Wagram Insurance Company DAC

Solvency and Financial Condition Report

Reporting period ended 31 December 2017

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SUMMARY

This Report refers to the business of Wagram Insurance Company DAC ('Wagram', 'the Company'), a captive insurer, authorised and supervised by the Central Bank of Ireland. It provides the reader with information on the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management for the reporting period ended 31 December 2017.

Wagram has prepared this report in accordance with the relevant articles of the Commission Delegated Regulation (EU) 2015/35, together with the Guidelines on reporting and public disclosure issued by EIOPA.

The Company's business strategy is to provide insurance coverage to EDF group entities which are primarily domiciled in the European Union. The impact of insurance risk volatility on the Company's capital base is mitigated through the purchase of reinsurance from appropriate counterparties. Investment of Company funds is in line with the documented investment strategy, reflecting a 'prudent person' approach to the management of counterparty, concentration, interest rate and currency risk.

The Board has identified the key risks to which Wagram is exposed and established appropriate corporate governance, risk management and reporting mechanisms to ensure that the identified risks remain relevant, and, that they are managed and reported on with appropriate levels of detail and frequency. The Company has established a comprehensive suite of risk policies and implemented a series of internal controls to ensure that Wagram can be managed in accordance with its governance and risk management systems. Documented escalation mechanisms are in place to ensure that any breaches in risk limits and tolerances, internal controls and governance requirements can be reported promptly to the appropriate individuals.

Risks to which the Company is exposed are well understood and are used to determine the level of solvency and capital required over a forward looking three year business planning period. The results of this exercise are used to better inform decision making within the Company.

There were no material changes to Wagram's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period.

As at 31 December 2017, the Company had eligible own funds of EUR 54,582,941 available to meet its Solvency Capital Requirement ('SCR') of EUR 39,110,320; resulting in a Solvency Ratio of 140%, which is in compliance with the regulatory solvency requirements per the Solvency II regulations. The Board of Directors is satisfied that the Company has adequate and appropriate capital to support its business plans. The Minimum Capital Requirement ('MCR') was also satisfactorily met at the period-end. There were no instances of non-compliance with the capital requirements during the period.

A. BUSINESS & PERFORMANCE

A.1 Business

Wagram is incorporated in Ireland and in line with the requirements of the Companies Act 2014, converted to a designated activity company ('DAC'), limited by shares, effective 17 September 2016. The principal activity of the Company is the provision of insurance for Property Damage & Business Interruption, General Liability, Nuclear Third Party Liability, Marine Transit, Construction All Risks and Cyber to certain companies within the Électricité de France S.A group ('EDF'). Wagram is a captive insurance undertaking, underwriting only the risks of its parent group.

The Company's business address and registered office is 9 Clanwilliam Terrace, Dublin 2, Ireland.

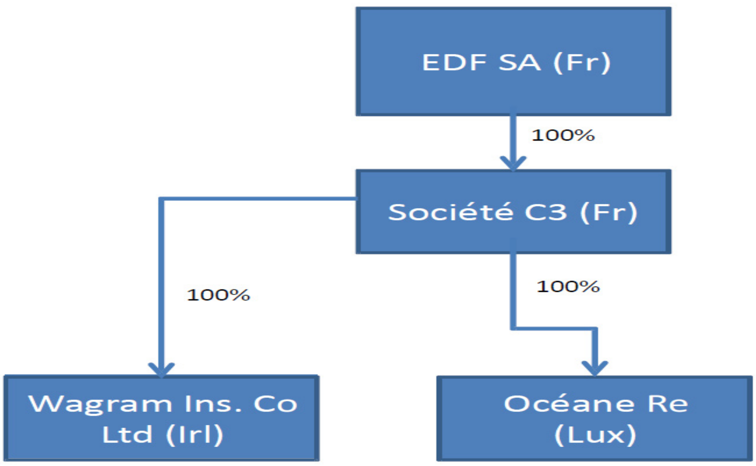
Wagram is authorised by the Central Bank of Ireland ('CBI'), under the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485), to carry out the business of non-life insurance. The insurance supervision division at the CBI may be contacted at their offices in New Wapping Street, North Wall Quay, Dublin 1, Ireland.

Authorisation is in respect of the following classes:

- Class 7 – Goods in Transit
- Class 8 – Fire and Natural Forces
- Class 9 – Other damage to Property
- Class 10 – Motor Vehicle Liability
- Class 13 – General Liability
- Class 14 – Credit
- Class 16 – Miscellaneous Financial Loss

KPMG is the appointed external auditor of the Company and is located at 1 Harbourmaster Place, IFSC, Dublin 1, Ireland.

The Company's immediate parent undertaking is Société C3 which is incorporated in France. The Company purchases a portion of its reinsurance protection from Océane Re, which is also a wholly owned subsidiary of Société C3. The ultimate parent undertaking is Électricité de France S.A., incorporated in France. The Company has no related branches. A summary of the Company's ownership structure is outlined below:



The majority of business (c. 97%) written by the captive relates to direct insurance of EDF's European operations. Rest-of-world risks are written through a fronting insurer with the risk being ceded to Wagram. As a result, the principle of economic substance over legal form has been applied and these risks have been considered as direct insurance for the purposes of Solvency II.

The Company's insurance exposure is mitigated by setting limits of liability within its insurance programme and the purchase of reinsurance from a panel of highly rated reinsurers, terrorism pools, and, from Océane Re, a fellow EDF subsidiary incorporated and authorised as a reinsurance captive in Luxembourg.

The operation of the Company is subject to the local regulatory requirements in Ireland. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, for example capital adequacy to minimise the risk of default and insolvency on the part of the Company to meet unforeseen liabilities as they arise.

Wagram conducts all of its significant business activities from its offices in Ireland with the support of its General Manager, Claims Manager and the Company's captive manager, including:

- underwriting;
- premium invoicing and collection;
- claims reserving and payments; and
- investing.

There have been no significant events during the reporting period which have had a material impact on the Company.

A.2 Underwriting Performance

Wagram's business is the provision of (re)insurance in a manner which enhances the risk management, economic and administrative efficiency of Électricité de France S.A. Insurance is provided under three lines of business:

- Marine, aviation and transport
- Fire and other damage to property
- General liability

The Company's underwriting performance for these lines of business for the reporting period ended 31 December 2017 and the comparative period is set out below. Amounts are presented in Euro (EUR), which is the Company's functional currency:

	2017 **EUR**	**2016** **EUR**
Gross Premiums Written	104,687,031	106,859,300
Reinsurers' Share	(74,351,131)	(76,202,053)
Net Premiums Written	30,335,900	30,657,247
Net Premiums Earned	29,927,780	30,301,451
Net Claims Paid	(9,720,692)	(387,357)
Net Change in Provision for Claims	(10,689,109)	(24,390,489)
Net Operating Expenses	(3,603,129)	(3,051,636)
Underwriting Result	5,914,850	2,471,969

While there was a reduction in the gross premium income, the underwriting result for 2017 improved on that for 2016. This is largely attributable to an improved claims experience for the year; both in terms of fewer losses reported, and favourable movement on losses reported in prior years. A summary on the movement for net incurred claims is shown below. Additionally, a full split of the 2017 underwriting result is shown in in the following Quantitative Reporting Templates appended to this report; S05.01.02 – Premiums, Claims and Expenses, and S.05.02.01 – Premiums, Claims and Expenses by Country.

The gross earned premiums are split by line of business below:

	2017 EUR	**2016 EUR**
Fire and other damage to property insurance	61,951,437	64,140,228
General Liability Insurance	41,885,965	37,049,067
Marine, aviation and transport insurance	543,421	542,094

Premiums written relate to business incepted during the period.

- The property premium reduced in 2017 in line with the reduced exposure on the Company's master Property Damage/Business Interruption ('PDBI') programme; EUR 500m each and every loss in 2017 compared to EUR 1bn in 2016
- General Liability premiums earned increased due to a full year being earned on a liability programme; the 2016 amount represents premium earned for 10.5 months, and additionally, the Company began writing Cyber coverage in 2017
- Marine premium remained consistent with that of the prior year

The net claims incurred by line of business is set out below:

2017 EUR	**Fire and other damage to property insurance**	**General Liability Insurance**	**Marine, aviation and transport insurance**
Net Claims Paid	(8,751,467)	(860,285)	(108,940)
Net Change in Provision for Claims	(10,935,301)	301,519	(55,327)
Net Incurred Claims	(19,686,768)	(558,766)	(164,267)

2016 EUR	**Fire and other damage to property insurance**	**General Liability Insurance**	**Marine, aviation and transport insurance**
Net Claims Paid	1,202,427	-	(1,589,783)
Net Change in Provision for Claims	(25,202,496)	(767,163)	1,579,170
Net Incurred Claims	(24,000,069)	(767,163)	(10,613)

The net incurred claims position improved in 2017 due to fewer reported losses than in 2016, and favourable movement on all lines of business. 2017 saw an improved claims experience on the property line of business; the net claims position for the master policy totalling EUR 16.8m in comparison to 2016 which saw the EUR 30m aggregate eroded. The 2017 claims cost is largely attributable to a loss related to Hurricane Irma. The General Liability line remained relatively consistent with that of the prior year and the Marine line of business continues to have a low claims experience

Premium pricing is re-assessed annually, taking into account the underlying risks to be insured, historical claims performance, the pricing of reinsurance in the market and the relevant costs associated with the administration of the programme.

A.3 Investment Performance

In line with the Company's documented investment policy, investments during the period included Money Market Funds and cash and deposits with a range of credit institutions. Income arising from investment activities for the reporting period was EUR 0.14m (2016: EUR 0.12m).

The Company has no direct investments in securitised asset classes and all investment income is recognised in the Company's income statement.

A.4 Performance of other activities

Wagram does not engage in any activities other than those associated with captive insurance and has not entered into any leasing agreements other than the lease of the premises from which it operates.

A.5 Any other information

The Company recorded a foreign exchange gain of EUR 398,638 during the reporting period (2016: - loss EUR 49,229) due to holding a larger US Dollar asset balance compared to related USD liability. This is considered within appetite and not material to the overall financial performance of Company.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

In order to meet the requirements for sound corporate governance, ensure efficient conduct of business and to protect the interests of the Company's stakeholders, the Company has a comprehensive Governance and Risk Management system in place.

The Board of the Company acknowledges its responsibility to ensure that risks are fully understood and appropriately managed and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of the captive's activities. The Company employs a General Manager and a Claims Manager to assist the Board in its duties.

The Governance and Risk Management System of the Company may be described as relying on four cornerstones:

1) Governance Framework, aligned with the Company's strategic objectives, providing top level oversight by the Board, clear ownership and accountability for risks, as well as clear escalation and reporting channels.

2) Risk Management Framework which details the Company's strategic objectives in documented Risk Policies. For each risk, limits and operational checkpoints as well as functional identification, mitigation and monitoring processes are documented.

3) A series of Internal Controls, defining the architecture of processes required to manage the Company in accordance with its governance and risk management framework.

4) A Risk Register combining operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's global strategy objectives.

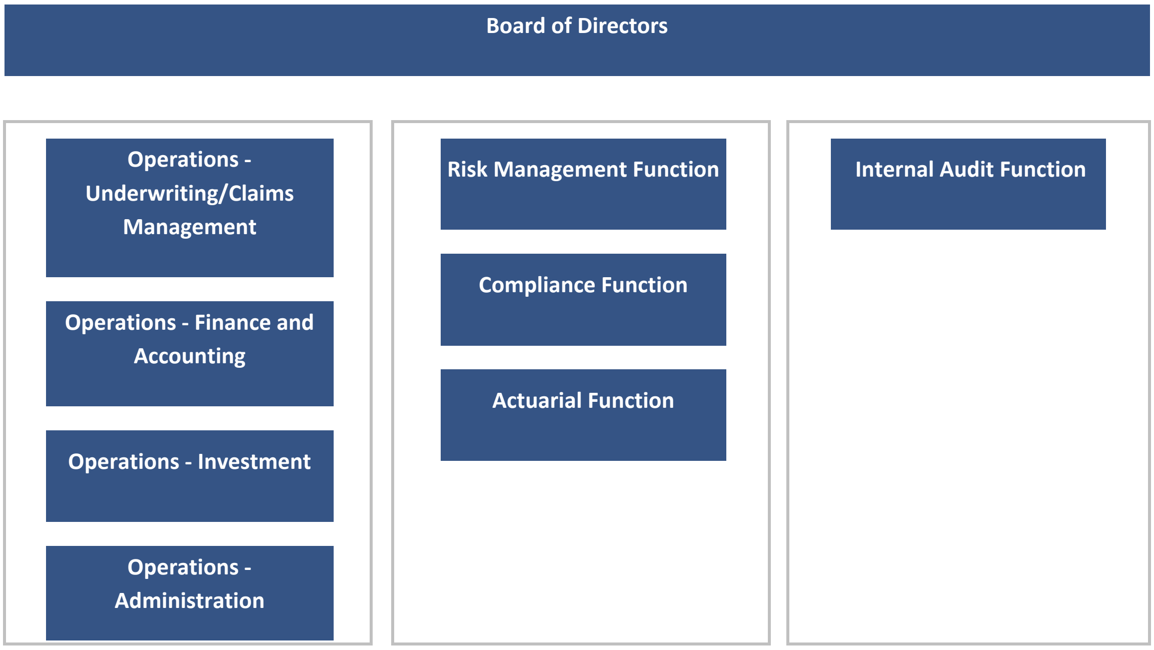
There have been no material changes to this structure in the period. Wagram implemented the above system in advance of the inception of Solvency II.

In order to achieve the Company's objectives, the Board has established a system of governance with the following core components:

- the Board of Directors is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company and, as such, must have at its disposal all required capabilities to achieve its duties;
- all authority emanates from the Board of Directors and responsibilities are delegated in such a manner so as to ensure that no one individual has unfettered powers of decision;
- an embedded Compliance Function aiming to ensure the continuous compliance of the Company with all applicable legal, regulatory and administrative requirements;
- an appropriate segregation of duties in order to enable the Risk Management, Internal Audit, Actuarial and Compliance Function to perform independent risk and business control mitigation, monitoring and reporting tasks;
- a meaningful and practical approach in documenting policies and strategies to formalise all processes in an efficient and fit-for-purpose manner; and
- structured reporting processes to enable an appropriate escalation of risks and issues to the Board of Directors in order to ensure a clear and comprehensive information process allowing

the Board to conduct business in an efficient and prudent manner in line with the strategic objectives.

According to these principles, the chosen governance model is one of "three lines of defence" which is illustrated as follows:



1st line of defence **Risk and control embedded in the business**	**2nd line of defence** **The oversight functions**	**3rd line of defence** **Provides independent assurance**
Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures are managed, controlled and reported in accordance with the risk appetite and risk policies set out by the board.	The 2nd line is in charge of defining, developing, implementing and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations. It monitors and ensures that operations, policies and strategies are adequately aligned.	The 3rd line challenges the design and effectiveness of risk management, compliance, control and governance processes. In order to achieve the necessary independence and objectivity, Internal Audit is an independent function that reports directly to the Board.

Key Functions

The key functions of Risk Management, Internal Audit, Actuarial, Compliance and Operations have clear and defined lines of reporting directly to the Board. This is facilitated by the straightforward nature of the Company's structure and fit-for-purpose documented policies and procedures which are clearly communicated and well understood by all relevant parties. The Board has ensured that the key functions are appropriately resourced and have the necessary authority and operational independence to perform their roles. Management of the Company is effected through its General Manager supported by the Claims Manager. In addition, the Company has engaged Aon Insurance Managers (Dublin) Limited ('AIMD') for the provision of specified services, under the terms of an outsourced service agreement which is overseen by the Board of Directors.

Remuneration and material transactions

With the exception of Independent Non-Executive Directors ('INEDs'), members of the Board of Directors receive no remuneration for their services as directors to the Company.

As a captive insurer, all inward premium flows and claims payments relate to insured risks of the shareholder group. In addition, the Company purchases reinsurance from a fellow subsidiary. Other than these transactions which arise in the normal course of business, the Company had no material transactions during the reporting period with members of the shareholder group and none with members of the Board of Directors.

B.2 Fit and proper requirements

Wagram has documented its Fitness & Probity policy setting out the Company's approach to the selection and assessment of the persons who effectively run the Company or are responsible for other key functions.

In selecting individuals as directors or function holders, the Company takes account of the following factors:

- specific requirements of the role
- the skills, experience and relevant qualifications of the proposed individual
- results of due diligence enquiries
- conflicts of interest
- time requirements and other commitments
- competence and integrity
- financial soundness

Consideration is given to ensuring an appropriate mix of knowledge, skills and experience across the Board of Directors and for those roles where specialist skills are required e.g. Head of Actuarial Function, only those individuals possessing the pertinent qualifications and expertise will be considered.

For those roles which are prescribed by the CBI as Controlled Functions (CFs) and Pre-approval Controlled Functions (PCFs), the Compliance function adopts appropriate control and due diligence processes in the selection and vetting of such individuals to ensure that they meet the regulator's fit and proper criteria. Written approval from the CBI is obtained prior to the appointment of PCFs. Appointed individuals are required to maintain on-going compliance with the Standards of Fitness & Probity and the guidance issued by the CBI. This is assessed by the Company on an annual basis.

B.3 Risk Management System including the own risk and solvency assessment

The Company's Risk Management System:

- sets out the level of risk acceptable by the Company (Risk Appetite and risk tolerance);
- identifies the risks which represent a threat to the achievement of its strategic objectives;
- identifies, defines and regularly measures key risk indicators enabling an efficient monitoring of risks;
- defines the appropriate actions to reduce the Company's risk exposure;
- ensures the risk management framework is implemented in day-to-day business processes; and

- regularly reviews controls and mitigation actions to ensure that they remain relevant and effective.

In order to achieve these objectives, the Risk Management System of the Company has been clearly documented and specified through specific risk management policies for each key risk category. The key risk categories for which the Company has set up specific control and monitoring mechanisms are:

- Underwriting/Reserving
- Asset Liability Management ("ALM")
- Investment
- Liquidity and concentration
- Operational
- Reinsurance and other risk mitigation techniques
- Strategic

In addition to these, an outsourcing policy defining the key rules and criteria to be followed by each service provider has been determined.

Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment ('ORSA') process annually in order to provide its Board of Directors with a forward looking risk and capital assessment. The adequacy of the available capital, the Risk Appetite Framework and the appropriateness of the risk limits is assessed for the business planning period, considering the evolving risk profile. To this end, risks and scenarios to which the Company is exposed during the business planning period and which may affect the capacity to meet its insurance obligations or pose a threat to the achievement of its business objectives are taken into account.

Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in both expected and stressed situations. Three year business projections, stresses and scenarios are compiled by the Operations Functions with input and agreement from the General Manager, the Board of Directors and the Head of Actuarial Function to ensure that these are appropriate for the Company.

Capital and solvency projections are conducted by the Actuarial Function and validated by the Risk Management Function. Where applicable, any future additional capital needs will be identified and aligned to the Company's capital management plan i.e. defining the measures to restore the Company's solvency margin should the assumed scenarios occur.

In line with CBI requirements, the Head of Actuarial Function provides an actuarial opinion to the Board of Directors in respect of the ORSA and the results of the ORSA process are presented to the Board for review and challenge. Following feedback and approval from the Board, the Company's ORSA report is finalised and results submitted to the CBI within 2 weeks.

The ORSA report provides clarity over projected risk assessments and solvency needs to three different stakeholders:

Stakeholder	Expectation	ORSA Report
Board of Directors	Matching projected risks vs the Risk Appetite framework.	Provides a clear and prospective understanding of critical risk exposures and their relationship with Risk Appetite boundaries.
Shareholders	Detailed and prospective understanding about the risk of bankruptcy and potential need for future additional capital.	Provides a plan for capital needs on the time horizon of the financial planning.
Supervisory Authority	Detailed and prospective understanding of potential ORSA deviations compared to solvency capital requirements	Gathers information about: projected Solvency ratios; - explanations about deviations due to specific critical risks exposures.

The ORSA process described above ensures that the ORSA is integrated in the Company's decision-making and business planning process. Furthermore, monitoring procedures as set out in the risk management policies ensure that risk exposures are measured on a regular basis triggering exception reports to the Board.

The capital risk appetite for Wagram is to sustain its capital at a level sufficient to meet the Regulatory Solvency Capital Requirement at all times. The Board of Directors maintains a prudent approach to capital to ensure that Wagram is in a comfortable position to meet this obligation.

B.4 Internal Control System

The Internal Control System embedded in the Company's operations is a mix of processes undertaken by all stakeholders within the Company to provide reasonable assurance that the strategic objectives will be achieved.

In order to achieve the aforementioned objectives, the Internal Control framework of the Company is structured around five complementary components.

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders of all governance and risk principles through the Company's governance manual.
2) Risk assessment	Procedures and policies are detailed and formalised in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of Directors to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables the Company to continuously monitor and adapt when necessary its Internal Control System.
5) Control activities	The Company has developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations.

In order to set out how the Internal Control System is implemented, the Company's processes and related control activities are documented, monitored and reviewed on a regular basis.

These items are designed by the Risk Management Function, approved by the Board of Directors and evaluated by the Internal Audit Function. They are reviewed as often as necessary but at least annually.

Compliance Function

The Compliance Function is an integral component of the Company's governance system. The Company has a dedicated Head of Compliance reporting to the Board of Directors, supported by a Compliance Officer who coordinates the activities of the Compliance Function.

The responsibilities of the Compliance Function include:

- utilisation of compliance management practices that contribute to the use of sound, responsible and sustainable business practices by the Company;
- presentation of an annual compliance plan to the Board of Directors, outlining specific areas which it will focus on during a particular year;
- promotion of a culture of compliance within the organisation;
- maintenance of a comprehensive compliance risk management control and reporting system in conjunction with the Risk Management Function to assist in managing the compliance risk faced by the Company;
- consideration of possible future changes in the legal environment and their potential effect on the Company as well as providing regular compliance and regulatory updates to the Board of Directors;
- identification and communication throughout the Company of the laws, regulations and codes of conduct to which the Company is subject and assisting to embed compliance with these in the way the Company does business; and
- investigation and follow up of compliance breaches, ensuring timely reporting to the Board and in certain circumstances to outside bodies such as the CBI.

B.5 Internal Audit Function

Purpose and Objectives

The purpose of the Internal Audit Function is to serve as an independent function that objectively evaluates and recommends improvements with respect to the Company's Internal Control System by facilitating an objective and independent assessment of the processes and controls in place.

It assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes employed by the Company. The audit approach is risk based and in line with an annual audit plan which is provided by the Head of Internal Audit to the Board of Directors.

The Internal Audit Function and the appointed Head of Internal Audit report directly to the Board of Directors.

Independence and Impartiality

The Company's Internal Audit Function has been established to be independent of the activities audited, the operational functions and the Board of Directors.

The Internal Audit Function is free to report its findings and appraisals and to disclose them to the Board as required. This principle of independence ensures that the Internal Audit Function reports directly to the Board of the Company.

B.6 Actuarial Function

The Company has established an effective Actuarial Function, including a nominated Head of Actuarial Function ('HoAF') approved by the CBI, which carries out the following key tasks:

- coordination of the calculation of technical provisions;
- ensuring the appropriateness of the methodologies, underlying models and assumptions made in the calculation of technical provisions;
- assessment of the sufficiency and quality of the data used in the calculation of technical provisions. Where relevant, the Actuarial Function will provide recommendations on internal procedures to improve data quality;
- estimation of Solvency II technical provisions (both claims and premium provisions)
- comparison of best estimates against experience;
- reporting to the Board of Directors on the calculation, reliability and adequacy of technical provisions;
- calculation of the Solvency and Minimum Capital Requirements at the balance sheet date;
- ensuring results of technical provisions can efficiently feed into solvency capital calculations and Quantitative Reporting Templates (QRTs) on both a quarterly and annual basis;
- contributing to the effective implementation of the Risk Management System, in particular:
    i. with regard to risk modelling underlying the calculation of the Solvency and Minimum Capital Requirements; and
    ii. the application of stress scenarios to the solvency calculations as part of the Company's ORSA process.
- provision of opinions on:
    - Technical provisions
    - Solvency position
    - Underwriting Policy
    - Reinsurance arrangements
    - ORSA

The HoAF reports to the Board of Directors and issues a report in writing at least annually documenting all of the material tasks that have been undertaken by the Actuarial Function during the reporting period.

In establishing the Company's Actuarial Function, the Board of Directors has ensured that the persons involved have the requisite qualifications and demonstrable experience in the area of non-life reserving and are fully conversant with the Solvency II requirements for the calculation of Technical Provisions.

B.7 Outsourcing

All functions and activities of the Company are eligible to be outsourced provided that specific criteria are satisfied in each instance.

The Board is responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions relating to the Company's System of Governance and all functions within the Company that are fundamental to carry out its core business. The Board is responsible for ensuring notification to the CBI is made in a timely manner prior to the outsourcing of critical or important functions or activities, and thereafter where there have been material developments in relation to the service provider.

The objectives of Wagram's Outsourcing Policy are to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's responsibility for, or influence over, key functions of the Company;
- Material impairment of the quality of the Company's System of Governance;
- Any impairment of the Company's ability to meet its regulatory requirements;
- Non adherence to the Company's approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment of the Company's ability to fulfil its obligations to stakeholders;
- Conflicts of Interest;
- Breach of the Company's data protection obligations.

The Board is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities, carrying out the appropriate due diligence on the outsourced service provider and for reviewing the performance of outsourced service providers against their agreed and documented Service Level Agreements ('SLA').

The management of the Company is coordinated and carried out at its place of business in Ireland. Wagram engages outsourced service providers in order to access the expertise and strength and depth of resources necessary to manage the specific requirements of a regulated captive insurance company operating on a global basis.

The following critical or important functions / activities are outsourced:

Critical or important function	Outsourced Service Provider	Jurisdiction
Underwriting Administration	Aon Insurance Managers (Dublin) Limited (AIMD) – under advisement from Underwriting & Claims Committee	Ireland
Claims Administration	AIMD – under advisement from Claims Manager	Ireland
Finance and Accounting	AIMD	Ireland
Compliance Function	AIMD	Ireland
Risk Management Function	Aon Insurance Managers (Dublin) Limited (supporting Tanguy Gaidoni (Chief Risk Officer))	Ireland
Actuarial Reserving	Willis Towers Watson	Ireland
Actuarial Function	Keith Morrison (Head of Actuarial Function), Willis Towers Watson	Ireland
Internal Audit Function	Stéphane Yvon (Head of Internal Audit Function), Aon Commercial Services Ireland Limited	France

B.8 Any other information

The Board is satisfied, based on its assessment of the frameworks which have been established and are in use, that the Company's system of governance is appropriate and adequate for the nature, scale and complexity of the risks inherent in its business operations.

There are no other material items to report in this section.

C. RISK PROFILE

The Risk Appetite Framework adopted by the Board sets out the level of risk that the Company is prepared to accept in the pursuit of its strategic objectives. It sets out:

- the Company's overall philosophy to risk taking and the expectations of shareholders;
- the Company's tolerance to loss of capital, profit volatility and other specified measures; and
- the risk limits that are acceptable in terms of exposures to different types of risk.

The Company's Risk Register combines operational and risk management processes to deliver a descriptive analysis of material risks threatening at least one of the Company's strategic objectives.

The Board's annual ORSA process is based on the company's current and expected risk profile over the business planning period and supports the Board in achieving its strategic objectives by taking a structured and combined approach of strategy, risk management and capital management.

C.1 Underwriting risk

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided insurance cover. The risk under any insurance contract is the possibility that an insured event occurs and uncertainty arises as to whether the Company will have sufficient assets to satisfy the amounts payable under the contract. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to variation in the Company's performance over the short term. Whilst considerable judgment is involved, the Directors ensure that suitable processes are in place to ensure the reliability, sufficiency and adequacy of the statistical and accounting data to be considered in both premium pricing and loss reserving exercises.

As the Company is a captive insurer, the Company is effectively insuring the risks of one customer, its parent group, and thus is exposed to risk concentration. However, diversification is achieved through the number of unrelated lines of business, and, the varying geographical locations of the underlying risks.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its underwriting exposures.

The principal assumptions underlying the Company's estimation of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated large claim occurrences, economic conditions, internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates. The claims reserves have been subject to independent high level review by a professional actuary.

The Company manages these risks through its underwriting strategy of ensuring premiums are priced in line with market averages, arranging for an external qualified actuary to review the reserving adequacy of the Company on an annual basis, the settling of appropriate policy limits and having adequate reinsurance arrangements in place. The Company also monitors emerging issues and factors in their potential impact on the Company's pricing and claims reserving.

The primary risk mitigation technique utilised is the purchase of a mixture of excess of loss, stop loss and quota share reinsurance as this provides balance sheet protection, from both claims severity and frequency, in an economically and administratively efficient manner. The effectiveness of these reinsurance arrangements is assessed on a quarterly basis through the preparation of the Company's financial accounts and reviewed at an overall level as part of the considerations for premium pricing on an annual basis. The primary focus of the Company's reinsurance strategy is on the security and financial stability of reinsurers selected

Annual support and certification is provided by the Company's Actuarial Function. The Head of Actuarial Function is required to provide, annually, their opinion on the Company's technical provisions; solvency position, underwriting policy, reinsurance arrangements, and its ORSA.

Sensitivity analysis is also performed for underwriting risks based on 10% movement in the loss reserves and holding all other assumptions constant.

The resultant impact on Gross and Net claims reserves and Profit before Tax ('PBT') for the financial period is shown below:

	Total Gross Technical Provisions For Claims Outstanding	Total Net Technical Provisions For Claims Outstanding	Impact on PBT for the year
	€	€	€
Increase in Reserves by 10%	159,079,798	94,115,894	(8,555,990)
Decrease in Reserves by 10%	130,156,198	77,003,914	8,555,990

C.2 Market risk

The risk of future changes in market prices, which would result in devaluation of investable assets, may result from several factors, including, but not limited to, value, liquidity, duration, composition, interest rates, foreign exchange rates and market fluctuations. The Company diversifies its portfolio to reduce the exposure to market fluctuations and market risk concentrations.

Wagram has an investment strategy in place in line with its Risk Appetite Framework and the related 'Prudent Person' regulatory requirements. The Company endeavours to:

- prudently invest with consideration of the prevailing financial market environment;
- ensure the Company invests appropriately so as not to result in the Company failing to meet its Solvency Capital Requirements;
- ensure that the Company holds assets of sufficient value and liquidity to meet all liabilities as they become due;
- maximise investment return within the levels of risk as defined by the Company's Risk Appetite;
- ensure compliance with the Liquidity Strategy and Policy;
- ensure compliance with the Asset-Liability Management Strategy and Policy; and
- ensure effective risk management of investments at all times, with due consideration of the risks associated with investments and procedures to monitor, manage and report these risks in a timely manner as part of the Company's overall Risk Management System.

Interest rate risk arises on the return on the Company's investments including cash and deposits with credit institutions. The sensitivity analysis of net income to fluctuation in interest rate is shown below:

12 month period	Estimated approximate effects on net income	
Sensitivity Test	31 December 2017 €'000	31 December 2016 €'000
Shift up 100 basis points	1,542	1,405
Shift down 100 basis points	-1,542	-1,405

The Company is exposed to currency risk to the extent its assets and liabilities are denominated in a currency different from its functional currency. The Company seeks to mitigate currency risk by matching the assets and liabilities which arise in different currencies. The ultimate settlement of loss reserves may be in currencies other than Euro. The Company's exposure to foreign exchange risk arises with mainly respect to USD and the Company accordingly holds assets in USD to seek to hedge against potential currency risks arising from reinsurance premium payments and loss reserves on a net of reinsurance basis.

C.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The assets that are exposed to credit risk are:

- Cash and cash equivalents
- Investments and deposits with credit institutions
- Reinsurers' share of insurance liabilities (outstanding and settled)

The Company utilises custodians deemed to be of high credit quality to hold its cash and cash equivalents and deposits with credit institutions, and additionally has limits in place in relation to the amount of cash which can be held by any one financial institution.

Investments and deposits are managed under the Investment strategy (market risk). The Company recognises the credit risks associated with its reinsurance arrangements. The Company manages its reinsurance risks by establishing a reinsurance strategy and this strategy sets out the minimum requirements for any reinsurance counterparty.

The Company cedes a portion of risk to Océane Re and the reinsurance panel in the normal course of business. The purchase of reinsurance does not relieve the Company of its obligation to its policyholders and accordingly a credit risk exists to the extent that any reinsurer is unable to meet the obligations assumed under such reinsurance agreements.

The Company mitigates this credit risk by reinsuring with counterparties who are considered appropriately credit worthy. Reinsurers that are not rated or do not fall within the pre-defined rating categories are approved on a case by case basis. The credit-worthiness of reinsurers is monitored on a regular basis.

C.4 Liquidity risk

The Company is exposed if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts. The Company can be exposed to daily calls on its available investment assets, principally from insurance claims. Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial obligations.

The Company has determined that liquidity risk does not represent a significant exposure to its business. This assessment is based on the fact that the Company has its investments held in highly liquid assets which it can access immediately or within a very short time frame without incurring material costs or penalties. Investments are in compliance with the Company's investment guidelines.

C.5 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Company have a rigorous control framework and monitoring process in place to manage operational risk. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education, and assessment processes. Outsourced activities are monitored and managed in the same manner in line with the Outsourcing policy.

The Company cannot expect to eliminate all operational risk, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risk.

In addition, Wagram is subject to Internal and External Audit review.

Wagram maintains a regulatory dialogue with the CBI to mitigate the risk of any potential sanction or compliance breach as well as using expert, industry leading, service providers to provide its outsourced functions which helps avoid any material error or delay. In order to ensure the quality of the outsourced functions is as high as possible, Wagram puts in place service level agreements outlining key performance indicators against which its outsourced service providers can be monitored and assessed.

C.6 Other material Risks

Strategic Risk

Strategic risk is the risk of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes i.e. the risk associated with implementing the wrong strategy or failing to correctly implement the chosen strategy.

The control and monitoring actions/principles underlying the strategic risk management of the Company are:

- Review at least annually of the appropriateness of the high level overall objectives for the Company; the major risks facing the Company; the Risk Appetite for each of these major risks identified. The Board of Directors will ensure continuing appropriateness, at least annually and revisions shall be affected where necessary.
- Ensure the Company strategy is implemented correctly including approval, review and, monitoring of agreed Key Performance Indicators for the Company.
- Ensure all plans are regularly reviewed to ensure that Risk Tolerances are not exceeded individually or in total.

Sensitivity Risk

The Actuarial function assesses the impact of varying the underlying assumptions on their Best

Estimate of Wagram's unpaid claim liabilities.

No other material risks have been identified.

C.7 Any other information

There are no other material items to report in this section.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Wagram prepares its financial statements on a going concern basis in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Irish statute, comprising the Companies Act 2014. The financial statements have been prepared under the historical cost convention.

At the end of the current reporting period Wagram has total assets valued at EUR 194,135,276 for solvency purposes. This main categories of assets in the total assets are as follows:

- Deposits other than cash equivalents EUR 63,784,002

  This amount represents short term deposits stated at market value for both solvency and financial statement purposes, the only difference being the inclusion of accrued interest in the above balance. Accrued interest is disclosed as a separate line item in the financial statements.

- Collective Investments Undertakings EUR 34,973,794

  This amount is the market value of a money market fund being an undertaking for a collective investment in transferable securities ("UCITS").

- Non-life reinsurance recoverable EUR 38,538,004
  These amounts are dealt with in Section D2 below as part of the explanation on the valuation of technical provisions.

- Cash and cash equivalents EUR 53,682,864

  Cash and cash equivalents comprise cash at banks. Carrying amounts approximate fair value due to the liquid nature of the assets. There are no valuation adjustments for solvency purposes.

- Insurance and intermediaries receivables EUR 2,041,779

  Being amounts past–due for payment by policyholders, reinsurers, and others receivables linked to insurance business, that are not included in cash–inflows of technical provisions.

- Receivables (trade, not insurance) EUR 1,020,465

  This amount consists primarily of taxes prepaid to a European fiscal authority.

  Information on how the Company invests its assets and manages risk in this area, including how it achieves compliance with the ‘prudent person principle’, is set out in Sections C2 – C4 above. Operational risks relating to the Company’s assets are managed according to the control framework described in Section B4 above.

D.2 Technical Provisions

The technical provisions of Wagram as at 31 December 2017, gross and net of reinsurance, are set out below in EUR:

	Claims Provision	Premium Provision	Best Estimate	Risk Margin	Technical Provisions
Gross	145,201,055	-28,063,166	117,137,889	5,059,501	122,197,390
Net	80,620,506	-2,020,621	78,599,885	5,059,501	83,659,386

These amounts comply in all material respects with the relevant Solvency II requirements.

The starting point for the calculation of the Solvency II technical provisions is the amounts which have been calculated for the financial statements reserving basis. Within the financial statements, full provision is made for the estimated cost of all claims notified but not settled at the period-end using the best information available at that time. Provision is made for the cost of claims incurred but not reported and at the period-end, and potential development on outstanding claims estimates (together regarded as IBNR reserves). In addition, an estimate is made for future claims handling expenses relating to claims outstanding at the period-end.

Provisions are calculated gross of any reinsurance recoveries with a separate estimate being made of amounts recoverable from reinsurers. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. In estimating the cost of claims notified but not paid, the Company has regard to claims circumstances as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. IBNR provisions are established having regard for the results of a valuation on a best-estimate basis by an independent actuary together with a margin for uncertainty which has been determined by management.

Claims projections have been carried out using a range of standard actuarial methods, including the Development Factor Method (DFM), the Bornhuetter-Ferguson method (BF) and the expected loss ratio method. DFM involves the calculation of loss development factors from historical data, these factors are then used to estimate the ultimate cost for years in which claims are still open. DFM assumes that past development patterns will continue to be appropriate for the future. BF involves a blend of DFM and an expected loss ratio method and is used for long-tail lines of business where data may be insufficient or immature. Under the expected loss ratio method, estimated ultimate losses are based upon a prior measure of anticipated losses, usually relative to a measure of exposure. An initial expected loss ratio (IELR) is selected and applied to the measure of exposure to determine ultimate losses for the period. This method has the advantage of stability over time but is less responsive to actual loss experience.

Solvency II requires undertakings to hold technical provisions which correspond to the amount they would have to pay to transfer their (re)insurance obligations immediately to another undertaking. This value comprises a **best estimate** and a **risk margin**, intended to represent a market consistent valuation**.** The technical provisions take account of the time value of money by discounting using a risk-free interest rate term structure as at the valuation date. There is no allowance for prudence in the calculation of best estimates.

The best estimate is calculated by considering all future cash inflows and outflows required to settle the existing (re)insurance obligations over their lifetime. It represents the mean outcome of all possible scenarios, taking account of how likely they are to occur and their potential variability. In this regard, the best estimate is a probability-weighted average of future cash flows, allowing for the time value of money.

The Solvency II best estimate is calculated gross with any recoverables calculated separately following the same methodology. The best estimate is made up of a claims provision and a premium provision, relating to past and future exposures respectively. An allowance has been made for reinsurer counterparty default. Claims payments in the claim and premium provisions have been projected at annual intervals using annual paid development patterns.

The Solvency II claims provision is equivalent to the expected net present value of the best estimate claims reserve, with allowances to allow for all possible outcomes through the inclusion of provisions for Events Not in Data (ENID) and the future expenses that will be incurred in servicing the existing insurance obligations. The claims provision also includes all unpaid premium relating to earned exposures that are within payment terms.

Under the Solvency II contract boundary definition, any policies which have been bound, even if unincepted as at the valuation date, must be considered in the premium provision. The Solvency II premium provision is therefore equivalent to the expected net present value of the following cash inflows and outflows, relating to unearned exposure from incepted contracts and exposure from unincepted contracts bound as at the valuation date:

- Cash flows from future premiums in relation to future claims;
- Cash flows arising from future claim events (e.g. claims payments);
- Cash flows arising from loss adjustment expenses in respect of claims events occurring after the valuation date;
- Cash flows arising from the ongoing administration of policies in-force as at the valuation date; and
- Cash flows arising from salvage and subrogation.

Wagram has included the risks incepting on 1 January 2018 in its calculation of the premium provision for the current reporting period. This is because the Company is obliged to accept this business as at the valuation date, having concluded its underwriting discussions at Board level and committed to the provision of coverage as part of EDF's overall global property programme. As this business is expected to be profit making, the best estimate of premium provisions is a negative amount i.e. an asset rather than a liability.

Estimates are "best estimates" in the sense that they are intended to be a probability-weighted average of all possible outcomes. Wagram has employed techniques and assumptions that are appropriate for the purpose of calculating its Solvency II technical provisions. The actual amounts required to meet future claim payments may differ from estimates for a number of reasons, such as model specification error, parameter error and random error due to the inherent uncertainty in insurance. External environment risk factors may cause material deviations in estimates of technical provisions, including persistent negative interest rates, inflation and currency exchange rate fluctuations.

The Solvency II risk margin is intended to represent an amount that Wagram would be required to pay, in excess of the best estimate of the liabilities, for a third party to assume the risk of running of the existing liabilities. The actuarial calculation of the risk margin is consistent with the Solvency II regulations, applying a 6% cost of capital to the amount of capital required at the beginning of each year to support the run-off of the insurance obligations. These future costs of capital are then discounted to the valuation date and summed to calculate the amount of risk margin required.

The resultant differences between the value of technical provisions for solvency purposes and the financial statements at 31 December 2017 are shown below (EUR'000):

Solvency II v IFRS Technical Provisions 2017 in (€'000s)	Claims Provision	Premium Provision	Total
Reserves per Statutory Financial Statements - Gross	144,618	6,455	151,073
Margins	(349)	-	(349)
Removal of Future Profits	-	(4,854)	(4,854)
Bound but not Incepted Adjustment	-	(32,308)	(32,308)
Non-ULAE expenses	517	2,892	3,409
Allowance for Discounting	415	(248)	168
Solvency II Technical Provision (ex. RM)	**145,201**	**(28,063)**	**117,138**
Risk Margin	-	-	5,059
Gross Solvency II Technical Provision	**145,201**	**(28,063)**	**122,197**
Recoverables from Reinsurance Contracts	(64,580)	26,042	(38,538)
Net Solvency II TPs	**80,621**	**(2,021)**	**83,659**
Reserves per Statutory Financial Statements - Net	85,560	1,784	87,344

Information on how the Company manages risk in the area of underwriting and reserving is set out in Section C1 above. Operational risks relating to the Company's technical provisions and claims data are managed using the Control Framework described in Section B4 above.

The Company is satisfied that it has access to sufficient historical claims data on an annual basis for the calculation of its technical provisions and that this data is accurate and appropriate for the Company's needs. Claims management processes by the Company are appropriate and adequate given the nature of the underlying risks. Significant reporting delays are not experienced.

In calculating its technical provisions on a Solvency II basis, Wagram has not applied any of the following items:

- matching adjustment referred to in Article 77b of Directive 2009/138/EC;
- volatility adjustment referred to in Article 77d of Directive 2009/138/EC;
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC; and
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

D.3 Other liabilities

Wagram has various non-technical liabilities at the end of the reporting period consisting of:

- Deposits from reinsurers of EUR 15 million.
- Insurance & intermediaries payables of EUR 689,131, being amounts past due to policyholders, insurers and other business linked to insurance, but that are not technical provisions.
- Reinsurance Payables of EUR 151,199 being amounts payable, past due to reinsurers (in particular current accounts) other than deposits linked to reinsurance business, which are not included in reinsurance recoverable.
- Payables (trade, not insurance) of EUR 1,021,253 are classified as payables for solvency purposes, this is the total amount trade payables, including amounts due to employees, suppliers, etc. and not insurance–related.
- Deferred tax of EUR 453,812 - the deferred tax liability arises as a result of the overall increase in the Company's available capital when moving from the financial statements basis of accounting to a Solvency II valuation. It is calculated by applying the prevailing corporation tax rate of 12.5% to the sum of all the other valuation adjustments explained in this Section D.
- Other liabilities of EUR 39,550.

D.4 Alternative methods for valuation

No alternative methods were used.

D.5 Any other information

There is no other information to report.

E. CAPITAL MANAGEMENT

E.1 Own funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure that on an on-going basis the Company has:

- own fund items available to meet its capital requirements; and
- developed processes to ensure the appropriateness of its own fund items.

As part of the annual review of the medium-term capital plan, the Company reviews the level, composition and classification of own fund items to ensure they continue to meet its own solvency needs, and its regulatory obligations in respect of Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). A 3 year forward looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period. It is intended that the Company's capital needs will be managed out of its existing pool of own funds and the efficient management of the Company's insurance business. Should additional funds be required outside of that, they will be advanced by the shareholder.

The Company's own funds consist of the following items:

- Issued Share Capital; and
- Retained Earnings.

Any change to the share capital requires the approval of the Shareholder and the Board. Retained earnings are adjusted on a quarterly basis to take account of the profits/losses earned in the period together with any Solvency II valuation adjustments.

The payment of dividends is considered on an annual basis by the Board as part of its medium-term capital assessment. Potential dividends will be considered as part of the Company's ORSA process to ensure that the Company will continue to meet its solvency needs over the business planning period.

Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

Total available own funds to meet the SCR at the end of reporting period and the prior year comparative period are EUR 54,582,941 and EUR 55,497,103 respectively, analysed as follows:

	2017	**2016**
	EUR	**EUR**
Ordinary paid up share capital	1,000,001	1,000,001
Reconciliation reserve	53,582,941	55,497,103
Total basic own funds	54,582,941	55,497,103

The movement in basic own funds during the reporting period reflects the profitability of the Company as adjusted for the valuation of net technical provisions on a market consistent fair value basis under Solvency II. The reconciliation reserve represents the Company's retained profits as adjusted for

Solvency II valuation principals. The adjustments which arise in the application of these principles are shown in the equity reconciliation below.

At the end of the current reporting period eligible own funds available to meet the Company's SCR and MCR are EUR 54,582,941, comprised of Tier 1 capital.

The equity position as shown in the Company's 2017 year-end financial statements can be reconciled to the basic own funds balance under Solvency II as follows:

Reconciliation between Financial Statements and Solvency II valuations	**EUR 000s**
Equity per the Company's financial statements	51,406
Adjustments to technical provisions and reinsurance recoverables	3,685
Net deferred tax liability	(454)
Deferred acquisition costs	(54)
Own funds (excess of assets over liabilities for solvency purposes)	**54,583**

Adjustments are made to technical provisions in line with the valuation methodologies set out in section D.2 above. Accrued liabilities have been discounted. These adjustments are reflected in the Company's reconciliation reserve. A deferred tax liability is recognised due to the increase in available capital between the financial statements and the regulatory own funds. The amount represents 12.5% of the above adjustments and is considered fully recoverable in line with the Company's projections.

E.2 Solvency capital requirement and minimum capital requirement

At the end of the current reporting period, Wagram's SCR and MCR have been calculated as EUR 39,110,320 and EUR 10,206,811.

The SCR is intended to correspond to the capital the Company needs to hold in order to limit the probability of ruin, in the following 12 months, to 0.5%, i.e. ruin would occur less than once in every 200 years. The SCR calculated at the end of the current reporting period, relates to the capital required to support the business over the prospective 12 months; covering both existing liabilities and business written during 2017. Based on the Company's eligible own funds of EUR 54,582,941, the Company has a solvency ratio at 31 December 2017 of 140%.

The SCR has been calculated using the standard formula and without the application of any undertaking specific parameters.

The split of SCR by risk modules is shown below, together with the prior year comparative:

Risk Item		31/12/2017	31/12/2016
		EUR 000s	EUR 000s
	Interest Rate Risk	136	268
Market Risk	Spread Risk	1,492	1,765
	Currency Risk	2,178	3,341
	Concentration Risk	7,312	8,462
	Premium-Reserve Risk	20,730	19,690
Non-Life Risk	Catastrophe Risk	13,662	20,000
	Lapse Risk	-	5,015
Counterparty Default		10,100	12,368
Basic SCR		36,725	43,067
MCR		10,207	11,310
SCR		**39,110**	**45,239**
Solvency II Equity		**54,583**	**55,497**
Solvency Ratio		**140%**	**123%**

The movement on the SCR from the prior year is mainly driven by decreases in the counterparty risk, the catastrophe risk and lapse risk and increase in the premium-reserve risk. There has been no lapse risk charge included within the calculation of the SCR in the current year. The impact of the various levels of lapses has been reviewed and the effect of inclusion is not considered material to the calculation of the SCR.

The MCR is calculated through a prescribed formula based on the net technical provisions (excluding the risk margin) and net written premium. It is also constrained to be between 25% and 45% of the SCR. Further to this, SI 485 sets out absolute minimum MCR values for non-life and life insurers, reinsurers and captives. In the case of Wagram, as a non-life captive insurer writing liability business, this absolute floor is EUR 3,700,000.

E.3 Use of duration-based equity risk sub module in calculation of the solvency capital requirement

There was no use of duration based equity risk sub module in the calculation of the SCR.

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

Wagram used the standard formula in determining its SCR and MCR and did not rely on any internal model.

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

There are no instances of non-compliance with the MCR and SCR.

E.6 Any other information

There is no other information to report.

Note: Tables within this report contain minor rounding differences in certain instances due to amounts being displayed as whole numbers or in thousands while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.

ANNEX I – QUANTITATIVE REPORTING TEMPLATES

The following reporting templates are appended to this report:

S.02.01.02 – Balance sheet*

S.05.01.02 – Premiums, claims and expenses

S.05.02.01 – Premiums, claims and expenses by country

S.17.01.02 – Non Life technical provisions*

S.19.01.21 – Claim development triangles*

S23.01.01 – Own funds*

S25.01.21 – SCR using standard formula*

S28.01.01 – MCR*

*templates subject to external audit.

Amounts are in EUR'000

S.02.01.02 - Balance Sheet (In thousands of EUR)

		C0010 Solvency II value
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	60
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	98,758
R0080	Property (other than for own use)	
R0090	Holdings in related undertakings, including participations	
R0100	Equities	0
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	0
R0140	Government Bonds	
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	34,974
R0190	Derivatives	
R0200	Deposits other than cash equivalents	63,784
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	38,538
R0280	Non-life and health similar to non-life	38,538
R0290	Non-life excluding health	38,538
R0300	Health similar to non-life	
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	
R0330	Life excluding health and index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	2,042
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	1,020
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	53,683
R0420	Any other assets, not elsewhere shown	34
R0500	**Total assets**	194,135

S.02.01.02 - Balance Sheet (In thousands of EUR)

		C0010 Solvency II value
Liabilities		
R0510	Technical provisions – non-life	122,198
R0520	Technical provisions – non-life (excluding health)	122,198
R0530	Technical provisions calculated as a whole	
R0540	Best Estimate	117,138
R0550	Risk margin	5,060
R0560	Technical provisions - health (similar to non-life)	0
R0570	Technical provisions calculated as a whole	
R0580	Best Estimate	
R0590	Risk margin	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	Technical provisions calculated as a whole	
R0630	Best Estimate	
R0640	Risk margin	
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	Technical provisions calculated as a whole	
R0670	Best Estimate	
R0680	Risk margin	
R0690	Technical provisions – index-linked and unit-linked	0
R0700	Technical provisions calculated as a whole	
R0710	Best Estimate	
R0720	Risk margin	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	15,000
R0780	Deferred tax liabilities	454
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	689
R0830	Reinsurance payables	151
R0840	Payables (trade, not insurance)	1,021
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	40
R0900	Total liabilities	139,553
R1000	**Excess of assets over liabilities**	54,582

S.05.01.02 - Premiums, claims and expenses (In thousands of EUR)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110						543	59,085	41,874	
Gross - Prop reinsurance accepted	R0120							3,155	28	
Gross - Non-Prop reinsurance accepted	R0130									
Reinsurers' share	R0140						227	36,968	37,156	
Net	R0200	0	0	0	0	0	316	25,272	4,746	0
Premiums earned										
Gross - Direct Business	R0210						543	58,796	41,858	
Gross - Prop reinsurance accepted	R0220							3,155	28	
Gross - Non-Prop reinsurance accepted	R0230									
Reinsurers' share	R0240						227	37,127	37,099	
Net	R0300	0	0	0	0	0	316	24,824	4,787	0
Claims incurred										
Gross - Direct Business	R0310						167	45,199	-256	
Gross - Prop reinsurance accepted	R0320							-453	-1	
Gross - Non-Prop reinsurance accepted	R0330									
Reinsurers' share	R0340						17	26,316		
Net	R0400	0	0	0	0	0	150	18,430	-257	0
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Prop reinsurance accepted	R0420									
Gross - Non-Prop reinsurance accepted	R0430									
Reinsurers' share	R0440									
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550						47	3,668	2,002	
Other expenses	R1200									
Total expenses	R1300									

S.05.01.02 - Premiums, claims and expenses (In thousands of EUR)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				TOTAL
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								101,502
Gross - Prop reinsurance accepted	R0120								3,183
Gross - Non-Prop reinsurance accepted	R0130								0
Reinsurers' share	R0140								74,351
Net	R0200	0	0	0	0	0	0	0	30,334
Premiums earned									
Gross - Direct Business	R0210								101,197
Gross - Prop reinsurance accepted	R0220								3,183
Gross - Non-Prop reinsurance accepted	R0230								0
Reinsurers' share	R0240								74,453
Net	R0300	0	0	0	0	0	0	0	29,927
Claims incurred									
Gross - Direct Business	R0310								45,110
Gross - Prop reinsurance accepted	R0320								-454
Gross - Non-Prop reinsurance accepted	R0330								0
Reinsurers' share	R0340								26,333
Net	R0400	0	0	0	0	0	0	0	18,323
Changes in other technical provisions									
Gross - Direct Business	R0410								0
Gross - Prop reinsurance accepted	R0420								0
Gross - Non-Prop reinsurance accepted	R0430								0
Reinsurers' share	R0440								0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550								5,717
Other expenses	R1200								
Total expenses	R1300								5,717

S.05.02.01 - Premiums, claims and expenses by country (In thousands of EUR)

		Home country	Country (by amount of GWP)					Total for top 5 countries and home country
			FR	GB	IT			
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110		79,154	7,062	10,034			96,250
Gross - Proportional reinsurance accepted	R0120				8			8
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140		59,709	3,657	3,882			67,248
Net	R0200	0	19,445	3,405	6,160	0	0	29,010
Premiums earned								
Gross - Direct Business	R0210		73,058	7,021	9,989			90,068
Gross - Proportional reinsurance accepted	R0220				4			4
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240		59,652	3,657	3,882			67,191
Net	R0300	0	13,406	3,364	6,111	0	0	22,881
Claims incurred								
Gross - Direct Business	R0310		6,039	-1,131	5,936			10,844
Gross - Proportional reinsurance accepted	R0320							0
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340		503	-124	-588			-209
Net	R0400	0	5,536	-1,007	6,524	0	0	11,053
Changes in other technical provisions								
Gross - Direct Business	R0410							0
Gross - Proportional reinsurance accepted	R0420							0
Gross - Non-proportional reinsurance accepted	R0430							0
Reinsurers' share	R0440							0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550		4,801	346	260			5,407
Other expenses	R1200							
Total expenses	R1300							5,407

S.17.01.02 - Non Life technical provisions (In thousands of EUR)

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050												
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060						-40	-7,453	-20,571				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						-158	-5,915	-19,970				
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	118	-1,538	-601	0	0	0	0
Claims provisions													
Gross	R0160						795	112,921	31,485				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						125	61,320	3,136				
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	670	51,601	28,349	0	0	0	0
Total Best estimate - gross	R0260	0	0	0	0	0	755	105,468	10,914	0	0	0	0
Total Best estimate - net	R0270	0	0	0	0	0	788	50,063	27,748	0	0	0	0
Risk margin	R0280						61	3,076	1,922				
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical provisions - total													
Technical provisions - total	R0320	0	0	0	0	0	816	108,544	12,836	0	0	0	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	-33	55,405	-16,834	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	849	53,139	29,670	0	0	0	0

S.17.01.02 - Non Life technical provisions (In thousands of EUR)

		Accepted non-proportional reinsurance				TOTAL
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060					-28,064
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					-26,043
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	-2,021
Claims provisions						
Gross	R0160					145,201
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					64,581
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	80,620
Total Best estimate - gross	R0260	0	0	0	0	117,137
Total Best estimate - net	R0270	0	0	0	0	78,599
Risk margin	R0280					5,059
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					0
Best estimate	R0300					0
Risk margin	R0310					0
Technical provisions - total						
Technical provisions - total	R0320	0	0	0	0	122,196
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	38,538
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	83,658

S.19.01.21 - Claim development triangles (In thousands of EUR)

Gross Claims Paid (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10+	Current year	All years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100												0	0
N-9	R0160		4,257	93	1,725	99	177	28					0	6,379
N-8	R0170	3	152		4,151	3,528				3			3	7,837
N-7	R0180		4,290	160			143		330				330	4,923
N-6	R0190	4,109	1,158	1,548				27					27	6,842
N-5	R0200		3,129	231	70		80						80	3,510
N-4	R0210	415	8,654	26,583	10,524	31							31	46,207
N-3	R0220	4,844	5,286	5,103	7,417								7,417	22,650
N-2	R0230	15,620	31,507	18,643									18,643	65,770
N-1	R0240	1,124	6,189										6,189	7,313
N	R0250	29											29	29
												Total	32,749	171,460

Gross undiscounted Best Estimate Claims Provisions - Development year (non cumulative absolute amount)

		0	1	2	3	4	5	6	7	8	9	10	Year End (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											105	105
N-9	R0160									960	1,904		1,910
N-8	R0170								330	63			63
N-7	R0180							6,613	8,289				8,319
N-6	R0190						5,374	8,257					8,288
N-5	R0200					2,535	1,785						1,791
N-4	R0210				923	3,337							3,346
N-3	R0220			12,923	3,681								3,690
N-2	R0230		59,248	33,931									34,021
N-1	R0240	40,150	23,369										23,424
N	R0250	60,066											60,242
												Total	145,199

S.23.01.01 - Own funds (In thousands of EUR)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,000	1,000			
Share premium account related to ordinary share capital	R0030	0				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0				
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	53,583	53,583			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	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					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	54,583	54,583	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	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				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0

S.23.01.01 - Own funds (In thousands of EUR)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	54,583	54,583	0	0	0
Total available own funds to meet the MCR	R0510	54,583	54,583	0	0	
Total eligible own funds to meet the SCR	R0540	54,583	54,583	0	0	0
Total eligible own funds to meet the MCR	R0550	54,583	54,583	0	0	
SCR	R0580	39,110				
MCR	R0600	10,207				
Ratio of Eligible own funds to SCR	R0620	1.3956277				
Ratio of Eligible own funds to MCR	R0640	5.3476046				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	54,583
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	1,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	53,583
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	3,114
Total Expected profits included in future premiums (EPIFP)	R0790	3,114

S.25.01.21 - SCR using standard formula (In thousands of EUR)

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0040	C0090	C0100
Market risk	R0010	7,888		
Counterparty default risk	R0020	10,100		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	27,532		
Diversification	R0060	-8,795		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	36,725		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	3,514
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-1,129
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	39,110
Capital add-on already set	R0210	
Solvency capital requirement	R0220	39,110
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01 - MCR (In thousands of EUR)

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	10,207

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	788	317
Fire and other damage to property insurance and proportional reinsurance	R0080	50,064	25,272
General liability insurance and proportional reinsurance	R0090	27,749	4,747
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	0

Total capital at risk for all life (re)insurance obligations		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation		C0070
Linear MCR	R0300	10,207
SCR	R0310	39,110
MCR cap	R0320	17,600
MCR floor	R0330	9,778
Combined MCR	R0340	10,207
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	10,207