GET LIFE RIGHT

Solvency and Financial Condition Report (SFCR)

December 2023

Statement of Directors' responsibilities in respect of the Solvency and Financial Condition Report ("SFCR")

The Directors are responsible for ensuring the SFCR has been properly prepared in all material respects in accordance with the Malta Financial Services Authority ("the MFSA") rules and Solvency II Regulations.

The Directors are required to ensure that the Company has a written policy in place (Reporting and Disclosure Policy) to ensure the ongoing appropriateness of any information disclosed and the MFSA expects that the Directors should be satisfied that:

a. throughout the financial year, the Company has complied in all material respects with the requirements of the MFSA rules and Solvency II Regulations as applicable to the Company; and

b. it is reasonable to believe that, at the date of the publication of the SFCR, the Company has continued so to comply, and will continue to comply in future.

The SFCR was approved by the Board of Directors on 25/04/2024 and was signed on its behalf by:

Michael Gatt
Director

Kevin Valenzia
Director

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EXECUTIVE SUMMARY

- **Business and Performance:** IVALIFE Insurance Company ('IVALIFE,' the 'Company') is a limited liability company incorporated in Malta on 24 December 2019. The Company was authorised by the Malta Financial Services Authority to transact long term business of insurance on 01 February 2021 and commenced its operations 01 March 2021. The Company offers a range of products both on individual and group basis, including level and decreasing term insurance policies, premium with-profits policies and unit-linked pension plans.

- **System of Governance:** To meet the requirements set out in the MFSA Insurance Rules the Company has an established system of governance in place. This includes a Board of Directors comprising of both non-executive directors and independent non-executive directors as well as three Board Committees, which contribute to the sound and prudent management of the Company. The Company's system of governance fulfils the requirements of Directive 2009/138/EC (Solvency II).

- **Risk Profile:** The Company's overall risk profile is determined by the characteristics of its asset portfolio and the nature of its insurance business. Life business is geared towards long term with profits and unit-linked products, with protection cover being an important element for the portfolio. The most predominant quantifiable risks at this point are Life Underwriting, Market, Operational and Counterparty default risks while the most predominant non-quantifiable risks are Strategic and Reputational.

- **Valuation for Solvency Purposes:** As at the 31 December 2023, the Solvency Capital Requirements stood at 163% whilst the Minimum Capital Requirements stood at 247%.

- **Capital Management:** As at December 31, 2023, the Company meets the capital requirements as outlined in Directive 2009/138/EC (Solvency II).

The purpose of the Solvency and Financial Condition Report (SFCR) is to satisfy the public disclosure requirements under the Article 290 of the EU Delegated Regulation 2015/35. The elements of the disclosure relate to business performance, governance, risk profile, valuation of solvency purposes and capital management. The SFCR has been prepared with reference date 31 December 2023.

1. BUSINESS AND PERFORMANCE

1.1 OVERVIEW

IVALIFE Insurance Company ('IVALIFE,' the 'Company') is a limited liability company incorporated in Malta on 24 December 2019. The Company was authorised by the Malta Financial Services Authority to transact long term business of insurance on 01 February 2021 and commenced its operations 01 March 2021. The Company offers a range of products both on individual and group basis, including level and decreasing term insurance policies and regular and single premium with-profits policies. In 2023, the Company launched its unit linked pension plans. The Company continued to operate in a challenging environment as a result of the prolonged geopolitical tensions and inflationary pressures experienced in 2023. Nevertheless, the insurance portfolio of IVALIFE continued to show steady expansion, which is an indicator that IVALIFE continues to have customers' trust.

The product offerings for the year under review included the IVAsecure level term, IVAprotect decreasing term, IVAsave with profits regular premium savings plan, IVAinvest with profits single premium savings plan, IVApension unit linked pension plans and Group protection.

The Company reported a profit after tax for the year ended 31 December 2023 of €0.23m compared to a restated prior year period loss of €2.86m. The gross premium written for the financial year amounted to €3.74m (2022: €8.61m), €0.12m (2022: €6.38m) of which were single premium and the €3.61m (2022: €2.24m) comprised individual and group protection and regular savings plans. The Company launched its unit-linked product in March 2023 and generated business amounting to €1.16m. The claims incurred net of reinsurance amounted to €0.19m. In 2023, the Company adopted IFRS 17 for the first time, which went to replace IFRS 4, "Insurance Contracts". This standard brought significant changes to the accounting for insurance and reinsurance contracts and had a material impact on the Company's financial statements in the period of initial recognition. The Company's efforts throughout the year remained focused on creating brand awareness, widening the product offerings, onboarding additional distributors as well as engaging the necessary expertise thus enhancing the management structure to allow for the business operation going forward.

The total assets increased by €3.23m, from the restated €16.88m at end of year 2022 to €20.11m as at end of 2023. The increase includes a €2m capital injection made by the shareholders in 2023. The insurance contract liabilities as at year end, totalled €11.76m (2022: €11.26m). The Company's shareholders' funds at the close of 2023 amounted to €7.17m (2022: €4.94m).

1.2 BUSINESS PROFILE

1.2.1 Name and legal form of undertakings

IVALIFE Insurance Limited is authorised and regulated by the Malta Financial Services Authority to carry out long term business of insurance under the Insurance Business Act (Chapter 403 of the Laws of Malta) with company registration number C 94404.

IVALIFE is equally owned by four leading companies primarily operating in the financial services industry, namely APS Bank plc., Atlas Insurance PCC Limited, GasanMamo Insurance Ltd. and MaltaPost plc.

Its registered address is IVALIFE Insurance Limited, Centris Business Gateway II, Level 1D, Triq is-Salib tal-Imriehel, Central Business District, B'kara CBD3020, Malta.

1.2.2 Supervisory authority

IVALIFE is authorised and regulated by the Malta Financial Services Authority of Triq L-Imdina, Zone 1, Central Business District, Birkirkara CBD1010 Malta.

1.2.3 Name and contact details of the external auditor

The Company's external auditors for the financial year ended 31 December 2023 are PricewaterhouseCoopers with registered address 78 Mill Street, Zone 5, Central Business District, Qormi CBD 5090, Malta.

1.2.4 Material lines of business and material geographical areas where the company carries out business

IVALIFE is authorised to carry on long-term business of insurance under the Insurance Business Act (Chapter 403 of the Laws of Malta) in respect of commitments where Malta is the country of commitment. The Company provides a range of products both on individual and group basis, including level and decreasing term insurance policies, unit linked pension plans and regular and single premium with-profits policies.

1.2.5 Underwriting Performance

	Insurance with profit participation		Index-linked and unit-linked insurance		Other life insurance		Total	
	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Premiums								
Gross	**224**	6,422	**1,157**	-	**3,513**	2,193	**4,894**	8,615
Reinsurers' share	**(3)**	(1)	-	-	**(869)**	(549)	**(872)**	(550)
Net	**221**	6,421	**1,157**	-	**2,644**	1,644	**4,022**	8,065
Claims Incurred								
Gross	**81**	-	-	-	**30**	362	**111**	362
Reinsurers' share	-	-	-	-	**(21)**	(286)	**(21)**	(286)
Net	**81**	-	-	-	**9**	76	**90**	76
Surrenders								
Net	**99**	-	-	-	-	-	**99**	-

The Company registered an increase in business when comparing YE 2023 and YE 2022. This was mainly driven by the fact that the protection business (both group and individual) performed better than expected and the unit-linked pension plans also performing better than originally projected.

1.2.6 Investment Performance

The Company has recognised the following net investment income for the year ended 31 December 2023.

	Investment Performance	
	YE 2023 (€'000)	YE 2022 (€'000)
Investment income	289	151
Investment charges	(121)	(89)
Net fair value gain / (loss) on financial assets at fair value through profit and loss	563	(1,165)
Net realised gain / (loss) on disposal on financial assets at fair value through profit and loss	92	(206)

1.2.7 Income and expenses arising from investments by asset classes

The assets invested by the Company (own funds and policyholder funds) fall in the following asset classes:

	Market Value	Net Investment Return
	YE 2023 (€'000)	YE 2023 (€'000)
Equities	1,239	159
Debt Securities	9,109	389
Collective Investment Schemes	3,411	275

1.2.8 Any Other Information

1.2.8.1 Business Generated

During the year, further work has been carried out to strengthen the distribution network to allow the Company to achieve the desired level of growth. The targets for both IVAsecure and IVAprotect were achieved representing the Company's continued focus on penetrating the Maltese protection market. In addition, the IVApension product was rolled out in March 2023, with encouraging results being recorded. The 2023 targeted volumes for both the IVAinvest With Profits Single Premium and IVAsave With Profits Regular Premium were however not achieved. This is mainly driven by the current economic climate where other products provide a guaranteed rate of return in addition to the capital protection.

1.2.8.2 Geopolitical Tensions

The Russian – Ukraine conflict that started on the 24 of February 2022 has magnified uncertainty in all economic sectors including financial services and insurance. The Israeli/Gaza conflict in 2023 has continued to increase the level of geopolitical tensions across the world. IVALIFE has an insignificant level of exposure to policyholders in these territories and does not have any asset exposures in those regions. As a result, there is no direct impact on the business performance. Nonetheless, these conflicts created instability within the international financial market which has had an indirect impact on the value of the Company's underlying investments.

1.2.8.3 Legal and Regulatory Changes

The Company has transitioned its financial reporting standard to IFRS 17 "Insurance Contracts". The reporting emanating from IFRS 17 requires insurers to transform their processes and prepare data at a new level of granularity. Significant changes are also recorded in the financial statements prepared under this new standard when compared to the previous standard, IFRS 4.

In addition, the Company has been looking into the requirements of the Digital Operational Resilience Act ("DORA") which shall become effective on 17 January 2025. The requirements under DORA shall require the Company to implement various changes in its ICT Risk Management, Incident Management, Resilience Testing and Third-Party Risk Management.

IVALIFE remains committed to stable and resilient social, environmental, and economic considerations and believes that sustainable investments are central to successful long-term investor outcomes. The Company aims to develop an Environmental, Social and Governance ("ESG") framework in the medium to long term with the objective of steadily embedding processes which will enable it to allocate ever-increasing importance to ESG issues.

1.2.8.4 Any Other Material Information

There is no other material information regarding the business and performance that requires disclosure.

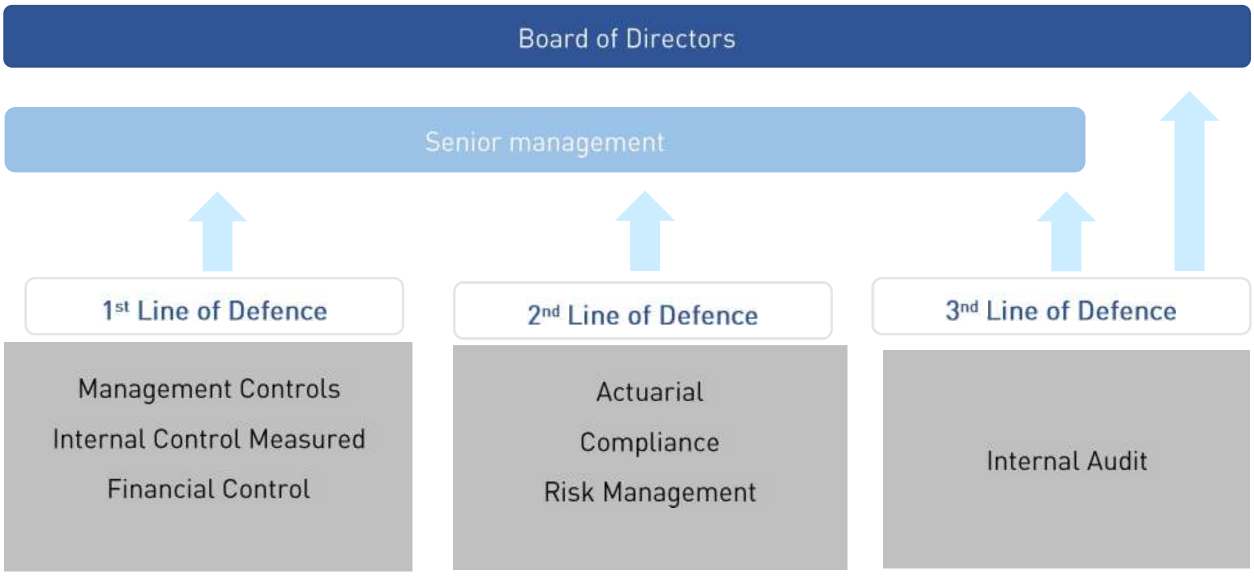
2. SYSTEM OF GOVERNANCE

2.1 INTRODUCTION

The Company has in place a system of governance which aims to provide sound and prudent management of the business. The Company's governance includes a transparent organisational structure with a clear allocation of responsibilities and appropriate segregation of duties.

2.2 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The corporate governance framework for the management of risks within the Company is based on the "Three Lines of Defence Model". The Three Lines of Defence Model supports the implementation of a robust internal control system and is aligned with the 'four-eye principle'. In practice, there is sufficient control and challenge at all levels of the organisation.



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

The Second Line of Defence concerns the risk management activities that are carried out by the RMF and the important supporting operations. Specifically, the RMF is responsible for the preparation, maintenance, and periodic review, as well as for the continuous monitoring of compliance with the Company's policies and procedures. It also refers to the risk management activities performed by the Board Committees and includes the approval and oversight of the implementation of policies and the establishment of systems and controls so that the overall level of risks and the relationship between risk and reward remain within acceptable levels. The Actuarial Function in its advisory capacity provides technical expertise to both the 1st and 2nd Line of defence.

The Third Line of Defence concerns the activities of Internal Audit that through its work provides an independent assurance to the BoD, on the performance and effectiveness of the risk management systems within the Company. The Internal Audit conducts regular internal audits of the procedures applied for managing all types of risks and their effectiveness, the results of these audits are summarised in reports submitted to the BoD, through the Audit and Risk Committee, and to the Senior Management.

The BoD is kept abreast of all the risk management activities (i.e., the approval of the strategic management of risk and capital), by which the risk definitions, risk profile and risk appetite are ratified. The BoD is responsible for ensuring that the implemented risk management framework is suitable, effective, and proportionate to the nature, scale, and complexity of the risks inherent in the business. The BoD is also responsible for the approval of any periodic revision of the main strategies and business policies of the Company in terms of risk management.

2.2.1 Roles and responsibilities of the Board, Senior Management, and key functions

2.2.1.1 Board of Directors (BoD)

The Company's ultimate supervisory body is the Board of Directors. The Board maintains overall responsibility for the management of the Company, including ultimate oversight of the Company's operations. The composition and resourcing of the BoD reflects the range of skills, knowledge, and experience necessary for the BoD to be effective.

The Board is comprised of 6 members, 2 of who are Independent Non-Executive Directors.

The Company's BoD monitors the performance of Senior Management and gives guidance and advice, where appropriate. As part of performing its oversight function, the BoD reviews and discusses reports submitted by Senior Management and internal control functions regularly and it maintains active and open communication with the Chief Executive Officer and Senior Management.

In general, the BoD is responsible for the following:

- Setting the strategy, tone, culture, and values of the Company.
- Establishing the Company's internal control and risk management systems and monitoring their implementation and effectiveness.
- Overseeing Senior Management and establishing sound business practices and strategic planning.
- Setting the Company's risk appetite and risk tolerance limits at a level which is proportionate with the strategic goals of the Company and the nature, scope, and complexity of its activities.
- Defining and approving the Company's policies and procedures to ensure its sound operation and compliance with regulatory requirements, taking appropriate measures to address any deficiencies.

2.2.1.2 Board Committees

To assist it in discharging its obligations, and considering the principle of proportionality, the Board has set up three Board Committees:

- The Asset Liability Investment Advisory Committee was established in 2021 and is responsible for the Investment Management Function of the Company and to exercise the powers delegated to it by the Board.
- The Audit Committee, established in 2021, ensures that the Company has in place an adequate internal control system and oversees the operations.
- The Risk and Compliance Committee, established in 2022, is responsible for the supervision of the Company's risk management framework.

Matters not reserved to the BoD are delegated to the Board Committees. However, delegation does not release the BoD from collectively discharging its duties and responsibilities. In all instances, the Board Committees shall compromise of at least 3 members. The Board Committees are fully operational and meet at least four times annually. The terms of reference of the Committees setting out the composition, meeting requirements, responsibilities and authority are approved by the BoD.

2.2.1.3 Executive Committee

The Company has established an Executive Committee which is responsible for the implementation of the business plan and risk management strategy set by the Board. It holds monthly meetings for the purpose of coordination, review, discussion, and approval on key issues relating to its responsibilities.

The Executive Committee is comprised of 4 members forming part of the Company and is chaired by the Chief Executive Officer.

The Chief Executive Officer has the overall responsibility and oversight for all the business operations of the Company and is supported in his role by the aforesaid executive committee members. Committee members have a clear mandate and responsibilities which are clearly communicated to all management and staff within the company.

The Company's Chief Executive Officer reports to the Board of Directors.

2.2.1.4 Key functions

In order to strengthen its internal control system, the Company has set up the following control functions, in accordance with the Solvency II requirements:

- Actuarial Function (AF)
- Compliance Function (CF)
- Internal Audit Function (IAF)
- Risk Management Function (RMF)

Actuarial Function

The AF is responsible for the calculation of the technical provisions, including the assessment of the data quality and the comparison of best estimates against experience. It provides its opinion in relation to the overall underwriting policy and the reinsurance arrangements of the Company and contributes to the effective implementation of the risk management system, particularly, in respect of the ORSA and MCR/SCR calculations.

Compliance Function

The CF is responsible for ensuring that all actions undertaken by the Company are at all times in compliance with the applicable laws and regulations. It is also responsible to identify, assess and manage the compliance risk that the Company might face and to assess the appropriateness of the procedures and policies in place. In addition, it may suggest organisational and procedural changes to ensure that identified compliance risks are appropriately managed.

The CF is independent of operational activities. It reports directly to the Chief Executive Officer and to the Board of Directors and has also direct access to the RCC, in order to escalate issues and act independently from the Management team.

Internal Audit Function

The IAF is independent from any operational functions and its role is to assess the adequacy and effectiveness of the internal control and risk management systems, as well as the effectiveness of other elements of the system of governance. The Internal Audit Function undertakes planned reviews of the Company's processes and their implementation and reports its findings as well as material breaches to the Board. It reports directly to the AC.

Risk Management Function

The purpose of the RMF is to facilitate the effective implementation of the risk management system of the Company and to design the risk management processes and reporting procedures required to identify, assess, manage, monitor, and report every type of risk inherent in the Company's operations. It is also responsible for monitoring the risk appetite and tolerance limits set by the Board.

In order to facilitate the most effective operation and the objectivity of the risk management system, the RMF is operationally independent from risk-taking functions. The RMF reports directly to the Chief Executive Officer and has direct access to the ALIAC, RCC and the Board, in order to ensure its operational independence and safeguard its ability to escalate important issues.

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

On 1st August 2023, Mr Tassos Anastasiou resigned as Director and Chairman of the ALIAC. Mr Ioannis Ioannou will be joining the Board of Directors and as a Committee Member of both the AC and ALIAC, subject to receiving regulatory approval. In addition, Mr Michel Said resigned as Committee Member of the ALIAC effective 14 September 2023, with Mr Michael Gatt and Mr Kevin Valenzia joining the ALIAC as Chairman and Committee Member, respectively.

2.2.3 Remuneration policy and practises for the BoD and employees

The remuneration of all staff employed by the Company complies with the following principles:

- It is in line with the Company's strategy
- It is linked with the Company's structured performance appraisal system
- Ensures fair treatment and provisions of equal opportunities
- It is transparent and adequately disclosed to all members of the staff

The remuneration of the BoD and employees is not based on share options, shares or variable remuneration components and supplementary pension or early retirement schemes.

2.2.4 Fit and Proper requirements

The Company ensures that all persons that effectively run the Company or hold the key functions at all times fulfil the following requirements:

- They have the requisite experience, specialisation, and knowledge for the discharge of their duties and responsibilities (fitness test).
- They act with honestly, reliability, integrity and possess characteristics that promote the culture of compliance in the Company.

A person must satisfy the following criteria to be considered fit and proper and to hold a certain position:

- Competence
- Character
- Diligence
- Honesty
- Integrity
- Judgement to perform his/her duties
- Personal reliability
- Good reputation

2.2.4.1 Determining the Fitness of a Person

In assessing the fitness of a person, the professional competence and capability will be considered. This assessment is based on the person's previous experience, knowledge, and professional qualifications and should demonstrate due skill, care, diligence, and compliance with the relevant standards for the area or sector worked in.

All individuals must maintain their competence on an ongoing basis for the role they fulfil within the Company. Any professional qualifications applicable to each key function must be in line with the MFSA's requirements.

2.2.4.2 Determining the Propriety of a Person

In assessing the propriety of a person, the Company will assess the person's honesty, integrity, reputation, and financial soundness.

The criteria include an assessment of reasons to believe from past conduct that the person may not discharge their duties in line with applicable rules, regulations, and guidelines. Such reasons may arise from criminal antecedents, financial antecedents, and supervisory experience with that person or past business conduct. This approach does not imply that all previous infringements will automatically result in a failure to meet the requirements, but rather that they will be assessed on a case-by-case basis by the Company before an appointment and an application to the MFSA is made.

At the application stage, criminal record checks will be performed for proposed persons.

The Company will also consider whether the person has a debt that remains outstanding or was not paid within a reasonable period and / or has been involved in bankruptcy proceedings or other insolvency arrangements.

On an annual basis, Individuals within the scope of the Fitness and Properness requirements are required to self-certify to the Compliance Function their continuing fitness and propriety.

2.2.5 ORSA Methodology

2.2.5.1 ORSA process

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times. The ORSA policy is the policy which governs the ORSA process. Strategic decisions such as the introduction of new products, utilisation of additional distribution channels etc. are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity.

IVALIFE follows the below steps to implement its ORSA:

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

- Assessment and measurement of risks through different approaches including stress testing - the Company collects data, quantifies, and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics.

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

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

- Stress testing - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.
- Communicate and document the results – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

2.2.5.2 ORSA Governance

ORSA covers all the operations of the organisation and all business units of the Company. The Board of Directors is the body that bears ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures. The roles and responsibilities for the ORSA for each body and function of the company are presented in the table below:

GOVERNACE	
Responsible Body / Function	Responsibility
Board of Directors	- Definition of corporate objectives and risk strategies, definition of IVALIFE's risk profile, which will be used as a significant input to ORSA. - Approval of the budget. - Establishment of a suitable internal control system, especially with regard to the ORSA. - Understanding, review, challenge, and approval of the annual ORSA report. - Review and approval of the assumptions, including any management actions and parameters used in the ORSA process. - Review and challenge of the risk quantification and stress testing performed in the ORSA process. - Review and challenge the results of the Pillar 1 capital calculation and the quality of the data used. - Review and pre-approve any changes in the ORSA manual making relevant recommendations to the BoD for final approval.
Responsible Body / Function	Responsibility
Senior Management	- Dissemination of information on risk strategies and procedures to the employees concerned - Ensuring that there is adequate expertise and knowledge amongst the employees to successfully carry out the different tasks required by ORSA. - Understanding of the ORSA of the Company. - Recommendation for improvement of systems, procedures and processes, and adaptation as necessary in accordance with ORSA results.
Responsible Body / Function	Responsibility
Risk Management	- Dissemination of information on risk strategies and procedures to Senior Management.

	- Ensuring that there is adequate expertise and knowledge amongst the Senior Management of IVALIFE to successfully carry out the different tasks required by ORSA. - Understanding of the ORSA of the Company. - Recommendation for improvement of systems, procedures and processes, and adaptation as necessary in accordance with ORSA results. - Preparation of the Risk Management policies and procedures. - Identification and monitoring of key risks faced by the Company. - Establishment of methods for risk monitoring and measurement. - Coordination of the preparation and implementation of the ORSA. - Quantification and run of the stress test scenarios and analysis of the results. - Recommendation for capital allocation for Pillar 2 and capital projections.
Responsible Body / Function	**Responsibility**
Actuarial Function	- Provision of technical assistance to the ORSA process owners with regards to key technical areas e.g., valuation issues, reinsurance issues, stress testing, etc. - Preparation of Pillar 1 capital planning and projection of own funds based on the planning.
Responsible Body / Function	**Responsibility**
Finance Function	- Preparation of financial projections in accordance with the strategic plan approved by the Board of Directors.
Responsible Body / Function	**Responsibility**
Internal Audit Function	Independent review of the final ORSA report to: - Confirm that the process followed is according to the Board requirements as set out in the policies and procedures of IVALIFE. - Review the risk assessment, stress testing and capital allocation exercises performed and confirm their compliance with the policies and procedures approved by the Board. - Review the quality of the data used in the ORSA and its reconciliation with other records.
Responsible Body / Function	**Responsibility**
Compliance Function	- Ensure that all actions undertaken by the Company are, at all times, in compliance with all applicable laws and regulations. - Take measures to monitor the compliance of the Company with internal strategies, policies, processes, and reporting procedures.

	- Identify, assess, monitor, and report the compliance risk exposure of the Company. - Monitor projected revisions of legislation and plans to introduce new regulation and assess their potential impact on the Company, in addition to monitoring the relevant court decisions. - Advise the Senior Management and the BoD of IVALIFE on compliance with the Solvency II Directive.
Responsible Body / Function	**Responsibility**
Departments	- Compliance and cooperation with the request for collection of data for the implementation of the ORSA and preparation of the ORSA report. - Participation in the risk assessment exercise and support to the RMF. - Provision of information and adoption of all risk management policies and procedures approved by the Board.

2.2.5.3 Frequency of the Assessment

The Company currently intends to perform the ORSA annually. Furthermore, the assessment will be performed immediately following any significant changes to the environment that the Company operates. These changes include, but are not limited to:

- Significant changes to the financial and political environment in which the Company operates.
- Significant operational losses.
- Material changes to the new business volumes.
- Planned changes to the operating model of the Company.
- Significant changes in the Company's risk profile.

2.2.6 Internal Control System

2.2.6.1 Description of the Internal Control System

The Company's Internal Control System (ICS) is designed to provide reasonable assurance on the following:

- Effectiveness and efficiency of operations
- Reliability of financial and non-financial information
- An adequate control of risks
- A prudent approach to business
- Compliance with laws and regulations and internal policies and procedures

Effective internal controls help the Company protect and enhance shareholders value and reduce the possibility of unexpected losses or damage to its reputation. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal controls and risk management systems.

The Internal Control System of the Company is comprised of the following principles:

- Control Environment and Culture: the Board is responsible for promoting a high level of integrity and for establishing a culture within a Company that emphasises and demonstrates to all levels of personnel the importance of Internal Control. Management is responsible for the implementation of the Internal Control culture and principles. All staff members need to understand their role in the ICS and be fully engaged in the process.

- Risk Assessment: The Company must regularly assess both the internal and external risks that it faces. Assessment should include the identification and analysis of all the significant risks that an insurance company is exposed to.

- Control Activities and Segregation of Duties: An adequate ICS requires the implementation of effective and efficient control activities at all levels of the entity which should be implemented in line with the goals and strategies set out by the Board and should involve all staff. As an integrated part of the daily business, these activities should be reviewed and recorded on an ongoing basis.

- Information and Communication Security: Security controls for the risks inherent in information and communication dissemination and technology must be established, allowing for the effective management of such risks.

- Monitoring: Appropriate monitoring systems must be applied on an ongoing basis, complemented with separate evaluations.

2.2.6.2 Implementation of the Compliance Function

The CF is an integral part of the ICS of the Company. The role of the Compliance Function throughout the Company is to pro-actively facilitate the management of compliance risk by identifying, assessing, monitoring, and reporting the compliance risk of the Company. This serves to assist the Company to carry on its business successfully and in conformity with regulatory and ethical standards.

In particular, the CF establishes, implements, and maintains the appropriate processes and activities to:

- Promote and facilitate a corporate culture of integrity and ethical values within the Company.

- Monitor the adherence of the Company to all applicable compliance policies and procedures.

- Identify and assess on an ongoing basis, significant changes in the legal and regulatory environment in which the Company operates and identify the compliance risk that could arise from such changes.

- Formulate proposals for organisational and procedural changes to ensure that identified reputational and compliance risks are appropriately managed.

- Oversee the complaints process and utilising customer complaints as a source of relevant information in the context of its general monitoring responsibilities.

The CF conducts ongoing monitoring activity in accordance with the Compliance Plan, which has been modelled around the business areas of the Company and the risks that the Company may encounter when not complying with its regulatory obligations. The CF's activity was mainly focused on the ongoing monitoring of the Company's Distributors to ensure adherence to regulatory obligations and internal procedures. Moreover, compliance assessments have been performed in order to ensure compliance to regulatory obligations, in particular to Conduct of Business Rulebook and Insurance Rules. During the year, an intensive training program covering different regulatory topics has been delivered to all stakeholders in order to increase knowledge and build a robust internal compliance culture.

2.2.6.3 Implementation of the Internal Audit Function

The Company outsources its IAF to Mazars thus ensuring the independence and objectivity from any functions which have operational responsibilities. The IAF reports to the Board through the Audit Committee. The Company confirms that the IAF is independent from all other functions and audited activities of the Company to ensure impartiality.

The Company's Internal Audit Policy establishes and maintains an IAF, the objectives of which are:

- to independently examine and evaluate the adequacy and effectiveness of the Company's risk management, internal controls, and all other elements of the system of governance.
- to issue recommendations based on the results of the internal audit carried out and follow up on them.
- to assess compliance with internal strategies, policies, processes, and reporting procedures.

In order to fulfil its responsibilities effectively and efficiently, the IAF has an unrestricted right to obtain the relevant information. This includes provision of all necessary information, the availability of all necessary documentation and access to all activities and processes of the Company.

2.2.6.4 Internal Audits in 2023

The following is a summary of the internal audits that have taken place during the course of 2023.

Risk Area	H1	H2
Compliance and Governance	√	
Digital Operations Resilience Review	√	
Data Protection and Cybersecurity	√	
Technical Provisions and Claims		√
IT Outsourcing, Change Management and Data Quality		√

Following each audit that was completed, the Audit Committee members were provided with a copy of the internal audits results.

2.2.6.5 Actuarial Function

The primary role of the AF is to ensure that technical provisions are established with respect to all insurance obligations towards policyholders and beneficiaries of the insurance contracts. In particular the AF ensures that the methodologies and assumptions used in the calculation of the technical provisions are appropriate for the specific lines of business of the Company and for the way the business is managed. It assesses uncertainty associated with the estimates made in the calculation of technical provisions and it examines sufficiency, quality, and relevant data to be considered in the reserving process.

When comparing best estimates against experience, it reviews the quality of past best estimates and use the insights gained form this assessment to improve the quality of current calculations. The comparison of best estimates against experience includes comparisons between observed values and the estimates underlying the calculation of the best estimate, in order to draw conclusions on the appropriateness, accuracy and completeness of the data and assumptions used as well as on the methodologies applied in their calculation.

The activities of the AF during 2023 were as follows:

- Carried out the calculation of technical provisions on a quarterly basis in accordance with all relevant regulatory requirements.
- Submitted reports in relation to the above calculations to the BoD.
- Provided modelling assistance for the calculation of Solvency Capital Requirements on a quarterly basis.
- Assessment of data quality.
- Profit testing of new products.
- Expressed opinion on the company's underwriting policy.
- Worked closely with the management and addressed areas of its expertise in relation to the Company's ongoing operations.
- Contributed all financial modelling in relation to risk management activities and the ORSA in particular.

2.2.6.6 Outsourcing

Outsourcing is the use of a third party or intra-group service provider to perform an activity or activities on a continuing basis that would normally be undertaken by the Company itself, now or in the future. Outsourcing will enable the Company to:

- acquire the specialised service of any established service providers in the market.

- help decrease the risk of defection and ensure business continuity especially if there are dependencies / reliance on one internal resource as opposed to outsourcing to an established company with a number of resources that are available.

- be more cost effective.

- reduce operational dependencies.

The purpose of the Outsourcing Policy is to establish the requirements for identifying, justifying, and implementing any outsourcing agreements thus addressing:

- the tasks to be performed and the persons responsible.

- the obligation of the relevant organisational units to inform the risk management, internal audit, compliance, and other functions of facts relevant for the discharge of their duties.

- to determine whether a function or activity is key, critical, or important.

- the procedure to select a service provider of suitable quality and assess its performance and results.

- the procedure to ensure the written agreement with the service provider includes the necessary details.

- the procedure to establish business contingency plans, including exit strategies for outsourced key, critical or important functions or activities.

The following is a list of outsourced agreements:

Function	Service Provider	Person Responsible
Actuarial Function	Deloitte	Mr. Aristos Kyriakides
Appointed Actuary	Deloitte	Mr. Marios Schizas
Internal Audit	Mazars	Mr. Alan Craig
Investment Management Function	Jesmond Mizzi Financial Advisors	Dr. Mark Azzopardi
Investment Management Function	ReAPS	Mr. Michael Tabone

2.2.7 Adequacy of the system of governance

The Board of Directors of the Company is committed to good governance which is vital to creating trust and engagement between the Company and its stakeholders and contributes towards its long-term success. A key objective of its governance framework of the Company is to ensure compliance with applicable legal and regulatory requirements however proportionate to the size and complexity of the Company's operations. It also applies best practises of corporate governance and corporate administration.

The Company aims to ensure on an ongoing basis that it is a modern, transparent, and competitive organisation. By adopting best practises, the Company achieves a dynamic and effective communication with the Board, management and shareholders leading to a successful implementation of its strategy and a more than adequate framework of corporate governance.

2.2.8 Any Other Information

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

3. RISK PROFILE

3.1 INTRODUCTION

Solvency II is a risk-based solvency requirement framework which requires the Company to hold capital against underwriting, market, counterparty default and operation risks. The Company aims to maintain sufficient available capital to cover all risks it faces and to satisfy the regulatory requirements at all times.

The Solvency Capital Requirement is the economic capital that should be held to ensure that the Company can meets its obligations to policyholders and beneficiaries with certain probability and should be set to a confidence level of 99.5% over a 12-month period. That requirement limits the chance of financial loss for the following year to 1 in 200-year event. There is a Minimum Capital Requirement, which represents an 85% confidence level and should not be less than 25% of the SCR. The Company uses the standard formula to calculate the SCR, as provided by the European Insurance and Occupational Pensions Authority (EIOPA).

For several sub-modules, the calculation of the capital requirement is scenario based.

The capital requirement is determined as the impact of a specific scenario on the level of Basic Own Funds.

3.2 OWN RISKS

The Company's overall risk profile is determined by the characteristics of its asset portfolio and the nature of its insurance business. Life business is more geared towards long term savings and unit-linked products, with protection cover being an important element for parts of the portfolio.

The quantifiable risks at this point are Life Underwriting, Market, Counterparty Default and Operational risks while the non-quantifiable risks are Strategic and Reputational.

3.2.1 Life Underwriting Risk

Life Underwriting Risk is defined as the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. The Company is exposed to life underwriting risk. Out of the particular constituents of Life Underwriting Risk, those that affect the Company's business are the mortality risk, the lapse risk, the expense risk, and the catastrophe risk.

Mortality Risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities. Under this risk, the stress scenario concerns an instantaneous permanent increase of 15% in mortality rates used for the calculation of technical provisions.

As a life insurance company, IVALIFE is exposed to the risk of mortality experience being higher than expected which in turn leads to more claims from insurance policies that provide death cover. This has as a result the amount of claim payments to be higher than expected. Higher mortality experience than expected can arise from misjudgement during assumption setting, inadequate assessment of the risks entailed during underwriting, concentration of risks, etc.

Lapse risk is the risk of loss or adverse change in liabilities due to a change in the expected exercise rates of policyholder options. The relevant options are all legal or contractual policy holder rights to fully or partially terminate, surrender, decrease, restrict or suspend insurance cover or permit the policy to lapse.

IVALIFE is exposed to the risk of lapse rates being higher or lower than expected. The risk of higher-than-expected lapses can incur at the early stage of a policy life cycle, when a policy may lapse before expenses are recovered. The risk of lower-than-expected lapses can incur at the late stage of policies life cycle, when more policies are in-force creating higher claim costs than expected.

The capital requirement under this risk is calculated under three different stress scenarios included in and is taken as the maximum loss arising from them. The three stress scenarios are the following:

- Instantaneous permanent decrease of 50% in the assumed option exercise rates of the relevant options in all future years. However, the decrease in option exercise rates, following the application of the instantaneous permanent decrease of 50%, shall not exceed 20 percentage points. The decrease in option exercise rates shall only apply to those relevant options for which the exercise of the option would result in a decrease of technical provisions without the risk margin.

- Instantaneous permanent increase of 50% in the assumed option exercise rates of the relevant options in all future years. However, the resulting increased option exercise rates, following the application of the instantaneous permanent increase of 50%, shall not exceed 100%. The increase in option exercise rates shall only apply to those relevant options for which the exercise of the option would result in an increase of technical provisions without the risk margin.

- The discontinuance of 40% of the insurance policies for which discontinuance would result in an increase in technical provisions without the risk margin.

Expense risk arises from the variation in expenses incurred in servicing insurance. Under this risk, the stress scenario tested is a combination of the following instantaneous permanent changes:

- An increase of 10% in the amount of expenses taken into account in the calculation of technical provisions.
- An increase of 1% to the expense inflation rate (expressed as a percentage) used for the calculation of technical provisions

Catastrophe risk stems from extreme or irregular events whose effects are not sufficiently captured in the other life underwriting risk sub-modules. IVALIFE is exposed to life-catastrophe risk due to the potential increase in mortality caused by a catastrophic, extreme death event (e.g., pandemic event, plane crash, nuclear explosion, etc.)

The capital requirement for life-catastrophe risk is equal to the loss in the Company's basic own funds that would result from an instantaneous increase of 0,15% to the mortality rates which are used in the calculation of technical provisions to reflect the mortality experience in the following 12 months.

3.2.1.1 Risk mitigation

Portfolio Monitoring:

The Company's management:

- Reviews regular reports on the gross written premium, risks written and incurred claims; and
- Conducts regular detailed profitability analyses and reviews are undertaken both by internal employees and external consultants.
- Diversification in products offered.

Clear delegation of underwriting and claims

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

Reinsurance

The Company uses reinsurance to protect against claims volatility. A detailed analysis is undertaken regularly to assess the most appropriate reinsurance structure in accordance to the business, capital, and risk strategies of the Company. External consultants are at times engaged to review the reinsurance structure of the Company and advice on its optimisation and the Actuarial Function issues an opinion on the reinsurance arrangements on an annual basis. The credit rating and the financial condition of the reinsurance counterpart is reviewed on a quarterly basis, so that corrective action is taken in the event of a deterioration in their financial quality.

Market and emerging risks/trends monitoring

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

3.2.1.2 ORSA outcome

Underwriting risk was considered as material risk during the ORSA exercised performed. This risk was taken into consideration under the strategic and reputational scenarios which indicated that there would be an immaterial impact on the Company's solvency position, and that it would remain well above the minimum regulatory solvency ratio. This was primarily due to the planned capital injections over the three-year period.

3.2.2 Market risk

Market Risk is defined as 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 price of assets, liabilities, and financial instruments. It is broken down to interest rate, equity, property, currency, spread and concentration risk.

The Company writes predominantly single premium interest with profits business.

Interest Rate risk exists for all assets and liabilities which are sensitive to changes in the term structure of interest rates or interest rate volatility, whether valued by mark-to-model or mark-to-market techniques. It affects all interest-sensitive assets (such as sovereign and corporate bonds including bond funds using the look-through approach).

Equity risk arises from the level or volatility of market prices for equities. Exposure to equity risk refers to all assets and liabilities whose value is sensitive to changes in equity prices and any assets not shocked in other risk modules.

Property risk arises as a result of sensitivity of assets, liabilities and financial investments to the level or volatility of market prices of property. The stress under the SCR standard formula is an instantaneous decrease of 25% on the value of property investment.

Currency risk arises from changes in the level of volatility of currency exchange rates. All investments with exposure to non-euro currencies are stressed under this risk. These include all non-euro denominated investments funds or of funds whose underlying stocks or bonds are non-euro denominated even if the actual Fund is denominated in euro. Two scenarios are examined. One where there is an instantaneous rise in the value of 25% of the stressed currency against the local currency and one where there is an instantaneous fall in the value of 25% of the stressed currency against the local currency. The maximum value resulting from the above stresses is the capital requirement.

Spread risk results from the sensitivity of the value of assets, liabilities, and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. In order to estimate the capital required under this risk module, the shock applied to the relevant assets is the immediate effect on the net value of assets and liabilities expected in the event of an instantaneous decrease of values of these assets due to the widening of their credit spreads. The Company applies this risk to all assets stressed under the interest rate risk.

Concentration risk is the risk of accumulating investment exposures with the same counterparty. It does not include other concentration types (such as geographical area, industry sector, etc). It applies to assets considered under equity, property and spread risk modules, but excludes assets covered under the counterparty default risk.

3.2.2.1 Risk mitigation

Market Risk Management Policy and Prudent Person Principle

The policies and procedures for the management of market risk are documented in the Company's risk Management Policy. The main objective is to ensure that all investment activities are consistent with the Company's investment policy and with the Prudent Person Principle.

In order for the Company to safeguard that investment decisions are taken based on the provisions of the Prudent Person Principle it has established an Asset Liability Investment Advisory Committee. Committee meetings are held on a quarterly basis.

In particular, relevant limits have been set within the Company's risk appetite and tolerance limits statement and are monitored by the RMF and reported to the Senior Management and relevant Board committees (Risk & Compliance Committee) and to the Asset Liability Investment Advisory Sub-Committee Members (Management Committee). These include restrictions on own assets in relation to duration, asset classes, counterparty, country, concentration, and currency risk exposures. With respect to the Unit-Linked products, quarterly reviews are performed to ensure that the strategy is performing in line with expectations. Risk adjusted returns are also reviewed to ensure that there is no excessive risk taking.

The Company collaborates with reputable external investment managers. The performance and investment process of the chosen fund managers is closely monitored, and the Company ensures that is able to properly assess and report the assets under management and perform the required solvency capital calculations.

3.2.2.2 ORSA outcome

Market risk was considered as a medium risk during the risk assessment exercise performed in 2022. A specific test was performed to understand the implications should such a scenario crystallize. The test indicated that there would be an impact on the Company's solvency position but would remain well above the set risk appetite.

3.2.3 Counterparty Default Risk

Counterparty Default Risk refers to the risk of loss due to failure of a counterparty to meet a financial or contractual obligation. This category of risk aims to reflect possible losses due to unexpected default or deterioration in the credit standing of the Company's counterparties and debtors.

The following categorisation is applied:

- **Type 1** exposures are the exposures which may not be diversified and where the counterparty is likely to be rated and these include the Company's exposures to its reinsurance balances, cash at bank (current accounts) and intercompany accounts.

- **Type 2** exposures are the exposures which are usually diversified and where the counterparty is likely to be unrated. These include the Company's exposure to its intermediary balances, as well as premiums due from policyholders.

3.2.3.1 Risk mitigation

The Company applies the following risk mitigation techniques:

- Conducts due diligence on the financial condition of the counterparties before entering into agreement with them.
- Reviews of the credit rating and the financial condition of the key counterparties.

- Monitors the premium debt balances.

The Company has also established procedures for the management of credit risk. In particular the list of controls for managing credit risk include:

- credit rating restrictions to ensure high credit quality assets.
- counterparty limits are set as part of the Company's risk appetite which is frequently monitored by the Risk Management Function.

3.2.3.2 ORSA outcome

During the risk assessment performed in 2023 it was concluded that the Company had no material counterparty default risk exposure.

3.2.4 Operational Risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, and systems, or from external events. The operational risk module is designed to address operational risks to the extent that these have not been explicitly covered in other risk modules.

Even though the risk is measured using the Standard Formula (provided by EIOPA), it is widely accepted that in reality Operational Risks are significant risks difficult to measure and identify. The risks within this category are associated with the specific processes associated with the conduct of life insurance business and they include:

- Underwriting process risk – the company might face financial loss related to selection and approval of risks to be insured.
- Pricing process risk – the company might face financial losses due to insufficient premium charged for risks undertaken (the outcome of a failed pricing procedure will also impact mortality and expense risk, captured under the life underwriting risk).
- Product design risk – the company might be exposed to events not anticipated in the design and pricing of its life insurance contracts.
- Compliance Risk - The Company might face fines or restrictions in operations in instances where it is not complying with the relevant laws and regulations.
- Data Security Risks - The Company might face financial losses related to the loss of personal data and/or operations having to stop as a result of a cyber-attack.

Furthermore, a series of workshops have been conducted with the Company's responsible function holders. The workshops included:

- A brief overview of the risk management policy with a more detailed reference to the sections that are relevant to the respective department/function.
- Walkthrough of the processes of each department and identification of the key risk areas.
- Discussion on the measurement and risk mitigation of each identified risk.
- Establish a process for collecting, evaluating, monitoring, and reporting operational losses.

3.2.4.1 Risk mitigation

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

- Regular Internal Audit and external consultants' reviews of the processes, systems, and procedures.
- Policies and procedures are documented and available to all employees.
- Regular attendance to trainings and seminars both to further develop the employees' knowledge and capabilities (reducing people's risk) and to ensure the Company keeps abreast of any regulatory or technical developments (reducing regulatory risk).
- Peer review of material work and appropriate underwriting, claims and other authority limits in place.
- Business continuity and disaster scenario planning.
- Standard templates/policy wordings.

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

3.2.4.2 ORSA outcome

As part of the ORSA process a specific stress test was carried combining multiple factors as a result of a cyber event including not being in operation and reduced productivity thereafter. The results showed that the Company would still be in a position to operate and have a solvency ratio higher than both the set risk appetite and legal requirements.

3.2.5 Other Material Risks – Strategic and Reputational Risks

The Company's strategy is defined as the long-term plan which enables it to achieve its business objectives. Strategic risk is the risk that unexpected events result in the Company's objectives not being achieved or materially delayed or that inappropriate objectives lead to missed business opportunities. In order to mitigate its exposure to strategic risk the Company is diligent in preparing its financial plans which are ambitious yet deemed to be achievable. Careful consideration is given to both new business estimates as well as assumptions on future experience which are approved by the BoD.

The risk is influenced by a number of different factors including:

- Consumer preferences, demand, and sales volumes
- Per-unit price and input costs
- Competition
- Overall economic climate

Reputational risk is the risk of potential loss through the deterioration of its reputation or standing due to a negative perception of the Company's image among customers and counterparties. As a new established company, IVALIFE aims to build its reputation, which will also help with business sales and thus company performance.

IVALIFE has continued to operate in a challenging environment. As a result of the Russian/Ukraine war and inflationary pressures, the economic scenario has not rebounded as originally expected and only marginal gains have been made. Nevertheless, the insurance portfolio of IVALIFE shows steadily expansion, which is an indicator that IVALIFE has started to gain the customers trust and building a good reputation.

Similarly, with the strategic risk, this risk is not captured by the standard formula, hence it is subject to qualitative assessment.

To gain the support of the stakeholders, the Company must continue delivering on the following:

- Products and services that customers both buy and recommend.
- An appropriate marketing strategy which engages the media.
- Employees who can deliver on its strategy.

3.2.5.1 Risk Mitigation Techniques

The Company continuously monitors its plan (by comparing performance results with expected) and take corrective actions where it is considered necessary. The Company has continued to expand its product offerings in 2023 to cover other customer needs and thus be in a position to attract even more customers. Despite the challenging macroeconomic environment that has been present since 2022, the insurance portfolio of IVALIFE shows steadily expansion, which is an indicator that IVALIFE has started to gain the customers trust and building a good reputation.

These risks are not captured by the standard formula, hence are subject to qualitative assessment. To gain the support of the stakeholders, the Company must continue delivering on the following:

- Products and services that customers both buy and recommend.
- An appropriate marketing strategy which engages the viewers.
- Employees who can deliver on its strategy.
- The Company's liquidity requirements are continually monitored, and risk appetite limits are assessed and recorded by the RMF on a quarterly basis.

3.2.5.2 ORSA outcome

During the risk assessment exercise performed in 2023, it was concluded that the Company had material exposure to strategic and reputational risks mainly due to the impact form the external environment (e.g., economic downturns and inflationary pressures). Reputational risk was also captured as part of the stress test whereby it was assumed that the projected business volumes were not achieved. The results of the stress test showed a drop in solvency ratio during the projected period yet remaining well above the minimum regulatory requirements.

3.2.6 Liquidity Risk

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

The liquidity risk of the Company is generally very low as:

- A significant proportion of the assets is invested in short-terms products, including cash and bank deposits.
- Most of the assets held (corporate bonds, government bonds, equities) are highly tradeable securities which enables fast and low-cost liquidation of assets.

Sources of cash in and cash out flows such as insurance receivables, claims (deaths, surrenders), expenses etc., are diversified and to a large extent independent. This risk concentration within liquidity risk is limited. The composition of the asset portfolio is not expected to change over the business planning horizon in a way that would introduce liquidity risk. The Company's liquidity requirements are continually monitored, and risk appetite limits are assessed and recorded by the RMF on a quarterly basis.

The expected profit included in future premiums represents the future profits that are expected to be received. The amount of the expected profit from future premiums as at 31 December 2023 is €12.39m.

3.2.7 Any Other Information

The Company aims to maintain its risk profile within its risk appetite and in accordance with regulatory requirements. The set risk appetite and tolerance limits are monitored by the Risk Management Function with the use of the Key Risk Indicators, which is reported on a quarterly basis through the Risk Management report to the Senior Management, RCC and Board, indicating any violations and remedial actions taken or planned to be taken.

4. VALUATION FOR SOLVENCY PURPOSES

4.1 ASSETS

4.1.1 Value of assets

The Company held the following assets as of 31st December of 2023 (including a comparison with 2022):

ASSETS SII		
	YE 2023 €'000	YE 2022 €'000
Intangible assets	-	-
Deferred tax assets	-	-
Property, plant & equipment held for own use	22	24
Any other assets: right-of-use-asset	352	-
Investments (other than assets held for index-linked and unit-linked contracts)	13,994	13,551
Investments (assets held for index-linked and unit-linked contracts)	981	-
Reinsurance asset	-	158
Insurance and intermediaries' receivables	142	262
Reinsurance receivables	(14)	(123)
Receivables (trade, not insurance)	22	1
Cash and cash equivalents	1,108	622
Total assets	**16,607**	**14,495**

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

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

- Property, plant, and equipment: Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the asset.
- Right-of-use asset: The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct and restoration costs incurred less any lease incentive received, if any.
- Bonds, Equities and Collective Investment Schemes: The Company's financial assets are classified as financial assets at fair value through profit or loss. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. It should be noted that the Company limits its equity purchases to those instruments that are listed on the most recent MSCI all world index. Furthermore, all debt instruments held are actively traded on the exchange.

- Cash and cash equivalents – These are measured at face value.
- Reinsurance Asset represent the difference between Gross and Net provisions. A reduction of reinsurance recoverable has been made to allow for expected losses due to the possible default of a counterparty.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Within the Solvency II balance sheet, deferred tax is adjusted to take into account differences in the SII valuation of assets and liabilities as compared to IFRS multiplied by the effective tax rate (see table below). Deferred Tax Asset ('DTA') is recognised to the extent that the Company intends to offset past tax losses already realised against future tax profits. This way, the insurer pays less or no tax on these future profits. In 2022, the DTA has been limited to the Deferred Tax Liability ('DTL') arising on the SII own funds, whereas in 2023 the increase was such that a DTL of €260k was reported.

4.1.3 IFRS vs Solvency II

IFRS VS SII YE2023			
Asset	IFRS €'000	Solvency II €'000	Major Differences
Intangible assets	1,819	-	Intangibles are valued at zero on a SII valuation basis
Deferred tax assets	1,297	-	Whilst a Deferred tax assets is being recognised under IFRS, SII own funds exceed IFRS equity giving rise to a Deferred tax liability. For SII purposes, the company has set off the resultant deferred tax liability against its available tax losses.
Property, plant & equipment held for own use	22	22	-
Investments (other than assets held for index-linked and unit-linked contracts)	13,759	13,994	Difference arises as a result of cash held with DPMs and accrued interest classified under 'Investments' under SII
Assets held for index-linked and unit-linked contracts	981	981	-
Insurance contract assets	-	-	Reinsurance Assets and Insurance Receivables reported under SII are no longer reported under IFRS17, now replaced by Insurance and Reinsurance contract assets
Reinsurance contract assets	354	-	
Reinsurance Asset	-	(14)	
Insurance and intermediaries' receivables	-	142	
Receivables (trade, not insurance)	421	22	Cash held with DPMs classified under 'Investments' under SII, disallowed prepayments and accrued interest classified under 'Investments' under SII
Cash and cash equivalents	1,108	1,108	-

Right-of-use asset	352	352	Reported under any other assets for SII purposes
Total assets	**20,113**	**16,607**	

4.2 TECHNICAL PROVISIONS

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

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2023 both gross and net of reinsurance (RI) recoverable by line of business.

In 2023, the Company recognized a "Provision Other than Technical Provisions", this reserve representing an additional provision in respect of any potential shortfall in projected expenses.

YE2023				
	Insurance with profit participation (€'000)	Other Life Insurance (€'000)	Index-linked and unit-linked insurance (€'000)	Total (€'000)
Gross Best Estimate [A]	10,960	(8,685)	(1,323)	952
Risk Margin [B]	1,470	1,171	179	2,820
Gross Technical Provisions [C=A+B]	12,430	(7,514)	(1,144)	3,772
RI Recoverable [D]	-	(298)	-	(298)
Net Technical Provision [C-D]	12,430	(7,216)	(1,144)	4,070
Provisions Other than Technical Provisions				**712**
			Total	4,782

4.2.2 Description of the bases, methods and main assumptions used

4.2.2.1 Investment contracts With Profit participation

For the investment contracts with profit participation policies the best estimate liability (BEL) has been derived from the accumulated account value of each policy as at 31.12.2023 and the present value of the expected future cashflows related to these policies. The cash flow projections are performed on a best estimate basis (i.e., without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.2 Other Life Insurance (excl. Group Life Insurance)

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

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

4.2.2.3 Unit-Linked Pension Plan

In respect of the Unit-linked Business, all the investment profits and losses accrue to the policyholder, other than specific management charges included in the policies. The reserve must therefore be sufficient to meet any expected future outgo, including, in particular, expenses of management and commissions after allowing for future management charges and premium margins. Reserves for this business are considered in two parts, namely:

- The unit reserve, consisting of the value of units already allocated to the policy at the valuation date; plus
- The non-unit reserves

The non-unit reserve is calculated on a policy-by-policy basis and projects the expected fund deductions (annual management charge on unit funds, zero allocation periods) on a monthly basis and compares these with the costs (benefit costs and expenses) expected on the assumptions made by the actuary.

4.2.2.4 Other Life Insurance (Group Insurance)

4.2.2.4.1 Claims provision

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

4.2.2.4.2 Premium provision

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

4.2.3 Risk Margin

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's insurance obligations over their lifetime thereof. This rate, called the Cost-of-Capital, is prescribed at 6%, as published by EIOPA. It should be noted that the Company implemented the suggested methodology by EIOPA without any significant simplifications.

4.2.4 Recoverable

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

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

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are frequently re-evaluated and based on product assessment of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are interest rates, lapse rates, mortality rates and expense assumptions. The assumptions will be reviewed at least annually, to ensure continued suitability. The balance sheet is also affected by volatility in the financial markets, for example in the equity and bond markets. Where assets held on the balance sheet are affected, this may increase the value of technical provisions due to the cost of covering guarantees on the with-profits portfolio.

Given that the Company is in its initial years of operation, the per policy expenses are derived on the basis of budgeted expenses to be incurred including consideration of future, more stable, level of in-force policy volumes in the short to medium term. The volumes were derived from the Company's approved business plan and forecast.

Note 4 to the Audited Financial Statements describes further the critical accounting estimates made and in relation to expense assumptions, as stated within the said note, the Company has derived per policy expenses considering future, more stable level of in-force policy volumes. Should per policy expenses differ by +10%, the impact on own funds would be €627k before tax.

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

The following table compares the net technical provisions under Solvency II and the insurance contract liabilities reported under IFRS.

YE 2023 (€'000s)	
IFRS17 INSURANCE/REINSURANCE CONTRACT LIABILITIES	11,382
Removal of Receivables / Payables	(384)
Removal of Contractual Service Margin	(8,297)
Removal of Risk Adjustment	(1,143)

Impact of Decrements	0
Impact of Expenses	20
Impact of Yields	(9)
Impact of Data - Future Dated Contracts	(319)
Introduction to Risk Margin	2,820
SOLVENCY II NET TECHNICAL PROVISIONS	4,070
Provisions Other than Technical Provisions	712
Total	4,782

The following is a qualitative description of the differences between the Solvency II and IFRS valuation:

- IFRS17 Insurance/Reinsurance Contract Liabilities: The figures represent the total Liabilities for Gross and Reinsurance business as those extracted from the IFRS17 of the Company including the incorporation of any additional reserves held.

- Removal of Receivables / Payables: The component includes all the adjustments made on IFRS17 BEL to include premium receivables (asset), commission payables (liability) and reinsurance premium payables (liability). These elements are not included under the technical provisions of SII and thus must be removed.

- Removal of Contractual Service Margin: The component is a brand-new liability item under IFRS17 representing the future profits as at the valuation date from the business written. The item is not part of the SII technical provision and thus it must be excluded.

- Removal of Risk Adjustment: The component is a brand-new liability item under IFRS17 representing a buffer held for non-financial risk and uncertainty as at the valuation date from the business written. The item is not part of the SII technical provision and thus it must be excluded.

- Impact of Decrements: The component represents the impact of using different mortality assumptions under IFRS17 compared to the SII assumption.

- Impact of Expenses: The component represents the impact of using different expense assumptions under IFRS17 compared to the SII assumption.

- Impact of Yields: The component represents the impact of using different yield curves under IFRS17 compared to the SII assumption. To be more specific, under IFRS17 the EIOPA risk free rates plus the volatility adjustment are used. This is required in order to capture the illiquidity premia required by the standard. For SII the same rates are used ignoring the volatility adjustment. Since the rates used for IFRS17 are higher, there are several opposing effects driving the overall impact. First, there is a reduction of TVOG reserve under IFRS17 given the higher interest rates. In addition, the with profits non-unit reserve is increased due to the higher returns, and thus more charges. On the other hand, the non-unit reserve under IFRS17 for all products is more heavily discounted, increasing the total liability (assuming negative non-unit reserve).

- Impact of Data – Future Dated Contracts: The component represents the impact coming from including under SII the future dated contracts. Considering the reporting date of 31/12/2023, these are contracts written after this reference date. The impact from these contracts is estimated to be -€319K, decreasing overall the SII liability.

- Introduction to Risk Margin: The component represents the total Risk Margin included in SII reserves as per the relevant guidelines.

- Provisions Other than Technical Provisions: This reserve represents an additional provision in respect of any potential shortfall in projected expenses.

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

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

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

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

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

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

4.2.10 Material assumption changes

There were no material changes in assumptions apart from the increase in the expense basis following a thorough expense study undergone in line with IFRS17 methodology.

4.3 VALUATION OF OTHER LIABILITIES

4.3.1 Value of other liabilities

The table below sets out the value of the other liabilities as at 31st December 2023:

OTHER LIABILITIES SII YE2023	
Liabilities	€'000
Insurance & intermediaries payables	283
Reinsurance payables	316
Payables (trade, not insurance)	1,025
Any other liabilities, not elsewhere shown	362

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

4.3.2.1 Insurance and intermediaries' payables

Insurance and intermediaries' payables at 31 December 2023 total €283k.

4.3.2.2 Reinsurance payables

As at 31 December 2023, the balance owed to reinsurers was €316k. This balance is in respect of reinsurance agreements that were in force at the reporting date.

4.3.2.3 Payables (trade, not insurance)

Payables (trade, not insurance) relate to balances owed in respect of other services received by the Company; no estimation methods, adjustments for future value or valuation judgements are required for these balances. The total for payables (trade, not insurance) as at 31 December 2023 was €1,025k.

Payables (*trade, not insurance*)	€'000
Other payables	318
Accrued expenses	707

4.3.2.4 Any Other Liabilities

As at 31 December 2023, the Company reported an amount of €362k under Any Other Liabilities. This balance is representing the lease liability arising from the lease agreement that was in force at the reporting date.

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

OTHER LIABILITIES: IFRS VS SII YE2023

Liabilities	IFRS €'000	Solvency II €'000	Major Differences
Reinsurance contract liabilities	-	-	Reinsurance and Insurance & intermediaries payables reported under SII are no longer reported under IFRS17, now replaced by Insurance and Reinsurance contract liabilities
Insurance & intermediaries payables	-	283	
Reinsurance payables	-	316	
Payables (trade, not insurance)	849	1,025	SII payables include an amount of Document Duty payable which in IFRS is incorporated into the contract liabilities
Any other liabilities, not elsewhere shown	362	362	Represent the Lease liability

4.4 ALTERNATIVE METHODS FOR VALUATION

There are no alternative methods that are used by the Company.

4.5 ANY OTHER INFORMATION

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

5. CAPITAL MANAGEMENT

5.1 OWN FUNDS

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

An analysis of the Company's Own Fund by tier is shown below:

	Own Funds Comparison	
	YE 2023 (€'000)	YE 2022 (€'000)
Share Capital	11,500	9,500
Reconciliation reserve	(1,622)	(1,939)
An amount equal to the value of net deferred tax assets	–	–
Total Basic Own Funds	**9,878**	**7,561**
Tier 1	9.878	7,561
Tier 2	-	-
Tier 3	-	-

The Company's ordinary share capital and reconciliation reserve are all available as Tier 1 unrestricted own funds as per Article 69(a) (i) of the Delegated Regulation.

5.1.1 Reconciliation reserve

The reconciliation reserves equal to the excess of assets over liabilities less other basic own funds as at the reporting date. Whilst some of the approaches and techniques applied under Solvency II are similar to those followed under the IFRS basis, there are other areas where there are some differences (in terms of methodologies and assumptions). Some of the most important requirements are listed below:

- valuation differences pertaining to intangible assets (section 4.1.3).
- valuation differences pertaining to technical provisions (section 4.2)
- resultant impact on tax

5.1.2 Own funds

As outlined in the earlier section, the Solvency II own funds exceed IFRS equity giving rise to a reduction in Deferred tax assets. For Solvency II purposes, the company has set off the resultant deferred tax liability against its available tax losses such that deferred tax is nil for Solvency II. The Company's total own funds are eligible to cover its Solvency capital requirement whereas only the Tier 1 unrestricted and available to cover the Minimum Capital Requirement.

5.2 IFRS EQUITY VS OWN FUNDS

The table below shows the difference between own funds as shown in the financial statements and the Solvency II own funds

	Own Funds	
	YE 2023 (€'000)	YE 2022 (€'000)
Total own funds as per Financial Statements	7,166	4,940
Intangible assets	(1,819)	(1,465)
Prepayments	(165)	(163)
Difference between Re/Insurance Contract Assets as per IFRS and Re/Insurance Receivables as per SII	(227)	(85)
Difference between Re/Insurance Contract Liabilities as per IFRS and Re/Insurance Payables as per SII	6,480	5,084
Deferred Tax Movement	(1,557)	(750)
Total basic own funds	**9,878**	**7,561**

During 2023, the Company adopted IFRS 17 in its statutory financial statements. While this does not impact Solvency II, the comparative figures in the financial statements were restated. Consequently, 2022 equity as per financial statements has been restated above.

5.3 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

The Company's Solvency Capital Requirement based on the Solvency II standard formula methodology for the financial year end 2023 (including a comparison with 2022) is shown below:

	SCR and MCR	
	YE 2023 (€'000)	YE 2022 (€'000)
Total eligible own funds to meet the SCR	9,878	7,561
Solvency capital requirement	6,044	3,888
Ratio of Eligible own funds to SCR	**163%**	**195%**
Total eligible own funds to meet the MCR	9,878	7,561
Minimum capital requirement	4,000	4,000
Ratio of Eligible own funds to MCR	**247%**	**189%**

A further analysis of the Company's SCR for the year 2023 (including a comparison with 2022) is shown below:

	SCR Analysis	
	YE 2023 (€'000)	YE 2022 (€'000)
Market risk	1,956	1,928
Counterparty risk	292	204
Life Underwriting risk	4,985	2,325
Diversification effect	(1,346)	(1,016)
Basic solvency capital requirement	**5,887**	**3,441**
Operational risk	157	446
Solvency capital requirement (Revised)	**6,044**	**4,000**

The increase in the solvency capital requirement is a result of the increase in business generated. It should be further noted that during the year, a capital injection of €2m was completed in view of the Company's growth trajectory.

5.3.1 Simplifications

The Company has not used any simplifications in calculating any of the modules of the SCR.

5.3.2 Undertaking – specific parameters

The Company has not used undertaking – specific parameters for any of the parameters.

5.3.3 Any material changes to the SCR and MCR over the reporting period and the reasons for any such change

We note assumption changes compared to prior year (2022) relating to renewal expenses, commission and volatility assumptions amongst others. However, the increase relating to the renewal expenses for the with profits policies contributed to the increase in the Life Expense risk charge in the SCR mentioned above.

5.3.4 Minimum capital requirement

The table below shows the inputs into the MCR calculation as at 31 December 2023. It should be noted that the Absolute Floor of the Minimum Capital Requirement (AMCR) is prescribed by EIOPA and stated in Euros.

	MCR	
	YE 2023 (€'000)	YE 2022 (€'000)
AMCR	4,000	4,000
Linear AMCR	(364)	(363)
SCR	6,044	3,888
Combined MCR	1,511	972

MCR	4,000	4,000

5.4 LOSS ABSORBING CAPACITY OF DEFERRED TAX ADJUSTMENT AND DEFERRED TAX ASSET

The Company accounts for a deferred tax asset pertaining to unabsorbed tax losses within the IFRS balance sheet. This is duly adjusted downwards to cater for differences in own funds as per SII versus equity under IFRS, as further described in sections above. The Company expects to utilise these deferred tax assets against future profits in the short to medium term based on the Company's latest business projections of future taxable profits. There are currently no time limits relating to the carry-forward of unused tax losses. The Company has not taken an allowance for LACDT.

5.5 NON-COMPLIANCE WITH THE MCR AND NON-COMPLIANCE WITH THE SCR

The Company has maintained capital sufficient to meet its MCR and SCR throughout the year 2023.

5.6 DURATION BASED EQUITY RISK SUB MODULE OPTION

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

5.7 INTERNAL MODEL

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

5.8 ANY OTHER INFORMATION

There is no other material information regarding the capital management of the undertaking during the year 2023.

GLOSSARY

AC	Audit Committee
AF	Actuarial Function
ALIAC	Asset Liability Investment Advisory Committee
AMCR	Absolute Floor of the Minimum Capital Requirement
BEL	Best Estimate Liability
BoD	Board of Directors
CEO	Chief Executive Officer
CF	Compliance Function
CFO	Chief Financial Officer
COO	Chief Operations Officer
CSM	Contract Service Margin
CUO	Chief Underwriting Officer
DAC	Deferred Acquisition Cost
DPM	Discretionary Portfolio Manager
DTA	Deferred Tax Asset
DTL	Deferred Tax Liability
EIOPA	European Insurance and Occupational Pensions Authority
EU	European Union
GMM	General Measurement Model
IAF	Internal Audit Function
IBNR	Incurred But Not Reported
ICS	Internal Control System
IFRS	International Financial Reporting Standards
LFIC	Liabilities for Incurred Claims
LFRC	Liabilities for Remaining Coverage
MCR	Minimum Capital Requirement
MFSA	Malta Financial Services Authority
ORSA	Own Risk and Solvency Assessment
POG	Product Oversight and Governance
RCC	Risk and Compliance Committee
RMF	Risk Management Function
SCR	Solvency Capital Requirements
SFCR	Solvency and Financial Condition Report
SII	Solvency II
TVOG	Time Value of Guarantees
VFA	Variable Fee Approach

TEMPLATES

TEMPLATE REFERENCE	TEMPLATE DESCRIPTION
S.02.01.02	Balance Sheet
S.05.01.02	Information on premiums, claims and expenses
S.12.01.02	Life and Health SLT Technical Provisions
S.23.01.01	Information on own funds
S.25.01.21	Information on the Solvency Capital Requirement calculated using the standard formula
S.28.01.01	The Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity

Annex I

S.02.01.02

Balance Sheet

	Solvency II value
Assets	C0010
Intangible assets	0
Deferred tax assets	0
Pension benefit surplus	0
Property, plant & equipment held for own use	22
Investments (other than assets held for index-linked and unit-linked contracts)	13,994
Property (other than for own use)	0
Holdings in related undertakings, including participations	0
Equities	1,239
Equities - listed	1,239
Equities - unlisted	0
Bonds	9,192
Government Bonds	4,328
Corporate Bonds	4,863
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	3,411
Derivatives	0
Deposits other than cash equivalents	0
Other investments	152
Assets held for index-linked and unit-linked contracts	981
Loans and mortgages	0
Loans on policies	0
Loans and mortgages to individuals	0
Other loans and mortgages	0
Reinsurance recoverables from:	-298
Non-life and health similar to non-life	0
Non-life excluding health	0
Health similar to non-life	0
Life and health similar to life, excluding health and index-linked and unit-linked	-298
Health similar to life	0
Life excluding health and index-linked and unit-linked	-298
Life index-linked and unit-linked	0
Deposits to cedants	0
Insurance and intermediaries receivables	142
Reinsurance receivables	284
Receivables (trade, not insurance)	22
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	1,108
Any other assets, not elsewhere shown	352
Total assets	16,607
Liabilities	
Technical provisions – non-life	0
Technical provisions – non-life (excluding health)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions - health (similar to non-life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions - life (excluding index-linked and unit-linked)	4,915
Technical provisions - health (similar to life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – life (excluding health and index-linked and unit-linked)	4,915
TP calculated as a whole	0
Best Estimate	2,275
Risk margin	2,640
Technical provisions – index-linked and unit-linked	-1,144
TP calculated as a whole	0
Best Estimate	-1,324
Risk margin	179
Contingent liabilities	0
Provisions other than technical provisions	712
Pension benefit obligations	0
Deposits from reinsurers	0
Deferred tax liabilities	260
Derivatives	0
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	0
Insurance & intermediaries payables	283
Reinsurance payables	317
Payables (trade, not insurance)	1,025
Subordinated liabilities	0
Subordinated liabilities not in Basic Own Funds	0
Subordinated liabilities in Basic Own Funds	0
Any other liabilities, not elsewhere shown	362
Total liabilities	6,729
Excess of assets over liabilities	9,878

Annex I

S.05.01.02

Premiums, claims and expense line of business

		Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	**Total**
		C0220	C0230	C0240	C0300
Premiums written					
Gross	**R1410**	224,364	1,156,824	3,512,565	4,893,753
Reinsurers' share	**R1420**	3,028	0	868,769	871,797
Net	**R1500**	221,336	1,156,824	2,643,796	4,021,956
Premiums earned					
Gross	**R1510**	224,364	1,156,824	3,512,565	4,893,753
Reinsurers' share	**R1520**	3,028	0	868,769	871,797
Net	**R1600**	221,335	1,156,824	2,643,796	4,021,956
Claims incurred					
Gross	**R1610**	80,851	0	30,000	110,851
Reinsurers' share	**R1620**	0	0	21,000	21,000
Net	**R1700**	80,851	0	9,000	89,851
Expenses incurred	**R1900**	165,956	30,763	1,728,866	1,925,585
Administrative expenses					
Gross	**R1910**	165,956	30,763	1,728,866	1,925,585
Reinsurers' share	**R1920**				0
Net	**R2000**	165,956	30,763	1,728,866	1,925,585
Investment management expenses					
Gross	**R2010**				0
Reinsurers' share	**R2020**				0
Net	**R2100**	0	0	0	0
Claims management expenses					
Gross	**R2110**				0
Reinsurers' share	**R2120**				0
Net	**R2200**	0	0	0	0
Acquisition expenses					
Gross	**R2210**				0
Reinsurers' share	**R2220**				0
Net	**R2300**	0	0	0	0
Overhead expenses					
Gross	**R2310**				0
Reinsurers' share	**R2320**				0
Net	**R2400**	0	0	0	0
Balance - other technical expenses/income	**R2510**				0
Total expenses	**R2600**				1,925,585
Total amount of surrenders	**R2700**	99,265			99,265

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			**Total (Life other than health insurance, including Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0150
Technical provisions calculated as a whole	**R0010**	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 as a whole	**R0020**	0	0			0			0
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	**R0030**	10,960		-1,324	0		-8,685	0	951
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0040**	0		0	0		-298	0	-298
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	10,960		-1,324	0		-8,387	0	1,250
Risk Margin	**R0100**	1,469	179			1,171			2,819
Technical provisions - total	**R0200**	12,430	-1,144			-7,514			3,771

Annex I

S.23.01.01
Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated						
Ordinary share capital (gross of own shares)	**R0010**	11,500,000	11,500,000		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
Iinitial 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**	-1,622,482	-1,622,482			
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	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	9,877,518	9,877,518	0	0	0
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
Total ancillary own funds	**R0400**	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	9,877,518	9,877,518	0	0	0
Total available own funds to meet the MCR	**R0510**	9,877,518	9,877,518	0	0	
Total eligible own funds to meet the SCR	**R0540**	9,877,518	9,877,518	0	0	0
Total eligible own funds to meet the MCR	**R0550**	9,877,518	9,877,518	0	0	
SCR	**R0580**	6,043,988				
MCR	**R0600**	4,000,000				
Ratio of Eligible own funds to SCR	**R0620**	1.6343				
Ratio of Eligible own funds to MCR	**R0640**	2.4694				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	9,877,518
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	11,500,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	-1,622,482
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	12,399,297
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	
Total Expected profits included in future premiums (EPIFP)	**R0790**	12,399,297

Annex I

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	**R0010**	1,956		
Counterparty default risk	**R0020**	292		
Life underwriting risk	**R0030**	4,985		
Health underwriting risk	**R0040**	0		
Non-life underwriting risk	**R0050**	0		
Diversification	**R0060**	-1,347		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	5,887		

Calculation of Solvency Capital Requirement		C0100
Operational risk	**R0130**	157
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency capital requirement excluding capital add-on	**R0200**	6,044
Capital add-on already set	**R0210**	0
of which, capital add-ons already set - Article 37 (1) Type a	**R0211**	0
of which, capital add-ons already set - Article 37 (1) Type b	**R0212**	0
of which, capital add-ons already set - Article 37 (1) Type c	**R0213**	0
of which, capital add-ons already set - Article 37 (1) Type d	**R0214**	0
Solvency capital requirement	**R0220**	6,044
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

		Yes/No
Approach to tax rate		C0109
Approach based on average tax rate	**R0590**	2 - No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
DTA	**R0600**	
DTA carry forward	**R0610**	
DTA due to deductible temporary differences	**R0620**	
DTL	**R0630**	
LAC DT	**R0640**	0
LAC DT justified by reversion of deferred tax liabilities	**R0650**	0
LAC DT justified by reference to probable future taxable economic profit	**R0660**	0
LAC DT justified by carry back, current year	**R0670**	0
LAC DT justified by carry back, future years	**R0680**	0
Maximum LAC DT	**R0690**	0

Annex I

S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	**R0010**	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Reinsurance recoverables **not admissible** for MCR purposes	Ceded premiums **not admissible** for MCR purposes and adjustments between S.05.01 NWP and S.28.01 NWP
		C0020	C0030	TC0020	TC0030
Medical expenses insurance and proportional reinsurance	**R0020**				
Income protection insurance and proportional reinsurance	**R0030**				
Workers' compensation insurance and proportional reinsurance	**R0040**				
Motor vehicle liability insurance and proportional reinsurance	**R0050**				
Other motor insurance and proportional reinsurance	**R0060**				
Marine, aviation and transport insurance and proportional reinsurance	**R0070**				
Fire and other damage to property insurance and proportional reinsurance	**R0080**				
General liability insurance and proportional reinsurance	**R0090**				
Credit and suretyship insurance and proportional reinsurance	**R0100**				
Legal expenses insurance and proportional reinsurance	**R0110**				
Assistance and proportional reinsurance	**R0120**				
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**				
Non-proportional health reinsurance	**R0140**				
Non-proportional casualty reinsurance	**R0150**				
Non-proportional marine, aviation and transport reinsurance	**R0160**				
Non-proportional property reinsurance	**R0170**				

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	**R0200**	-363,750

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Reinsurance recoverables **not admissible** for MCR purposes and other adjustments between S.12.01 and S.28.01
		C0050	C0060	TC0050
Obligations with profit participation - guaranteed benefits	**R0210**	0		
Obligations with profit participation - future discretionary benefits	**R0220**	12,300,710		
Index-linked and unit-linked insurance obligations	**R0230**	0		
Other life (re)insurance and health (re)insurance obligations	**R0240**	0		
Total capital at risk for all life (re)insurance obligations	**R0250**		394,124,285	

Overall MCR calculation		C0070
Linear MCR	**R0300**	-363,750
SCR	**R0310**	6,043,988
MCR cap	**R0320**	2,719,795
MCR floor	**R0330**	1,510,997
Combined MCR	**R0340**	1,510,997
Absolute floor of the MCR	**R0350**	4,000,000

		C0070
Minimum Capital Requirement	**R0400**	4,000,000

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