# SOLVENCY AND FINANCIAL CONDITION REPORT

# 2017

## COMPENSA LIFE VIENNA INSURANCE GROUP SE

Commercial Register number 10055769

| | |
|---|---|
| Address | Narva mnt. 63/2, 10152 Tallinn, Estonia |
| Telephone | 610 3000 |
| Fax | 610 3010 |
| E-mail | info@compensalife.ee |
| Website | www.compensalife.ee |
| Reporting period | 1 January 2017 – 31 December 2017 |
| Principal activity | Life insurance, code no. 6511 |

.

CONTENTS

## LIST OF ABBREVIATIONS

| | |
|---|---|
| ALM | Asset Liability Management |
| ARM | VIG Asset Risk Management |
| BEL | Best Estimate Liability |
| Compensa Group | Compensa Life and all its related entities |
| Compensa Life or the Company | Compensa Life Vienna Insurance Group SE, a company registered and operating under the laws of the Republic of Estonia, having its head office in Estonia and registered branches in Latvia and Lithuania |
| Delegated Act | Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and the Council on the taking-up and pursuit of the business of Insurance and Reinsurance |
| EIOPA | European Insurance and Occupational Pensions Authority |
| EUR | The official currency of the Eurozone |
| FSA | Financial Supervision Authority of Estonia |
| GPW | Gross premium written |
| IAA | Estonian Insurance Activities Act |
| IA | Internal Audit |
| ICS | Internal Control System |
| IFRS | International Financial Reporting Standards |
| IRS | Investment Risk Strategy |
| IT | Information technology |
| LLP | Last Liquid Point |
| LRM | Liquidity risk management |
| LRMP | Liquidity Risk Management Policy |
| MIRA | Munich RE Internet Risk Assessor |
| Munich RE | Münchener Rückversicherungs-Gesellschaft AG, Munich RE Group, reinsurance company that provides the services to Compensa Life |
| ORSA | Own Risk and Solvency Assessment |
| QRTs | The annual quantitative reporting templates |

| | |
|---|---|
| RFR | Risk Free Rate |
| RM | Risk margin |
| RSR | Regular Supervisory Report |
| SCR | Solvency Capital Requirement |
| SFCR or Report | Solvency and Financial Condition Report |
| Solvency II | Directive 2009/138/EC of the European Parliament and the Council on the taking-up and pursuit of the business of Insurance and Reinsurance |
| TP | Technical provisions |
| VA | Volatility adjustment |
| VIG ERM | VIG Group Enterprise Risk Management |
| VIG Holding | VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe |
| VIG or the Group | VIG Holding and all its related entities |
| VIG Re | VIG RE zajištovna, a.s., reinsurance company within VIG |

## SUMMARY

The following Solvency and Financial Condition Report is based on and fulfils the requirements of IAA, Articles 290-298 of Delegated Act and EIOPA guidelines on the reporting and public disclosure (*EIOPA-BoS-15/109 EN*).

In this Solvency and Financial Condition Report, including Annexes 1 - 9, the Company has disclosed information about the system of governance applied, the business pursued by the Company, the valuation principles applied for solvency purposes, the risks faced and the risk-management systems, and the Company's capital structure, needs and management.

In 2017, there were no material changes in the system of governance, the valuation principles applied for solvency purposes and the risk-management systems structure, needs and management.

The Company has appropriate systems and structures in place to fulfill the requirements laid down in the IAA and Delegated Act as well as the written policies, approved by the Management Board of the Company, ensuring the ongoing appropriateness of the information submitted.

The following criteria are fulfilled for information disclosed in this report:

(i) it reflects the nature, scale and complexity of the business of the Company, and in particular the risks inherent in its business;
(ii) it is accessible, complete in all material respects, comparable and consistent over time; and
(iii) it is relevant, reliable and comprehensible.

The information disclosed in this report comprises of the following:

(a) qualitative or quantitative elements;
(b) historic, current or prospective elements; and
(c) data from internal or external sources.

All charts, tables and figures within the Report have been supported by the annual QRTs as of December 31, 2017, submitted to the Financial Supervision Authority and the Company's IFRS Annual Report 2017.

During the Solvency II preparatory phase the Company had prepared the Narrative reports and submitted to FSA. Taking into account that last year the Solvency and Financial Condition Report was prepared for the first time, the comparative information disclosed is based on the previous year's SFCR report, ORSAs and the Company's IFRS Annual Reports.

Olga Reznik
Chairman of the Management Board

May 3, 2018

# A. BUSINESS AND PERFORMANCE

## A.1 BUSINESS

### A.1.1 **Owners**

Compensa Life is one of the oldest life insurance providers in the Baltics. The Company, which is headquartered in Estonia, is a wholly-owned subsidiary of VIG Holding.

The history of Compensa Life dates back to 1993 when the life insurance company Seesam Elukindlustuse AS was established in Estonia. In 2007, life insurers, which were operating in Estonia, Latvia and Lithuania under the same brand name merged and were registered as a European company – Seesam Life Insurance SE.

Since 2008, Compensa Life's sole owner has been VIG Holding. The new business name, **Compensa Life Vienna Insurance Group SE**, and the owner's brand name Compensa were adopted in 2009. The Company is domiciled in Estonia, with the head office in Tallinn and branches in Latvia and Lithuania.

Compensa Life has 20 offices in the three Baltic countries. Since 2016, Compensa Group has also included Vienibas Gatve Investment OÜ and Compensa Life Distribution UAB (subsidiaries of Compensa Life) as well as Vienibas Gatve Properties SIA (a subsidiary of Vienibas Gatve Investment OÜ).

Compensa Life's mission is to help customers manage their financial risks by offering flexible and contemporary insurance solutions. Compensa Life's product portfolio includes guaranteed-return and unit-linked endowment products, term life insurance products, accident insurance and various additional insurance products. Compensa Life's Latvian and Lithuanian branches also offer health insurance.

Compensa Life offers insurance solutions to both individuals and corporate customers. In the Baltics, Compensa Life serves over 95,850 customers whose assets exceed 237 million euros. Compensa Life is the largest pension benefits payer in Estonia.

Vienna Insurance Group is one of the leading listed international insurance groups in Central and Eastern Europe, which offers services in the life, non-life and reinsurance segments. The Group comprises around 50 insurance companies, which operate in 25 countries and have a total staff of around 25,000. The Group's head office is in Vienna. Vienna Insurance Group is supervised by the Austrian Financial Market Authority.

### A.1.2 Financial Performance

In 2017, Compensa Group's Baltic operations generated a consolidated profit of 2.81 million euros. Compensa Life's profit amounted to 2.77 million euros (2016: Compensa Life's profit amounted to 2.22 million euros).

Compensa Life's sales continued to grow. Total premium and deposit income amounted to 80.52 million euros, an 11.9% improvement on the year before (2016: 71.95 million euros). Payments made to customers totalled 19.82 million euros, 17.6% up on the previous year (2016: 16.85 million euros).

Compensa Life's share capital amounts to 11,604,000 euros.

The objective of the Management Board is to ensure Compensa Life's sustainable operation and consistent growth. The Company will focus on delivering quality customer service, developing its insurance products and increasing Compensa Life's market share across the Baltics.

## A.2 UNDERWRITING PERFORMANCE

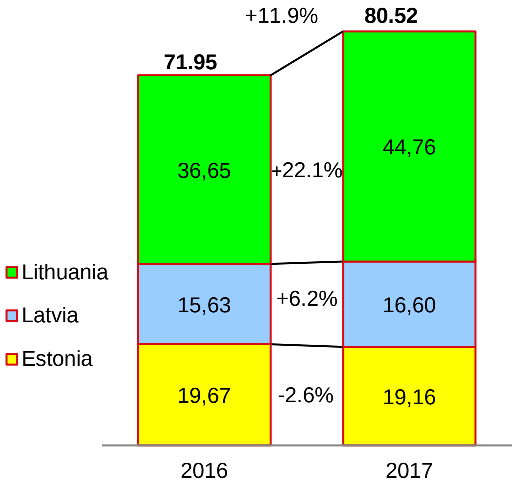



Chart 1. Compensa Life's total premium income (€m)[1]

Economic growth in the three Baltic countries had a positive effect on their life insurance markets, which sustained growth. In 2017, total premium income in the Baltic life insurance market amounted to around 481.30 million euros and the market as a whole grew by 2.6% (2016: 5.4%). In contrast to Estonia and Latvia where the life insurance market followed an upward trend, growing by 6.5% in Estonia and 16.6% in Latvia, in Lithuania the life insurance market contracted by 5.0% (2016: the life insurance market grew by 3.9% in Estonia, 7.6% in Latvia and 5.0% in Lithuania).

Despite the decline, the region's largest life insurance market is Lithuania where total premium income for 2017 exceeded 245.0 million euros (2016: 259.6 million euros). The second-largest is the Latvian life insurance market with 145.2 million euros (2016: 123.9 million euros), followed by the Estonian life insurance market with 91.1 million euros (2016: 85.6 million euros).

In 2017, Compensa Life increased its total premium income[1] in the Baltics by 11.9% to 80.52 million euros (2016: 71.95 million euros). Compared with 2016, total premium income decreased by 2.6% in Estonia and increased by 6.2% in Latvia and 22.1% in Lithuania. Compensa Life's total market share in the Baltics continued to grow, rising to 16.7% (2016: 15.3%) in terms of total premium income.

In 2017, Compensa Life issued 21,736 new insurance contracts (2016: 23,533). In all countries, Compensa Life achieved strong growth in the sales of unit-linked life insurance. Premium income from new contracts grew by 7.0% to 36.68 million euros (2016: 34.41 million euros).

Compensa Life's total premium income in the Estonian market declined by 2.6% to around 19.15 million euros (2016: 19.67 million euros). In terms of total premium income, Compensa Life's year-end market share in Estonia was 21.0% (at the end of 2016: 23.1%). Compensa Life maintained its position as the third-largest player in the Estonian life insurance market and the largest pension benefits payer in Estonia.

Premium income from new contracts amounted to 13.11 million euros, 3% less than in 2016. The largest share of premium income, i.e. around 10.10 million euros, resulted from mandatory funded pension insurance contracts.

In Estonia, the largest share, i.e. over 36%, of new insurance contracts signed were long-term endowment contracts designed for pension and capital accumulation. The share of second pillar, i.e. mandatory funded

---

[1] *Total premium income comprises premiums written under insurance contracts as well as premiums (deposits) received under investment contracts. Premiums (deposits) from investment contracts are not reported within 'Gross premiums written' in the income statement.*

pension insurance contracts decreased slightly year on year, dropping to above 34% (2016: 36%). Accident insurance contracts accounted for over 21% and term life insurance contracts designed to protect the family and other close ones accounted for over 8% of contracts issued.

Compensa Life's Latvian branch generated premium income of 16.57 million euros, a 6.2% increase on the year before (2016: 15.63 million euros). In terms of total premium income, Compensa Life's year-end market share in Latvia was 11.4 % (at the end of 2016: 12.6%).

Sales of new insurance contracts at Compensa Life's Latvian branch grew by 4% year over year, the figure is including a 10% rise in the sales of life insurance contracts, amounting to 8.85 million euros. Unit-linked life insurance contracts accounted for around 95 % of all new life insurance contracts issued.

Although the Lithuanian life insurance market was in a downturn in 2017, Compensa Life's Lithuanian branch improved its premium income by 22.1% to 44.76 million euros (2016: 36.65 million euros). Growth was achieved both in the life insurance and health insurance segments. Premium income from life insurance rose by 13.9% to 35.4 million euros and premium income from health insurance grew by 67% to 9.4 million euros. At the end of 2017, Compensa Life's market share in Lithuania was 18.3% (at the end of 2016: 14.1%).

Premium income from new contracts grew by 21% to above 14.72 million euros (2016: 12.15 million euros). Compared with 2016, the Lithuanian branch delivered strong growth in the sales of unit-linked life insurance contracts, which accounted for 70% of all new contracts (2016: 45%). Around 42% of all new insurance contracts included additional critical illness cover.

At the year-end, Compensa Life had a total of 117,509 insurance contracts in force in the three Baltic countries. The number of persons insured under life insurance contracts exceeded 205,000.

Operating expenses (contract acquisition costs and administrative expenses) for 2017 totalled 17.13 million euros (2016: 16.47 million euros), a 3.8% increase compared with the year before. The rise in operating expenses is mainly attributable to higher new contract acquisition costs at the Latvian and Lithuanian branches. Acquisition costs increased by 2.2% compared with the year before (in 2017 acquisition costs amounted to 13.26 million euros compared with 12.96 million euros in 2016), accounting for 77.4% of operating expenses (2016: 78.7%).

## A.3 INVESTMENT PERFORMANCE

In 2017, Compensa Life's net income on investment activities amounted to 7.97 million euros (2016: 7.05 million euros) and net gain on available for sales financial assets accounted as other comprehensive income (part of equity) amounted to 0.56 million euros (2016: 3.05 million euros).

Compensa Life's conservative investment policy is aimed at ensuring long-term financial returns and stability as well as a liquid and diversified investment portfolio.

At the year-end, investment property accounted for 0.8% of the total investment portfolio (2016: 0.9%). Investments in shares and fund units together with the underlying assets of unit-linked insurance contracts accounted for 23.1% of the investment portfolio (at the end of 2016: 22.4%). Held-to-maturity investments accounted for 24.1% (at the end of 2016: 28.7%), available-for-sale financial assets for 44.2% (at the end of 2016: 41.0%) and loans and receivables (term deposits) for 7.8% (at the end of 2016: 6.9%) of the total investment portfolio.

Compensa Life strives to provide its customers with long-term security and stable investment returns. At the end of 2017, investments backing contracts signed with customers totalled 237.93 million euros (at the end of 2016: 199.08 million euros), 19.5% or 38.85 million euros up on the previous year-end.

The investment strategy employed by Compensa Life is a buy-and-hold strategy focused on holding high quality liquid assets, with no direct exposure to property or derivatives.

In accordance with the Company's Investment Risk Strategy 2017 and 2018, the main goal of the investment policy is to reach the planned investment result while keeping a balanced risk/return-profile and taking into account constraints given by risk management needs.

### A.4 PERFORMANCE OF OTHER ACTIVITIES

In 2017, Compensa Life's operating lease payments for office premises totalled 666,836 euros (2016: 599,754 euros). Operating leases on premises can be cancelled by giving one to twelve months' notice, which would give rise to expenses of 130,297 euros (2016: 130,542 euros).

There are no any material income and expenses, ohter than underwriting or investment income and expenses.

### A.5 ANY OTHER INFORMATION

Customers' trust and satisfaction are Compensa Life's top priority. Therefore, the Company works consistently to build strong customer relations by developing our insurance products and improving the quality of customer service. In all countries, the Company continuously enhances its internal tools, which raise the speed and convenience of contract administration and help deliver claims handling services more quickly. The Company constantly develops its e-services in order to make them more customer friendly.

Compensa Life is aware of its social responsibility and contributes to improving the public's understanding and awareness of life insurance by introducing, through marketing activities, different insurance products and solutions that people can use to insure their future and the future of their loved ones. The Company also strives to notice, and supports through voluntary activities, those members of society that need help the most.

Since 2014, the Company has participated in VIG's Social Active Day, which allows the staff to give back to society during work hours. At Compensa Life's Estonian entity and Lithuanian branch, the Company supports the Food Bank by helping put together food packages and participating in food collection campaigns. For many years, the staff of the Latvian branch has supported the local Blood Centre by organizing a Donor Day.

Compensa Life takes care to ensure that its operations comply with all legal and regulatory requirements. In 2018 several new European Union regulations will enter into force (e.g. the insurance distribution directive and the general data protection regulation). The Company has launched internal projects for the adoption of the new requirements.

## B. SYSTEM OF GOVERNANCE

### B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Compensa Life is managed by two-tier supervisory and management governing body: the Supervisory Board and the Management Board. The Supervisory Board is primarily responsible for making key strategic decisions, approval of key documents, supervision of the Company's performance, appointment and supervision of the Management Board and other activities. Management Board is responsible for day to day management of the Company.

#### B.1.1 Supervisory and Management Bodies

##### B.1.1.1 Supervisory Board

The composition of the Supervisory Board is established by VIG Holding. The Supervisory Board reports directly to VIG Holding. The Supervisory Board organizes its activities based on requirements stated in the internal policies of the Company established to fulfill the requirements laid down in the Solvency II Directive. The Supervisory Board has the following responsibilities:

a) approval of key transactions;
b) approval of the budgets, IRS and plans for internal audit;
c) making proposal to the shareholder on the approval of annual financial statements and profit distribution or loss covering;
d) review and supervision of the activities of the Management Board;
e) approval of transactions with the Management Board;
f) approval of Internal Audit organization;
g) review and supervision of the activities of the internal audit function and Audit Committee;
h) approval of other transactions, which are not within the delegated authority of the Management Board;
i) other responsibilities stated in the internal polices of the Company or assumed by the Supervisory Board based on delegated authority from VIG Holding;
j) other responsibilities within the competence of the Supervisory Board determined by the regulatory requirements and internal requirements.

Compensa Life's Supervisory Board has five members. The chairman is Franz Fuchs and the members are Elisabeth Stadler, Artur Borowinski, Ireneusz Arczewski and Roman Theisen.

The members of the Supervisory Board are the persons effectively running the Company for the purpose of application of internal regulation on fit and proper assessment (refer to section B.2).

#### B.1.1.2 Management Board

The composition of the Management Board is established by the Supervisory Board. The Management Board reports to the Supervisory Board. The Management Board organizes its activities based on the requirements stated in the internal policies of the Company established to fulfill the requirements laid down in the Solvency II Directive. The Management Board has the following responsibilities:

a) regular and ad-hoc reporting to the Supervisory Board;
b) ensuring compliance with laws and regulations, including VIG Holding guidelines and regulations;
c) approval of policies and other pan-Baltic internal regulations;
d) approval and submission to the Supervisory Board of the financial statements;
e) approval and submission to the Supervisory Board of budgets and IRS;
f) review and supervision of the activities of the Company's managers, other employees and committees reporting to the Management Board;
g) ensuring effectiveness of the risk management system at the Company;
h) approval of business and risk strategy;
i) approval of Risk Limit Factor and acceptable SCR ratio (risk appetite, risk tolerances);
j) approval of Risk Limits (risk tolerances);
k) reviewing, challenging and approval of ORSA scenarios, assumptions and report;
l) approval of SFCR and RSR reports;
m) determining the scope and frequency of the review of the system of governance; approval of the results and actions following the review;
n) approval of outsourcing arrangements;
o) performing of other responsibilities stated in the internal policies of the Company or assumed by the Management Board based on delegated authority from the Supervisory Board;
p) other responsibilities within the competence determined by the regulatory requirements and internal requirements.

The Management Board of Compensa Life has four members. The current term of office of the members of the Management Board expires on 30 June 2020.

The following areas of responsibility are allocated to the entire Management Board while the Chairman of the Management Board serves as a contact person on the Management Board level:

- actuarial function
- compliance function
- risk management function

Other main areas of responsibility are divided between the Management Board members as follows:

Chairman of the Management Board (Olga Reznik)

pan-Baltic level

- overall management of the Company
- legal services
- insurance technical services
- product development
- HR management
- marketing

local level (Estonian head office)

- claims handling
- sales
- customer relations
- insurance contract administration
- underwriting

Deputy Chairman of the Management Board (Tanel Talme)

pan-Baltic level

- financial services
- investment services
- controlling
- money laundering and terrorist financing prevention
- IT

Members of the Management Board/Branch Managers (Tomas Milašius and Viktors Gustsons)

local level (Latvian and Lithuanian Branches)

- branches' overall management
- claims handling
- sales
- customer relations
- insurance contract administration
- underwriting
- marketing

Individual members of the Management Board are responsible for organizing and managing business in the areas stated in the internal policies of the Company.

The members of the Management Board are the persons effectively running the Company for the purpose of fit and proper assessment under the internal regulation on fit and proper assessment (refer to section B.2).

#### B.1.1.3 Committees and commissions

The Company has following Committees and commissions:

- Audit Committee: an advising body for the Supervisory Board in the matters related to accounting, auditing, risk management, internal control and internal audit, supervision, budgeting and compliance;
- Investment Committee: an advising body for the Management Board in the matters related to investments;

### B.1.2 Key Governance Functions

Compensa Life has four key governance functions:

- Risk management function
- Actuarial function
- Compliance function
- Internal Audit function

All key functions are staffed by employees of Compensa Life, no key function is outsourced to a third party.

#### B.1.2.1 Risk Management Function

The overall responsibility of the risk assumed by Compensa Life resides with the Management Board. The Management Board's main responsibilities are:

a) definition of corporate objectives and risk strategies, definition of Compensa Life's risk profile/appetite;
b) involvement in risk relevant decisions by business lines;
c) building and enhancement of the risk capability in the organization;
d) functional and organizational segregation of responsibilities, and management of conflicts of interest;
e) approval of internal regulations and other related policies;
f) dissemination of information on the strategies and procedures to the employees concerned;
g) ensuring that employees have the necessary qualifications;
h) representing risk relevant decisions to third parties;
i) in state of emergency the Management Board has to decide, on a short term basis, concerning adequate measures;
j) support of regulatory issues;
k) involvement in risk charting and assessment, approval of risk assessment results, control activities and measures in risk management plan.

Risk Management Function in Compensa Life is performed by Risk Manager and Insurance Technical Services department.

Risk Management function's responsibilities are:

a) initiate and carry out business and risk meeting for the purpose of updating risk strategy;
b) perform the Risk Bearing Capacity, Allocation and Limitation calculations, initiate the input and approvals of the Management Board required in the process;
c) obtain the required indicators and prepare quarterly Risk Limit Reports comparing the established limits with the actual exposures, investigate the limit breaches and propose actions to remedy the situation, submit the Risk Limit Reports to the Management Board and VIG;
d) coordinate the inputs and outputs from/to ORSA process with other departments, initiate the input and approvals of the Management Board required in ORSA process, coordinate the development and approval of risk scenarios, perform qualitative risk assessments;
e) coordinate the required inputs and outputs from/to Risk Inventory process with risk owners and relevant employees, prepare and own the Risk Catalogue, prepare and submit the Risk Inventory Report to the Management Board and VIG;
f) prepare the risk reports for the required parties, coordinate the required inputs to the risk reports with the relevant departments at Compensa Life, perform analysis of the risk indicators and other information;
g) own the internal regulations related to risk management and other internal documents, regularly perform analysis of risk management system;
h) own the ICS policy and other internal documents, regularly perform analysis of ICS;
i) own the internal documents related to business continuity, regularly perform analysis of business continuity system.

To ensure operational independence and objectivity, employees performing the risk management function must not be involved in any risk taking activities or perform other day-to-day business operations at Compensa Life, unless this can be justified and is documented and approved.

B.1.2.2 Compliance Function

Compliance function is performed by Legal Services and Compliance department. More details disclosed in this Report Section B.4 Internal Control System.

B.1.2.3 Internal Audit Function

Internal audit function at Compensa Life is the risk management's third line of defense, providing independent, objective assurance and consulting services designed to add value and improve the appropriateness and effectiveness of the risk management, ICS as well as other elements of the Governance System. The Internal Audit function is performed by Internal Audit department and forms an integral part of the Company's internal control environment, assessing the adequacy of and the compliance with the policies and procedures. Detailed description of how this function is implemented at Compensa Life, its duties and responsibilities are provided in the internal policies of the Company.

IA assists the Board and the Audit Committee in the discharge of their governance responsibilities to protect the assets, reputation and sustainability of the Company by systematically assessing:

- the adherence to approved strategy
- the effectiveness of risk management, control and governance processes;
- the processes for strategy development, setting risk appetite and business planning
- the reliability of financial and operational information;
- compliance with legal, regulatory and statutory requirements as well as internal policies and contracts;
- whether the systems are robust and fit for purpose.

The IA function performs its service with professional care, following the International Professional Practices Framework (IPPF) for Internal Auditing (containing the International Internal Auditing Standards and Code of Ethics for internal auditors) and with minimal disruption to Compensa Life operations.

Internal Audit has the authority to audit all areas of the business with full access to all information, records and staff. All Compensa Life staff, committees and the Board, assist the IA by providing any information required to fulfill the function's role.

The IA is completely independent from the Board, ensuring the function's impartiality is not impaired. Internal Audit reports highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings, which management have agreed to take to rectify them. In addition the Internal Audit prepares regular reports for the Audit Committee, providing a balanced assessment of the effectiveness of the Company's systems of risk management and internal controls, in accordance with the Department's professional accountabilities and statements.

B.1.2.4 Actuarial Function

Actuarial function at Compensa Life is performed by Insurance Technical Services Department. Detailed description of how this function is implemented at Compensa Life, its duties and responsibilities are provided in the internal policies of the Company.

With regards to the actuarial function the aim is to ensure sufficient explicit and adequate internal controls around the calculation and the establishment of the technical provisions and to perform other tasks required by the legislation. Tasks to be performed are stated as:

a) Coordination of the calculation of technical provisions
b) Issuing an opinion on the underwriting policy and reinsurance arrangements
c) Contributing to the effective implementation of the risk management system, if such contribution is requested from risk management function
d) Annual internal report to the Management Board.

The person performing the actuarial function as well as persons performing the calculations of Solvency II technical provisions shall also meet the following specific requirements:

a) Knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent
b) Relevant experience with applicable professional and other standards

c) Objectivity and independence

The tasks are allocated in such a way that the risk of the conflicts of interest from inappropriately allocated responsibilities is minimized. Therefore, employees performing the actuarial function shall not be directly involved in the activities that are subject to the control by the actuarial function. However, employees performing the actuarial function may have general supervisory or management responsibilities of the Insurance Technical Services Department.

### B.1.3 Remuneration entitlements

The Management Board has approved remuneration and supplementary policy of employees. Remuneration model of Compensa Life consists of two components:

- fixed remuneration
- variable remuneration

In addition a deferred component applies to Key governance functions, which takes account of the nature and time horizon of Compensa Life's business and the payment of which shall be deferred.

Variable remuneration is a bonus-specific remuneration paid at unilateral discretion of Compensa Life.

The members of the Management Board receive fixed basic remuneration and performance benefits, which may be paid when specific performance criteria are met. The performance criteria are determined based on the targets set in Compensa Life's business plan for the year and they are directly linked to Compensa Life's financial performance, promoting effective risk management and do not encourage excessive risk taking. Performance benefits paid correlate with the meeting of the performance criteria.

The details on remuneration entitlements are described in the Company's internal policies.

The members of Compensa Life's Supervisory Board are not compensated for their work on the board.

## B.2 FIT AND PROPER REQUIREMENTS

### B.2.1 Implementation of Fit and Proper requirements

The Management Board has approved the fit and proper policy. According to the approved policy, the following persons are subject to fit and proper requirements and assessment:

- Persons effectively running the Company
- Key Function holders
- Persons having/ performing Key Functions
- AML Officers
- Data Protection Officer

Specific requirements for each above category have been approved by the Management Board in compliance with Solvency II regulations. In terms of fitness assessment, specific requirements have been defined for each position.

Based on the nature of position and applicable regulatory requirements, specific restrictions of activity are applied.

The fit and proper requirements are reviewed when necessary, but at least annually, to make sure that existing requirements remain appropriate given the evolvement of the Company and changes in applicable regulatory requirements.

### B.2.2 Assessment of Fit and Proper requirements

The fit and proper assessment shall be conducted in the following occasions:

a) A person is appointed to the position subject to fit and proper requirements.

b) A person subject to assessment has been appointed for the fixed time period and the appointment is extended.

c) If there is a change in circumstances that affect or may affect the ability of the person subject to assessment to meet the fitness and propriety requirements.

The fit and proper assessment upon the new recruitments must be conducted before the appointment of the person subject to assessment.

An individual fit and proper assessment includes the following process stages:

1. Preparing the job description and specification, which includes all requirements the person subject to assessment is expected to comply with.
2. Collection of necessary information and documents
3. Performing the fit and proper analysis with relevant conclusions.

Competent persons and bodies have been appointed to carry out fit and proper assessment.

The person subject to assessment shall be expected to comply with the fit and proper requirements during the entire term of office or duration of employment.

The fitness and propriety of the Supervisory Board and Management Board members shall be reassessed upon the extension of their term of office. The fitness and propriety of other persons subject to assessment shall be reviewed once in three years by requesting the persons to reconfirm the information previously submitted in the fit and proper assessment and to supplement it if necessary.

## B.3 RISK MANAGEMENT SYSTEM

Compensa Life, as a financial services provider, needs to take risk deliberately in order to provide an adequate return and serve its stakeholders. Therefore, any business decision affecting return also impacts risk issues. Risk management is a central part in the day-to-day business operations and based on a strong risk culture. It is the responsibility of the Management Board to make sure that all risk issues are appropriately reflected in the strategic decision making process.

Risk in Compensa Life is understood as the possibility of non-achievement of an explicitly formulated or implicitly resultant goal. A risk that can have a significant negative impact on the Company's financial position, performance or cash flows is considered material. The risk categories covering all possible sources of risks, are defined as follows:

- Market risk
- Life underwriting risk
- Non-life underwriting risk
- Health underwriting risk
- Intangible asset risk
- Counterparty default risk
- Operational risk
- Liquidity risk
- Reputational risk
- Strategic risk

More details on risk management strategies, objectives and processes for following categories of risk: Underwriting risk, Market risk, Credit risk, Liquidity risk, Operational risk and other material risks, disclosed in this report in the section C: Risk profile.

Clear organizational structures are established throughout Compensa Life with defined tasks and responsibilities regarding the risk management processes.

On a daily basis, risk management is supported by the practice of granting rights and powers to specific individuals and the ICS. Most of Compensa Life employees have a long-term industry experience, which ensures good knowledge of the insurance products, processes and software used. At least once a year, the Company carries out a comprehensive risk inventory process and, concurrently, an assessment of the effectiveness of the ICS. Compensa Life also conducts the own risk and solvency assessment.

The overall risk management process has to cover the following steps:

1. Risk identification
2. Risk measurement
3. Risk analysis and risk treatment
4. Risk management decision and execution
5. Risk monitoring
6. Risk reporting

In this context, it is important to note that this is not a strictly sequential process, but a control cycle, which involves feedback and feed forward loops. In addition, a parallel quality assurance and control process to all stages of the risk process is applied.

Underlying sub-processes of risk management, as for example SCR calculation, annual risk reporting or ORSA, are described in the following sections.

### B.3.1 Risk identification

Risk Identification sets the foundation of the subsequent steps. The aim of Risk Identification is to expose, detect and document all possible sources of risks, which could affect the achievement of Compensa Life objectives.

Risk identification has to be performed on a regular basis, at least once a year. It includes the review of existing risks and sources that might have changed as well as the detection and documentation of new sources of risks that have emerged. The results of the risk identification process have to be recorded and documented. The major elements of the risk identification are the following sub-processes:

a) Risk Inventory
b) ICS
c) Risk Strategy
d) ORSA

Concentration risk is a risk resulting from the exposure to counterparty or related counterparties or from exposures, which are affected by a common risk driver in a strong positive correlation. Identifying the risk concentration sources resulting from the nature of business activities and their potential impact must be evaluated during risk inventory process and daily activities.

### B.3.2 Risk measurement

An essential prerequisite for the risk handling and decisions of the Management Board is the measurement of all risks identified. This includes also the evaluation of the materiality. In this process, the various risk types are classified to the defined risk categories. On this basis different assessment methods for each risk type in line with the proportionality principle are used.

As a central notion the measurement of risk categories and risk factors is based on two different approaches:

1. **Quantitative Approach**
   - applies for all risk categories, which can rely on sufficient historic data for statistical analysis such as market risks, credit risks, underwriting risks etc. – as a final outcome, a risk capital can be calculated.

2. **Qualitative Approach**
   - applies for all risk categories, where is no sufficient data for valid statistical analysis available such as operational, strategic, reputational and global risks. A final outcome of the measurement by experts can be a frequency / severity estimate.

Within Compensa Life several processes and procedures are in place to perform the risk measurement in a group-wide consistent approach. Among these are the following:

- SCR and Own Funds Calculation
- Risk Inventory
- ORSA.

Compensa Life has submitted formal application to the FSA on possibility to apply the Volatility Adjustment in the determination of its Solvency II balance sheet, summarizing the analysis and evidence produced by Compensa Life in concluding that it satisfies the required conditions for use of the VA as set out within the Statutory legislation and Solvency II regulations.

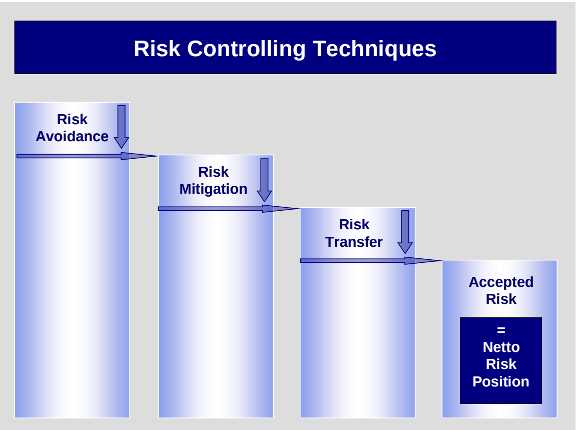
In case the Company applies the VA in determination of its Solvency II balance sheet, Compensa Life will disclose relevant assessment of the impact from the VA in its ORSA report, including its projected available capital under Solvency II capital position, valuation principles and results of stress and scenario testing.

### B.3.3 Risk analysis and risk treatment

After the risk is measured, either quantitatively or qualitatively, and the materiality of risk is stated, an effective risk handling has to be performed. Therefore measures and mechanisms have to be assessed for the change of the risk situation. The main possibilities of the risk treatment as part of the risk management are:

- Risk Avoidance
- Risk Mitigation
- Risk Transfer
- Risk Acceptance

The following chart gives an overview of these risk controlling techniques:




Each of these risk controlling techniques has a different impact on the risk structure and needs to be analyzed by the responsible unit, as the risk owner or Risk Manager. The result of the analysis forms then the fundamental basis for following management decisions. The following sub-processes support this step:

- Risk Inventory
- ICS
- ORSA
- Validation Processes within SCR and Own Funds Calculation.

### B.3.4 Risk decision and execution

In the risk management process a broad range of risk decisions need to be taken and the decision has to be executed by the responsible unit.

Management decisions that substantially affect the risk structure need to be supported by sufficient analysis regarding the impact on the business and the risk situation. After the decisions are taken to handle the risks, the execution of the decision has to be implemented by the responsible unit in a prompt and efficient manner.

### B.3.5 Risk Monitoring

Risk monitoring has to be divided into two different areas:

a) On the one side, risk monitoring refers to the process of ensuring that the risk profile of Compensa Life remains in line with risk preferences and the risk strategy at all times. This control information can be derived from a regular comparison of the target and actual situation. The target situation is defined by the limits assigned.
b) On the other side, risk monitoring refers to the follow-up process during the implementation of decisions for risk-handling pointed out before. In that case risk monitoring aims to control the effective and timely implementation of action plans that were decided on.

The following sub-processes support this step:

- Limit-process within the Risk Bearing Capacity, allocation and limitation
- Risk Inventory
- ICS
- ORSA.

### B.3.6 Risk Reporting

The main steps in risk management process described above are addressed in a comprehensive set of reporting products, both ex ante as a basis for decisions and ex post for review/follow-up purposes. Risk reporting is performed by Risk management function.

The risk reporting includes both regular reports as well as ad hoc reports. While the regular reports are defined out of the standard processes, the ad hoc reports are provided in cases, where risks are realized unexpectedly. Nevertheless ad hoc reports might be transformed to regular reports if their nature was not a once-only situation and is not included in other reports.

## B.4 INTERNAL CONTROL SYSTEM

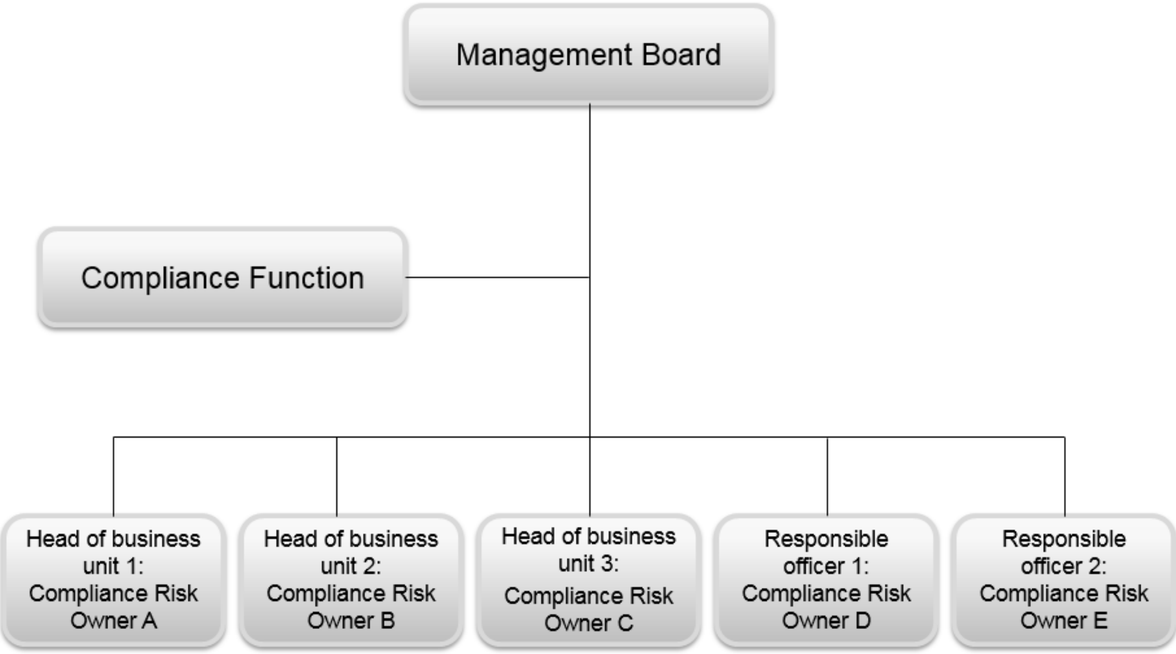
The internal control system is a central element integrated in the operational and organizational structure of Compensa Life. There are internal regulations developed and implemented by the Company to overarch roles and responsibilities with respect to ICS covering all levels of Compensa Life and ranging from responsibilities being part of the day-to-day business to responsibilities within the ICS assessment process, including Management board, Key governance functions, Internal Audit, Heads of Departments and single employees.

Compliance function is part of the internal control system and is responsible for the assessment and controlling of compliance risks within the Company.

### B.4.1 Implementation of the Compliance Function

The compliance function is part of the compliance organization, which aims to ensure the Company's compliance with applicable regulatory requirements. The compliance function operates independently from the operational business which is represented by compliance risk owners who are accountable for managing compliance risks and ensuring compliance in their operational fields (1st line of defense). The heads of business units and other appointed responsible officers are regarded as owners of compliance risks. The final decision-making power as regards compliance issues as well as the ultimate responsibility for the compliance risks assumed by the Company rest within the Management Board.

*Chart: Compliance organization*




The compliance function is allocated to the department of legal services and compliance and is performed as follows:

- Head of Legal and Compliance is an appointed function holder with overall responsibility for the compliance function;
- Legal and Compliance Officers perform the tasks of the compliance function in the Company's head office and branches.

The compliance function holder is organizationally subordinated and reports directly administratively and functionally to the Management Board. The Legal and Compliance Officers are organizationally subordinated and report to the compliance function holder.

The tasks and responsibilities of the compliance function are described in the Company's Compliance Policy approved by the Management Board.

The main tasks and responsibilities of the compliance function include:

- Providing advice in compliance relevant fields (in core legal fields with compliance risks)
- Monitoring of changes in legal environment and assessment of possible impact of such changes on business operations
- Assessing the adequacy of measures adopted to ensure compliance, including compliance reviews

- Compliance risk management, including risk identification, assessment, mitigation, monitoring and reporting
- Handling of compliance relevant incidents
- Compliance trainings
- Reporting

The compliance relevant fields have been defined as follows:
- Insurance regulations
- Capital market regulations
- Competition law
- Financial crime
- Data protection and privacy
- Economic sanctions and embargoes
- Code of Business Ethics of VIG Group

## B.5 OUTSOURCING

### B.5.1 Outsourcing Policy

The Company may outsource its activities and functions to third parties following the Outsourcing Policy approved by the Management Board.

The Company's Outsourcing Policy describes the outsourcing process and detailed requirements applicable to outsourcing.

The outsourcing process can be divided into the following stages:
- Function or activity assessment, i.e. defining whether the involvement of third party in the Company's activities or functions is regarded as outsourcing (critical/important or regular outsourcing)
- Outsourcing needs' analysis
- Outsourcing risk analysis
- Assessment and selection of service provider
- Approval of outsourcing and notification to Financial Supervision Authority
- Negotiation and conclusion of outsourcing agreement
- Registration of outsourcing
- Regular oversight and control over the outsourced activity or function
- Business continuity planning

Depending on the type of outsourcing and the value of the contract, the ultimate decision regarding the approval of outsourcing and service provider shall be made by the Management Board, Supervisory Board or responsible member of the Management Board together with respective country manager.

### B.5.2 Outsourcing of critical or important functions or activities

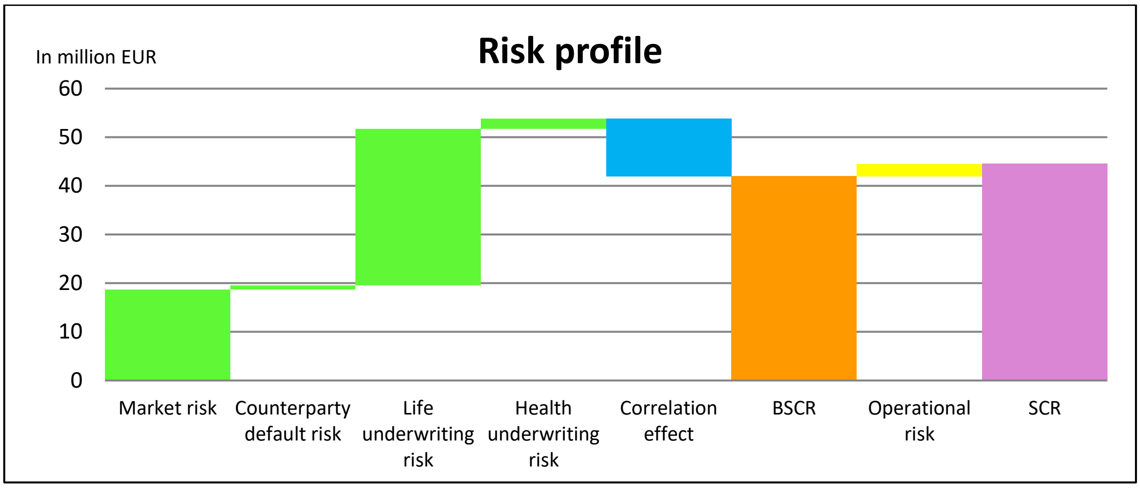
The Company has not outsourced any critical or important functions or activities in any jurisdiction.

## B.6 ANY OTHER INFORMATION

No additional information is subject to reporting.

## C. RISK PROFILE

Summary of the Company risk profile is provided in the chart below (the data is as of 31.12.2017):




### C.1 UNDERWRITING RISK

Underwriting and reserving risk management principles are described in the internal policy of the Company, such as “Underwriting and reserving risk management policy” and rest with the Insurance Technical Services department of Compensa Life.

Underwriting is performed in accordance with the procedure established in “Underwriting policy” of the Company and the methodology for risk assessment approved by the reinsurance company Munich Re with the use of the on-line assessment system - MIRA.

Life underwriting risk arises from life insurance and reinsurance obligations, in relation to the perils covered and the processes followed in the conduct of the business.

Health underwriting risk is the risk arising from health insurance and reinsurance obligations, in relation to the perils covered and the processes used in the conduct of business.

### C.2 INVESTMENT RISK

The investments and risks resulting from investments are managed according to the annual “Investment Risk Strategy”, which is approved by the Supervisory Board. The responsibility for the establishment and maintenance of described policy and strategy rests within the department of Financial and Investment Services of Compensa Life.

The Prudent Person Principle requires that assets held to cover technical provisions are invested in a manner appropriate to the nature and duration of the liabilities (refer to this Report Section C.2.3).

#### C.2.1 Market risk

Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, immovable property prices and exchange rates.

To manage its market risk, Compensa Life has developed an investment policy, which outlines its investment strategy and the principles of investing in different asset classes, performing risk analyses and exercising control. Compensa Life also monitors legal and regulatory requirements and restrictions on investing into committed assets. Committed assets (assets backing an insurer's liabilities) are assets whose value has to correspond to the value of an insurer's technical provisions and financial liabilities.

### C.2.2 Credit risk

Credit risk is the risk of loss or the risk of unpredictable changes in the Company's financial position that results from fluctuations in the credit ratings of those securities issuers, transaction counterparties and debtors with whom Compensa Life comes into contact in the framework of counterparty insolvency risk or concentration risk.

Compensa Life's credit risk exposures arise mainly from investment in debt securities, deposits and reinsurance. Compensa Life has entered into a reinsurance contract with VIG Re and also a proportional accident reinsurance contract with the parent company VIG Holding. The credit ratings of both reinsurers are A+ according to Standard & Poor's.

All separate accident insurance contracts and additional accident insurance covers are reinsured. Compensa Life does not consider the credit risk arising from reinsurance to be high.

Investment-related financial risks are managed through the investment policy, which outlines the limits for investments in debt securities. Compensa Life monitors and analyzes the changes in the ratings of debt securities held consistently with due care and makes appropriate changes to its portfolio as and when necessary.

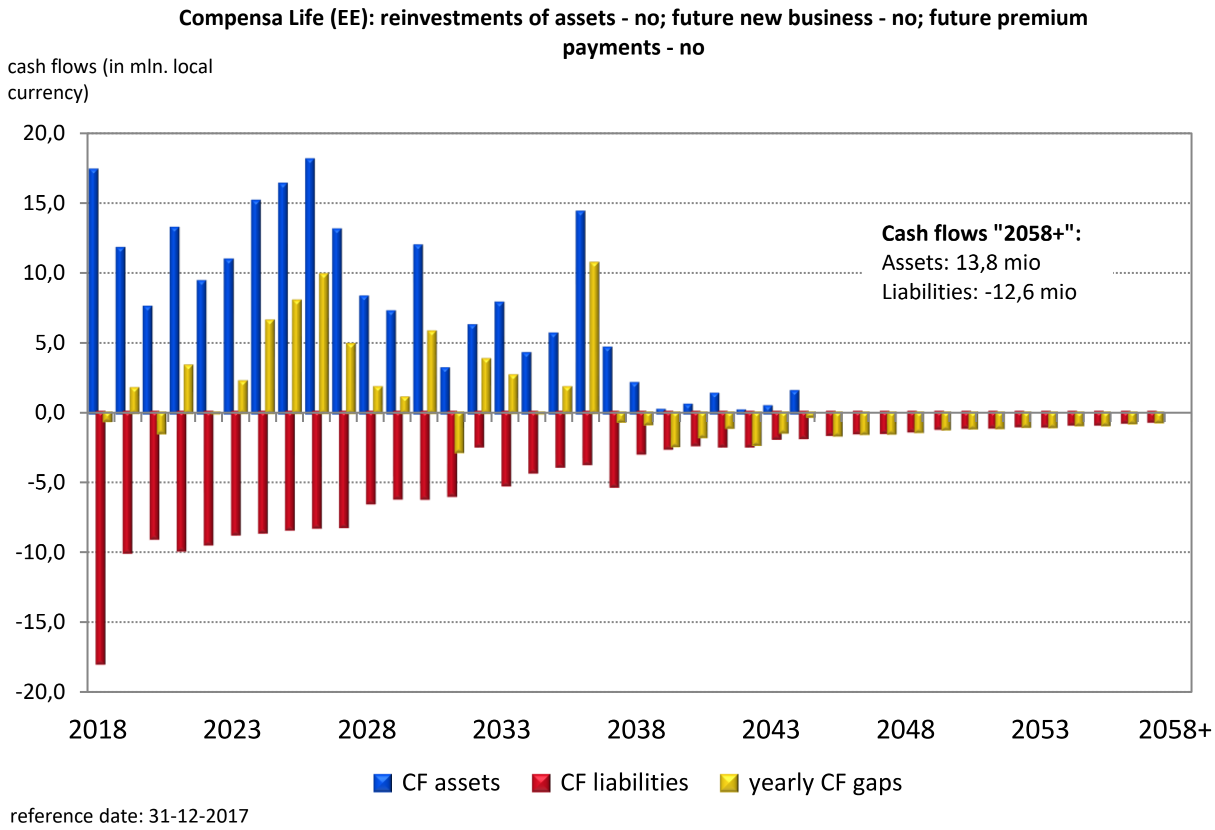
### C.2.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to realize the investments and other assets to meet its financial liabilities as and when necessary.

Liquidity management and the management of that risk rests within the department of Financial and Investment Services of Compensa Life. ALM includes also liquidity risk management processes with regard to short-, mid- and long-term horizons. The mid- and long-term LRM is closely connected to the ALM process. The short-term LRM is defined in an own policy, the "Liquidity risk management policy".

Compensa Life undertakes, on a quarterly basis, cash liquidity and portfolio liquidity forecasts. These forecasts demonstrate the Company has sufficient liquid assets to meet its financial obligations during normal business conditions and in times of stress.

Liquidity risk is measured and monitored using business cash forecasts and portfolio liquidity forecasts. These allow Compensa Life to manage both its short-term liquidity requirements and the long-term development of its liquidity requirements simultaneously. Extract from the Company's ALM analysis as of December 31, 2017 is disclosed below:




## C.3 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel activities or systems, or external events. Operational risk includes legal risks and excludes strategic and reputational risks.

Operational risk management is part of the day-to-day risk management activities of any department of Compensa Life. Based on the fact, that operational risks can arise in every area and operating activity, the Company follows the approach that operational risk management is not the task of one single department, but in the responsibility of each department within their own operational area.

General principles of operational risk management are defined in the “Operational risk policy” and basis of reporting operational risk events are specified in the “Operational risk events reporting guideline”.

In order to support the operational risk management and the monitoring of operational risks, Compensa Life uses the following two risk management processes – ICS and Risk Inventory, where the overall responsibility of these rests with the Risk Management function.

The goal of these two processes is the identification and evaluation of operational risks, the evaluation of the adequacy of the control environment as well as the identification and evaluation of risk mitigating.

## C.4 OTHER MATERIAL RISKS

### C.4.1 Counterparty default risk

Counterparty default risk is the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors over the forthcoming twelve months. The scope of the counterparty default risk includes risk-mitigating contracts, such as reinsurance arrangements, securitisations and derivatives, trade receivables and receivables from intermediaries, as well as any other credit exposures, which are not covered by spread risk.

Counterparty default risk is assessed during Risk Inventory process by members of the Management Board.

### C.4.2 Strategic risk

Strategic risk is the risk of adverse business development related to poor business and investment decisions, or to inadequate communication and implementation of goals, or to a lack of adjustment capacity to changes in the economic environment, or to conflicting business objectives.

Strategic risk is assessed during Risk Inventory process by members of the Management Board.

## C.5 ANY OTHER INFORMATION

### C.5.1 Concentration risk

Concentration risk management is not assigned to one single department, because the risk of concentrations can arise out of several areas such as investments or underwriting. Therefore every unit involved in the risk management system has to monitor, control and manage concentration risk within its area of responsibility. This means especially that:

- Concentration risk in investments is managed by the department of Financial and Investment Services and;
- Concentration risk in underwriting is managed by the Insurance Technical Services Department.

### C.5.2 Risk sensitivity

The analysis of the sensitivity and scenarios shows that in the course of the development of adverse situation (reverse stress test, change in interest rate curve -100bp), the SCR ratio will decline below or close to the level of the required 125%. In this sense, in case of the development of such events and in order to mitigate the risks, the Company should be flexible to make appropriate changes in its portfolio – to work further on the decreasing of guaranteed interest (to lower the average technical interest for new portfolio), to make adjustments in the Investment strategy (e.g. to increase the share of financial instruments with higher returns to provide a higher profitability of the overall portfolio).

### C.5.3 Risk mitigation

To manage its risks, Compensa Life has implemented a risk management system, which is the part of the governance system and consists of strategies, processes and intra-group reporting that is required for identifying, quantifying, constantly monitoring, managing, including risk mitigation techniques, and organizing the reporting of all significant risks.

Compensa is reinsuring its risk with 2 reinsurers: VIG RE (surplus agreement) and VIG Holding (yearly quota share agreements on accident year basis).

Reinsurance procedures related to reinsurance with VIG RE are described in more details in “Reinsurance policy”, reinsurance procedure with VIG Holding is based on automatic templates and reports and does not involve any actions other than reporting and accounting.

# D. VALUATION FOR SOLVENCY PURPOSES

## D.1 ASSETS

### D.1.1 Valuation for Solvency Purposes

Purchases and sales of financial assets are recognized using settlement date accounting. A financial asset is derecognized on the day that it is transferred by the Company. Depending on the purpose of acquisition and management's intentions, financial assets are classified into the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- held-to-maturity investments
- available-for-sale financial assets.

#### D.1.1.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading (i.e. assets acquired principally for the purpose of selling or repurchasing in the near term; assets part of a portfolio of identified financial instruments that are managed together; or derivative financial instruments that are not hedging instruments) as well as other financial assets that are designated as financial assets at fair value through profit or loss upon initial recognition. Financial assets of this category are recognized initially at their fair value excluding transaction costs. After initial recognition, financial assets of this category are measured at fair value and any gains/losses on changes in fair value are recognized in profit or loss in the period in which they arise.

A financial asset may be designated as at fair value through profit or loss when doing so reduces a measurement or recognition inconsistency. All financial assets at fair value through profit or loss that are recognized in these financial statements were designated to that category upon initial recognition.

The fair value of a listed security is determined based on the price of the most recent transaction conducted with that security on the stock exchange. The fair value of an unlisted security that is traded in an active market is determined based on the price of the most recent transaction conducted with it (assuming the transaction was conducted on market terms). If the price is not reliable, the position is re-measured to fair value using generally accepted valuation techniques and all information available on the fair value of the investment. Unlisted debt securities for which there is no active market are discounted using a discount rate equal to market rates of return that also reflects the risk of the issuer.

Solvency II Reporting: no difference to Standard Reporting.

#### D.1.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at fair value plus transaction costs. After initial recognition, loans and receivables are accounted for at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cash flows are estimated considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums and discounts. This method is used for recognizing interest income on the receivable in subsequent periods. Any impairment losses are recognized in income statement within Net fair value gain/loss on investments at fair value through profit or loss.

Solvency II Reporting: for Solvency II reporting purposes the item "Loans and receivables" is divided into – Loans (with interests), Receivables from policyholders and intermediaries, Other receivables and Term deposits (with interests). Also the interests of held-to-maturity investments and available-for-sale financial assets are included in the underlying assets for corresponding asset class items.

| IFRS item | IFRS value | Solvecy II items | Solvecy II value |
|---|---|---|---|
| Loans and receivables | 23 560 643 | Term deposits (with interests) | 13 647 451 |
| | | Loans (with interests) | 4 047 997 |
| | | Receivables from policyholders and intermediaries | 2 737 852 |
| | | Other receivables | 192 884 |
| | | Debt securities (interests with underlying asset) | 2 934 459 |
| **Total** | **23 560 643** | **Total** | **23 560 643** |

#### D.1.1.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Held-to-maturity financial investments are initially recognized at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Solvency II Reporting: reported in market value (with interests), reported value 72 433 969 EUR vs Standard Reporting 63 822 320 EUR

#### D.1.1.4 Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that the Company intends to sell immediately or in the near term and that are not classified to any of the above categories. Available-for-sale financial assets are recognized initially at fair value. After initial recognition, available-for-sale financial assets are measured at fair value without any deduction for transaction costs that may be incurred on sale or other disposal.

Solvency II Reporting: reported in market value (with interests), reported value 118 819 105 EUR vs Standard Reporting 117 046 276 EUR.

As a rule, the basis for determining fair value is the market price of the financial asset in an active market. If this is not available, fair value is established using generally accepted valuation techniques. Investments in equity securities that do not have a price in an active market and whose fair value cannot be measured reliably using other valuation techniques and derivatives that are linked to and must be settled by delivery of such equity instruments are measured at cost less any impairment losses.

#### D.1.1.5 Deferred Acquisition Cost (DAC)

Accrual accounting and deferring implies time wise matching (synchronization) of income and expenses: an incurred cost is capitalized and does not become an expense until it is recognized in the financial statements of the Company. In an accounting sense, it is the amortization of that cost, and not the original cost itself, that becomes the expense. Hence, certain costs, which are incurred to acquire insurance contracts should not be recognized as an expense in the accounting period in which they are incurred but should be capitalized as an asset on the balance sheet and gradually amortized over the lifetime of the insurance contracts.

DAC represents the “un-recovered investment” in the policies issued and are therefore capitalized as an intangible asset to match costs with related revenues. Over time the acquisition costs are recognized as an expense that reduces the DAC asset. The process of recognizing the costs in the income statement is known as amortization and refers to the DAC asset being amortized or reduced over a number of years.

Solvency II Reporting: Solvency II is based on an estimation of future cash flows. Deferred acquisition costs are based on a cash outflow that took place in the past. The (future) premiums may indeed include an expense charge to cover these acquisition costs; this is then reflected in the determination of the technical provisions. Therefore, a deferred acquisition cost is stated with zero in the Solvency II balance sheet.

## D.2 TECHNICAL PROVISIONS

### D.2.1 Valuation for Solvency Purposes

D.2.1.1 Summary of technical provisions as of 31 December 2017:

Technical provisions (TP) are calculated as the sum of the best estimates (BE) and the risk margin (RM).

In EUR thousand

| | Current year | | | | Prior year | | | |
|---|---|---|---|---|---|---|---|---|
| | **BE**[2] | **RM**[3] | **Sum** | **RR**[4] | **BE** | **RM** | **Sum** | **RR** |
| Medical expenses | 6,102 | 156 | 6,258 | 0 | 4,166 | 119 | 4,285 | 0 |
| Income protection | 60 | 2 | 62 | -1 | 65 | 2 | 67 | -1 |
| Total non-life | 6,162 | 158 | 6,320 | -1 | 4,231 | 121 | 4,351 | -1 |
| | | | | | | | | |
| Life insurance with profit sharing | 144,239 | 20,034 | 164,274 | -1,423 | 129,646 | 22,747 | 152,393 | -1,328 |
| Unit linked life insurance | 2,485 | 11,880 | 14,365 | -946 | 2,134 | 6,445 | 8,579 | -763 |
| Other life insurance | 8,114 | 1,127 | 9,241 | 76 | 5,939 | 1,042 | 6,981 | 9 |
| Total life | 154,838 | 33,041 | 187,879 | -2,293 | 137,719 | 30,234 | 167,953 | -2,082 |

D.2.1.2 Methodology of valuation of technical provisions

D.2.1.2.1 Life insurance best estimates

Best estimate of obligations arising from life insurance contracts is calculated by projecting future cash flows related to the insurance contracts and discounting them with the curve of risk free discount rates. The calculations are performed for each in force policy individually.

Compensa Life uses the deterministic approach in calculation of life insurance best estimates. As a simplification, it is assumed that the value of options and guarantees (such as guaranteed surrender value, guaranteed annuity option) does not have a material impact on the value of the obligations. Compensa Life also uses a simplified approach in modeling policyholder bonuses. The bonuses are allowed for by making an adjustment to the discount rate curve. For the purpose of the 2017 valuation, considering the current very low interest rate environment, this adjustment is zero i.e. the assumption is made that no policyholder bonuses will be paid on with-profit business in the future.

The methodology allows that per policy technical provisions can be negative (i.e. where future cash in-flows are expected to exceed future cash out-flows). Such results are not set to zero. The technical provision of the insurance liability may be lower than the surrender value of the underlying contract. The calculation of technical provisions is not subject to a surrender value floor.

[2] Best estimates

[3] Risk margin

[4] Reinsurance recoverables

The provision for life insurance claims is estimated by considering the actually reported claims and the IBNR. Considering that life insurance claims are usually settled without delays the assumption is made that the claims reserve will be paid out within the first year.

Certain simplifications are applied in the calculation of the technical provisions. The simplifications are considered to be in line with the principle of proportionality and are appropriate considering the nature, scale and complexity of the risks.

Compensa Life does not create additional reserve for the options and guarantees in the best estimate technical provisions except for the profit sharing, if the adjustment is applicable considering the interest rate environment. The most significant guarantee that has an effect on the best estimate is the guaranteed interest for business with profit sharing. Currently, the guaranteed interest significantly exceeds the return implied by the risk free yield curve.

D.2.1.2.2 Non-life insurance best estimates

The claims provision is formed for claims incurred until the balance sheet date. Compensa Life calculates claims reserve for non-life insurance using standard Chain Ladder (paid) methodology. The projected claims cash flows are discounted with the risk free discount curve.

The premium provision relates to future claim events covered by insurance and reinsurance obligations falling within the contract boundary. Premium provision is calculated using the combined ratio method. i.e. the ultimate projected claims and expenses are derived by multiplying the unearned premium reserve by the expected loss ratio and expense ratio. Then the future claims cash flows are projected by applying the claims development assumptions. The net present value is calculated by discounting the projected cash flows with the curve of risk free discount rates.

D.2.1.2.3 Best estimates of amounts recoverable from reinsurance – life insurance

Best estimate of the reinsurers share in technical provisions is calculated by directly projecting reinsurance premiums, reinsurers' share in claims and discounting them at risk free interest rate. The resulting provision is adjusted for counterparty default risk.

D.2.1.2.4 Best estimates of amounts recoverable from reinsurance – non life insurance

The reinsurers share in premium provision and claims provision is calculated by taking into account the expected reinsurers' share in premiums, claims and commissions. The resulting provisions are adjusted for counterparty default risk.

D.2.1.2.5 Risk margin

For non-life business the risk margin was calculated using simplified method, which uses approximations of the future SCRs for each future year as specified in Article 58 (a) of Delegated Act. For life business the risk margin was calculated using simplified duration based approach, which approximate the discounted sum of the future SCRs without calculating each of those amounts separately as specified in Article 58 (b) of Delegated Act. The risk margin was calculated separately for unit linked business and non unit-linked business.

D.2.1.3 Assumptions

D.2.1.3.1 Assumptions derived from external data

The input of the model needs assumptions, some of which are beyond the Company's control, such as e.g. interest curves. The Company considers available external data, VIG guidance and information from the regulator in setting these assumptions.

#### D.2.1.3.2 Assumptions derived from internal data

Due to quite young portfolio and modern administration/database system the majority of portfolio data are available. Most of the insurance portfolio specific assumptions are based on the internal data sources and are adjusted to reflect expected future trends and changes.

The key life insurance assumptions are as follows:

- Unpaid premium ratio
- Proportion of policies surrendered (without surrender value)
- Proportion of policies surrendered (with surrender value)
- Surrender value assumption (proportion of the reserve surrendered)
- Loss ratio of riders
- Mortality rate
- Kick-back revenue
- Growth of unit prices
- Discount rate.

Key non-life assumptions:

- Ultimate loss ratio
- Expense ratio
- Claims development factors (paid)
- Claims settlement expense ratio
- Discount rate.

### D.2.1.4 Changes in assumptions

There were no significant changes in the assumptions in comparison with prior year. There were no major changes in the products or distribution channels during the year. The slight differences in assumptions are due to changes in experience caused by a stable growth of the portfolio.

### D.2.1.5 Uncertainty associated with the amount of technical provisions

The key assumptions associated with the key risks related to technical provisions are:

- Surrender assumptions
- Interest/ discount rate
- Rider loss ratios.

Surrender assumptions are derived based on the Company's experience. Up to date the persistency experience at the Company was stable. However, due to relatively short period of development of insurance markets in the Baltics, it is difficult to predict how the persistency will depend on the impact of various stages of the economic cycles. The Company should observe and manage risks related to surrenders.

Discount rate fluctuates with the financial markets and cannot be directly controlled by the Company. Therefore they are considered to be uncertain and should be managed by applying appropriate asset liability management techniques.

Rider loss ratio assumptions are also derived based on the Company's experience. Up to date they were relatively stable and not subject to large year-to-year fluctuations.

### D.2.2 Differences to local GAAP

Below is the summary of technical provisions valued under Solvency II and IFRS:

In EUR thousand

| | Solvency II valuation | | IFRS valuation | | Difference | |
|---|---|---|---|---|---|---|
| | TP[1] | RR[2] | TP | RR | TP | RR |
| Total health similar to non-life | **6,320** | **-1** | **6,982** | | **-662** | |
| Life (excluding health and unit-linked) | 173,514 | -1,347 | 178,784 | | -5,270 | |
| Unit linked life insurance | 14,365 | -946 | 51,850 | | -37,485 | |
| Total | **194,199** | **-2,294** | **237,616** | **259** | **-43,417** | **-2,553** |

Technical provisions calculated for Solvency II purpose are heavily affected by low yields of discounting curve (especially non unit-linked) and expected future profits taken into account in liabilities' cash flows (especially unit-linked).

## D.3 OTHER LIABILITIES

### D.3.1 Valuation for Solvency Purposes

#### D.3.1.1 Liabilities to employees

Payables to employees include the accrued vacation pay liability calculated in accordance with employment contracts and the legislation in force at the reporting date. The vacation pay liability includes associated social security tax and unemployment insurance contributions. The item also includes contractual termination benefits and associated social security tax.

Social security tax includes statutory national funded pension contributions. The Company has no legal or constructive obligation to make any pension or similar payments in addition to payments of social security tax.

Solvency II Reporting: no difference to Standard Reporting.

#### D.3.1.2 Other financial liabilities

All other financial liabilities (trade payables, other short and long-term liabilities, loans received, debt securities issued) are initially recognized at their fair values and are subsequently measured at their amortized cost using the effective interest rate method. The amortized cost of current financial liabilities generally equals their nominal value; therefore current financial liabilities are measured in the balance sheet at the amount payable. Non-current financial liabilities are initially recognized at the fair value of the consideration received (less transaction costs). In subsequent periods, they are measured at their amortized cost using the effective interest rate method.

Solvency II Reporting: no difference to Standard Reporting.

[1] Technical provisions

[2] Reinsurance recoverables

#### D.3.1.3 Other provisions and contingent liabilities

A provision is recognized when the Company has a present obligation arising from an obligating event that occurred before the reporting date and derives from a contract or legislation or the Company's established pattern of past practice, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation but the timing or amount of the obligation are uncertain.

Provisions are recognized based on management's estimates of the expenditure required to settle the present obligation and the time the obligation has to be settled. A provision is recognized in an amount, which according to management's estimates is required to settle the obligation at the reporting date or to transfer it to a third party. A provision is measured at its discounted value (the present value of the expected outflows), unless the effect of discounting is immaterial. Expenses on provisions are recognized in the period in which they are incurred.

Solvency II Reporting: no difference to Standard Reporting.

### D.3.2 Differences to local GAAP

There are no differences between local GAAP (IFRS) and Solvency II Reporting.

There are no any off-balance liabilities not reported in QRTs template.

## D.4 ANY OTHER INFORMATION

No additional information is subject of reporting.

# E. CAPITAL MANAGEMENT

## E.1 OWN FUNDS

The objective of capital management is to ensure the Company's sustainable operation and safeguard the interests of policyholders and investors.

Careful capital planning and regular monitoring enable the Company to identify possible decreases in the capital buffer and potential shortfalls sufficiently early. Financial and solvency forecasts, which are made during the planning process and form a part of the Company's ORSA report, are an integral part of capital management. In managing its capital, Compensa Life also takes into account the changes planned to be made to its own funds

Equity (Own funds) according to IFRS FS as of December 31, 2017 are disclosed in the table below:

| Equity, in euros | 31.12.2017 |
|---|---|
| Total equity | 35 500 552 |
| Share capital | 11 604 000 |
| Share premium | 9 465 795 |
| Statutory capital reserve | 727 156 |
| Other reserves | 7 270 986 |
| Retained earnings | 6 432 615 |

In the Solvency II Directive there are characteristics set out for the categorization of own funds items between basic own funds and ancillary own funds, the categorization of own funds items is between Tier 1, Tier 2 and Tier 3. The Company's own funds categories and values as of December 31, 2017 are disclosed in the table below:

Own funds valued for Solvency II purpose:

Basic own funds

| | **Total** | Tier 1 | Tier 2 | Tier 3 |
|---|---|---|---|---|
| Ordinary share capital (gross of own shares) | 11 604 000 | 11 604 000 | | |
| Share premium account related to ordinary share capital | 9 465 795 | 9 465 795 | | |
| Reconciliation reserve (1) | 55 301 898 | 55 301 898 | | |
| Subordinated liabilities (2) | 2 000 000 | | 2 000 000 | |
| An amount equal to the value of net deferred tax assets (3) | 106 486 | | | 106 486 |
| **Total** | 78 478 179 | 76 371 693 | 2 000 000 | 106 486 |

1. Reconciliation reserve

The reconciliation reserve equals the total excess of assets over liabilities reduced by the amount of own shares and adjusted by subordinated liabilities. Main differences between equity as shown in the Company's financial statements (IFRS) and the excess of assets over liabilities as calculated for solvency purposes are due to following:

- Investments classified as held to maturity (amortized cost) in IFRS reports are assessed in the market value for the Solvency II reporting purposes;
- Technical provisions calculated for Solvency II purpose are affected by low yields of discounting curve from one hand and expected future profits taken into account in liabilities' cash flows from other hand.

At 31 of December 2017, Compensa Life's retained earnings amounted to 6,432,615 euros (31 December 2016: 4,772,129 euros). The maximum income tax liability that could arise if all of the retained earnings as of the reporting date were distributed as dividends amounts to 1,286,522 euros (2016: 954,425 euros). Thus, the amount that could be distributed as the net dividend is 5,146,093 euros (31 December 2016: 3,817,704 euros).

In 2017 Compensa Life paid dividends in the amount of 1,000,000 euros.

2. Subordinated liabilities

Subordinated liabilities valued in accordance with Article 75 of Solvency II Directive should be categorized as Basic Own funds Tier 2. More information on subordinated liabilities disclosed in this Report in the section D.3.1.

3. An amount equal to the value of net deferred tax assets

Under Estonian and Latvian legislation, corporate profit is not subject to income tax and thus deferred tax assets and liabilities do not arise.

In Lithuania, corporate profit is subject to income tax at the rate of 15%. Accordingly, in Lithuania deferred tax assets and liabilities may arise. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities, which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

A deferred tax asset represents the amount of income tax that can be used to cover the income tax expense on future taxable profits and it may be recognized in the balance sheet. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be utilized. Future taxable profit and the extent, to which the deferred tax asset can be utilized are estimated based on management's medium term business plan, which is based on management's expectations and best estimates that are believed to be reasonable under the circumstances.

The deferred tax recognized for Solvency II purposes in amount of 106,486 EUR as of December 31, 2017 equals to deferred tax asset recognized in the Company's financial statements (IFRS) for the year ended at December 31, 2017.

Both assets and liabilities are positively affected as of 31.12.2017, leading to higher own funds valued under Solvency II comparing to Solvency I own funds.

## E.2 SCR, MCR

Under the Solvency II principles, an insurer has to calculate its solvency capital requirement at least once a year on a going concern basis using the standard formula, internal model, or partial internal model. The solvency capital requirement corresponds to the amount of an insurer's own funds, which enables the insurer to meet its obligations under insurance contracts over the next 12 months with 99.5% probability.

The calculation of Solvency Capital Requirements is based on the standard formula. The results of SCR submodules as of December 31, 2017 are presented in the following table:

| | |
|---|---|
| Solvency Capital Requirement | **44,51** |
| Market risks | 18,70 |
| Counterparty default risk | 0,89 |
| Life underwriting risk | 32,12 |
| Health underwriting risk | 2,12 |
| Non-life underwriting risk | 0 |
| Intangible asset risk | 0 |
| Diversification | -11,83 |
| Operational risk | **2,50** |
| Minimum Capital Requirement | 11,13 |

The minimum capital requirement corresponds to the amount of eligible basic own funds, below which there would be unacceptably high risk that the insurer would not be able to fulfil its obligations to policyholders, insured persons and beneficiaries were the insurer to continue its operations.

There were no material changes to the Solvency Capital Requirement and Minimum Capital Requirement over the reporting period.

Based on the Company's management view, there is no any reasonably foreseeable risk of non-compliance with the Company's Minimum Capital Requirement or Solvency Capital Requirement.

## E.3 ANY OTHER INFORMATION

No any other information is subject of reporting.

Annexes

Annex 1
S.02.01.02
Balance sheet

| | | Solvency II value |
|---|---|---|
| **Assets** | | **C0010** |
| Intangible assets | **R0030** | 0 |
| Deferred tax assets | **R0040** | 106 |
| Pension benefit surplus | **R0050** | 0 |
| Property, plant & equipment held for own use | **R0060** | 447 |
| Investments (other than assets held for index-linked and unit-linked contracts) | **R0070** | 218 166 |
| Property (other than for own use) | **R0080** | 0 |
| Holdings in related undertakings, including participations | **R0090** | 4 067 |
| Equities | **R0100** | 1 099 |
| Equities - listed | **R0110** | 1 099 |
| Equities - unlisted | **R0120** | 0 |
| Bonds | **R0130** | 191 253 |
| Government Bonds | **R0140** | 104 665 |
| Corporate Bonds | **R0150** | 86 588 |
| Structured notes | **R0160** | 0 |
| Collateralised securities | **R0170** | 0 |
| Collective Investments Undertakings | **R0180** | 8 099 |
| Derivatives | **R0190** | 0 |
| Deposits other than cash equivalents | **R0200** | 13 647 |
| Other investments | **R0210** | 0 |
| Assets held for index-linked and unit-linked contracts | **R0220** | 51 850 |
| Loans and mortgages | **R0230** | 4 048 |
| Loans on policies | **R0240** | 0 |
| Loans and mortgages to individuals | **R0250** | 0 |
| Other loans and mortgages | **R0260** | 4 048 |
| Reinsurance recoverables from: | **R0270** | -2 294 |
| Non-life and health similar to non-life | **R0280** | -1 |
| Non-life excluding health | **R0290** | |
| Health similar to non-life | **R0300** | -1 |
| Life and health similar to life, excluding health and index-linked and unit-linked | **R0310** | -1 347 |
| Health similar to life | **R0320** | |
| Life excluding health and index-linked and unit-linked | **R0330** | -1 347 |
| Life index-linked and unit-linked | **R0340** | -946 |
| Deposits to cedants | **R0350** | 0 |
| Insurance and intermediaries receivables | **R0360** | 2 751 |
| Reinsurance receivables | **R0370** | 0 |
| Receivables (trade, not insurance) | **R0380** | 545 |
| Own shares (held directly) | **R0390** | 0 |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | **R0400** | 0 |
| Cash and cash equivalents | **R0410** | 4 209 |
| Any other assets, not elsewhere shown | **R0420** | 0 |
| **Total assets** | **R0500** | 279 830 |

Annex 1
S.02.01.02
Balance sheet

| | | Solvency II value |
|---|---|---|
| **Liabilities** | | **C0010** |
| Technical provisions – non-life | **R0510** | 6 320 |
| Technical provisions – non-life (excluding health) | **R0520** | |
| TP calculated as a whole | **R0530** | |
| Best Estimate | **R0540** | |
| Risk margin | **R0550** | |
| Technical provisions - health (similar to non-life) | **R0560** | 6 320 |
| TP calculated as a whole | **R0570** | |
| Best Estimate | **R0580** | 6 162 |
| Risk margin | **R0590** | 158 |
| Technical provisions - life (excluding index-linked and unit-linked) | **R0600** | 173 514 |
| Technical provisions - health (similar to life) | **R0610** | |
| TP calculated as a whole | **R0620** | |
| Best Estimate | **R0630** | |
| Risk margin | **R0640** | |
| Technical provisions – life (excluding health and index-linked and unit-linked) | **R0650** | 173 514 |
| TP calculated as a whole | **R0660** | |
| Best Estimate | **R0670** | 152 353 |
| Risk margin | **R0680** | 21 161 |
| Technical provisions – index-linked and unit-linked | **R0690** | 14 365 |
| TP calculated as a whole | **R0700** | |
| Best Estimate | **R0710** | 2 485 |
| Risk margin | **R0720** | 11 880 |
| Contingent liabilities | **R0740** | |
| Provisions other than technical provisions | **R0750** | |
| Pension benefit obligations | **R0760** | |
| Deposits from reinsurers | **R0770** | 230 |
| Deferred tax liabilities | **R0780** | |
| Derivatives | **R0790** | |
| Debts owed to credit institutions | **R0800** | |
| Financial liabilities other than debts owed to credit institutions | **R0810** | 682 |
| Insurance & intermediaries payables | **R0820** | 2 075 |
| Reinsurance payables | **R0830** | 106 |
| Payables (trade, not insurance) | **R0840** | 2 059 |
| Subordinated liabilities | **R0850** | 2 000 |
| Subordinated liabilities not in BOF | **R0860** | |
| Subordinated liabilities in BOF | **R0870** | 2 000 |
| Any other liabilities, not elsewhere shown | **R0880** | |
| **Total liabilities** | **R0900** | 201 352 |
| **Excess of assets over liabilities** | **R1000** | 78 478 |

Annex 2

S.05.01.02

Premiums, claims and expenses by line of business

| | | Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
| | | **C0010** | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** |
| **Premiums written** | | | | | | | | | | |
| Gross - Direct Business | **R0110** | 13 484 | 135 | | | | | | | |
| Gross - Proportional reinsurance accepted | **R0120** | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | **R0130** | | | | | | | | | |
| Reinsurers' share | **R0140** | 0 | 63 | | | | | | | |
| Net | **R0200** | 13 484 | 72 | | | | | | | |
| **Premiums earned** | | | | | | | | | | |
| Gross - Direct Business | **R0210** | 11 278 | 137 | | | | | | | |
| Gross - Proportional reinsurance accepted | **R0220** | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | **R0230** | | | | | | | | | |
| Reinsurers' share | **R0240** | 0 | 66 | | | | | | | |
| Net | **R0300** | 11 278 | 71 | | | | | | | |
| **Claims incurred** | | | | | | | | | | |
| Gross - Direct Business | **R0310** | 8 674 | 36 | | | | | | | |
| Gross - Proportional reinsurance accepted | **R0320** | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | **R0330** | | | | | | | | | |
| Reinsurers' share | **R0340** | 0 | 58 | | | | | | | |
| Net | **R0400** | 8 674 | -22 | | | | | | | |
| **Changes in other technical provisions** | | | | | | | | | | |
| Gross - Direct Business | **R0410** | | | | | | | | | |
| Gross - Proportional reinsurance accepted | **R0420** | | | | | | | | | |
| Gross - Non- proportional reinsurance accepted | **R0430** | | | | | | | | | |
| Reinsurers' share | **R0440** | | | | | | | | | |
| Net | **R0500** | | | | | | | | | |
| **Expenses incurred** | **R0550** | 2 220 | 91 | | | | | | | |
| **Other expenses** | **R1200** | | | | | | | | | |
| **Total expenses** | **R1300** | | | | | | | | | |

Annex 2

S.05.01.02

Premiums, claims and expenses by line of business

| | | Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)** | | | Line of business for: **accepted non-proportional reinsurance** | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | |
| | | **C0100** | **C0110** | **C0120** | **C0130** | **C0140** | **C0150** | **C0160** | **C0200** |
| **Premiums written** | | | | | | | | | |
| Gross - Direct Business | **R0110** | | | | | | | | 13 618 |
| Gross - Proportional reinsurance accepted | **R0120** | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | **R0130** | | | | | | | | |
| Reinsurers' share | **R0140** | | | | | | | | 63 |
| Net | **R0200** | | | | | | | | 13 556 |
| **Premiums earned** | | | | | | | | | |
| Gross - Direct Business | **R0210** | | | | | | | | 11 415 |
| Gross - Proportional reinsurance accepted | **R0220** | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | **R0230** | | | | | | | | |
| Reinsurers' share | **R0240** | | | | | | | | 66 |
| Net | **R0300** | | | | | | | | 11 348 |
| **Claims incurred** | | | | | | | | | |
| Gross - Direct Business | **R0310** | | | | | | | | 8 710 |
| Gross - Proportional reinsurance accepted | **R0320** | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | **R0330** | | | | | | | | |
| Reinsurers' share | **R0340** | | | | | | | | 58 |
| Net | **R0400** | | | | | | | | 8 652 |
| **Changes in other technical provisions** | | | | | | | | | |
| Gross - Direct Business | **R0410** | | | | | | | | |
| Gross - Proportional reinsurance accepted | **R0420** | | | | | | | | |
| Gross - Non- proportional reinsurance accepted | **R0430** | | | | | | | | |
| Reinsurers' share | **R0440** | | | | | | | | |
| Net | **R0500** | | | | | | | | |
| **Expenses incurred** | **R0550** | | | | | | | | 2 311 |
| **Other expenses** | **R1200** | | | | | | | | |
| **Total expenses** | **R1300** | | | | | | | | 2 311 |

Annex 2

S.05.01.02

Premiums, claims and expenses by line of business

| | | 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** | | 45 908 | 20 029 | 925 | | | | | 66 861 |
| Reinsurers' share | **R1420** | | 1 247 | 719 | 142 | | | | | 2 108 |
| Net | **R1500** | | 44 661 | 19 310 | 782 | | | | | 64 753 |
| **Premiums earned** | | | | | | | | | | |
| Gross | **R1510** | | 45 908 | 20 029 | 925 | | | | | 66 861 |
| Reinsurers' share | **R1520** | | 1 247 | 719 | 142 | | | | | 2 108 |
| Net | **R1600** | | 44 661 | 19 310 | 782 | | | | | 64 753 |
| **Claims incurred** | | | | | | | | | | |
| Gross | **R1610** | 2 010 | 13 871 | 4 670 | 405 | | | | | 20 955 |
| Reinsurers' share | **R1620** | 1 859 | 0 | 0 | 31 | | | | | 1 890 |
| Net | **R1700** | 151 | 13 871 | 4 670 | 374 | | | | | 19 066 |
| **Changes in other technical provisions** | | | | | | | | | | |
| Gross | **R1710** | | 25 924 | 9 941 | -716 | | | | | 35 149 |
| Reinsurers' share | **R1720** | | 0 | 0 | 0 | | | | | 0 |
| Net | **R1800** | | 25 924 | 9 941 | -716 | | | | | 35 149 |
| **Expenses incurred** | **R1900** | | 8 250 | 7 541 | 650 | | | | | 16 441 |
| **Other expenses** | **R2500** | | | | | | | | | |
| **Total expenses** | **R2600** | | | | | | | | | 16 441 |

Annex 3
S.05.02.01
Premiums, claims and expenses by country

| | | Home Country | Top 5 countries (by amount of gross premiums written) - non-life obligations | | | | | Total Top 5 and home country |
|---|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| | R0010 | | LT | LV | | | | |
| | | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 |
| **Premiums written** | | | | | | | | |
| Gross - Direct Business | R0110 | | 9 367 | 4 251 | | | | 13 618 |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | |
| Reinsurers' share | R0140 | | | 63 | | | | 63 |
| Net | R0200 | | 9 367 | 4 188 | | | | 13 556 |
| **Premiums earned** | | | | | | | | |
| Gross - Direct Business | R0210 | | 7 315 | 4 100 | | | | 11 415 |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | |
| Reinsurers' share | R0240 | | | 66 | | | | 66 |
| Net | R0300 | | 7 315 | 4 034 | | | | 11 348 |
| **Claims incurred** | | | | | | | | |
| Gross - Direct Business | R0310 | | 5 537 | 3 174 | | | | 8 710 |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | |
| Reinsurers' share | R0340 | | | | | | | 58 |
| Net | R0400 | | 5 537 | 3 174 | | | | 8 652 |
| **Changes in other technical provisions** | | | | | | | | |
| Gross - Direct Business | R0410 | | | 0 | | | | |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | | |
| Gross - Non- proportional reinsurance accepted | R0430 | | | | | | | |
| Reinsurers' share | R0440 | | | | | | | |
| Net | R0500 | | | 0 | | | | |
| **Expenses incurred** | R0550 | | 1 426 | 885 | | | | 2 311 |
| **Other expenses** | R1200 | | | | | | | |
| **Total expenses** | R1300 | | | | | | | 2 311 |

Annex 3

S.05.02.01

Premiums, claims and expenses by country

| | | Home Country | Top 5 countries (by amount of gross premiums written) - life obligations | | | | | Total Top 5 and home country |
|---|---|---|---|---|---|---|---|---|
| | | C0150 | C0160 | C0170 | C0180 | C0190 | C0200 | C0210 |
| | R1400 | | LT | LV | | | | |
| | | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 |
| **Premiums written** | | | | | | | | |
| Gross | **R1410** | 19 152 | 35 373 | 12 336 | | | | 66 861 |
| Reinsurers' share | **R1420** | 140 | 1 862 | 106 | | | | 2 108 |
| Net | **R1500** | 19 012 | 33 511 | 12 230 | | | | 64 753 |
| **Premiums earned** | | | | | | | | |
| Gross | **R1510** | 19 152 | 35 373 | 12 336 | | | | 66 861 |
| Reinsurers' share | **R1520** | 140 | 1 862 | 106 | | | | 2 108 |
| Net | **R1600** | 19 012 | 33 511 | 12 230 | | | | 64 753 |
| **Claims incurred** | | | | | | | | |
| Gross | **R1610** | 10 927 | 5 877 | 4 151 | | | | 20 955 |
| Reinsurers' share | **R1620** | 86 | 1 704 | 99 | | | | 1 890 |
| Net | **R1700** | 10 841 | 4 173 | 4 052 | | | | 19 066 |
| **Changes in other technical provisions** | | | | | | | | |
| Gross | **R1710** | 11 512 | 15 921 | 7 716 | | | | 35 149 |
| Reinsurers' share | **R1720** | 0 | 0 | 0 | | | | 0 |
| Net | **R1800** | 11 512 | 15 921 | 7 716 | | | | 35 149 |
| **Expenses incurred** | **R1900** | 2 160 | 12 081 | 2 200 | | | | 16 441 |
| **Other expenses** | **R2500** | | | | | | | |
| **Total expenses** | **R2600** | | | | | | | 16 441 |

Annex 4

S.12.01.02

Life and Health SLT Technical Provisions

| | | Insurance with profit participation | Index-linked and unit-linked insurance | | | Other life insurance | | | Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations | Accepted reinsurance | **Total (Life other than health insurance, incl. Unit-Linked)** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Contracts without options and guarantees | Contracts with options or guarantees | | Contracts without options and guarantees | Contracts with options or guarantees | | | |
| | | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** | **C0100** | **C0150** |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0020** | | | | | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | | |
| **Best Estimate** | | | | | | | | | | | |
| **Gross Best Estimate** | **R0030** | 144 239 | | | 2 485 | | | 8 114 | | | 154 838 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0080** | -1 423 | | | -946 | | | 76 | | | -2 293 |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | **R0090** | 145 662 | | | 3 431 | | | 8 037 | | | 157 131 |
| **Risk Margin** | **R0100** | 20 034 | 11 880 | | | 1 127 | | | | | 33 041 |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0110** | | | | | | | | | | |
| Best estimate | **R0120** | | | | | | | | | | |
| Risk margin | **R0130** | | | | | | | | | | |
| **Technical provisions - total** | **R0200** | 164 274 | 14 365 | | | 9 241 | | | | | 187 879 |

Annex 4
S.12.01.02
Life and Health SLT Technical Provisions

| | | Health insurance (direct business) | | | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Health reinsurance (reinsurance accepted) | **Total (Health similar to life insurance)** |
|---|---|---|---|---|---|---|---|
| | | | Contracts without options and guarantees | Contracts with options or guarantees | | | |
| | | **C0160** | **C0170** | **C0180** | **C0190** | **C0200** | **C0210** |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0020** | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | |
| **Best Estimate** | | | | | | | |
| **Gross Best Estimate** | **R0030** | | | | | | |
| 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** | | | | | | |
| **Risk Margin** | **R0100** | | | | | | |
| **Amount of the transitional on Technical Provisions** | | | | | | | |
| Technical Provisions calculated as a whole | **R0110** | | | | | | |
| Best estimate | **R0120** | | | | | | |
| Risk margin | **R0130** | | | | | | |
| **Technical provisions - total** | **R0200** | | | | | | |

Annex 5
S.17.01.02
Non-life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0050** | | | | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | |
| **Best estimate** | | | | | | | | | | |
| Premium provisions | | | | | | | | | | |
| Gross | **R0060** | 5 051 | 40 | | | | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | 0 | 15 | | | | | | | |
| Net Best Estimate of Premium Provisions | **R0150** | 5 051 | 25 | | | | | | | |
| **Claims provisions** | | | | | | | | | | |
| Gross | **R0160** | 1 051 | 20 | | | | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | | -15 | | | | | | | |
| Net Best Estimate of Claims Provisions | **R0250** | 1 051 | 35 | | | | | | | |
| **Total Best estimate - gross** | **R0260** | 6 102 | 60 | | | | | | | |
| **Total Best estimate - net** | **R0270** | 6 102 | 60 | | | | | | | |
| **Risk margin** | **R0280** | 156 | 2 | | | | | | | |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0290** | | | | | | | | | |
| Best estimate | **R0300** | | | | | | | | | |
| Risk margin | **R0310** | | | | | | | | | |

Annex 5
S.17.01.02
Non-life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 |
| **Technical provisions - total** | | | | | | | | | | |
| Technical provisions - total | **R0320** | 6 258 | 61 | | | | | | | |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | **R0330** | 0 | -1 | | | | | | | |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | **R0340** | 6 258 | 62 | | | | | | | |

Annex 5

S.17.01.02

Non-life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | Accepted non-proportional reinsurance | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | Total Non-Life obligation |
| | | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0050** | | | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | |
| **Best estimate** | | | | | | | | | |
| Premium provisions | | | | | | | | | |
| Gross | **R0060** | | | | | | | | 5 091 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | | | | | | | | 15 |
| Net Best Estimate of Premium Provisions | **R0150** | | | | | | | | 5 076 |
| **Claims provisions** | | | | | | | | | |
| Gross | **R0160** | | | | | | | | 1 071 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | | | | | | | | -15 |
| Net Best Estimate of Claims Provisions | **R0250** | | | | | | | | 1 087 |
| **Total Best estimate - gross** | **R0260** | | | | | | | | 6 162 |
| **Total Best estimate - net** | **R0270** | | | | | | | | 6 163 |
| **Risk margin** | **R0280** | | | | | | | | 158 |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0290** | | | | | | | | |
| Best estimate | **R0300** | | | | | | | | |
| Risk margin | **R0310** | | | | | | | | |

Annex 5
S.17.01.02
Non-life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | Accepted non-proportional reinsurance | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | Total Non-Life obligation |
| | | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| **Technical provisions - total** | | | | | | | | | |
| Technical provisions - total | **R0320** | | | | | | | | 6 320 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | **R0330** | | | | | | | | -1 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | **R0340** | | | | | | | | 6 320 |

Annex 6
S.19.01.21
Non-life Insurance Claims Information

**Total Non-Life Business**

| Accident year / Underwriting year | Z0010 | Accident year |
|---|---|---|

**Gross Claims Paid (non-cumulative)**
(absolute amount)

| | | Development year | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | In Current year | Sum of years (cumulative) |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0170 | C0180 |
| Prior | R0100 | | | | | | | | | | | 0 | 0 | 0 |
| N-9 | R0160 | | | | | | | | | | | | | 0 |
| N-8 | R0170 | | | | | | | | | | | | | 0 |
| N-7 | R0180 | | | | | | | | | | | | | 0 |
| N-6 | R0190 | | | | | | | | | | | | | 0 |
| N-5 | R0200 | 2 921 | 412 | 1 | | 0 | 0 | | | | | | 0 | 3 332 |
| N-4 | R0210 | 5 095 | 920 | 3 | 0 | 0 | | | | | | | 0 | 6 019 |
| N-3 | R0220 | 6 506 | 774 | 2 | | | | | | | | | | 7 283 |
| N-2 | R0230 | 5 755 | 544 | | | | | | | | | | | 6 299 |
| N-1 | R0240 | 6 748 | 609 | | | | | | | | | | 609 | 7 357 |
| N | R0250 | 7 813 | | | | | | | | | | | 7 813 | 7 813 |
| Total | R0260 | | | | | | | | | | | | 8 422 | 38 103 |

Annex 6

S.19.01.21

Non-life Insurance Claims Information

**Gross undiscounted Best Estimate Claims Provisions**

(absolute amount)

| | | Development year | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + |
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 |
| Prior | R0100 | | | | | | | | | | | 0 |
| N-9 | R0160 | | | | | | | | | | | |
| N-8 | R0170 | | | | | | | | | | | |
| N-7 | R0180 | | | | | | | | | | | |
| N-6 | R0190 | | | | | | | | | | | |
| N-5 | R0200 | | | | | 0 | 0 | | | | | |
| N-4 | R0210 | | | | | 0 | | | | | | |
| N-3 | R0220 | | | -1 | 0 | | | | | | | |
| N-2 | R0230 | | 2 | | | | | | | | | |
| N-1 | R0240 | 924 | 3 | | | | | | | | | |
| N | R0250 | 1 067 | | | | | | | | | | |

| | | Year end (discounted data) |
|---|---|---|
| | | C0360 |
| | R0100 | 0 |
| | R0160 | |
| | R0170 | |
| | R0180 | |
| | R0190 | |
| | R0200 | 0 |
| | R0210 | 0 |
| | R0220 | 0 |
| | R0230 | |
| | R0240 | 3 |
| | R0250 | 1 069 |
| Total | R0260 | 1 071 |

Annex 7

S.23.01.01

Own funds

| | | 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 (EU) 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | **R0010** | 11 604 | 11 604 | | | |
| Share premium account related to ordinary share capital | **R0030** | 9 466 | 9 466 | | | |
| 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** | 55 302 | 55 302 | | | |
| Subordinated liabilities | **R0140** | 2 000 | | | 2 000 | |
| An amount equal to the value of net deferred tax assets | **R0160** | 106 | | | | 106 |
| 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** | 78 478 | 76 372 | | 2 000 | 106 |
| **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** | | | | | |

Annex 7
S.23.01.01
Own funds

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | **R0500** | 78 478 | 76 372 | | 2 000 | 106 |
| Total available own funds to meet the MCR | **R0510** | 78 372 | 76 372 | | 2 000 | |
| Total eligible own funds to meet the SCR | **R0540** | 78 478 | 76 372 | 0 | 2 000 | 106 |
| Total eligible own funds to meet the MCR | **R0550** | 78 372 | 76 372 | 0 | 2 000 | |
| **SCR** | **R0580** | 44 510 | | | | |
| **MCR** | **R0600** | 11 127 | | | | |
| **Ratio of Eligible own funds to SCR** | **R0620** | 176,3% | | | | |
| **Ratio of Eligible own funds to MCR** | **R0640** | 704,3% | | | | |

| | | C0060 | |
|---|---|---|---|
| **Reconciliation reserve** | | | |
| Excess of assets over liabilities | **R0700** | 78 478 | - |
| Own shares (held directly and indirectly) | **R0710** | | - |
| Foreseeable dividends, distributions and charges | **R0720** | 2 000 | - |
| Other basic own fund items | **R0730** | 21 176 | - |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | **R0740** | | - |
| **Reconciliation reserve** | **R0760** | 55 302 | - |
| **Expected profits** | | | - |
| Expected profits included in future premiums (EPIFP) - Life business | **R0770** | 79 404 | - |
| Expected profits included in future premiums (EPIFP) - Non- life business | **R0780** | | - |
| **Total Expected profits included in future premiums (EPIFP)** | **R0790** | 79 404 | - |

Annex 8

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

| - | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0100 |
| Market risk | R0010 | 18 704 | - | - |
| Counterparty default risk | R0020 | 892 | - | - |
| Life underwriting risk | R0030 | 32 119 | | |
| Health underwriting risk | R0040 | 2 120 | | - |
| Non-life underwriting risk | R0050 | 0 | | - |
| Diversification | R0060 | -11 828 | - | - |
| Intangible asset risk | R0070 | 0 | - | - |
| **Basic Solvency Capital Requirement** | **R0100** | 42 008 | - | - |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 2 502 |
| Loss-absorbing capacity of technical provisions | R0140 | 0 |
| Loss-absorbing capacity of deferred taxes | R0150 | 0 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | 0 |
| **Solvency capital requirement excluding capital add-on** | **R0200** | 44 510 |
| Capital add-on already set | R0210 | 0 |
| **Solvency capital requirement** | **R0220** | 44 510 |
| **Other information on SCR** | | - |
| Capital requirement for duration-based equity risk sub-module | R0400 | 0 |
| Total amount of Notional Solvency Capital Requirement for remaining part | R0410 | 0 |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | 0 |
| Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios | R0430 | 0 |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | 0 |

Annex 9

S.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

| | | Non-life activities | Life activities |
|---|---|---|---|
| | | MCR$_{(NL,NL)}$ Result | MCR$_{(NL,L)}$Result |
| | | **C0010** | **C0020** |
| **Linear formula component for non-life insurance and reinsurance obligations** | **R0010** | 935 | |

| | | Non-life activities | | Life activities | |
|---|---|---|---|---|---|
| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
| | | **C0030** | **C0040** | **C0050** | **C0060** |
| Medical expense insurance and proportional reinsurance | **R0020** | 6 102 | 13 484 | | |
| Income protection insurance and proportional reinsurance | **R0030** | 60 | 72 | | |
| 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** | | | | |

Annex 9

S.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

| | | Non-life activities | Life activities |
|---|---|---|---|
| | | $MCR_{(L,NL)}$ Result | $MCR_{(L,L)}$ Result |
| | | **C0070** | **C0080** |
| **Linear formula component for life insurance and reinsurance obligations** | **R0200** | | 5 873 |

| | | Non-life activities | | Life activities | |
|---|---|---|---|---|---|
| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
| | | **C0090** | **C0100** | **C0110** | **C0120** |
| Obligations with profit participation - guaranteed benefits | **R0210** | | | 145 662 | |
| Obligations with profit participation - future discretionary benefits | **R0220** | | | 0 | |
| Index-linked and unit-linked insurance obligations | **R0230** | | | 3 431 | |
| Other life (re)insurance and health (re)insurance obligations | **R0240** | | | 8 037 | |
| Total capital at risk for all life (re)insurance obligations | **R0250** | | | | 414 773 |

Annex 9

S.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

**Overall MCR calculation**

| | | C0130 |
|---|---|---|
| Linear MCR | **R0300** | 6 807 |
| SCR | **R0310** | 44 510 |
| MCR cap | **R0320** | 20 029 |
| MCR floor | **R0330** | 11 127 |
| Combined MCR | **R0340** | 11 127 |
| Absolute floor of the MCR | **R0350** | 6 200 |
| - | | **C0130** |
| **Minimum Capital Requirement** | **R0400** | 11 127 |

| **Notional non-life and life MCR calculation** | | **Non-life activities** | **Life activities** |
|---|---|---|---|
| | - | **C0140** | **C0150** |
| Notional linear MCR | **R0500** | 935 | 5 873 |
| Notional SCR excluding add-on (annual or latest calculation) | **R0510** | 6 111 | 38 399 |
| Notional MCR cap | **R0520** | 2 750 | 17 279 |
| Notional MCR floor | **R0530** | 1 528 | 9 600 |
| Notional Combined MCR | **R0540** | 1 528 | 9 600 |
| Absolute floor of the notional MCR | **R0550** | 2 500 | 3 700 |
| Notional MCR | **R0560** | 2 500 | 9 600 |