outsourced activities performed by BGL Group companies, including investment management, the provision of operational activities and access to technical expertise, such as Risk, Compliance, Finance and Internal Audit services. Amounts receivable represent the timing difference between these recharge amounts and cash collected on BLL’s behalf in respect of billed debtors.

BLL’s ultimate parent undertaking, BlackRock, Inc., provided a continuous guarantee in June 2021 over BLL’s liabilities under policies of reinsurance ceded by Scottish Equitable plc to mitigate the impact of Brexit on the Aegon N.V. group’s capital position. This remains in place.

B.2 Fit and proper requirement

B.2.1 Senior Management and Key Functions

BLL’s Senior Managers and KFJs are identified in the table in B.1.1.5.

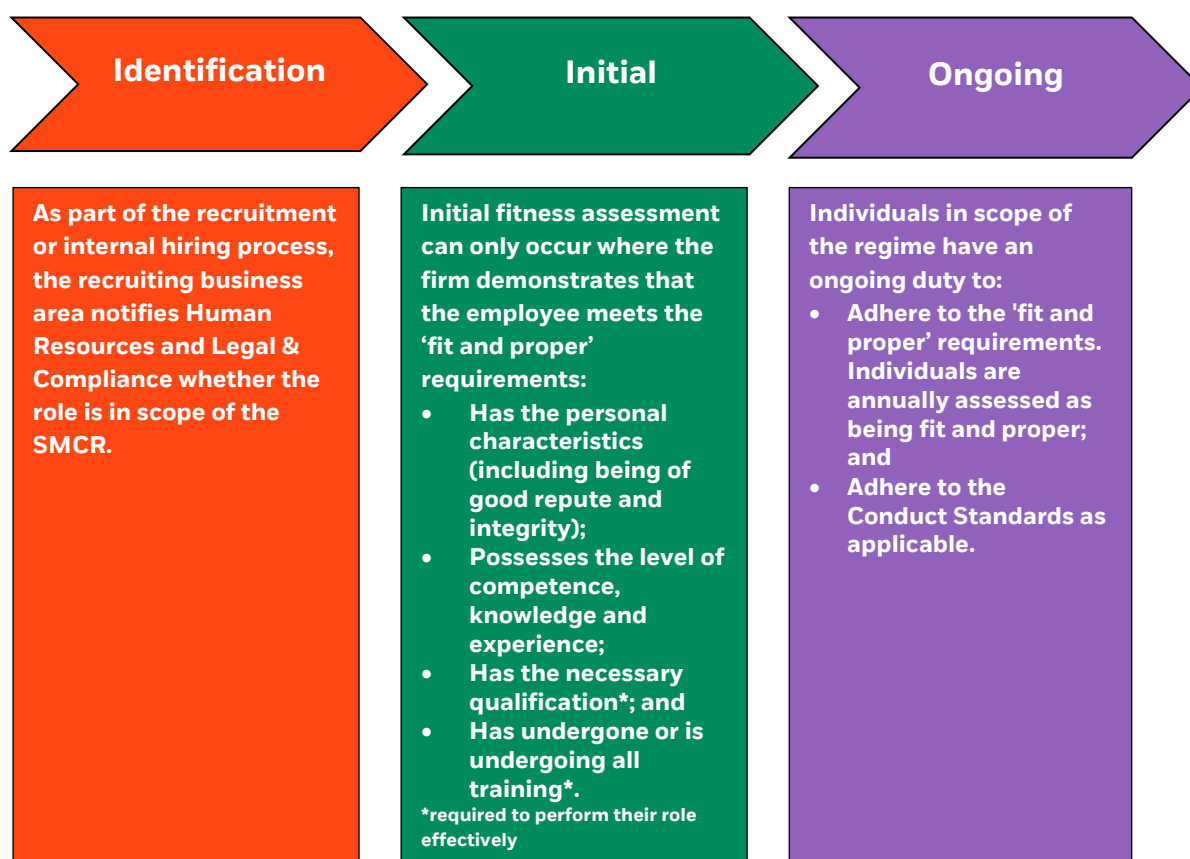
The ‘fit and proper’ requirement is the standard required by the FCA and the PRA when appointing individuals under the SMCR. BLL applies this requirement when making Senior Manager or KFJ appointments.

A ‘fit and proper’ framework is followed to ensure functions are led by appropriately skilled people. The ‘fit and proper’ test covers honesty, integrity and reputation, competence and capability and financial soundness. The ‘fit and proper’ test is applied when recruiting, whether internally or externally, for key functions as specified in the SMCR and the Solvency II regulations, or persons considered to have key functions if they perform functions of a specific importance. The testing is also conducted annually.

B.2.2 Process for assessing the fitness and the propriety of the persons who effectively run BLL

To assess an individual's fitness and propriety, Senior Management Functions, NEDs who do not hold a Senior Management Function, individuals performing certification functions, and key functions are assessed through the following process:

BLL 'fit and proper' requirements – Identification, initial and ongoing fitness and propriety assessment



The BGL Group adopts appropriate systems and controls to assess individuals subject to SMCR against the regulatory 'fit and proper' criteria prior to an individual starting their role and on an ongoing basis. There are controls in place to support the recruiting business area to consistently identify the roles in scope of SMCR. This includes, but is not limited to, an external verification process and internal assessment. In addition, an annual assessment is undertaken confirming that the 'fit and proper' requirements have been maintained and that they continue to adhere to the Conduct Standards. Separately, the annual performance management process requires registered individuals to declare continuous professional development activities to show ongoing awareness of the regulatory and industry standards and a line manager assessment of ongoing competence for the registered role.

Refer to the table in section B.1.1.5 for details of the KFJs and Senior Manager allocations for BLL.

As set out in section B7, 'fit and proper' is one of the criteria used by BLL when assessing outsourced service providers.

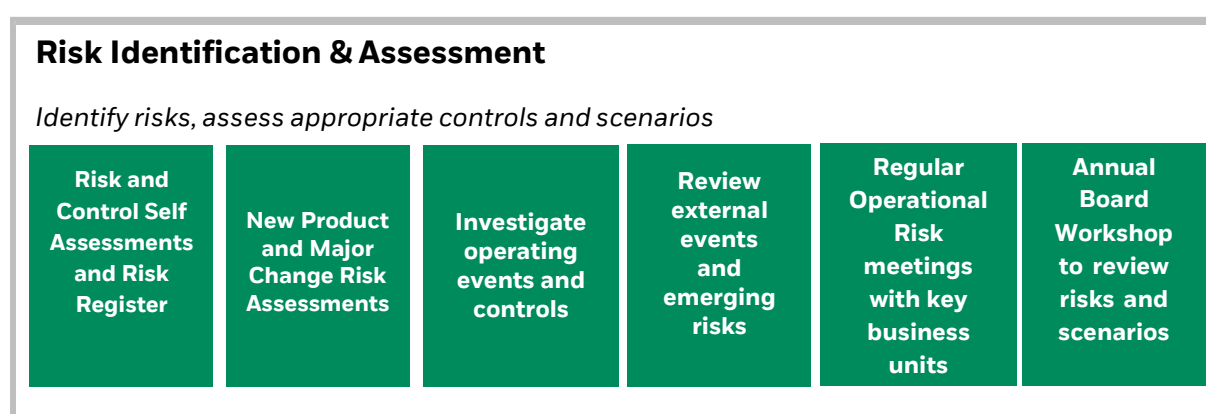
B.3 Risk management system including the own risk and solvency assessment

B.3.1.1 Risk Management function

BLL has a specific purpose in line with its ultimate parent, and operates within BGL Group’s risk management system, which is supplemented with additional processes specific to BLL. This internal control system is based on the three lines of defence, comprising primary risk owners (first line), independent risk management and control functions (second line) and an independent internal audit and assurance group (third line). This is consistent with BlackRock’s global risk management structure and the BLL Board considers it appropriate to the management of the risks faced by BLL. BLL’s ERMF evolves continuously in response to emerging best practice, the firm’s risk profile and regulatory guidance.

The ERMF comprises four foundational elements as shown below. This framework enables the first line of defence to identify, assess and manage risks within their business units, establishes an appropriate level of oversight and challenge by the second and third lines, and enables appropriate measurement and reporting of operational risks and the BLL overall risk profile to the BLL Board. It includes specific elements that enable the quantification of risks for the determination of operational risk capital. The first and second lines are represented on LIME and report regularly to the BLL Board. A member of Internal Audit also attends each LIME meeting.

BLL’s Enterprise Risk Management Framework and its four foundational elements



Risk Measurement & Monitoring

Size and forecast risks and monitor against Risk Tolerance, quantify severe losses

Errors & breach
resolution and
logging

Key Risk Indicators
measure risk
against thresholds

Operational Risk
Capital Estimation

Approve Annual
Capital
Requirement

Risk Reporting and Escalation

Providing information to functional and regional business management, Boards and committees

Operating Event Reporting

Quarterly Reporting to
Boards / Committees on
the BLL Risk Profile

Risk Owner Reporting and
escalation of risks to
relevant Boards and
committees

B.3.1.2 Risk identification and assessment

As BLL has outsourced many functions to BGL Group, the BLL Board places reliance on BlackRock's ERMF and therefore places reliance on the processes, systems and controls that are in place and performed by the three lines of defence that operate across a number of legal entities in the BGL Group (refer to section B.4).

The primary source of risk in a unit-linked insurance business is operational risk. Under the terms of the OSA, BLL has outsourced operational functions to BGL Group. The primary risk BLL faces is therefore BGL Group counterparty risk, being the risk that BGL Group does not meet its obligations under the outsourcing arrangements or fails to compensate BLL for losses caused by operational errors, breach of agreements, negligence, wilful default or fraud. BLL retains a small amount of operational risk as it may be liable, for instance were the Board to fail in its governance independently of any errors or omissions by BGL Group or were there to be a failure by BGL Group for which BLL was deemed to bear some responsibility due to the actions or omissions of the Board, LIME or Senior Managers in overseeing BGL Group under the OSA and/or in accordance with SMCR.

BGL Group recognises that operational risk is embedded in all of its products, services and activities. The proactive identification, assessment and management of operational risk is therefore critical to serving BLL's policyholders, managing enterprise risk and maintaining its reputation in the marketplace.

Accordingly, the application of the ERMF is commensurate with the size, scale and complexity of BLL and is supported by a robust governance structure. BLL risks are validated and scrutinised by the Board in order to arrive at a view of key risks and capital requirements.

BLL does not underwrite insurance risks. BLL invests non-policyholder assets in cash and UK Government debt and does not look to maximise returns. Policyholders bear the market and credit risk for the unit-linked investments that they hold.

Risk and Control Self Assessments (“RCSA”) are completed by the business units across BlackRock with the assistance of the Risk and Quantitative Analysis (“RQA”) function. RCSAs identify and assess the inherent and residual risks and associated controls of the firm’s business areas. RCSAs are also used to escalate known and potential vulnerabilities.

Escalation and investigation procedures in relation to operating events (i.e. instances of operational risk crystallising) are in place and are communicated to employees throughout BlackRock. These include:

- Mandatory learning about operational risk, including operating event escalation training, is provided to all employees;
- The Global Operating Event Policy is made available to employees;
- All large events are escalated promptly to RQA Enterprise Risk and BlackRock senior management;
- RQA conducts regular meetings with key business unit heads to maintain awareness of the procedures, events and issues;
- A weekly notable events summary is distributed to EMEA senior management. The BLL CEO is also an escalation point for significant issues pertaining to BLL and, as required, the CEO escalates to the BLL Board; and
- The BGL Group’s ERMF is overseen by its Enterprise Risk Management Committee (“ERMC”).

B.3.1.3 Monitoring and risk reporting

RQA maintains a central database of operating events (Archer) so that events can be categorised and analysed for trends, root cause analysis and future mitigation. The Archer database captures all operating events for BlackRock globally. Key business units use Archer for event analysis. Several control functions use Archer and access operating event data directly.

RQA prepares regular reporting for the BLL Board, including BLL’s and BGL Group’s risk profile and operating events.

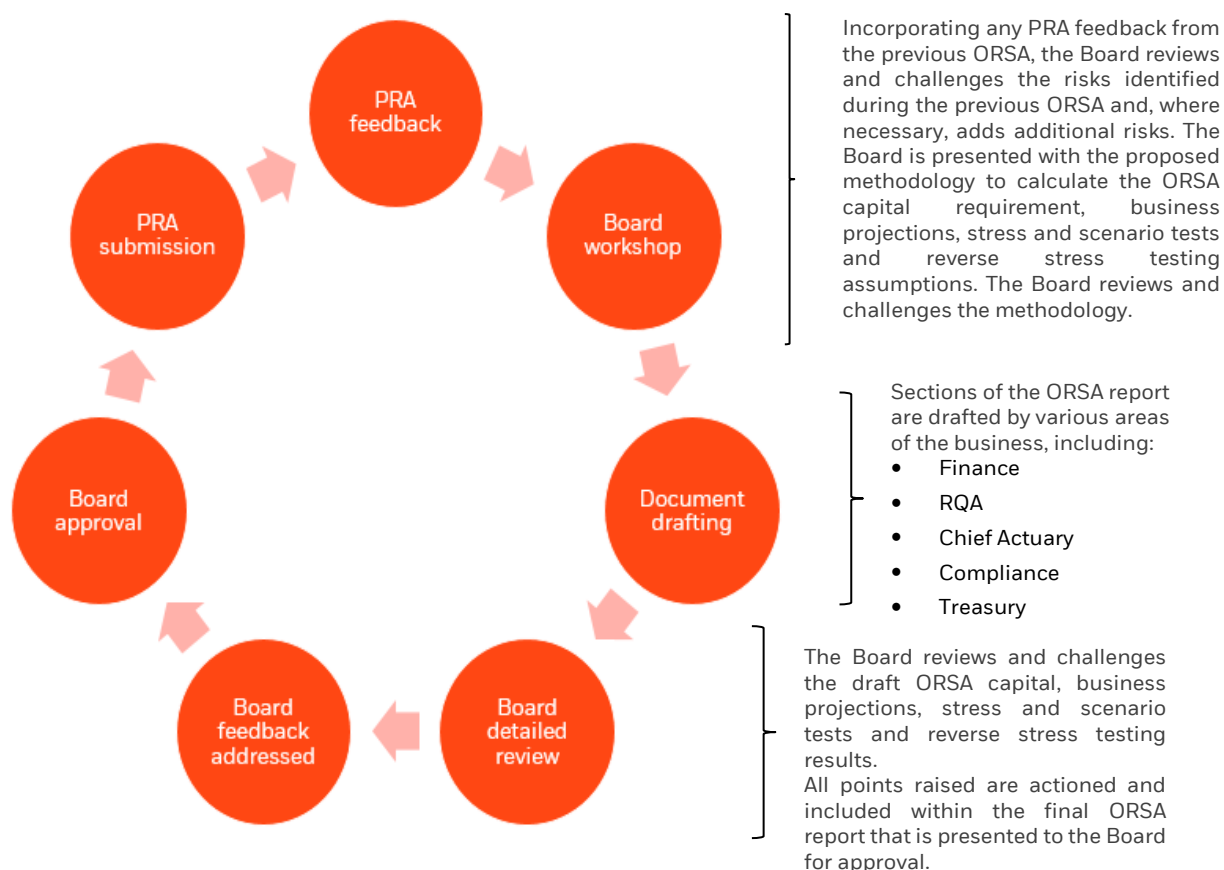
B.3.2 Own Risk and Solvency Assessment (ORSA)

Article 45 of the Solvency II Directive requires insurers, as part of their risk management system, to perform an ORSA. The ORSA is the process by which the BLL Board considers the strategy of the company, the risks faced in pursuing that strategy and the appropriate mitigation of those risks (one possible outcome of which may be to hold capital) to ensure the residual risk remains within the Board’s risk appetite.

One of the outputs from the ORSA is a risk-based capital assessment, and this capital assessment informs the Board’s consideration of any dividend payment (in the context of other practical and regulatory constraints).

BLL’s ORSA is conducted in accordance with its ORSA policy, and the report is scheduled for approval by the end of Q2 each year.

ORSA Process



The ORSA is a continuous process which includes significant involvement from the Board, Chief Actuary, Compliance, Finance and RQA. The Board and LIME receive regular updates about BLL and the BGL Group’s risk profile and these are used to inform the ORSA on a continuous basis. Each year, a Board workshop provides input and direction for the current ORSA, informing the drafting of the ORSA report. The Board performs a detailed review of this document prior to approval and submission to the PRA. Materials for the Board workshop and a draft of the ORSA report are presented to the BGL ICARA Committee for challenge prior to being presented to the Board.

Board workshop

At the Board workshop, the members of the Board review and oversee the following:

- BLL’s strategy and risk tolerances – any changes in the business strategy/risk tolerances are identified.
- Key risks – the Board reviews BLL’s key risks identified previously to determine whether they are still relevant. The review of BLL’s strategy and risk tolerance will highlight any additional risks. RQA present the risk register and profile to highlight any additional risks facing the business. This aligns to section B.3.1.3 above detailing how monitoring and risks are reported.
- Methodology for calculating the ORSA capital – considering the risks identified, the methodology for quantifying the capital required is presented to the Board for review and challenge.
- Forward looking assessment and capital management – the Board reviews and challenges assumptions that will be used to create the forward-looking financial projections.
- Stress and scenario testing approach – the Board reviews and challenges the proposed stresses and discusses other possible tests that would stress the business.

- Reverse stress approach – the Board reviews and challenges the proposed reverse stress scenarios.

Document drafting

Finance coordinate the drafting of the ORSA report and ensure that there is appropriate review by relevant subject matter experts.

Board review and approval

The Board reviews and challenges the draft ORSA report. The final draft incorporating any changes is approved by the Board, and then submitted within two weeks to the PRA.

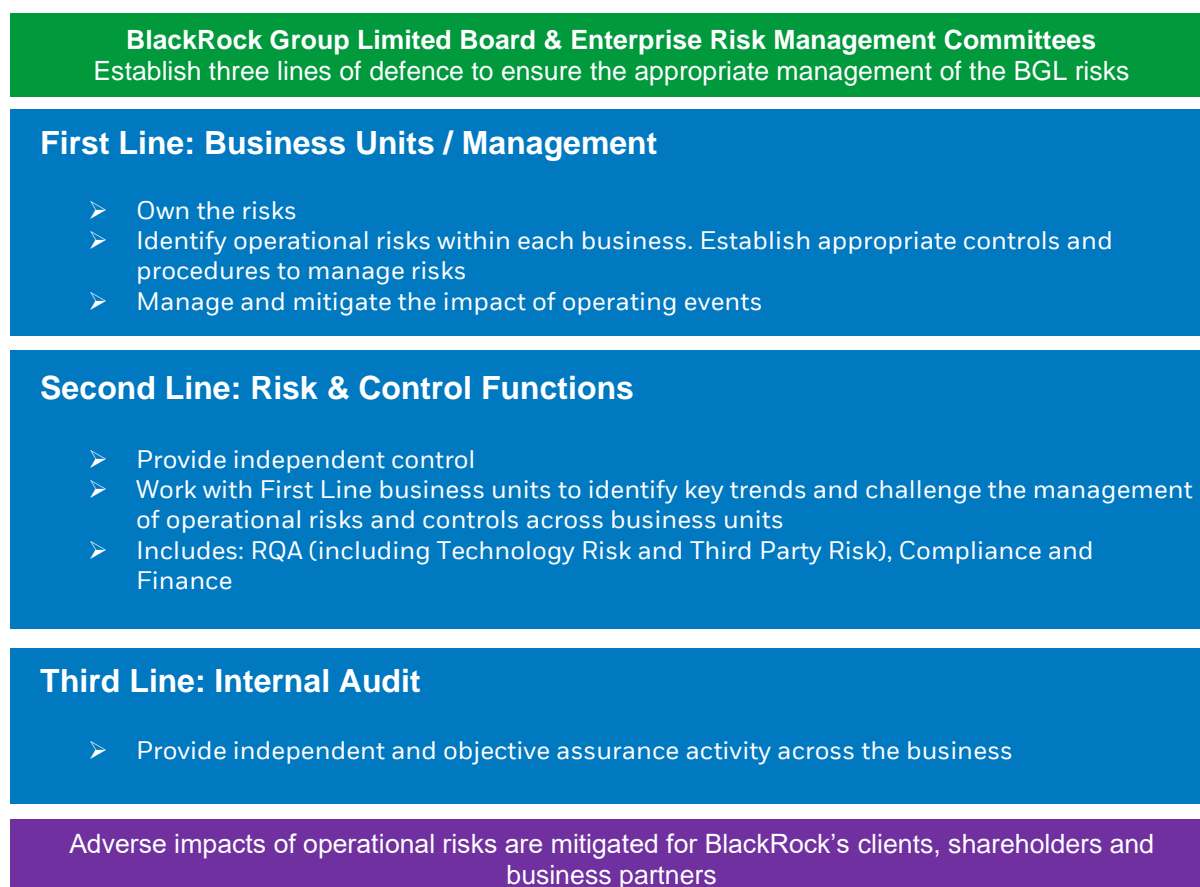
B.3.3 Risk management system for internal model users

This is not applicable as BLL does not use an internal model.

B.4 Internal control system

B.4.1 BLL's internal control system

BLL bases its internal control system on the BGL Group's three lines of defence structure, set out below:



The Global Operating Event Policy is an important component of the ERMF. The policy requires escalation of all known or potential operating events to the RQA Enterprise Risk Team and to

functional managers, with further escalation to senior management for large events (as defined in the policy).

Root-cause analysis is routinely undertaken for significant operating events and management information regarding operating events is regularly provided to BGL Group senior business and risk management committees. Regular training is conducted for all employees globally on the Global Operating Event Policy.

B.4.1.1 Compliance function

BlackRock operates Regulatory Compliance as a Global function with regional teams. The EMEA Regulatory Compliance function (“Compliance”) sits within the Global Legal and Compliance (“L&C”) Department and is an independent function. It is responsible for Compliance coverage of all businesses within EMEA, including BLL.

BLL’s Head of Compliance (SMF 16), Nicholas Gibson, reports to the Global Chief Compliance Officer.

The BLL Board’s tolerance for regulatory compliance risk is ‘very low’, meaning the firm’s position is to avoid this risk by taking all prudent actions to avoid unfavourable outcomes. The business is responsible for implementing first line controls to manage and mitigate regulatory compliance risk whilst the role of Compliance is to:

- Train and advise the business so there is a good understanding of the regulatory requirements and the regulatory environment in which BlackRock operates;
- Evaluate regulatory risk, assist in the identification of regulatory risk and advise on ways to manage and mitigate risk to protect the firm and its clients;
- Track, assess and communicate the impact of new regulation in a way that is tailored to BlackRock’s business;
- Advise the business on the design and implementation of controls; and
- Monitor and challenge the behaviours and controls in the business to promote the firm’s commitment to putting the interests of clients first and complying with regulation.

Compliance seeks to be a trusted advisor to the business, driving and supporting innovation whilst partnering with the business and regulators to ensure regulatory obligations are met. It helps to ensure BlackRock’s principles, behaviours and business activities put clients’ interests first and that BlackRock conducts itself with integrity in the marketplace.

The Compliance function is comprised of the following pillars:

- Line of Business Compliance;
- Enterprise Compliance;
- Marketing and Distribution Compliance;
- Trade Surveillance and Forensic Testing Compliance;
- Regulatory Engagement and Development; and
- Financial Crime Compliance.

The Compliance structure aligns the teams with the business and provides:

- Nominated individuals with relevant subject matter expertise of the fund ranges to help manage conduct risk;
- A standalone marketing and distribution team which helps manage product, sales, marketing and distribution risk, including funds under BLL;
- A dedicated risk assessment and monitoring team to ensure sufficient oversight of the business and testing of the regulatory compliance systems and controls including BLL;

- A core function which manages the controls around personal conflicts of interest, including those relating to BLL; and
- A dedicated Financial Crime team to manage the four specific financial crime risks: anti-money laundering, anti-bribery, fraud and economic sanctions, including as they relate to BLL.

BlackRock oversees Compliance through the BGL ERM, the BGL Risk Committee, BGL Audit Committee and the legal entity boards. Their role of oversight is set out in their terms of reference and includes resourcing, the delivery of the monitoring plan, approval of annual function objectives and managing the regulatory risk appetite. To ensure these committees and boards can perform their role, Compliance provides monthly and quarterly written updates including management information and attends the meetings to present if they are not a formal member of the committee or board. The BLL Board receives reporting from EMEA Compliance on a quarterly basis about matters affecting BLL.

Committee membership and attendance at boards ensures the Compliance function has the necessary visibility and influence and assists in managing conduct and regulatory risks of the firm.

Compliance reports to the Global Chief Compliance Officer and through to the Global General Counsel of BlackRock, Inc. to ensure that independence is maintained. Compliance also reports into the BGL Audit and BGL Risk Committees and the regulated legal entity boards and fund boards, ensuring there is appropriate and continuous oversight of Compliance and the compliance programme. Compliance is often called upon to advise the business both through committees and ad-hoc meetings.

Compliance provides senior management with the following reports to keep them informed of the performance of Compliance and the overall regulatory risk profile of the firm:

- Committee reports and key management information;
- Board reports and key management information;
- Ad hoc updates where required; and
- Enterprise Risk Indicators are used to assess the overall risk rating of regulatory compliance and whether this is within the BGL Group's Regulatory Compliance Risk Tolerance. To monitor this, a quarterly quantitative assessment is performed by Compliance against the Key Risk Indicators ("KRIs"). This report is provided to RQA and the ERM.

BLL has delegated to, relies upon and is required to be aware of the work of, a number of EMEA committees. Nominated individuals provide the BLL Board with quarterly updates from these committees.

B.4.2 Compliance Monitoring and Testing

Compliance monitoring is one of the principal ways in which BLL's Board and senior management gain assurance that the business is managing its regulatory risk exposure appropriately and that the controls it has in place are effective. It is one of the key mechanisms used to independently confirm that the business is complying with agreed policies and is meeting its regulatory responsibilities.

The Global Compliance Monitoring and Testing Team (part of the Global Enterprise Compliance team) undertakes compliance monitoring using a risk-based approach and comprises of independent reviews targeting regulatory and conduct risk themes that present elevated residual risk with a potential to give rise to the highest potential risk of customer detriment, regulatory censure and reputational damage. The Compliance Monitoring and Testing team review priorities which are agreed at least annually and remain under review throughout the year in order to address any risk crystallisation or additional regulatory or business priorities.

The Global Compliance Monitoring and Testing team also works closely with Internal Audit, RQA and other second line control functions, in order to deliver a robust, thorough and coordinated series of monitoring reviews across the key control functions within the firm. This would include, during the planning process, consideration of Internal Audit's programme, to avoid duplication and maximise coverage.

The monitoring performed by the Global Trade Surveillance & Forensic Testing team focuses on post-trade surveillance of BlackRock's Portfolio Management and Trading functions. The surveillance monitoring is routine, risk based, and utilises a combination of exception-only and sample-based testing in order to determine whether BlackRock is in compliance with regulatory requirements. The approach for trade surveillance reviews is not considered in this document.

B.4.3 Escalation and reporting

The BLL Board receives an update on the Compliance Monitoring Plan on a quarterly basis. Reporting includes:

- Details of monitoring reviews in progress and completed;
- Updates to the Compliance Monitoring Plan (where applicable);
- Material findings from monitoring reviews; and
- Status updates on open issues.

B.4.4 Compliance policies

The EMEA Compliance policy is documented in the BlackRock EMEA Compliance Manual which is reviewed annually and is supplemented by a range of policies covering specific legal and regulatory requirements in more detail. Compliance owned policies are reviewed in the manner and at the frequency specified in that policy. The Compliance section of BLL's Outsourcing & Controls Policy cross-refers to relevant BGL Group policies.

The EMEA Compliance Manual and compliance policies are stored in a centralised Policy Library, accessible by all BlackRock employees. There is a Global Policy Library User Guide that provides business areas with an overview of the Policy Library as well as guidelines to understand:

- Roles and responsibilities associated with policies;
- Policy management workflow and sign off process; and
- Publication and communication of policies.

B.5 Internal Audit function

B.5.1.1 Implementation of BLL's Internal Audit function

The purpose of Internal Audit is to objectively assess the adequacy and effectiveness of BlackRock's internal control environment to improve risk management, control and governance processes. Internal Audit has unrestricted access to company records or information required for the completion of audits, to interview employees, and to determine the nature and duration of audit work. The Directors may request additional reporting from the Internal Audit team on individual matters of concern disclosed in the audit reports.

BLL's Internal Audit function is outsourced to the EMEA Internal Audit team which is part of BlackRock's global Internal Audit function. Internal Audit is a global function with audit delivery teams covering all BlackRock businesses and central support functions. Internal Audit resources are aligned regionally to the Americas, EMEA and Asia Pacific, in addition to functional teams responsible for Technology and Audit Operations. The EMEA Audit function comprises both business and technology resources which perform reviews of the BLL business and support functions.

B.5.1.2 BLL Internal Audit Policy

The BLL Internal Audit policy establishes the way in which the provision of internal audit services to BLL will be implemented. The policy states:

- The BLL Board shall outsource the Internal Audit function to the BGL Group under the OSA;
- The BLL Audit Committee may request a specific audit or review via the Head of EMEA Internal Audit who will seek to meet the request on a case-by-case basis and in agreement with the Global Head of Internal Audit;
- Outsourced Service Providers working on behalf of BLL under the OSA shall apply all appropriate BGL Group policies and procedures when conducting work for BLL;
- The Internal Audit function shall not assume responsibility for any other BGL Group function;
- The Internal Audit function shall establish, implement and maintain a BLL Audit Plan setting out the work to be undertaken across BlackRock that is relevant to BLL's activities. The Audit Plan will be shared with the BLL Audit Committee on an annual basis;
- The Internal Audit function shall take a risk-based approach to deciding its priorities and carry out additional work not in the BLL Audit Plan as appropriate;
- The Internal Audit function shall report its findings to the BLL Audit Committee on an at least semi-annual basis, including a summary of BLL's Audit Plan status, associated audit report ratings and number of open audit issues relevant to BLL;
- The Internal Audit function will issue audit findings based on work carried out under the BLL Audit Plan. Remediation actions to address any issues identified are initiated by functional management, but the Internal Audit function will verify completion of the actions to address relevant audit findings, as appropriate; and
- Relevant audit issues that fail action verification will be reported to the BLL Audit Committee on an at least annual basis.

The Institute of Internal Auditors Code of Ethics and the International Standards for the Professional Practice of Internal Auditing are used as a basis of guiding and measuring internal audit activities throughout BlackRock.

B.5.2 Internal Audit's independence and objectivity

To ensure appropriate independence, Internal Audit has a functional reporting line directly to the Audit Committee of the BlackRock, Inc. Board of Directors, with an administrative reporting line to the President of BlackRock, Inc.

In addition, the EMEA Internal Audit team reports to the BGL Audit Committee and the Head of EMEA Internal Audit is approved to perform the Head of Internal Audit role (SMF 5) for BLL. In performing its functions, Internal Audit will have no direct responsibility or authority over any of the activities reviewed. Internal Audit will not design and install procedures, prepare records, or engage in any other activity that could reasonably be construed to compromise its independence and objectivity.

B.6 Actuarial function

BLL outsources the Actuarial Function in order to obtain the necessary skills. A senior actuary employed by Willis Towers Watson has been appointed as the KFH and has obtained regulatory approval to perform the SMF 20 function (the “Chief Actuary”) for the Actuarial Function with oversight from the CEO. The Chief Actuary fulfils the duties set out in section 6.1 of the Conditions Governing Business Section of the PRA Rulebook and Article 272 of the Delegated Regulation. In particular, the Chief Actuary reviews the calculation of the technical provisions, provides opinions on the underwriting policy and reinsurance arrangements, and contributes to the effectiveness of the company’s risk management system. The BLL finance function calculates the technical provisions and, as part of the Chief Actuary duties, the Actuarial Function carries out the validation of the technical provisions required under Article 264 of the Delegated Regulation. The Chief Actuary provides an annual report to the Board on the activities of the Actuarial Function. Oversight of the Actuarial Function is carried out through regular and ad-hoc discussions with the Chief Actuary and through the Board’s review of the Chief Actuary’s annual report.

B.7 Outsourcing

B.7.1 Outsourcing and Control policy purpose and scope

BLL’s Outsourcing and Control policy:

- Documents BlackRock, Inc. and BGL Group policies that have been adopted by BLL;
- Creates a single reference point for BLL policies;
- Facilitates Compliance verification that BLL policies meet regulatory requirements; and
- Facilitates BLL Board review and approval of the BLL policy.

It includes the following elements:

- The internal control framework;
- ‘Fit and proper’ requirements;
- Remuneration policy;
- Compliance policies and procedures;
- Business continuity and information security; and
- Data integrity, financial valuation and appropriateness of regulatory submissions.

B.7.2 BLL’s outsourcing and control model

In common with other regulated BGL Group subsidiaries, BLL operates as an integrated part of an investment management group. The Group has established a range of specialist functions, supported by a dedicated infrastructure of internal controls, management information and risk reporting systems appropriate to its business needs. These functions include BGL Group internal control functions, such as Risk, Compliance and Internal Audit.

BLL outsources the performance of its operational activities to UK BGL Group companies where the appropriate skills, processes and systems exist within the BGL Group. BLL has put in place arrangements for the effective oversight of its outsourced functions including the project work implementing the new regulatory expectations around oversight of outsourced service providers:

- a) Role of the Board: the BLL Board is ultimately accountable for all of BLL's outsourced functions.
- b) BLL CEO: Adrian Lawrence holds prescribed responsibility X (Outsourcing) and is responsible for the overall outsourcing policy and control framework, comprising the OSA, the Outsourcing Oversight Protocol and the Outsourcing and Control Policy.
- c) Senior Managers: each functional Senior Manager is responsible for the specification and oversight of the services relevant to their function or business.
- d) SMF 24 Function: Katie Parry (EMEA Head of Technology and Operations) is accountable for the specification and oversight of services supporting the internal operations and technology of BLL, specifically the technology and enterprise services and business operations services (Client Services, Accounting & Product Services and Data Services).
- e) Outsourcing Governance and Reporting: LIME acts as the main governance and executive management body for BLL's business including oversight of its outsourced functions.

This activity is governed by an OSA under which BGL Group is liable for losses resulting from this activity. BLL has no employees, but individuals employed by BGL Group companies who undertake functional activities on behalf of BLL are subject to high standards of compliance and conduct training and BGL Group-wide policies are designed to ensure consistent compliance with regulatory obligations.

Where a function is not provided internally within the BGL Group, external outsourced providers are engaged. Fund accounting and custody services are provided by BNY Mellon (contract with Bank of New York Mellon (International) Limited which is based in the UK) and the Actuarial Function is provided by Willis Towers Watson (based in the UK).

BLL has entered into a transfer pricing agreement which commits it to pay a charge equal to an agreed percentage of BLL revenue to BGL Group. This recharge includes the cost of the externally outsourced services.

BLL's outsourcing policy meets the requirements of Solvency II. This policy is reviewed, challenged and approved by the BLL Board on an annual basis.

B.8 Any other information

B.8.1 Adequacy of the system of governance

The BLL Board acts in accordance with its Terms of Reference and BLL's Articles of Association. The Terms of Reference document is reviewed by the BLL Board on at least an annual basis. The Board also reviews and approves the Terms of Reference of its Board Committees, namely the IPC and the Audit Committee, on at least an annual basis.

In order to ensure its obligations are discharged with the appropriate level of review and delegation, the BLL Board has adopted a Board calendar, which is produced on an annual basis, and sets out when and with what frequency the Board should receive the relevant reports and items. The Board calendar is used to assist in the agenda setting process. The FBG team are the custodians of the aforementioned document.

The Board carries out a formal and rigorous annual evaluation of its own performance and its committees perform similar exercises. The annual evaluation process is used constructively as a mechanism to improve effectiveness, maximise strengths and tackle weaknesses. Therefore, the Board is satisfied as to the adequacy of the system of governance.

C. Risk Profile

The following table sets out the capital requirement in respect of various risks under the standard formula used to calculate BLL's SCR. Subsequent sections then provide more detail on each.

Risks	Capital Requirement as at 31 Dec 23 £'000	Capital Requirement as at 31 Dec 22 £'000	Standard Formula Module Reference
C.1 Underwriting risk	975	997	Insurance underwriting risk
C.2 Market risk	830	976	Market risk
C.3 Credit risk	-	-	
C.4 Liquidity risk	-	-	
C.5 Operational risk	4,869	5,977	Operational risk
C.6 Other material risks	587	794	Counterparty default risk
Diversification	(684)	(805)	Diversification
Deferred tax	(554)	(486)	Loss-absorbing capacity of deferred tax
Total	6,023	7,453	

Figures subject to rounding

BLL's qualitative risk profile has not changed in the year. The quantum of the risk profile has however changed, predominantly as a result of the impact of lower AUM on the various components of the capital requirement.

C.1 Underwriting risk

BLL does not, and has no plans to, underwrite conventional insurance risks, and has no need to create or acquire techniques to mitigate against such risks. BLL does not make use of any special purpose vehicles authorised under Article 211 of the Solvency II Directive.

BLL is potentially exposed to lapse and expense risks, but the BLL's fully variable cost base ensures that any reduction in revenue, e.g. as a result of increased lapses, would be accompanied by a proportionate reduction in expenses and hence BLL would continue to be profitable.

However, variations in lapse rates impact the value of future charges and expenses, and therefore the amount of the technical provisions. BLL therefore holds capital against the risk of a significant increase in lapse rate which would reduce the value of future charges and expenses and therefore increase the technical provisions.

C.2 Market risk

Market risk arises from fluctuations in market prices, including:

- Changes in the level of interest rates and shape of the interest rate yield curve;
- Fluctuations in the values of, or income from, asset classes; and

- Fluctuations in the value of particular assets.

The risks, including market risk, and rewards relating to unit-linked assets are borne by policyholders. When markets increase in value, the policyholder benefits, but where markets fall, this fall is borne by the policyholder. Although BLL's revenues are based on AUM, as above the company's variable cost base ensures that any reduction in revenue would be accompanied by a proportionate reduction in expenses and hence BLL would continue to be profitable as discussed above.

BLL itself is only exposed to interest rate risk due to the nature of its non-policyholder assets.

However, market movements impact the value of charges less expenses, and therefore the amount of the technical provisions. BLL therefore holds capital against the risk of market movements which would reduce the value of future charges and expenses and therefore increase the technical provisions.

In addition, a market downturn may impact the value of UK Government debt in which part of the firm's non-policyholder assets are invested and may result in losses on seed capital. BLL considers the impact on the value of UK Government debt to be negligible since the majority of non-policyholder assets are short-dated GBP instruments which are held to maturity.

Seed capital positions are typically £100 per share class and are used to facilitate fund launches rather than to demonstrate a financial commitment to the strategy. The total value of seed investments at 31 December 2023 was £31k (31 December 2022: £29k).

C.3 Credit risk

Credit risk is the risk that the company is exposed to lower returns or loss if another party fails to perform its financial obligations to the company. BLL does not take on credit risk as a means to obtain higher returns on assets attributable to shareholders. BLL has some counterparty risk in the form of bank default risk. This is detailed in section C6.

C.4 Liquidity risk

C.4.1 Liquidity

Liquidity risk is the risk that a firm, although solvent, either does not have sufficient financial resources available to meet its obligations as they fall due or can secure them only at excessive cost. Liquidity risk management is governed by BLL's liquidity policy as approved by the Board.

C.4.1.1 Liquidity requirements

Of the potential liquidity requirements of BLL, the majority of liquidity needs arising from business operations and operational risks have been outsourced to BGL Group and are embedded in BGL Group's liquidity requirements. BGL Group maintains sufficient liquid resources to fund these requirements. For operational risk that BLL is exposed to and is not covered by BGL Group, a liquidity requirement of £3.0m (31 December 2022: £3.6m) is estimated after consideration of both direct and indirect operational risks.

Most expenses are funded by BGL Group entities, therefore working capital needs are based on minor expenses. Working capital requirements have been assessed at a conservative £2.0m (31 December 2022: £5.0m) based on a review of historic data.

In order to ensure that surplus liquid resources remain available, liquidity requirements include a £5.0m approved management cushion calibrated to provide additional comfort on top of identified liquidity needs and to factor the potential for: (i) unidentified risks; (ii) events beyond the estimated requirements as approximately estimated; and (iii) unexpected unavailability of liquid resources.

The aggregate liquidity requirement of BLL is £10.0m as at 31 December 2023 (31 December 2022: £13.6m).

C.4.1.2 Liquid resources

BLL maintains sufficient liquid resources in excess of liquidity requirements as conservatively assessed under both normal and stressed market conditions. At 31 December 2023, BLL had liquid resources of £49.5m (31 December 2022: £58.0m), significantly in excess of its £10.0m (31 December 2022: £13.6m) liquidity requirements.

Short term funding of client transitions and the variability in working capital do not result in the potential for net losses to BLL and therefore there is no impact upon capital resources and capital adequacy in connection with these liquidity risks.

C.4.2 Expected profit in future premiums

BLL's business is all single premium and therefore there are no expected profits in future premiums calculated in accordance with Article 260(2) of the Delegated Regulation, i.e. for 31 December 2023 this is nil (31 December 2022: nil).

C.5 Operational risk

The Solvency II Directive defines 'operational risk' as "the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events." Under BLL's operating model, operational risk is transferred to BGL Group as the outsourced service provider. Oversight of these outsourced activities is discharged by the BGL Group functions providing these services presenting to the monthly LIME meeting (refer to section B.1.1.4).

These services are paid for through an agreed percentage of revenue. The capital requirement for operational risk is therefore calculated using the formula specified in Article 204 of the Delegated Regulations, which for BLL's business equates to 25% of the amount of expenses incurred during the previous 12 months.

Outsourcing arrangements minimise the level of risk retained within BLL, as most of the activity that creates operational risk is undertaken by BGL Group. However, BLL retains oversight responsibility as well as a small element of direct operational risk for example in relation to governance of the entity by the BLL Board.

C.6 Other material risks

C.6.1 Bank counterparty risk

BLL can support clients paying premiums directly to BLL without the use of a custodian. There is a theoretical exposure to BLL if a reinsurance client's premiums were received prior to the anticipated trading and settlement cycle and the bank counterparty failed. Payment of claims could result in a similar issue. Non-reinsurance policyholder policy terms include a temporary cash and settlement fund for any amount of premium or surrender money received from policyholders in cash and that is

'in transit' (i.e., before it is invested or passed on to the policyholder). This means that the non-reinsurance policyholder bears the risks in relation to any custodian which holds cash or assets in relation to the temporary cash and settlement fund.

C.6.2 Climate change risk and sustainability considerations

Climate change presents a number of threats and opportunities for BLL. Since BLL writes no non-life risks and has no long-term guarantees, it is less vulnerable than many others in the insurance industry. Risks would likely manifest as a reduction in revenue (with a proportionate reduction in costs due to BLL's business model) as a result of a reduction in the value of AUM. Climate change and sustainability risk are considered as part of the ORSA, and applicable disclosure is contained in the annual report and accounts.

C.7 Any other information

C.7.1 Risk exposure of BLL, including the exposure arising from off-balance sheet positions and transfer of risk to special purpose vehicles

BLL has not transferred risk to a special purpose vehicle.

C.7.1.1 Stock lending

BLL operates two forms of collateral models, i.e. accepts collateral in respect of stock lending under two models; title transfer and pledged.

Title transfer

The risk of loss to BLL arising from title transfer stock lending failure is mitigated by the following factors:

- The stock lending counterparty would have to fail. To mitigate against this risk the BGL Group lending agent conducts business in accordance with the Code of Guidance published by the Bank of England's Securities Lending and Repo Committee, performs regular counterparty reviews including credit analyses and calculates counterparty exposure on a daily basis;
- The value of the collateral delivered would also have to be insufficient. Lending is fully collateralised to levels that are at least 102% of the market value of the securities borrowed, depending on the asset type lent and asset type received as collateral. Over-collateralisation levels may change depending upon market conditions and the type of assets received as well as the correlation to the asset lent. Securities on loan are marked to market daily to determine whether the borrower is required to deliver additional collateral; and
- BlackRock Inc. has issued an indemnification to BLL clients against potential loss that is a direct result of a borrower's failure to fulfil its obligations (and return securities borrowed) under the stock lending agreement should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligation under such stock lending agreement. BlackRock Inc. would therefore have to be unable or unwilling to fulfil this guarantee in order for there to be a risk of loss to BLL.

If all these events occurred it would be policyholder funds, not BLL, which would suffer any residual loss.

Pledged

Under this model, the stock lending counterparty pledges assets to guarantee or secure an arrangement, moving relevant assets to a separate custodial account with a third party. The

counterparty still retains the ownership of the asset, but BLL has a claim against it should the need arise.

Guarantee and indemnity

In connection with both securities lending transactions, BlackRock, Inc. has issued indemnifications to clients against potential loss that is a direct result of a borrower's failure to fulfil its obligations (and return securities borrowed) under the securities lending agreement should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligation under such stock lending agreement.

While the collateral pledged by a borrower is intended to be sufficient to offset the borrower's obligations to return securities borrowed and any other amounts owing to the lender under the relevant stock lending agreement, in the event of a borrower default, BLL can give no assurance that the collateral pledged by the borrower will be sufficient to fulfil such obligations. If the amount of such pledged collateral is not sufficient to fulfil such obligations to a client for whom BlackRock, Inc. has provided indemnification, BlackRock, Inc. would be responsible for the amount of the shortfall in accordance with the terms of the indemnity.

These indemnifications cover only the collateral shortfall described above, and do not in any way guarantee, assume or otherwise ensure the investment performance or return of any cash collateral vehicle into which stock lending cash collateral is invested.

C.7.1.2 Investment of BLL assets in accordance with Prudent Person Principle

Article 132 of the Solvency II Directive defines the Prudent Person Principle. As illustrated in section D, nearly all of the assets on BLL's balance sheet are held in respect of unit-linked contracts under which policyholders select the type of portfolio in which to invest. Where BLL does have investment discretion, it invests in UK Government debt in order to preserve capital rather than to earn a target investment return:

	Non- policyholder assets 31 December 2023	Non- policyholder assets 31 December 2022
	£'000	£'000
UK Government Gilts (Maturity < 3 months)	18,520	18,300
UK Government Gilts (Maturity > 3 years)	7,460	7,608
Accrued interest on UK Government Gilts	115	117
Collective investment undertaking	31	29
Financial assets held at fair value	26,126	26,054
Cash	23,332	31,614
Trade and other receivables	21,939	21,921
Total assets	71,397	79,589

Figures subject to rounding

BLL ensures that the investments of unit-linked contracts are selected in the best interest of policyholders taking into account any disclosed policy objectives and manages the constraints related to unit-linked contracts, in particular liquidity constraints. In doing so, it complies with the appropriate Conduct of Business rules contained in the FCA and PRA sourcebooks, ensuring that:

- Each investment fund has a clear set of investment guidelines which include its strategy and objective;
- Marketing material accurately reflects the strategy, objective and risks of unit-linked funds; and
- Only permitted assets are included in the funds.

Regular oversight of BLL's policyholder investments is undertaken by the IPC. Non-policyholder assets are considered by the Audit Committee.

C.7.2 Material risk exposures anticipated over BLL's business planning period

BLL does not anticipate any material risk exposures which are not already addressed by its Risk Management Framework over its business planning period.

C.7.3 Concentration risk

The Solvency II Directive defines concentration risk as all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of the entity. BLL does not consider that, under extreme but plausible circumstances, it has a material concentration of risk that falls under this definition. BLL's main exposure concentration is to BGL Group, which provides operational support to BLL. Group Counterparty risk is considered as part of the ORSA. BLL's concentration risk profile is not expected to change materially over the business planning period.

C.7.4 Techniques used for mitigating risks and the process for monitoring

BLL does not hold any risk mitigation tools outside of conventional risk management activity within an insurance entity, which is described elsewhere in this document. Capital is held on BLL's balance sheet and net balances are settled with BGL Group.

C.7.5 Risk sensitivity

The following stress tests were applied to BLL's calculation of its Pillar 1 capital position as part of the year-end valuation:

- *Risk-free rate*
The risk-free rate used in calculating the technical provisions is published by the PRA. In this stress, a flat 100 basis points increase and decrease in rates was applied across the yield curve and the impact on BLL's excess of own funds over SCR ("Excess Assets") was immaterial.
- *Reduction in initial unit values*
The unit prices at the valuation date were reduced by 25%. The impact was to marginally reduce BLL's Excess Assets but resulted in an increase in the solvency ratio.
- *Increase in withdrawal rates*
The withdrawal rate was doubled. The impact was to marginally reduce BLL's Excess Assets but resulted in an increase in the solvency ratio.
- *Downgrade in bank credit ratings*
The credit ratings were reduced by one credit quality step. The impact was to marginally reduce BLL's Excess Assets and resulted in a reduction in the solvency ratio.

D. Valuation for Solvency Purposes

BLL writes one type of business, single premium unit-linked pension business, for the purpose of regulatory reporting. The summarised balance sheet as at 31 December 2023 was as follows:

	Financial Statements 31 December 2023 £'000	Solvency II value 31 December 2023 £'000	Reference
Assets			
Government bonds	26,095	26,095	D.1.1
Collective investment undertaking	31	31	
Assets held for index-linked and unit-linked contracts	44,005,043	44,005,043	D.1.2
Receivables (trade, not insurance)	21,718	21,718	D.1.3
Cash and cash equivalents	23,332	23,332	D.1.4
Any other assets, not elsewhere shown	221	221	D.1.5
Total assets	44,076,440	44,076,440	
Liabilities			
Technical provisions calculated as a whole	-	44,005,043	D.2
Best estimate	-	(2,438)	D.2
Risk margin	-	222	D.2
Technical provisions – index-linked and unit-linked	44,005,043	44,002,827	
Deferred tax liabilities	-	554	D.3.1
Insurance & intermediaries payables	-	-	D.3.2
Payables (trade, not insurance)	15	15	D.3.3
Any other liabilities, not elsewhere shown	-	-	D.3.4
Total liabilities	44,005,058	44,003,396	
Excess of assets over liabilities	71,382	73,044	

Figures subject to rounding

The summarised balance sheet as at 31 December 2022 was as follows:

	Financial Statements 31 December 2022 £'000	Solvency II value 31 December 2022 £'000	Reference
Assets			
Government bonds	26,025	26,025	D.1.1
Collective Investment undertaking	29	29	
Assets held for index-linked and unit-linked contracts	44,946,779	44,946,779	D.1.2
Receivables (trade, not insurance)	21,921	21,921	D.1.3
Cash and cash equivalents	31,614	31,614	D.1.4
Any other assets, not elsewhere shown	-	-	D.1.5
Total assets	45,026,368	45,026,368	
Liabilities			
Technical provisions calculated as a whole	-	44,946,779	D.2
Best estimate	-	(2,492)	D.2
Risk margin	-	425	D.2
Technical provisions – index-linked and unit-linked	44,946,779	44,944,712	
Deferred tax liabilities	-	486	D.3.1
Insurance & intermediaries payables	-	-	D.3.2
Payables (trade, not insurance)	72	72	D.3.3
Any other liabilities, not elsewhere shown	1,860	1,860	D.3.4
Total liabilities	44,948,711	44,947,130	
Excess of assets over liabilities	77,657	79,238	

Figures subject to rounding

D.1 Assets

The valuation methodology of each type of asset within the regulatory balance sheet shown above has been provided below. All assets are valued on a basis consistent with the financial statements, unless otherwise stated.

European Insurance and Occupational Pensions Authority's ("EIOPA's") reporting and disclosure Guideline 6 – Assets – Information on aggregating by class is not applicable to BLL. As described in A.1.5, BLL has one line of business.

In line with EIOPA's reporting and disclosure Guideline 7, BLL's Solvency II balance sheet:

- Does not include intangible assets;
- Details material financial assets. Section D.1.2 details the valuation method used;
- Does not have financial or operating leases;

- Does not include deferred tax assets; and
- Does not include related undertakings.

There has been no change to the recognition and valuation bases used or to estimates during the reporting period. All assumptions and judgements have been detailed within the valuation of each section in the above Solvency II balance sheet.

D.1.1 Government debt

The Government debt fair value is derived from quoted prices in an active market for identical assets.

D.1.2 Assets held for index-linked and unit-linked contracts

BLL issues unit-linked investment contracts without fixed terms whose fair value is dependent on the fair value of underlying financial assets and derivatives.

Assets held for unit-linked contracts are fair valued as follows:

- Level 1 – fair value is derived from quoted prices (unadjusted) in active market prices for identical assets or liabilities.
- Level 2 – fair value is derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices).
- Level 3 – fair value is derived from valuation techniques using inputs which include inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The following tables detail the financial instruments included in the tables above which are measured subsequent to initial recognition at fair value:

2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	26,035,282	-	2,333	26,037,615
Fixed interest investments	-	16,097,957	-	16,097,957
Derivatives	6,923	(9,443)	-	(2,520)
Floating rate instruments	-	235,237	-	235,237
Money market funds	1,116,070	-	-	1,116,070
Debt securities	-	-	-	-
Total financial assets	27,158,275	16,323,751	2,333	43,484,359

Figures subject to rounding

2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	27,532,546	-	216	27,532,762
Fixed interest investments	-	15,193,427	-	15,193,427
Derivatives	(8,293)	(22,877)	-	(31,170)
Floating rate instruments	-	245,746	-	245,746
Money market funds	1,424,535	-	-	1,424,535
Debt securities	-	-	-	-
Total financial assets	28,948,788	15,416,296	216	44,365,300

Figures subject to rounding

D.1.3 Receivables (trade, not insurance)

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The amortised cost of receivables is considered to be a fair approximation of fair value.

D.1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash deposits held at call with banks recognised at amortised cost in the IFRS financial statements, which is considered to be a reasonable approximation of fair value.

D.1.5 Any other assets, not elsewhere shown

Other assets are valued in line with receivables.

D.2 Technical provisions

Technical provisions have been disclosed in line with Article 296 (2) of the Delegated Regulations (EU) 2015/35 (as adopted into UK law post Brexit):

a) BLL writes one type of business – single premium unit-linked pension business.

The technical provisions at 31 December 2023 and 31 December 2022 are set out in the table below:

	31 Dec 2023 Unit-linked Pension Business £'000	31 Dec 2022 Unit-linked Pension Business £'000
Technical provisions as a whole	44,005,043	44,946,779
Best Estimate Liability	(2,438)	(2,492)
Risk Margin	222	425
Technical Provisions	44,002,827	44,944,712

Figures subject to rounding

The figure for the technical provisions as a whole is the bid value of units attaching to policies at the valuation date.

The Best Estimate Liability (“BEL”) is the present value of the difference between future annual management charges (“AMCs”) on the funds and the future expenses of the company, discounted using the PRA-specified risk-free interest rate term structure.

The Risk Margin represents the cost of providing an amount of capital equal to the non-market related SCR needed to support the policies over the assumed lifetime of the business. The Risk Margin is calculated by projecting forward the non-market related SCR, applying the cost of capital rate mandated in the Solvency UK regulations, and uses a floored risk-tapering factor to reduce the sensitivity to interest rate changes.

The main assumptions used in the projections are as follows:

- *Projection period*: the projection is to the first point at which BLL has the unilateral right to terminate the individual policies. All of BLL's business is group trust based and reinsurance accepted business and the projection period is typically three, four or six months (2022: three months);
- *Future fund growth*: the PRA-specified risk-free interest rate term structure less charges on the funds;
- *Mortality*: nil due to the nature of unit linked products;
- *Policyholder withdrawal rates*: a base withdrawal rate of 30% (2022: 25%) per annum, plus, for policies where the policyholder is another insurance company, planned insurance company withdrawals following fund restructuring; and
- *Expenses*: in accordance with the OSA with BGL Group.

The technical provisions are calculated using a simplified method under which the policies are grouped into six (2022: five) categories according to the particular terms of the contracts, and each of these groups is projected as a whole. There are no material differences in the nature and complexity of the risks underlying the policies in each group and the grouping of policies does not misrepresent the risk underlying the policies.

The technical provisions are calculated gross of reinsurance out and, if relevant, a separate reinsurance recoverable asset would be held. This is discussed under (h) below.

- b) The principal uncertainty associated with the value of the technical provisions relates to future policyholder withdrawal rates. Higher termination rates lead to an increase in the technical provisions as the value of future AMCs less expenses is reduced. However, given the short-term nature of the business, the sensitivity of the technical provisions to changes in future policyholder withdrawal rates is not material in the context of the company's overall balance sheet.
- c) The material differences between the bases, methods and main assumptions used in the calculation of the technical provisions for solvency purposes, to those used for their valuation in the financial statements are:
- The valuation in the financial statements does not include the deduction for the present value of the difference between future AMCs on the funds and the future expenses of the Company.
 - The valuation in the financial statements does not include the Risk Margin.

A reconciliation between the technical provisions for solvency purposes and their valuation in the financial statements is shown in the table below:

	31 Dec 2023 Unit-linked Pension Business £'000	31 Dec 2022 Unit-linked Pension Business £'000
Technical Provisions for solvency purposes	44,002,827	44,944,712
Add back: Value of charges less expenses	2,438	2,492
Deduct: Risk Margin	(222)	(425)
Valuation in financial statements	44,005,043	44,946,779

Figures subject to rounding

d - g) The company does not apply a matching adjustment, volatility adjustment, transitional risk-free interest rate term structure or transitional deduction from technical provisions.

h) At 31 December 2023 the company had no reinsurance in place and there is no reinsurance recoverable (2022: nil).

D.3 Other liabilities

The difference between the value of the deferred tax liability on the Solvency II and the statutory balance sheets is due to the different valuation methods for assets and liabilities under Solvency II and IFRS. The main differences are in relation to future charges and expenses and risk margin.

In line with EIOPA's reporting and disclosure Guideline 10 – Content by material classes of liabilities other than technical provisions, the BLL Solvency II balance sheet:

- Does not include operating or finance leases;
- Includes deferred tax liabilities, that are detailed in section D.3.1 below; and
- Does not include employee benefits.

There has been no change to the recognition and valuation bases used or estimation techniques during the reporting period.

BLL has no other major sources of estimation uncertainty included in the Solvency II balance sheet.

D.3.1 Other liabilities - Deferred tax liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised.

As detailed in D.2, the BEL is calculated as the bid value of units attached to policies at the valuation date less a deduction for the present value of the difference between future AMCs on the funds and the future expenses of BLL. The deduction from the total value of unit funds increases BLL's own funds relative to the statutory accounts basis, which is used to determine corporate tax. This impact is partly offset by the introduction of the Risk Margin.

The combined impact of these adjustments is a £2,216k increase in BLL's own funds as at 31 December 2023 (31 December 2022: £2,067k). A deferred tax liability of £554k (31 December 2022: £486k) is included on the Solvency II balance sheet.

An adjustment of the same amount is then deducted from the SCR to reflect the loss absorbing capacity of deferred tax were a loss equal to the combined stresses underlying the SCR to occur.

D.3.2 Insurance & intermediaries payables

Financial liabilities are initially measured at fair value net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

D.3.3 Payables (trade, not insurance)

These are valued in line with D.3.2.

D.3.4 Any other liabilities not elsewhere shown

The current tax liability is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or subsequently enacted by the end of the reporting period.

D.3.5 Other

BLL does not have any leases as explained in section A.4.2.

BLL does not have any employees and therefore does not have any liabilities for employee benefits. Accordingly, no disclosure has been made.

D.4 Alternative methods of valuation

BLL does not use any alternative methods for valuation.

D.5 Any other information

There is no additional material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

E.1 Own funds

E.1.1 Objectives, policies and processes employed for managing BLL own funds

BLL has only two components of own funds, both of which are tier 1 basic own funds; ordinary share capital and retained earnings. BLL's ordinary shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption. Assets representing own funds are invested in UK Government gilts and cash, with the remainder being working capital held in debtor and creditor balances.

BLL's internal capital target is to hold the higher of two amounts:

- 200% of the standard formula SCR plus a Board approved buffer
- ORSA capital requirement plus a Board approved buffer

On an annual basis and having regard to the results of stress tests applied to projections over the five-year planning period, the Board will consider whether a dividend should be paid to remit any surplus capital above this target to BGL Group. BLL's Articles of Association confirm that dividends may be cancelled prior to payment.

E.1.2 Analysis of changes in Own Funds

The table below sets out own funds as at 31 December 2023 and 31 December 2022:

	2023 £'000	2022 £'000
Tier 1 – unrestricted – 1 January		
Share capital	1,300	1,300
Share premium	-	-
Reconciliation reserve	71,744	77,938
Total own funds to cover SCR and MCR	73,044	79,238
Tier 1 – unrestricted – 31 December		
Share capital	1,300	1,300
Share premium	-	-
Reconciliation reserve	71,744	77,938
Total own funds to cover SCR and MCR	73,044	79,238
SCR	6,023	7,453
SCR cover	1213%	1063%
MCR	3,495	3,445
MCR cover	2090%	2300%

Figures subject to rounding

The table above sets out:

- Information on the structure, amount and quality of own funds at 31 December 2023 and 2022;
- The eligible amount of own funds to cover the SCR; and
- The eligible amount of basic own funds to cover the MCR.

A dividend of £20.0m was paid to BIL in the year (2022: £20.0m). This reduction in own funds was partially offset by post-tax profits generated of £13.7m.

The reconciliation reserve represents retained profits and the difference between technical provisions for solvency purposes and the liabilities to customers under investment contracts reported in the financial statements.

E.1.3 Material differences between equity as shown in BLL's financial statements and the excess of assets over liabilities as calculated for solvency purposes

The difference between BLL's Solvency II own funds above and BLL's equity in its audited financial statements is due to a deduction for the present value of the difference between future AMCs on the funds and the future expenses of BLL, risk margin and Solvency II deferred tax adjustment (refer to section D for further information on these items).

E.1.4 Basic own funds subject to transitional arrangements

None of BLL's own funds are subject to transitional arrangements.

E.1.5 Ancillary own funds

BLL's own funds do not include ancillary amounts.

E.1.6 Items deducted from own funds

No deductions are applied to own funds and there are no significant restrictions affecting their availability and transferability.

E.1.7 Own Funds

BLL does not have any additional solvency ratios as described through EIOPA's reporting and disclosure Guideline 11.

In line with EIOPA's reporting disclosure Guideline 12:

- BLL's own funds are described in E.1.2;
- BLL does not have subordinated own funds;
- BLL has not issued or redeemed own funds during the year. The movement in own funds has been included within E.1.2;
- BLL does not have subordinated debt;
- BLL does not have restrictions on own funds;
- BLL does not have a principal loss absorbency mechanism used to comply with Article 71 (1)(e) of the Delegated Regulations;
- BLL's reconciliation reserve is detailed in section E.1.2;
- BLL does not have transitional arrangements;
- BLL does not have any ancillary own fund items; and
- BLL does not have items deducted from own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 BLL SCR and MCR

Capital requirement	31 Dec 2023 Total £'000	31 Dec 2022 Total £'000
SCR	6,023	7,453
MCR	3,495	3,445

Figures subject to rounding

These amounts are subject to supervisory assessment.

E.2.2 SCR split by risk module

BLL is a standard formula firm and does not use an internal model. Detailed below is BLL's SCR split by risk module as at 31 December 2023 and 31 December 2022:

	31 Dec 2023 Total £'000	31 Dec 2022 Total £'000
Market risk	830	976
Counterparty default risk	587	794
Insurance underwriting risk	975	997
Health underwriting risk	-	-
Non-life underwriting risk	-	-
Diversification	(684)	(805)
Intangible asset risk	-	-
Basic Solvency Capital Requirement	1,708	1,962
Calculation of Solvency Capital Requirement		
Operational risk	4,869	5,977
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	(554)	(486)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-	-
Solvency capital requirement, excluding capital add-on	6,023	7,453
Capital add-ons already set	-	-
Solvency capital requirement	6,023	7,453

Figures subject to rounding

Disclosures have not been withheld from this SFCR on the basis of commercial sensitivity. BLL is not eligible to use any undertaking-specific parameters and is therefore not in a position to be compelled to use them by its supervisory body.

E.2.3 Standard formula – simplifications

No simplifications have been used in calculating the SCR using the standard formula.

E.2.4 BLL specific parameters of the standard formula

BLL has not requested approval by the supervisory authorities to replace a subset of its parameters by parameters specific to BLL, in line with Article 104(7) of the Directive 2009/138/EC.

E.2.5 Directive 2009/138/EC Article 51(2) – third subparagraph

BLL does not have any capital add-ons or specific parameters applied to the SCR calculation, therefore this article is not applicable to BLL.

E.2.6 MCR inputs

BLL's MCR at 31 December 2023 is capped at £3,495k (31 December 2022: £3,445k), being the absolute floor of the MCR.

The linear MCR is calculated as 0.7% of the index-linked and unit-linked obligations. The combined MCR is calculated as the lower of;

- The maximum of the linear MCR and MCR floor
- MCR cap which is 45% of the SCR

Due to the linear MCR being a smaller balance, BLL's MCR is set at the absolute MCR floor.

The table below shows the inputs into the MCR calculation as at 31 December 2023 and 31 December 2022. The absolute floor of the MCR is prescribed by the PRA and is a euro value:

	31 Dec 2023 Total £'000	31 Dec 2022 Total £'000
Absolute floor of the MCR (Euros)	4,000	4,000
Linear MCR	308,037	314,629
SCR	6,023	7,453
Combined MCR	2,711	3,354
MCR	3,495	3,445

Figures subject to rounding

E.2.7 Material change to SCR and MCR

There has been a reduction to the SCR during the reporting year ended 31 December 2023. This is due to operational risk reducing in line with lower average AUM during 2023 compared with 2022 (lower AUM leading to reduced income which in turn reduces management expenses which is a fixed percentage of revenue, and operational risk is 25% of these expenses).

The reduction in AUM in the year has reduced the BEL (see Section D.2(a)) and the resulting market and insurance capital held against stresses on the BEL.

The MCR remains at the absolute floor value.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

BLL does not use the duration-based equity risk sub-module in the calculation of its SCR and has no plans to do so.

E.4 Differences between the standard formula and any internal model used

BLL uses the standard formula for quantifying all risks under Pillar 1 and hence does not use an internal model to calculate the SCR.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

BLL's capital has exceeded both the MCR and the SCR throughout the reporting period.

There are no reasonably foreseeable risks that would result in non-compliance with BLL's MCR or SCR over the foreseeable future.

E.6 Any other information

There is no other material information regarding the capital management of BLL.

F. Solvency and Financial Condition Report Governance

F.1 Directors' confirmation

Approval by the Board of Directors of the Solvency and Financial Condition Report and Reporting Templates

We certify that:

- The Solvency and Financial Condition Report has been properly prepared in all material respects in accordance with the PRA rules and Solvency II regulations.

We are satisfied that:

- Throughout the financial year ended 31 December 2023, BLL has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to BLL.
- It is reasonable to believe, at the date of publication of the SFCR, that BLL has continued to comply, and will continue to comply in future.



BlackRock Life Limited Board of Directors

26 March 2024

F.2 Independent Auditor's Report

REPORT OF THE EXTERNAL INDEPENDENT AUDITOR TO THE DIRECTORS OF BLACKROCK LIFE LIMITED ('THE COMPANY') PURSUANT TO RULE 4.1 (2) OF THE EXTERNAL AUDIT CHAPTER OF THE PRA RULEBOOK APPLICABLE TO SOLVENCY II FIRMS

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report ("SFCR")

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2023:

the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR of the Company as at 31 December 2023, ('the Narrative Disclosures subject to audit'); and

Company templates S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21, S.28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the SFCR'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

the 'Executive summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the SFCR;

Company templates S.05.01.02, S.05.02.01;

Rows R0110 to R0130 of template S.12.01.02 relating to the amount of transitional measure on technical provisions.

the written acknowledgement by management of their responsibilities, including for the preparation of the SFCR ('the Responsibility Statement').

To the extent the information subject to audit in the relevant elements of the SFCR includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the SFCR of the Company as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK), including ISA (UK) 800 and ISA (UK) 805. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the SFCR in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe

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

Emphasis of Matter – Basis of Accounting

We draw attention to the ‘Valuation for solvency purposes’ and ‘Capital Management’ sections of the SFCR, which describe the basis of accounting. The SFCR is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

In auditing the SFCR, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the SFCR is appropriate.

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

- Evaluating management’s process for assessing whether or not the company is a going concern;
- Assessing forecasts included within the latest Own Risk and Solvency Assessment (“ORSA”) projections;
- Comparing historical actual performance to forecast amounts;
- Analysing the net asset, net current asset, and cash positions of the Company; and
- Analysing the Solvency ratio of the company this year, and in prior year.

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

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the SFCR does not cover the Other Information and, we do not express an audit opinion or any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they assess is necessary to enable the preparation of a SFCR that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the SFCR are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 decision making or the judgement of the users taken on the basis of the SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <https://www.frc.org.uk/auditorsresponsibilities>. The same responsibilities apply to the audit of the SFCR.

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

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.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the SFCR. These included Solvency II as implemented in the UK; and
- do not have a direct effect on the SFCR but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Companies Act 2006 and the Company's regulatory solvency requirements and the rules and regulations of the Financial Conduct Authority ("the FCA") and the Prudential Regulation Authority ("PRA").

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Completeness of the elimination of cross-holding investments between BLL's unit-linked funds

Unit-linked policy assets of £44.0bn (2022: £44.9bn) are the most significant balance on the statement of financial position of the Company. These assets comprise two legacy portfolios which invest both within and across a range of underlying pension funds, each of which are valued

separately for the purpose of fund reporting. Funds in both portfolios invest in other BlackRock Life Limited (“BLL”) funds within the respective portfolio funds, and there are cross-holding investments which must be eliminated in order to present an overall view of BLL’s unit-linked policy assets. The large number of funds involved increases the risk that the elimination does not capture all or new crossholdings. We have identified this as a fraud risk, since assets under management (“AUM”) is a key performance indicator for BLL and the magnitude of cross-holdings means that a non-eliminated crossholding, contained within the externally reported unit-linked assets balance, could result in a material overstatement of AUM, or unit-linked policy assets.

To address this risk, we have performed the following procedures:

- We obtained an understanding of, and tested, the relevant controls over the cross-holding elimination;
- We tested 100% of the investment valuations against published prices for each debt and equity security and also tested the crossholdings population identified against the final investments population, in order to determine whether the final investments population comprised any investments in BLL funds (for which prices are not published);
- We obtained external custodian confirmations, against which we reconciled unit holdings in order to determine whether there was any double counting of investment holdings through the use of audit analytics; and
- We have re-performed the elimination of cross-holdings based on the detailed fund trial balances provided by the fund accountants, and compared our results to those of management.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing the SFCR disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Blackrock Life Limited statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in relation to this matter.

Use of our Report

This report is made solely to the Directors of BlackRock Life Limited in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.



Allee Bonnard

For and on behalf of Deloitte LLP

London, United Kingdom

Date: 26/03/2024

Appendix 1 – Glossary

Acronym	Definition
ACS	Authorised Contractual Scheme
AMC	Annual Management Charge
AUM	Assets Under Management
BCSS	BlackRock Company Secretarial Services (UK) Limited
BEL	Best Estimate Liability
BGL	BlackRock Group Limited
BIL	BlackRock International Limited
BLL	BlackRock Life Limited
BPIP	BlackRock Performance Incentive Plan
CEO	Chief Executive Officer
DB	Defined Benefit
DC	Defined Contribution
EIOPA	European Insurance and Occupational Pensions Authority
EMEA	Europe, the Middle East and Africa
ERMC	Enterprise Risk Management Committee
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance
EU	European Union
FBG	Fund Board Governance
FCA	Financial Conduct Authority
BGL Group	BlackRock Group Limited and its subsidiaries excluding BLL
IBS	Important Business Service
ICARA	Internal Capital Adequacy and Risk Assessment
IFRS	International Financial Reporting Standards
IPC	Investment Policy Committee
KFH	Key Function Holders
KRI	Key Risk Indicators
L&C	Legal and Compliance
LIME	Life Management Executive Committee
MCR	Minimum Capital Requirement
MDCC	Management Development and Compensation Committee
NED	Non-Executive Director
OOP	Outsourcing Oversight Protocol
ORSA	Own Risk and Solvency Assessment
OSA	Outsourced Services Agreement
OSP	Outsourced Services Provider
PRA	Prudential Regulation Authority
QRT	Quantitative Reporting Templates
RCSA	Risk and Control Self Assessments
RQA	Risk and Quantitative Analysis
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SMCR	Senior Managers and Certification Regime
SMF	Senior Management Function
TCFD	Task Force on Climate-Related Financial Disclosures

Appendix 2 – Summary of SMCR Prescribed Responsibilities applicable to BLL

a - Responsibility for the firm's performance of its obligations under the Senior Managers Regime (dual)

b - Responsibility for the firm's performance of its obligations under the employee certification regime (dual)

b1 - Responsibility for the firm's obligations for conduct rules training and reporting (FCA)

c - Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map (dual)

d - Overall responsibility the firm's policies and procedures for countering the risk that the firm might be used to further financial crime (FCA)

f - Responsibility for: a) leading the development of and b) monitoring the effective implementation of, policies and procedures for the induction, training and professional development of all members of the firm's governing body (dual)

g - Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all of the firm's SMF managers and KFMs (other than members of the firm's governing body) (dual)

h - Responsibility for overseeing the adoption of the firm's culture in the day-to-day management of the firm (PRA)

i - Responsibility for leading the development of the firm's culture by the governing body as a whole (PRA)

m - Responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices (dual)

n - Responsibility for the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing (dual)

o - Responsibility for managing the allocation and maintenance of the firm's capital, funding (where applicable) and liquidity (PRA)

q - Responsibility for the production and integrity of the firm's financial information and its regulatory reporting (PRA)

t - Responsibility for the development and maintenance of the firm's business model by the governing body (PRA)

t-2 - Responsibility for the performance of the firm's Own Risk and Solvency assessment (ORSA) (PRA)

u - Responsibility for the firm's performance of its obligations under Fitness and Propriety (in the PRA Rulebook) in respect of notified non-executive directors and those who perform a key function (where applicable for insurers) (PRA)

x - Responsibility for the firm's performance of its obligations under Conditions Governing Business 7 (PRA)

Appendix 3 – Articles omitted as they are not applicable

Detailed below are the Articles in the Delegated Regulations (EU) 2015_35 that have been omitted as they are not applicable to BLL.

Section	Article / Guideline
A.3 Investment performance	Article 293(3)(b) / (c)
A.4 Performance of other activities	EIOPA's reporting & disclosure Guideline 2 – Performance of other activities
B.3 Risk management system including the own risk and solvency assessment	EIOPA's reporting & disclosure Guideline 4 – Risk management system for internal model users
C Risk profile	EIOPA's reporting & disclosure Guideline 5
D Valuation for solvency purposes	EIOPA's reporting & disclosure Guideline 6 – Asset – Information on aggregation by class
D Valuation for solvency purposes	EIOPA's reporting & disclosure Guideline 7 – Content by material classes of assets - (a)(i) / (a)(iii) / (a)(v)
D.2 Technical provisions	Article 296(2)(d) / (e) / (f) / (g)
D.3 Other liabilities	EIOPA's reporting & disclosure Guideline 10 – Content by material classes of liabilities other than technical provisions - (a)(i) / (a)(iv)
E.1 Own funds	Article 297(1)(f) / (g) / (h) EIOPA's reporting & disclosure Guideline 11 – Own funds – Additional solvency ratios EIOPA's reporting & disclosure Guideline 12 - (d) / (e) / (f) / (h) / (j) / (k)
E.2 Solvency Capital Requirement and Minimum Capital Requirement	Article 297(2)(d) / (e) / (f)
E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	Article 297(3)
E.4 Difference between the standard formula and any internal model used	Article 297(4)
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement	Article 297(5)

Appendix 4 – BGL Group remuneration policy

Remuneration governance

BlackRock's remuneration governance for EMEA operates as a tiered structure.

Responsibility for the Remuneration Policy for the BGL Group, its adoption and ongoing oversight of remuneration policies and practices for staff based in EMEA rests with the BGL Board.

The Management Development and Compensation Committee ("MDCC"), which is the global, independent remuneration committee for BlackRock, Inc. and comprises of the NEDs of BlackRock, Inc., supports the BGL Board in meeting its remuneration related obligations by overseeing the design and implementation of the Remuneration Policy in accordance with applicable regulations.

Both the Remuneration Policy and its practical application must be consistent with the business strategy, objectives and long-term interests of the firm.

(a) BGL Board

The BGL Board, as the management body for BGL, has ultimate responsibility for the Remuneration Policy. The BGL Board delegates the implementation of the Remuneration Policy to the MDCC. Periodic management information is provided to the BGL Board to enable an understanding of the operation of the Remuneration Policy and oversight of the outcome of remuneration decisions, with updates provided to the BGL Board from accountable executives as necessary. The BGL Board will liaise with the Chair of the MDCC as necessary.

(b) MDCC

The MDCC's purposes include:

- Providing oversight of:
 - BlackRock's executive compensation programmes;
 - BlackRock's employee benefit plans; and
 - Such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed to be administrator;
- Reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- Reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- Supporting the boards of BlackRock's EMEA regulated entities (including the BGL Board) in meeting their remuneration-related obligations by overseeing the design and implementation of the BGL Remuneration Policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, which has no relationship with BlackRock, Inc. or its Board of Directors that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are “independent” within the meaning of the listing standards of the New York Stock Exchange, which requires each member meet a “non-employee director” standard.

The MDCC held nine meetings during 2023. The MDCC Charter is available on BlackRock, Inc.’s website (www.blackrock.com).

Decision-making process

Remuneration decisions for employees are made annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results, and other considerations such as management and leadership capabilities.

No set formulas are established, and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool. The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after the year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock’s financial performance (e.g., net inflows of AUM and investment performance), as well as information regarding market conditions and competitive compensation levels.

Throughout the year, the MDCC also reviews other measures of our performance, market intelligence on compensation and information about market conditions. In December and January, management reports to the MDCC on absolute and/or relative performance metrics compared to major competitors, year-over-year and budget. These metrics include growth in revenues, operating income, net income, operating margin, net new inflows of AUM, and other quantitative and strategic measures.

The MDCC regularly considers management’s recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the “accrual rate”). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

The Human Resources department plays a key part in the year-end compensation review process. It facilitates the process and partners with management at all levels throughout BlackRock on both the distribution cascade of bonus pools and individual compensation decisions.

As part of the year-end compensation review process, the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, Finance and Internal Audit) has its own organisational structure which is operationally independent. The head of each control function is either a member of the Global Executive Committee, BlackRock's Global Management Committee, or has a reporting obligation to the BGL Board.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

Link between pay and performance

BlackRock has a clear and well-defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives:

- Appropriately balance BlackRock's financial results between shareholders and employees;
- Attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- Align the interests of senior employees with those of shareholders by awarding BlackRock, Inc. stock as a significant part of both annual and long-term incentive awards;
- Control fixed costs by ensuring that compensation expense varies with profitability;
- Link a significant portion of an employee's total compensation to the financial and operational performance of the business;
- Promote sound and effective risk management across all risk categories, including sustainability risk;
- Discourage excessive risk-taking (sustainability related or otherwise); and
- Ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but do not pre-determine remuneration outcomes. Remuneration decisions remain discretionary and are made as part of the year-end remuneration process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- The performance of BlackRock's business and the relevant functional department;
- Factors relevant to an employee individually (e.g. Relevant working arrangements, relationships with clients and colleagues, teamwork, skills, any compliance and/or conduct issues, and subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- The management of risk within the risk profiles appropriate for BlackRock's clients;
- Strategic business needs, including intentions regarding retention;
- Market intelligence;
- Criticality to business; and
- Supporting the firm's approaches to environmental, social and governance factors and diversity, equity and inclusion

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

Fixed remuneration

BlackRock operates a total remuneration model where the fixed and variable components are appropriately balanced. Employees receive a base salary that is permanent, non-discretionary and reflects an employee's responsibilities, level of experience and expertise needed to undertake their role. Salaries are reviewed annually, and any increases are normally effective on 1 January following the financial year-end.

The base salary component of total remuneration is designed to avoid risk taking on the basis that the BGL Group reviews base salary levels to ensure that base salary forms a sufficiently high proportion of employees' total remuneration

In addition to base salary, some employees may receive a fixed Role-Based Allowance during the period for which a specific role, function or organisational responsibility is performed by such employee. The purpose of such a Role-Based Allowance is to reflect changes to the relevant employee's role and responsibilities (which could include, for example, additional responsibilities taken on by the employee in the context of a significant business project, transition or restructuring). Any Role-Based Allowance (which would typically be paid in equal fixed monthly amounts) would be maintained over the period during which the specific role, function or organizational responsibility is performed, will not provide any incentives for risk assumption and would not be related to, or vary in any way as a result of, the performance of the employee or BlackRock. As the Role-Based Allowance is fixed remuneration it is not subject to risk adjustment measures such as malus or clawback.

Fixed remuneration also includes benefits in kind to help recruit and retain talent, reflect local market practice and support employee health and wellbeing. Employee benefits vary between jurisdictions, reflecting local market practice and statutory requirements.

No supplementary pensions are operated by the BGL Group for the members of the administrative, management or supervisory body and other key function holders. All employees in the UK have the opportunity to participate in the BGL Group's defined contribution pension plan, or receive a cash allowance in lieu of pension, or receive a combination thereof.

Variable remuneration

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a bonus, there is no contractual obligation to make any award to an employee under the discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year. The firm may alter the factors it takes into account or the importance given to any one factor at any time.

BlackRock's financial year-end is 31 December and the discretionary bonus awards (if any) made to eligible employees will normally be made at the end of January of the following year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion deferred into BlackRock, Inc. stock (as Restricted Stock Units) and subject to additional vesting / clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As annual total compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the total compensation package for eligible employees, including the executive officers. The portion deferred into stock usually vests in equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity-based awards are made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills. These awards usually vest fully three years after they are granted. These types of time vesting equity awards are designed to reward individuals across the organisation.

- Partner Plan Awards aim to reward individuals for sustained long-term development and future growth potential (typically Managing Directors with significant operational breadth);
- Equity Ownership Awards aim to reward and retain high potential employees and ensure they are tied to the long-term success of the firm; and
- Target Equity Awards are special one-time awards designed to reward exceptional performance.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the BlackRock Performance Incentive Plan (“BPIP”). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin¹ and Organic Revenue Growth². Determination of pay-out will be made based on the firm’s achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm’s financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the relevant employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have “skin in the game” through significant personal investments. These awards usually vest in equal instalments over the three years following grant.

¹ As Adjusted Operating Margin: As reported in BlackRock’s external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.

² Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

Appendix 5 – Reporting templates

Contents

The below quantitative reporting templates (“QRTs”) are required to be included in the SFCR. Templates which are subject to audit are denoted as ‘(Audited)’.

QRT	QRT Name	Reported / Not reported
S.02.01.02	Balance sheet	Reported (Audited)
S.05.01.01	Premiums, claims and expenses by line of business	Reported
S.05.02.01	Premiums, claims and expenses by country	Reported
S.12.01.02	Life and Health SLT Technical Provisions	Reported (Audited)
S.17.01.02	Non-Life Technical Provisions	Not reported
S.19.01.21	Non-Life insurance claims	Not reported
S.22.01.21	Impact of long term guarantees and transitional measures (MCR)	Not reported
S.22.01.22	Impact of long term guarantees and transitional measures (SCR)	Not reported
S.23.01.01	Own funds	Reported (Audited)
S.25.01.21	Solvency Capital Requirement – for undertaking on Standard Formula	Reported (Audited)
S.25.02.21	Solvency Capital Requirement – for undertaking using the standard formula and partial internal model	Not reported
S.25.03.21	Solvency Capital Requirement – for undertakings on Full Internal Models	Not reported
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity	Reported (Audited)
S.28.02.01	Minimum Capital Requirement – Both life and non-life insurance activity	Not reported

The following templates are provided in sterling thousands.

S.02.01.02 Balance Sheet (Years ended 31 December 2023 and 2022)

Assets		31 Dec	31 Dec
		2023	2022
		Solvency II	Solvency II
		Value	Value
		C0010	C0010
Intangible assets	R0030	-	-
Deferred tax assets	R0040	-	-
Pension benefit surplus	R0050	-	-
Property, plant & equipment held for own use	R0060	-	-
Investments (other than assets held for index-linked & unit-linked contracts)	R0070	26,126	26,054
Property (other than for own use)	R0080	-	-
Holdings in related undertakings, including participations	R0090	-	-
Equities	R0100	-	-
Equities - listed	R0110	-	-
Equities - unlisted	R0120	-	-
Bonds	R0130	26,095	26,025
Government Bonds	R0140	26,095	26,025
Corporate Bonds	R0150	-	-
Structured notes	R0160	-	-
Collateralised securities	R0170	-	-
Collective Investments Undertakings	R0180	31	29
Derivatives	R0190	-	-
Deposits other than cash equivalents	R0200	-	-
Other investments	R0210	-	-
Assets held for index-linked and unit-linked contracts	R0220	44,005,043	44,946,779
Loans and mortgages	R0230	-	-
Loans on policies	R0240	-	-
Loans and mortgages to individuals	R0250	-	-
Other loans and mortgages	R0260	-	-
Reinsurance recoverables from:	R0270	-	-
Non-life and health similar to non-life	R0280	-	-
Non-life excluding health	R0290	-	-
Health similar to non-life	R0300	-	-
Life & health similar to life, excluding health & index-linked & unit-linked	R0310	-	-
Health similar to life	R0320	-	-
Life excluding health and index-linked and unit-linked	R0330	-	-
Life index-linked and unit-linked	R0340	-	-
Deposits to cedants	R0350	-	-
Insurance and intermediaries receivables	R0360	-	-
Reinsurance receivables	R0370	-	-
Receivables (trade, not insurance)	R0380	21,719	21,921
Own shares (held directly)	R0390	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-	-
Cash and cash equivalents	R0410	23,332	31,614
Any other assets, not elsewhere shown	R0420	220	-
Total assets	R0500	44,076,440	45,026,367

Liabilities		31 Dec 2023 Solvency II Value C0010	31 Dec 2022 Solvency II Value C0010
Technical provisions – non-life	R0510	-	-
Technical provisions – non-life (excluding health)	R0520	-	-
Technical provisions calculated as a whole	R0530	-	-
Best Estimate	R0540	-	-
Risk margin	R0550	-	-
Technical provisions - health (similar to non-life)	R0560	-	-
Technical provisions calculated as a whole	R0570	-	-
Best Estimate	R0580	-	-
Risk margin	R0590	-	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-	-
Technical provisions - health (similar to life)	R0610	-	-
Technical provisions calculated as a whole	R0620	-	-
Best Estimate	R0630	-	-
Risk margin	R0640	-	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-	-
Technical provisions calculated as a whole	R0660	-	-
Best Estimate	R0670	-	-
Risk margin	R0680	-	-
Technical provisions – index-linked and unit-linked	R0690	44,002,827	44,944,712
Technical provisions calculated as a whole	R0700	44,005,043	44,946,779
Best Estimate	R0710	(2,438)	(2,492)
Risk margin	R0720	222	425
Contingent liabilities	R0740	-	-
Provisions other than technical provisions	R0750	-	-
Pension benefit obligations	R0760	-	-
Deposits from reinsurers	R0770	-	-
Deferred tax liabilities	R0780	554	486
Derivatives	R0790	-	-
Debts owed to credit institutions	R0800	-	-
Financial liabilities other than debts owed to credit institutions	R0810	-	-
Insurance & intermediaries payables	R0820	-	-
Reinsurance payables	R0830	-	-
Payables (trade, not insurance)	R0840	15	72
Subordinated liabilities	R0850	-	-
Subordinated liabilities not in Basic Own Funds	R0860	-	-
Subordinated liabilities in Basic Own Funds	R0870	-	-
Any other liabilities, not elsewhere shown	R0880	-	1,860
Total liabilities	R0900	44,003,396	44,947,129
Excess of assets over liabilities	R1000	73,044	79,238

S.05.01.02 Premiums, claims and expenses by line of business (Year ended 31 December 2023)

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health Insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	-	-	8,228,063	-	-	-	-	2,405,377	10,633,440
Reinsurer's share	R1420	-	-	-	-	-	-	-	-	-
Net	R1500	-	-	8,228,063	-	-	-	-	2,405,377	10,633,440
Premiums earned										
Gross	R1510	-	-	8,228,063	-	-	-	-	2,405,377	10,633,440
Reinsurer's share	R1520	-	-	-	-	-	-	-	-	-
Net	R1600	-	-	8,228,063	-	-	-	-	2,405,377	10,633,440
Claims incurred										
Gross	R1610	-	-	10,007,329	-	-	-	-	5,814,005	15,821,334
Reinsurer's share	R1620	-	-	-	-	-	-	-	-	-
Net	R1700	-	-	10,007,329	-	-	-	-	5,814,005	15,821,334
Changes in other technical provisions										
Gross	R1710	-	-	-	-	-	-	-	-	-
Reinsurer's share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-	-	-
Expenses incurred	R1900	-	-	19,476	-	-	-	-	-	19,476
Other expenses	R2500									-
Total Expenses	R2600									19,476

S.05.01.02 Premiums, claims and expenses by line of business (Year ended 31 December 2022)

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health Insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	-	-	6,500,392	-	-	-	-	2,057,762	8,558,153
Reinsurer's share	R1420	-	-	-	-	-	-	-	-	-
Net	R1500	-	-	6,500,392	-	-	-	-	2,057,762	8,558,153
Premiums earned										
Gross	R1510	-	-	6,500,392	-	-	-	-	2,057,762	8,558,153
Reinsurer's share	R1520	-	-	-	-	-	-	-	-	-
Net	R1600	-	-	6,500,392	-	-	-	-	2,057,762	8,558,153
Claims incurred										
Gross	R1610	-	-	13,038,749	-	-	-	-	3,369,004	16,407,753
Reinsurer's share	R1620	-	-	-	-	-	-	-	-	-
Net	R1700	-	-	13,038,749	-	-	-	-	3,369,004	16,407,753
Changes in other technical provisions										
Gross	R1710	-	-	-	-	-	-	-	-	-
Reinsurer's share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-	-	-
Expenses incurred	R1900	-	-	23,909	-	-	-	-	-	23,909
Other expenses	R2500									-
Total Expenses	R2600									23,909

S.05.02.02 Premiums, claims and expenses by country

		(Year ended 31 December 2023)		(Year ended 31 December 2022)	
		Home Country	Total for top 5 countries and home country (by amount of gross premiums written)	Home Country	Total for top 5 countries and home country (by amount of gross premiums written)
		C0220	C0280	C0220	C0280
Premiums written					
Gross	R1410	10,633,440	10,633,440	8,558,153	8,558,153
Reinsurer's share	R1420	-	-	-	-
Net	R1500	10,633,440	10,633,440	8,558,153	8,558,153
Premiums earned					
Gross	R1510	10,633,440	10,633,440	8,558,153	8,558,153
Reinsurer's share	R1520	-	-	-	-
Net	R1600	10,633,440	10,633,440	8,558,153	8,558,153
Claims incurred					
Gross	R1610	15,821,334	15,821,334	16,407,753	16,407,753
Reinsurer's share	R1620	-	-	-	-
Net	R1700	15,821,334	15,821,334	16,407,753	16,407,753
Changes in other technical provisions					
Gross	R1710	-	-	-	-
Reinsurer's share	R1720	-	-	-	-
Net	R1800	-	-	-	-
Expenses incurred	R1900	19,476	19,476	23,909	23,909
Other expenses	R2500		-		-
-Total Expenses	R2600		19,476		23,909

S.12.01.02 Life and Health SLT Technical Provisions (Year ended 31 December 2023)

		Index-linked and unit-linked insurance			Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)
			Contracts without options and guarantees	Contracts with options or guarantee		
		C0030	C0040	C0050	C0100	C0150
Technical provisions calculated as a whole	R0010	29,327,463			15,619,316	44,946,779
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-			-	-
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate	R0030		(1,314)	-	(1,177)	(2,492)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		(1,314)	-	(1,177)	(2,492)
Risk Margin	R0100	224			201	425
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0110	-			-	-
Best estimate	R0120		-		-	-
Risk margin	R0130	-			-	-
Technical provisions - total	R0200	29,326,373			15,618,339	44,944,712

S.12.01.02 Life and Health SLT Technical Provisions (Year ended 31 December 2022)

		Index-linked and unit-linked insurance			Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)
		C0030	Contracts without options and guarantees	Contracts with options or guarantee		
Technical provisions calculated as a whole	R0010	29,327,463			15,619,316	44,946,779
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-			-	-
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate	R0030		(1,314)	-	(1,177)	(2,492)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		(1,314)	-	(1,177)	(2,492)
Risk Margin	R0100	224			201	425
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0110	-			-	-
Best estimate	R0120		-		-	-
Risk margin	R0130	-			-	-
Technical provisions - total	R0200	29,326,373			15,618,339	44,944,712

S.23.01.01 Own Funds (Year ended 31 December 2023)

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,300	1,300	-	-	-
Share premium account related to ordinary share capital	R0030	-	-	-	-	-
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-	-
Reconciliation reserve	R0130	71,744	71,744	-	-	-
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-	-	-	-
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	73,044	73,044	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	-
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-	-
Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-	-	-	-	-
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-	-	-	-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-	-	-	-	-
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-	-	-	-	-
Other ancillary own funds	R0390	-	-	-	-	-
Total ancillary own funds	R0400					

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total available own funds to meet the SCR	R0500	73,044	73,044	-	-	-
Total available own funds to meet the MCR	R0510	73,044	73,044	-	-	
Total eligible own funds to meet the SCR	R0540	73,044	73,044	-	-	-
Total eligible own funds to meet the MCR	R0550	73,044	73,044	-	-	
SCR	R0580	6,023				
MCR	R0600	3,495				
Ratio of Eligible own funds to SCR	R0620	1213%				
Ratio of Eligible own funds to MCR	R0640	2090%				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	73,044				
Own shares (held directly and indirectly)	R0710	-				
Foreseeable dividends, distributions and charges	R0720	-				
Other basic own fund items	R0730	1,300				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-				
Reconciliation reserve	R0760	71,744				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	-				
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-				
Total Expected profits included in future premiums (EPIFP)	R0790	-				

S.23.01.01 Own Funds (Year ended 31 December 2022)

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,300	1,300	-	-	-
Share premium account related to ordinary share capital	R0030	-	-	-	-	-
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-	-
Reconciliation reserve	R0130	77,938	77,938	-	-	-
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-	-	-	-
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	79,238	79,238	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	-
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-	-
Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-	-	-	-	-
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-	-	-	-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-	-	-	-	-
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-	-	-	-	-
Other ancillary own funds	R0390	-	-	-	-	-
Total ancillary own funds	R0400					

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total available own funds to meet the SCR	R0500	79,238	79,238	-	-	-
Total available own funds to meet the MCR	R0510	79,238	79,238	-	-	-
Total eligible own funds to meet the SCR	R0540	79,238	79,238	-	-	-
Total eligible own funds to meet the MCR	R0550	79,238	79,238	-	-	-
SCR	R0580	7,453	-	-	-	-
MCR	R0600	3,445	-	-	-	-
Ratio of Eligible own funds to SCR	R0620	1063%	-	-	-	-
Ratio of Eligible own funds to MCR	R0640	2300%	-	-	-	-
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	79,238				
Own shares (held directly and indirectly)	R0710	-				
Foreseeable dividends, distributions and charges	R0720	-				
Other basic own fund items	R0730	1,300				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-				
Reconciliation reserve	R0760	77,938				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	-				
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-				
Total Expected profits included in future premiums (EPIFP)	R0790	-				

S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula (Year ended 31 December 2023)

		Gross solvency capital requirement	USP	Simplification
		C0110	C0090	C0100
Market risk	R0010	830		-
Counterparty default risk	R0020	587		
Life underwriting risk	R0030	975	-	-
Health underwriting risk	R0040	-	-	-
Non-life underwriting risk	R0050	-	-	-
Diversification	R0060	(684)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	1,708		

Figures subject to rounding

Calculation of Solvency Capital Requirement		Value
		C0100
Operational risk	R0130	4,869
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(554)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	6,023
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	6,023
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Figures subject to rounding

S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula (Year ended 31 December 2022)

		Gross solvency capital requirement	USP	Simplification
		C0110	C0090	C0100
Market risk	R0010	976		-
Counterparty default risk	R0020	794		
Life underwriting risk	R0030	997	-	-
Health underwriting risk	R0040	-	-	-
Non-life underwriting risk	R0050	-	-	-
Diversification	R0060	(805)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	1,962		

Figures subject to rounding

Calculation of Solvency Capital Requirement		Value
		C0100
Operational risk	R0130	5,977
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(486)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	7,453
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	7,453
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Figures subject to rounding

S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity (Year ended 31 December 2023)

Linear formula component for non-life insurance and reinsurance obligations		MCR Components	
			C0010
MCRNL Result	R0010		-

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Linear formula component for life insurance and reinsurance obligations		MCR Components	
			C0040
MCRNL Result	R0200	308,037	

Total capital at risk for all life (re)insurance obligation		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	44,005,043	
Other life (re)insurance and health (re)insurance obligations	R0240	-	
Total capital at risk for all life (re)insurance obligations	R0250		2,438
Overall MCR Calculation			
		C0070	
Linear MCR	R0300	308,037	
SCR	R0310	6,023	
MCR cap	R0320	2,711	
MCR floor	R0330	1,506	
Combined MCR	R0340	2,711	
Absolute floor of the MCR	R0350	3,495	
Minimum Capital Requirement	R0400	3,495	

S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity (Year ended 31 December 2022)

Linear formula component for non-life insurance and reinsurance obligations		MCR Components	
			C0010
MCRNL Result	R0010		-

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	-	-
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Linear formula component for life insurance and reinsurance obligations		MCR Components	
			C0040
MCRNL Result	R0200	314,629	

Total capital at risk for all life (re)insurance obligation		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	44,946,779	
Other life (re)insurance and health (re)insurance obligations	R0240	-	
Total capital at risk for all life (re)insurance obligations	R0250		2,492
Overall MCR Calculation			
		C0070	
Linear MCR	R0300	314,629	
SCR	R0310	7,453	
MCR cap	R0320	3,354	
MCR floor	R0330	1,863	
Combined MCR	R0340	3,354	
Absolute floor of the MCR	R0350	3,445	
Minimum Capital Requirement	R0400	3,445	