



***CNP CYPRIALIFE LTD  
SOLVENCY AND FINANCIAL CONDITION REPORT  
31 December 2019***

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## Independent Auditor's Report

### To The Board of Directors of CNP Cyprialife Limited

#### Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

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#### Opinion

We have audited the following Solvency II Quantitative Reporting Templates (“QRTs”) contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of CNP Cyprialife Limited (the “Company”), prepared as at 31 December 2019:

- S.02.01.02 - Balance sheet
- S.12.01.02 – Life and Health SLT Technical Provisions
- S.17.01.02 - Non-Life Technical Provisions
- S.23.01.01 - Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.02.01 - Minimum Capital Requirement – Both life and non-life insurance activity

The above QRTs are collectively referred to for the remainder of this report as “the relevant QRTs of the Solvency and Financial Condition Report”.

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2019 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the Commission Delegated Regulation (EU) 2019/981, the relevant EU Commission’s Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively “the Framework”).

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#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### **Emphasis of Matter**

We draw attention to the 'Valuation for solvency purposes' and the 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework.

As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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### ***Other information***

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact. We have nothing to report in this regard.

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### ***Responsibilities of the Board of Directors for the Solvency and Financial Condition Report***

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.



In preparing the Solvency and Financial Condition Report, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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### ***Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report***

Our objectives are to obtain reasonable assurance about whether the relevant QRTs of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Solvency and Financial Condition Report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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*Other Matter*

Our report is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, larger version of the same signature.

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

2 April 2020

## About this Report

CNP Cyprialife Ltd (CNP Cyprialife, Company) is committed to maintain public transparency with regard to its business, financial performance and risks. In this document, *Solvency and Financial Condition Report (SFCR)*, the Company provides additional detailed information on its solvency and financial condition.

This Report is based upon the financial position of CNP Cyprialife as at 31 December 2019 and it contains both quantitative and qualitative information in accordance with the Orders of the Superintendent of Insurance in relation to submission of information dated February 2017 / Article 304 (1) of the Delegated Regulation (EU) 2015/35.

This Report was approved by the Company's Board of Directors (BoD) on 02 April 2020 and is in accordance with its Reporting and Disclosure Policy.

The Company's appointed auditor for the year ended 31 December 2019 was PricewaterhouseCoopers Limited (PwC).

The information in this Report has been subject to external audit according to the Orders of the Superintendent of Insurance April 2017. The Auditors' Report is presented on page 2 and forms an integral part of the SFCR.

The Insurance Companies Control Service, under its supervisory assessment, may require the amendment or revision of the SFCR or the publication of additional information or the undertaking of actions by the Company.

### About Solvency II Pillar 3

The Solvency II programme is structured around three pillars. The Pillar 1 solvency and capital requirements and the Pillar 2 supervisory review process are complemented by Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow greater level of transparency for the Supervisor and the public on the capital adequacy, risk exposures as well as risk management and internal control processes.

CNP Cyprialife is directly regulated and supervised on a solo basis by the Insurance Companies Control Service (Supervisor) at the Cyprus Ministry of Finance, P.O. Box 23364 1682 Nicosia Cyprus. The Company also reports to its ultimate controlling shareholder in France, CNP Assurances, being subject to financial oversight by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) in France at 4 Place de Budapest, 75436 Paris France.

CNP Cyprialife actively participated in the discussions between the Supervisory Authority in Cyprus and industry Association for the Pillar 3 disclosures.

The Company publishes comprehensive Pillar 3 Disclosures annually on the CNP Cyprialife website [www.cnpcyprialife.com](http://www.cnpcyprialife.com).

### Defined Term

**The abbreviation "€k" represents thousands of Euros and numbers are rounded to the nearest thousand.**

## Summary

### Activity and Results

CNP Cyprialife is a 100% owned subsidiary of CNP Cyprus Insurance Holdings Ltd (CNP CIH), a limited liability company incorporated in Cyprus. As from October 2019, the sole shareholder of CNP CIH is CNP Assurances S.A. with a share capital of 100%, an insurance company of French interests.

CNP Cyprialife's principal activity is the underwriting of life insurance business which includes products for classes I (Life), III (Life linked with Investments), 1 (Accident), 2 (Sickness) and 7 (Management of Group Pension Funds).

CNP Cyprialife's mission is to help its customers build a better future, starting from a secure present.

The vision of the Company is to maintain a leading position in the life insurance market by providing a complete range of relevant products and the best possible customer experience in the industry.

In 2019, having one of the leading positions in the market and the first leading position in the new life individual business, together with its strong capital base and standing responsibly beside the Cyprus society and the people in need; the Company can say that it has achieved its business objectives.

An important factor in this success has been the constant use of modern technology. The Company offers a new, modern web portal, INSUPASS and a Mobile Application, offering direct, 24/7 updates and reliable communication for the best possible service to its customers and associates.

During 2019, CNP Cyprialife continued to improve its product mix and further strengthened its agency network. The Company's Underwriting Profit after deduction of administration expenses reached €12.061k with the main contributors being the Unit –Linked Savings products and Life Risk products.

With regards to the macroeconomic context, it has been another challenging year as markets continued to be marked by the historically low level of European interest rates and high volatility.

Despite the changes in the external environment, CNP Cyprialife responded to all challenges and adapted its organisation and operation for the maximum benefit of its customers, associates, salesforce and employees enduring its relationship of trust with its stakeholders.

In 2019, the Company had an Investment profit of €39.144k in comparison to the Investment loss of €5.989k in the previous reporting period.

The Own Funds increased by 8% in comparison to the previous year, reaching €141.108k.

The key figures of the Company are presented herein below.

#### Key figures - 31 December 2019

- **€507 Million Investments under management**
- **€114,5 Million Turnover**
- **€28,5 Million Total Claims paid**
- **327% Solvency II Capital base**
- **Offices throughout Cyprus staffed by 297 intermediation agreements**

| <b>Solvency II Balance Sheet</b>         |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>In thousands €</b>                    | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>Difference</b> |
| Investments                              | 507.051           | 446.893           | 13%               |
| Other Assets                             | 52.940            | 49.147            | 8%                |
| <b>Total Assets</b>                      | <b>559.991</b>    | <b>496.041</b>    | <b>13%</b>        |
| Technical Provisions                     | 344.990           | 311.205           | 11%               |
| Other Liabilities                        | 73.894            | 54.571            | 35%               |
| <b>Total Liabilities</b>                 | <b>418.884</b>    | <b>365.776</b>    | <b>15%</b>        |
| <b>Excess of assets over liabilities</b> | <b>141.108</b>    | <b>130.265</b>    | <b>8%</b>         |
| <b>Eligible Own Funds</b>                | <b>141.108</b>    | <b>130.265</b>    | <b>8%</b>         |



## Corporate Governance

The main principles and procedures governing the Company's Corporate Governance System are analysed in Section B of the Report.

CNP Cyprialife's organisational arrangements fulfil the Solvency II regulatory requirements via its established key functions and well documented policies and procedures. During the reporting period, the organizational processes of the Company were adjusted without significant changes in the Company's Governance System.

The Company is committed to continuously improving its overall risk management and internal control system and considers that its system is suitable for the nature, complexity and size of the Company.

The Company fully complies with the provisions of Law 38(I) 2016.

## Risk Profile

The risk profile of CNP Cyprialife is predominately driven by life underwriting risk and market risk, since the solvency capital of the two risks represents the 78% of the BSCR before diversification. Given the variety of its products, the Company nevertheless benefits from a diversification between its risks.

The Company is exposed to Pillar 1 risks (market, counterparty default, life underwriting, health underwriting and operational risk) as well as risks not fully covered by Pillar 1 such as strategic, business, liquidity, legal and compliance and reputational. For optimal risk management, the Company has adopted appropriate risk mitigation techniques per type of risk.

The Company uses the standard formula to calculate its Pillar 1 risks and in 2019 it has revisited its normal and stress scenarios. In 2019, CNP Cyprialife has successfully submitted to the Superintendent of Insurance the Quantitative Reporting Templates (QRTs).

## Valuation of Assets and Liabilities

The valuation of the assets and liabilities of the Solvency II Balance Sheet is carried out by the Asset and Liabilities Valuation Policy and Reserving Policy endorsed by the Company's Board of Directors.

The Company prepares its financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

As a principle, the Company's assets and liabilities (particularly financial instruments) are valued on a fair value basis and are then included either directly in the IFRS Statement of Financial Position or disclosed in the notes to the financial statements. For its Solvency II Balance Sheet, the Company uses the fair value of assets and liabilities as calculated for IFRS accounting purposes, insofar as this value complies with Solvency II asset and liability valuation principles. This ensures that a reliable Solvency II Balance Sheet will be produced as part of an orderly, well-managed process. It also ensures consistency with the IFRS financial statements.

The Company is consistent in applying the valuation techniques unless it considers that an alternative method would result in a more appropriate measurement. Such change in methodology is reported for transparency purposes.

There are instances where, the value of certain items may be estimated using simplified approaches when those items do not represent significant exposure or when the difference with fair value as calculated under IFRS is not material.

The Company's Solvency II technical provisions amounted to €344.990k at 31 December 2019.

## Capital Management

The capital position of the Company is very strong.

The total Solvency Capital Requirement (SCR) of the Company as at the end of 2019 came up to €43.131k with a total Minimum Capital Requirement (MCR) at €10.783k.

The Solvency II Capital Requirement (SCR) ratio was at the high level of 327% as at 31 December 2019 and the Minimum Capital Requirement (MCR) ratio reached 1.309%. The capital base of CNP Cyprialife is exemplary strong and it covers the capital required by legislation more than 3 times.

| <b>Total Capital Requirements</b>         |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| <b>In thousands €</b>                     | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>Difference</b> |
| Market Risk                               | 27.708            | 25.398            | 9%                |
| Counterparty Default Risk                 | 2.756             | 2.185             | 26%               |
| Life Underwriting Risk                    | 21.717            | 18.449            | 18%               |
| Health Underwriting Risk                  | 11.343            | 10.176            | 11%               |
| <b>Total</b>                              | <b>63.524</b>     | <b>56.208</b>     | <b>13%</b>        |
| Diversification                           | -18.351           | -16.081           | 14%               |
| Operational Risk                          | 3.463             | 3.283             | 5%                |
| Loss Absorbing Capacity of Deferred Taxes | -5.505            | -5.426            | 1%                |
| <b>Solvency II Capital Requirement</b>    | <b>43.131</b>     | <b>37.983</b>     | <b>14%</b>        |

At 31 December 2019, the Own Funds of the Company under IFRS amounted to €106.647k and under the Solvency II (eligible for SCR coverage) amounted to €141.108k. The basis of consolidation for financial accounting purposes differs from that used for Solvency II purposes.

All of the Company's Own Funds consist of Tier 1 funds.

| <b>In thousands €</b>                                   | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>Difference</b> |
|---|-------------------|-------------------|-------------------|
| Total Basic Own Funds                                   | 141.108           | 130.265           | 8%                |
| Tier 1  | 141.108           | 130.265           | 8%                |
| Tier 2  | 0                 | 0                 | 0%                |
| Tier 3  | 0                 | 0                 | 0%                |
| Solvency II Capital Requirement SCR                     | 43.131            | 37.983            | 14%               |
| Eligible own funds to meet Solvency Capital Requirement | 141.108           | 130.265           | 8%                |
| <b>Solvency Capital Requirement Ratio</b>               | <b>327%</b>       | <b>343%</b>       | <b>-5%</b>        |
| Minimum Capital Requirement MCR                         | 10.783            | 9.496             | 14%               |
| Eligible own funds to meet Minimum Capital Requirement  | 141.108           | 130.265           | 8%                |
| <b>Minimum Capital Requirement Ratio</b>                | <b>1.309%</b>     | <b>1.372%</b>     | <b>-5%</b>        |

## A. Business and Performance

### A.1. Business

CNP Cyprialife is one of the leading life insurance companies in Cyprus with a very strong capital base.

With experienced and specialised employees and insurance intermediaries CNP Cyprialife has generated value and benefits to its customers and shareholders for almost 30 years.

The Company is one of the largest and most powerful institutional investors in Cyprus with access to a wide international investment environment with investments valued at €507 million.

CNP Cyprialife's mission is to help its customers build a better future, starting from a secure present.

The Company's vision is to lead the life insurance market by providing a complete range of relevant products and the customer experience in the industry. In 2019, having one of the largest market shares in the market and the first leading position in the new life individual business the Company achieved its business objectives.

CNP Cyprialife responds to all challenges and adapts its organisation and operation for the maximum benefit of its customers, associates and employees. Over the last 30 years CNP Cyprialife has built an enduring relationship of trust with its customers.

The Company was incorporated on the 12th of December 1991, as a limited liability company by shares, with the business name "INTERAMERICAN INSURANCE CO LIMITED". Following changes in the Company's legal name, as of 19 July 2013, the Company's legal name is CNP Cyprialife Ltd with registration number HE 46532.

CNP Cyprialife is a 100% owned subsidiary of CNP Cyprus Insurance Holdings Ltd (CNP CIH) a limited company incorporated in Cyprus. In October 2019, CNP Assurances acquired the remaining 49,9% from the Bank of Cyprus and now holds 100% of the share capital of CNP CIH being the sole shareholder of the CNP CIH Group. The acquisition marked the beginning of a new era for the Company, creating new prospects of cooperation and development. CNP Assurances is listed on the Paris Stock Exchange.

Since 4<sup>th</sup> of March 2020, following the exchanges and transfers between the French State, Caisse des Dépôts, La Poste and La Banque Postale, the ultimate beneficial owner of CNP Assurances is Caisse des Dépôts.

CNP Assurances Group is a leading provider of France's personal insurance, the seventh largest life insurer in Europe and the third largest insurance company in Brazil. It was founded 170 years ago and worldwide has 38 million insureds under personal risk and protection policies and 12 million savings and pension policyholders. In 2019, the Group reported premium income of €33,5 billion and its net average technical reserves were €321 billion. 81% of CNP Assurance's financial assets are managed according to environmental, social and corporate governance.

CNP Cyprialife's principal activity is the underwriting of life insurance business which includes products for classes I (Life), III (Life linked with Investments), 1 (Accident), 2 (Sickness) and 7 (Management of Group Pension Funds).

The Company's registered office is located at 17, Akropoleos Avenue, CY-2006 Strovolos, Nicosia, Cyprus. CNP Cyprialife operates offices in Nicosia, Limassol, Larnaca, Paphos and Paralimni.

## 2019 Highlights

**Solvency II:** CNP Cyprialife is compliant with the Law on Insurance and Reinsurance Services and Other Related Issues of 2016 [Law 38(I) 2016] and the Insurance and Reinsurance Services and Other Related Issues Regulations of 2016. The Company's governance arrangements, policies, procedures, practices and standards are aligned in accordance with the key Solvency II requirements.

CNP Cyprialife, as consistently over the previous years, maintained a strong capital adequacy during 2019. The Solvency II capital coverage ratio at 31 December 2019 was at 327% (343% at 31 December 2018), over three times the required prerequisite by the Solvency II Directive.

**Data Privacy Directive (2016/680) and Regulation (2016/679):** The Company reviewed the reforms and assessed the impact of the Data privacy Directive and Regulation that came into force on 25 May 2018. A formal multi-annual project is in place under the guidance of CNP Assurances.

**Insurance Distribution Directive 2016/97 (IDD):** The Company has prepared all relevant documents and policies to ensure compliance with the IDD which came into force in October 2018 and was transposed into national law in March 2019.

**Commission Delegated Regulation EU 2019/981:** Amendments of the Delegated Regulation EU 2015/35 supplementing Directive 2019/138/EC were published on the 8<sup>th</sup> of March 2019 and the Company has taken the necessary actions to comply.

**Risk Management:** The Company implements a robust business strategy and manages its risk profile to reflect its objective of financial strength and strong capital position.

**Distribution channels:** CNP Cyprialife channels its products through its own tied insurance intermediary network which it strengthens, develops and trains continuously. For Group business, the Company also develops its sales through its salesforce and its specialised department.

**Customer Service:** To better serve its customers and associates, CNP Cyprialife offers an Insurance Mobile application offering the latest, simplest and fastest way to access insurance information 24/7. The Company via its modern web portal INSUPASS is offering direct updates and reliable communication for its customers and associates, upgrading and adapting to the digital world at all times.

**GESY:** The successful implementation of the General Health Plan (GESY) is a challenge for the Cyprus society and its insurance industry. At CNP Cyprialife we are standing by our customers, offering innovative healthcare cover and products that will assure quality medical services. Our customers who currently have a health insurance policy with us feel confident in being able to choose the best doctors and best hospitals both in Cyprus and abroad.

**Social Responsibility:** CNP Cyprialife stands with sensitivity and solidarity next to the people in need and beside the Cypriot society. In 2019, CNP Cyprialife alongside with CNP Asfalistiki and the Cyprus Broadcasting Corporation, organized the new era of "Radiomathonios", the leading action of social sensitivity and contribution to the most vulnerable group, the children.

In addition, the Company continued to organise pancyprian days of blood donation to the "Blood Bank" supported by the Karaiskakio Foundation. CNP Cyprialife also supported the Association "One Dream one Wish" for the 19th "Journey of Love" to raise awareness for children suffering from cancer and related conditions and financial support was offered. Moreover, the Company through its interactive community [www.Cypriahealth.com](http://www.Cypriahealth.com) is aiming at the comprehensive education on all health, nutrition and exercise-related issues.

**New Products:** The Company offers a wide range of insurance products. The Company engaged in long-term relationships with its reinsurers in order to offer new ideas on protection products. Additionally, the Company engaged in long-term relationships with international investment managers and investment banks to offer, via its funds, a wide range of investment strategies for every return and risk profile adapted to the needs of each customer.

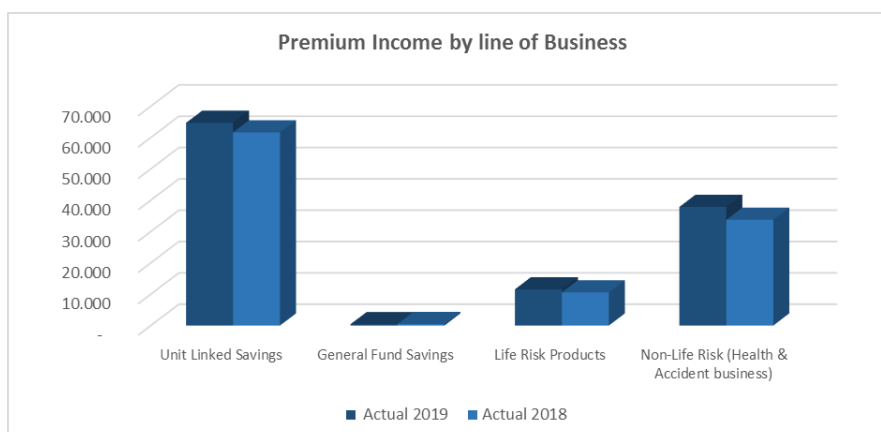
**COVID-19:** Following the year-end, in light of the fast-moving developments regarding the Covid-19 outbreak, the Company monitors the situation closely and its priority is to keep its clients and shareholder informed as well as its personnel safe. The Company has ensured its business continuity during these difficult times. Being a life and health insurer, CNP Cyrialife is exposed to medical claims and mortality risk, however due to the Company's strong capital position and long-tail liabilities the impact is expected to be manageable. The Company's Funds are well diversified however the falling stock markets have had an impact on the return of the funds that have exposures in equities and bonds. With regards to Unit Linked products, customers and agents are reminded of the long term nature of the Company's business, which means that volatility in unit prices over the lifespan of the policies is something to be expected. The Company monitors its short and medium term financial risk as a result of the high volatility prevailing in the financial markets due to COVID-19 in conjunction with its asset allocation and takes action wherever deemed necessary. The Company's SCR coverage ratio at the date of publication of the Report is more than three times above the required prerequisite by the Solvency II Directive and well above the minimum threshold set in the Company's risk appetite statement. The Company ensures liquidity preservation at all times. The overall impact from COVID-19 is yet to be assessed.

**Going Forward,** CNP Cyrialife continues focusing on the development and growth of its business while:

- Developing its products through innovation and flexibility always offering maximum security and protection
- Maximising the value of services offered to its customers
- Maximising shareholders' return and continue maintaining its very strong capital position
- Remaining a responsible employer and a socially responsible company next to the people in need
- Complying with all relevant laws and regulation

## A.2. Underwriting Performance

The premium income figures in this Section present the Gross Written premium of the Company for 2019 and 2018 which increased by 7,6% in the year.



In 2019, the Company reached an Underwriting Profit after deduction of expenses of €12.061k with the main contributors to the profit being the Unit Linked Saving products and Life Risk products.

The Underwriting Profit of 2019 was 26,6% higher compared to last year with the following variations:

- Increase in Unit-Linked business due to increased premiums, positive impact on maturity & interest guarantee reserves and improved loss ratio
- Increase in Life Risk Products Business Underwriting profit mainly due to improved reinsurance profit commission and improved loss ratio
- Increase in Health & Accident business (SLT & NSLT) underwriting profit due to increase of premium and improved loss ratio

### UNDERWRITING PERFORMANCE

| Actual 2019   | All Classes   | Unit Linked Savings | General Fund Savings (conventional) | Life Risk Products | Non-Life risk (Health and Accident business) |
|---|---------------|---------------------|-------------------------------------|--------------------|--|
| <b>In Thousands €</b>   |               |                     |                                     |                    |  |
| Premium collected including Policy fee                        | 114.510       | 64.697              | 415                                 | 11.554             | 37.844                                       |
| Total Premium & Income  | 132.524       | 92.897              | 1.101                               | 7.443              | 31.083                                       |
| Outgoes   | -107.263      | -81.561             | -281                                | -1.287             | -24.134                                      |
| <b>Underwriting Profit</b>                                    | <b>25.261</b> | <b>11.336</b>       | <b>820</b>                          | <b>6.156</b>       | <b>6.949</b>                                 |
| Total Admin Expenses  | -13.200       | -7.462              | -48                                 | -1.339             | -4.351                                       |
| <b>Underwriting Profit after deduction of admin. expenses</b> | <b>12.061</b> | <b>3.874</b>        | <b>772</b>                          | <b>4.817</b>       | <b>2.598</b>                                 |

| Actual 2018   | All Classes   | Unit Linked Savings | General Fund Savings (conventional) | Life Risk Products | Non-Life risk (Health and Accident business) |
|---|---------------|---------------------|-------------------------------------|--------------------|--|
| <b>In Thousands €</b>   |               |                     |                                     |                    |  |
| Premium collected including Policy fee                        | 106.412       | 61.630              | 479                                 | 10.569             | 33.734                                       |
| Total Premium & Income  | 90.821        | 54.911              | 1.270                               | 6.849              | 27.791                                       |
| Outgoes   | -70.860       | -45.010             | -183                                | -3.234             | -22.433                                      |
| <b>Underwriting Profit</b>                                    | <b>19.961</b> | <b>9.901</b>        | <b>1.087</b>                        | <b>3.615</b>       | <b>5.358</b>                                 |
| Total Admin Expenses  | -12.217       | -7.232              | -57                                 | -1.234             | -3.694                                       |
| <b>Underwriting Profit after deduction of admin. expenses</b> | <b>7.744</b>  | <b>2.669</b>        | <b>1.030</b>                        | <b>2.381</b>       | <b>1.664</b>                                 |

*Underwriting Profit is presented prior to the deduction of administration expenses.*

### A.3. Investment Performance

The Company's assets are managed through:

- Holdings of units in mutual funds for bonds, equities, properties and other indirect investments
- Direct holding in bonds, equities, properties and other direct investments

The Company cooperates with external fund managers who are experts in their domain in order to get the expertise and achieve the maximum possible returns at an acceptable level of risk.

CNP Cyprialife does not hold investments in securitization. The income and expenses arising from total Investible assets by asset class for the year ended 31 December 2019 and a comparison with the previous year are shown in the tables below.

The year revealed an unexpected growth in the technological sector that drove the main stock indices even higher. The positive average return over longer term periods remains at satisfactory levels. The portfolio composition and performance of the Unit Linked Funds is presented in Appendix II.

| Performance per Asset Class |               |                 |              |               |               |
|-----------------------------|---------------|-----------------|--------------|---------------|---------------|
| In Thousands €              | Unit Linked   | Non Unit Linked | Shareholders | Total 2019    | Total 2018    |
| Equity                      | 585           | 8               | -2           | 591           | 204           |
| Government Bonds            | 8.686         | 773             | 1.432        | 10.891        | 759           |
| Corporate Bonds             | -29           | 47              | 71           | 89            | 18            |
| Bond Funds                  | 4.949         | 645             | 2.558        | 8.152         | -3.342        |
| Equity Fund                 | 13.428        | 990             | 2.300        | 16.718        | -5.874        |
| Equity Hedge Funds          | 389           | -12             | -6           | 371           | -1.220        |
| Money Market Funds          | 13            | 0               | -3           | 10            | -180          |
| Cash                        | 112           | 5               | 115          | 232           | 550           |
| Property                    | 940           | 226             | -33          | 1.133         | 2.412         |
| Structure Products          | -130          | 31              | 154          | 55            | -221          |
| Subsidiaries                | -35           | -4              | 33           | -6            | -66           |
| Loans                       | 417           | 437             | 54           | 908           | 970           |
| <b>Total</b>                | <b>29.325</b> | <b>3.146</b>    | <b>6.673</b> | <b>39.144</b> | <b>-5.990</b> |

#### Gains and losses recognized directly in equity

The profit recognised by the Company directly in equity, Available for Sale (AFS) is €6.476k (2018: €5.340k loss). The table below indicates the split between asset classes.

| Asset Type                  | AFS          | AFS           |
|-----------------------------|--------------|---------------|
| In Thousands €              | 2019         | 2018          |
| Equity - In-house           | -3           | -3            |
| Mutual Funds Equity         | 1.641        | -1.986        |
| Government Bonds - In-house | 1.671        | -917          |
| Corporate Bonds - In-house  | 6            | -145          |
| Mutual Funds Bonds          | 2.568        | -2.215        |
| Other Mutual Funds          | 593          | -75           |
| <b>Total</b>                | <b>6.476</b> | <b>-5.341</b> |

#### Risk Mitigation

The Company follows its approved by the BoD Tactical Asset Allocation (TAA) for an investment horizon of one year determining the optimum asset allocation in each of the asset classes that the Company invests in. The Company's TAA was designed per type of liability and fund, taking into account their duration, guarantees and any investment policies communicated to its customers. Additionally, it aims at Solvency II optimisation and reduction of concentration risk, while at the same time maintaining the required liquidity in order to fulfil its operational requirements.

CNP Cyprialife's investment policies include restrictions on assets to minimise market risk as well as policies for the credit standing of financial institutions it invests in, to minimise counterparty default risk.

## B. System of Governance

### B.1. General Information on the System of Governance

CNP Cyprialife operates clear and effective organisational arrangements, while ensuring the continuity and regularity of its operations. Well-defined and consistent lines of responsibility and oversight are maintained. The Company uses the three lines of defence model. The First Line of Defence owns the risk and is responsible for identifying, recording, reporting, managing the risks and ensuring that the right controls and assessments are in place to mitigate these risks. The Second Line of Defence sets the policy and guidelines for managing the risks and provides advice, guidance and challenge to the First Line of Defence on effective risk management. The Third Line of Defence is Internal Audit which independently ensures the Company manages risk effectively.

The Company's BoD and Audit and Risk Committee are kept informed on all material risk related matters and exposures.

The Remuneration Committee is also kept informed on all material risk related matters under its mandate.

### Board of Directors and BoD Committees

The BoD is the ultimate authority for the management of the Company and it maintains responsibility for prudent management. The role of the BoD is to define the strategic plan, organise and direct the affairs of CNP Cyprialife in a manner that seeks to protect its policyholders' interests and maximise the value of the Company for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

The BoD bears the ultimate responsibility for the compliance of the Company with its legal and regulatory obligations at a national or EU level.

BoD meetings are taking place when needed but at least four times per annum and a quorum must be achieved to form decisions. In 2019, the BoD convened 5 times.

The Company has a strong, experienced and diverse BoD. The members of the BoD remained fit and proper according to the Solvency II requirements. In October 2019, after the acquisition of the remaining share capital of CNP CIH from the Bank of Cyprus by CNP Assurances, the Independent Non-Executive members appointed from the Bank of Cyprus resigned from their role and were specially thanked for their valuable tenure. In March 2020, the BoD welcomed three new members, two of which being Independent Non-Executive Directors and one Non-Executive Director.

| Board of Directors      |                           |  |
|-------------------------|---------------------------|--|
| Chairperson             | Non-Executive             | Xavier Larnaudie - Eiffel                        |
| Vice-Chairperson        | Independent Non-Executive | Andreas Paralikis (resigned in October 2019)     |
| Member                  | Independent Non-Executive | Takis Klerides                                   |
| Member                  | Independent Non-Executive | Konstantinos Katsaros (resigned in October 2019) |
| Member                  | Independent Non-Executive | Constantinos Costa (resigned in October 2019)    |
| Member                  | Independent Non-Executive | Stelios Stephanou (appointed in March 2020)      |
| Member                  | Independent Non-Executive | Gabriel S. Ambizas (appointed in March 2020)     |
| Member                  | Non-Executive             | Thierry Desvignes (appointed in March 2020)      |
| Member                  | Non-Executive             | Nicolas Legrand                                  |
| Member                  | Non-Executive             | Brigitte Molkhou                                 |
| Managing Director / CEO | Executive                 | Takis Phidia                                     |
| Secretary               |                           | Polys Michaelides                                |



### **Audit and Risk Committee**

The Audit and Risk Committee assists the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance for the Company. The Committee also assists the BoD in meeting its external financial reporting obligations, including its obligations under applicable laws, and regulations and is directly responsible on behalf of the BoD for the selection, oversight and remuneration of the external auditor.

The Committee consisted of 5 members all being Non-Executive Directors up to October 2019 (and 3 members from October 2019 up to year-end) and is presided by an Independent Non-Executive Director. As of March 2020, the Committee consists of 6 members (3 Independent Non-Executive Directors and 3 Non-Executive Directors) and is presided by an Independent Non-Executive Director.

The Committee convenes with such frequency as it may consider appropriate but, in any event, not less than two times a year. In 2019, the Audit and Risk Committee convened five times.

### **Remuneration Committee**

The Remuneration Committee has primary responsibility to review and approve or make recommendations to the BoD of the Company regarding remuneration of executives and ensure compliance of the Company's remuneration policy and practices with applicable laws and governance regulations.

The Committee consisted of 3 members up to October 2019 (and 2 members from October 2019 up to year-end) all being Non-Executive Directors and is presided by an Independent Non-Executive Director.

The Committee convenes with such frequency as circumstances dictate, but in any event not less than once a year. In 2019, the Remuneration Committee convened 2 times. All Remuneration Committee matters were escalated to the BoD.

The Remuneration Committee arrangements were revised in the year.

### **Remuneration Disclosure**

Remuneration is governed by Collective Agreements with the employees' union ETYK.

The Company's Remuneration Policy is reviewed and maintained by the Remuneration Committee and is approved by the BoD. The Remuneration Committee is responsible for the implementation of the Remuneration Policy.

The Company's Remuneration Committee defines the remuneration practices applicable to all employees and Executives of the Company and gives guidance for the negotiation at the renewal stage of the collective agreement.

With regard to the members of the BoD, the Remuneration and Nominations Committee which is authorised by the BoD of CNP CIH has primary responsibility to review and make recommendations regarding the remuneration of the Managing Director and members of the BoD. The remuneration of the Directors is approved by the shareholders at the Annual General Meeting.

## Management

The Company's Management has the responsibility for the consistent implementation of the BoD approved strategy through setting appropriate policies for all functions and the development and embedding of the mechanisms and procedures for internal control.

The Company's Management consists of the individuals in positions that effectively run the Company.

The Company's Managing Director is Takis Phidia and the General Manager is Andreani Kallimachou.

The Company's Management team is presented below:

| Name                     | Position   |
|--------------------------|--|
| Takis Phidia             | Managing Director  |
| Jean Pascal Garret       | Deputy Chief Executive Officer<br>(Appointed in March 2020)                                    |
| Andreani Kallimachou     | General Manager  |
| Polys Michaelides        | General Manager Group Business<br>Development, Corporate Affairs &<br>Chief Compliance Officer |
| Christos Frantzis        | Chief Financial Officer  |
| Athena Shipilli - Tsingi | Chief Risk Officer   |
| Ioanna Panti             | Chief Actuarial Officer  |
| Giorgos Gogou            | Manager Sales  |
| Manolis Ioannides        | Manager Group Business<br>Development  |
| Antonis Antoniou         | Financial Controller   |
| Niki Christou            | Manager New Business &<br>Alterations  |
| Pavlina Theocharous      | Product Development Actuary and<br>Manager Reinsurance   |
| Philippos Pierides       | Manager Policy Administration &<br>Claims  |
| Kyriacos Pamboukas       | Manager- Quality and Project<br>Management   |
| Leonidas Mouskos         | Manager Information technology   |
| Leonidas Savvides        | Manager Planning and Reporting   |
| Charalambos Poyiadjis    | Investment Manager   |
| Eleni Psyllidou          | Manager Human Resources  |
| Kyriacos Olympios        | Digital Transformation Manager<br>(Appointed in December 2019)                                 |

## B.2. Fit and Proper Requirements

CNP Cyprialife has set standards and a Policy for the fitness and propriety. The purpose of the Company's Fit & Proper Policy is to set out the corporate governance and oversight arrangements to ensure the sound and prudent management of the business as well as ensure that the persons who effectively run the Company or hold key functions, fulfil at all times the following requirements:

- Their professional qualifications, knowledge and experience are adequate to enable sound and prudent Management (fit)
- They are of good repute and integrity (proper)

The covered individuals are required to comply with the requirements and behaviours set by the Supervisory Authority and the Company's Code of Standards under the Fit and Proper Policy.

CNP Cyprialife also ensures that the collective knowledge, competence and experience of its BoD members, includes:

- Market knowledge
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements

### B.3. Risk Management System including ORSA

#### Risk Management

CNP Cyprialife has a Risk Management Function (RMF) and a dedicated Chief Risk Officer (CRO) in charge of developing and implementing the policies as well as the risk awareness culture within the Company. The RMF also provides important insights in relation to current and future risks.

The appointed CRO and Risk Management Function Holder is Athena Shipilli Tsingi.

The Company's Risk Management framework is in accordance with Part II, Chapter IV, Section 2 (Governance System) articles 45 and 46 of the Law 38(I) 2016. The Company's Risk Management Framework ensures that all risks are effectively managed and measured against a set level of risk tolerance following an Enterprise Risk Management methodology.

The RMF is independent of risk taking functions and reports to the Company's Managing Director. The CRO also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD.

All the policies for the key areas of risk were revised and approved by the BoD in the year.

CNP Cyprialife adopts the following guiding principles as a formal Policy for the management of risk:

- The governance structure and risk management framework aim to create and promote a strong risk culture that is embedded in all aspects of the Company's activities
- The Company's BoD is responsible for overseeing senior management, for establishing sound business practices and strategic planning as well as for setting the risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals. In setting the risk appetite and risk tolerance level, all relevant risks are taken into account. The BoD has the ultimate responsibility for the effective management of risk
- The level of risks that the Company is willing to take is constrained by regulation and supervision. Risk appetite and risk tolerance depend not only on intrinsic risk aversion, but also on the current financial situation and the strategic direction
- The Company implements a consistent risk culture and establishes sound risk governance supported by an appropriate communication policy, all of which are adapted to its size, complexity and risk profile

- CNP Cyprialife is fully aware of its responsibilities relating to the identification and reporting of relevant risks
- An independent from risk taking activities RMF is established in order to ensure effective risk management
- The Company ensures that the responsibilities for the measurement, monitoring and control of risks are clearly defined and sufficiently independent from any risk-taking activity. Internal control systems are structured in a way that guarantee the clear segregation of duties and the avoidance of conflicts of interest with respect to the taking up, approval, monitoring and control of risks
- In consideration of the Company's current and future needs, it develops risk measurement systems and tools with the purpose of capturing all expected and unexpected losses, for each type of risk, under both normal and stressed market conditions
- The Company applies high standards of transparency for the performance of its operations and communicates all the information it considers necessary and in line with its Reporting & Disclosure Policy to the interested and affected parties
- New products, markets, and businesses are analysed carefully and the Company makes sure that possesses adequate internal tools and expertise to understand and monitor the risks associated with them
- The governance of risk is documented and updated as appropriate
- All outsourcing activities are in accordance with the Company's Outsourcing Policy and the risks arising from such activities are managed in accordance with its defined risk appetite and policies

## Risk Management Framework

Risk is inherent in the Company's business activities. CNP Cyprialife aims through appropriate risk management, to achieve its business and financial strategy by considering internal as well as external constraints without exceeding set risk tolerances. Enterprise-wide risk management framework is used across all risk types which is underpinned by the Company's risk culture.

The Risk Management Framework is an embedded part of the business and fully interacts with the strategic planning and the capital management process and constitutes the guiding framework for the implementation of the Own Risk and Solvency Assessment (ORSA) process.

CNP Cyprialife's Risk Management Framework is based on four key elements:

- Governance
- Risk Quantification and Aggregation
- Risk Control and Optimisation
- Risk Monitoring and Reporting

The Risk and Reserving Committee plays a fundamental role in the management of risk. The Committee is chaired by the Company's Managing Director and its members include the Company's General Manager, General Manager – Group Business Development & Corporate Affairs & Chief Compliance Officer (CCO), Chief Risk Officer (CRO), Chief Financial Officer (CFO) and the Chief Actuarial Officer (CAO). The Committee assists with the formulation of the overall risk strategies and policies for managing significant business risks, and is responsible for designing and implementing a Risk Management Framework. In addition, the Committee monitors and reviews risk exposures, it reviews and challenges actuarial reserves and it advises the Audit and Risk Committee of the BoD on the approval of reserves.

## Risk Appetite

Risk Appetite is a key component for the management of risk. It describes the aggregate level and risk types that the Company is able and willing to accept in pursuing its medium to long term business objectives. Within the Company, risk appetite is managed and articulated through the Risk Appetite Statement, which is approved by the BoD on the advice of the Audit and Risk Committee.

The risk appetite is integrated within other risk management tools such as the ORSA and stress testing to ensure consistency in risk management. The Company aims to achieve an adequate balance between capital requirements and resources. The capital planning cycle is integrated within strategic planning.

CNP Cyprialife faces a broad range of risks reflecting its responsibilities as one of the market leaders in the life insurance business in Cyprus. These risks include those resulting from its responsibilities in the areas of offering insurance products to the public as well as from the day-to-day operational activities. The risks arising from the Company's responsibilities can be significant. These risks are prudently managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality experienced and professional staff and salesforce and public accountability.

In terms of operational issues, the Company has a low appetite for risk and makes resources available to control operational risks to acceptable levels. It is recognised that it is not possible or necessarily desirable to eliminate some of the risks inherent in the activities and acceptance of some risk is often necessary to foster innovation within business practices.

The Company's established leading position in the life insurance market in Cyprus, allows to take a conservative approach to risks. As a result, the Company is selective about its products offerings and its investment decisions. CNP Cyprialife's predominant approach to risk is to safeguard the interests of its policyholders and shareholders.

The Company identifies and manages the risks on an ongoing basis. As part of this, it follows a risk strategy that is designed to ensure its continuity as a going concern, protecting earnings, maintaining a sound Statement of Financial Position and solvency ratios (overall protecting its financial soundness) as well as protecting its identity and reputation.

The Company's objectives when managing capital are:

- The compliance with capital requirements imposed by the Insurance Companies Control Service
- To safeguard the Company's ability as a going concern so that it provides returns for shareholders and benefits to other stakeholders
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk

## Risk exposures

The Company's risk measurement and reporting systems are designed to help ensure that risks are comprehensively captured with all the attributes necessary to support well-founded decisions and that information is delivered in a timely manner for those risks to be successfully managed and mitigated.

CNP Cyprialife invests resources in IT systems and processes in order to maintain and improve its risk management capabilities.

The RMF manages a number of analytics supporting the rating and scoring models for different risk types.

The Company's BoD has the overall responsibility for the assumption, monitoring and management of risks. The below risks form part of the Company's Risk Register Inventory and are identified, assessed and managed:

- Investment (Market) Risk
- Counterparty Default (Credit) Risk
- Life Underwriting Risk
- Health Underwriting Risk
- Operational Risk
- Business (Strategic) Risk
- Liquidity Risk
- Asset – Liability Risk
- Reputational Risk
- Any other risk the Company identifies to be exposed to

The Company's risk categories are further broken into sub-categories of risks that are precise, specific and mutually exclusive. These sub-categories are used for identifying and assessing existing and emerging risk exposures as part of the risk management process and are registered in the risk register. The aggregation of risk exposures into the above categories creates the risk profile of the Company.

## ORSA Process

The ORSA forms a core component of the Company's risk management system and comprises of all the procedures and measures adopted, with the purpose of ensuring the following:

- Appropriate identification and measurement of risks
- An appropriate level of internal capital (the capital that is considered adequate for the coverage of the risks inherent in the business model and activities of a company, for Pillar 1 and 2 purposes. This level of capital is determined by the Company by the application of internal risk assessment methodologies) in relation to the Company's risk profile
- The application and further development of suitable risk management and internal control systems

In December 2019, the Company has submitted its ORSA Report to the Insurance Companies Control Service. The ORSA Report explained in detail how the Company has implemented and embedded the ORSA within its business, describing its risk profile and the degree of risk appetite that the Company is willing to endure as well as the capital that it considers as adequate to be held against the risks that it is exposed to.

#### B.4. Internal Control System

For CNP Cyprialife, the Internal Control System is the aggregate of control mechanisms and procedures which covers every single activity and contributes towards the efficient and sound operation. The Internal Control System comprises of every preventative or corrective control and more specifically aims at achieving the following objectives:

- The consistent application of the operational strategy, through the efficient utilization of all available resources
- The identification and management of every possible risk which is assumed and the safeguarding of the Company's assets
- Ensuring the completeness and reliability of data and information which are necessary for the correct and up-to-date determination of the Company's financial position and the production of reliable financial statements
- Compliance with the legal framework which governs the Company's operations, including internal rules and codes of ethics
- Prevention and avoidance of any operations which could endanger the reputation and interests of the Company, its shareholders and its counterparties

The Internal Control System is effected in multiple levels within the Company across its three lines of defence organisational arrangements.

The BoD has the final responsibility for the design, implementation/application and maintenance of the Internal Control System.

In 2019, the Company has strengthened its Internal Control System via implementing numerous projects with a focus on the improvement of controls.

The Internal Control department, in the 2<sup>nd</sup> organisational line of defence, is designed to provide reasonable assurance regarding the achievement of objectives for the effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The Internal Audit Function (IAF), in the 3<sup>rd</sup> organisational line of defence, assessed the appropriateness, efficiency and effectiveness of the Company's internal control environment and reported its observations and recommendations to the Audit and Risk Committee.

#### Compliance

The Company has established and maintained a permanent and effective Compliance function.

The appointed CCO and Compliance Function Holder is Polys Michaelides.

CNP Cyprialife's Compliance Function, in accordance to Part II, Chapter IV, Section 2 (Governance System) articles 47 of Law 38(I) 2016 decodes new and proposed (financial services/insurance) compliance – related rules from legislative or regulatory bodies, which are relevant to business, into internal standards, procedures, and guidelines.

The Compliance Function is independent of risk taking functions and reports to the Company's Managing Director. The CCO also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD.

The main responsibility of the Compliance Function is the establishment and application of suitable procedures for the purpose of achieving a timely and on-going compliance of the Company with the existing legal and regulatory framework. The activities and responsibilities of the Function are governed by the Compliance Charter and Manual, which are approved by the BoD and reviewed annually.

The key role of the Compliance Function is to proactively:

- Identify, assess and monitor the compliance risks faced by the Company
- Assist, support and advise line management in fulfilling its compliance responsibilities

In performing its above role, the Compliance Function has the objective to enable the Company to demonstrate to the regulatory authorities compliance with applicable regulations and thus to:

- Protect the good reputation of the Company
- Avoid disciplinary action by the regulators
- Avoid criminal sanctions

Compliance risk areas within the scope of the Compliance Function are recognised by the Company as:

- Anti-Money Laundering/ Customer Acceptance/ Sanctions
- Privacy and Data Protection
- New Products and Services
- Customer Complaints and all complaints against the companies, employees and associates
- Marketing and Sales Practices
- Conflicts of Interest
- Confidentiality
- Outsourcing Services
- On-line presence and corporate communication
- Internal and External Codes of Conduct
- Regulatory Relationships
- Protection of Competition
- Insurance Legislation
- Corporate Governance
- Anti-bribery and Corruption
- Regulatory framework
- Internal and external Fraud
- Whistleblowing
- Any other risk deemed applicable

The Company's policies for the key areas of compliance (Anti-Money Laundering, Code of Conduct, Conflict of Interest, Confidentiality, On-line Presence, Outsourcing Compliance, New Products and Marketing, Fit and Proper, Whistleblowing, Anti-bribery and Corruption, Gifts & Benefits, Cookie Policy, Processing of personal data, Protection of personal data and Privacy by design and by default-minimisation) were revised and approved by the BoD in the year 2019. The approved by the Audit and Risk Committee risk-based Compliance Plan was implemented with results being reported to the Committee. The implementation of the Plan did not reveal significant findings.

## B.5. Internal Audit

CNP Cyprialife's IAF is currently outsourced to Deloitte Ltd. The appointed Internal Auditor is Panicos Papamichael, Partner at Deloitte Ltd.

In accordance to Part II, Chapter IV, Section 2 (Governance System) article 48 of Law 38(I) 2016, the IAF remained independent and autonomous and provided an independent assessment of the risk framework and internal control processes.

To ensure the organisational independence of the IAF, the Internal Auditor reports significant findings and any other matters to the Audit and Risk Committee of the BoD. The Audit and Risk Committee is responsible for Internal Audit as part of its internal control structure, and was ultimately responsible for the direction and approval of the scope of work performed by the internal audit team in 2019.

The Company's Internal Audit policy and principles are outlined in the Internal Audit Charter and the Internal Audit Manual which are approved by the Audit and Risk Committee of the BoD and reviewed at least annually for their adequacy. The Company's Charter and Manual were approved by the BoD in the year.

The IAF takes a risk-based approach in deciding its priorities. The steps in the Internal Audit Methodology are the below:

- Understand the Company's business, industry, processes, locations, and specific business objectives
- Implement the approved by the Company's Audit and Risk Committee risk-based audit plan
- To have a close collaborative relationship with the risk, actuarial, compliance and internal control departments.
- Evaluate the reasonableness of management response on actions as well as quality and timeliness of management responses
- Report to the Management and the Audit and Risk Committee on identified deficiencies in control measures and of recommendations for improvement
- Submit to the Audit and Risk Committee an annual / periodic report regarding the audit activity and the progress of implementation of internal and external audit recommendations
- Inform the Audit and Risk Committee periodically about the latest developments and best practices in the field of internal auditing

## B.6. Actuarial Function

The Actuarial Function of the Company is responsible for coordinating all actuarial activities in accordance to Part II, Chapter IV, Section 2 (Governance System) article 49 of Law 38(I) 2016.

The appointed Chief Actuarial Officer, Certifying Actuary and Actuarial Function Holder is Ioanna Pantis.

The Actuarial Function is independent of risk taking functions and reports to the Company's Managing Director. The CAO also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD.

The Actuarial Function's responsibilities in the reporting year included:

- Coordination of the calculation of Technical Provisions for Solvency II purposes and mathematical reserves under current IFRS regime
- Ensuring the appropriateness of the methodologies and the underlying models used as well as the assumptions made in the calculation of Technical Provisions for Solvency II purposes and mathematical reserves under current regime
- Assessing the sufficiency and quality of the data used in the calculations. Particularly, the reliability, completeness and accuracy of the data used for this reporting period have been confirmed through the Data Quality process
- Comparing best estimates (BE) against experience.
- Expressing an opinion on the overall underwriting policy
- Expressing an opinion on the adequacy of the reinsurance arrangements
- Contributing for and monitoring the preparation of QRTs under Pillar 3
- Contributing 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 ORSA
- Informing the Senior Management on each quarter's Solvency II results, assumptions, and any other topics as agreed through the relevant Company's policies

The BoD was kept informed on all actuarial matters and exposures. In 2019, the Company's actuarial policy and Report were approved by the BoD.

## B.7. Outsourcing

The Company has in place an Outsourcing Manual setting out the Outsourcing Policy and procedures ensuring the ongoing compliance with the requirements of the Solvency II Directive with respect to the effective control and management of risks associated with the outsourced services.

The main objectives of the Manual are:

- To ensure that a consistent approach is taken to all decisions regarding the possibility of outsourcing any activities or functions
- To give adequate consideration to the risks involved
- To establish a framework for the management of outsourced services, ensuring that appropriate controls are exercised

The BoD approves any amendments to the Policy Manual and all critical or important outsourcing activities or functions. The key determinant to define a critical or important outsourcing arrangement is whether a function or activity is fundamental to the Company's ability to carry out its core business and the impact it has on the Company.

The Company outsources externally the key functions / activities of Internal Audit, IT Infrastructure, Storage and Archives, Medical Opinion Services to policyholders, Claims Management as well as Property Administration and Procurement services.

The Company remains fully responsible for all outsourced functions and activities. The Company has included in its risk management systems and controls a process for monitoring and reviewing the quality of the service provided.



## C. Risk Profile

An annual ORSA is conducted to determine a forward looking assessment of the Company's capital requirements given the Company's business strategy, risk profile, risk appetite and capital plan. As part of the CNP Cyprialife ORSA, a range of stress tests are applied to the Company's base capital plan. The ORSA is approved by the BoD, which has the ultimate responsibility for the effective management of risk and approval of the Company's risk appetite.

The ORSA is reviewed by the Insurance Companies Control Service in Cyprus as part of its supervisory review and evaluation process which occurs periodically.

Pillar 2 considers, in addition to the minimum regulatory capital requirements for Pillar 1 risks, any supplementary requirements for those risks as well as any requirements for risk categories not captured by Pillar 1. The risk categories to be covered under Pillar 2 depend on the specific circumstances of an insurance company and the nature and scale of its business.

The Company is exposed to the Pillar 1 risks: market, counterparty default, life underwriting, health underwriting and operational risk calculated by the standard formula as well as risks not fully covered by Pillar 1 such as strategic, business, liquidity, legal and compliance and reputational. The type of risks to which we are exposed have not changed significantly over the year.

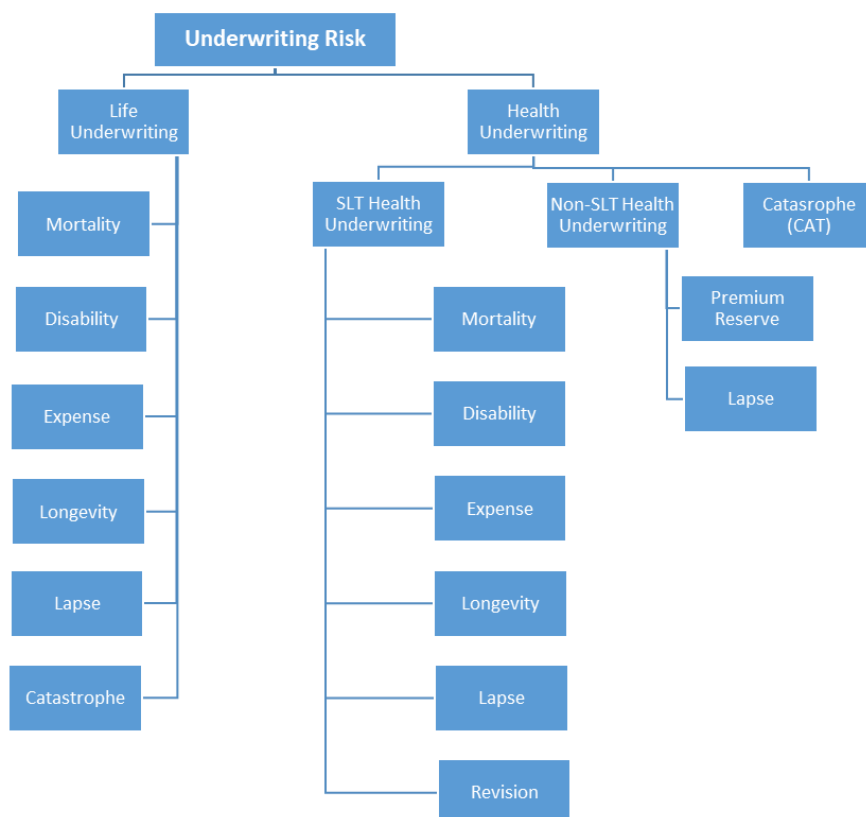
The RMF has an ongoing project in place to identify at all times the Company wide risks for the purposes of its risk register. All the risks that the Company is exposed to or could be exposed to in the future are documented, categorised and assessed based on the severity of adverse impact that they could have on the Company if they were to be crystallized. The result of this assessment is the profiling of risks in different categories of severity.

| In Thousands €   | EOY 2019       |
|--|----------------|
| <b>SCR Coverage ratio</b>                              | <b>327%</b>    |
| <b>Own Funds</b>                                       | <b>141.108</b> |
| <b>SCR</b>   | <b>43.131</b>  |
| SCR Operational  | 3.463          |
| Adjustment for Loss Absorbing Capacity of Deferred Tax | -5.505         |
| <b>BSCR</b>  | <b>45.173</b>  |
| SCR Market   | 27.708         |
| SCR Life   | 21.717         |
| SCR Health   | 11.343         |
| SCR Counterparty                                       | 2.756          |

The Solvency II capital position of CNP Cyprialife was strong and has remained resilient to stresses performed.

The BoD approves the Solvency II coverage ratio and examines the Company's profile both from regulatory and economic capital viewpoints.

### C.1. Underwriting Risk



The Company defines Underwriting risk as the risk of loss or unfavourable change of the value of the liabilities of insurances resulting from an increase of the claim rate not anticipated during the pricing or during the acceptance of the risks.

The underwriting risks quantified under Pillar 1 are Life and Health underwriting risks, which are the risks arising from the life and health insurance obligations, in relation to the perils covered as well as the processes used in the conduct of business. They include the risk resulting from uncertainty included in assumptions about exercise of policyholder options like termination options.

The Life and Health underwriting risk modules take account of the uncertainty in the results of undertakings related to existing insurance and reinsurance obligations as well as to the new business expected to be written over the following 12 months.

A standardised approach in line with the European Insurance and Occupational Pensions Authority (EIOPA) specifications was followed by the Company for calculating the solvency capital requirement (SCR) for life and health underwriting risks looking at the sub-modules shown below.

#### Mortality Risk

Mortality risk is the risk of loss resulting from a change in value caused by the actual mortality rate being higher than the one expected.

#### Disability Risk

Disability risk is the risk of loss resulting from a change of value caused by a deviation of the actual randomness in the rate of insured persons that are incapable to perform one or more duties of their occupation due to a physical or mental condition, compared to the expected randomness.

#### Expense Risk

Expense risk is the risk of loss resulting from a change in value caused by the fact that the timing and/or the amount of expenses incurred differs from those expected.

#### Longevity Risk

Longevity risk is the risk of loss resulting from a change in value caused by the actual mortality rate being lower than the one expected.

### Lapse Risk

Lapse risk is the risk of loss resulting from fluctuations in the frequency of policy lapses.

### Premium Risk

Premium risk is the risk of loss resulting from fluctuations in the timing, frequency and severity of insured events. It relates to policies to be written (including renewals) during the period and to unexpired risks on existing contracts. Premium risk includes the risk that premium provisions turn out to be insufficient to compensate or need to be increased. It also included the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the premium risk.

### Reserve Risk

Reserve risk is the risk of loss resulting from fluctuations in the timing and amount of claims settlements.

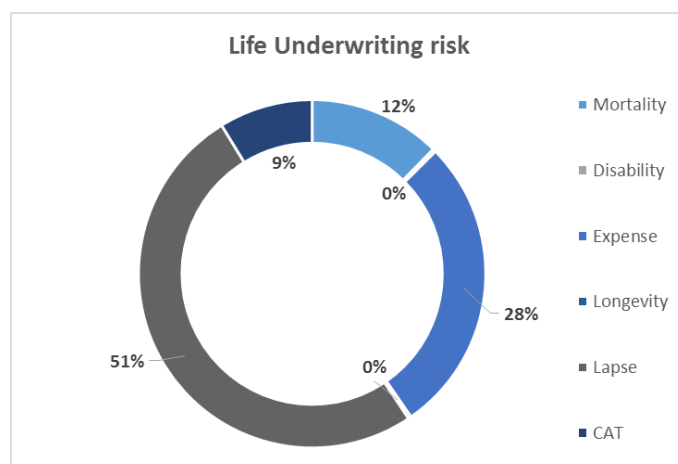
### Catastrophe Risk

Catastrophe risk (CAT) is the risk that a single event or series of events, of major magnitude, usually over a short period, leads to a significant deviation in actual claims from the total expected claims.

### Life Underwriting Risk

The capital requirement for Life Underwriting risk is the sum of the life underwriting risk components plus the diversification effect between the components. The life underwriting risk components are the mortality risk, longevity risk, disability risk, lapse risk, expenses risk and CAT risk.

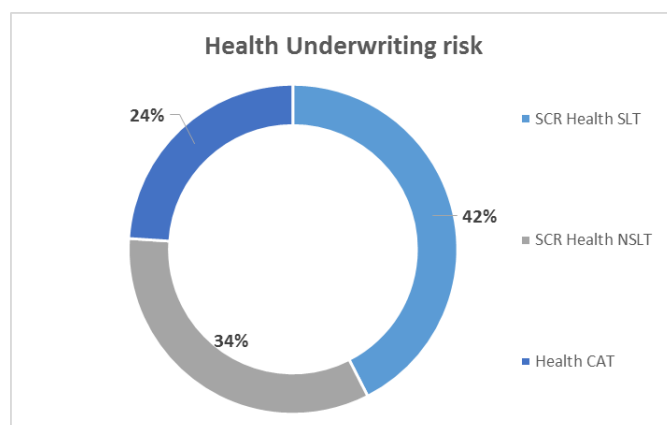
Lapse Risk and Expenses Risk contributed the greatest to the Life Underwriting risk of the Company with 51% and 28% respectively. The impact of diversification was around 25%.



### Health Underwriting Risk

The capital requirement for Health Underwriting risk is the sum of the Health Underwriting risk components plus the diversification effects. The Health Underwriting risk components are the similar to life technique underwriting risk, the Non-Similar to Life Techniques (NSLT) health risk and the health CAT risk.

Health Similar to Life techniques and Health Non- Similar to Life Risk contributed the greatest to the Health Underwriting risk with 42% and 34% respectively. The impact of diversification was around 24%.



### Changes over the reporting period

There were no material changes over the period regarding the Company's portfolio of insurance products.

Unit Linked Savings was the main source of business with a contribution of 55%. Non-Life (Health and Accident Business) followed with 33%. The remaining 12% included other Life risk products and General Fund Savings (with profit).

The SCR Life and SCR Health as described above for the years ended 2019 and 2018 are shown below:

| SCR Life        |               |               |
|-----------------|---------------|---------------|
| In Thousands €  | 31/12/2019    | 31/12/2018    |
| <b>SCR Life</b> | <b>21.717</b> | <b>18.449</b> |

The SCR Life has increased by 18% compared to the previous reporting period with Lapse risk being the greatest contributor in the year with 15% increase. This increase was mainly due to the increase in business portfolio and the increase in unit-linked expenses.

An increase in Expense risk of 25% also contributed to the increase of the SCR Life. This increase was mainly due to unit-linked business and the increase in the per-policy expenses as well as the significant impact from the new yield curves.

| SCR Health        |               |               |
|-------------------|---------------|---------------|
| In Thousands €    | 31/12/2019    | 31/12/2018    |
| <b>SCR Health</b> | <b>11.343</b> | <b>10.176</b> |

The SCR Health has increased by 11% mainly due to an increase of 22% in the Health similar to Life Risk and an increase of 13% in the Health Non-Similar to Life, while Health Catastrophe risk decreased by 10%. The main increase that comes from Health SLT is due to the increase in business and the increase from Health NSLT is due to the increase in premium risk (from the increased premiums) and increase in claims provisions of the year resulted from increased incurred claims. Health CAT SCR decreased due to reduction in average claim amount.

### Risk Mitigation

Underwriting risk (including life and health risks) is taken in line with the Company's underwriting and pricing expertise, to provide an appropriate level of return for an acceptable level of risk. This risk is well understood by the Company.

The Company's underwriting objective is to maximize earning levels and minimize volatility of earnings, while ensuring that the Company is appropriately compensated for the risks it assumes. This objective is constrained by the Company's target solvency position and the material risks that the Company is exposed to.

Underwriting discipline and a robust governance process is at the core of the Company's underwriting strategy. The risks arising from underwriting are managed, monitored, reported and controlled in accordance with the Company's overall governance arrangements, which follow the management and oversight of the Company's exposure to underwriting risk.

In the course of the year, the Company successfully completed reviewing its reinsurance arrangements and specifically life and health business retentions and increased its retention for life business – open portfolio.

In addition to the Central scenario, the ORSA Upward scenario, the ORSA Downward scenario and additional Company specific scenarios have been carried out and the capital adequacy remained at very strong levels.

**C.2. Market Risk**



Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

The market risks quantified under Pillar 1 refer to fluctuations that may arise in interest rates, equities, foreign exchange rates (currency) and property as well as spread and concentration risks. Concentration risk relates to all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of a Company.

These market risk factors may affect a Company’s income and the value of its holdings in financial instruments.

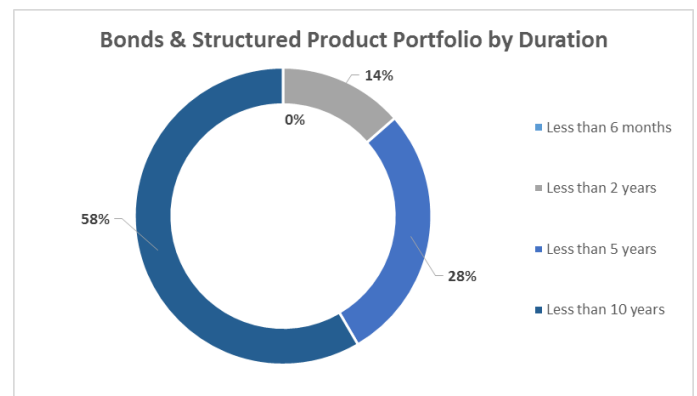
The Company follows a standardised approach in line with the EIOPA specifications for calculating the SCR for market risk looking at the sub-modules shown below.

**Interest Rate Risk**

Interest Rate risk is the risk of a change in value caused by a deviation of the actual interest rates from the expected interest rates.

On the asset point of view, to calculate the Interest Rate risk the Company estimates the value for each security held separately before and after the shock as described in the standard formula. For individual securities and certain interest sensitive funds the implied yield increase or decrease (depending on the shock) is added to the actual yield of the asset in order to estimate the market value of the specific asset after the shock. For the remaining interest sensitive funds, such as bond funds or money market funds, the average duration of the fund is used to calculate the aftershock impact.

The figure below shows the bond and structured products’ portfolio of the Company by duration:



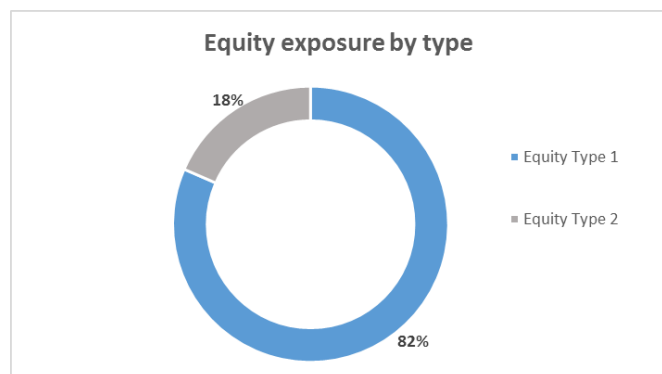
### Equity Risk

Equity risk is the risk of a change in value caused by deviations of the actual market values of equities and/or income from equities from their expected values.

For the Equity risk, the Company uses the standard formula which applies a 39% shock for Type 1 equities and 49% shock for Type 2 equities plus the systematic adjustment. Type 1 equities are the equities listed in regulated markets in countries which are members of the European Economic Area (EEA) or the Organisation for Economic Cooperation and Development (OECD). Type 2 equities are equities listed in stock exchanges in countries which are not member of the EEA or the OECD, equities which are not listed, commodities and other alternative investments.

The Equity risk is the sum of Equity Type 1 and Type 2 risk plus the diversification effect.

The exposure by Equity type is presented below:



### Property Risk

Property risk is the risk of financial loss occurring as result of owning a real estate investment.

For the Property Risk the Company applies a 25% shock on all assets which are exposed to property (25% decreases in price) as described in the standard formula.

### Spread Risk

Spread risk is the risk of a change in value due to a deviation of the actual market price of credit risk from the expected price of credit risk.

For the Spread Risk calculation, the Company uses:

- For individual bonds: the actual yield and rating
- For funds: the average duration and average rating of each fund which invests to assets which are exposed to spread risk such as. bonds and cash

The table below illustrates the credit rating of the bond and structured products portfolio of the Company:

| AAA+  | AA+   | A+     | BBB+    | BB+    | B- or Lower / Unrated | Total          |
|-------|-------|--------|---------|--------|-----------------------|----------------|
| -     | -     | -      | -       | -      | -                     | -              |
| AAA-  | AA-   | A-     | BBB-    | BB-    |                       |                |
| 2.871 | 4.861 | 65.605 | 170.822 | 24.483 | 4.346                 | <b>272.986</b> |
| 1,05% | 1,78% | 24,03% | 62,58%  | 8,97%  | 1,59%                 | <b>100%</b>    |

### Currency Risk

Currency risk is the risk of a change in value caused by the fact that actual foreign currency exchange rates differ from those expected.

For the Currency risk the Company applies a 25% shock on all assets which are exposed to currency risk (the larger impact of a 25% appreciation or depreciation of the foreign currency against the local currency) as described in the standard formula.

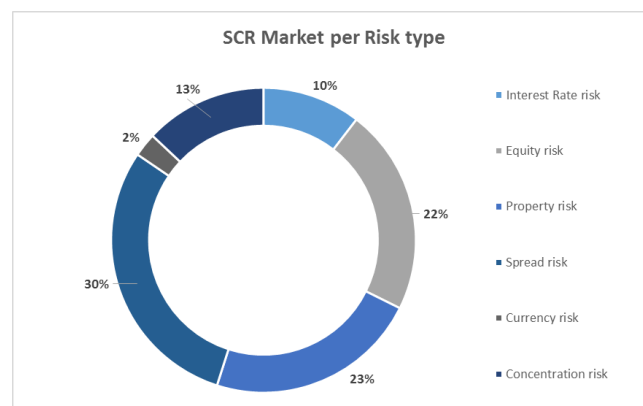
### Concentration Risk

Concentration risk is the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and/or obligations.

For the Concentration risk the Company uses the standard formula to calculate the risk that arises from concentrated exposure to a single issuer.

There is no material concentration risk in the reporting period. The Company its portfolio diversified in order to avoid high concentration to a single issuer.

The figure below demonstrates the SCR Market per risk type for 2019.



### Changes over the reporting period

The Company over the last years is inherently exposed to be adversely impacted by the historically low interest rate environment which is anticipated to continue. The Company anticipates that financial markets may continue to have periods of high volatility in the short term.

The Company continuously monitors its investment risks through the revision of its TAA and acts as necessary. The risks from investments affect the ability of the Company to keep the returns promised to its customers as well as pay a return to its shareholders. The Company's has in its portfolio (mainly closed to new business) unit-linked products providing guaranteed minimum investment returns and minimum guaranteed maturity values to customers and as a result the Company accepts certain investment risks in order to offer upside potential but provide protection against the downside.

Unexpected risks exposures are currently covered by own funds.

The total exposure per risk as described above for the years ended in 2019 and 2018 is shown below:

| In Thousands €     | Exposure   |            |
|--------------------|------------|------------|
|                    | 31/12/2019 | 31/12/2018 |
| Interest Rate Risk | 320.989    | 299.525    |
| Equity Risk Type 1 | 82.494     | 83.574     |
| Equity Risk Type 2 | 18.692     | 19.268     |
| Property Risk      | 57.447     | 38.255     |
| Spread Risk        | 321.731    | 299.525    |
| Currency Risk      | 5.347      | 5.709      |
| Concentration Risk | 221.698    | 213.335    |

The Company has increased its exposures in various assets resulting overall, in an increase in market risk exposure. This was performed in line with the TAA of the Company to achieve the Company's targets on investment returns while being in line with the Company's risk appetite.

The SCR Market as described above for the years ended in 2019 and 2018 is shown below:

| In Thousands € | SCR Market |            |
|----------------|------------|------------|
|                | 31/12/2019 | 31/12/2018 |
| SCR Market     | 27.708     | 25.398     |

The SCR Market Risk has increased by 9% mainly due to the following reasons:

- Equity risk: Although equities have depreciated in value, the increase in Equity risk SCR was due to the significant reduction of the symmetric adjustment which affected the shock.
- Property risk: Exposure to property risk significantly increased due to acquisition of new property in early 2019.

The greatest contributors of the market risk are the Spread risk and the Property risk. The impact of diversification for 2019 was around 32%.

**Risk Mitigation**

Risks arising from investments are monitored and controlled through the use of risk limits and via robust governance.

CNP Cyrialife uses its TAA to match assets and liabilities in the best possible way allowing for the different objectives (return vs risk) and controlling the market SCRs.

Monitoring Investment risk exposures is a joint responsibility between the three lines of defence in the Investment risk management framework, consisting of prudent and regular review of risk metrics and exposures. All risk monitoring is undertaken in the context of the overarching limit structure, and any limit breaches are quickly and promptly escalated to the required parties.

The BoD bears ultimate responsibility for setting the investment risk strategy and appetite and for the management of the investment risk, taking into consideration the investment profile of each fund. The Investment Committee is the BoD's delegated authority to develop and oversee the implementation of the Company's investment strategy, policies and procedures as well as for ensuring the investment decisions are made in a prudent manner and are within the BoD's risk appetite. The Committee provides challenge on investment decisions and on the risks associated with them.

In addition to the Central scenario, the ORSA Upward scenario and the ORSA Downward scenario have been carried out and the capital adequacy of the Company remained strong.

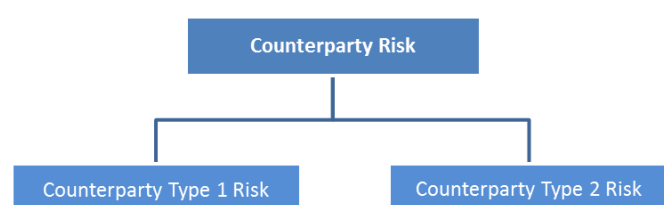


### C.3. Counterparty Default Risk/Credit Risk

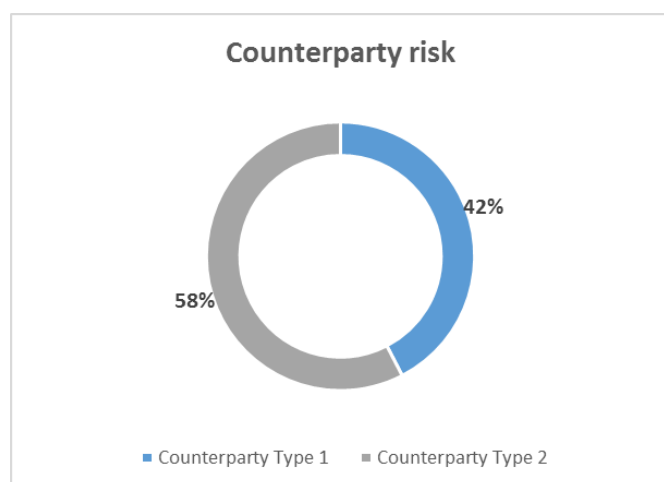
The Counterparty Default Risk is the risk to incur a possible loss due to unexpected default or deterioration in the credit standing of the counterparties and debtors of insurance and reinsurance undertakings over the following 12 months.

This type of risk can reduce the amount of future cash inflows from financial assets on hand at the reporting date.

A standardised approach in line with the EIOPA specifications was followed for calculating the SCR for counterparty default risk.



The figure below shows the split of SCR Counterparty between the 2 types:



Type 1 exposures consist of the following:

- Risk-mitigation contracts
- Cash at bank
- Deposits with ceding undertakings, where the number of single name exposures does not exceed 15
- Commitments received which have been called up but are unpaid, where the number of single name exposures does not exceed 15
- Legally binding commitments which the company has provided or arranged and which may create payment obligations depending on the credit standing or default on counterparty

Type 2 exposures consist of all credit exposures which are not covered in the spread risk sub-module and which are not type 1 exposures, including the following:

- Receivables from intermediaries
- Policyholder debtors
- Mortgage loans
- Deposits with ceding undertakings where the number of single name exposures exceeds 15
- Commitments received which have been called up but are unpaid where the number of single name exposures exceeds 15

The Company is inherently unable to predict all developments which could have impact on this risk; albeit it takes the necessary measures to contain the risk at acceptable levels.

The total SCR Counterparty as described above for the years ended in 2019 and 2018 is shown below:

| Counterparty Risk       |              |              |
|-------------------------|--------------|--------------|
| In Thousands €          | 31/12/2019   | 31/12/2018   |
| <b>SCR Counterparty</b> | <b>2.756</b> | <b>2.185</b> |

Counterparty Risk has increased by 26% (€571k) over the reporting period due to the increase of cash in the Company's current accounts.

## Risk Mitigation

The Company has policies to limit the counterparty default risk by reviewing the credit standing of its reinsurers as well as the level of deposits in reputable financial institutions with good credit standing.

Cash exposures are diversified in order to ensure that the counterparty risk remains at acceptable low levels.

Any unrated exposures comprise of cash and bank deposits with Cyprus banking institutions that are assessed by the Investment Committee to be of adequate credit quality and no credit losses are anticipated from these placements.

Receivables are individually assessed on an ongoing basis for impairment and where deemed necessary a provision is recognised in the Company's financial statements.

A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate.

The Company's BoD is being informed on counterparty exposures and specific actions are followed up.

In addition to the Central scenario, the ORSA Upward scenario and the ORSA Downward scenario have been carried out and the capital adequacy remained strong.

## C.4. Liquidity Risk

Liquidity Risk is the risk of not being able to make payments as they become due because there are insufficient assets in cash form or that can easily be turned into cash at no excessive cost.

This risk may arise when the Company is unable to realise investments and other assets in due time to meet its obligations as well as from significant asset / liability mismatches in relation to duration, currency, nature and timing.

### Liquidity Policy and Monitoring Procedures

CNP Cyprialife ensures that it maintains sufficient liquid financial resources to meet its obligations as they fall due through. There is a liquidity risk appetite which requires that sufficient resources are maintained for the Company to manage its day to day operations in the short, medium and long term as well as sufficient buffer of liquid assets for covering sudden liquidity demands that may arise.

In accordance with the Company's risk appetite, the Company maintains a pool of liquid assets in bonds, cash and mutual funds that represents a predefined percentage of its total assets that is used to meet short term liquidity demands as well as a buffer for unexpected cash demands.

The Company performs Asset Liability Matching to monitor this risk and specific thresholds and stresses are performed. The duration of the Company's liabilities is considered in the Investment decisions.

An Asset Liability Matching (ALM) Policy dashboard for normal and stressed market conditions is prepared and monitored in line with the Company's ALM Policy and presented to the Risk & Reserving Committee.

On the asset side the Company's liquidity risk remained low as the Company's portfolio included high traded equities and bonds as well as mutual funds with fund managers offering daily liquidity and cash.

In the unlikely event of liquidation the majority of the Company's portfolio may be fully liquidated within one week.

## C.5. Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from people and systems, or from external events.

It includes legal and compliance risk, which can be defined as the risk of loss arising from non-compliance with laws and regulations, contracts, established practices or codes of conduct, but excludes strategic and reputational risks.

CNP Cyprialife continuously operates, validates and enhances its key operational controls arising from inadequate or ineffective internal processes, people and systems or from external events.

The regulatory environment is fast changing and imposes significant demands on the resources of the Company.

In terms of operational issues, the Company has a low appetite for risk. Resources are made available to control operational risks to acceptable levels and maintain an operational policy. Other risk mitigants include internal controls, insurance and business continuity plan arrangements.

### Internal Fraud

CNP Cyprialife takes all allegations of suspected fraud or corruption by its employees very seriously and such are considered and responded to fully and fairly as set out in the Code of Conduct.

### External Fraud

CNP Cyprialife takes all allegations of suspected fraud or corruption by people outside the Company very seriously and such are considered and responded to fully and fairly.

### Security of Property and Persons

The Company strives to provide a highly-secure environment for its people and assets by ensuring its physical security measures meet high standards.

Work Health & Safety – The Company aims to create a safe working environment for all its employees.

### Products, Contracts and Customer Relationship

The Company takes very seriously those incidents arising from an unintentional or negligent failure to meet a professional obligation to clients (including fiduciary and suitability requirements); as well as losses linked to the nature or design of a product.

## Project Management

The Company carefully examines losses arising from failed management of projects either performed by internal resources or from external vendors and service providers.

## IT Dysfunctions

Information Technology (IT) risks cover both daily operations and on-going enhancements to the Company's IT systems. These include:

- Processing – Prolonged outage of core systems: The Company ensures the availability of systems which support its critical business functions thus maximum recovery times have been identified and agreed with each business area
- Security – external or internal attacks on core systems or networks: The Company aims for strong internal control processes and the development of robust technology solutions. The Company has enhanced its information security organizational arrangements
- On-going Development: The implementation of new technologies creates new opportunities, but also new risks. The Company carefully reviews IT system-related incidents which are generated by poor change management practices

## Execution, Delivery and process management

The Company is committed to ensure that its information is authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements.

## Human Resources management

Calibre of People: The Company relies on high quality employees to perform its functions. It aims to create an environment where employees are empowered to the full extent of their abilities.

Conduct of People: The Company expects employees and agents to conduct themselves with a high degree of integrity, to strive for excellence in the work they perform and the outcomes they achieve, and to promote the clients interest. The Company takes very seriously any breaches of its Code of Conduct.

## Legal & Compliance

The Company is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable.

### Changes over the reporting period

A standardised approach in line with the EIOPA specifications was followed for calculating the SCR for operational risk as presented in the table below. This approach takes into consideration the earned premiums as well as the technical provisions of the Company which does not necessarily capture the full definition of the operational risk as stated above.

The SCR Operational for the years ended in 2019 and 2018 is shown below:

| In Thousands €         | SCR Operational |              |
|------------------------|-----------------|--------------|
|                        | 31/12/2019      | 31/12/2018   |
| <b>SCR Operational</b> | <b>3.463</b>    | <b>3.283</b> |

CNP Cyprialife takes appropriate and timely steps to prevent and mitigate undue operational risk and financial loss due to weaknesses in processes, people and systems.

The Company aims to continuously improve its operational risk framework and all loss events are promptly captured for appropriate action to be taken and promote internal learning.

In addition to the Central scenario, the ORSA Upward scenario, the ORSA Downward scenario and additional Company specific scenarios have been carried out and the capital adequacy remained at very strong levels.

### C.6 Other Material Risks

#### Business Risk

Business risk arises because capital is risk sensitive and may vary as business cycles and conditions fluctuate over time.

The Company continuously examines market conditions to which the business is exposed to and continuously identifies the key sources of risks.

#### Reputational Risk

Reputational risk could arise from an adverse perception of the image of a company on the part of customers, counterparties, shareholders, media speculation and negative publicity, supervisory authorities and any other stakeholders.

This risk is not ignored by the Company and at an early stage it seeks to identify prevent, manage and constraint any threat to its brand or reputation.

#### Strategic Risk

The strategic risk could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. This risk could impose material threats on the Company's current and prospective earnings.

The Company's BoD is promptly informed on all risk exposures that may arise and where needed action is taken.

In addition to the Central scenario additional Company specific scenarios have been carried out and the capital adequacy remained strong.

## D. Valuation for Solvency Purposes

### Valuation Principles

The Company prepares its financial statements under the IFRSs. Accordingly, fair value is already calculated for many of its assets and liabilities (particularly financial instruments) and is then included either directly in the IFRS Statement of Financial Position or disclosed in the notes to the financial statements.

For its Solvency II Balance Sheet, the Company uses the fair value of assets and liabilities as calculated for IFRS accounting purposes, insofar as this value complies with Solvency II asset and liability valuation principles.

This ensures that a reliable Solvency II Balance Sheet is produced as part of an orderly, well-managed process. It also ensures consistency with the IFRS financial statements.

There are instances where, the value of certain items may be estimated using simplified approaches (e.g. cost price) when those items do not represent significant exposure or when the difference with fair value as calculated under IFRS is not material. The Company is consistent in applying alternative valuation techniques unless the change in method would result in a more appropriate measurement.

### Criteria for Active market Identification

Solvency II requires entities to use values obtained from transactions carried out on active markets wherever possible.

If no active market transactions are available, a significant element of judgement will need to be used in the valuation as regards the choice of valuation methods as well as the assumptions, inputs and data to be used. Such an approach must be part of a well-managed process in order to achieve unbiased valuations.

To assess whether a market is active for Solvency II asset and liability valuation purposes, the Company uses the same criteria as in its IFRS accounting process.

For valuations and fair value measurements under IFRS 13-Fair Value Measurement, prices obtained from transactions carried out on an active market should be used where possible. For financial instruments in particular, the Company uses the fair value hierarchy set out in IFRS 13. Instruments classified in Level 1 in the notes to the IFRS financial statements are considered as having been obtained on an active market when preparing the Solvency II Balance Sheet.

General principles and rules for classifying items according to the IFRS 13 fair value hierarchy are summarised in the notes to the IFRS financial statements.

## D.1. Assets

### Specific Rules for asset valuation and gap between Financial Statements

#### *Intangible Assets*

The IFRS Net Book value for Intangible Assets is €225k (2018: €0k) and relates to the costs that are directly associated with identifiable and unique computer software products owned by the Company that are expected to generate economic benefits, minus any accumulated amortisation and any accumulated impairment losses.

For Solvency II purposes intangible assets are valued at Nil based on the SII valuation principles (EIOPA Guidelines). This is also a prudent approach followed by the Company due to the absence of any active market for these items.

#### *Deferred Tax Assets*

The Company has not recognised any Deferred Tax Asset under IFRS principles.

Under Solvency II Balance Sheet the Company recognised an amount of €43.638k (2018: €39.575k) Deferred Tax Asset coming from the tax base (temporary) differences created by the differences in the valuation of assets under Solvency II compared to the valuation of such assets under IFRS. As explained above the Intangible assets and Deferred Acquisition costs are valued at Nil based on the Solvency II valuation principles. In addition, the Technical Reserves are valued in accordance with the Solvency II principles.

#### *Insurance & intermediaries receivables*

Insurance & intermediaries receivables are amounts due from agents and direct customers (e.g. from insurance holders) and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment.

The IFRS value of Insurance & Intermediaries receivables is €5.797k (2018: €4.400k).

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable should be reviewed impairment.

The amount of the provision is the difference between the carrying amount and the recoverable amount. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in Statement of Comprehensive Income. When an amount is uncollectible, it is written off against the allowance account for insurance receivables. Subsequent recoveries of amounts previously written off are credited in Statement of Comprehensive Income.

The value of the insurance & intermediaries receivables under Solvency II does not differ from IFRS.

#### *Reinsurance receivables*

The IFRS value of reinsurance receivables is €0k (2018: €0k).

The benefits to which the Company is entitled under reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The Company evaluates their reinsurance assets on a yearly basis for impairment. If there is objective evidence that the reinsurance asset is subject to impairment, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the Statement of Comprehensive Income.

The value of the reinsurance receivables under Solvency II does not differ from IFRS.

#### *Receivables (trade, not insurance)*

The IFRS value of Receivables is €10.342k (2018: €9.716k) and mainly comprises of an intercompany Loan with a Group Company, agents' balances and prepayment to suppliers. The fair value of the Receivables under Solvency II does not differ from IFRS.

Fair value may be determined on a case-by-case basis if the IFRS value is likely to differ significantly from fair value, for example due to the impact of discounting.

### Investment Assets

Investment assets are valued at Fair Value for IFRS purposes. The IFRS value of the Company's total Investible Assets is €507.051k (2018: €446.893k) and is detailed below.

The value of the Investment Assets under Solvency II does not differ from IFRS.

The valuation method for each security depends on several factors, e.g. listed or unlisted asset, where is the asset being listed and liquidity of the asset.

| <b>Assets under Management by Asset class</b> |                                    |   |                     |                |
|---|------------------------------------|---|---------------------|----------------|
| <b>In Thousands €</b>                         | <b>Unit-linked or index-linked</b> | <b>Neither unit-linked nor index-linked</b> | <b>Shareholders</b> | <b>Total</b>   |
| Equity  | 7.796                              | 13  | 46                  | 7.855          |
| Equity Fund                                   | 61.695                             | 3.654                                       | 7.392               | 72.741         |
| Equity Hedge Funds                            | 13.943                             | 0   | 0                   | 13.943         |
| Bonds - In-house                              | 87.597                             | 13.481                                      | 29.215              | 130.293        |
| Bond Funds                                    | 80.859                             | 9.615                                       | 56.703              | 147.177        |
| Money Market Funds                            | 9.259                              | 970   | 7.402               | 17.631         |
| Cash  | 44.964                             | 1.097                                       | 3.136               | 49.197         |
| Property                                      | 16.630                             | 9.659                                       | 21.842              | 48.131         |
| Structure Products                            | 66                                 | 0   | 2.234               | 2.300          |
| Subsidiaries                                  | 637                                | 970   | 3.144               | 4.751          |
| Loans   | 6.411                              | 2.059                                       | 4.562               | 13.032         |
| <b>Total</b>                                  | <b>329.857</b>                     | <b>41.518</b>                               | <b>135.676</b>      | <b>507.051</b> |

### Equities

The equities held by the Company are listed in regulated markets in countries which are members of the EEA or the Organization for Economic Cooperation and Development (OECD), therefore the closing price in those markets is used for valuation purposes.

### Bonds

The same valuation method applies for government bonds and corporate bonds if the asset is considered liquid. For bonds which are illiquid, the Company uses yields derived from similar securities (from the same issuer) in active markets and with the use of linear interpolation the Company estimated the price of the illiquid securities.

All funds CNP Cyprialife invests in, offer daily liquidity and the price is received by the fund manager or via Bloomberg.

### Structured products

The same valuation method applies for structured products excluding one security for which the price is received by the custodian quarterly.

### Properties

Properties are valued by external valuator at least annually and the valuation is based on expected future cash flows.

### Loans

Loans are valued by the Company using the discount method on a monthly basis.

## D.2. Technical Provisions

### Methods and Assumptions

The Company's portfolio has been analysed and classified after a segmentation process into various homogeneous risk groups for the calculation of Technical Provisions, having regard to the minimum Solvency II Directive groupings.

For reporting purposes within the SFCR the following risk classification has been performed:

- Unit Linked Savings (with and without guarantees)
- General Fund Savings (with profit)
- Life Risk Products (Term policies, Life Riders, Group Life category, Health Similar to Life Riders)
- Non-Life Risk – Health & Accident (Health Non Similar to Life)

### Technical Provisions

Solvency II requires undertakings to set up technical provisions which correspond to the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking. The value of technical provisions is equal to the sum of a Best Estimate of the liabilities and a risk margin.

Undertakings should segment their (re)insurance obligations into homogeneous risk groups, and as a minimum by line of business, when calculating technical provisions.

The BE is calculated gross, without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles (SPVs). Those amounts are calculated separately.

The actuarial and statistical methods to calculate technical provisions are proportionate to the nature, scale and complexity of the risks supported by the undertaking.

The Company does not make use of any transitional measures or volatility adjustment.

### Best Estimate of Technical Provisions

The Gross Best Estimate for Life business technical provisions is the result of the present value of gross cash outflows less gross cash inflows. More specifically, cash outflows include claims, maturity payments, surrender payments, expenses, premium, tax and commissions.

For the Health NSLT business, Non-life techniques are used. The Best Estimate for Non-Life consists of:

- Premium provisions (cash flow projections related to claim events occurring after the valuation date and during the remaining in-force period of the policies)
- Claim provisions (cash flow projections related to claim events having occurred before or at the valuations date-whether the claims arising from these events have been reported or not)

#### *Premium Provisions*

For premium provisions the method used is based on an estimate of the combined ratio of the line of business in question.

#### *Claims Provisions*

This is the sum of the total discounted indicated claims reserves and the Claims Handling Expense reserve.

#### *Best Estimate of Reinsurance Recoverables*

Reinsurance recoverables are calculated through appropriate modelling of the reinsurance arrangements or simplifications for smaller portfolios such as the run-off business.



## Description of Model

Deterministic models are used for all business with the exception of Unit Linked policies of the old portfolio with maturity guarantee where a stochastic model is also used to determine the time value of the guarantee.

The models for the life business are built in the Company's actuarial software used for the Solvency II projections.

For all Life policies with the exception of Group Business (including Credit Life) a contract-by-contract approach has been used and cash flows have been projected until the end of the portfolio duration (with no residual cash flow).

For the Health business classified as Health NSLT, non-life deterministic models have been used. The Loss Development method using paid and incurred claims data has been used. For almost all categories, the incurred claims ultimate loss has been chosen which is the higher of the paid and incurred method result.

## Assumptions

The assumptions used in the models are determined by the Actuarial Function using past experience studies and expert judgement. Assumptions are reviewed and challenged by the Audit and Risk Committee of the BoD.

### Economic Assumptions

Risk free yield curves used are prescribed by the EIOPA while the stochastic scenarios are internal and consistent to the risk free rate curves.

#### *Economic scenarios generator*

The modelling of the macroeconomic and financial environment is based on a set of risk factors whose evolution is foreseen on one or more trajectories. These data are generated using Barrie & Hibbert's economic scenarios generator.

### Liabilities Assumptions

#### *Mortality*

The mortality assumption is set based on actuarially determined mortality tables, actuarial judgement and internal mortality investigation.

#### *Loss Ratios*

Loss ratios are based on Company's data.

The judgement on the final setting of the parameters is based on the knowledge of the Company's recent developments, actual performance, plans, changes and the general market and economic outlook.

#### *Expenses*

The Actuarial function performed an analytical expense investigation based on the Company's actual 2019 expenses. Expense inflation is determined based on actuarial judgement, the economic environment and the Company's experience and business plan.

#### *Main source of uncertainty*

The main source of uncertainty underlying technical provisions is the deviation between actual experience and projected experience through assumptions. A robust process is followed in setting assumptions to monitor and analyse any deviations.

#### *Contract Boundaries*

As far as contract boundaries are concerned the following apply for each line of business.

For the unit linked portfolio the Company takes into account all future premiums.

For the Company's whole of life unit-linked products, for Solvency II, the policies are assumed to lapse on the policy review date as defined within the policy conditions.

For Group Life and Health Non Similar to Life business no future premiums are projected since the business is annually renewable.

For the rest of the regular premium business future premiums have been projected up to the maturity/expiration of the policy. This is based on the contract's wording where premiums are unchanged throughout the period of the policy (or can only change upon the policyholder's request ex. for change in cover).

An exception exists within the other life category, for specific products providing pure death and disability cover for which premiums will be revised on the policies' annual anniversary in 2020 and every year thereafter as well as annually renewable individual policies.

## Other main Assumptions

### Tax Assumptions

An assumption of premium tax at a level of 1,5% was used when determining the BE of Technical Provisions.

### Material Assumptions Changes

#### Expense Assumptions

Following the annual internal expense investigation performed in November 2019, there were changes in the per policy expenses.

The overall movement on the BE regarding expenses assumption comes up to a reduction of 0,04% of the total Gross BE.

#### *Surrenders and Lapses Assumptions*

The overall movement on the BE regarding the assumptions of Lapses/Surrenders is a decrease of around 0,57%.

### Risk Margin Calculation

The risk margin is a part of technical provisions in order to ensure that the value of technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations.

The risk margin should be calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance and reinsurance obligations over the lifetime thereof.

The rate used in the determination of the cost of providing that amount of eligible own funds is called the Cost-of-Capital rate.

In order to calculate the Risk Margin, the calculations of the projected SCR of the Company in each point in time is required. Due to the complexity of the Risk Margin definition and calculation, a simplified method is used based on EIOPA technical specifications. A simplification using the overall SCR for each future year (level 3 of the hierarchy as defined in the relevant technical specifications) is used.

For this simplification, the SCR of the year and the projected BE of liabilities for each future year are used in the Risk Margin calculation. The Risk Margin of each line of business is produced using the contribution of each line of business to the total SCR (excluding the market SCR and the contribution of cash in counterparty risk).

## Gap with Financial Statements

The total Gross IFRS Reserves are 17% higher than the Solvency II Technical Provisions mainly due to the more prudent basis used under the IFRS calculation and the allowance of negative BE under Solvency II.

Technical provisions used within the financial statements are calculated using prudent assumptions and methodologies.

The main differences between Financial Statements Reserves and Solvency II Technical provisions are summarised below.

Under Solvency II:

- A cash flow approach is used for all lines of business to calculate both gross and net of reinsurance figures
- Negative BE are allowed
- No prudency margin exists within the chosen assumptions to provide a “Best Estimate” value of liabilities
- Risk-free yield curve is used for discounting while for IFRS the weighted average of the yields on assets backing the reserves is used
- The Risk Margin element is introduced
- Contract boundaries are introduced affecting the duration of cash flows

## Main Results

### Technical Provisions

Technical provisions of liabilities are defined as the sum of Best Estimate of Liabilities (BE) and Risk Margin.

The values of the Technical Provisions of liabilities (Gross of Reinsurance) as at the end of the years 2019 and 2018 are presented below based on Solvency II lines of business.

| In Thousands €                               | Gross Technical Provisions 2019 | Gross Technical Provisions 2018 |
|--|---------------------------------|---------------------------------|
| Unit Linked Savings                          | 320.294                         | 285.023                         |
| General Fund Savings                         | 23.309                          | 24.814                          |
| Life Risk Products                           | -11.038                         | -9.537                          |
| Non-Life Risk (Health and Accident Business) | 12.425                          | 10.905                          |
| <b>Total</b>                                 | <b>344.990</b>                  | <b>311.205</b>                  |

Unit Linked Savings business forms 93% of the total Technical Provisions. This is expected since Unit Linked business is the largest source of business for the Company.

General Fund Savings business has a total of 7% contribution to the Total Technical Provisions. This category is part of the run-off portfolio of the Company; therefore, its contribution to Technical Provisions is expected to decrease over the following years.

Life Risk products portfolio has a negative BE and therefore negative Technical Provisions. This is due to the projected cash-inflows being greater than the projected cash-outflows due to the margins and experience of these types of policies.

### Gross Best Estimate

As mentioned above, the Gross Best Estimate of Technical Provisions is the result of the present value of gross cash outflows less gross cash inflows.

The values of the Best Estimate (Gross of Reinsurance) as at the end of the years 2019 and 2018 are presented below based on Solvency II lines of business.

| In Thousands €                               | Gross Best Estimate 2019 | Gross Best Estimate 2018 |
|--|--------------------------|--------------------------|
| Unit Linked Savings                          | 308.125                  | 275.417                  |
| General Fund Savings                         | 23.017                   | 24.533                   |
| Life Risk Products                           | -17.445                  | -14.506                  |
| Non-Life Risk (Health and Accident Business) | 7.902                    | 6.885                    |
| <b>Total</b>                                 | <b>321.599</b>           | <b>292.329</b>           |

As expected, Unit-Linked Savings have the largest contribution to Best Estimate with approximately 96% of the total Best Estimate.

### Risk Margin

For the Risk Margin calculation the SCR of the year and the projected BE of liabilities for each future year are being used.

The values of the Risk Margin as at the end of the years 2019 and 2018 are presented below based on Solvency II lines of business.

| In Thousands €                               | Risk Margin 2019 | Risk Margin 2018 |
|--|------------------|------------------|
| Unit Linked Savings                          | 12.169           | 9.606            |
| General Fund Savings                         | 292              | 281              |
| Life Risk Products                           | 6.407            | 4.969            |
| Non-Life Risk (Health and Accident Business) | 4.523            | 4.021            |
| <b>Total</b>                                 | <b>23.391</b>    | <b>18.877</b>    |

Unit Linked Savings, had the largest contribution to Risk Margin being 52% of the total Risk Margin.

Life Risk Products follow with 27% contribution to the total Risk Margin. Relative to the size of the portfolio the Life Risk Products contribute the most due to their risk character.

### Reinsurance Recoverable

Reinsurance Recoverable is defined as the difference of the Gross and Net Best Estimate.

The values of the Reinsurance Recoverable as at the end of the years 2019 and 2018 are presented below based on Solvency II lines of business.

| In Thousands €                               | Reinsurance Recoverable | Reinsurance Recoverable |
|--|-------------------------|-------------------------|
|  | 2019                    | 2018                    |
| Unit Linked Savings                          | -9.029                  | -7.396                  |
| General Fund Savings                         | 10                      | 0                       |
| Life Risk Products                           | 467                     | 1.503                   |
| Non-Life Risk (Health and Accident Business) | 1.715                   | 1.349                   |
| <b>Total</b>                                 | <b>-6.837</b>           | <b>-4.544</b>           |

For the unit-linked portfolio the reinsurance recoverable is negative indicating that through projections the Company pays out more to reinsurers in premiums relative to the payments to be received. However, any profit commission payable back from the reinsurers is not currently modelled. This would have increased the payments from reinsurers.

### D.3. Other Liabilities

#### Specific Rules for valuation and gap between Financial Statements

##### Deferred Tax Liabilities

The IFRS value of Deferred Tax Liabilities is €582k.

Under Solvency II Balance Sheet, the Company recognised an amount of €49.143k Deferred Tax Liabilities coming from the tax base (temporary) differences created by the differences in the valuation of assets under Solvency II compared to the valuation of such assets under IFRS. As explained above the Intangible assets are valued at Nil based on the SII valuation principles. In addition, the Technical Reserves are valued in accordance with the SII principles.

##### Provision other than technical provision

The IFRS value of Provisions other than Technical Provision is €958k.

The Provisions other than Technical Provision consist of the amount payable for commission and other benefits on Premium Debtors.

The value of the Provisions other than Technical Provision under Solvency II does not differ from IFRS.

##### Payables (Trade Not insurance)

The IFRS value of Payables is €22.996k and mainly comprises of accrued expenses, obligations to pay for services that have been acquired in the ordinary course of business from suppliers, taxes and current advances.

The value of Payables under Solvency II does not differ from IFRS. The Company considers that this IFRS value does not differ significantly from the economic value of the liabilities, since amounts payable are due in the short term (less than one year). The economic value of current liabilities is not therefore calculated.

The economic value of these liabilities may be determined on a case-by-case basis if the IFRS value is likely to differ significantly from the fair value, for example due to the impact of discounting.

## E. Capital Management

### E.1. Own Funds

#### Objectives, Policy and Procedures

CNP Cyprialife has a simple share capital structure. It is a wholly owned subsidiary of CNP CIH which is owned 100% by CNP Assurance S.A. since October 2019.

The excess of Capital over Liabilities (Own funds) of the Company under IFRS amounts to €106.647k (2018: €93.182k) and consist of:

- Share capital and Share premium. The share capital is comprised of issued and fully paid ordinary shares. The share premium is the difference between the fair value of the consideration receivable for the issue of share and the nominal value of shares. Share premium cannot be used for dividend distribution
- Retained earnings which is the cumulative net income not distributed to its shareholders as dividend
- Other Reserves, not distributable as dividends (e.g. AFS reserve)

The Excess of assets over liabilities under SII amounts to €141.108k (2018: €130.265k). The difference compared to IFRS figure is due to the differences in the valuation of:

- The calculation of Technical Reserves which is based on SII principles and
- The tax base (temporary) differences created affecting the Deferred Tax amount due to adjustments

The capital management plan (management of own funds) is defined as a result of the strategic planning exercise, and is part of the overall framework set by this exercise, in terms of dividend payments, capital increase, etc. It takes into account the Solvency projections from the work carried out as part of the strategic planning.

It can be adjusted upon the occurrence of a major event on markets (stress situation in equities, bonds, real estate, etc.), or affecting CNP Cyprialife (acquisition, business disposal, other event). If the situation requires the full or partial review of the strategic planning exercise, this is revised accordingly.

Based on Company's financial projections as stated in the approved by the BoD 5 Year Business Plan, the Actuarial Function performs the Solvency II calculations to ascertain whether the capital levels are adequate to enable the Company to continue as a going concern.

The Finance Function is responsible for preparing the Company's Business Plan, which is then approved by the BoD. The financial projections of the Company are based on the strategic plan and targets set by the Company for the planning horizon, in conjunction and taking into consideration, the external and internal environment that the Company operates in.

The budget is used as an input to the capital planning. Capital planning includes projections of internal capital requirements (Pillar 1 and 2) and Own Funds over the planning period. These projections are calculated based on the projected Statement of Financial Position structure of the Company, reasonable assumptions, parameters, correlations or levels of confidence decided by the Senior Management, Actuarial, Finance and RMF functions.

Projected capital requirements are compared with Own Funds so that the Company is able to observe whether the forecasted available Own funds of the Company will be adequate to cover any future strategic actions that the Management intends to take.

Prospective changes in the Company's risk profile and how they affect its current and projected level of solvency requirements are taken into account during the capital planning process. The quality and profile of the Company's own funds over the planning period is also taken into consideration.

The Company monitors the procedure described above and its Board is regularly informed about the outcome of the various calculations performed at each step of the procedure.

Information is also provided to the RMF to quantify and assess the risks that the Company faces.

**Structure, Amount and Quality of Own Funds**
*Basic Own Funds*

The Own Funds of the Company under IFRS amount to €106.647k and under the Solvency II amounts to €141.108k. As explained in the introduction the basis of consolidation for financial accounting purposes differs from the used for Solvency II purposes.

The table below illustrates the split of Basic Own Funds under IFRS and Solvency II as at the end of the year ended 31 December 2019 compared to the year ended 31 December 2018:

| In Thousands €               | 2019                    |  | 2018                    |  |
|------------------------------|-------------------------|--|-------------------------|--|
|                              | SII Balance Sheet Value | IFRS Statement of Financial Position Value | SII Balance Sheet Value | IFRS Statement of Financial Position Value |
| Ordinary Share Capital       | 10.540                  | 10.540                                     | 10.540                  | 10.540                                     |
| Additional paid-in capital   | 11.200                  | 11.200                                     | 11.200                  | 11.200                                     |
| Other Reserves               | 0                       | 6.161                                      | 0                       | -338                                       |
| Retained Earnings            | 0                       | 78.746                                     | 0                       | 71.780                                     |
| Reconciliation reserve       | 119.368                 | 0  | 108.525                 | 0  |
| <b>Total Basic Own Funds</b> | <b>141.108</b>          | <b>106.647</b>                             | <b>130.265</b>          | <b>93.182</b>                              |

*Solvency II Own Funds as at 31/12/2019 and 31/12/2018*

The table below illustrates separate for each tier information about the Own Funds at the end of the year-ended 31 December 2019 compared to the year-ended 31 December 2018 together with the eligible amounts of Own Funds to cover SCR and MCR.

The Company's Own Funds consists of Tier 1 funds

| In Thousands €                            | 2019           |                       |          |          | 2018           |                       |          |          |
|---|----------------|-----------------------|----------|----------|----------------|-----------------------|----------|----------|
|   | Total          | Tier 1 - unrestricted | Tier 2   | Tier 3   | Total          | Tier 1 - unrestricted | Tier 2   | Tier 3   |
| Ordinary Share Capital                    | <b>10.540</b>  | 10.540                | 0        | 0        | <b>10.540</b>  | 10.540                | 0        | 0        |
| Additional paid-in capital                | <b>11.200</b>  | 11.200                | 0        | 0        | <b>11.200</b>  | 11.200                | 0        | 0        |
| Reconciliation reserve                    | <b>119.368</b> | 119.368               | 0        | 0        | <b>108.525</b> | 108.525               | 0        | 0        |
| <b>Total Basic Own Funds</b>              | <b>141.108</b> | <b>141.108</b>        | <b>0</b> | <b>0</b> | <b>130.265</b> | <b>130.265</b>        | <b>0</b> | <b>0</b> |
| <b>Eligible own funds to meet the SCR</b> | <b>141.108</b> | <b>141.108</b>        | <b>0</b> | <b>0</b> | <b>130.265</b> | <b>130.265</b>        | <b>0</b> | <b>0</b> |
| <b>Eligible own funds to meet the MCR</b> | <b>141.108</b> | <b>141.108</b>        | <b>0</b> | <b>0</b> | <b>130.265</b> | <b>130.265</b>        | <b>0</b> | <b>0</b> |

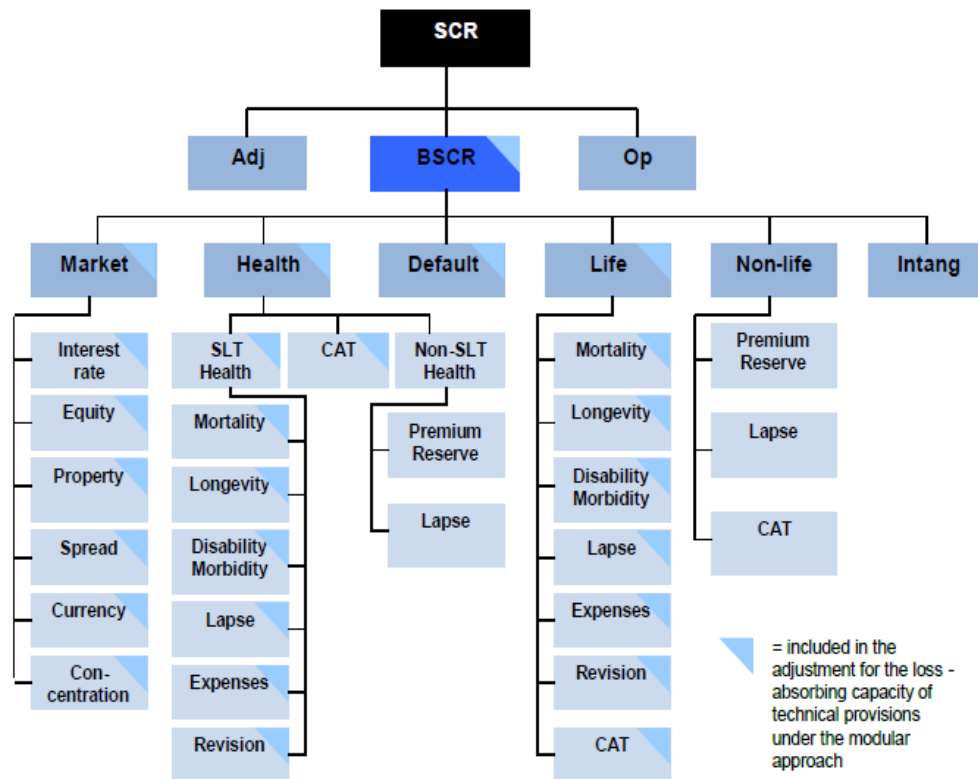
## E.2. Solvency Capital Requirement and Minimum Capital Requirement

### Solvency Capital Requirement valuation method

The overall Solvency II Capital Requirement is calculated using the standard formula as described in the technical specifications.

The Company's SCR is composed by:

- The Basic Solvency Capital requirement (BSCR)
- The Operational SCR and
- Allowing for any adjustment for the risk absorbing effect of technical provisions and deferred taxes.



Each SCR module is calculated based on the technical specifications of EIOPA.

The basic idea for the SCR calculation is to look at the values of assets and liabilities using the SII calculation methods before and after each shock. The SCR is defined as below:

$$SCR = \max \left\{ \left[ \frac{(Market\ Value\ of\ Assets\ Central - Market\ Value\ of\ Assets\ Shock) - (Best\ Estimate\ of\ Liabilities\ Central - Best\ Estimate\ of\ Liabilities\ Shock)}{0.98} \right], 0 \right\}$$

## Solvency Capital Valuation Principles

### Granularity of Calculations

The only simplification that the Company uses for the SCR calculations is for the calculation of Market Risk for Undertakings for Collective Investments in Transferable Securities (UCITs) funds.

As per the EIOPA guidelines, if the Company's exposure to Collective Investments and other investments packaged as funds exceed a certain threshold (20% of the total value of the assets of the insurance or reinsurance undertaking), the SCR shall be calculated on the basis of each of the underlying assets of collective investment undertakings and other investments packaged as funds (look-through approach).

The Company's UCITs exposure is above the maximum threshold; therefore, the look-through approach is required, to the extent of remaining within the 20% threshold, for the calculations of the SCR. The Company performs a look-through approach for certain UCITs funds and for the remaining it uses the information that is given by the fund managers in order to identify the type of risk and the SCR impact. The information given may be:

- Asset Class: an equity fund is included in the equity risk and concentration while a bond fund is included in the interest, spread and concentration risk
- Average duration and average rating: the average duration and rating of an interest sensitive fund is used to calculate the interest risk and the spread risk.

- Fund Type: an equity fund that is invested in EU or OECD countries is shocked by 39% while funds which invest to other countries or hedge funds are shocked by 49%.

### Loss Absorption of Deferred Taxes

Under the Solvency II Balance Sheet, the value of Net Deferred Tax Liability (€5.505k) is lower than the 12,5% (tax rate) of the BSCR and the Operational SCR of the Company. Therefore, the Company is allowed to take into account as adjustment for loss absorption capacity of Deferred Taxes up to €5.505k rather than the full 12,5% of the BSCR and Operational SCR, i.e. €6.079k.

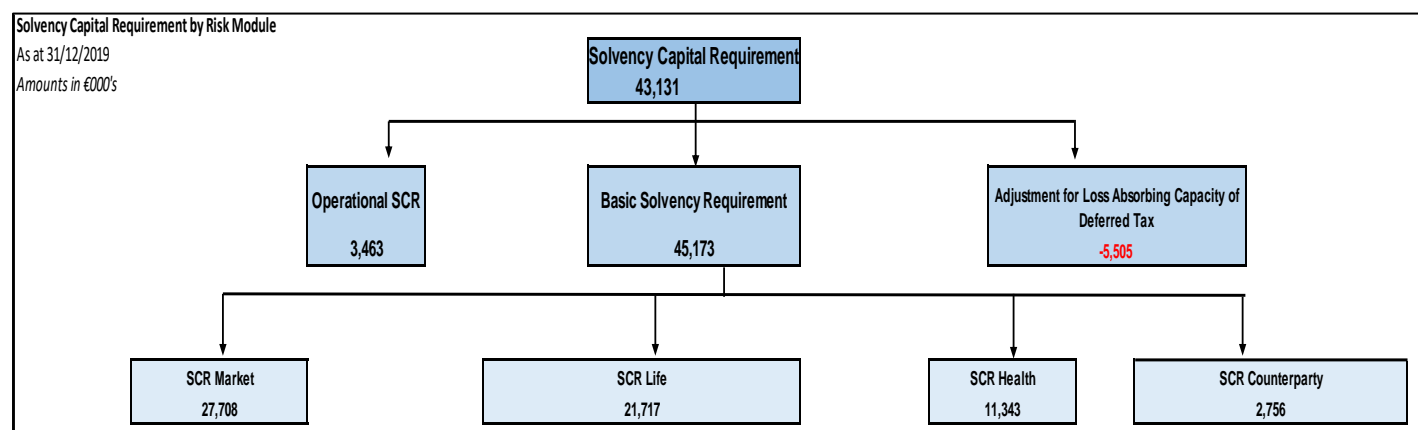
### SCR and MCR as at 31/12/2019

The total SCR of CNP Cyprialife as at the end of 2019 was €43.131k (2018: €37.983k) with a total MCR of €10.783k (2018: €9.496k). These amounts are subject to supervisory assessment.

#### SCR as at 31/12/2019

The SCR of the Company is calculated based on the standard formula provided by the Solvency II Guidelines.

The analysis of the 2019 by risk module is indicated below.





The SCR of the Company consists of the BSCR of €45.173k, the Operational SCR of €3.463k and the Loss Absorption Capacity of Deferred Taxes of -€5.505k.

The BSCR is due to the combination of market risk, life and health underwriting risk and counterparty risk after allowing for diversification between and within those risk modules.

The main risk drivers are the market of €27.708k and life risk of €21.717k given the underlying business of the Company.

The greater components of market risk are spread risk of 30%, property risk of 23% and equity risk of 22% of the total Market SCR respectively before diversification.

The greater component of life risk arises from the lapse shock of 51% of the total Life SCR before diversification.

### Changes over the Reporting Period

SCR has been increased by approximately 14% during the reporting period compared to the previous reporting period. This increase is mainly due to an increase in all main SCR components as explained below.

The increase in SCR Life by 18% arises from the increase in all components with particular importance of the increase in Lapse risk and Expense risk. The increase is mainly due to the combined effect of the increase in per policy expenses of unit-linked business and the overall increase in business.

The increase in SCR Market by 9% arises mainly from the acquisition of property as well as the increase in the equities shock.

SCR Health has increased by 11% mainly due to an increase in Health SLT and Health NSLT by 22% and 13% respectively due to increase in business, increase in premium risk and increase in claims provisions of the year arising from increased incurred claims.

The increase in SCR Counterparty arises mainly from the increased exposure of cash in current accounts.

| In Thousands €          | 2019          | 2018          | Change Percentage |
|-------------------------|---------------|---------------|-------------------|
| <b>SCR</b>              | <b>43.131</b> | <b>37.983</b> | <b>14%</b>        |
| <b>MCR</b>              | <b>10.783</b> | <b>9.496</b>  | <b>14%</b>        |
| SCR Operational         | 3.463         | 3.283         | 5%                |
| SCR Market              | 27.708        | 25.398        | 9%                |
| SCR Life Underwriting   | 21.717        | 18.449        | 18%               |
| SCR Health Underwriting | 11.343        | 10.176        | 11%               |
| SCR Counterparty        | 2.756         | 2.185         | 26%               |

*MCR as at 31/12/2019*

The MCR calculation is derived as the maximum value between the absolute value MCR and the combined MCR. The absolute MCR based on SII regulation comes up to €6.2 million (€2.5 million for the Health no similar to life business and €3.7 million for the Life business, since CNP Cyprialife is licensed to sell both lines of business). As the combined MCR is higher than the absolute value, the MCR of the Company equals the combined MCR of €10.783k (2018: €9.496k).

The combined MCR is derived as the lower of MCR cap (45% of SCR) and of the highest of MCR floor (25% of SCR) and MCR linear. The MCR linear is derived in terms of the life and health non-similar to life business. The main inputs used for the calculation of the combined MCR are the SCR, BE of technical provisions net of reinsurance recoverable, the capital at risk for life business and the written premium over the last 12 months for the health non-similar to life business.

The capital at risk is the value the Company will pay in the event of death or disability less the amount of BE of liabilities (both net of reinsurance).

| <b>In Thousands €</b>     | <b>2019</b>   |
|---------------------------|---------------|
| Linear MCR                | 6.509         |
| SCR                       | 43.131        |
| MCR cap                   | 19.409        |
| MCR floor                 | 10.783        |
| Combined MCR              | 10.783        |
| Absolute floor of the MCR | 6.200         |
| <b>MCR</b>                | <b>10.783</b> |

## Appendix I – Abbreviations

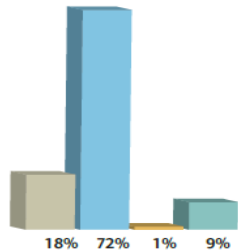
The following abbreviated terms are used throughout this Report.

| <b>A</b>                 |  |
|--------------------------|--|
| ACPR                     | Autorité de Contrôle Prudentiel et de Résolution                 |
| AFS                      | Available For Sale   |
| ALM                      | Asset Liability Matching   |
| <b>B</b>                 |  |
| BE                       | Best Estimate  |
| BoC                      | Bank of Cyprus Public Company Ltd                                |
| BoD / Board              | Board of Directors of CNP Cyprialife Ltd                         |
| BSCR                     | Basic Solvency Capital Requirement                               |
| <b>C</b>                 |  |
| CAT                      | Catastrophe  |
| CAO                      | Chief Actuarial Officer  |
| CCO                      | Chief Compliance Officer   |
| CFO                      | Chief Financial Controller                                       |
| CRO                      | Chief Risk Officer   |
| CNP Cyprialife / Company | CNP Cyprialife Ltd   |
| CNP CIH                  | CNP Cyprus Insurance Holdings Ltd                                |
| <b>D</b>                 |  |
| Directive                | Solvency II Directive  |
| <b>E</b>                 |  |
| EEA                      | European Economic Area   |
| EIOPA                    | European Insurance and Occupational Pensions Authority           |
| EU                       | European Union   |
| <b>I</b>                 |  |
| IAF                      | Internal Audit Function  |
| IFRS                     | International Financial Reporting Standards                      |
| IT                       | Information Technology   |
| <b>M</b>                 |  |
| MCR                      | Minimum Capital Requirement                                      |
| <b>N</b>                 |  |
| NSLT                     | Non-Similar to Life Techniques                                   |
| <b>O</b>                 |  |
| OECD                     | Organisation for Economic Cooperation and Development            |
| ORSA                     | Own Risk Solvency Assessment                                     |
| <b>P</b>                 |  |
| PWC                      | PriceWaterhouseCoopers Limited                                   |
| <b>Q</b>                 |  |
| QRTs                     | Quantitative Reporting Templates                                 |
| <b>R</b>                 |  |
| RMF                      | Risk Management Function   |
| <b>S</b>                 |  |
| SCR                      | Solvency Capital Requirement                                     |
| SFCR                     | Solvency and Financial Condition Report                          |
| SII                      | Solvency II  |
| SPV                      | Special Purpose Vehicle  |
| Supervisor               | Insurance Companies Control Service/ Superintendent of Insurance |
| <b>T</b>                 |  |
| TAA                      | Tactical Asset Allocation  |

Appendix II – Unit Linked Funds 2019

Open to New Business Portfolio  
**PORTFOLIO COMPOSITION AS AT 31/12/2019**

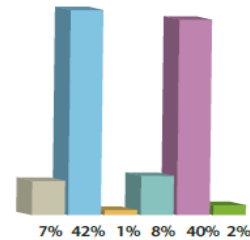
SECURE FUND



Fund Size: €53,408,000  
 Performance  
 - Over the last 12 months: 7.69%  
 - Over the last 3 years: 3.20%  
 - Over the last 5 years: 2.75%

The fund is suitable for investors with at least a medium-term horizon of 7 years. Emphasis is placed more on preservation of capital than achievement of significant capital appreciation. The fund may invest in bonds, property, as well as cash deposits and other money market instruments. The fund has a low risk profile. There are no performance guarantees attached to this fund.

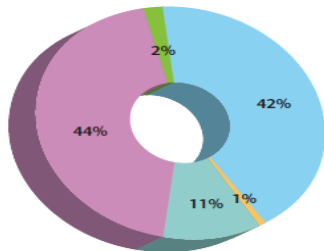
BALANCED FUND



Fund Size: €47,593,000  
 Performance  
 - Over the last 12 months: 12.38%  
 - Over the last 3 years: 5.06%  
 - Over the last 5 years: 3.77%

The fund is suitable for investors with at least a medium-term horizon of 7 years and aims for satisfactory long-term growth in value. The fund invests in a balanced manner both in growth investments (Cyprus and international stocks and property) and in defensive investments (bonds and cash). The fund has a low to medium risk profile. There are no performance guarantees attached to this fund.

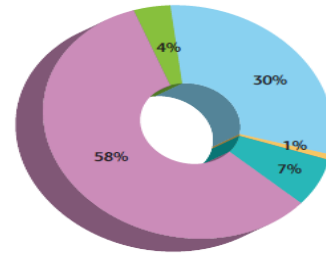
BLUE CHIP FUND



Fund Size: €19,556,000  
 Performance  
 - Over the last 12 months: 15.09%  
 - Over the last 3 years: 6.05%  
 - Over the last 5 years: 4.41%

The fund is suitable for investors with a long-term horizon of over 10 years. The fund's emphasis is more on long-term capital appreciation than capital protection even though it is composed of both growth investments (Cyprus and international stocks) and defensive investments (bonds and cash). The fund has a medium to high risk profile. There are no performance guarantees attached to this fund.

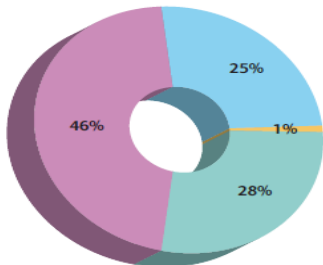
PIONEER FUND



Fund Size: €16,045,000  
 Performance  
 - Over the last 12 months: 18.02%  
 - Over the last 3 years: 6.91%  
 - Over the last 5 years: 5.06%

The fund is suitable for investors with a long-term horizon of over 10 years and aims for long-term capital appreciation by holding mostly local and international stocks and to a lesser extent defensive investments (bonds and cash). The fund has a high risk profile. There are no performance guarantees attached to this fund.

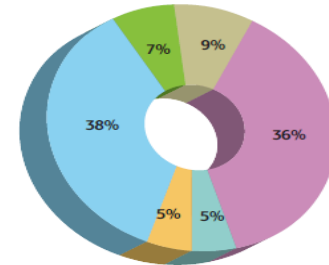
INTERNATIONAL FUND



Fund Size: €16,346,000  
 Performance  
 - Over the last 12 months: 15.76%  
 - Over the last 3 years: 5.55%  
 - Over the last 5 years: 4.11%

The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long-term capital appreciation than capital protection even though it is composed of both growth investments (stocks) and defensive investments (bonds and cash). The fund invests exclusively outside Cyprus and carries no performance guarantees. The fund has a medium to high risk profile. The fund is not accompanied by any guaranteed returns.

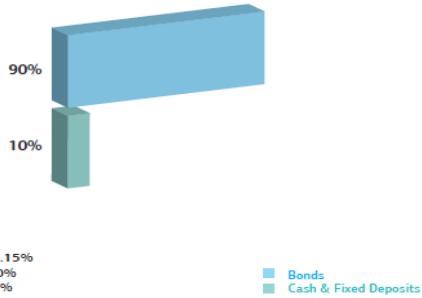
CYPRIALIFE FUND



Fund Size: €57,041,000  
 Performance  
 - Over the last 12 months: 11.26%  
 - Over the last 3 years: 5.93%  
 - Over the last 5 years: 4.73%

The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long-term capital appreciation than capital preservation even though it invests in both growth investments (stocks and property) and defensive investments (bonds and cash). There are no performance guarantees attached to this fund. The fund has a medium to high risk profile. The fund is not accompanied by any guaranteed returns.

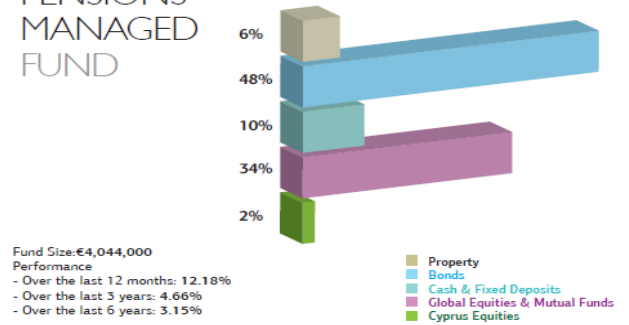
### EXTRA FUND



Fund Size: €3,306,000  
 Performance  
 - Over the last 12 months: 6.15%  
 - Over the last 3 years: 1.70%  
 - Over the last 5 years: 1.31%

The fund aims for steady growth so as to meet or exceed the value guaranteed at the maturity date of the insurance policy. The fund invests in bonds and cash. The fund has a low risk profile.

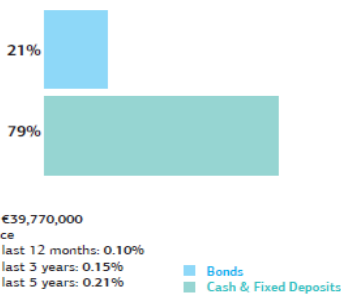
### PENSIONS MANAGED FUND



Fund Size: €4,044,000  
 Performance  
 - Over the last 12 months: 12.18%  
 - Over the last 3 years: 4.66%  
 - Over the last 6 years: 3.15%

The fund is suitable for investors with a long-term horizon of over 10 years. The fund aims for a mix of long-term capital appreciation and downside protection and may employ both growth investments (Cyprus and international stocks), property and defensive investments (bonds and cash). The fund has a medium risk profile. There are no performance guarantees attached to this fund. The fund is not accompanied by any guaranteed returns.

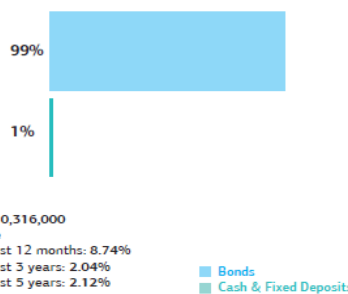
### INCOME FUND



Fund Size: €39,770,000  
 Performance  
 - Over the last 12 months: 0.10%  
 - Over the last 3 years: 0.15%  
 - Over the last 5 years: 0.21%

The fund aims for the highest possible yield that is consistent with a capital protection objective. The fund's yield is re-set semi-annually in advance and remains the same during each six-monthly period. Through this mechanism the company ensures that at each month-end the fund unit price will be higher than or equal to that for the preceding month. The fund invests in bonds and cash deposits and other money market instruments. The fund has a low risk profile.

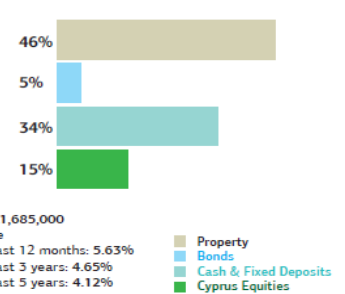
### GLOBAL OPPORTUNITY FUND



Fund Size: €10,316,000  
 Performance  
 - Over the last 12 months: 8.74%  
 - Over the last 3 years: 2.04%  
 - Over the last 5 years: 2.12%

The fund aims to prudently provide a total return through a combination of both income and capital growth, investing in corporate bonds globally. The fund will invest almost exclusively in the Mutual Fund Global Investment Grade Credit («Mutual Funds») which is managed by PIMCO and invests primarily in a range of "investment grade" corporate bonds (rated at least Baa3 or BBB - by Moody's or S&P) issued by companies from around the world. The fund has a medium risk and reward profile. The fund is not accompanied by any guaranteed returns.

### CYPRUS RECOVERY FUND



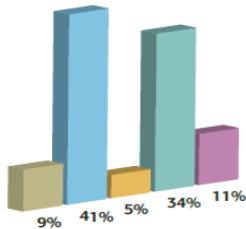
Fund Size: €1,685,000  
 Performance  
 - Over the last 12 months: 5.63%  
 - Over the last 3 years: 4.65%  
 - Over the last 5 years: 4.12%

The fund is suitable for investors with a long term investment horizon that are willing to accept a high level of short to medium term volatility aiming for high long term capital gains. The portfolio also includes investments that can produce a high interest income, although more emphasis is given to long term capital gains. The portfolio is exclusively focused on the Cypriot market. The fund's risk and return profile is expected to be High. The fund is not accompanied by any guaranteed returns.

Closed to New Business Portfolio

PORTFOLIO COMPOSITION AS AT 31/12/2019

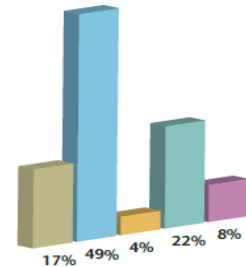
MONEY FUND 1



Fund size: €17,000  
 Performance  
 - Over the last 12 months: 4.0%  
 - Over the last 3 years: 4.0%  
 - Over the last 5 years: 4.0%

The objective of the fund is to achieve the highest possible market interest by investing primarily in bank deposits and government and other bonds.

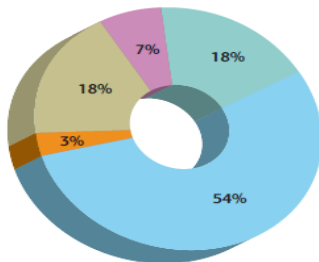
MONEY FUND 2



Fund size: €1,435,000  
 Performance  
 - Over the last 12 months: 4.5%  
 - Over the last 3 years: 4.5%  
 - Over the last 5 years: 4.5%

The objective of the fund is to achieve the highest possible market interest by investing primarily in bank deposits and government and other bonds.

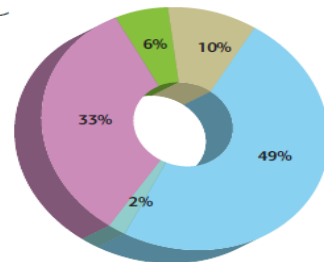
MONEY FUND 3



Fund size: €2,886,000  
 Performance  
 - Over the last 12 months: 5.5%  
 - Over the last 3 years: 5.5%  
 - Over the last 5 years: 5.5%

The objective of the fund is to achieve the highest possible market interest by investing primarily in bank deposits and government and other bonds.

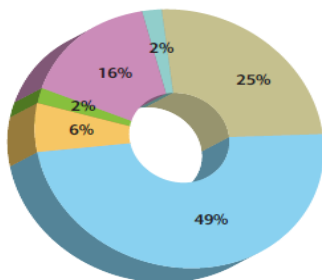
DYNAMIC FUND



Fund size: €21,149,000  
 Performance  
 - Over the last 12 months: 10.13%  
 - Over the last 3 years: 5.11%  
 - Over the last 5 years: 4.3%

The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long term capital appreciation than capital preservation even though it invests in both growth investments (stocks and property) and defensive investments (bonds and cash). There are no performance guarantees attached to this fund.

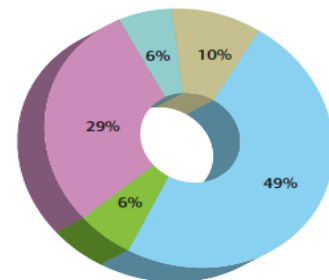
STAR FUND



Fund size: €7,887,000  
 Performance  
 - Over the last 12 months: 6.36%  
 - Over the last 3 years: 2.44%  
 - Over the last 5 years: 1.4%

The fund aims to achieve a minimum guaranteed value as well as generate additional long-term capital appreciation. The fund invests mainly in defensive investments (bonds and cash) and to a lesser extent growth investments (stocks and property).

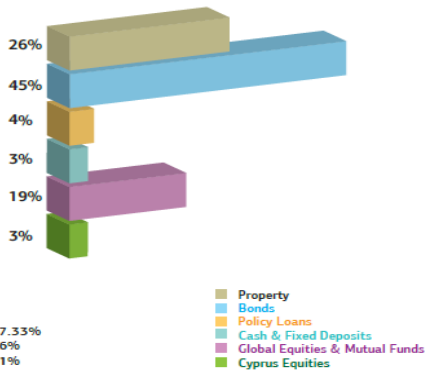
EQUITY FUND



Fund size: €1,578,000  
 Performance  
 - Over the last 12 months: 11.26%  
 - Over the last 3 years: 5.17%  
 - Over the last 5 years: 3.39%

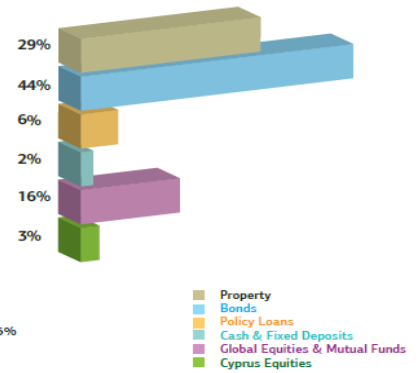
The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long term capital appreciation than capital preservation even though it invests in both growth investments (stocks and property) and defensive investments (bonds and cash). There are no performance guarantees attached to this fund.

### MEGA FUND



The fund aims to achieve a minimum guaranteed value as well as generate additional long-term capital appreciation. The fund invests mainly in defensive investments (bonds and cash) and to a lesser extent growth investments (stocks and property).

### PANEUROPEAN FUND



The fund's principal objective is capital preservation, with long-term capital appreciation as a secondary aim. It invests mainly in defensive investments (bonds and cash) and to a lesser extent growth investments (stocks and property). The fund carries no performance guarantees except in certain cases.

**Appendix III - QRTs**
**S.02.01.02**
**Balance sheet**
**Assets**

|  |
|--|
| Intangible assets  |
| Deferred tax assets  |
| Pension benefit surplus  |
| Property, plant & equipment held for own use   |
| Investments (other than assets held for index-linked and unit-linked contracts)        |
| Property (other than for own use)  |
| Holdings in related undertakings, including participations                             |
| Equities   |
| Equities - listed  |
| Equities - unlisted  |
| Bonds  |
| Government Bonds   |
| Corporate Bonds  |
| Structured notes   |
| Collateralised securities  |
| Collective Investments Undertakings  |
| Derivatives  |
| Deposits other than cash equivalents   |
| Other investments  |
| Assets held for index-linked and unit-linked contracts                                 |
| Loans and mortgages  |
| Loans on policies  |
| Loans and mortgages to individuals   |
| Other loans and mortgages  |
| Reinsurance recoverables from:   |
| Non-life and health similar to non-life  |
| Non-life excluding health  |
| Health similar to non-life   |
| Life and health similar to life, excluding health and index-linked and unit-linked     |
| Health similar to life   |
| Life excluding health and index-linked and unit-linked                                 |
| Life index-linked and unit-linked  |
| Deposits to cedants  |
| Insurance and intermediaries receivables   |
| Reinsurance receivables  |
| Receivables (trade, not insurance)   |
| Own shares (held directly)   |
|  |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in |
| Cash and cash equivalents  |
| Any other assets, not elsewhere shown  |
| <b>Total assets</b>  |

|              | Solvency II value |
|--------------|-------------------|
|              | C0010             |
| <b>R0030</b> | 0                 |
| <b>R0040</b> | 43.637.958        |
| <b>R0050</b> | 0                 |
| <b>R0060</b> | 16.718.994        |
| <b>R0070</b> | 154.420.006       |
| <b>R0080</b> | 10.202.000        |
| <b>R0090</b> | 4.114.006         |
| <b>R0100</b> | 59.000            |
| <b>R0110</b> | 59.000            |
| <b>R0120</b> | 0                 |
| <b>R0130</b> | 44.930.000        |
| <b>R0140</b> | 33.513.000        |
| <b>R0150</b> | 9.183.000         |
| <b>R0160</b> | 2.234.000         |
| <b>R0170</b> | 0                 |
| <b>R0180</b> | 93.588.000        |
| <b>R0190</b> | 0                 |
| <b>R0200</b> | 1.527.000         |
| <b>R0210</b> | 0                 |
| <b>R0220</b> | 326.585.000       |
| <b>R0230</b> | 6.621.000         |
| <b>R0240</b> | 1.551.000         |
| <b>R0250</b> | 0                 |
| <b>R0260</b> | 5.070.000         |
| <b>R0270</b> | -6.836.793        |
| <b>R0280</b> | 1.713.622         |
| <b>R0290</b> | 0                 |
| <b>R0300</b> | 1.713.622         |
| <b>R0310</b> | 477.737           |
| <b>R0320</b> | 535.396           |
| <b>R0330</b> | -57.659           |
| <b>R0340</b> | -9.028.152        |
| <b>R0350</b> | 0                 |
| <b>R0360</b> | 5.797.000         |
| <b>R0370</b> | 0                 |
| <b>R0380</b> | 10.342.000        |
| <b>R0390</b> | 0                 |
| <b>R0400</b> | 0                 |
| <b>R0410</b> | 2.706.000         |
| <b>R0420</b> | 0                 |
| <b>R0500</b> | 559.991.165       |



|   | <b>C0010</b>             |
|---|--------------------------|
| <b>Liabilities</b>  |                          |
| Technical provisions – non-life   | <b>R0510</b> 12.425.447  |
| Technical provisions – non-life (excluding health)                              | <b>R0520</b> 0           |
| Technical provisions calculated as a whole                                      | <b>R0530</b> 0           |
| Best Estimate   | <b>R0540</b> 0           |
| Risk margin   | <b>R0550</b> 0           |
| Technical provisions - health (similar to non-life)                             | <b>R0560</b> 12.425.447  |
| Technical provisions calculated as a whole                                      | <b>R0570</b> 0           |
| Best Estimate   | <b>R0580</b> 7.902.034   |
| Risk margin   | <b>R0590</b> 4.523.413   |
| Technical provisions - life (excluding index-linked and unit-linked)            | <b>R0600</b> 12.270.956  |
| Technical provisions - health (similar to life)                                 | <b>R0610</b> -6.319.747  |
| Technical provisions calculated as a whole                                      | <b>R0620</b> 0           |
| Best Estimate   | <b>R0630</b> -10.142.626 |
| Risk margin   | <b>R0640</b> 3.822.879   |
| Technical provisions – life (excluding health and index-linked and unit-linked) | <b>R0650</b> 18.590.703  |
| Technical provisions calculated as a whole                                      | <b>R0660</b> 0           |
| Best Estimate   | <b>R0670</b> 15.714.863  |
| Risk margin   | <b>R0680</b> 2.875.840   |
| Technical provisions – index-linked and unit-linked                             | <b>R0690</b> 320.294.258 |
| Technical provisions calculated as a whole                                      | <b>R0700</b> 0           |
| Best Estimate   | <b>R0710</b> 308.125.348 |
| Risk margin   | <b>R0720</b> 12.168.910  |
| Contingent liabilities  | <b>R0740</b> 0           |
| Provisions other than technical provisions                                      | <b>R0750</b> 958.000     |
| Pension benefit obligations   | <b>R0760</b> 0           |
| Deposits from reinsurers  | <b>R0770</b> 0           |
| Deferred tax liabilities  | <b>R0780</b> 49.142.901  |
| Derivatives   | <b>R0790</b> 0           |
| Debts owed to credit institutions   | <b>R0800</b> 0           |
| Financial liabilities other than debts owed to credit institutions              | <b>R0810</b> 0           |
| Insurance & intermediaries payables   | <b>R0820</b> 0           |
| Reinsurance payables  | <b>R0830</b> 796.000     |
| Payables (trade, not insurance)   | <b>R0840</b> 22.996.000  |
| Subordinated liabilities  | <b>R0850</b> 0           |
| Subordinated liabilities not in Basic Own Funds                                 | <b>R0860</b> 0           |
| Subordinated liabilities in Basic Own Funds                                     | <b>R0870</b> 0           |
| Any other liabilities, not elsewhere shown                                      | <b>R0880</b> 0           |
| <b>Total liabilities</b>  | <b>R0900</b> 418.883.562 |
| <b>Excess of assets over liabilities</b>  | <b>R1000</b> 141.107.603 |

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

| Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              |        | Line of Business for: accepted non-proportional reinsurance |          |       | Total      |
|--|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|--------------------------|------------|------------------------------|--------|---|----------|-------|------------|
| Medical expense insurance  | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty  | Property |       |            |
| C0010  | C0020                       | C0030                           | C0040                             | C0050                 | C0060                                    | C0070                                       | C0080                       | C0090                           | C0100                    | C0110      | C0120                        | C0130  | C0140   | C0160    | C0200 |            |
| <b>Premiums written</b>  |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              |        |   |          |       |            |
| Gross - Direct Business  | R0110                       | 37.844.000                      | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 37.844.000 |
| Gross - Proportional reinsurance accepted  | R0120                       | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 0          |
| Gross - Non-proportional reinsurance accepted  | R0130                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              | 0      | 0   | 0        |       | 0          |
| Reinsurers' share  | R0140                       | 6.932.000                       | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 6.932.000  |
| Net  | R0200                       | 30.912.000                      | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 30.912.000 |
| <b>Premiums earned</b>   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              |        |   |          |       |            |
| Gross - Direct Business  | R0210                       | 37.383.199                      | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 37.383.199 |
| Gross - Proportional reinsurance accepted  | R0220                       | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 0          |
| Gross - Non-proportional reinsurance accepted  | R0230                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              | 0      | 0   | 0        |       | 0          |
| Reinsurers' share  | R0240                       | 6.648.303                       | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 6.648.303  |
| Net  | R0300                       | 30.734.896                      | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 30.734.896 |
| <b>Claims incurred</b>   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              |        |   |          |       |            |
| Gross - Direct Business  | R0310                       | 24.369.000                      | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 24.369.000 |
| Gross - Proportional reinsurance accepted  | R0320                       | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 0          |
| Gross - Non-proportional reinsurance accepted  | R0330                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              | 0      | 0   | 0        |       | 0          |
| Reinsurers' share  | R0340                       | 4.528.000                       | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 4.528.000  |
| Net  | R0400                       | 19.841.000                      | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 19.841.000 |
| <b>Changes in other technical provisions</b>   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              |        |   |          |       |            |
| Gross - Direct Business  | R0410                       | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 0          |
| Gross - Proportional reinsurance accepted  | R0420                       | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            |        |   |          |       | 0          |
| Gross - Non- proportional reinsurance accepted   | R0430                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              | 0      | 0   | 0        |       | 0          |
| Reinsurers' share  | R0440                       | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 0          |
| Net  | R0500                       | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 0          |
| <b>Expenses incurred</b>   | R0550                       | 8.366.271                       | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                            | 0      | 0   | 0        | 0     | 8.366.271  |
| <b>Other expenses</b>  | R1200                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              |        |   |          |       | 0          |
| <b>Total expenses</b>  | R1300                       |                                 |                                   |                       |  |   |                             |                                 |                          |            |                              |        |   |          |       | 8.366.271  |

|  |              | Line of Business for: life insurance obligations |                                     |  |                      |   |  | Life reinsurance obligations |                  | Total      |
|--|--------------|--|-------------------------------------|--|----------------------|---|--|------------------------------|------------------|------------|
|  |              | Health insurance                                 | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance           | Life reinsurance |            |
|  |              | C0210  | C0220                               | C0230                                  | C0240                | C0250   | C0260  | C0270                        | C0280            | C0300      |
| <b>Premiums written</b>                      |              |  |                                     |  |                      |   |  |                              |                  |            |
| Gross  | <b>R1410</b> | 4.242.566  | 415.330                             | 64.696.554                             | 7.311.157            | 0   | 0  | 0                            | 0                | 76.665.607 |
| Reinsurers' share                            | <b>R1420</b> | 1.250.891  | 65.482                              | 2.730.204                              | 2.937.904            | 0   | 0  | 0                            | 0                | 6.984.481  |
| Net  | <b>R1500</b> | 2.991.674  | 349.848                             | 61.966.350                             | 4.373.254            | 0   | 0  | 0                            | 0                | 69.681.126 |
| <b>Premiums earned</b>                       |              |  |                                     |  |                      |   |  |                              |                  |            |
| Gross  | <b>R1510</b> | 4.242.566  | 415.330                             | 64.696.554                             | 7.226.060            | 0   | 0  | 0                            | 0                | 76.580.511 |
| Reinsurers' share                            | <b>R1520</b> | 1.250.891  | 65.482                              | 2.730.204                              | 2.877.308            | 0   | 0  | 0                            | 0                | 6.923.885  |
| Net  | <b>R1600</b> | 2.991.674  | 349.848                             | 61.966.350                             | 4.348.752            | 0   | 0  | 0                            | 0                | 69.656.625 |
| <b>Claims incurred</b>                       |              |  |                                     |  |                      |   |  |                              |                  |            |
| Gross  | <b>R1610</b> | 605.470  | 2.508.558                           | 38.619.743                             | 2.059.518            | 0   | 0  | 0                            | 0                | 43.793.290 |
| Reinsurers' share                            | <b>R1620</b> | 197.225  | 10.252                              | 141.110                                | 1.369.103            | 0   | 0  | 0                            | 0                | 1.717.690  |
| Net  | <b>R1700</b> | 408.245  | 2.498.306                           | 38.478.633                             | 690.415              | 0   | 0  | 0                            | 0                | 42.075.599 |
| <b>Changes in other technical provisions</b> |              |  |                                     |  |                      |   |  |                              |                  |            |
| Gross  | <b>R1710</b> | 388.138  | -2.181.270                          | 36.496.568                             | -508.432             | 0   | 0  | 0                            | 0                | 34.195.004 |
| Reinsurers' share                            | <b>R1720</b> | 0  | 0                                   | 0                                      | 0                    | 0   | 0  | 0                            | 0                | 0          |
| Net  | <b>R1800</b> | 388.138  | -2.181.270                          | 36.496.568                             | -508.432             | 0   | 0  | 0                            | 0                | 34.195.004 |
| <b>Expenses incurred</b>                     | <b>R1900</b> | 808.771  | 21.392                              | 13.531.152                             | 773.185              | 0   | 0  | 0                            | 0                | 15.134.500 |
| <b>Other expenses</b>                        | <b>R2500</b> |  |                                     |  |                      |   |  |                              |                  | 207.035    |
| <b>Total expenses</b>                        | <b>R2600</b> |  |                                     |  |                      |   |  |                              |                  | 15.341.535 |

## S.05.02.01

## Premiums, claims and expenses by country

|  |       | Home Country     | Top 5 countries (by amount of gross premiums written)<br>- non-life obligations |                  |                  |                  |                  | Total Top 5 and home country |
|--|-------|------------------|---|------------------|------------------|------------------|------------------|------------------------------|
|  |       | C0010            | C0020   | C0030            | C0040            | C0050            | C0060            | C0070                        |
|  | R0010 | <del>C0080</del> | <del>C0090</del>  | <del>C0100</del> | <del>C0110</del> | <del>C0120</del> | <del>C0130</del> | <del>C0140</del>             |
|  |       | C0080            | C0090   | C0100            | C0110            | C0120            | C0130            | C0140                        |
| <b>Premiums written</b>                        |       |                  |   |                  |                  |                  |                  |                              |
| Gross - Direct Business                        | R0110 | 37.844.000       | 0   | 0                | 0                | 0                | 0                | 37.844.000                   |
| Gross - Proportional reinsurance accepted      | R0120 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Gross - Non-proportional reinsurance accepted  | R0130 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Reinsurers' share                              | R0140 | 6.932.000        | 0   | 0                | 0                | 0                | 0                | 6.932.000                    |
| Net  | R0200 | 30.912.000       | 0   | 0                | 0                | 0                | 0                | 30.912.000                   |
| <b>Premiums earned</b>                         |       |                  |   |                  |                  |                  |                  |                              |
| Gross - Direct Business                        | R0210 | 37.383.199       | 0   | 0                | 0                | 0                | 0                | 37.383.199                   |
| Gross - Proportional reinsurance accepted      | R0220 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Gross - Non-proportional reinsurance accepted  | R0230 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Reinsurers' share                              | R0240 | 6.648.303        | 0   | 0                | 0                | 0                | 0                | 6.648.303                    |
| Net  | R0300 | 30.734.896       | 0   | 0                | 0                | 0                | 0                | 30.734.896                   |
| <b>Claims incurred</b>                         |       |                  |   |                  |                  |                  |                  |                              |
| Gross - Direct Business                        | R0310 | 24.369.000       | 0   | 0                | 0                | 0                | 0                | 24.369.000                   |
| Gross - Proportional reinsurance accepted      | R0320 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Gross - Non-proportional reinsurance accepted  | R0330 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Reinsurers' share                              | R0340 | 4.528.000        | 0   | 0                | 0                | 0                | 0                | 4.528.000                    |
| Net  | R0400 | 19.841.000       | 0   | 0                | 0                | 0                | 0                | 19.841.000                   |
| <b>Changes in other technical provisions</b>   |       |                  |   |                  |                  |                  |                  |                              |
| Gross - Direct Business                        | R0410 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Gross - Proportional reinsurance accepted      | R0420 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Gross - Non- proportional reinsurance accepted | R0430 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Reinsurers' share                              | R0440 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| Net  | R0500 | 0                | 0   | 0                | 0                | 0                | 0                | 0                            |
| <b>Expenses incurred</b>                       | R0550 | 8.366.271        | 0   | 0                | 0                | 0                | 0                | 8.366.271                    |
| <b>Other expenses</b>                          | R1200 | <del>0</del>     | <del>0</del>  | <del>0</del>     | <del>0</del>     | <del>0</del>     | <del>0</del>     | 0                            |
| <b>Total expenses</b>                          | R1300 | 8.366.271        | 0   | 0                | 0                | 0                | 0                | 8.366.271                    |

|  |       | Home Country | Top 5 countries (by amount of gross premiums written) - life obligations |       |       |       |       | Total Top 5 and home country |
|--|-------|--------------|--|-------|-------|-------|-------|------------------------------|
|  |       | C0150        | C0160  | C0170 | C0180 | C0190 | C0200 | C0210                        |
|  | R1400 |              |  |       |       |       |       |                              |
|  |       | C0220        | C0230  | C0240 | C0250 | C0260 | C0270 | C0280                        |
| <b>Premiums written</b>                      |       |              |  |       |       |       |       |                              |
| Gross  | R1410 | 76.665.607   | 0  | 0     | 0     | 0     | 0     | 76.665.607                   |
| Reinsurers' share                            | R1420 | 6.984.481    | 0  | 0     | 0     | 0     | 0     | 6.984.481                    |
| Net  | R1500 | 69.681.126   | 0  | 0     | 0     | 0     | 0     | 69.681.126                   |
| <b>Premiums earned</b>                       |       |              |  |       |       |       |       |                              |
| Gross  | R1510 | 76.580.511   | 0  | 0     | 0     | 0     | 0     | 76.580.511                   |
| Reinsurers' share                            | R1520 | 6.923.885    | 0  | 0     | 0     | 0     | 0     | 6.923.885                    |
| Net  | R1600 | 69.656.625   | 0  | 0     | 0     | 0     | 0     | 69.656.625                   |
| <b>Claims incurred</b>                       |       |              |  |       |       |       |       |                              |
| Gross  | R1610 | 43.793.290   | 0  | 0     | 0     | 0     | 0     | 43.793.290                   |
| Reinsurers' share                            | R1620 | 1.717.690    | 0  | 0     | 0     | 0     | 0     | 1.717.690                    |
| Net  | R1700 | 42.075.599   | 0  | 0     | 0     | 0     | 0     | 42.075.599                   |
| <b>Changes in other technical provisions</b> |       |              |  |       |       |       |       |                              |
| Gross  | R1710 | 34.195.004   | 0  | 0     | 0     | 0     | 0     | 34.195.004                   |
| Reinsurers' share                            | R1720 | 0            | 0  | 0     | 0     | 0     | 0     | 0                            |
| Net  | R1800 | 34.195.004   | 0  | 0     | 0     | 0     | 0     | 34.195.004                   |
| <b>Expenses incurred</b>                     | R1900 | 15.134.500   | 0  | 0     | 0     | 0     | 0     | 15.134.500                   |
| <b>Other expenses</b>                        | R2500 |              |  |       |       |       |       | 207.035                      |
| <b>Total expenses</b>                        | R2600 |              |  |       |       |       |       | 15.341.535                   |

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Life and Health SLT Technical Provisions

|   |              | Index-linked and unit-linked insurance |             |       |             | Other life insurance |       |            | Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations | Accepted reinsurance | Total (Life other than health insurance, incl. Unit-Linked) | 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) |
|---|--------------|--|-------------|-------|-------------|----------------------|-------|------------|---|----------------------|---|------------------------------------|-------|-------------|---|---|--|
|   |              | C0020                                  | C0030       | C0040 | C0050       | C0060                | C0070 | C0080      |   |                      |   | C0090                              | C0100 | C0150       |   |   |  |
| <b>Technical provisions calculated as a whole</b>   | <b>R0010</b> | 0                                      | 0           |       |             | 0                    |       |            | 0   | 0                    | 0   | 0                                  |       | 0           | 0   | 0   |  |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | <b>R0020</b> | 0                                      | 0           |       |             | 0                    |       |            | 0   | 0                    | 0   | 0                                  |       | 0           | 0   | 0   |  |
| <b>Technical provisions calculated as a sum of BE and RM</b>  |              |  |             |       |             |                      |       |            |   |                      |   |                                    |       |             |   |   |  |
| <b>Best Estimate</b>  |              |  |             |       |             |                      |       |            |   |                      |   |                                    |       |             |   |   |  |
| <b>Gross Best Estimate</b>  | <b>R0030</b> | 23.017.341                             |             | 0     | 308.125.348 |                      | 0     | -7.302.478 | 0   | 0                    | 323.840.211   |                                    | 0     | -10.142.626 | 0   | 0   | -10.142.626                              |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  | <b>R0080</b> | 10.252                                 |             | 0     | -9.028.152  |                      | 0     | -67.911    | 0   | 0                    | -9.085.811  |                                    | 0     | 535.396     | 0   | 0   | 535.396                                  |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total   | <b>R0090</b> | 23.007.089                             |             | 0     | 317.153.500 |                      | 0     | -7.234.567 | 0   | 0                    | 332.926.022   |                                    | 0     | -10.678.022 | 0   | 0   | -10.678.022                              |
| <b>Risk Margin</b>  | <b>R0100</b> | 291.525                                | 12.168.910  |       |             | 2.584.315            |       |            | 0   | 0                    | 15.044.750  | 3.822.879                          |       |             | 0   | 0   | 3.822.879                                |
| <b>Amount of the transitional on Technical Provisions</b>   |              |  |             |       |             |                      |       |            |   |                      |   |                                    |       |             |   |   |  |
| Technical Provisions calculated as a whole  | <b>R0110</b> | 0                                      | 0           |       |             | 0                    |       |            | 0   | 0                    | 0   | 0                                  |       | 0           | 0   | 0   |  |
| Best estimate   | <b>R0120</b> | 0                                      |             | 0     | 0           |                      | 0     | 0          | 0   | 0                    | 0   |                                    | 0     | 0           | 0   | 0   |  |
| Risk margin   | <b>R0130</b> | 0                                      | 0           |       |             | 0                    |       |            | 0   | 0                    | 0   |                                    | 0     | 0           | 0   | 0   |  |
| <b>Technical provisions - total</b>   | <b>R0200</b> | 23.308.866                             | 320.294.258 |       |             | -4.718.163           |       |            | 0   | 0                    | 388.884.961   | 6.319.747                          |       |             | 0   | 0   | -6.319.747                               |

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| Non-life Technical Provisions   |       | Direct business and accepted proportional reinsurance |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            | Accepted non-proportional reinsurance |                                     |                                       |   | Total Non-Life obligation |                                     |
|---|-------|---|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|--------------------------|------------|---------------------------------------|-------------------------------------|---------------------------------------|---|---------------------------|-------------------------------------|
|   |       | Medical expense insurance                             | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss          | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance |                           | Non-proportional property insurance |
|   |       | C0020   | C0030                       | C0040                           | C0050                             | C0060                 | C0070                                    | C0080                                       | C0090                       | C0100                           | C0110                    | C0120      | C0130                                 | C0140                               | C0150                                 | C0160   | C0170                     | C0180                               |
| Technical provisions calculated as a whole  | R0010 | 0   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 0                                   |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0050 | 0   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 0                                   |
| Technical provisions calculated as a sum of BE and RM   |       |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                     |
| Best estimate   |       |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                     |
| Premium provisions  |       |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                     |
| Gross   | R0060 | 2.070.534   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 2.070.534                           |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default   | R0140 | 355.906   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 355.906                             |
| Net Best Estimate of Premium Provisions   | R0150 | 1.714.628   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 1.714.628                           |
| Claims provisions   |       |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                     |
| Gross   | R0160 | 5.831.500   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 5.831.500                           |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default   | R0240 | 1.357.717   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 1.357.717                           |
| Net Best Estimate of Claims Provisions  | R0250 | 4.473.783   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 4.473.783                           |
| Total Best estimate - gross   | R0260 | 7.902.034   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 7.902.034                           |
| Total Best estimate - net   | R0270 | 6.188.411   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 6.188.411                           |
| Risk margin   | R0280 | 4.523.413   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 4.523.413                           |
| Amount of the transitional on Technical Provisions  |       |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                     |
| Technical Provisions calculated as a whole  | R0290 | 0   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 0                                   |
| Best estimate   | R0300 | 0   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 0                                   |
| Risk margin   | R0310 | 0   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 0                                   |
| Technical provisions - total  |       |   |                             |                                 |                                   |                       |  |   |                             |                                 |                          |            |                                       |                                     |                                       |   |                           |                                     |
| Technical provisions - total  | R0320 | 12.425.447  | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 12.425.447                          |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total                              | R0330 | 1.713.623   | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 1.713.623                           |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total  | R0340 | 10.711.824  | 0                           | 0                               | 0                                 | 0                     | 0  | 0   | 0                           | 0                               | 0                        | 0          | 0                                     | 0                                   | 0                                     | 0   | 0                         | 10.711.824                          |

S.19.01.21  
Non-life insurance claims

Total Non-Life Business

|   |      |                  |
|---|------|------------------|
| Accident year /<br>Underwriting<br>year | 2010 | Accident<br>year |
|   |      |                  |

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

| Year         | Development year |              |              |              |              |              |              |              |              |              |              | In Current<br>year | Sum of<br>years<br>(cumulative) |              |
|--------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|---------------------------------|--------------|
|              | 0                | 1            | 2            | 3            | 4            | 5            | 6            | 7            | 8            | 9            | 10&+         |                    |                                 |              |
|              | <b>C0010</b>     | <b>C0020</b> | <b>C0030</b> | <b>C0040</b> | <b>C0050</b> | <b>C0060</b> | <b>C0070</b> | <b>C0080</b> | <b>C0090</b> | <b>C0100</b> | <b>C0110</b> |                    |                                 |              |
| Prior        | <b>R0100</b>     |              |              |              |              |              |              |              |              |              |              |                    | <b>C0170</b>                    | <b>C0180</b> |
| N-9          | <b>R0160</b>     | 9.524.188    | 1.234.873    | 16.976       | 487          | 2            | 376          | 0            | 1.500        | 0            | 2.604        |                    | <b>R0100</b>                    | 0            |
| N-8          | <b>R0170</b>     | 10.483.270   | 1.139.997    | 4.658        | 130          | 139          | 47           | 2.700        | 0            | 0            |              |                    | <b>R0160</b>                    | 2.604        |
| N-7          | <b>R0180</b>     | 10.555.950   | 943.390      | 26.689       | 0            | 3.710        | 500          | 0            | 0            |              |              |                    | <b>R0170</b>                    | 0            |
| N-6          | <b>R0190</b>     | 10.448.324   | 1.318.843    | 3.144        | 2.652        | 1.508        | 0            | 41           |              |              |              |                    | <b>R0180</b>                    | 0            |
| N-5          | <b>R0200</b>     | 11.923.256   | 1.423.253    | 20.748       | -1.128       | 1.400        | 1.420        |              |              |              |              |                    | <b>R0190</b>                    | 41           |
| N-4          | <b>R0210</b>     | 14.167.490   | 2.578.026    | 36.497       | 5.191        | 5.111        |              |              |              |              |              |                    | <b>R0200</b>                    | 1.420        |
| N-3          | <b>R0220</b>     | 15.218.663   | 3.584.313    | 35.044       | 11.884       |              |              |              |              |              |              |                    | <b>R0210</b>                    | 5.111        |
| N-2          | <b>R0230</b>     | 16.108.076   | 3.672.275    | 91.584       |              |              |              |              |              |              |              |                    | <b>R0220</b>                    | 11.884       |
| N-1          | <b>R0240</b>     | 17.540.047   | 4.753.190    |              |              |              |              |              |              |              |              |                    | <b>R0230</b>                    | 91.584       |
| N            | <b>R0250</b>     | 19.541.648   |              |              |              |              |              |              |              |              |              |                    | <b>R0240</b>                    | 4.753.190    |
| <b>Total</b> | <b>R0260</b>     |              |              |              |              |              |              |              |              |              |              |                    | <b>R0250</b>                    | 19.541.648   |
|              |                  |              |              |              |              |              |              |              |              |              |              |                    | <b>R0260</b>                    | 24.407.483   |
|              |                  |              |              |              |              |              |              |              |              |              |              |                    |                                 |              |



**Gross undiscounted Best Estimate Claims Provisions**  
(absolute amount)

| Year         | Development year |              |              |              |              |              |              |              |              |              |              | Year end<br>(discounted<br>data) |
|--------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------------------------|
|              | 0                | 1            | 2            | 3            | 4            | 5            | 6            | 7            | 8            | 9            | 10&+         |                                  |
|              | <b>C0200</b>     | <b>C0210</b> | <b>C0220</b> | <b>C0230</b> | <b>C0240</b> | <b>C0250</b> | <b>C0260</b> | <b>C0270</b> | <b>C0280</b> | <b>C0290</b> | <b>C0300</b> | <b>C0360</b>                     |
| Prior        | <b>R0100</b>     |              |              |              |              |              |              |              |              |              |              | <b>R0100</b>                     |
| N-9          | <b>R0160</b>     | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 727          |              | <b>R0160</b>                     |
| N-8          | <b>R0170</b>     | 0            | 0            | 0            | 0            | 0            | 0            | 42.910       | 42.715       |              |              | <b>R0170</b>                     |
| N-7          | <b>R0180</b>     | 0            | 0            | 0            | 0            | 1.423        | 200.913      | 200.011      |              |              |              | <b>R0180</b>                     |
| N-6          | <b>R0190</b>     | 0            | 0            | 0            | 0            | 1.895        | 7.935        | 8.073        |              |              |              | <b>R0190</b>                     |
| N-5          | <b>R0200</b>     | 0            | 0            | 0            | 3.741        | 11.447       | 10.470       |              |              |              |              | <b>R0200</b>                     |
| N-4          | <b>R0210</b>     | 0            | 0            | 32.682       | 3.615        | 7.046        |              |              |              |              |              | <b>R0210</b>                     |
| N-3          | <b>R0220</b>     | 0            | 99.496       | 53.768       | 53.806       |              |              |              |              |              |              | <b>R0220</b>                     |
| N-2          | <b>R0230</b>     | 3.869.359    | 335.708      | 25.035       |              |              |              |              |              |              |              | <b>R0230</b>                     |
| N-1          | <b>R0240</b>     | 4.335.431    | 173.370      |              |              |              |              |              |              |              |              | <b>R0240</b>                     |
| N            | <b>R0250</b>     | 5.281.852    |              |              |              |              |              |              |              |              |              | <b>R0250</b>                     |
| <b>Total</b> |                  |              |              |              |              |              |              |              |              |              |              | <b>R0260</b>                     |
|              |                  |              |              |              |              |              |              |              |              |              |              | 5.831.500                        |

**S.23.01.01**  
**Own funds**
**Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35**

|   |       |             |             |   |   |   |
|---|-------|-------------|-------------|---|---|---|
| Ordinary share capital (gross of own shares)  | R0010 | 10.540.000  | 10.540.000  |   | 0 |   |
| Share premium account related to ordinary share capital   | R0030 | 11.200.000  | 11.200.000  |   | 0 |   |
| initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | 0           | 0           |   | 0 |   |
| Subordinated mutual member accounts   | R0050 | 0           |             | 0 | 0 | 0 |
| Surplus funds   | R0070 | 0           | 0           |   |   |   |
| Preference shares   | R0090 | 0           |             | 0 | 0 | 0 |
| Share premium account related to preference shares  | R0110 | 0           |             | 0 | 0 | 0 |
| Reconciliation reserve  | R0130 | 119.367.603 | 119.307.603 |   |   |   |
| Subordinated liabilities  | R0140 | 0           |             | 0 | 0 | 0 |
| An amount equal to the value of net deferred tax assets   | R0160 | 0           |             |   |   | 0 |
| Other own fund items approved by the supervisory authority as basic own funds not specified above                     | R0180 | 0           | 0           | 0 | 0 | 0 |

**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 | 0 |  |  |  |  |
|---|-------|---|--|--|--|--|

**Deductions**

Deductions for participations in financial and credit institutions

**Total basic own funds after deductions**
**Ancillary own funds**

|   |       |   |  |  |   |   |
|---|-------|---|--|--|---|---|
| Unpaid and uncalled ordinary share capital callable on demand   | R0300 | 0 |  |  | 0 |   |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | 0 |  |  | 0 |   |
| Unpaid and uncalled preference shares callable on demand  | R0320 | 0 |  |  | 0 | 0 |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand  | R0330 | 0 |  |  | 0 | 0 |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC   | R0340 | 0 |  |  | 0 |   |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC  | R0350 | 0 |  |  | 0 | 0 |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC  | R0360 | 0 |  |  | 0 |   |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC   | R0370 | 0 |  |  | 0 | 0 |
| Other ancillary own funds   | R0390 | 0 |  |  | 0 | 0 |
| <b>Total ancillary own funds</b>  | R0400 | 0 |  |  | 0 | 0 |

**Available and eligible own funds**

|   |       |             |             |   |   |   |
|---|-------|-------------|-------------|---|---|---|
| Total available own funds to meet the SCR | R0500 | 141.107.603 | 141.107.603 | 0 | 0 | 0 |
| Total available own funds to meet the MCR | R0510 | 141.107.603 | 141.107.603 | 0 | 0 |   |
| Total eligible own funds to meet the SCR  | R0540 | 141.107.603 | 141.107.603 | 0 | 0 | 0 |
| Total eligible own funds to meet the MCR  | R0550 | 141.107.603 | 141.107.603 | 0 | 0 |   |

**SCR**
**MCR**
**Ratio of Eligible own funds to SCR**
**Ratio of Eligible own funds to MCR**

|       | Total       | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|-------|-------------|-----------------------|---------------------|--------|--------|
|       | C0010       | C0020                 | C0030               | C0040  | C0050  |
|       |             |                       |                     |        |        |
| R0010 | 10.540.000  | 10.540.000            |                     | 0      |        |
| R0030 | 11.200.000  | 11.200.000            |                     | 0      |        |
| R0040 | 0           | 0                     |                     | 0      |        |
| R0050 | 0           |                       | 0                   | 0      | 0      |
| R0070 | 0           | 0                     |                     |        |        |
| R0090 | 0           |                       | 0                   | 0      | 0      |
| R0110 | 0           |                       | 0                   | 0      | 0      |
| R0130 | 119.367.603 | 119.307.603           |                     |        |        |
| R0140 | 0           |                       | 0                   | 0      | 0      |
| R0160 | 0           |                       |                     |        | 0      |
| R0180 | 0           | 0                     | 0                   | 0      | 0      |
|       |             |                       |                     |        |        |
| R0220 | 0           |                       |                     |        |        |
|       |             |                       |                     |        |        |
| R0230 | 0           | 0                     | 0                   | 0      |        |
| R0290 | 141.107.603 | 141.047.603           | 0                   | 0      | 0      |
|       |             |                       |                     |        |        |
| R0300 | 0           |                       |                     | 0      |        |
| R0310 | 0           |                       |                     | 0      |        |
| R0320 | 0           |                       |                     | 0      | 0      |
| R0330 | 0           |                       |                     | 0      | 0      |
| R0340 | 0           |                       |                     | 0      |        |
| R0350 | 0           |                       |                     | 0      | 0      |
| R0360 | 0           |                       |                     | 0      |        |
| R0370 | 0           |                       |                     | 0      | 0      |
| R0390 | 0           |                       |                     | 0      | 0      |
| R0400 | 0           |                       |                     | 0      | 0      |
|       |             |                       |                     |        |        |
| R0500 | 141.107.603 | 141.107.603           | 0                   | 0      | 0      |
| R0510 | 141.107.603 | 141.107.603           | 0                   | 0      |        |
| R0540 | 141.107.603 | 141.107.603           | 0                   | 0      | 0      |
| R0550 | 141.107.603 | 141.107.603           | 0                   | 0      |        |
| R0580 | 43.130.805  |                       |                     |        |        |
| R0600 | 10.782.701  |                       |                     |        |        |
| R0620 | 327%        |                       |                     |        |        |
| R0640 | 1309%       |                       |                     |        |        |

**Reconciliation reserve**

Excess of assets over liabilities  
 Own shares (held directly and indirectly)  
 Foreseeable dividends, distributions and charges  
 Other basic own fund items  
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

**Reconciliation reserve**

**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business  
 Expected profits included in future premiums (EPIFP) - Non- life business

**Total Expected profits included in future premiums (EPIFP)**

| C0060        |             |
|--------------|-------------|
|              | X           |
| <b>R0700</b> | 141.107.603 |
| <b>R0710</b> | 0           |
| <b>R0720</b> | 0           |
| <b>R0730</b> | 21.740.000  |
| <b>R0740</b> | 0           |
| <b>R0760</b> | 119.367.603 |
|              | X           |
| <b>R0770</b> | 43.678.695  |
| <b>R0780</b> | 0           |
| <b>R0790</b> | 43.678.695  |

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

Market risk  
 Counterparty default risk  
 Life underwriting risk  
 Health underwriting risk  
 Non-life underwriting risk  
 Diversification  
 Intangible asset risk  
**Basic Solvency Capital Requirement**

|              | Gross solvency capital requirement | USP   | Simplifications    |
|--------------|------------------------------------|-------|--------------------|
|              |                                    | C0110 | C0090              |
| <b>R0010</b> | 27.707.944                         |       | No Simplifications |
| <b>R0020</b> | 2.756.014                          |       |                    |
| <b>R0030</b> | 21.717.211                         |       | No Simplifications |
| <b>R0040</b> | 11.343.374                         |       | No Simplifications |
| <b>R0050</b> | 0                                  |       | No Simplifications |
| <b>R0060</b> | -18.351.894                        |       |                    |
| <b>R0070</b> | 0                                  |       |                    |
| <b>R0100</b> | 45.172.650                         |       |                    |

**Calculation of Solvency Capital Requirement**

Operational risk  
 Loss-absorbing capacity of technical provisions  
 Loss-absorbing capacity of deferred taxes  
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

**Solvency Capital Requirement excluding capital add-on**

Capital add-on already set  
**Solvency capital requirement**

**Other information on SCR**

Capital requirement for duration-based equity risk sub-module  
 Total amount of Notional Solvency Capital Requirements for remaining part  
 Total amount of Notional Solvency Capital Requirements for ring fenced funds  
 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios  
 Diversification effects due to RFF nSCR aggregation for article 304

|              | C0100      |
|--------------|------------|
| <b>R0130</b> | 3.463.098  |
| <b>R0140</b> | 0          |
| <b>R0150</b> | -5.504.943 |
| <b>R0160</b> | 0          |
| <b>R0200</b> | 43.130.805 |
| <b>R0210</b> | 0          |
| <b>R0220</b> | 43.130.805 |
|              |            |
| <b>R0400</b> | 0          |
| <b>R0410</b> | 0          |
| <b>R0420</b> | 0          |
| <b>R0430</b> | 0          |
| <b>R0440</b> | 0          |

S.28.02.01

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

|   | Non-life activities           | Life activities              |   |
|---|-------------------------------|------------------------------|---|
|   | MCR <sub>(NL,NL)</sub> Result | MCR <sub>(NL,L)</sub> Result |   |
|   | C0010                         | C0020                        |   |
| Linear formula component for non-life insurance and reinsurance obligations | R0010                         | 1.743.719                    | 0 |

Medical expense insurance and proportional reinsurance  
Income protection insurance and proportional reinsurance  
Workers' compensation insurance and proportional reinsurance  
Motor vehicle liability insurance and proportional reinsurance  
Other motor insurance and proportional reinsurance  
Marine, aviation and transport insurance and proportional reinsurance  
Fire and other damage to property insurance and proportional reinsurance  
General liability insurance and proportional reinsurance  
Credit and suretyship insurance and proportional reinsurance  
Legal expenses insurance and proportional reinsurance  
Assistance and proportional reinsurance  
Miscellaneous financial loss insurance and proportional reinsurance  
Non-proportional health reinsurance  
Non-proportional casualty reinsurance  
Non-proportional marine, aviation and transport reinsurance  
Non-proportional property reinsurance

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  |
| R0020 | 6.188.411   | 30.912.000   | 0  | 0  |
| R0030 | 0   | 0  | 0  | 0  |
| R0040 | 0   | 0  | 0  | 0  |
| R0050 | 0   | 0  | 0  | 0  |
| R0060 | 0   | 0  | 0  | 0  |
| R0070 | 0   | 0  | 0  | 0  |
| R0080 | 0   | 0  | 0  | 0  |
| R0090 | 0   | 0  | 0  | 0  |
| R0100 | 0   | 0  | 0  | 0  |
| R0110 | 0   | 0  | 0  | 0  |
| R0120 | 0   | 0  | 0  | 0  |
| R0130 | 0   | 0  | 0  | 0  |
| R0140 | 0   | 0  | 0  | 0  |
| R0150 | 0   | 0  | 0  | 0  |
| R0160 | 0   | 0  | 0  | 0  |
| R0170 | 0   | 0  | 0  | 0  |

|  | Non-life activities          | Life activities             |
|--|------------------------------|-----------------------------|
|  | MCR <sub>(L,NL)</sub> Result | MCR <sub>(L,L)</sub> Result |
|  | C0070                        | C0080                       |
| <b>Linear formula component for life insurance and reinsurance obligations</b> | R0200                        | 4.765.520                   |
|  |                              | 0                           |

Obligations with profit participation - guaranteed benefits  
 Obligations with profit participation - future discretionary benefits  
 Index-linked and unit-linked insurance obligations  
 Other life (re)insurance and health (re)insurance obligations  
 Total capital at risk for all life (re)insurance obligations

|          | Non-life activities   | Life activities                                |   |  |
|----------|---|--|---|--|
|          | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
|          | C0090   | C0100  | C0110   | C0120  |
| <b>E</b> |   |  |   |  |
| R0210    | 0   |  | 23.813.884  |  |
| R0220    | 0   |  | 0   |  |
| R0230    | 0   |  | 317.153.500   |  |
| R0240    | 0   |  | 0   |  |
| R0250    |   | 0  |   | 2.377.617.203                                  |

**Overall MCR calculation**

|                                    | C0130            |
|------------------------------------|------------------|
| Linear MCR                         | R0300 6.509.239  |
| SCR                                | R0310 43.130.805 |
| MCR cap                            | R0320 19.408.862 |
| MCR floor                          | R0330 10.782.701 |
| Combined MCR                       | R0340 10.782.701 |
| Absolute floor of the MCR          | R0350 6.200.000  |
| -                                  | C0130            |
| <b>Minimum Capital Requirement</b> | R0400 10.782.701 |

**Notional non-life and life MCR calculation**

|  | Non-life activities | Life activities |
|--|---------------------|-----------------|
|  | C0140               | C0150           |
| Notional linear MCR  | R0500 1.743.719     | 4.765.520       |
| Notional SCR excluding add-on (annual or latest calculation) | R0510 11.554.039    | 31.576.765      |
| Notional MCR cap   | R0520 5.199.318     | 14.209.544      |
| Notional MCR floor   | R0530 2.888.510     | 7.894.191       |
| Notional Combined MCR  | R0540 2.888.510     | 7.894.191       |
| Absolute floor of the notional MCR                           | R0550 2.500.000     | 3.700.000       |
| Notional MCR   | R0560 2.888.510     | 7.894.191       |

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