SOLVENCY AND FINANCIAL CONDITION REPORT AS AT 31ST DECEMBER 2018

April 2019

Executive Summary

Business performance

The principal activities of Hellenic Alico Life Insurance Company Limited are the underwriting of Credit Life, Term Life, Unit Linked, and Health products.

The Company is licensed by the Cyprus Insurance Companies Control Service to underwrite the following insurance classes:

- Life Business: Classes 1, 3 and 4
- Non-Life Business: Class 2

The Company underwrites business in Cyprus.

During the year ended 31 December 2018, the Company wrote €12.1m (2017: €11.8m) of gross premium. Technical profit at €3.8m (2017: €2.2m) and Net profit at €3.1m (2017 €2.2m).

	2018 €'000	2017 €'000
Balance on Technical Account	3,847	2,223
Investment (Loss)/Income	(260)	573
Profit on ordinary activities before tax	3,452	2,583
Tax on profit on ordinary activities	308	404
Profit for the financial year	3,144	2,178

Note: Comparative figures have been adjusted in order to be in-line with the current year disclosure.

The Net profit for the year 2018 was transferred to shareholders funds. On 6 September 2017, a dividend was paid of €2,1 per share in respect of the year ended 31 December 2016 amounting to €2.100.000.

The Company remained focused on the business that it is familiar with and has proven to be profitable historically. This strategy has generated profits in every financial year for the last ten years.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue (€'000s)	10,608	12,085	13,292	12,827	11,874	11,085	10,962	11,104	11,759	12,096
% increase/ (decrease) in revenue	1.56	13.9	9.99	(3.50)	(7.43)	(6.64)	(1.11)	1.30	5.90	2.86
Profit after tax (€'000s)	2,965	1,096	4,188	5,484	3,710	3,538	3,370	2,953	2,178	3,144

The Company has not written any inwards reinsurance contracts.

Solvency II

Since Solvency II came into force on 1 January 2016 the valuation of the balance sheet and the Solvency Capital Requirement under Solvency II is done periodically by running the standard-formula-based capital model.

In relation to the Solvency II balance sheet, specific valuation rules are defined in Solvency II for several balance sheet items that differ from the Financial Reporting Standards.

Balance sheet of the Company for the year ended 31 December 2018:

	Statutory accounts (€'000s)	**Solvency II value (€'000s)**
Total assets	49,033	43,714
Total liabilities, including technical provisions	33,615	23,775
Own funds	15,418	19,940

The Company enjoys a healthy solvency and capital position as demonstrated in the table below (all figures as at 31st December 2018):

	(€'000s)
Solvency capital requirement (SCR)	5,910
Minimum capital requirement (MCR)	6,200
Eligible own funds to cover both SCR and MCR – All Tier 1	19,940

The Company does not apply any volatility or matching adjustments and does not use any transitional arrangements (neither transitional adjustment to the relevant risk-free interest rate term structure nor transitional measure on technical provisions).

The solvency capital requirement of €5.9m is lower than the regulatory minimum capital requirement €6.2m and as such, the Company holds the minimum capital requirement of €6.2m. The Company is fully compliant with both the solvency capital requirement and the minimum capital requirement and has been during the reporting period.

Key risks

Hellenic Alico Life (HAL) is a life insurance and as such the key risks faced are underwriting and market risk. Underwriting risk is at the core of any insurance company's business model and it is a risk that is actively sought, accepted and appropriately managed. The Company also has a positive appetite for market risk as it is a key driver of the financial performance. HAL seeks to protect itself against all risks faced (including the underwriting and market risk) by applying strong mitigation techniques.

The company assesses its risk and capital requirements using the EIOPA's Solvency II Standard Formula, amongst others.

System of Governance

The Company has designed a System of Governance (SoG) which it is implementing, in a proportional and proportionate manner. This SoG addresses the following important areas of the Company:

- Terms of Reference for the Board and the Sub-Committees
- Risk Management framework

- Key functions (Actuarial, Risk, Internal Audit and Compliance)
- Risk Policies for all the main risks
- Risk Appetite Strategy
- Own Risk Self-Assessment (ORSA)
- Fit and Proper Policy
- Scenario and Stress Testing and Reverse Stress Testing.
- Outsourcing

Capital management processes

The Company has a capital management process in place which interacts with the risk management function. The objective of capital management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer.

The Company is sufficiently capitalized and enjoys a healthy solvency position with a solvency ratio of 322%, well above the minimum threshold of 115% set by Insurance Companies Control Services. This is expected to continue in the future, based on the latest Own Risk and Solvency Assessment report.

Material changes during 2018

There have been no material changes in the underwriting and business profile of the Company in 2018. Continuous efforts to improve the risk profile of the Company have led to increasing investment in better credit quality counterparties and improved diversification.

There have been no material changes in the processes, tools, bases, methodologies and assumptions applied by the Company to calculate its financial and regulatory requirements, obligations and reporting. Details of any changes can be found in the individual sections.

Solvency and Financial Condition report as at 31st Dec 2018

Table of Contents

Executive Summary		2
	Business performance	2
	Solvency II	3
	System of Governance	3
	Capital management processes	4
	Material changes during 2018	4
1	Business Performance	6
1.1	Business	6
1.2	Underwriting Performance	7
1.3	Investment Performance	8
1.4	Any other information	9
2	System of Governance	10
2.1	General information on the system of governance	10
2.2	Fit and proper requirements	12
2.3	Risk management system including the own risk and solvency assessment	13
2.4	Internal control system	20
2.5	Internal audit function	20
2.6	Actuarial Function	21
2.7	Outsourcing	21
2.8	Adequacy of the system of governance	22
2.9	Any other information	22
3	Risk Profile	23
3.1	Underwriting Risk	23
3.2	Market risk	25
3.3	Credit risk	26
3.4	Liquidity risk	27
3.5	Operational risk	28
3.6	Other material risks	29
3.7	Risk sensitivity/Stress and scenario testing (all risks)	29
4	Valuation for solvency purposes	31
4.1	Assets	31
4.2	Technical Provisions	33
4.3	Valuation of other liabilities	35
4.4	Any other information	37
5	Capital Management	38
5.1	Own Funds	38
5.2	Solvency Capital Requirement and Minimum Capital Requirement	39
5.3	Duration-based equity risk sub-module option	40
5.4	Internal model	40
5.5	Non-compliance with the MCR and non-compliance with the SCR	40
5.6	Any other information	40

1 Business Performance

1.1 Business

1.1.1 Name and legal form of undertaking

Hellenic Alico Life Insurance Company Limited

66 Grivas Digenis Avenue

1095 Nicosia

Cyprus

Telephone: 0035722501581

Fax: 0035722450750

Email: life@hellenicbank.com

Private Company Limited by Shares.

The Company's registration number is 115264

1.1.2 Name and contact details of the supervisory authority

Hellenic Alico Life is a Cyprus regulated entity. The contact details of its regulators are:

Superintendent of Insurance

Cyprus Insurance Companies Control Service

Ministry of Finance

P.O. Box 23364, 1682 Nicosia

Cyprus

Telephone: 0035722602990

Fax: 0035722302938

Email: insurance@mof.gov.cy

1.1.3 Name and contact details of the supervisory authority of the mother company

The Central Bank of Cyprus

80 John Kennedy Avenue

1076 Nicosia

Cyprus

Telephone: 0035722714100

1.1.4 Name and contact details of the external auditor

KPMG Limited

14 Esperidon Street

1087 Nicosia

Cyprus

Telephone: 0035722209000

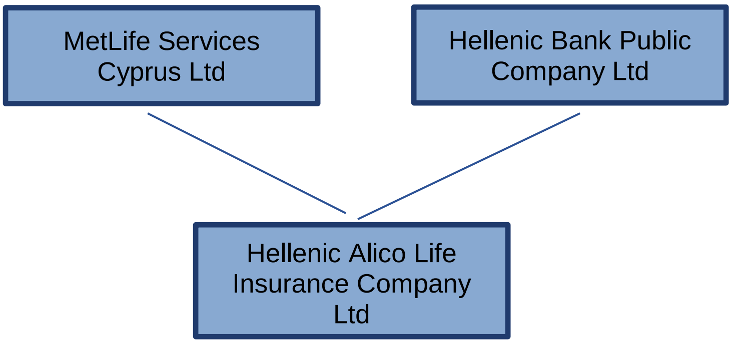
Fax: 0035722678200

1.1.5 Description of the holders of qualifying holdings in the undertaking

The controlling party is Hellenic Bank Public Company Limited (72.5%)

Remaining shareholding is held by MetLife Services Cyprus Ltd (27.5%)

1.1.6 Details of the undertaking's position within the legal structure of the group



1.1.7 Material lines of business and material geographical areas where the undertaking carries out business

Hellenic Alico Life writes premium only in Cyprus under classes 1, 3 and 4 for Life business and classes 1 and 2 for Non-Life business.

1.1.8 Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

No other significant internal or external events that could imply a material effect on the Company have occurred over the year ended 31 December 2018.

The key business development that will impact the Company in the coming years relates to the acquisition of components of the ex-Cyprus Cooperative Bank (CCB) Credit Life portfolio, following Hellenic Bank's agreement to acquire certain assets and liabilities of the Cyprus Cooperative Bank Ltd.

1.2 Underwriting Performance

The following table presents quantitative information on the underwriting performance of the Company for the current and for the previous reporting period as per the financial statements:

€ '000S	YE2018	LIFE	UNIT LINKED	A&H
Net premium earned	9,076	5,618	3,207	251
Reinsurance commission income	62	62	-	-
Net insurance claims & benefits	-1,874	-82	-1,795	3
Total expenses	-3,417	-2,382	-912	-124
UNDERWRITING RESULT	3,847	3,217	500	130

€ '000S	YE2017	LIFE	UNIT LINKED	A&H
Net premium earned	8,830	5,570	2,991	270
Reinsurance commission income	151	151	-	-
Net insurance claims & benefits	-3,195	-474	-2,671	-50
Total expenses	-3,564	-2,745	-665	-154
UNDERWRITING RESULT	2,223	2,502	-345	66

Note: Comparative figures have been adjusted in order to be in-line with the current year disclosure.

1.3 Investment Performance

During the year ended 31 December 2018, the Company recognised the following net investment income (the comparative values as at 31 December 2017 are also set out):

€ '000S	2018	2017
Interest income	139	142
Dividend income	226	241
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-1,426	152
Net realised gains/(losses)		
- Financial assets at fair value through profit or loss	659	-
- Available for sale financial assets	-	(48)
	-402	**487**

Investment income for FY2018 has been negatively affected by the low yield economic environment. This has resulted in net investment loss for the year compared to net investment income for FY2017.

1.3.1 Income and expenses arising from investments by asset class.

The assets invested by the Company (own funds and customer funds) fall into the following assets classes:

1) Collective Investment Undertakings €23.852k (2017: €21.422k)

The Company has invested in collective investment undertakings through investments in Exchange Trade Funds (ETFs) which provide access to a diversified pool of financial assets. In the year ended 31 December 2018, the Company received dividend income on these assets of €226k (2017: €241k).

2) Government Bonds €400k (2017: €500k)

The interest income arising from this investment during the year ended 31 December 2018 is €18k (2017: €40k).

3) Cash and Cash equivalents: €10.778k (2017: €10.432k)

The income arising from bank deposits for the year ended 31 December 2018 totalled €121k (2017: €103k). This amount represents interest received on the bank accounts balances held in Cyprus.

1.3.2 Any gains and losses recognised directly in equity

During the year ended 31 December 2018 a net amount of -€NIL (2017: -€20k) was recognized directly in equity in relation to revaluation of investments held during the year (2017: upward).

1.3.3 There are no investment assets in securitisation

1.3.4 Performance of other activities

There have been no other significant activities undertaken by the Company other than its insurance and related activities.

1.3.5 Other material income and expenses

No other material income or expenses incurred during the year 2018.

1.4 Any other information

The key business development that will impact the Company in the coming years relates to the acquisition of components of the ex-Cyprus Cooperative Bank (CCB) Credit Life portfolio, following Hellenic Bank's agreement to acquire certain assets and liabilities of the Cyprus Cooperative Bank Ltd.

There are no other material matters in respect to the business or performance of the Company.

2 System of Governance

2.1 General information on the system of governance

2.1.1 The structure of the Board of Directors (BoD)

The current membership of the Board is presented below:

Phivos Stasopoulos, Chairman

Mario Francisco Valdes Velasco, Deputy Chairman

Antonios I Karpasitis

Adamos Savvides

Demetrios Efstathiou

Andreas Papadatos

2.1.1.1 Description of its main roles and responsibilities

The Company is ultimately governed by the BoD comprising of a non-executive chairman and deputy chairman, another three non-executive directors and the executive director, who is also the General Manager of the Company.

The BoD maintains responsibility for the prudent management of the Company. It reviews and assesses the Company's strategic and business planning, solvency, as well as the Senior Management's approach to addressing risks and challenges. It reviews reports submitted by Senior Management and maintains frequent and open communication with the General Manager and Executive and Risk Committee.

2.1.1.2 Brief description of the segregation of responsibilities within these bodies (e.g. committees)

For more effective operation, the BoD has established the following Committees with oversight responsibility over the Company's key functions.

– *Audit Committee*

The Audit Committee, shall be accountable to the BoD and shall assist the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance and for meeting its external reporting obligations, including its obligations under applicable laws and regulations and shall be directly responsible on behalf of the BoD for the oversight of the External Auditor.

– *Risk and Reserving Committee*

The Risk and Reserving Committee as an advisory Committee to the BoD assists with the formulation of the Company's overall risk strategies and policies for managing significant business risks, and is responsible for overseeing the implementation of the Risk Management Framework.

2.1.2 Description of the main roles and responsibilities of key functions

– ***Internal Audit***

The Internal Audit function of the Company is administratively independent of any functions which have operational responsibilities in line with Solvency II Delegated Acts and local legislation.

Through regular audits and consultations, the Internal Audit Function provides assurance and advice on the adequacy and effectiveness of the Company's Internal Control System, operational functions and any matters which would require their review.

The Internal Audit Function reports to the Board through the Audit Committee.

– ***Compliance***

The Compliance Function has a direct reporting line to the Board. It is independent of risk-taking functions e.g. underwriting and claims. It is responsible for the establishment and maintenance of a proper framework and policies for the on-going and timely prevention, handling, management and monitoring of compliance risk. The function is subject to audit by the Internal Audit Function.

– ***Actuarial Function***

The Actuarial function is responsible for the valuation of the technical provisions, expresses an opinion on the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system, amongst others. The Function is also responsible for the technical pricing of products within the scope defined by the Board of Directors.

The Actuarial Function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice.

– ***Risk Management Function (RMF)***

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The mission of the RMF is the efficient and effective management of risks in accordance with the risk appetite of the Company, as stipulated in its Risk Appetite Statement.

In order to achieve its mission, the RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual and on an aggregate level. This Function is also responsible for the preparation of the Own Risk and Solvency Assessment (ORSA) report which is submitted to the Board for approval and submission to the Regulator at least once a year.

2.1.3 Material changes in the system of governance over the reporting period

There have been no changes to the system of governance over the reporting period.

2.1.4 Remuneration policy and practices for the BoD and employees

The BoD of the Company adopts the Remuneration Policy of Hellenic Bank Group.

The remuneration of all staff employed by the Company should comply with the Hellenic Bank Group's principles:

- Be in line with the Company's business and risk strategy, risk profile, objectives, values, risk management practices, and long-term entity wide interests and performance

- Consider both financial and non-financial performance
- Comprehensively and properly reflect the individual's and the Company's performance
- Take appropriate account of the material risk including the relevant time horizons
- Be transparent and adequately disclosed to all members of staff

2.1.5 Information about material transactions during the reporting period with:

– ***Shareholders***

In accordance to the Technical Assistance Agreement between the Company and the subsidiary of one of its shareholders, MetLife Services Cyprus Limited, the Company received support services during the year for a total amount of €521K (2017: €492K).

Hellenic Bank received a total amount of €1,612K (2017: €1,652K) for the sale of insurance contracts through its branch network.

Key management compensation (including Directors' remuneration) for the year ended 31 December 2018 amounted to €389K (2017: €516K). In 2018, this only relates to key management salaries (excluding Directors' remuneration) and other short-term employee benefits of €346K (2017: salaries and other short-term employee benefits €278K and early retirement costs and other long-term benefits of €207K).

2.2 Fit and proper requirements

2.2.1 Description of the specific requirements concerning skills, knowledge and expertise

The Company ensures that all persons (Solvency II staff) who effectively run the Company or have other key functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

The Solvency II staff collectively possesses professional qualifications, experience and knowledge about at least:

- Insurance and financial markets;
- Business strategy and business model;
- System of governance;
- Financial and actuarial analysis; and
- Regulatory framework and requirements.

2.2.2 Description of the undertaking's process for assessing the fitness and the propriety

In order to ensure that Senior Managers / Directors of the Company are fit, they are recruited giving due regard to interview requirements, referencing, relevant skills, personal and professional background and other checks as required and relevant to the role to be undertaken. Some of the general checks conducted include:

- Educational Background Check; and
- Professional Qualifications / Membership Check

In order to ensure that Senior Managers / Company Directors are proper, they are subjected to a variety of checks at the commencement of their assessment, including:

- Credit checks
- Identity checks (including passport)
- Employment History
- Criminal History checks

2.3 Risk management system including the own risk and solvency assessment

2.3.1 Description of the undertaking's risk management system and how it is able to effectively identify, measure, monitor, manage and report, on a continuous basis

2.3.1.1 Principles

The Risk Management System is governed by the Risk Principles defined by the BoD. The main principles adopted by the Company regarding the management of risk are listed below:

- The Company aims to create and promote a strong risk culture that is embedded in all aspects of the Company's activities.
- The BoD in carrying out both its management and supervisory functions has collectively a full understanding of the nature of the business and its associated risks.
- The BoD is responsible for setting the company's risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals of the Company.
- The Company has an established, comprehensive and independent from risk taking activities RMF.
- The Company applies high standards of transparency with regards to the performance of its operations and communicates all the information it considers necessary to the interested and affected parties.
- New products, markets, and business strategies are analysed carefully and the Company makes sure that it possesses adequate internal tools and expertise to understand and monitor the risks associated with them.
- The risk management framework is subject to an independent review by the Internal Audit Function.

2.3.1.2 Risk Appetite

Hellenic Alico Life sees itself as a bancassurer with its core business being Credit Life Insurance in Cyprus. The Company looks for prudent organic growth whilst maintaining a well-managed and profitable business portfolio.

The strategic objective of the Company is to build on what has been achieved without exposing undue stress to the resources or capital and thus jeopardising the current operation.

In line with its overall strategy, the Company's appetite is primarily for underwriting risk specifically related to Life and Health Insurance. Hence, underwriting risk accounts for a significant portion of the Company's risk portfolio and is one of the main contributors of the Company's Solvency Capital Requirement.

Nonetheless, the Company accepts that underwriting inevitably gives rise to other risk exposures, such as the credit risk that arises from the agreements with reinsurers and from issuers of investment assets, as well as operational risk. The Company acknowledges that these risks are unavoidable and seeks to reduce these risks to a reasonable and practicable extent. Moreover, like any other insurance Company, the Company has a capital base, the investment of which introduces some investment risk. The Company has a low appetite for investment risk and hence it invests its portfolio of assets in a manner that aims for security of investments, adequate diversification as well as sufficient liquidity to meet liabilities as they fall due.

2.3.1.3 Risk Management Cycle

The Company's Risk Management System encompasses a number of key processes and procedures which address the Company's key risks. These steps are summarised below:

a. ***Risk identification -*** Risks are identified and documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls.

b. ***Risk assessment -*** The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risk not covered by capital and using the Value at Risk (VaR) measure for risks covered by capital.

   Stress testing is conducted at least annually by the RMF as a risk assessment tool in order to assess the Company's vulnerability to possible events or future changes in economic conditions which have unfavourable effects on its performance, solvency, liquidity or reputation and its ability to withstand such changes.

c. ***Risk control and mitigation -*** The Company designs and implements controls to prevent or detect the occurrence of an identified risk event or to mitigate its severity. The Company's control activities are documented in the Risk Register.

d. ***Risk monitoring -*** The RMF has the responsibility to ensure that all material risk exposures are monitored on an on-going basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk and Reserving Committee. At least once a year, the Risk Register is formally reviewed by the RMF and any actions deemed necessary following such review are brought to the attention of the Board.

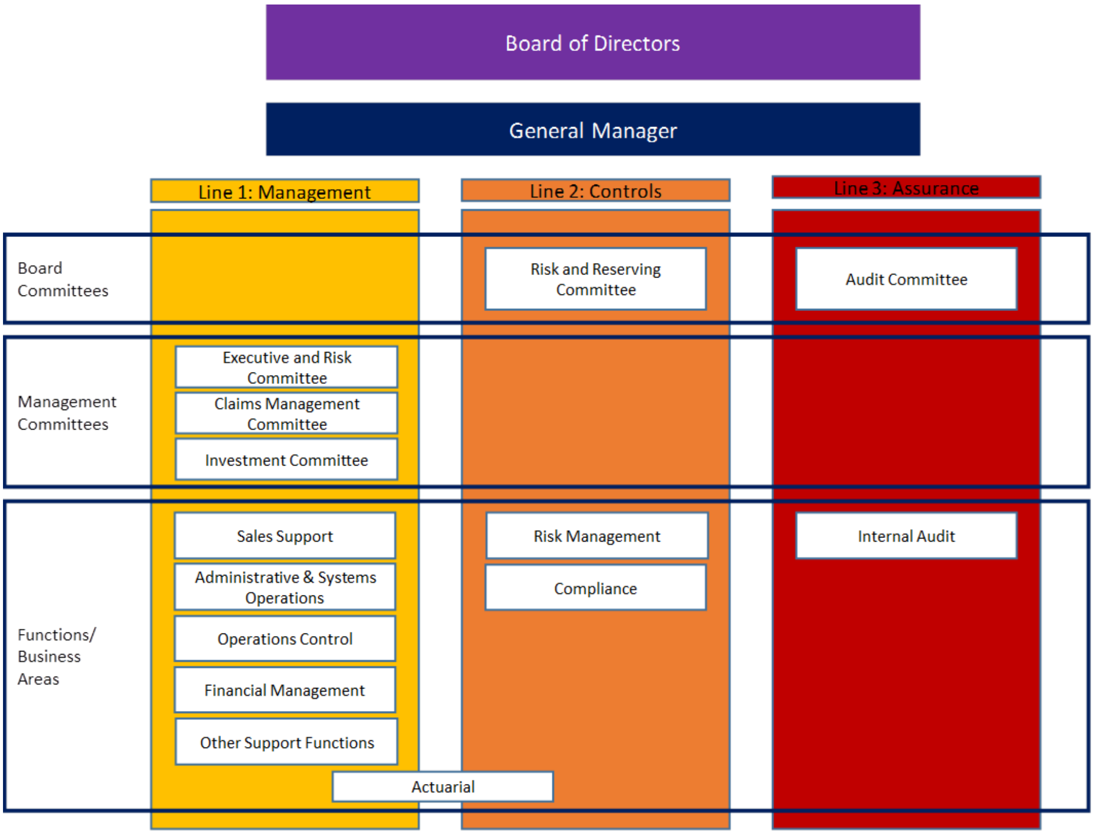
2.3.1.4 Risk Reporting

The Risk Management Function reports to the BoD, through the Risk and Reserving Committee at least annually on its assessment of material risks and the management thereof, in particular the actions being taken to mitigate or control key risk exposures. It is also obliged to report the following to the BoD, without delay:

- Any significant changes to the overall risk profile of the Company
- Any deviations from the risk management strategy or risk appetite
- Any risk management matters in relation to strategic affairs, such as major projects and investments

2.3.2 Description of how the risk management system (including the risk management function) are implemented and integrated into the organisational structure and decision-making processes of the undertaking

In implementing its risk management strategy, the Company operates the 'Three Line of Defence Model' to manage its risk and control its activities. This ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels, including the BoD, Senior Management, RMF and Business Units.



The **First Line of Defence** relates to the management of risks at the points where they arise. These activities are carried out by persons who take on risks on behalf of the Company. Risk management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set by the Executive and Risk Committee, along with the other management committees and the assistance of the RMF.

The **Second Line of Defence** concerns the risk management activities that are carried out by the RMF and the other control functions. It also refers to the risk management activities performed by the Risk and Reserving Committee and includes the approval and oversight of the implementation of risk policies and the establishment of systems and controls so that the overall level of risks and the relationship between risk and reward remain within acceptable levels.

The role of the RMF is to:

- Support the BoD in the determination and implementation of the risk strategy and capital planning
- Coordinate the implementation of the risk management framework
- Be the main unit for risk management responsibilities
- Report to the Senior Management
- Risk management training to the BoD, Committees, Senior Management and risk-taking functions directly involved in the management and oversight of risk, on the contents of, and for providing guidance on their application

- Monitor the risk profile of the Company against the Company's risk appetite
- Develop internal risk methodologies and models
- Bring to the attention of the BoD any breaches of the Risk Management Framework Policy

The RMF is assisted by the Actuarial Function on the technical aspects of risk management and modelling.

The **Third line of Defence** concerns the activities of the Internal Audit Function that through its work provides an independent assurance to the BoD, on the performance and effectiveness of the risk management systems within the Company.

The Company embeds the risk management system into the organisational structure and supports it by appropriate internal controls and by information systems that provide relevant, information. The risk management system then provides information that are fed into the decision-making processes by assessing the risk exposure of alternative strategies the Company is considering with respect to risk mitigation, business volumes and investments.

2.3.3 Process adopted to fulfil the obligation to conduct an ORSA

2.3.3.1 Description of the process undertaken by the undertaking to fulfil its obligation to conduct an ORSA as part of its risk management system

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times.

The Company follows the steps below to implement its ORSA:

a. ***Identify and classify risks*** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR standard formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.

b. ***Assessment and measurement of risks through different approaches including stress testing*** - the Company collects data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing and qualitative approaches, such as risk register assessment.

c. ***Capital Allocation*** – According to its risk profile, the Company determines the necessary additional capital over and above the regulatory minimum SCR.

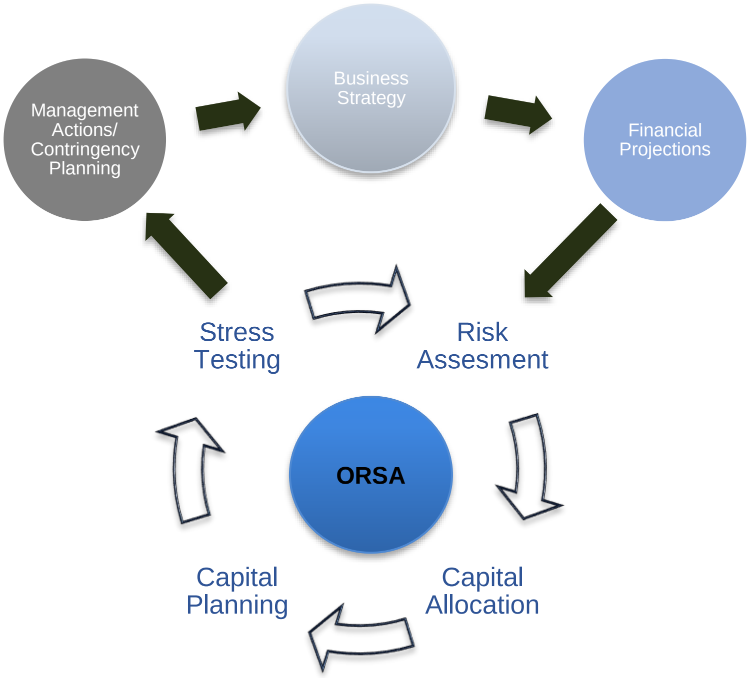
d. ***Capital planning*** – Based on the capital allocation projections, the Company prepares a capital plan for the following 3 years. Such plans depend on the Company's strategic objectives and financial projections and assumptions on future economic conditions.

e. ***Stress testing*** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.

f. ***Communicate and document the results*** – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

2.3.3.2 How the ORSA is integrated into the organisational structure and decision-making processes of the undertaking

ORSA covers all the operations of the organisation and all business units of the Company. The BoD is the body that bears the ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures. The diagram below illustrates the ORSA process:



The roles and responsibilities for the ORSA for each body and function of the Company (BoD, Senior Management, RMF, Actuarial Function, Compliance Function, Finance Function, Internal Audit Function, Risk Taking Departments) are set out below:

Responsible Body/ Function	Responsibility
Board of Directors	• Definition of corporate objectives and risk strategies, definition of HAL's risk profile, which will be used as a significant input to ORSA • Approval of the budget • Establishment of a suitable internal control system, especially with regard to the ORSA • Understanding, review, challenge and approval of the annual ORSA report
Risk and Reserving Committee	• Review and challenge of the annual ORSA report of the Company and recommendation for approval to the Board of Directors • Review and challenge of the risk quantification and stress testing performed in the ORSA process • Review and challenge the results of the Pillar 1 capital calculation and the quality of the data used
Senior Management	• Dissemination of information on risk strategies and procedures to the employees concerned • Ensuring that there is adequate expertise and knowledge amongst the employees and officers of HAL to successfully carry out the different tasks required by ORSA • Understanding of the ORSA of the Company
Risk Management Function	• Preparation of the Risk Management policies and procedures • Identification and monitoring of key risks faced by the Company • Establishment of methods for risk monitoring and measurement • Coordination of the preparation and implementation of the ORSA • Quantification and run of the stress test scenarios and analysis of the results • Recommendation for capital allocation for Pillar 2 and capital projections • Provision of ORSA training to senior manager and staff
Actuarial Function	• Responsible for producing the SII compliant technical provisions and calculating the standard formula capital requirements (both current and projected). • Provision of technical assistance to the ORSA process owners with regards to key technical areas e.g. valuation issues, re-insurance issues, stress testing, etc.
Finance Function	• Preparation of financial projections in accordance with the strategic plan approved by the Board of Directors • Preparation of Pillar 1 capital planning and projection of own funds based on the planning
Internal Audit Function	• Independent review of the ORSA as part of their review of the Risk Management Function
Compliance Function	• Provide support and assistance on compliance matters as appropriate ensuring adherence to the regulatory obligations. Ensure the timely submission of ORSA annual report.
Departments	• Compliance and cooperation with the request for collection of data for the implementation of the ORSA and preparation of the ORSA report • Participation in the risk assessment exercise and support to the RMF • Provision of information and adoption of all risk management policies and procedures approved by the Board • Provision of timely and accurate data

Responsible Body/ Function	Responsibility
	• Inform the control functions (risk management, internal audit, compliance and actuarial of any facts relevant to the performance of their roles.

The ORSA process is not independent from the "business as usual' process of the Company. As a result, the RMF reports the Company's risks and stress tests and the BoD and Management make decisions upon the results of these procedures. In addition, the Company considers the impact on its capital in its financial projections. Strategic decisions are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity over the business planning horizon. Such strategic decisions include but are not limited to:

- Expansions into new markets
- Introduction of new products
- Utilisation of additional distribution channels
- Target business volumes
- Reinsurance arrangements
- Investment decisions

2.3.3.3 Statement detailing how often the ORSA is reviewed and approved by the BoD

The ORSA report is produced at least annually. The document is submitted to the Risk and Reserving Committee for review and then to the BoD for final approval. The assessment is repeated immediately following any significant changes to the internal or external environment that the Company operates. The latest annual ORSA report was submitted to the regulator in December 2018.

2.3.3.4 Statements explaining:

– *How the undertaking has determined its own solvency needs given its risk profile*

The Company determined that the Solvency II SCR standard formula would be used to calculate the required solvency capital and to assess the overall solvency needs. The standard formula is widely used internally as it represents the main metric for the ongoing management of risk and capital. Given the characteristics of the Company's portfolio, the Company is confident that the risk capital as calculated by the standard formula is generally at least equal to the actual underlying risk of the Company. Furthermore, the ranking of risks as quantified by the standard formula represents the expectations of the management which provides additional comfort about the merits in adopting this approach.

– *How its capital management activities and its risk management system interact with each other*

A three-year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements ('SCR') is produced using the standard formula. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the BoD and, where appropriate, potential management actions are noted and conclusions drawn. Senior management, taking into account the insight from the stress testing outcome, develops the Company's long and short term capital management plan, whilst considering the business strategy and risk tolerance. This plan includes alternatives to ensure that solvency needs can be met even under unexpectedly adverse circumstances.

2.4 Internal control system

2.4.1 Description of the undertaking's internal control system

The Company has the regulatory obligation to adequately assess and manage compliance risks on a proactive and ongoing basis. Tone at the top is of utmost importance in creating compliance awareness not only to the management but also each and every employee, as compliance risks exist across all levels of an organization and in particular, the Units with executive duties. The Compliance function is an integral and indivisible part of the Company's business activities. Having acknowledged the importance of the Compliance function, the BOD and Management are committed to create and promote a culture of compliance and integrity across the Company, incorporating its principles in the decision-making process.

The Company aims to retain the highest standards in matters of the general governance requirements and the implementation of an effective internal control system set by the law. It also aims to maintain recognized high standards of ethical values and behavior in the matters of conflict of interests and Business Conduct, as described in the relevant Policies of the Company.

Compliance is the responsibility of every staff member of the Company, who should be fully aware and up-to-date with all the obligations and duties arising from the compliance regulatory framework. The existence of a specialized Compliance function does not release anyone from the professional obligation to know and comply with the laws, directives and internal policies and procedures applicable to their role.

2.4.2 Description of how the compliance function is implemented

The Compliance function is administratively independent from other departments of the Company and possesses discretionary autonomy to create, enhance, review and modify its existing risk management or executive competencies. It is directly supervised by the Audit Committee and the BOD.

Compliance function assists Management in the effective management of compliance risk and maintains the right of unobstructed, immediate and direct access to the Audit Committee or the BOD, whenever deemed necessary.

Additionally, the Compliance function is responsible, in accordance with its monitoring and controls testing duties, for establishing, creating, modifying, enhancing any controls it deems appropriate in order to eliminate or mitigate existing and newly identified risks.

2.5 Internal audit function

2.5.1 Description of how the undertaking's internal audit function is implemented

The work of the Internal Audit Unit is based on its Charter and the Internal Audit Policy approved by the Audit Committee of the BOD and the BoD. The Internal Audit Unit authority to unrestricted information, its operating principles, its responsibilities, reporting requirements as well as the Internal Auditors' code of conduct, quality assurance and improvement program are all laid out in the Internal Audit Policy.

2.5.2 Description of how the undertaking's internal audit function maintains its independence and objectivity from the activities it reviews

In accordance with the Group Internal audit charter, the Internal Audit Unit is independent from business and operational units. The Head of Group Internal audit reports directly to the Chair of the Audit Committee and via the Audit Committee to the Board of Directors. According to the charter, the Internal Audit Unit will have direct access to the Audit Committee and its Chairperson and Executive Management regarding matters that the Internal Audit Unit believes are significant to require immediate attention of the Audit Committee and its chairperson and the General Manager.

2.6 Actuarial Function

The Company's actuarial function is the responsibility of the Actuarial Function holder:

The duties of the actuarial function include:

- Coordinate the calculation of technical provisions
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions
- Compare best estimates against experience
- Inform the Senior Management and the BoD of the reliability and adequacy of the calculation of technical provisions
- Oversee the calculation of technical provisions in cases where approximations are used in the calculation of the best estimate
- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA)
- Responsible of the technical pricing of the products within the scope defined by the Board of Directors

Each of these activities is undertaken on an at least annual basis and the outcome is reported to the Senior Management and the Board in an internal actuarial report. Both the calculation of technical reserves and the risk modelling underlying the calculation of the solvency capital requirements are performed on a quarterly basis.

2.7 Outsourcing

2.7.1 Description of the outsourcing policy

Outsourcing is the use of a third party (either an affiliate entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the Company. The third party to whom an activity is outsourced is a service provider.

Hellenic Alico Life has established an Outsourcing Policy in which the requirements for identifying, justifying and implementing outsourcing arrangements are described.

The policy adopted by the Company sets out the following;

- Terms of reference
- Board and management responsibilities
- Outsourcing requirements
  - (a) Supervision of outsourced activities
  - (b) Critical or important functions or activities
  - (c) Service provider for critical or important functions or activities

(d) Service provider for noncritical functions
(e) Approval of outsourcing services
(f) Written agreement requirements
(g) Termination

- Risk management and internal control system

(a) Risk management actions
(b) Establishment of risk management
(c) Contingency Plan

2.7.2 *List of any critical or important operational functions or activities that are outsourced and the jurisdiction in which the service providers of such functions or activities are located*

The following is a list of the critical or important operational functions the Company has outsourced along with the jurisdiction in which the service providers of such functions or activities are located.

Outsourced Provider	Service Outsourced	Jurisdiction
Hellenic Bank Public Company Ltd	Compliance / MLRO / Data Protection	Cyprus
	Internal Audit *	
	Information Technology (development and maintenance)	
	Information Security Infrastructure and Systems Development	
	Risk Management Function	
Deloitte Actuarial Services	Actuarial Function	Cyprus
MetLife Services Cyprus Limited	Information Technology and System Administration	Cyprus

* sub-outsourced to PwC.

2.8 Adequacy of the system of governance

The system of governance is adequate to the nature, scale and complexity of the risks inherent in its business.

The Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and recommendations are made to the Board regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis from complaints and breaches and risk events.

Internal audits and external audits provide independent evaluation of the Company's system of governance. Recommendations from these audits are considered by the Board and implemented proportionately to the business' risks.

2.9 Any other information

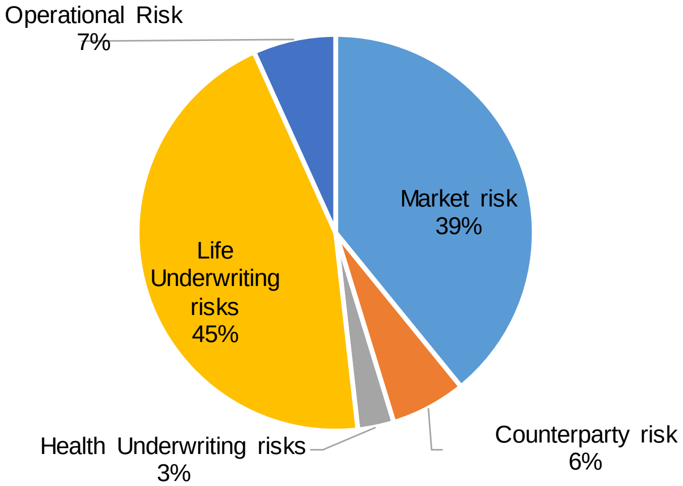
There is no other material information regarding the system of governance of the undertaking.

3 Risk Profile

The Company is a leading bank assurance Company in Cyprus. Its core business is underwriting and as such underwriting risk is one of its key sources of risk. Strong risk mitigation techniques are applied though, thus significantly reducing the impact on the capital requirements.

The table below shows the Solvency Capital Requirement (SCR) allocated by risk type as at 31/12/2018:

Solvency capital requirement allocation by risk type



3.1 Underwriting Risk

3.1.1 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculation (discussed in more detail in section 5.2), stress and scenario testing (discussed in more detail in section 3.7), the risk register and other quantitative and qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

3.1.2 Description of the risk

The Company's key underwriting risks are:

- Lapse risk: Risk of higher lapses than expected, as well as the risk of mass lapse (an instantaneous one-of shock lapse event).
- Expense risk: risk of higher than anticipated acquisition costs or maintenance expenses.
- Mortality risk: risk of higher mortality experience than expected at the time of underwriting.
- Reserving risk: risk of inadequate assumptions leading to under-reserving.

The mix of business written remains broadly similar to previous years, both in terms of lines of business written, underwriting profile and geographical location. As such, no material changes have been noted in respect of the underwriting profile, but the Company carefully monitors underwriting risk in light of the continued soft rating environment.

3.1.3 Risk Concentration

No material risk concentrations have been identified. This is because of:

- The Company's well-diversified insurance portfolio: The portfolio enjoys high levels of diversification with respect to age, gender, level of life insurance cover, type of insurance cover, degree of underwriting applied at inception of the cover and geographical location.
- Low catastrophe risk: The catastrophe risk (assessed using the two scenarios prescribed by the standard formula) is very low (€0.2m).
- Reinsurance: The Company manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to the Company is generally limited to its retention.

The Company's establishment agreement limits its customers to Hellenic Bank's customers, thus restricting the distribution channels that can be used. As such, some concentration is observed in that respect however it is not deemed material.

3.1.4 Risk Mitigation

1. Portfolio Monitoring

The senior management of the Company:

- Receives and reviews regular reports on the gross written premium, risks written and incurred claims; and
- Regular detailed profitability analyses and reviews are undertaken both by internal employees and external consultants.

2. Clear delegation of underwriting and claims authorities

There is a clear delegation of underwriting and claims authorities within the Company and peer review requirements, with the most complex risks and claims requiring review and sign-off by the General Manager. This ensures that the risks and claims are assessed by personnel of appropriate experience and expertise and the premium charged reflects the characteristics of each risk and appropriate claim provisions are put in place.

3. Reinsurance

The Company uses reinsurance to protect against claims volatility. Each class of business has its own reinsurance treaty and facultative reinsurance is used if a risk falls outside the reinsurance treaties and the Company's risk appetite. A detailed analysis is undertaken in regularly to assess the most appropriate reinsurance structure in accordance to the business, capital and risk strategies of the Company. External consultants are at times engaged to review the reinsurance structure of the Company and advice on its optimisation and the Actuarial Function issues an opinion on the reinsurance arrangements on an annual basis. The credit rating and the financial condition of the key reinsurance counterparties are reviewed on a quarterly basis, so that corrective action is taken in the event of a deterioration in their financial quality.

4. Market and emerging risks/trends monitoring

The Company closely monitors the market and emerging risks /trends and participates in the discussion to address common market issues faced.

5. Lapses/surrenders

Dedicated, experienced staff handles all surrender and lapse requests. This is to ensure, through discussion with the policyholder, that the decision to surrender is indeed the most appropriate for the policyholder and the Company may recommend other products that would better satisfy his needs.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken and the risk mitigation techniques are adjusted accordingly.

3.1.5 Risk Sensitivity, Methods, Assumptions and Outcome of stress and sensitivity testing

Discussed in section 3.7.

3.2 Market risk

3.2.1 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement (discussed in more detail in section 5.2), stress and scenario testing (discussed in more detail in section 3.7), the risk register and other qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

3.2.2 Description of the risk

Market risk is the risk that changes in market prices will affect the fair value and/or future cash flows of financial instruments. The Company's market risk exposures mainly arise from its investments to local Cypriot banks and Collective Investment Undertakings (CIU, mainly Exchanged Traded funds). The Company has further strengthened its processes and controls relating to its investment allocation and management during 2018, thus improving the risk profile of its investment portfolio.

3.2.3 Risk Concentration

Some risk concentration arises in respect of Hellenic Bank, due to its strategic relationship with the Company. However, the Company invests in CIUs which enables a level of diversification that may not have been possible through direct investments.

3.2.4 Risk Mitigation

Market risk is mitigated through the investment policy adopted by the Company which safeguards against exposure to risky asset classes and ensures minimum diversification limits.

Furthermore, the management of the Company reviews the market values along with the credit rating and the financial condition of the key counterparties at least quarterly, ready to take action in the event of a deterioration in the credit quality.

The Investment Committee reviews investment related information regularly to ensure that the portfolio is invested in line with the investment guidelines and the risk appetite of the Company. Furthermore, external financial advisors are appointed to provide independent investment advice.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken, and the risk mitigation techniques are adjusted accordingly.

3.2.5 Risk Sensitivity, Methods, Assumptions and Outcome of stress and sensitivity testing

Discussed in section 3.7.

3.2.6 Prudent Person Principle

The Solvency II regulations require investment of assets in accordance to the "Prudent Person Principle". In light of this, the Company has aligned its investment policy and framework with this principle.

The Company regularly reviews the financial condition of its investment counterparties and ensures that the currency and duration of assets is appropriate to the duration of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location. In particular, before investing in CIUs, due diligence is performed on the underlying fund holdings and enquiries are made on the availability of data on these holdings on a look through basis. This is to ensure that the Company is satisfied that it will be possible to properly identify, measure, monitor, manage, control and report on their underlying risk and be able to perform the required solvency capital calculations. The Company has not invested in derivatives or other inadmissible financial instruments.

3.3 Credit risk

3.3.1 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculations (discussed in more detail in section 5.2), stress and scenario testing (discussed in more detail in section 3.7), the risk register and other qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

3.3.2 Description of the risk

The risk of loss, or of adverse change in the financial situation resulting from fluctuations in the credit standing of counterparties. The key counterparties of the Company are:

- premium counterparties: through non-payment of premium due for insurance protection;
- reinsurers: through failure to pay valid claims against a reinsurance contract held by the Company; and
- banking and financial counterparties: through issuer default and/or default of the banks holding the assets.

The credit risk relating to banking and market exposures has further improved in 2018 with additional reallocation of cash held with local banks to investments in other assets (CUIs, higher credit quality international banks and fixed deposits).

There have been no major changes to the reinsurance panel or the financial counterparties, their credit rating of the reinsurance counterparties and the counterparty risk appetite and as such the credit risk profile in respect of these counterparties remains unchanged.

3.3.3 Risk Concentration

Some risk concentration arises in respect of the deposits in Hellenic Bank, due to its strategic relationship with the Company.

3.3.4 Risk Mitigation

The key risk mitigation techniques are:

- Due diligence on the financial condition of the counterparties before entering into agreement with them;
- Regular reviews of the credit rating and the financial condition of the key counterparties;
- Monitoring of premium debt balances and contract terms;
- A number of reinsurers are used (to ensure credit risk diversification) and all key reinsurance counterparties are reputable and of high financial quality (rated "A-" and higher); and
- The terms and conditions of the reinsurance contracts stipulate exit terms in the event of changes in the financial condition of the counterparties.

The continued effectiveness of the risk mitigation techniques and controls is monitored through the risk register, which is a dynamic list of the risks the Company faces and their controls. The risk register is reviewed and updated continuously as new risks are identified and/or failures in controls.

3.3.5 Risk Sensitivity, Methods, Assumptions and Outcome of stress and sensitivity testing

Discussed in section 3.7.

3.4 Liquidity risk

3.4.1 Description of the measures used to assess the risk

Stress and scenario testing (discussed in more detail in section 3.7), is used to assess the Company's liquidity in the event of severe or extreme scenarios by considering the impact of the scenarios in the earnings of the Company by financial year. There has been no material change in the tools, parameters or assumptions used since the previous year.

3.4.2 Description of the risk

Liquidity risk is defined as the risk that the Company is unable to realize investments and other assets (or realise them at excessive cost) in order to settle its financial obligations when they fall due.

The liquidity risk of the Company is generally very low, with the majority of assets invested in short-terms products, including cash at bank and listed securities (ETFs).

3.4.3 Risk Concentration

No material concentrations identified.

3.4.4 Risk Mitigation

The Company has developed investment guidelines (reviewed and approved by the Board) which, among others, ensure the duration and currency of the invested assets are consistent with the liabilities' profile, prohibits investment in illiquid assets and ensure appropriate levels of counterparties and asset diversification are in place. The Company has also developed a Liquidity Contingency plan.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken, and the risk mitigation techniques are adjusted accordingly.

3.4.5 Risk Sensitivity, Methods, Assumptions and Outcome of stress and sensitivity testing

Discussed in section 3.7.

3.4.6 Expected profit in future premiums

The total amount of the expected profit included in future premiums as calculated in accordance with Article 260(2) is € 6,850k. The methodology used in the derivation of this figure is in line with the relevant guidance issued by EIOPA.

3.5 Operational risk

3.5.1 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculations (discussed in more detail in section 5.2), stress and scenario testing (discussed in more detail in section 3.7), the risk register, the loss events log and other qualitative assessments. Qualitative assessments are undertaken to track the developments within the risk profile and review the design and operational effectiveness of the control environment across the key processes. There has been no material change in the tools, parameters or assumptions used since the previous year.

3.5.2 Description of the risk

The key operational risks that the Company manages are the following:

- Outsourcing: the risk of outsourced services failing to provide the benefits agreed could lead to reduced profitability, inadequate business processes, regulatory fines and reputational damage.
- IT infrastructure failure: the risk that failure in IT infrastructure leads to errors in reporting of the data (including pricing) impacting decision making.
- Cyber/data security: the risk of inadequate cyber security leading to financial loss, disruption or damage to the reputation of the Company. It includes hacking of the systems, cyber hostaging and stealing/losing of soft and hard information, amongst others.
- People risks: the risk that inability to attract and recruit employees with appropriate qualifications and competences or failure to provide appropriate training and continuous professional development could lead to lower levels of productivity and profitability and increased levels of errors and mistakes.
- Key persons reliance: the risk that reliance on key individuals creates if not properly managed through adequate succession planning, appointment of trained replacements, not having robust processes in place running independently of any one person etc.
- Legal risk: the risk of failure to properly identify and manage legal exposures.
- Regulatory risks: the risk of failure to comply with regulatory requirements.

3.5.3 Risk Concentration

In light of the wide-range of processes, systems and people this risk covers, no material concentrations have been identified. The high reliance on outsourcing providers should be mentioned though.

3.5.4 Risk Mitigation

Operational risk covers a wide range of processes, procedures and systems across the Company, thus appropriate risk mitigation techniques are applied depending on the process or system. These include but are not limited to:

- Regular Internal Audit and external consultants' reviews of the processes, systems and procedures;
- Policies and procedures documents in place and available to all employees;
- Regular reviews of policies and procedures documents adherence;
- Performance management and reviews to ensure employees are satisfied with their work and perform to the best of their abilities;
- Regular attendance to seminars both to further develop the employees' knowledge and capabilities (reducing people's risk) and ensure the Company keeps abreast of any regulatory or technical developments (reducing regulatory risk);
- Legal advice is sought at the earliest opportunity from specialized lawyers;
- Peer review of material work and appropriate underwriting, claims and other authority limits in place;
- Business continuity and disaster scenario planning; and
- Standard policy wordings.

The continued effectiveness of the risk mitigation techniques and controls is monitored through the risk register. The risk register is reviewed and updated continuously as new risks and/or failures in controls are identified.

3.5.5 Risk Sensitivity, Methods, Assumptions and Outcome of stress and sensitivity testing

Discussed in section 3.7.

3.6 Other material risks

There are no other material risks to mention.

3.7 Risk sensitivity/Stress and scenario testing (all risks)

3.7.1 Methods and assumptions

Stress and scenario testing considers the financial impact on earnings and capital of a specific event or combination of events. Defining specific events helps to understand and manage the key risks an organization faces and visualize extreme events.

The events were selected by considering the Company's exposure to internal factors, such as a change in business plan, and external factors, such as certain possible events with negative effects or a deterioration of economic conditions.

3.7.2 Outcome of stress testing and sensitivity testing *(undertaken as part of the 2018 annual ORSA report)*

The table below sets a description of the five stress scenarios, the impact of the sensitivity measured as an amount of the solvency capital requirement, and relative impact on the overall solvency coverage ratio. It should be noted that in none of the scenarios the solvency capital requirement is greater than the minimum capital requirement and thus the solvency capital ratio is always based on the minimum capital requirement (and as such the impact reflects the change in own funds).

	Stressed Risk	Scenario	Impact on Solvency Capital requirement - €m		Impact on Solvency coverage ratio (%)	
			2019	2020	2019	2020
1	Underwriting risk	Adverse claims experience - 20% increase in mortality and disability rates - 20% increase in expenses	- 0,3	- 0,3	-4%	-9%
2	Underwriting risk	Higher lapses than anticipated (immediate reduction of in force portfolio by 30% on the first day of 2019 due to lapses)	- 1,2	- 1,1	-9%	-13%
3	Underwriting risk/ Strategic risk	Lower business volume than anticipated (50% decrease in budgeted new business for the years 2019-2020	- 0,5	- 0,7	0%	-5%
4	Market Risk/ Credit risk/ Strategic risk	Counterparty default impacting sales - Key financial counterparty default leading to default on assets held (100%); and - Mass cancellation of policies (30%) due to association.	- 1,8	- 1,4	-34%	-36%
5	Market Risk/ Underwriting risk	Economic recession - 30% reduction in the yields; - 20% reduction in the value of bonds, following increase in the spreads; - No new business; and - Increased lapses.	- 1,9	- 2,7	-24%	-34%

The results of the testing above indicate that the Company is sufficiently capitalized and able to withstand an extreme event, as even in the last scenario, the solvency ratio of the Company is well-above 150% which is above of the 115% threshold set by the ICCS.

4 Valuation for solvency purposes

4.1 Assets

4.1.1 Value of assets

The Company held the following assets as at 31st December of 2018:

	Solvency II value (€000)
Deferred acquisition costs	0
Intangible assets	0
Deferred tax assets	0
Property, plant & equipment	12
Government Bonds	0
Collective Investments Undertakings	12,749
Deposits other than cash equivalents	5,867
Assets held for index-linked and unit-linked contracts	15,863
Reinsurance recoverable	8,091
Reinsurance receivables	361
Trade and other receivables	220
Cash and cash equivalents	551
Any other assets, not elsewhere shown	0
Total assets	43,714

4.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

The valuation principles applied to these assets are consistent with those used in the IFRS accounts, notably:

- Property, plant and equipment – items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the asset.

- Bonds and Collective Investment Undertakings – The Company's financial assets are classified as financial assets at fair value through profit or loss. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Cash and equivalents – Cash and cash equivalents consist of balances with banks, cash in hand and call deposits with maturity of three months or less from the reporting period that are subject to insignificant changes in their fair value and are used by the Company in the management of its short-term commitments. Cash and cash equivalents for unit linked assets are classified as Financial assets at fair value through profit or loss, while Cash and cash equivalents for own funds are classified under amortised cost.
- Other assets – Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. These financial assets are comprised of mainly reinsurance receivables on claims paid, reinsurance share on reserves and premium receivable.
- Deferred acquisition costs – Deferred acquisition costs are amortized over the period in which the costs are expected to be recoverable out of future margins in the revenue of the related contracts. The rate of amortization is consistent with the pattern of emergence of such margins.

4.1.3 IFRS vs Solvency II

	Solvency II value (€000)	Statutory accounts (€000)	Major Differences
Deferred acquisition costs	0	15	DAC are valued at zero on a SII valuation basis
Intangible assets	0	0	
Deferred tax assets	0	0	
Property, plant & equipment	12	12	
Government Bonds	0	0	
Collective Investments Undertakings	12,749	12,749	
Deposits other than cash equivalents	5,867	5,867	
Assets held for index-linked and unit-linked contracts	15,863	15,863	
Reinsurance recoverable	8,091	13,394	For the difference refer to technical provisions analysis below section 4.2
Reinsurance receivables	361	361	
Trade and other receivables	220	220	
Cash and cash equivalents	551	551	
Any other assets, not elsewhere shown	0	0	
Total assets	**43,714**	**49,033**	**5,319**

4.2 Technical Provisions

4.2.1 *Value of Technical Provisions (Amount of Best Estimate and Risk Margin)*

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2018 both gross and net of reinsurance (RI) recoverables by line of business.

€'000s	Unit-linked insurance	Other life insurance	Medical expense insurance	Income protection insurance	Total
Gross Best Estimate	13,587	3,914	0.30	359	17,860
Risk Margin	2,841	979	0.45	96	3,916
Gross technical provisions	**16,428**	**4,893**	**0.75**	**455**	**21,776**
RI Recoverables	455	7,377	0.23	259	8,091
Net Technical Provision	**15,973**	**-2,484**	**0.52**	**196**	**13,686**

4.2.2 *Description of the bases, methods and main assumptions used*

4.2.2.1 *Unit-Linked Insurance*

For the Unit-Linked Business the best estimate liability (BEL) set up has been derived from the value of the units allocated to the policies that were in force on the valuation date and the present value of the expected future cash flows related to these policies. The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

On top the above, any outstanding claims as at the valuation date are also added to the BEL.

4.2.2.2 *Other Life Insurance (excl. Group Life Insurance)*

The BEL for Other Life Insurance is calculated as the expected present value of all future cash flows arising in relation to other life insurance policies (premiums, expenses, claims etc.). The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

On top the above, any outstanding claims as at the valuation date are also added to the BEL.

4.2.2.3 *Group Life Insurance, Medical Expense Insurance & Income Protection Insurance*

4.2.2.3.1 Claims provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. Thus, the components of the Claims Provision are the Outstanding Case Estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the Unallocated Loss Adjustment Expenses (ULAE). Under Solvency II, the reserves are discounted to allow for the time value of money using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.3.2 Premium provision

The calculation of the best estimate of the premium provision relates to all future cashflows arising from future events, over the remaining duration of unexpired policies. Such cashflows mostly relate to future claims, administration expenses and reinsurance cost.

4.2.3 Risk Margin

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's insurance obligations over their lifetime thereof. This rate, called the Cost-of-Capital, is prescribed at 6%, as published by EIOPA.

4.2.4 Recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. A reduction of reinsurance recoverables has been made to allow for expected losses due to the possible default of a counterparty.

4.2.5 Description of the level of uncertainty associated with the value of technical provisions

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are interest rates, lapse rates, mortality rates, and morbidity rates.

Another source of uncertainty is data. The data management processes of the company are under review. Following completion of the project, the data management of the company is expected to significantly improve and additional controls will be added. According to the work performed so far we do not expect this to have a material impact on the solvency coverage ratio of the company.

4.2.6 Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS.

NET TECHNICAL PROVISIONS €'000s	UNIT-LINKED INSURANCE	OTHER LIFE INSURANCE	MEDICAL EXPENSE INSURANCE	INCOME PROTECTION INSURANCE	TOTAL
Solvency II	15,973	-2,484	0.52	196	13,686
IFRS	16,137	2,638	0.10	93	18,868

Lower technical provisions emerge under Solvency II as prudence margins are removed from the assumption basis and there is a shift to a best estimate approach.

Moreover the removal of zeroization of negative reserves and allowance of future profits, result in further reduction of the net technical provisions.

4.2.7 Statement on whether the matching or volatility adjustment referred to in Article 77d of Directive 2009/138/EC is used

- The Company has not used the matching or volatility adjustment referred to in Article 77d of Directive 2009/138/EC

4.2.8 Statement on whether the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is applied

- The Company has not used the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC

4.2.9 Statement on whether the transitional deduction referred to in Article 308d of Directive 2009/138/EC is applied

- The Company has not used any of the following the transitional deduction referred to in Article 308d of Directive 2009/138/EC

4.2.10 Material assumption changes

The following material assumption changes have taken place between year-end 2017 and year-end 2018:

- The mortality and persistency assumptions have been revised following and a mortality and persistency analysis undertaken by the Company in 2018Q4.
- The risk free rates used both for discount and fund growth for the Solvency II valuation are as prescribed by EIOPA and have been revised appropriately based on the latest market conditions and Company experience for the IFRS valuation.
- Expense assumptions have been updated following the annual expense analysis undertaken by the Actuarial Function.

4.3 Valuation of other liabilities

4.3.1 Value of other liabilities

The table below sets out the value of the other liabilities as at 31st December 2018:

€'000s	Solvency II value (€)
Insurance & intermediaries payables	72
Reinsurance payables	896
Payables (trade, not insurance)	384
Any other liabilities, not elsewhere shown	0
Deferred Tax	645
Total other liabilities	**2,007**

4.3.2 Description of the bases, methods and main assumptions used for their valuation for solvency purposes

Insurance and intermediaries payables

Insurance and intermediaries payables at 31 December 2018 total €72k (2017: €64k), made up of the following balances:

- Commission payable to insurance intermediaries

This balance is calculated in accordance with the terms and conditions of the contract with the intermediary – no adjustments or judgements are made for valuation purposes. There is a high degree of certainty over the economic outflow due to the relatively short timeframe between the commission liabilities arising and the intermediary receiving payment from the Company. The value of this liability for Solvency II is the same as for IFRS.

Reinsurance payables

As at 31 December 2018, the balance owed to reinsurers was €896k (2017: €2,993k). This balance is in respect of reinsurance agreements that were in force at the reporting date, aggregated based on their comparable nature, function, risk and materiality.

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expenses arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expenses of the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Payables (trade, not insurance)

Payables (trade, not insurance) relate to balances owed in respect of other services received by the Company; no estimation methods, adjustments for future value or valuation judgements are required for these balances. The total for payables (trade, not insurance) as at 31 December 2018 was €384k (2017: €514k).

4.3.3 Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS

€'000s	Solvency II value (€)	Statutory Account (€)
Insurance & intermediaries payables	72	72
Reinsurance payables	896	896
Payables (trade, not insurance)	384	384
Any other liabilities, not elsewhere shown	0	0
Deferred Tax	645	0
Total other liabilities	**2,007**	**1,352**

4.3.3.1 *Deferred Tax Liability (DTL)*

The lower reserves under the Solvency II calculation generate an IFRS profit which will be subject to the prevailing tax rate when it arises. The DTL calculation is derived from the application of the prevailing tax rate on the difference of the IFRS insurance liabilities and the corresponding Solvency II liabilities. The current tax rate of 12.5% is used in the calculation. The calculated amount is booked on the Solvency II balance sheet as a DTL if the Solvency II technical provisions are lower. In case where the Solvency II liability is higher there is no attempt to set a Deferred Tax Asset (DTA). The amount for the YE2018 is equal to €645K (2017: €695K).

4.4 Any other information

No other material information regarding the valuation of assets and liabilities for solvency purposes.

5 Capital Management

5.1 Own Funds

5.1.1 *Objectives, policies and processes employed for managing its own funds*

The objective of capital management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, at least quarterly, during which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

5.1.2 *Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period*

The following table shows the structure of own funds as at 31 December 2018 and 31 December 2017:

OWN FUNDS (€'000s)	DECEMBER 2018	DECEMBER 2017
Ordinary share capital	1,710	1,710
Reconciliation reserve	4,522	4,863
Retained Earnings	13,708	10,682
Other Own Funds	0	-31
TOTAL BASIC OWN FUNDS	19,940	17,225

The current structure of own funds as shown above is composed only of capital classified as Tier 1 - Unrestricted.

5.1.3 *Eligible amount of own funds to cover SCR (by tier)*

The Company's own funds are all tier 1 unrestricted and available to cover the SCR.

5.1.4 *Eligible amount of own funds to cover MCR (by tier)*

The Company's own funds are all tier 1 unrestricted and available to cover the MCR.

5.1.5 *IFRS Equity vs Own Funds*

The following summary table shows the comparisons and movement in the IFRS and Solvency II valuation of assets, liabilities and Own Funds.

	IFRS €'000s	SOLVENCY II €'000s	MOVEMENT €'000s
Total Assets	49,033	43,714	5,317
Total Liabilities	33,615	23,775	9,840
Total Own Funds	**15,418**	**19,939**	**-4,521**
Ordinary Share Capital	*1,710*	*1,710*	*0*
Retained Earnings	*13,708*	*13,708*	*0*
Other Own funds	*0*	*0*	*0*
Reconciliation Reserve	*0*	*4,521*	*-4,521*

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

- Intangible assets that cannot be individually sold, are not admissible under Solvency II. The difference is immaterial
- Deferred Acquisition Cost (DAC) is not included under Solvency II. The difference is immaterial
- Differences in gross technical provisions and reinsurance recoverables (as explained in section 4.2.6)
- Difference in the Deferred Tax Liability (as explained in section 4.3.3.1)

5.1.6 Ancillary own funds – Not applicable

5.1.7 Description of any item deducted from own funds – Not applicable

5.1.8 Brief description of any significant restriction affecting the availability and transferability of own funds within the undertaking – Not applicable

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at 31 December 2018 the SCR of the Company was calculated at €5,910K (2017: €5,116K) and the MCR at €6,200K (2017: €6,200K). The SCR has been submitted to the supervisory authorities and the Company awaits for their feedback.

5.2.2 Amount of SCR split by risk modules

The following table shows the SCR split by risk modules:

SOLVENCY CAPITAL REQUIREMENT	€'000s
Market risk	3.348
Counterparty default risk	530
Life Underwriting risk	3.853
Health underwriting risk	252
Non-Life underwriting risk	0
Sum of risk components	7,983
Diversification effects	-2,005
Diversified risk	5,978
Intangible asset risk	0
Basic SCR	5,978
Operational risk	577
Adjustments	-646
SCR	5,910

5.2.3 *Simplifications*

No simplifications have been used for any of the modules or sub-modules of the SCR.

5.2.4 *Undertaking-specific parameters*

The Company has not used undertaking-specific parameters for any of the parameters of the standard formula.

5.2.5 *Information on the inputs used to calculate the MCR*

€'000s	NON-LIFE ACTIVITIES	LIFE ACTIVITIES
Notional linear MCR	35	1,698
Notional SCR excluding add-on	118	5,791
Notional MCR cap	53	2,606
Notional MCR floor	30	1,448
Notional Combined MCR	35	1,698
Absolute floor of the notional MCR	2,500	3,700

The total MCR for both activities (Life + Non Life) is equal to €6,2m.

5.2.6 *Any material change to the SCR and to the MCR over the reporting period, and the reasons for any such change*

The SCR has increased since YE2017, driven by the increase in underwriting risk, following the review of the mortality and persistency assumptions.

The MCR remains unchanged at €6,2m.

5.3 Duration-based equity risk sub-module option

The equity risk sub-module is not used by the Company for the calculation of its Solvency Capital requirements.

5.4 Internal model

An internal model is not used by the Company for the calculation of its Solvency Capital requirements and its Minimum Capital requirements.

5.5 Non-compliance with the MCR and non-compliance with the SCR

The Company complied with the SCR and MCR during the 2018.

5.6 Any other information

There is no other material information regarding the capital management of the undertaking during the year 2018.

Annex I
S.02.01.02
Balance sheet

Assets		**Solvency II value**
		C0010
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	12
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	18.616
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	12.749
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	5.867
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	15.863
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	8.090
Non-life and health similar to non-life	**R0280**	259
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	259
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	7.377
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	7.377
Life index-linked and unit-linked	**R0340**	455
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	220
Reinsurance receivables	**R0370**	361
Receivables (trade, not insurance)	**R0380**	
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	551
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	43.714

Annex I
S.02.01.02
Balance sheet

Liabilities		**Solvency II value**
		C0010
Technical provisions – non-life	**R0510**	455
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**	455
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	359
Risk margin	**R0590**	96
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	4.893
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**	4.893
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	3.914
Risk margin	**R0680**	979
Technical provisions – index-linked and unit-linked	**R0690**	16.429
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	13.587
Risk margin	**R0720**	2.841
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	103
Deferred tax liabilities	**R0780**	646
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	72
Reinsurance payables	**R0830**	792
Payables (trade, not insurance)	**R0840**	384
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	23.775
Excess of assets over liabilities	**R1000**	19.940

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct busin**						
		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
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**
Premiums written								
Gross - Direct Business	**R0110**	10	429					
Gross - Proportional reinsurance accepted	**R0120**							
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**	7	176					
Net	**R0200**	3	252					
Premiums earned								
Gross - Direct Business	**R0210**	10	427					
Gross - Proportional reinsurance accepted	**R0220**							
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**	7	176					
Net	**R0300**	3	251					
Claims incurred								
Gross - Direct Business	**R0310**	1	261					
Gross - Proportional reinsurance accepted	**R0320**							
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	0	195					
Net	**R0400**	0	65					
Changes in other technical provisions								
Gross - Direct Business	**R0410**		-12					
Gross - Proportional reinsurance accepted	**R0420**							
Gross - Non- proportional reinsurance accepted	**R0430**							
Reinsurers'share	**R0440**		9					
Net	**R0500**		-21					
Expenses incurred	**R0550**	3	121					
Other expenses	**R1200**							
Total expenses	**R1300**							

Annex I
S.05.01.02

Annex I
S.05.01.02
Premiums, claims and expenses by line of business
Premiums, claims and expenses by line of business

		Line of Business for: **life insurance obligations**						**Life reinsuran**
		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	Health reinsurance
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**
Premiums written								
Gross	**R1410**			3.227	8.430			
Reinsurers' share	**R1420**			21	2.815			
Net	**R1500**			3.207	5.616			
Premiums earned								
Gross	**R1510**			3.227	8.407			
Reinsurers' share	**R1520**			21	2.815			
Net	**R1600**			3.207	5.592			
Claims incurred								
Gross	**R1610**			1.546	3.892			
Reinsurers' share	**R1620**			77	3.407			
Net	**R1700**			1.469	485			
Changes in other technical provisions								
Gross	**R1710**			350	-9.181			
Reinsurers' share	**R1720**				-7.641			
Net	**R1800**			350	-1.540			
Expenses incurred	**R1900**			912	2.382			
Other expenses	**R2500**							
Total expenses	**R2600**							

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		ness and accepted proportional reinsurance)					Line of bu	
		General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty
		C0080	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**
Premiums written								
Gross - Direct Business	**R0110**							
Gross - Proportional reinsurance accepted	**R0120**							
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**							
Net	**R0200**							
Premiums earned								
Gross - Direct Business	**R0210**							
Gross - Proportional reinsurance accepted	**R0220**							
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**							
Net	**R0300**							
Claims incurred								
Gross - Direct Business	**R0310**							
Gross - Proportional reinsurance accepted	**R0320**							
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**							
Net	**R0400**							
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**							
Other expenses	**R1200**							
Total expenses	**R1300**							

Annex I
S.05.01.02

Annex I
S.05.01.02
Premiums, claims and expenses by line of business
Premiums, claims and expenses by line of business

		...ce obligations	Total
		Life-reinsurance	
		C0280	**C0300**
Premiums written			
Gross	**R1410**		11.658
Reinsurers' share	**R1420**		2.835
Net	**R1500**		8.822
Premiums earned			
Gross	**R1510**		11.635
Reinsurers' share	**R1520**		2.835
Net	**R1600**		8.799
Claims incurred			
Gross	**R1610**		5.438
Reinsurers' share	**R1620**		3.485
Net	**R1700**		1.954
Changes in other technical provisions			
Gross	**R1710**		-8.831
Reinsurers' share	**R1720**		-7.641
Net	**R1800**		-1.190
Expenses incurred	**R1900**		3.294
Other expenses	**R2500**		
Total expenses	**R2600**		3.294

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		siness for:		Total
		Marine, aviation, transport	Property	
		C0150	**C0160**	**C0200**
Premiums written				
Gross - Direct Business	**R0110**			439
Gross - Proportional reinsurance accepted	**R0120**			
Gross - Non-proportional reinsurance accepted	**R0130**			
Reinsurers' share	**R0140**			183
Net	**R0200**			255
Premiums earned				
Gross - Direct Business	**R0210**			437
Gross - Proportional reinsurance accepted	**R0220**			
Gross - Non-proportional reinsurance accepted	**R0230**			
Reinsurers' share	**R0240**			183
Net	**R0300**			254
Claims incurred				
Gross - Direct Business	**R0310**			261
Gross - Proportional reinsurance accepted	**R0320**			
Gross - Non-proportional reinsurance accepted	**R0330**			
Reinsurers' share	**R0340**			196
Net	**R0400**			65
Changes in other technical provisions				
Gross - Direct Business	**R0410**			-12
Gross - Proportional reinsurance accepted	**R0420**			
Gross - Non- proportional reinsurance accepted	**R0430**			
Reinsurers'share	**R0440**			9
Net	**R0500**			-21
Expenses incurred	**R0550**			124
Other expenses	**R1200**			
Total expenses	**R1300**			124

Annex I
S.05.01.02

Annex I
S.05.01.02
Premiums, claims and expenses by line of business
Premiums, claims and expenses by line of business

Premiums written	
Gross	**R1410**
Reinsurers' share	**R1420**
Net	**R1500**
Premiums earned	
Gross	**R1510**
Reinsurers' share	**R1520**
Net	**R1600**
Claims incurred	
Gross	**R1610**
Reinsurers' share	**R1620**
Net	**R1700**
Changes in other technical provisions	
Gross	**R1710**
Reinsurers' share	**R1720**
Net	**R1800**
Expenses incurred	**R1900**
Other expenses	**R2500**
Total expenses	**R2600**

Annex I
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
				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
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**			9.818	3.770		3.914			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**			449	6		7.377			
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			9.369	3.764		-3.463			
Risk Margin	**R0100**		2.841			979				
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0110**									
Best estimate	**R0120**									
Risk margin	**R0130**									
Technical provisions - total	**R0200**		16.429			4.893				

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Total (Life other than health insurance, incl. Unit-Linked)	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			
		C0150	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**	17.501						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	7.831						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	9.669						
Risk Margin	**R0100**	3.821						
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	**R0110**							
Best estimate	**R0120**							
Risk margin	**R0130**							
Technical provisions - total	**R0200**	21.322						

Annex I
S.17.01.02
Non-life Technical Provisions

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance
		C0020	**C0030**	**C0040**	**C0050**
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**	0	13		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	10		
Net Best Estimate of Premium Provisions	**R0150**	0	3		
Claims provisions					
Gross	**R0160**		346		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**		249		
Net Best Estimate of Claims Provisions	**R0250**		97		
Total Best estimate - gross	**R0260**	0	358		
Total Best estimate - net	**R0270**	0	100		
Risk margin	**R0280**	0	96		
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	**R0290**				
Best estimate	**R0300**				
Risk margin	**R0310**				
Technical provisions - total					
Technical provisions - total	**R0320**	1	455		
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	259		
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	1	196		

Direct business and accepted proportional reinsurance							
Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
C0060	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**

Accepted non-proportional reinsurance				Total Non-Life obligation
Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
C0140	**C0150**	**C0160**	**C0170**	**C0180**
				13
				10
				3
				346
				249
				97
				359
				100
				96
				455
				259
				196

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	Accident year [AY]

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

		Development year													
	Year		**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**												**R0100**		
2009	**R0160**	120	80	8	20				19				**R0160**		247
2010	**R0170**	40	60										**R0170**		100
2011	**R0180**	120	20										**R0180**		140
2012	**R0190**	140		40									**R0190**		180
2013	**R0200**	170	80										**R0200**		250
2014	**R0210**	95	40										**R0210**		135
2015	**R0220**	175											**R0220**		175
2016	**R0230**	55	70	254									**R0230**	254	379
2017	**R0240**	150	40										**R0240**	40	190
2018	**R0250**	121											**R0250**	121	121
												Total	**R0260**	415	1.917

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		**Year end (discounted data)**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**		**C0360**
Prior	**R0100**												**R0100**	
2009	**R0160**												**R0160**	
2010	**R0170**												**R0170**	
2011	**R0180**												**R0180**	
2012	**R0190**					20	20	20					**R0190**	20
2013	**R0200**				20	20	20						**R0200**	20
2014	**R0210**			23	20	20							**R0210**	20
2015	**R0220**		39	24	20								**R0220**	20
2016	**R0230**	152	334	74									**R0230**	74
2017	**R0240**	466	59										**R0240**	59
2018	**R0250**	131											**R0250**	131
												Total	**R0260**	346

Annex I

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**	1.710	1.710			
Share premium account related to ordinary share capital	**R0030**					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**	13.708	13.708			
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	4.522	4.522			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	19.940	19.940			
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**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	19.940	19.940			
Total available own funds to meet the MCR	**R0510**	19.940	19.940			
Total eligible own funds to meet the SCR	**R0540**	19.940	19.940			
Total eligible own funds to meet the MCR	**R0550**	19.940	19.940			
SCR	**R0580**	5.910				
MCR	**R0600**	6.200				

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ratio of Eligible own funds to SCR	**R0620**	337,41%				
Ratio of Eligible own funds to MCR	**R0640**	321,61%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	19.940	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	15.418	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	4.522	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	6.850	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**	6.850	

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	3.348		
Counterparty default risk	R0020	530		
Life underwriting risk	R0030	3.853		
Health underwriting risk	R0040	252		
Non-life underwriting risk	R0050			
Diversification	R0060	-2.005		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	5.978		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	577
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-646
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	5.910
Capital add-on already set	R0210	
Solvency capital requirement	R0220	5.910
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
S.28.02.01
Minimum capital Requirement - Both life and non-life insurance activity

		Non-life activities MCR$_{(NL,NL)}$ Result	Life activities MCR$_{(NL,L)}$Result
		C0010	**C0020**
Linear formula component for non-life insurance and reinsurance obligations	**R0010**	35	

		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**	0	3		
Income protection insurance and proportional reinsurance	**R0030**	100	252		
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**				

		Non-life activities MCR$_{(L,NL)}$ Result	Life activities MCR$_{(L,L)}$ Result
		C0070	**C0080**
Linear formula component for life insurance and reinsurance obligations	**R0200**		1.698

Non-life activities **Life activities**

Annex I
S.28.02.01
Minimum capital Requirement - Both life and non-life insurance activity

		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**				
Obligations with profit participation - future discretionary benefits	**R0220**				
Index-linked and unit-linked insurance obligations	**R0230**			13.132	
Other life (re)insurance and health (re)insurance obligations	**R0240**				
Total capital at risk for all life (re)insurance obligations	**R0250**				2.294.892

Overall MCR calculation

		C0130
Linear MCR	**R0300**	1.733
SCR	**R0310**	5.910
MCR cap	**R0320**	2.659
MCR floor	**R0330**	1.477
Combined MCR	**R0340**	1.733
Absolute floor of the MCR	**R0350**	6.200
		C0130
Minimum Capital Requirement	**R0400**	6.200

Notional non-life and life MCR calculation		**Non-life activities**	**Life activities**
		C0140	**C0150**
Notional linear MCR	**R0500**	35	1.698
Notional SCR excluding add-on (annual or latest calculation)	**R0510**	118	5.792
Notional MCR cap	**R0520**	53	2.606
Notional MCR floor	**R0530**	30	1.448
Notional Combined MCR	**R0540**	35	1.698
Absolute floor of the notional MCR	**R0550**	2.500	3.700
Notional MCR	**R0560**	2.500	3.700