

CNP SANTANDER INSURANCE

Solvency and Financial Condition Report

CNP Santander Insurance Europe DAC

FOR THE YEAR ENDING

31st December 2017

CNP SANTANDER INSURANCE

SUMMARY

INTRODUCTION 4

EXECUTIVE SUMMARY 5

A. BUSINESS AND PERFORMANCE 8

- **A.1 Business** 8
- **A.2 Underwriting Performance** 10
- **A.3 Investment Performance** 11
- **A.4 Performance of other activities** 13
- **A.5 Any other information** 13

B. SYSTEM OF GOVERNANCE 14

- **B.1 General information on the System of Governance** 14
- **B.2 Fit and Proper Requirements** 19
- **B.3 Risk Management System including the Own Risk and Solvency Assessment** 21
- **B.4 Internal Control System** 26
- **B.5 Internal Audit Function** 28
- **B.6 Actuarial Function** 29
- **B.7 Outsourcing** 30
- **B.8 Assessment of governance and any other disclosure** 32

C. RISK PROFILE 33

- **C.1 Underwriting Risk** 33
- **C.2 Market Risk** 36
- **C.3 Credit Risk** 39
- **C.4 Liquidity Risk** 42
- **C.5 Operational Risk** 44
- **C.6 Other material Risk** 48
- **C.7 Any other information** 48

D. VALUATION FOR SOLVENCY PURPOSE 49

- **D.1 Assets** 49
- **D.2 Technical Provisions** 50
- **D.3 Other liabilities** 54
- **D.4 Alternative methods for valuation** 54
- **D.5 Any other information** 54

E. CAPITAL MANAGEMENT **55**

E.1 Own Funds 55

E.2 Solvency Capital Requirement & Minimum Capital Requirement 57

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR 59

E.4 Differences between the standard formula & any internal model used 59

E.5 Non Compliance with the MCR & Non Compliance with the SCR 59

E.6 Any other information 59

APPENDIX A – QUANTITATIVE REPORTING TEMPLATES **60**

INTRODUCTION

This document is the second *Solvency and Financial Condition Report* ("**SFCR**") undertaken by **CNP Santander Insurance Europe DAC** referred to hereafter as "**the Company**". This SFCR is intended to provide essential information about the solvency and financial position of the Company as at 31st December 2017.

This report should be considered in light of the following activities throughout 2017:

- The 2017 business plan of the Company;
- The 2017 Own Risk and Solvency Assessment ("**ORSA**") process and capital management planning;
- The calculations of the Solvency Capital Requirement ("**SCR**");
- The execution of the business strategy and the management and mitigation of associated risks; and
- As at 31st December 2017, the Company is rated *medium-low* under the Probability Risk and Impact SysteM ("**PRISM**") risk rating of the Central Bank of Ireland ("**CBI**").

Regulatory background

This report is required by the new regulatory regime for European (re)insurance companies, known as Solvency II Directive (**"the Directive"**), and is prepared in accordance with all of the requirements of the Delegated Regulations and the EIOPA Guidelines.Article 51 of the Directive 2009/138/EC sets out the requirement for undertakings to publically disclose a "*report on their solvency and financial condition*" on an annual basis – the Solvency and Financial Condition Report.

Submission and Disclosure

The Company is required to submit the SFCR to the CBI not later than the 6th May 2018. This report is disclosed to the public in accordance with the Article 301 of the Delegated Regulation which sets out the requirements with regard to publishing the SFCR. The Company will keep the SFCR publicly available to any party who requests it for up to 5 years following the disclosure date.

Structure of the report

This document is prepared in accordance with the proposed structure of the SFCR as outlined in Annex XX of the Delegated Regulation. This document is structured as follows:

- *Section A* provides details on the business of the Company and an assessment of the Company's performance over the reporting period;
- *Section B* provides a description of the system of governance of the Company;
- *Section C* provides details on the risk profile of the Company and the management of risk exposures;
- *Section D* describes the valuation of the assets and liabilities of the Company for solvency purposes;
- *Section E* provides details on the calculation of capital requirements, and outlines the Company's approach to capital management; and
- *Appendix A* contains the required Quantitative Reporting Templates for the Year End 2017 and 2016 for information purposes.

EXECUTIVE SUMMARY

A. Business and performance

CNP Santander Insurance Europe DAC is a private company limited by shares incorporated in Ireland since 24th August 2010 and regulated by the Central Bank of Ireland. The Company is part of a joint venture between CNP Assurances S.A. (51% ordinary shares) and Banco Santander S.A. (49% ordinary shares). As at 31st December 2017, the principal activity of the Company is the underwriting of non-life assurance via *Payment Protection Insurance* and *Guaranteed Asset Protection* products to customers of Santander Consumer Bank/Finance in the following EEA countries: Germany; Spain; Italy; Norway; Sweden; Finland; and Denmark. Furthermore, the Company has recently expanded the distribution of its products with the introduction of new sales channels such as digital, selling some simple stand-alone *Lifestyle Protection Products* in some of the countries where the Company currently operates. Those products provide similar covers to the existing *Payment Protection Insurance* products but are not related to a loan. Gross Written Premium in 2017 amounted to €244m (2016: €257m) with Germany representing the biggest market (80%).Insurance result - calculated as *net earned risk premium net of incurred claims* - in 2017 amounted to €29m (2016: €19m), with the German business accounting for nearly 90% of the overall underwriting performance. The Net Investment Return in 2017 amounted to €1m (2016: €1m) while General Expenses were €5m (2016: €3m).

B. System of Governance

The Company's system of governance is tailored to the nature, scale and complexity of the Company and has been implemented in accordance with the Corporate Governance Requirements, the CBI guidelines on Systems of Governance and the Pillar II requirements of the Solvency II Directive. The Executive Committee of the Company and its Board consider the System of Governance to effectively provide for the sound and prudent management of the business and to be adequate in respect of the operations, risk profile and PRISM risk rating of the Company.

The Board of Directors retains primary responsibility for business decisions and corporate governance within the Company at all times. The Board has established two delegated committees: the Risk Committee and the Audit Committee. However, the Board retains oversight of each of the Committees and each Committee has a documented terms of reference which evidences the functions delegated to them. Also, the Board has delegated certain matters to the Chief Executive Officer under the Board Terms of Reference and Matters Reserved for the Board's Remit. An Executive Committee was established which is an internal functional committee used to assist the CEO to discuss matters of strategy or of particular significance to the Company. As at 31st December 2017, the Board was comprised of 9 members, 2 of which were Independent Non-Executive Directors.

As at 31st December 2017, the Executive Committee was comprised of the Chief Executive Officer, Deputy Chief Executive Officer, Head of Finance and Investments - internally named as Chief Financial Officer, Chief Operating Officer, Chief Actuary, Chief Risk Officer, Head of Legal & Compliance, and the Branch Manager.

In relation to the governance structure of the Company, the main changes incurred during 2017 are as follows:

- Internalisation of the previously outsourced Internal Audit Function;
- Internalisation of the previously outsourced role of Head of Actuarial Function;
- Addition of the Chief Actuary as a member of the Executive Committee of the Company; and

- One change to Board membership.

The key functions are fully implemented and integrated within the Company's internal governance structure which operates at three levels of increasing independence according to the *three lines of defence model.*

C. Risk profile

As at 31st December 2017, the Company is rated *medium-low* under the PRISM risk rating of the CBI. Section C of the report mainly details the measures, exposures, and mitigating actions for each of the following category of risk: Underwriting Risk, Market Risk, Credit Risk, Liquidity Risk, and Operational Risk. There was no material change in the risk profile of the Company over the reporting period.

D. Valuation for solvency purpose

Assets

Assets are valued at Market Value and as such there are no differences between the Solvency II valuation basis and that used for International Financial Reporting Standards.

Technical Provisions

The technical provisions under Solvency II equal the sum of the *Best Estimate Liability* and the *Risk Margin*. The Best Estimate Liability is the expected present value of the probability-weighted average of future cash-flows, using the relevant risk-free interest rate term structure. The Best Estimate Liability has been split into two components:

- A claims reserve based on the accounting provisions established for claims *In Course of Payment*, *Incurred But Not Reported* and *Reported But Not Settled*. This claims reserve is the same as is reported on the Financial Statements. This is referred to as the "BEL – claims reserves" for the purposes of Solvency II reporting; and
- An amount for future claims, which is represented by the Unearned Premium Reserve on the Financial Statements. This is referred to as the "BEL – future cashflows" for the purposes of Solvency II reporting. Future cashflows for the in-force business as at 31st December 2017 are projected at an individual coverage level and all cashflows are projected to the end of the appropriate policy term.

The *Risk Margin* is the cost of holding sufficient capital to back the SCR over the lifetime of the obligations: the cost of capital rate is set in the Solvency II Delegated Regulations to be 6% (above risk free). The cashflows are discounted using the relevant risk-free rates for each currency to obtain the BEL. As at 31st December 2017, the Technical Provisions amounted to €169m (2016: €163m), of which €151m of BEL and €18m of Risk Margin. As is permitted, the Company has chosen not to apply any adjustment to the risk free rates for either the Matching Adjustment or Volatility Adjustment. The Company has also chosen not to make use of any of the Solvency II transitional arrangements permitted in respect of risk-free rates or technical provisions. Any changes to this approach in the future would require the approval of the CBI.

E. Capital management

The main objective of the Company in relation to Capital Management is to ensure that capital is kept adequate at all times, in order to maintain the financial stability of the Company; sustain the execution of the business plan; protect the best interest of the policyholders; and comply at all times with the local and European regulatory requirements. This is achieved through prudent management of the own funds on a continuous basis. The quality of own funds is

continuously monitored to ensure that sufficient eligible own funds are maintained at all times to cover the Solvency Capital Requirement and Minimum Capital Requirement.

Own Funds are projected at least on an annual basis as part of the ORSA process, according to the Company business plan projections, with the aim to assess the capital requirements in the medium to long term and identify any capital management actions, where required. These projections provide a forward-looking perspective on the Company's risk profile, solvency needs and level of own funds required over the business plan horizon. The results of projections made in the ORSA will be used by the Company to develop the medium-term capital management plan and define the *Target Solvency Cover* (defined as an internal prudential margin in excess of the SCR), to ensure the capital requirements are met and are aligned with the underlying risk of the Company.

Capital Management is embedded within the ORSA annual strategic planning process and leads to the production of a medium-term capital management plan, which is revised each year by the Board.

Own Funds:

Own Funds amounted to €188m in 2017 (2016: €156m), of which 89% are Tier 1.

Solvency Capital Requirement:

The Company has used the Standard Formula for the calculation of the SCR. The SCR for the Company on 31st December 2017 is €141m (2016: €119m). The MCR for the Company on 31st December 2017 is €35m (2016: €30m).

Coverage ratios:

As at 31st December 2017, the SCR coverage ratio is 133% (2016: 131%) and the MCR coverage ratio is 495% (2016: 449%).

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

Name and Legal form

CNP Santander Insurance Europe DAC is a private company limited by shares registered under Part 16 of the Companies Act, 2014 and incorporated in Ireland since 24th August 2010.

The Company was authorised by the CBI to underwrite assurance business - *classes 1, 2, 16 and 18* - on 10th June 2011 and commenced insurance operations on 24th October 2011.

The Company's registered address is: 2nd Floor, Three Park Place, Hatch St, Dublin 2, Ireland.

The Company's operating address is: 2nd Floor, Block 8, Harcourt Centre, Dublin 2.

The Company's registered number is: 488062.

The Legal Identifier Code ("LEI") of the Company is: 6354001NC5BJ3Z7GSG05.

Supervisory authority

As an insurance undertaking, the Company is regulated by the Central Bank of Ireland.

Company Institution Code is: C85775.

CBI registered address is: Central Bank of Ireland, PO Box 559, New Wapping Street, North Wall Quay, Dublin 1.

External Auditor

PricewaterhouseCoopers ("**PwC**"), Chartered Accountants and Registered Auditors.

Registered Office: One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

Firm Registration Number: AI223671

Shareholders structure

CNP Santander Insurance Europe DAC is part of a joint venture. The current shareholder structure is as follows:

Shareholder structure	
51% ordinary shares	**49% ordinary shares**
CNP ASSURANCES S.A.	BANCO SANTANDER, S.A.

The Company was fully owned by Santander Insurance Holding, S.L. until 16th December 2014 when Santander Insurance Holding, S.L. sold 51% of the share capital to a French insurance undertaking, CNP Assurances S.A., as part of a long-term strategic partnership creating a powerful alliance of distribution and insurance expertise across Europe.

On 28th December 2016, Banco Santander, S.A. acquired 49% of the shares of the Company as a result of a merger by absorption resulting in Santander Insurance Holding, S.L.'s dissolution by operation of law. As a result of this the entire

49% shareholding of Santander Insurance Holding, S.L. was transferred to Banco Santander, S.A. As part of the joint venture, the Company has changed its name from *Santander Insurance Europe Limited* to *CNP Santander Insurance Europe DAC*, in accordance with the rebranding strategy agreed between the shareholders and in compliance with the Companies Act, 2014.

If part of a group, details of the position within the legal structure of the group

As a result of the joint venture transaction on 16th December 2014, the Company is now classified a subsidiary of CNP Assurances S.A. as part of its Group companies.

Holding company and holder of qualifying holdings

The majority direct shareholder of the Company is CNP Assurances S.A..

- Registered Office: *CNP Assurances S.A., 4 place Raoul Dautry, 75716 Paris Cedex 15, France*

The shareholders of CNP Assurances S.A. are as follows:

- *Caisse des Dépôts et Consignations* (41%);
- *Sopassure* (36%);
- *The French State* (1%); and
- *Individual and Institutional Investors* (22%).

The other direct shareholder of the Company is Banco Santander, S.A.

Voting rights

As at 31st December 2017, the shareholders of the Company collectively hold 53,000,000 ordinary shares €1 each. Voting rights of the shareholders are as follows:

Shareholder	Voting rights %	Number of Shares
CNP Assurances S.A.	**51%**	**27,030,000**
Banco Santander, S.A.	**49%**	**25,970,000**

Material line of Business and geographical areas

The principal activity of the Company is the underwriting of non-life assurance via *Payment Protection Insurance* ("**PPI**") and Guaranteed Asset Protection ("**GAP**") products to customers of Santander Consumer Bank/Finance where the majority of the products are sold in association with a loan or other credit product. As at December 31st 2017, the Company writes business as direct insurer on a Freedom of Services basis in the following EEA countries: Germany; Spain; Norway; Denmark; Sweden; and Finland and on a Freedom of Establishment basis in Italy. The Company is accepting 75% quota-share reinsurance in the Austrian market with a defined plan to underwrite the related insurance business directly with effect from 1st January 2018. The Company also has some other reinsurance portfolios in run-off relating to business previously carried out in Germany, Italy and Nordics countries (Norway, Denmark, Sweden and Finland).

Furthermore, the Company has recently expanded the distribution of its products with the introduction of new sales channels such as digital, selling some simple stand-alone *Lifestyle Protection Products* in Italy, Germany and Poland which provide similar covers to the existing PPI products but are not related to a loan.

Significant business or external events over the reporting period

In March 2017, the Company started selling simple stand-alone *Lifestyle Protection Products* in Germany, with similar products also launched in late December 2017 in Poland. Effective from May 2017, the Company has increased its retention of the related PPI insurance business in Italy and the Nordics countries to 100%. Accordingly, the previous portfolio with reinsurance arrangement in place is now in run off. In relation to the organisational structure of the Company, the Internal Audit and Head of Actuarial Function ("HoAF") were internalised in early 2017, having been previously outsourced to CNP Assurance S.A. and to an internationally recognised independent actuarial consulting firm respectively. During the course of 2017, there was also one change to the Company's Board membership.

A.2 UNDERWRITING PERFORMANCE

Underwriting performance by material line of business and geographical area

Overall the Company performed well from an underwriting perspective over 2017. The performance of the Company is dependent on movements in the *Unearned Premium Reserve* ("**UPR**"). The UPR regulates the way in which single premiums received upfront are earned over the life of the corresponding insurance policy. The UPR is the part of each premium which remains unearned at any point in time. The rules for calculating UPR, and hence for determining earnings patterns, are designed to broadly reflect the incidence of risk over the policy term, and can vary by product and peril. The performance of the Company is also dependent on the claims experience and this has been mostly favourable over the reporting period. This is expected as the Company is still young in certain territories and therefore a significant proportion of policies will still be within exclusion or waiting periods. One of the key performance indicators is sales volumes. Gross Written Premium ("**GWP**") in 2017 amounted to €244m (2016: €257m); net of cancellations and Insurance Premium Tax. The breakdown by country is shown below:

Gross Written Premiums* (by geographical area)	Breakdown (%)	2017 (€/000)	2016 (€/000)
Germany	80.1	195,591	196,812
Spain	1.7	4,213	4,851
Italy	4.4	10,696	10,603
Nordics - *Norway, Denmark, Sweden, Finland*	7.3	17,785	31,852
Austria	5.4	13,145	12,668
Italy - *Lifestyle Protection Products*	1.1	2,722	33
Germany - *Lifestyle Protection Products*	0.0	33	n/a
TOTAL	**100**	**244,185**	**256,819**

*Note: Gross written premiums are stated net of cancellations and Insurance Premium Tax

The overall gross written premium has reduced slightly since 2016 following the implementation of a change in the products structure in the Nordics countries as per Company's plans.

Underwriting performance compared to prior year as per financial statements

The underwriting performance as reflected by the *Insurance Result* - calculated as *net earned risk premium net of incurred claims* - is shown below by country:

Insurance Result (by geographical area)	**2017** (€/000)	**2016** (€/000)
Germany	25,891	17,657
Spain	2,308	1,752
Italy	1,218	247
Nordics – *Norway, Denmark, Sweden, Finland*	(605)	(1,157)
Austria	605	608
Italy - *Lifestyle Protection Products*	(209)	(22)
Germany - *Lifestyle Protection Products*	(12)	n/a
TOTAL	**29,195**	**19,085**

The overall underwriting result has improved as more business has been written and profits have emerged. The most important points to note are as follows:

- Germany accounts for over 88% of the overall underwriting performance. High retained premiums following the cessation of a previous reinsurance arrangement in 2015, together with low claims contribute to this; and
- In the Nordics, where 7% of the GWP comes from, the negative underwriting performance is driven by higher than expected unemployment claims, particularly in Norway and Denmark, in 2017.

A.3 Investment Performance

Investment performance compared to prior year as per financial statements

The Investment Risk Management Policy, as approved by the Board of Directors, is to hold sufficient assets of appropriate quality, term and liquidity to enable the company to meet its liabilities as they become due.

The Company investments are predominantly in Fixed Income assets.

The figures of the investment performance for 2017 and 2016, as reported in the Company's Financial Statements, are as follows:

Investment Return	**2017** (€/000)	**2016** (€/000)
Net Investment Return	**1,170**	**1,165**

Net investment return consists of interest income on the Company's investment portfolio.

The following investment return was recorded in the 2016 Company's Profit and Loss account:

- *Portfolio Accounting Yield 0.35% (2016: 0.41%)*

The return on investments has reduced compared to the prior year due to deterioration of available yields in the market although the absolute level of income has increased in line with the underlying expansion of the business. Investment Risk appetite is low, assets are highly rated and average asset duration is less than 2 years matching the short term nature of the Company's products.

Investment and expenses by asset class

Investment income comprises dividends, interest earned less premium amortised, and realised gains and losses on disposal of investments. Income is recognised in the Statement of Comprehensive Income ("**SOCI**") in the period in which it arises. Interest is accounted for on a time proportion basis and premium on acquisition of fixed income assets is amortised to the profit and loss on a straight line basis. The following investment income was recorded in the Company's SOCI in 2017:

Net Investment Income by asset class	2017 (€/000)	2016 (€/000)
Net Interest Income from Fixed Income investments	1,039	1,137
Net Income from Mutual Funds Dividends	131	28
Net gain / (loss) realised form sale of assets	0	0

Assets are classified as 'Available for Sale' and changes in market value are recorded to equity in accordance with International Financial Reporting Standards ("**IFRS**"). The Company strategy is to hold assets until their maturity unless circumstances prevail that require a disposal.

Gains and losses recognised directly in equity

The following *movements* in investment gains / losses were recorded in the Company's Balance Sheet:

Gains and losses recognised directly in equity	2017 (€/000)	2016 (€/000)
Gain / (Loss) on Fixed Income Assets	119	1,072
Gain / (Loss) on Mutual Funds	1,013	317
Total unrealised gain / (loss)*	**1,132**	**1,389**

*Note: unrealised gains or losses represent the difference between the carrying value at the year end and the amortised cost, less the reversal of previously recognised unrealised gains and losses in respect of disposals.

Investment in securitisation

There are no investments in securitisation.

A.4 PERFORMANCE OF OTHER ACTIVITIES

Description of other material income

There is no other material income to report.

Description of other material expenses

Other Expenses	2017 (€/000)	2016 (€/000)
a. Administration expenses	5,396	3,295
b. Foreign exchange loss	197	49

a. Administration expenses are comprised of expenses recharged from the service company CNP Santander Insurance Service Ireland Limited and directly attributable costs. The allocations basis for expenses is the insurance result of the Company and its sister company CNP Santander Insurance Life DAC. In line with the growth in the business, the administration expenses have increased year-on-year.
b. Exchange rate differences on monetary items are recognised in the profit and loss in the period in which they arise. The Company has operations in Norway, Denmark, Finland and Sweden that give rise to foreign exchange gains and losses.

A.5 ANY OTHER INFORMATION

The 2017 financial statements of the Company have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. As at 31st December 2017, the Company is rated *medium-low* under the PRISM risk rating of the CBI. The Company has met all the regulatory requirements during the financial year 2017, including submission of the second annual *Own Solvency & Risk Assessment* report. There are no other additional material information of note relating to business or performance.

B. SYSTEM OF GOVERNANCE

B.1 General information on the System of Governance

Structure of administration, management or supervisory bodies (Board and relevant committees) including description of main roles and responsibilities and description of segregation of responsibilities and committees

The Board of Directors retains primary responsibility for business decisions and corporate governance within the Company at all times. The Board has ultimate responsibility for:

- The effective, prudent and ethical oversight of the Company;
- Setting the business strategy and objectives of the Company;
- Ensuring the effectiveness of the Company's risk management system, setting the Company's risk appetite and overall risk tolerance limits as well as approving the main risk management strategies and policies;
- Setting and overseeing:
  - The amount and type of capital of the Company and the level of own funds adequate to cover the risks faced by the Company, including the identification of capital management actions over the course of the business plan where required;
  - A robust and transparent organisational structure and effective communication and reporting channel;
  - A remuneration framework that is in line with the risk strategies of the Company and doesn't promote excessive risk taking;
  - An adequate and effective internal control framework that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.

The Company is subject to the prevailing Corporate Governance Requirements for Insurance Undertakings 2015 (which were previously referred to as the Corporate Governance Code) as issued by the Central Bank of Ireland. Under the Corporate Governance Requirements for Insurance Undertakings 2015, the Board may delegate authority to sub-committees or management to act on behalf of the Board in respect of certain matters but, where the Board does so, it shall have mechanisms in place for documenting the delegation and monitoring the exercise of delegated functions. In this regard, the Board has established two delegated committees: the Risk Committee and the Audit Committee. The Board retains oversight of each of the Committees and each Committee has a documented Terms of Reference which evidences the functions delegated to them.

The *Risk Committee* holds responsibility for oversight and advice to the Board on the current risk exposures of the Company and future risk strategy. The role of the Risk Committee is to advise the Board on risk appetite and tolerance for future strategy, taking account of the Board's overall risk appetite, the current financial position of the institution and, drawing on the work of the Audit Committee and the external auditor, and the capacity of the Company to manage and control risks within the agreed strategy. The Risk Committee oversees the Risk Management Function, which is managed on a day to day basis by the Chief Risk Officer ("**CRO**").

The *Audit Committee* holds responsibility for monitoring the effectiveness and adequacy of the Company's internal control, internal audit and IT systems; liaising with the external auditor particularly in relation to their audit findings; reviewing the integrity of the Company's financial statements and ensuring that they give a "true and fair view" of the

financial status of the Company's; reviewing any financial announcements and reports and recommending to the Board whether to approve the Company's annual accounts; and assessing auditor independence and the effectiveness of the audit process.

Further responsibilities of the Risk Committee and Audit Committee are specified in the Terms of Reference for each Committee as approved by the Board and reviewed at least on an annual basis. For reference, below is the Board and sub-committee structure list at year end 2017:

Board and sub-committees memberships structure				
Committee	Executive Director	Non-Executive Director	INED	**Total**
Board of Directors	1 member	6 members*	2 members	**9**
Risk Committee	1 member	2 members	2 members*	**5**
Audit Committee	n/a	1 member	2 members*	**3**

*Includes Chairman

The Board has delegated certain matters to the Chief Executive Officer ("**CEO**") under the Board Terms of Reference and Matters Reserved for the Board's Remit. An Executive Committee was established which is an internal functional committee used to assist the CEO in the execution of the strategy as determined by the Board and to discuss matters of particular significance to the Company. The Terms of Reference of the Executive Committee specify the matters which are reviewed and discussed by it.

As at 31st December 2017, the Executive Committee was comprised of the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer ("**CFO**"), Chief Operating Officer, Chief Risk Officer, Head of Legal & Compliance, Chief Actuary and the Branch Manager.

There are also various functional internal committees established by the CEO within the Company which are not delegated Committees of the Board. The functional committees assist the CEO and senior management in ensuring effective governance, monitoring and oversight of the business in line with the Company's objectives and strategy.

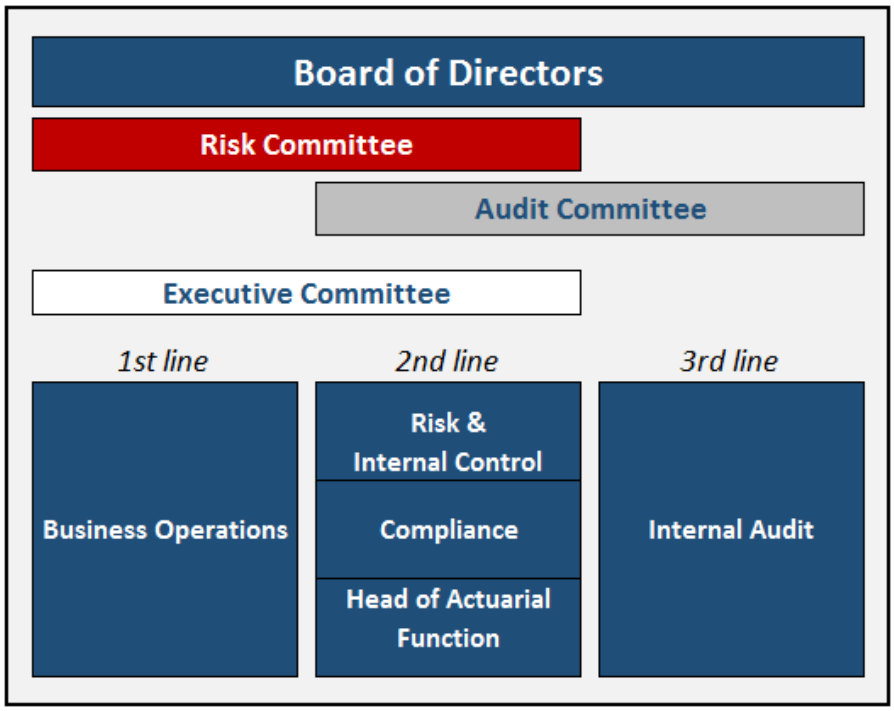
Information explaining how risk management, internal audit, compliance and actuarial functions are implemented and integrated into the organisational structure and decision making processes of the undertaking.

The Company has established the four key functions required under Solvency II and under the Corporate Governance Requirements for Insurance Undertakings 2015. The positions of the key function holders are as follows:

- **Actuarial:** Head of Actuarial Function
- **Internal Audit:** Head of Internal Audit
- **Risk:** Chief Risk Officer
- **Compliance:** Head of Legal & Compliance

These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board and its sub-committees in relation to the Company's control framework. Please see sections B.3, B.4, B.5 and B.6 for further details on how the key functions are integrated into the Company's structure and decision making process of the Company.

The key functions are fully implemented and integrated within the Company's internal control framework which operates at three levels of increasing independence and can be illustrated through the *three lines of defence model,* as follows:



The key function holders must comply with the "Fitness and Probity" regime of the CBI. Further details are explained in section B.2. A simplified internal organisational structure as at 31st December 2017 can be illustrated as follows:



The functions holders represented above are all members of the Executive Committee of the Company.

The Pre-Approved Controlled Function (PCF-48) role of *Head of Actuarial Function* ("**HoAF**") which was previously outsourced to to an independent actuarial consulting firm based in Dublin (Ireland) was transferred in-house in May 2017. The HoAF also holds the role of Chief Actuary of the Company and is a member of the Executive Committee.

The *Internal Audit Function* was internalised in March 2017 having previously been outsourced to CNP Assurances S.A. The Internal Audit Function has a direct reporting line to the Audit Committee.

Adequacy of the system of governance for the undertaking's risk profile

The Company is subject to the Corporate Governance Requirements for Insurance Undertakings 2015, but does not fall in scope for the additional requirements for major institutions due to its medium low PRISM rating. The Board is responsible for oversight of the System of Governance and considers it to be effectively providing for the sound and prudent management of the business and adequate in respect of the operations, risk profile and PRISM risk rating of the Company. The Company has complied with all the requirements during the year 2017. The Board has satisfied itself as to the appropriateness of all policies and functions for the Company and in particular that these policies and functions take full account of Irish laws and regulations and the supervisory requirements of the CBI. The Board has satisfied itself that all key functions such as Risk Management, Internal Audit, Compliance and Actuarial maintain their independent roles and have adequate resources and authority to operate effectively. The System of Governance is subject to regular internal review with scope and frequency being defined by the Board. Any findings and conclusions of these reviews are reported to the Board. The System of Governance of the Company is fully compliant with the Pillar 2 requirements of the Solvency II Directive.

Material changes in the governance structure since last reporting period

In relation to the governance structure of the Company, the main changes during 2017 were as follows:

- Internalisation of the previously outsourced Internal Audit Function;
- Internalisation of the previously outsourced role of Head of Actuarial Function;
- Addition of the Chief Actuary as a member of the Executive Committee of the Company; and
- One change to Board membership.

Information on remuneration policy and practices including: Principles of remuneration policy including any fixed or variable proportions; Information on performance criteria on which entitlements to share options or variable remuneration is based; Description of the main characteristics of any supplementary pension or early retirement scheme.

The Company has an approved Remuneration Policy in place which includes the relevant principles regarding how members of staff are remunerated. The salary remunerates employees' daily work and depends on the level of responsibility and the skills required for the position concerned combined with external market data and internal management ratios, as well as the overarching principle of internal equity. The package includes fixed and variable remuneration, and currently includes fringe benefits such as company pension scheme, death in service benefit, medical insurance and permanent health insurance. Eligibility to participate in the variable remuneration scheme depends on the individual's job and responsibilities. Variable remuneration is decided separately for each eligible employee and rewards employees based on individual performance and the performance of the Company in relation to a set of objectives. It contributes to the process of rolling down strategic objectives and helps management to

motivate and reward the best talents. The individual qualitative objectives are expressed in practical terms during the annual performance appraisal and are assessed by their superior. In this way, it promotes a culture of management transformation around annual performance-related objectives. A specific scheme has been established for "material risk takers" in line with the new remuneration rules contained in Solvency II.

Variable remuneration is paid annually, except for the variable remuneration earned by material risk takers, the payment of which is deferred in accordance with Solvency II. Solvency II stipulates that a substantial portion of the variable remuneration paid to material risk takers should contain a flexible, deferred and modular component that provides scope for *"a downwards adjustment for exposure to current and future risks, taking into account the company's risk profile and cost of capital"*, in order to be aligned with the Company's strategy and with the principles of sound and effective risk management.

Material risk takers are considered to include the persons who effectively run the business, the heads of the four key support and control functions (internal audit, actuarial, compliance and risk management) and all other categories of staff whose professional activities have a material impact on the Company's risk profile. Within the Company, the following persons qualify as material risk takers: the CEO, the Deputy CEO and the key function holders (Head of Internal Audit, the Chief Risk Officer, the Head of Legal and Compliance, and the Head of Actuarial Function).

Information about material transactions during the reporting period with shareholders, with persons who exercise a significant influence, and with members of the administrative, management and supervisory bodies.

The material transactions with shareholders over the reporting period are reported below:

- Renewal of Agreement for the provision of IT services with Santander Group companies;
- Renewal of Agreement for the provision of certain IT software and Personnel with CNP Assurances S.A;
- The Company has entered into an agreement with Santander Asset Management, S.A. SGIIC for the provisions of investment administration and advisory services;
- The Company has entered into a custody agreement with Santander Securities Services, S.A. in Spain. Under this agreement, Santander Securities Services, S.A. holds assets on behalf of the Company;
- The Company has current account and deposit account facilities with Banco Santander, S.A. in Spain;
- Subordinated loan, provided by CNP Santander Insurance Life Designated Activity Company to CNP Santander Insurance Europe Designated Activity Company, was held over the reporting period;
- Insurance services agreement between CNP Santander Insurance Services Ireland Limited and the Company under which CNP Santander Insurance Services Ireland Limited incurs expense on behalf of the Company and recharges the Company such expenses plus a defined margin; and
- The Company maintains agreements with Santander Consumer entities in the following countries for mediation, cooperation and/or distribution of its products: Germany, Spain, Italy, Norway, Sweden, Denmark, Finland, and Poland. However, the Company does not underwrite business in Poland as at 31st December 2017. For information purposes, the Company is to enter into a cooperation agreement with Santander Consumer in Austria with effect from 1st January 2018.

Material transactions with members of the *administrative, management and supervisory bodies* are only related to the Directors' emoluments as reported in the Financial Statements of the Company.

B.2 Fit and Proper Requirements

Description of specific (minimum) requirements with regards to skills, knowledge and expertise applicable to persons in key functions.

The Company has a Fitness and Probity Policy which sets out the principles by which CNP Santander Insurance Europe DAC shall adhere to in relation to ensuring that individuals who effectively run the Company or have other key functions known as Pre-Approved Control Functions (PCFs) and Controlled Functions (CFs) are fit and proper in order to manage the duties and responsibilities related to the key roles they are appointed to. The Company is obliged, pursuant to Section 21 of the Central Bank Reform Act, 2010, to satisfy itself on reasonable grounds that an individual performing or proposed to be appointed to any of the CFs role is compliant with the Standards. According to the Fitness and Probity Standards (Code issued under Section 50 of the Central Bank Reform Act, 2010), the Company must ensure that all persons who hold or are to hold the position of PCF or CF fulfil the following requirements:

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit);
- they are of good repute and integrity (proper); and
- they are financially sound.

Where one of the Key Functions is outsourced, the Company must appoint an individual from within the Company to be responsible for that outsourced function. This designated individual must:

- already be performing a PCF role;
- not be the holder of another key function;
- not be an independent non-executive director; and
- must possess sufficient knowledge and experience regarding the outsourced function to be able to provide adequate oversight and challenge to the service provider.

Description of process for assessing fitness and propriety of persons in key functions

In order to ensure compliance with the Fitness and Probity Standards, the Company, in the appointment of individuals and continuing assessment of individuals in PCF or CF positions, must carry out the due diligence set out in the Company's Fitness and Probity Procedure. In relation to proposed individuals to be appointed to a PCF or CF position the following is obtained as part of the due diligence carried out on them:

- Copy of identification documents (e.g. passport);
- Evidence of their professional qualifications, education and continuous professional development where applicable;
- Copy of their curriculum vitae;
- Interview notes and the individuals application (where applicable) for the position;
- References;
- Record of previous experience, knowledge and expertise gained both within Ireland and outside the State; and

- Searches carried out against the individual (judgment, bankruptcy and directorships searches via an external provider, searches against regulatory websites to check if the individual has not been sanctioned or worked for a company which has been sanctioned by a supervisory authority).

As part of the recruitment process for individuals proposed to PCF or CF roles, the following is completed:

- A written job specification which sets out the responsibilities of the role;
- An assessment of the level of fitness and probity required for the role on the basis of the formally documented job description and specification;
- Interview process which is aligned with the requirements of the role (number of interviews and diversity of interviewers); and
- Due diligence process is followed with the verification of the information and documentation provided by the candidate (as set out above).

All reasonable steps are undertaken to ensure that sufficient information is obtained to enable the Company to properly make informed decisions as to the fitness and probity of its directors, senior managers and key function holders. Where an individual is being proposed to a PCF role, once the due diligence has been completed they must populate the Individual Questionnaire for submission to the CBI. Once the CBI confirm their approval of the appointment, only then may the individual commence performance of the PCF role within the Company. Any offers of employment issued to the individuals proposed for the performance of a PCF role will be issued subject to the following qualification: "This shall not be taken to be an offer for the purposes of Section 23 of the Central Bank Reform Act 2010 unless and until approval is granted by the Central Bank of Ireland".

Reviews of persons and outsourced service providers performing CF roles and PCF roles are completed at least on an annual basis by the Legal and Compliance Function by requesting CFs and PCFs to confirm whether they are aware of any material developments in relation to their compliance with the Standards of which the Company ought to be aware and completing a review of the information and documentation provided by the individual or outsourced party as part of the Companies' Fitness and Probity Procedure. The Legal and Compliance Function also carries out searches against the individuals identified in the Company as PCF and CF holders. The Legal and Compliance Function report to the Board in respect of the outcomes of the annual review and may also complete ad hoc reviews of the Fitness and Probity Register in accordance with the Company's Compliance Procedures Manual or if so requested by the Board from time to time. Lastly, in accordance with the Regulations and the CBI's procedures, the Company shall notify the CBI immediately if:

- a person ceases to perform a PCF role; or
- a person who performs a PCF role has been replaced because the person no longer complies with any standard of fitness and probity in a code issued by the CBI.

B.3 Risk Management System including the Own Risk and Solvency Assessment

Description of the company's risk management system comprising strategies, processes and reporting procedures, and how it can effectively identify, measure, monitor, manage and report the risks

The Company's risk management framework defines the way in which the various components and activities associated with risk management interact across the business ensuring effectiveness around decision making processes and continuous monitoring of the main risks.

The Board recognises the importance of an effective Risk Management Framework within the organisation, which shall include at least:

- The strategic decisions and policies on risk management;
- The definition of the Risk appetite and overall risk tolerance limits;
- The integration of Risk Management in the decision-making processes; and
- The identification, measurement, management, monitoring and reporting of risks to enhance the soundness of risk management within the organisation and ensuring financial stability through effective mitigation of the main risks.

The Company's risk strategy is to deliver its business strategy whilst remaining within the bounds of its defined risk appetite. The Company has documented its risk strategy within the Risk Appetite Statement as approved by the Board. The main activities of the Risk Management Framework can be illustrated as follows:

Component	Activity	Frequency
Risk Identification	Risk Universe / Top Risks	Annually
Risk Strategy / Risk Appetite	Risk Appetite Statement	Annually
Risk Management Policies	Solvency II Risk management policies	Annually
Risk Governance	Risk Committee	Quarterly
	Risk Forum	Quarterly
	Risk, Actuarial and Finance Forum	Monthly
Risk Controlling	Key Control Testing, Procedures, Business Process Reviews, Contingency Plans	Quarterly
Risk Monitoring / Reporting	Risk Dashboard, Key Risk Indicators, Risk Incident Log	Monthly

All of the above are subject to revision and approval at least once per year. Risk matters are mainly discussed at the Risk Committee which acts as a sub-committee of the Board of Directors. With particular regard to the Risk Identification, it is carried out at the beginning of the year or in the case of a material change to the Risk Profile of the Company or in the event of a Risk Incident which highlights a previously unconsidered risk. Risks are monitored on a regular basis through the Risk Dashboard. The Company has adopted the macro classification of 'PRISM Risks' of the

CBI, as recommended to insurance and reinsurance undertakings, with the risks being classified by the following 10 categories of risk: Claims & Reserving, Pricing & Underwriting, Capital, Counterparty, Investment, Operational, Conduct, Strategic, Governance, and Environmental.

For each category of risks a number of qualitative and quantitative Key Risk Indicators are identified which are monitored to ensure that risks exposures fall within the risk appetite of the Company. Key risk indicators are reviewed and developed on an ongoing basis to ensure alignment with the evolution of the business strategy and any changes to the Company's risk profile, risk appetite and policies. The Risk Management Function also reports the status of the Company's risks with the highest exposures, monitors the effectiveness of related controls and tracks the corresponding action plans on a regular basis, as part of the Risk Dashboard. Risk incidents are tracked within the Risk Incident Log with the aim of overseeing, tracking and addressing any risk incidents in the business. A specific reporting procedure is in place and is circulated on a monthly basis to all employees of the Company to ensure risk incidents, including near misses, are reported in a timely manner. Risks are regularly reported to the Board, Risk Committee, Risk Forum and Group Risk Division on a quarterly basis, and to the Risk Actuarial and Finance Forum ("**RAFF**") and Executive Committee on a monthly basis. Roles and responsibilities are clearly defined within the Company's Risk Management Policies with the aim of ensuring the alignment of policies with the overall business processes and strategy of the Company. As at 31st December 2017 and in accordance with the Pillar II of the Solvency II Directive, the Company has risk management policies in place in the following areas: Underwriting, Reserving, Reinsurance, Capital Management, Investment, ALM and Liquidity, Valuation of Asset and Liability, Operational Risk, Outsourcing, Business Continuity, Reporting and Public Disclosure, ORSA, Risk Management, Data Quality, Internal Control, Internal Audit, Compliance, Remuneration, Fit & Proper.

A description of how the RMS including the risk management function are implemented and integrated into the organisational structure and decision-making processes

The CRO is a member of the Executive Committee and reports directly to the CEO and Risk Committee. The Board has the ultimate responsibility for setting the risk strategy and risk appetite of the Company. The Risk Management function interacts with other functions as a 'Key Function' - according to the *Solvency II Directive* - and as a '*second line of defence'* - according to the *three lines of defence* model - with the purpose of carrying out its role of providing assurance to the business and, in a broader level, to the stakeholders, while also enhancing and supporting the decision-making process of the Company at the same time. The role of the Risk Management Function in particular is to assist the Board and management in the effective operation of the risk management framework. This involves monitoring both the risk management framework and the general risk profile of the Company as a whole. Other tasks of the Risk Management Function are identifying and assessing emerging risks, reporting on risk exposures, and advising in relation to strategic matters. In fulfilling its role, the Risk Management Function works closely in co-operation with the other *key functions* and operates independently from the operational areas of the business. The link between business strategy and risk management can be illustrated through the risk management framework of the Company as follows:



The responsible persons and specific committees (if any), their roles, position and scope of responsibilities

The governance of risk management and the integration within the decision making process of the Company is facilitated by the establishment of the following committees.

Board Risk Committee: The Risk Committee holds responsibility for oversight and advice to the Board on the current risk exposures of the Company and future risk strategy. The role of the Risk Committee is to advise the Board on risk appetite and tolerance for future strategy, taking account of the Board's overall risk appetite, the current financial position of the institution and, drawing on the work of the Audit Committee and the external auditor, the capacity of the Company to manage and control risks within the agreed strategy. The Risk Committee oversees the Risk Management Function, which is managed on a day to day basis by the CRO.

Further responsibilities of the Risk Committee are specified in the Terms of Reference for each Committee as approved by the Board and reviewed at least on an annual basis. The Risk Committee is held on a quarterly basis or ad-hoc in case of significant risk events.

Executive Risk Forum: This Forum is an internal functional committee of the Company which is held on a quarterly basis with the purpose of providing assurance within the business and in particular assisting the CEO, Executive Committee, Risk Committee and ultimately the Board in taking decisions with regard to the risk faced by the Company. Further responsibilities of the Risk Forum are specified in the Terms of Reference as approved by the CEO. The forum is chaired by the CRO.

Executive Risk, Actuarial and Finance Forum ("RAFF"): This Forum is a functional committee of the Company and is a joint meeting between the CRO, the HoAF and the CFO, with participants from the Risk, Actuarial and Finance departments. The main purpose of the "RAFF" is to facilitate the governance required under Solvency II between the Risk, Actuarial and Finance functions. The "RAFF" objective is to enhance the decision making process between those functions and facilitate business decisions having considered the regulatory and capital constraints. Further responsibilities of the RAFF are specified in the Terms of Reference as approved by the CEO.

Description of ORSA process, including how it is integrated into the organisational structure and decision making processes

The ORSA provides the Company's own view of its risks and capital needs and also provides an assessment on the link between the ORSA and the strategy of the entity, the business development and the capital management plan. The processes used are developed with appropriate and adequate techniques, are proportionate to the nature, scale and complexity of the risks inherent in the business, and are tailored to fit into the Company's organisational structure and risk management system.

The Board uses the ORSA process in order gain a comprehensive picture of the risks the Company is exposed to or could face in the future and to understand these risks and how they translate into capital needs or alternatively require mitigation actions. Also, the Board ensures that the ORSA is an integral part of the business strategy and is taken into account on an ongoing basis in the strategic decisions of the Company. The Board of the Company takes an active part in the forward looking assessment of own risks, including steering how the assessment is to be performed and challenging the results. The results of the ORSA are used to influence product development, capital management and strategy.

The Board has the ultimate responsibility for agreeing the stress tests and ORSA shocks to be performed as part of the ORSA and has the ultimate responsibility for determining the Target Solvency Cover of the Company and the capital management plan in the short and long horizons.

The risk management function has the role of ensuring the implementation of the ORSA process by the senior management. This includes:

- Ensuring that a document outlining the processes and procedures to be followed in order to conduct the ORSA is maintained and is reviewed at least annually by the Risk Committee;
- Establishing such controls as are appropriate in order to implement the ORSA policy;
- Communicating the results and conclusions of the ORSA process to all relevant staff, once the Board has approved the process and the results;
- Coordinating the production of the ORSA reports; and
- Informing the internal audit, compliance and actuarial functions and executive management of any facts arising from the ORSA process or otherwise, relevant for the performance of their duties.

The Actuarial Function will contribute to the effective implementation of the ORSA, in particular with regards to the risk modelling underlying the calculation of the capital requirements as well as inputting into the stress and scenario testing. As required under CBI Guidelines, the HoAF will provide an Actuarial Opinion to the Board on the ORSA report.

The Risk Management Function is responsible for coordination of the annual ORSA process and for supporting the Board in the elaboration and approval of the document, with particular regards to stress testing in the forward-looking assessment of capital requirements. The Board has the ultimate responsibility to drive the ORSA process ensuring alignment with the risk profile, appetite and strategy. The governance and responsibilities around the ORSA can be found in the ORSA Policy of the Companies.

Explain how often the ORSA is reviewed and approved by the board

The Board consider it sufficient to perform the ORSA process on an annual basis given the nature, scale and complexity of the business. However, it is possible that an ORSA might also be required outside the regular timescales in case of specific events as set out in the circumstances below:

- There is a significant change to the Company's business plan in terms of the type of business to be written, the volumes to be written, the risks assumed or the capital requirements associated with new business;
- There is a significant reduction in the Company's own funds, such that the conclusions of the previous ORSA might no longer be relevant;
- The CBI or the Board request the Company to undertake an ORSA;
- The Company plans to launch into a new market or launch materially different products that would necessitate a submission to the CBI as a material change of business plan;
- There is an ad-hoc request by CNP Assurances S.A., the Group;
- There is a significant change in the market, regulation or, broadly, in the external environment which may lead to additional risk scenarios; or
- The Board and the Executive Management recognise the need for a partial update to improve the adequacy/completeness of data/processes.

Where the above situations arise, the CEO supported by the CRO will discuss and make a recommendation to the Board of Directors on how to proceed. The timing of changes as well as their materiality will be taken into consideration.

Explain how own solvency needs are determined given the risk profile and how the capital management activities and RMS interact

The evolution of the Company's risk profile and the ability to stay within the defined risk tolerances impact upon the overall solvency needs and capital management of the Company. The determination of the Company's Risk Appetite Statement is an iterative process and the results of the ORSA process feed into the documentation of the risk profile and the determination of the risk tolerances. The annual identification and assessment of risks is a key activity of the ORSA process for the definition of stress tests and impact analysis. In this regard, the Group ORSA process requires the Company to define its own set of assumptions in relation to stress tests and financial projections according to the risk profile of the Company and, where relevant , the Group. The Company ORSA shocks and calibrations techniques shall be in line with the Group guidelines defined for each individual risk module where applicable to the Company. The Company can refine or amend the shocks and calibrations in line with their own risk framework and business strategy where necessary. The results of projections made in the ORSA will be used by the Company to develop the medium-term capital management plan and define an additional threshold or tolerance level, internally named

"Target Solvency Cover", for the Solvency II coverage ratio, with the aim of ensuring the capital requirements are met and aligned with the underlying risk of the Company. The Board and executive management are aware that any material changes to the business or deviations from the current Business Plan could lead to a reduction to solvency cover/ratio, in which situation the ORSA figures should be revisited to investigate the impact of such a change on the solvency and capital position of the Companies. The ORSA shall demonstrate continuous compliance with the Target Solvency Cover, including recommendations for management actions in order to meet the target during the execution of the Company Business Plan. The Target Solvency Cover is determined by the Board and documented within the Risk Appetite Statement of the Company. In case of breach or potential breach of the target solvency cover, the Board will review the capital management plan according to the regulatory requirements, after consultation with the Group and subject to the opinion of the HoAF.

Description of how existing committees interact with the AMSB to ensure the AMSB meets its responsibilities with regard to the internal model

The Company does not use an Internal Model.

Any material changes to the internal model governance during the reporting period

The Company does not use an Internal Model.

A description of the validation process (used to monitor the performance and on-going appropriateness of the internal model)

The Company does not use an Internal Model.

B.4 Internal Control System

A *description of the internal control system; and how it has been implemented*

The Company defines *Internal Control* as a process of business control and management implemented on an on-going basis by the entity's Board of Directors, senior management and other personnel. The main parties within internal control are, at the highest level in the Company, the Board, Audit Committee, Risk Committee, and Executive Committee. The Company's system of internal control operates within a framework comprising of internal delegations of authority and fundamental principles as set out in documents such as company policies and the Code of Conduct. The Internal Control function oversees the management and assessment of risks, and existence and operating effectiveness of controls. Roles and responsibilities of Internal Control include:

- Supporting all business areas in creating, documenting and reviewing processes and identifying risks and controls;
- Creating and implementing residual risk action plans, if any, and monitoring the progress of these;
- Testing all key controls throughout the year to ensure operating effectiveness;
- Managing and co-ordinating the reviews and onsite testing for all third party administrator's ("**TPA**")in each country;
- Providing training to all new joiners of the Company to ensure each employee is aware of their responsibilities;

- Working closely with internal and external audit;
- Monitoring the status of recommendations from auditors (internal and external) and supervisors; and
- Ensuring that accurate and regular reporting to the Executive Committee and Audit Committee is performed on a monthly and quarterly basis respectively.

Internal control consists of five interrelated components:

1. An organisational structure with a clear definition of responsibilities, adequate resources and skills, information systems, operating procedures and methods, tools and appropriate practices;
2. In-house distribution of relevant and reliable information, the awareness of which enables everyone to exercise their responsibilities;
3. A risk management process to identify, analyse and address the main risks with regards to the Company's objectives;
4. Control activities that are proportionate to the risk inherent in each process and designed to ensure that the necessary measures are taken to manage risks that are likely to affect the Company in reaching its objectives; and
5. On-going monitoring of the internal control policies and key controls.

The controls are performed at three levels within the Company:

1. First-tier controls which must be set up by all operational or functional departments to manage the risks associated with their activities;
2. Second-tier controls which cover Solvency II requirements with key functions (risk management, compliance and actuarial); and
3. Third tier of periodic control which is provided by Internal Audit.

Description of how the compliance function was implemented

The Company has embedded a *three lines of defence model* which is designed to support the effectiveness of the Company's risk management framework and to support the Company's Board in ensuring that an effective internal control framework is in place. The Compliance function interacts with other functions, being a *second line of defence* of the Company, and contributes to reinforcing the risk control framework of the Company. The function is led by the Head of Legal and Compliance.

The Head of Legal and Compliance is a member of the Executive Committee and reports directly to the CEO. The Board is ultimately responsible for Compliance by the Company with its legal and regulatory obligations and for creating the compliance culture within the Company. The function is responsible for the management, monitoring and reporting of compliance risks to which the Company is exposed. The Compliance function identifies, assesses and seeks to prevent the risk of non-compliance by carrying out the following activities:

- Monitoring of regulatory provisions, guidance issued by regulatory and supervisory authorities in order to assess the impact of these on the Company;
- Identifying, documenting and assessing compliance risks associated with the business activities of the Company;
- Ensuring ongoing compliance with regulatory requirements through ongoing monitoring and compliance testing;

- Annual staff training on compliance matters, including anti-money laundering, anti-corruption and bribery, data protection and information security. Educating staff on compliance issues and acting as a point of contact within the Company for compliance queries from staff members. Establishing written guidance to staff on the appropriate implementation of compliances laws, rules and standards through policies and procedures and other documents such as internal codes of conduct, practice guidelines, AML manual etc. The Compliance Function reviews the policies and procedures on a regular basis to ensure they remain appropriate and up to date;
- Attendance at regular functional committees within the Company including the Executive Committee, Risk Forum, Regulatory and Compliance Committee, Customer Satisfaction and Service Quality Committee; Advising senior management and the Board on compliance with laws, regulations, standards, including keeping them informed on developments in the area;
- Liaising with external bodies including regulatory authorities, insurance associations and external experts;
- Reporting to the Board and its committees on compliance related matters;
- Interacting with the CNP Assurances S.A. compliance function through the submission of any CNP Group reporting requirements in a timely manner; the exchange of best practices with other members of the compliance function in the group; the alignment of policies to the compliance framework of CNP Assurance S.A., where applicable and possible in accordance with local legislation; and
- Overseeing the resolution of compliance issues reported to the Compliance Function through the Company's *compliance incident management procedure* or otherwise identified by the Compliance Function and reporting on the management of such issue resolution to senior management (through the Regulatory and Compliance Committee and/or Executive Committee) and to the Board (through the Risk Committee).

The Regulatory and Compliance Committee was established as a functional committee of the Company and is chaired by the Head of Legal and Compliance. It sits on a bi-monthly basis and assists the CEO and Executive Committee in managing effectively the oversight of legal and compliance risks faced by the Company. The responsibilities of the Regulatory and Compliance Committee are set out in the Terms of Reference.

B.5 Internal Audit Function

A description of the Internal Audit Function and how it has been implemented

The Internal Audit Function operates in accordance with the Institute of Internal Auditors and other relevant codes of conduct and is independent from the operational functions. The Internal Audit Function was internalised in March 2017 having previously been outsourced to CNP Assurances S.A. As a *third line of defence* and as an independent, objective assurance and consulting activity, the Internal Audit Function assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Internal Audit Function implements and maintains an audit plan setting out the audit work to be undertaken in the upcoming years, taking into account all activities and the complete system of governance. The Function takes a risk based approach in deciding its priorities. Internal audit can conduct missions on:

- The safety of operations, the quality and effectiveness of internal controls, compliance with procedures, laws and regulations in force (operational risk, compliance);
- The efficiency of organisations, processes, projects and information systems in place (Performance);
- The alignment of resources and control methods implemented to achieve the objectives of the Company (strategy, governance, management of technical and financial risks);
- The processes and activities shared with our partners or joint ventures (joint missions); and
- Monitoring corrective plans following an internal audit or a recommendation by the CBI.

All internal audit reports and updates are presented to the Audit Committee and to the Board of the Company in a separate Internal Audit update, on a quarterly basis. The update includes:

- The audits performed during the year and any deficiencies found;
- The status of the audit plan;
- The main findings and key recommendations; and
- The status of previous recommendations on all internal audits performed.

Description of how its independence and objectivity is maintained

The Internal Audit Function, via the Head of Internal Audit, reports directly to the Chairman of the Audit Committee of the Company for functional purposes. This reporting arrangement protects both the authority and the independence of the Internal Audit Function allowing the Head of Internal Audit direct and unrestricted access to senior management and the Board. The Board member ultimately responsible for Internal Audit within the Company is a Non-Executive Director - member of the Board and chair of the Audit Committee - and is subject to the Fitness & Probity regime of the CBI.

B.6 ACTUARIAL FUNCTION

A description of the actuarial function; and how it has been implemented.

The Pre-Approved Controlled Function (PCF-48) role of *Head of Actuarial Function* ("**HoAF**"), which was previously outsourced to to an independent firm based in Dublin (Ireland), was brought in-house in May 2017. The HoAF also holds the role of Chief Actuary of the Company and is a member of the Executive Committee. The HoAF has overall responsibility for the tasks of the Actuarial Function and hence overall responsibility for the reliability and adequacy of the technical provisions. The HoAF, subject to the Fitness & Probity regime of the CBI, is part of the *second line of defence* and shall maintain its role of independence and assurance within the Company. The Head of Reserving and Capital and the Head of Pricing and Product Development report to the HoAF and by assuming their responsibilities for the *first line of defence*, they help ensure that the specific aspects of the HoAF role remain independent. An Executive Technical Committee assists the CEO and Executive Committee in managing effectively the oversight of reserving, claims and capital risks as well as experience monitoring. The Reserving and Capital team within the Actuarial Department are responsible for the calculation of the Technical Provisions. These are calculated using an industry standard actuarial cashflow modelling tool which was introduced in 2015. The SCR calculation that is used to calculate the Risk Margin, also calculated by the Actuarial Department, is based off a dedicated CNP Assurances S.A. tool. However, it is calculated independently at least on a quarterly basis. The Actuarial Department produce the

results of the Technical Provisions (*Best Estimate Liabilities* and *Risk Margin* calculation). Before submitting this for the attention of the HoAF, the Head of Reserving and Capital reviews the figures and all corresponding checks, controls and analysis of movement carried out on these. In relation to underwriting, the Pricing and Product Development team within the Actuarial Department, and in particular the Head of Pricing and Product Development, is responsible for all product pricing and checks in order to be compliant with the business' underwriting standards. The HoAF provides an opinion on the Underwriting Risk Management Policy of the Company including pricing. An Executive Product Approval Committee assists the CEO and Executive Committee in managing effectively the oversight of pricing and underwriting risks.

B.7 OUTSOURCING

Description of outsourcing policy, including details of critical or important functions or activities that have been outsourced and jurisdiction of the service provider.

The Company has an Outsourcing Risk Management Policy in place which is consistent with and promotes sound and effective risk management and enables the Company to identify, manage, monitor and report on such outsourcing risk to which it is or might be exposed. In order to appropriately address these risks, a framework has been developed to identify relevant risks applicable to each relationship and ensure these are managed appropriately. The objective of the outsourcing within the Company is to delegate third parties to carry out specific activities when one or more of the following reasons is met:

- There is a lack of resources – people *and/or* infrastructure - to carry out a specific activity and the outsourcing is the most efficient solution (resources);
- The outsourcing leads to a gain of external capabilities (know-how);
- There is a historical decision to outsource certain activities for a strategic reason (e.g. speed to market or preferred business model);
- There is a decision to outsource for economic reasons as it leads to a reduction of operating costs (profitability); or
- The outsourcing can lead to a desired reduction of risk (risk reduction).

The outsourcing framework is developed according to the risk profile of the Company; the Solvency II Directive requirements; and, the CBI guidelines and requirements. The Company carries out a detailed due diligence review before entering into outsourcing arrangements for *critical or important activities* and, as good practice and regardless of the criticality, the Company carries out the due diligence review in respect of any provider which represents a significant cost or require longer time to exit. In particular, prior to deciding on an outsourcing arrangement, the Company ensures the following factors have appropriately been taken into account:

- How the outsourcing provided shall affect the Company's business strategy and its ability to continue to meet its regulatory obligations;
- Regulatory compliance;
- Reputation and experience;
- Exit strategy;

- Information security in the event of the provider handling Company's customer or commercially sensitive data to ensure confidentiality and compliance with the relevant data protection regulation;
- Business continuity management for provider providing business critical services;
- Human Resource practices & standards;
- The fitness and probity of the relevant individuals in the service provider where applicable in respect of the activities being carried out;
- The service provider's obligation to disclose information and data, including its ability to provide access to data to the CBI and auditors;
- Any actual or potential conflict of interest and how these are/will be managed;
- The service provider's ability, capacity and relevant authorisations required in order for them to perform the outsourced function; and
- Details of the regulatory status of the service provider.

Material outsourcing arrangements are notified to the CBI at least six weeks before the outsourcing is due to come into effect, in accordance with the "Notification Process for (Re) Insurance Undertakings when Outsourcing Critical or Important Functions or Activities under Solvency II" guideline. As a minimum the following information is included: description of the scope and rationale for the outsourcing; the service provider's name and contact details; and, additional information as set out in the guidelines, in case of outsourcing of a key function. The Outsourcing Policy sets the criteria for determining whether a function or activity is critical or important. "Critical" or "important" activities are those deemed essential for the activity of the Company having regard to the fact that the Company could not deliver its service to its customers without these functions or activities. This definition is in line with the Article 49 of the Solvency II Directive. The following activities have been identified as critical and important within the Company:

- Product design and pricing;
- Claims and complaints handling;
- Cancellation and policy administration;
- Calculation of technical provisions;
- Information Technology management;
- ORSA processes;
- Asset investment / portfolio management;
- Provision of on-going Risk Management, Compliance, Actuarial or Internal Audit services, all defined as Key Functions under the Solvency II framework; and
- Ad-hoc activities considered strategically critical to execute the business strategy of the Company.

With regards to intra group companies, when outsourcing "critical or important functions or activities", the Company takes into account the extent to which it controls the service provider or has the ability to influence it's actions; the Company ensures that the performance of the critical or important functions or activities concerned are not impaired by such arrangements. It is worth noting that the Company operates in conjunction with two sister companies on a shared labour basis such that all employees work for CNP Santander Services Ireland Limited which provides the personnel who operate the day to day affairs of the Company and of its sister company CNP Santander Insurance

Europe DAC on an arms-length shared basis. The list of the critical or important functions or activities outsourced over the reporting period is as follows:

Critical or Important functions or activities outsourced	Jurisdiction	Intra-group
Investment administration services	Spain	Yes
Custodian service	Spain	Yes
Insurance IT services	Spain	Yes
IT Infrastructure	United Kingdom	Yes
Head of Internal Audit*	France	Yes
Head of Actuarial Function*	Ireland	No
Insurance Third Party Administrator (2 providers)	Italy	No
Insurance Third Party Administrator (2 providers)	Germany	No
Insurance Third Party Administrator	Spain	No
Insurance Third Party Administrator	Norway	No
Insurance Third Party Administrator	Denmark	No
Insurance Third Party Administrator	Sweden	No
Insurance Third Party Administrator	Finland	No

* Internalised during 2017

B.8 ASSESSMENT OF GOVERNANCE AND ANY OTHER DISCLOSURE

Assessment of the adequacy of the system of governance to the nature, scale and complexity of the risks inherent in the business

The Company's system of governance is tailored to the nature, scale and complexity of the Company and has been implemented in accordance with the Corporate Governance Requirements, the CBI guidelines on Systems of Governance and the Pillar II requirements of the Solvency II Directive. The Executive Committee of the Company and its Board consider the System of Governance effectively provides for the sound and prudent management of the business and is adequate in respect of the operations, risk profile and PRISM risk rating of the Company.

Any other information for disclosure relevant to systems of governance

There is no additional information to be disclosed in relation to the system of governance.

C. RISK PROFILE

C.1 UNDERWRITING RISK

Description of measures used to assess risks, including any material changes over the year

The main measures to assess underwriting risks are described below:

- *Risk Universe Review:* the Company conducts, at least on an annual basis, a risk identification and mapping exercise, where it attaches impact and likelihood scores to underwriting risks impacting the business. This exercise is carried out by management at a departmental/functional level, with consideration also given to strategic or cross-functional risks.
- *Monthly Management Reporting:*
  - Measures of premium volumes (including new business and cancellations) at a product grouping and country level; and
  - Claims Loss ratios at a product grouping and country level.
- *ORSA process:* the ORSA process itself is also considered as a measure to assess the Underwriting Risk that the Company is exposed to and determine the level of Own Funds that are necessary to ensure that the solvency needs are met at all times.

No material changes were made to the measures used to assess underwriting risk over the year.

Description of material risks, including any material changes over the year

The material underwriting risks for the Company are reflected in the standard formula of the SCR. For the Company these are: morbidity (sickness); disability; expense risk; lapse risk (cancellation) as well as non-life risks of unemployment and GAP. The values of each of these sub-modules of the SCR as at 31st December 2017 are as follows:

SCR sub-modules	Non-Life Underwriting Risk SCR €M	Health Underwriting Risk SCR €M
Mortality	0	0
Longevity	0	0
Disability	0	22
Lapse	20	7
Expense	0	0
Catastrophe	45	4
Non-Life Premium Reserve	123	0
Diversification Benefit	(45)	(8)
TOTAL	**143**	**25**

The values of each of these sub-modules of the SCR as at 31st December 2016 were as follows:

SCR sub-modules	Non-Life Underwriting Risk SCR €M	Health Underwriting Risk SCR €M
Mortality	0	0
Longevity	0	0
Disability	0	21
Lapse	15	7
Expense	0	0
Catastrophe	36	3
Non-Life Premium Reserve	103	0
Diversification Benefit	(36)	(8)
TOTAL	**118**	**24**

The non-life underwriting capital is the highest component of the CNPSIE SCR. This is mainly due to the premium reserve and catastrophe stresses applied to the unemployment and GAP covers. The increase in premium reserve SCR over the period is driven by the roll-forward of the budget which increases the value of the earned premium flowing through the SCR calculation. The health underwriting capital has increased slightly due to the increase in BEL driven by the growth in the business over the year. This has also been impacted by assumption changes. There were no material changes in the nature of the underwriting risks over the reporting period.

Another insurance risk for the Company is unexpected changes to the underlying mix of the customer profile. The Company continuously monitors lapses (cancellations), average age mix, gender profile and average exposures to ensure stability within these metrics.

Description of the material risk concentrations

The concentration of risks are as follows:

- Exposure of policies in a specific market. This is mitigated through the geographical diversification of the business; and
- Exposure to individual policies. This is mitigated by the definition of limit per single policy as defined in the Company's Risk Appetite Statement and Underwriting Risk Management Policy.

The Company has a concentration on one product grouping (i.e. covers related to loans), but this is geographically diversified and comprises large numbers of small risks. The Company has started to widen its product offering since 2016.

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

The main methods for mitigating underwriting risks are described below:

- *Geographical diversification*: through writing business in several countries the Company's underwriting risks are well diversified. The geographical diversification of the business mitigates the risk of high concentration of underwriting risk in a specific market;

- *Reinsurance:* reinsurance may be used as a mitigation technique for underwriting risks. When launching in some new countries the Company identified suitable reinsurance partners with strong track records to accept an appropriate share of the insurance risk. This provided access to the valuable underwriting expertise of the reinsurance partner until such time as the Company developed its own experience and hence facilitated quicker access to markets. The Company now has the capacity to accept 100% of the risk on new business written and acts as direct insurer in each of its current markets. Effectiveness is monitored through the monitoring of external credit ratings of reinsurers;
- *Limits per individual policy*: the Underwriting Risk Management Policy and the Risk Appetite Statement define the limits on the insured amounts and related benefit;
- *Experience analysis:* trends in claims and cancellations are monitored and reviewed on a regular basis. This represents the base for future assumptions in pricing;
- *Reserve adequacy:* the adequacy of reserves is monitored and reviewed on a monthly basis. This aims to ensure accuracy and appropriateness of the earning and reserving rules;
- *Product launch approval process:* before launching a product into the market, a detailed process is followed internally by the Company to ensure certain criteria are taken into account before launching a new or materially amended product in accordance with the Product Development Procedure. The requirements of the Underwriting Risk Management Policy are also taken into consideration. For both the Product Development Procedure and the Underwriting Risk Management Policy, the Risk Appetite Statement of the Company has been taken into account. All aspects are considered when setting the assumptions and the terms and the conditions of the product. Sensitivity analysis and profit testing are carried out accordingly. The Company ensures that customer documentation is unambiguous and fully enforceable. This is achieved through a sound governance process and multiple reviews of the documentation. Where applicable, in the process of evaluating a new insurance product, the Company will take into account reinsurance arrangements and investment constraints;
- *Product monitoring review:* A review of product performance, including underwriting, is carried out for each material new or materially amended product 12 months after the launch. Actions are identified and reviewed by the Product Committee before escalation to the Executive Committee and Board for review and approval if required as per Underwriting Risk Management Policy;
- *Rules of delegation:* The Underwriting Risk Management Policy specifies the level of delegated authority assigned to the Company as well as the circumstances in which items are escalated to the Group, CNP Assurance S.A.;
- *Waiting period, exclusions and eligibility checks:* waiting periods and exclusions are allowed by the Underwriting Risk Management Policy and considered as a method of underwriting risk mitigation when included in the Terms and Conditions of the products; also, eligibility checks are carried out when selling the product to ensure associated covers are suitable; and
- *Compliance with local regulation*: when launching a product in a jurisdiction, the Company engages with local law firms in order to identify the local requirements to be applied and ensure customer's documentation is aligned to the local legal and regulatory requirements.

Underwriting risks and effectiveness of mitigating actions are monitored through the following committees within the Company: *Board Risk Committee, Executive Committee*, *Technical Committee, Product Approval Committee* and *Risk,*

Actuarial and Finance Forum. Regulatory changes impacting underwriting are reviewed and monitored at the *Regulatory and Compliance Committee and Product Committee as appropriate*.

The CRO and Chief Actuary, reporting to the CEO, have responsibility to ensure that the Company considers all aspects of Underwriting Risk as it conducts business and that the Company's products remain within its risk appetite.

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk

The Company uses stress testing and/or sensitivity analyses in order to investigate the potential development of its solvency needs and how it might meet its capital requirements in various scenarios. As part of the yearly ORSA process, the following underwriting risks were stressed simultaneously:

- Unemployment;
- Mass Lapse; and
- Disability.

These underwriting risks were assessed alongside others in this scenario to give a combined stressed view of the Economic Balance Sheet.

Any other disclosure

There is no additional information to be disclosed in relation to underwriting risks.

C.2 Market Risk

Description of measures used to assess risks, including any material changes over the year

The main measures to assess market risks are described below:

- Asset Liabilities Management ("**ALM**"): the aim of the ALM methodology chosen by the Company is to achieve a satisfactory degree of "immunisation", i.e. a state where Asset and Liability values move broadly in tandem after a change in the underlying interest rate used to value both. This is achieved through a principle of duration matching. ALM threshold indicators are monitored on a periodic basis for *cash flow matching, duration matching, currency exposure, massive surrenders and liquidity*, and reflected into the Risk Appetite Statement of the Company;
- *Risk Universe review:* market risks are assessed as part of the annual review of the Risk Universe where associated risks are identified and measured through an assessment of impact and likelihood; and
- *ORSA process:* the ORSA process itself is also considered as a measure to assess the Market Risk. Assets are assessed in the context of their capital intensiveness in accordance with the Standard Formula of Solvency II, within the Market Risk module. These assets are then shocked in a stressed scenarios within ORSA guidelines.

No material changes were made to the measures used to assess market risk over the year.

Description of material risks, including any material changes over the year

The material risks identified by the Company are described as follows:

Interest Rate Risk:

Interest rate risk is the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates. The Company mainly holds fixed income assets, which are classified as 'Available for Sale' in accordance with IFRS. Therefore, changes in asset values result in an offsetting change to the equity reserves of the company, as any gains and losses are unrealised. For this reason the Company's earnings will not be affected until a disposal is made and the gain or loss becomes crystallised. As the Company's strategy is to hold assets until their maturity date the risk to earnings from interest rate changes is low. Therefore, in this context interest rate risk can considered to be the risk of variation in the Balance Sheet value of the financial assets, technical reserves and other liabilities due to a variation of the interest rates in the financial market. There are no material changes to note over the reporting period.

Currency Risk:

The Company operates in four currencies: Euro; Norwegian Krone; Danish Krone; and Swedish Krone. Currency risk is the risk that the Company is exposed to financial losses as a direct or indirect result of fluctuations in the value of foreign net assets arising from changes in underlying exchange rates. The Company is exposed to currency risk on the foreign currency denominated assets that it holds to the extent that they do not match liabilities in those currencies. The risk borne by the Company is predominantly translational as each foreign currency business is self-funding, meaning that sufficient assets are held in the same currency to back the liabilities of the currency. The Company does not engage in a currency derivatives hedging strategy and is exposed to currency risk via the underlying stocks held in the Investment vehicles that are not currency hedged. Currency risk has become broader over the reporting period, according to the increase of underwriting activities into non euro currency markets.

Additionally, the Company is exposed to *Equity Risk* as a result of the investments in mutual funds. However, this is mitigated by a defined limit as set out in the Asset Norms of the Company.

The market risks for the Company are captured within the standard formula of the SCR. The values of each of the sub-modules as at Year End 2017, including a comparison with Year End 2016, are as follows:

Market SCR sub-modules €M	2017 Market Risk SCR	2016 Market Risk SCR
Interest	6	6
Equity	5	5
Property	0	0
Spread	9	7
Currency	1	0
Concentration	2	2
Diversification Benefit	(8)	(7)
TOTAL	**15**	**12**

The capital charge for the *spread risk* sub-module reflects the credit risk of issuers.

Market risk *concentration* exposure reflects the mitigation strategies of the Company which ensures that investments are done in accordance with the limits for rating categories and asset types.

Description of how assets have been invested in accordance with the 'prudent person principle' (references to Investment Policy and Investment Committee)

Assets are invested in accordance with the *prudent person principle* as prescribed by the Investment and ALM risk management policies, which are reviewed and approved by the Board at least on an annual basis. Investments decisions are reviewed at the Investment Committee which is held at least on a monthly basis and is chaired by the CFO. The Committee ensures that Investments are made in accordance with the Investment and ALM risk management policies, Risk Appetite Statement and capital constraints under Solvency II. The *prudent person principle* is therefore applied as follows:

- Individual assets: with respect to the whole portfolio, the Company shall only invest in assets where associated risks can be properly identified, measured, monitored, managed and reported, taking into account the assessments of the overall solvency needs; and
- Investment strategies: the assets held to cover the technical provisions shall be invested in a manner appropriate to the nature and duration of the insurance liabilities, taking into accounts the best interests of all policyholders.

Description of the material risk concentrations

The largest portion of the asset portfolio consists of fixed income securities, namely corporate and government bonds. The Company ensures that risks associated with these assets are mitigated through appropriate diversification by adhering to the Investment Risk Management Policy and Asset Norms. Market risk concentrations exposure are mitigated by ensuring that investments are done in accordance with the limits for rating categories and asset types.

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

The main methods for mitigating risks arising from fluctuation of the market are described below:

- *Diversification*: the Company's Investment Risk Management Policy requires assets to be invested within prescribed Asset Norm limits by asset type, credit rating, and issuer. This ensures that the Company's assets are sufficiently diversified so as to mitigate the risks borne from concentration and counterparty exposure;
- *Duration matching*: the Company aims to limit exposure to interest rate risk by ensuring that the sensitivity of asset to a change in interest rate is close to that of liabilities. As part of the ALM Risk Management Policy, the Company has a requirement for assets and liabilities to be matched in terms of duration within an agreed range;
- *Monitoring of currency exposure*: Net exposure in currencies other than Euro must not exceed a max threshold as set out in the Risk Appetite Statement of the Company. The majority of assets and liabilities of the business are expected to be denominated in Euros;
- *Positive cash-flow*: the Company has no appetite for any failure to meet its cash flow requirements and for negative gaps on cumulative cash flows. The Company, therefore, aims to reduce the gap between the cash flow profile of assets and that of liabilities. Cumulative cash flows are monitored on an ongoing basis to ensure there is a continuous positive surplus; and
- *Liquidity and massive surrenders shocks*: the Company ensures adequate liquidity on an ongoing basis by measuring short term assets against liabilities with stresses applied to lapse rates for all liabilities with

duration less than 1 year. Capital losses in scenario of massive surrender will be low due to holding sufficient liquid assets.

The exposure to market risk is monitored and reviewed on a monthly basis at the Investment Committee and reported to the Executive Committee and Risk Committee of the Company respectively on a monthly and quarterly basis. The Risk Function monitor the exposure to market risk through ad-hoc Key Risk Indicators which set the limits according to the Risk Appetite Statement of the Company.

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk

The Company uses stress testing and/or sensitivity analyses in order to investigate the potential development of its solvency needs and how it might meet its capital requirements in various scenarios.

As part of the ORSA process, the following market shocks were applied to assets simultaneously:

- Interest rate;
- Currency rates;
- Equity; and
- Spread.

Under this scenario, market as well as underwriting shocks are combined together to give a combined stressed view of the Economic Balance Sheet. Within a separate scenario, the ORSA exercise also assessed the company's exposure to foreign exchange rate shocks; non-euro currencies positions were also stressed by applying a defined shock to the forex rates.

Any other disclosure

There are no additional information to be disclosed in relation to market risk.

C.3 CREDIT RISK

Description of measures used to assess risks, including any material changes over the year

The main measures to assess credit risks are described below:

- *Credit rating*: credit ratings are used by the Company as the main measures to assess the counterparty risks. Ratings are monitored on an ongoing basis in order to ensure that risk exposure is mitigated and within the Risk Appetite Statement of the Company;
- *Issuer Economic Outlook*: investment advisors assess the economic and financial outlook of the issuers in support of the investment decisions;
- *Risk Universe review:* credit risk is assessed as part of the annual review of the Risk Universe where associated risks are identified and measured through an assessment of impact and likelihood; and
- *ORSA process:* the ORSA process is also considered as well one of the measure to assess the Credit Counterparty Risk. Assets are assessed in the context of their capital intensiveness in accordance with the Standard Formula of Solvency II, within the Counterparty Risk module. These assets are then shocked within the ORSA stressed scenarios.

No material changes were made to the measures used to assess credit risk over the year.

Description of material risks, including any material changes over the year

The material risks identified by the Company are described as follows:

Credit Risk:
Credit risk is the risk that a counterparty will not repay an amount owed to the Company in part or in full. The Company has adopted a risk averse approach to credit risk and exposure to any counterparty must be compliant with the limits established for rating categories and individual issuers as set out in the Asset Norms as part of the Investment Risk Management Policy. There are no material change to note over the reporting period.

Spread Risk:
Spread Risk is also linked to credit risk as it is dependent upon the credit rating of the counterparty. The Company experience spread risk as a result of the potential deterioration in the credit quality of one or more issuers, leading to a decline in the market value of bond portfolios which results in a decrease of own funds and SCR coverage. The risk of an increase in spreads does not decrease the market value of the entire bond portfolio, but might relate only to certain sovereign and/or corporate issuers based on changes in their intrinsic credit quality. There are no change to note over the reporting period. There has been no material change to credit risk in 2017.

Description of how assets have been invested in accordance with the 'prudent person principle' (References to Investment Policy and Investment Committee)

Assets are invested in accordance with the *prudent person principle* as prescribed by the Investment and ALM Risk Management policies, which are reviewed and approved by the Board at least on an annual basis. The Investment Risk Policy and Asset Norms are heavily focused on investment in high quality assets and a high degree of portfolio diversification. Investments decisions are reviewed at the Investment Committee which is held at least on a monthly basis and it chaired by the CFO. The Committee ensures that Investments are made in accordance with the Investment and ALM risk management policies, Risk Appetite Statement and capital constraints under Solvency II. As reported in section C.2, the *prudent person principle* is therefore applied as follows:

- Individual assets: with respect to the whole portfolio, the Company shall only invests in assets where associated risks can be properly identified, measures, monitored, managed and reported, taking into account the assessments of the overall solvency needs; and
- Investment strategies: the assets held to cover the technical provisions shall be invested in a manner appropriate to the nature and duration of the insurance liabilities, taking into accounts the best interests of all policyholders.

Description of the material risk concentrations

Exposure to individual issuers can result in material counterparty risk concentration. The Company ensures that counterparty credit risk is mitigated through appropriate diversification in investments by adhering to the Investment Risk Management Policy and Asset Norms which requires assets to be invested within defined limits by asset types, credit ratings and individual issuers. This ensures that the Company invests in high quality assets and issuers, which are analysed and recommended by Santander Asset Management, investment advisor of the Company.

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

The main methods for mitigating counterparty credit risks are described below:

- *Diversification*: the Company's Investment Risk Management Policy requires assets to be invested within prescribed Asset Norm limits by asset types and credit ratings. This ensures that the Company's assets are sufficiently diversified so as to mitigate the risks borne from counterparty exposure;
- *Limits per individual issuers*: the Asset Norms set specific limits per individual issuer defined per each rating category. It is the Companies' policy to invest in high graded assets only, with a minimum permitted rating of BBB;
- *Reinsurance Risk Management Policy*: the Policy sets the limits in relation to reinsurance counterparties;
- *Group Watch-list*: Investments in assets not listed in the watch-list are not allowed. This is periodically reviewed by the Group (CNP Assurances S.A.); and
- *Financial Due Diligence*: detailed financial Due Diligence reviews are undertaken before entering into service agreement with third parties providers, according to the Outsourcing Risk Management Policy of the Companies.

The Company performs an analysis on a monthly basis on the concentration by issuer and rating in order to comply with the limits established in the Asset Norms. Consideration of counterparty credit risk should always be mitigated by the way in which operational risk is managed across the end-to-end process, including those parts that are outsourced. Rating changes are communicated and monitored regularly in accordance with the Investments process. The Company has experienced no issue with credit default to date and limits are monitored on an ongoing basis.

The counterparty risk exposure is monitored and reviewed on a monthly basis at the Investment Committee and reported to the Executive Committee and Risk Committee of the Company respectively on a monthly and quarterly basis. The Risk Function monitor the exposure to credit risk through ad-hoc Key Risk Indicators which are set in accordance with the Asset Norms and the Risk Appetite Statement of the Company.

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk

In addition to monitoring Risk limits in the current business environment the Company also performs an assessment of risks under stressed criteria within the ORSA process. The Company uses stress testing and/or sensitivity analyses in order to investigate the potential development of its solvency needs and how it might meet its capital requirements in various scenarios. In general, as a result of a deterioration in the credit quality of one or more issuers, the market value of bond portfolios declines resulting in a decrease of own funds and SCR coverage. With regards to credit risk, the Company performed the following stress-test as part of the ORSA process:

- Increase to fixed income spreads: the impact will reduce according to the diversifications in investments. This is in line with the Company's Investment strategy and Investment Risk Management Policy; and

The downgrade of Reinsurance Counterparties has not been considered in the ORSA 2017, since the Company's exposure to reinsurance reduces over time and the impact of this is small. This is in line with the Company's plan and the impact of this risk is mitigated through the Reinsurance Risk Management Policy of the Company.

Any other disclosure

There are no additional information to be disclosed in relation to credit risk.

C.4 LIQUIDITY RISK

Description of measures used to assess risks, including any material changes over the year

The main measure to assess liquidity risks within the Company are described below:

- *Liquidity Coverage Ratio* ("**LCR**")

Liquidity measure (*market value of liquid assets / stressed liability cash-flows*) aimed at ensuring that the Company's financial portfolios have enough liquid assets to pay cash-flows to policyholders in a stressed scenario. Liquid assets include all operational cash accounts and all deposit accounts; all bonds (government and corporate) with residual maturity less than one year; all other government bonds rated A, AA or AAA. The LCR shall be higher than 125% for each currency. This is in line with the liquidity standards of CNP Assurances S.A. and reflected in the Company's Risk Appetite Statement. A liquidity indicator has been established as part of the ALM Policy and process whereby liquid assets are measured against stressed cash flows in each currency.

- *Asset Liabilities Management*, as described in the section C.2.

As described in the previous section, the review of the Company's *risk universe* and the *ORSA process* are also considered as measures used to provide an assessment of the concerned risk and to identify any potential management actions to mitigate such risk.

There are no changes to note over the reporting period.

Description of material risks, including any material changes over the year

The main Company's liquidity risks are as follows:

- There is a sudden, significant rise in benefits to be paid out (i.e. a wave of surrenders) and the Company is not able to make the payment when due;
- The Company is unable to dispose of financial assets at the right price in a short period of time or is not able to access other liquid funds at an appropriate cost.

In this regards, the Company must constantly maintain sufficient liquidity to face its liabilities. There are no changes to note over the reporting period.

Description of how assets have been invested in accordance with the 'prudent person principle' (References to Investment Policy and Investment Committee)

See section C.2.

Description of the material risk concentrations

There are no material risk concentrations in relation to liquidity risk. The Company's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities. The overall LCR indicator was tracked within the threshold over the reporting period.

Description of the method for mitigating risk and the process for monitoring effectiveness of these strategies

One of the general principles of the Company is that investments will be instrumented in assets listed in regulated markets with representative prices and sufficiently large issued volumes in order to minimise this risk. The Company's appetite for liquidity risk is low and this risk averse approach to liquidity risk is reflected in the risk management policies of the Company. The main methods for mitigating liquidity risks are described below:

- *Diversification*: the Company's Investment Risk Management Policy requires assets to be invested within prescribed Asset Norm limits by asset types and credit ratings. This ensures that the Company's assets are sufficiently diversified so as to mitigate the concentration of risks;
- *Investments in liquid assets*: Investments are made only in liquid assets, according to the Investment and ALM risk management policies. There are no investments in illiquid assets such as private equity or real estate.
- *Investment in high credit quality*: Investment are only made in assets with a high credit rating quality;
- *Monitoring of cash flows*: the monitoring of cumulative cash flows seeks to ensure a positive surplus for all intervals up to 2 years of the cash flow projections, which is considered by the Company a sufficient Liquidity buffer for the Company's needs, in terms of the management of liquidity. A portfolio's excess liquidity is calculated as the difference between income from the portfolio's assets over a given time horizon and the portfolio's loss experience over the same horizon, net of periodic premiums. In this regards, the Company's strategy is to achieve a high degree of cash flow matching, within defined durations. By monitoring this indicator, it is possible to measure the portfolio's exposure to liquidity risk, as insufficient liquidity would require selling assets to pay benefits, with the risk of capital losses if market conditions are unfavorable; and
- *Group Watch-list:* Investments in assets not listed in the watch-list are not allowed. This is periodically reviewed and communicated by the Group, CNP Assurances S.A.

Additional methods for mitigating liquidity risks are described in Sections C.2. The exposure to liquidity risk is monitored and reviewed on a monthly basis at the Investment Committee and reported to the Executive Committee and Risk Committee of the Company respectively on a monthly and quarterly basis.

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk

The following stresses to liquidity are performed at least on a quarterly basis:

- *LCR*: this methodology, as described above, applies a stress to the liabilities for each currency. Liabilities include all technical reserves and stressed cash flows are calculated as 3 * cancellation rate (Premium reserves) + increasing claims reserves by 20%. No stress applied is to other liabilities; and
- *Massive surrenders combined with an increase in interest rates*: objective is to measure the capital losses that would be realised in a massive surrender scenario. Assets are stressed by applying a sudden 3% increase in interest rates to all liquid assets. Liabilities are stressed by applying a sudden lapse rate of 40% to all liabilities with duration less than 1 year. Capital losses in scenario of massive surrender will be low due to holding sufficient liquid assets.

Results are monitored on a continuous basis and any shortfall in liquidity must be addressed timely by the senior management with proper escalation to the Board, where required. No stresses were applied as part of the ORSA process as liquidity is not considered a material risk within the Company.

Any other disclosure

There is no additional information to be disclosed in relation to liquidity risk.

C.5 Operational Risk

Description of measures used to assess risks, including any material changes over the year

Operational risks are assessed according to the potential impact and probability of the event concerned. These impact assessments are made against financial, operational and reputational criteria. Operational risks are reviewed on a periodic basis by the Risk Committee, Executive Committee and the Board of Directors.

The following measures are used to assess operational risks:

- ***Risk Universe review*:** operational risks to which the Company is exposed are identified at least on an annual basis through an operational risk identification and mapping exercise, internally referred to as the "Risk Universe" exercise, which is carried out by the Risk Function in conjunction with the relevant business owners and is reviewed by the Board. Inherent risks are assessed in respect of the likelihood of a given risk event occurring and the potential financial impact in the case that the defined risk event were to materialise. A comprehensive alignment of controls to the risks identified in the risk assessment is then performed;
- ***Business processes reviews*:** the Company has implemented an Internal Control system which provides a comprehensive framework helping to measure and mitigate the operational risks faced by the Company. The Company's Internal Control team has in place a suite of Key Controls which are tested on a regular basis throughout the year and are reviewed at least on an annual basis;
- ***ORSA process:*** The ORSA process is used in order to gain a comprehensive picture of the risks the Company is exposed to or could face in the future and to understand these risks and how they translate into capital needs or alternatively require mitigation actions.
- ***Solvency Capital Requirement*:** the SCR standard formula includes an assessment and quantification of the operational risk exposure. Operational risk is the third highest component of the SCR under Solvency II;
- ***Risk Incident Log*:** it is a tool owned by the Risk Function with the aim of assessing, overseeing, tracking and addressing any risk incidents in the business. A specific reporting procedure is in place and is circulated on a monthly basis to all employees of the Company to ensure risk incidents, including near misses, are reported timely. The status of remedial actions in relation to reported risk incidents are then monitored continuously; and
- ***Ad-hoc assessment*:** operational risks are also assessed on an ad-hoc basis through questionnaires, briefings and risk analysis carried out in conjunction with the relevant business owners.

There were no material changes in measures to assess risks over the reporting period.

Description of material risks, including any material changes over the year

Operational risk arises as a result of inadequate or failed internal processes, people or systems, or from external events. Operational risks are identified at least on an annual basis as part of the Risk Universe review and are closely monitored throughout the year and exposure tolerance levels are captured in the Risk Appetite of the Company. The Risk Appetite is reviewed on an annual basis by the Board resulting from a review of the outcomes of the ORSA. According to the Risk Universe of the Company, the material operational risks identified over the reporting period are:

Risk Type	Risk Universe	Changes in exposure compared to prior period
1) Outsourcing Risk	• TPA default	- No
	• Critical supplier continuity	- No
2) Data errors	• Data errors, including errors in reserving, TPA administration errors and financial reporting errors.	- No
3) IT system failure	• IT infrastructure/service failure	- No
	• Business continuity event	- Likelihood ↑

1) **Outsourcing Risk:** Operational risks include outsourcing arrangements to external providers, information security and fraud. Historically, the Company has relied on outsourcing partners to deliver its services in the countries where it operates. The Company has relied on its partners' systems in order to provide policy administration and claims and complaints handling services. It is critical that customers continue to receive excellent service on an ongoing basis and that information continues to be transferred accurately from end-to-end across multiple suppliers. In respect of all outsourced activities, comprehensive Service Level Agreements (**"SLAs**") must be, and are, in place. In this regard, the Company has no appetite for material breach of the SLAs and customer service reports are monitored on a continuous basis.
2) **Data errors:** The risk of losses arising from inadequate granularity and/or accuracy of data which may lead to errors or delays in regulatory and financial reporting and as well as errors in the assumptions underpinning reserving and pricing. Data quality requires implementing processes and procedures for the management of data to ensure appropriateness, completeness, accuracy and timeliness of data.
3) **IT systems failure:** This refers to the risk of losses arising from the failure of IT systems, including models and tools considered critical for regulatory and financial reporting. The Company has relied on outsourcing partners for the provision of most of its IT infrastructure and software services and solutions. The Company has a low appetite for any failure of the business continuity framework. This risk is mitigated through a robust Business Continuity Plan ("**BCP**") being in place, which is reviewed and tested at least on an annual basis. This risk also includes potential losses of or damage to physical assets resulting from natural disasters or other events which may interrupt the continuity of business and/or provisions of services. The IT Function will continue to support the business processes and enable business continuity in the event of a business continuity incident.

Additional operational risks identified within the Risk Universe of the Company and continuously monitored over the reporting period are:

- ***Fraud*:** Internal and external fraud relate to losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, as a consequence of acts carried out either by an employee or by a third

party. With regard to fraud or involvement in illegal activities, the Company has zero appetite on a continuous basis; and

- ***Cyber Risk and Data security:*** the risk of the inability to protect data from unauthorised access, use, disclosure, disruption, modification, and/or destruction and the cyber security risk of data theft, and malicious data and service disruption. With the increase of dependence on electronic communication and due to the nature of the business, there is increased risk. Cybersecurity comprises the technologies, processes and practices designed to protect the network, computers and data from attack, damage or unauthorised access. The Company has a low appetite for both data security breaches and cyber incidents which could lead to a breach of data protection, damage of reputation, interruption of key operations or major remedial costs for the Company. The Board remain accountable for Cybersecurity within the Company.

Description of material risk concentrations.

There were no material operational risk concentrations over the reporting period.

Any material future risk concentrations anticipated, and how these risk concentrations will be managed

There are no material future risk concentrations anticipated.

Description of risk mitigation techniques, and process for monitoring the continued effectiveness of these strategies.

Exposures of all material operational risks are tracked within the Risk Dashboard. Risk appetite and tolerance levels are set out in the Risk Appetite Statement of the Company.

The main risk mitigation techniques in place to mitigate operational risks are:

- ***Monitoring of SLAs***: performance and quality of the service provided by external vendors and outsourcers are monitored and reviewed on a regular basis through dedicated reporting and governance meetings;
- ***Onsite Visits***: under the service agreement, the Company has the right to visit the external vendor or outsourcer for audit, control testing and due diligence purpose. Visits are performed on a regular basis depending from the criticality of the service provided;
- Quarterly ***Key Control Testing:*** mitigates the risk of losses arising from the failure or inadequacy of business processes. Action plans are implemented to rectify any control weaknesses and, once a plan has been established, the key control is tested over an agreed period to ensure the weakness has been addressed;
- Regular ***Due Diligence reviews*****:** reviews are carried out during the provision of the services to ensure there were no significant changes within the outsourcer or in the nature of the service; to review the provider's financially stability and TO mitigate the risk of inadequate outsourcing services;
- ***TPA Reversibility plan:*** Performed and finalised for each TPA in 2017 and will be updated annually. This defines the actions to be taken in each territory on the short, medium and long term in case of immediate unavailability of TPA to deliver the service required under the Service Agreement;
- Annual ***Company's mandatory training***: data privacy and security training mitigates the risk of cyber and data breaches;
- ***Group Fraud Insurance Cover*****:** mitigates the risk of internal / external fraud;
- The Company has an ***anti-bribery and corruption framework*** in place;

- ***Group Cyber Insurance Cover:*** mitigates the risk of a cyber breach;
- Annual testing of ***BCP plan*****:** mitigates the risk of business interruption. It is tested on an annual basis. There is also insurance cover in place in the event of business interruption or damage to either property or computer equipment;
- ***Data Quality Framework:*** Solvency II regulations place a great deal of importance in the adequacy and accuracy of the information used for all regulatory and internal calculations and reporting. Data quality requires implementing processes, procedures and instructions for the management of information and to ensure appropriateness, completeness, accuracy and timeliness of data. Checks and controls are in place in order to validate the data related to the policies underwritten from the originator through to the final stages where the Regulatory Capital is calculated. The framework is continuously improved with the purpose of identifying and addressing any shortcomings and with the aim also of improving the homogeneity of the data checks across the entire Data Life Cycle; and
- ***IT & Cybersecurity Strategy:*** The security of IT services is a key priority for the Company. The Company, through its IT risk management strategy, will take the technological and governance steps necessary to limit the risk of cyber-attack and to limit the potential impact of any prospective cyber-attack. The Company has cyber security preventative measures in place and will continue to advance IT security practices and maintain alignment with evolving industry norms. Securing sensitive and business critical data is an ongoing critical function and technical security precautions are taken to minimise the possibility of a malicious attack. The IT department will implement all feasible measures to ensure the security of Company data, including keeping abreast of the latest cybersecurity techniques and services, and engaging with best-in-class vendors to make sure that the risks to the Company's systems and data are mitigated as fully as possible.

Description of assumptions, methodology and results of stress-testing and sensitivity analysis for each material risk

The Company uses stress testing and/or sensitivity analyses in order to investigate the potential development of its solvency needs and how it might meet its capital requirements in various scenarios. The Board has the ultimate responsibilities to identify the stress tests and ORSA shocks to be performed as part of the ORSA.

The following scenarios were taken into account as part of the ORSA 2017: cyber breaches, TPA failure, data protection breaches and the costs related to risk incidents, data errors and legal disputes.

The operational risk capital requirement comes from a regulatory prescribed factor-based formula (driven by the amount of Technical Provisions as well as Gross Earned Premiums) rather than actual risk-based analysis, so it doesn't accurately reflect the operational risks held by the Company but instead acts as a proxy. However, the Company is still exposed to operational risks as outlined in this section and takes proactive steps to manage those risks. Given the nature of the business and the 2017 ORSA process, the amount of operational risk capital requirement is felt to be reasonable.

Any other disclosure

There is no additional information to disclose.

C.6 OTHER MATERIAL RISK

Overview of the use of special purpose vehicles, disclosing at least information on whether the SPV is authorised under Solvency II, what risks are transferred to it and how the fully funded principle is assessed on an on-going basis

The Company does not make use of a Special Purpose Vehicle.

Other material risks

The additional following risks were continuously monitored over the reporting period:

- ***Strategic Risk:*** As per the growing nature of the Company, there is a potential risk that the high effort required for the achievement of key projects may delay the execution of the business strategy in the short term, particularly if resources, time and dependencies are not managed efficiently. All significant projects are monitored on a continuous basis through working groups and steering committees in place, with proper escalation to the Board of Directors where required, to ensure the proper execution of the business plan and achievement of the business strategy.
- ***Environmental Risk:*** This refers mainly to global economic conditions that could negatively affect the execution of the Company's business plan, and also to sector specific developments. The preferred strategy to mitigate the negative consequences of these events is by continuous monitoring of the surrounding economic and sectorial conditions in all the territories where the Company operates in order to anticipate and mitigate those hazards. The Macroeconomic outlook for each country is monitored on a continuous basis with particular attention to the unemployment trends and consumer confidence. Any potential exposure to losses related to an Environmental Risk must be escalated to the Board for discussion and mitigation plans must be put in place. A risk assessment has been previously carried out in relation to the possible exit of UK from Europe (known as "Brexit"). The following risks were considered: Political Risk, Business Risk, Sectorial Risk, Employee Risk, Funding Risk, Currency Risk, Contract Risk, Regulatory Risk, Tax Risk, Client Risk and Investment Risk. The exposure of the Company to this risk has been assessed as low and remained unchanged over the reporting period. This section also includes the risk of legal *and regulatory changes*: these risks relate to possible future changes in the regulatory framework, with particular reference to the upcoming General Data Protection Regulation (**GDPR**) and Insurance Distribution Directive (**IDD**). Under the GDPR, the Company has an obligation to review its current processes and procedures and align with any changes required under the GDPR to strengthen its internal data protection framework where required. The implementation and related risks are monitored by the Head of Legal and Compliance, and by the ExCo, with regular reporting to the Risk Committee and on a quarterly basis to the Board in respect of GDPR and IDD developments. Any new regulatory developments within both the domestic and cross border markets are reported upon internally to the ExCo on a monthly basis, to the Regulatory and Compliance Committee on a bi-monthly basis and on a quarterly basis to the Risk Committee and Board. Overall, the Company continuously monitors its compliance in maintaining the required regulatory capital and reports to the CBI on a quarterly basis.

C.7 ANY OTHER INFORMATION

Any additional information, if any, is included in sections C.1 to C.6.

D. VALUATION FOR SOLVENCY PURPOSE

D.1 ASSETS

Value of assets for each material class, as well as a description of the basis, methods and assumptions used for valuation

The following financial assets are held at fair value at 31st December 2017:

Balance Sheet Items Assets	2017 €/000	2016 €/000
Cash and Cash equivalents	54,354	64,165
Bonds: Government Bonds, Corporate Bonds, Structured Notes	285,649	232,185
Collective Investment Undertakings	13,040	12,026
Insurance and intermediaries receivables	13,061	16,123
Reinsurance receivables	1,128	520
Receivables (trade, not insurance)	105	77
Health similar to life (Reinsurance Asset)	9,860	15,079
Non-Life excluding health (Reinsurance Asset)	6,572	9,200
Any other assets, not elsewhere shown	-	29
Total Assets	**383,769**	**349,404**

Cash and cash equivalents: Cash and cash equivalents (i.e. cash deposits) are valued at nominal value. Deposit holdings decreased by €20M year on year, implying that operational cash actually increased by €10M in line with business expansion. The amount of funds held on deposit at Year End 2016 and no longer held as such at Year End 2017 was invested in bonds over the reporting period.

Bonds and Collective Investment Undertakings: This item includes *fixed income securities* and *mutual funds* held by the Company are traded in active liquid markets and are valued at fair value based on their available market price. A quoted price is readily available and is provided to the Company by Santander Asset Management. Where a quoted price of an instrument is not available a valuation is derived based on equivalent debt issued by the same counterparty. Investments have increased year on year in line with the growth of the insurance portfolio.

Insurance and intermediaries receivables, reinsurance receivables, receivables (trade, not insurance) and *any other assets, not elsewhere shown* are included at nominal value. Balances at year end are dependent on timing of receipts and payments.

Reinsurance Assets (*Health similar to life* and *Non-Life excluding health*): this information is also provided in section D.2.

For each material class, a quantitative and qualitative explanation of any material differences with the valuation basis, method and assumptions used for the financial statements

There are no differences between the Solvency II valuation basis and IFRS valuation, with exception of the Reinsurance Assets which is detailed in section D.2.

D.2 TECHNICAL PROVISIONS

Summary of Business

The Company's business relates to insurance covers relating to loans, car financing and credit card balances and the vast majority of the business is single premium (**"SP"**). It is comprised of group cover under PPI contracts issued in connection with consumer credit arrangements in Italy, Germany, Spain, Norway, Sweden, Finland and Denmark. The Company has also accepted reinsurance for payment protection insurance contracts relating to underlying Santander Consumer Finance customers from companies in Germany and Austria up to the end of 2014 and 2017 respectively. With regards to Austria, the reinsurance portfolio will be in run off with effect from 1st January 2018. As mentioned in Section A, more recently the company has launched some short term protection business (internally named *Lifestyle Protection Products*) in Italy, Germany and Poland, with the latter launched at the very end of 2017. Given the nature of these products, where contracts are monthly premium and yearly renewable with currently small volumes, the impact on the BEL as well as the SCR, is small at this point in time. The Company underwrites the non-life elements (unemployment and GAP) with some disability and accident covers included.

Components of Technical Provisions

The technical provisions equal the sum of the Best Estimate Liability ("**BEL**") and the Risk Margin ("**RM**"). The BEL is the expected present value of the probability-weighted average of future cash-flows, using the relevant risk-free interest rate term structure. The BEL has been split into two components:

- A claims reserve based on the accounting provisions established for claims In Course of Payment ("**ICOP**"), claims Incurred But Not Reported ("**IBNR**") and claims Reported But Not Settled ("**RBNS**"). This is referred to as the "BEL - claims reserves" in this report; and
- An amount for future claims outgo, which is represented by the Unearned Premium Reserve ("**UPR**") on the Financial Statements. This is referred to as the "BEL – future cashflows" in this report.

The RM is the cost of holding sufficient capital to back the SCR over the lifetime of the obligations. The cost of capital rate is set in the Solvency II Delegated Regulations to be 6% (above risk free).

Technical provisions are calculated gross of amounts recoverable from reinsurance contracts. The reinsurance recoverable has been considered separately below. This is calculated as the present value of the probability-weighted average of future reinsurance cashflows.

Best Estimate Liabilities – Claims Reserves

The claims reserves for year end 2017 onwards are slightly different to those established on the Financial Statements. Some of the elements of prudence within the Financial Statements assumptions for the claims reserves have been removed for the purposes of Solvency II reporting.

- IBNR:

The IBNR reserve is held in respect of claims from past periods of cover which are estimated to be still unreported. The calculation incorporates estimates of ultimate claims likely to emerge from each past month of cover (i.e. earned premium multiplied by loss ratio) as well as estimates of typical delays in the reporting of claims.

- RBNS:

The RBNS represents the liabilities related to existing claims which have been reported but payment has neither been settled nor held in ICOP. For example, there may be claims pending decision, perhaps where a piece of documentary evidence (e.g. death certificate) has not yet been received. The RBNS is calculated as the claim amounts payable multiplied by an acceptance rate assumption.

- ICOP:

The ICOP reserve represents the liability to make further monthly benefit payments on claims which have already been reported and accepted.

Best Estimate Liabilities – Future Cashflows

The BEL is produced using a cashflow model created using an actuarial modelling tool which was developed in 2015. Future cashflows for the in-force business as at 31st December 2017 are projected at an individual coverage level. The cashflows are projected on a monthly basis and all cashflows are projected to the end of the appropriate policy term.

The projected future cashflows include:

- Income
  - Regular premium receipts.
- Outgo
  - Claims payments, including expected levels of surrender (cancellation);
  - Commission payments (including profit share where appropriate);
  - Expenses (maintenance costs only); and
  - Third Party Administrator fees.

The cashflows are discounted using the relevant risk-free rates for each currency to obtain the BEL. The commission outflows, including profit share payments where applicable, are not a policyholder liability and therefore represent accounting provisions of the Company. However for simplicity in calculation these are included in the actuarial models and are therefore included under the BEL heading. This is presentational only as the total would be the same if they were just included separately under accounting provisions.

As is permitted, the Company has chosen not to apply any adjustment to the risk free rates for either the Matching Adjustment or Volatility Adjustment. The Company has also chosen not to make use of any of the Solvency II transitional arrangements permitted in respect of risk-free rates or technical provisions. Any changes to this approach

in the future would require the approval of the CBI. A deterministic approach has been taken in calculating the BEL (i.e. using a single discount rate and claims modelled based on claim rates without stochastic variation). Given the nature of the business, and in particular the lack of investment guarantees, a deterministic approach is reasonable and the use of a stochastic approach would not materially affect the calculation.

Risk Margin

The Risk Margin is calculated as the cost of holding certain defined components of the SCR over the lifetime of the obligations. As the RM is based on projected SCRs, the method and assumptions used in projecting these SCRs will have an impact on the resulting RM.

It should be noted that, as required by the Delegated Regulations, the projected SCR is calculated on the assumption that the assets are selected in such a way that they minimise the SCR for market risk. The risks included in the projected SCR underlying the RM therefore relate to underwriting risk, operational risk and counterparty risk only. There is no projected capital in respect of market risk, as the market risk associated with the assets held is deemed to be fully hedgeable. There is also considered to be no counterparty default risk associated with deposit holdings for this purpose.

The calculation of the RM is based on a simplified approach as is permitted under Solvency II. *Guideline 62* of the EIOPA *Level 3 Guidance* on the valuation of technical provisions sets out the hierarchy of simplifications that are allowed. The approach adopted by the Company is equivalent to *Method 3* of the hierarchy which is to:

"Approximate the discounted sum of all future Solvency Capital Requirements in a single step without approximating the Solvency Capital Requirements for each future year separately as referred in Article 58 (b) of the Implementing Measures, inter alia by using the modified duration of the insurance liabilities as a proportionality factor"

The approach is to apply a factor to the SCR of the reference undertaking at the valuation date. The factor is based on the duration of the business written, and so would be higher if the duration were longer etc. This methodology is also the one chosen by CNP Santander's majority shareholder CNP Assurances S.A..

The SCR of the 'reference undertaking' is taken to be the full SCR at the valuation date, excluding the market risk module and the deposit elements of the counterparty risk module, as mentioned above, and also excluding the adjustment for loss-absorbing capacity of deferred tax as required by the Delegated Regulations.

Results

The table below shows the components of the technical provisions at Year End 2017 and 2016 calculated on a Solvency II basis:

Technical Provisions	2017 €/000	2016 €/000
BEL - Claims Reserves	37,956	34,514
BEL - Future Cashflows	113,398	113,325
BEL - Total	**151,354**	**147,840**
Risk Margin	**18,035**	**15,508**
Total Technical Provisions	**169,389**	**163,348**

Reinsurance Asset

The following table shows the Reinsurance Asset as at Year End 2017 and 2016:

Reinsurance Asset	2017 €/000	2016 €/000
Reinsurance Asset	11,569	17,204
Reinsurance Adjustment	(6)	(10)
Claims Reserve Share	4,869	7,086
Adjusted Reinsurance Asset	**16,432**	**24,279**

Above figures represent value of future cashflows from the reinsurance arrangements in place. The Reinsurance Asset above has been calculated using the same cashflow model and on the same basis as the technical provisions (gross of reinsurance). The reinsurance adjustment allows for the probability of default of the reinsurers. The claims reserve share represents the appropriate level of the quota share reinsurance in place. It is worth noting that the reinsurance asset is very small in comparison to the BEL and as reinsurance arrangements run-off, the value will continue to reduce, as illustrated in the table above when comparing the 2017 result with the previous reporting year.

Uncertainty & Sensitivities

There is some uncertainty associated with the amount of the technical provisions due to the reliance on assumptions underlying the calculations. The sensitivity of the Company's Solvency II balance sheets to a range of future scenarios has been explored in detail in the ORSA that has been carried out by the Company over the course of 2017. A similar process was undertaken in 2016 and 2015 as part of the preparatory phase of Solvency II. As noted previously, in some cases there is relatively little claims experience data available from the Company's own books so the assumptions used rely on experience from previous insurers and judgement. However, the Company has been moving towards using its own experience to set and adjust assumptions. Experience continues to be monitored over time and the best estimate assumptions are updated in line with this. The Company's technical provisions are most sensitive to changes in claim rates (non-life and disability) and lapses, particularly a large number of instantaneous lapses. The technical provisions are relatively insensitive to changes in expenses and expense inflation.

Assumptions

A number of economic and demographic assumptions are used for the valuation of technical provisions for the Company. The key assumptions for the Company are the claims incidence rates. These directly affect the projected claims. In some territories, the Company has only been selling business for a relatively short period, so there is relatively little experience data available from the Company's own book in some places. However, it is felt that the assumptions have been set appropriately given this constraint, using data available from previous insurers and market data. The other assumptions that influence the results of the Technical Provisions, but to a lesser extent are:

- Expenses – Projected expenses are a component of the BEL. These are calculated at a per policy level using the budgeted maintenance expenses for 2018 and estimated December 2017 policies inforce;
- Surrender/cancellation rates - These assumptions reflect policy holder behaviour. These rates impact the projected number of policies in force and hence the claims arising in the future (and the amounts paid on

cancellation). The assumptions for surrenders/lapses were calculated based on data received from the TPAs that administer the business; and

- Interest rates – These rates influence the BEL as projected cashflows are discounted back to the valuation date. There is no scope for the Company to set these rates as they are prescribed by EIOPA for each valuation date; the risk free rates set by EIOPA by currency are used without any adjustments.

Changes since last reporting period

While some mortality, expenses, lapse rates and economic assumptions were revised; no material changes were made to the assumptions since year end 2016.

D.3 OTHER LIABILITIES

Value of other liabilities for each material class as well as a description of the basis, methods and assumptions used for their valuation

The value of Other Liabilities as at 31st December 2017, including a comparison with the previous reporting year, is as follows:

Other Liabilities	2017 (€/000)	2016 (€/000)
Provisions other than technical provisions	-	659
Deferred tax liabilities	5,446	3,913
Financial liabilities other than debts owed to credit institutions	-	30
Insurance & intermediaries payables	10,827	14,131
Payables (trade, not insurance)	9,768	11,417
Subordinated liabilities	54,000	54,000

There were no material changes to note over the reporting period.

A quantitative and qualitative explanation of any material differences with the valuation basis, method and assumptions used for financial statements purposes

No adjustment is required to these valuations for solvency purposes as the amounts held under IFRS valuation principles are deemed to be approximations of fair value. Deferred tax on the Company's AFS reserve is carried at the same value under IFRS and Solvency II. The Solvency II deferred tax liability also includes the impact of the change from IFRS equity to Solvency II own funds that is reconciled in section E.1.

D.4 ALTERNATIVE METHODS FOR VALUATION

No alternative methods were used in the valuation of the assets and liabilities.

D.5 ANY OTHER INFORMATION

There is no additional information to be disclosed in relation to the valuation of assets and liabilities.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

Information on the objectives, policies, and processes for managing own funds including the planning horizon used and any material changes

The main objective of the Company's Capital Management Policy is to ensure that capital is kept adequate at all times, in order to:

- Maintain the financial stability of the Company through a sound and effective allocation of capital along the business;
- Sustain the execution of the Company's business plan;
- Protect the best interest of the policyholders; and
- Comply at all times with the regulatory requirements, as set by the CBI and EIOPA respectively at local and European level.

The Company's requirements regarding the management of own funds are:

- Ensuring that own fund items, both at issue and subsequently, meet the requirements of Solvency II regime and are classified correctly;
- Monitoring the issuance of own fund items according to the medium-term capital management plan; and
- Ensuring that the terms and conditions of any own fund items are clear and unambiguous in relation to the criteria of the applicable capital regime.

This is achieved through a prudent management of the own funds on a continuous basis. Quality of own funds is continuously monitored to ensure that sufficient eligible own funds are maintained at all times to cover the Solvency Capital Requirement and Minimum Capital Requirement, while meeting the eligibility requirements under Solvency II. The Company reviews the level and eligibility of own funds at least on quarterly basis, as part of the Quantitative Reporting Templates production. Sound capital management is also achieved through a looking-forward and prospective vision accordingly to the principles defined in article 45 of Solvency II Directive in relation to the ORSA process. Own Funds are projected at least on an annual basis as part of the ORSA process, according to the Company business plan projections, with the aim to assess the capital requirements in the medium to long term and identify any capital management action, where required. These projections provide a forward-looking perspective on the Company's risk profile, solvency needs and level of own funds required over the business plan horizon. The results of projections made in the ORSA will be used by the Company to develop the medium-term capital management plan and define the Target Solvency Cover (defined as an internal prudential margin in excess of the SCR), to ensure the capital requirements are met and are aligned to with the underlying risk of the Company. Additionally, the Company may perform ad-hoc projections of the own funds, where required. In case of breach or potential breach of the target solvency cover, the Board will review the capital management plan according to the regulatory requirements. The Capital Management is embedded in the ORSA annual strategic planning process and leads to the production of a Medium-term capital management plan, which is revised each year by the Board. In case the Company requires an injection of capital, the below processes will be followed:

- Additional own funds to meet any increased capital requirement may take the form of an inter-company subordinated debt loan where possible, accordingly to the local regulation. Where it is not possible for regulatory/capital constraints, additional own funds may take the form of either ordinary share capital or a capital contribution, according to the Group's procedure.
- According to Article 138 of the Solvency II Directive, when there is a breach of the Solvency Capital Requirement, or when a breach is likely to occur in the next three months, a recovery program must be approved by the Board of Directors and presented to the CBI. The recovery program aims (i) to restore the level of eligible own funds equal to the SCR and/or (ii) to reduce the risk profile to ensure compliance of the SCR.

For each tier, information on the structure, amount and quality of own funds and an analysis of significant movements over the year

Own Funds are broken down as follows:

Own Funds	2017 (€/000)	2016 (€/000)
Ordinary Share Capital – Tier 1	53,000	53,000
Reconciliation Reserve – Tier 1	81,339	48,905
Subordinated Debt – Tier 1 Restricted	33,585	25,476
Subordinated Debt – Tier 2	20,415	28,524
Total Own Funds	**188,339**	**155,905**

The Ordinary Share remained the same over the reporting period while movements in Reconciliation Reserve are explained below in this paragraph. The Subordinated Debt relates to loan provided by the sister company CNP Santander Insurance Life DAC to CNP Santander Insurance Europe DAC. Due to the increase in the reconciliation reserve in 2017, as explained later in this paragraph, a higher portion of the subordinated debt is now classified as Tier 1 with the balance included as Tier 2, in line with Solvency II guidelines.

Quantitative and qualitative analysis of differences between equity in the financial statements and basic own funds

The financial statements are prepared under IFRS whereas the Solvency II balance sheet and own funds are prepared in accordance with the Solvency II Directive and associated regulations and guidance.

Reconciliation of Own Funds	2017 (€/000)	2016 (€/000)
Equity per Financial Statements	**152,726**	**130,036**
Removal of IFRS Technical Provisions	193,657	169,293
Addition of BEL, Risk Margin, Reinsurance Asset and Provisions other than Technical Provisions	(152,957)	(139,728)
Deferred Tax Impact of above adjustments @ 12.5%	(5,087)	(3,696)
Total Own Funds	**188,339**	**155,905**

Own Funds have increased over the reporting period in line with the growth of the portfolio and are expected to grow in line with the business plan projections over the next 5 years.

Explanation of the key elements of the reconciliation reserve

The reconciliation reserve is made up of the following components:

Reconciliation Reserves	2017 (€/000)	2016 (€/000)
Retained Earnings plus AFS Reserve per Financial Statements	45,726	23,036
Removal of IFRS Technical Provisions	193,657	169,293
Addition of BEL, Risk Margin, Reinsurance Asset and Provisions other than Technical Provisions	(152,957)	(139,728)
Deferred Tax Impact of above adjustments @ 12.5%	(5,087)	(3,696)
Reconciliation Reserve	81,339	48,905

The Company's portfolio has continued to mature over the reporting period.

The increase in Reconciliation Reserve versus prior year is due to the Company continuing to grow and write new business.

E.2 Solvency Capital Requirement & Minimum Capital Requirement

Amount of SCR and MCR at Year-End

The Company has used the Standard Formula for the calculation of the SCR.

The aggregate SCR for the Company on 31st December 2017 is €141m, resulting in a SCR coverage ratio of 133%.

The aggregate MCR for the Company on 31st December 2017 is €35m, resulting in a MCR coverage ratio of 495%.

Amount of SCR split by risk modules

Solvency Capital Requirement (SCR) (by risk modules)	2017 €M	2016 €M
Life Underwriting	0	0
Non-Life Underwriting	143	118
Health Underwriting	25	24
Market Risk	15	12
Counterparty Default Risk	6	7
Intangibles	0	0
BSCR Diversification Benefit	(35)	(32)
BSCR	154	128
Operational Risk	8	7

Tax Adjustment	(20)	(17)
TOTAL SCR	**141**	**119**
Minimum Capital Requirement (MCR)	**2017 €M**	**2016 €M**
TOTAL MCR	**35**	**30**

Qualitative information on the results of MCR and SCR calculation, including reasons for material movement over the year

- The *non-life underwriting* capital is by far the largest component of the SCR under Solvency II. This is mainly due to the premium/reserve and catastrophe stresses applied to the Unemployment and Gap covers. Several factors have led to an increase in this SCR module:
  - The growth of the business inforce increases this module;
  - The change to the new Business Plan which assumes a different mix and volume of future business compared to the previous plan;
  - Changes in the actual business mix over 2017 as more GAP and unemployment policies were sold compared to what was expected; and
  - Changes in the yield curve used to discount the cashflows and changes in claims reserves also lead to changes in this SCR module but to a much lesser - and usually more volatile - extent.
- The *health underwriting* capital is the second largest component of the SCR under Solvency II. This is mainly due to the disability/morbidity stresses and, to a lesser extent, lapse stresses. This has increased from 31.12.2016 due to the increase in the BEL driven by the growth in business over the year;
- *Market, Counterparty and Operational risk* are relatively small for the Company from a capital point of view;
- The MCR has increased due to an increase in the Capital at Risk. Due to the nature of the calculation, the MCR has also been influenced by the increase in the Technical Provisions as well as the Premiums between 31.12.2016 and 31.12.2017.

Information on the inputs used to calculate the MCR

The table below shows the inputs used in the calculation of the MCR as at 31st December 2017, including a comparison with the previous reporting year:

Inputs used to calculate the MCR	2017 €M	2016 €M
AMCR - *Absolute Floor of the MCR**	3.7	3.7
Linear MCR	31.4	29.2
SCR	141.3	118.8
Combined MCR	35.3	29.7
Minimum Capital Requirement	35.3	29.7

* Note the Absolute Floor of the Minimum Capital Requirement ("AMCR") is prescribed by EIOPA.

Information on whether, and for which modules, the company is using simplified calculations and/or company specific parameters

The Company has not used *simplified calculations* or *undertaking specific parameters* in the calculation of the SCR.

Amount of any capital add-ons

There is no requirement for any capital add-ons.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

This section is not applicable to the Company.

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

This section is not applicable to the Company.

E.5 Non Compliance with the MCR & Non Compliance with the SCR

The Company has complied with the SCR and MCR during the reporting period.

E.6 Any other information

There is no additional information to be disclosed with regards to Capital Management.

APPENDIX A – QUANTITATIVE REPORTING TEMPLATES

This Annex publicly discloses the following quantitative reporting templates in respect of the year ended 31st December 2017:

QRT	Description
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, Claims and Expenses by line of business
S.05.02.01	Premiums, Claims and Expenses by Country
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.01	Non-Life Insurance Claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

S.02.01.02
Balance sheet

		Solvency II value
	Assets	C0010
R0010	Goodwill	0.00
R0020	Deferred acquisition costs	0.00
R0030	Intangible assets	0.00
R0040	Deferred tax assets	0.00
R0050	Pension benefit surplus	0.00
R0060	Property, plant & equipment held for own use	0.00
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	298,688,968.40
R0080	Property (other than for own use)	0.00
R0090	Holdings in related undertakings, including participations	0.00
R0100	Equities	0.00
R0110	Equities - listed	0.00
R0120	Equities - unlisted	0.00
R0130	Bonds	285,649,276.93
R0140	Government Bonds	81,926,262.11
R0150	Corporate Bonds	197,306,484.78
R0160	Structured notes	6,416,530.04
R0170	Collateralised securities	0.00
R0180	Collective Investments Undertakings	13,039,691.47
R0190	Derivatives	0.00
R0200	Deposits other than cash equivalents	0.00
R0210	Other investments	0.00
R0220	Assets held for index-linked and unit-linked contracts	0.00
R0230	Loans and mortgages	0.00
R0240	Loans on policies	0.00
R0250	Loans and mortgages to individuals	0.00
R0260	Other loans and mortgages	0.00
R0270	Reinsurance recoverables from:	16,432,082.93
R0280	Non-life and health similar to non-life	6,571,643.29
R0290	Non-life excluding health	6,571,643.29
R0300	Health similar to non-life	0.00
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	9,860,439.63
R0320	Health similar to life	9,860,439.63
R0330	Life excluding health and index-linked and unit-linked	0.00
R0340	Life index-linked and unit-linked	0.00
R0350	Deposits to cedants	0.00
R0360	Insurance and intermediaries receivables	13,060,894.80
R0370	Reinsurance receivables	1,128,188.60
R0380	Receivables (trade, not insurance)	104,882.30
R0390	Own shares (held directly)	0.00
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0.00
R0410	Cash and cash equivalents	54,353,972.52
R0420	Any other assets, not elsewhere shown	-0.00
R0500	**Total assets**	383,768,989.54

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	84,173,372.37
R0520	Technical provisions – non-life (excluding health)	84,173,372.37
R0530	Technical provisions calculated as a whole	0.00
R0540	Best Estimate	68,784,299.79
R0550	Risk margin	15,389,072.58
R0560	Technical provisions - health (similar to non-life)	0.00
R0570	Technical provisions calculated as a whole	0.00
R0580	Best Estimate	0.00
R0590	Risk margin	0.00
R0600	Technical provisions - life (excluding index-linked and unit-linked)	85,215,908.48
R0610	Technical provisions - health (similar to life)	85,215,908.48

R0620	Technical provisions calculated as a whole	0.00
R0630	Best Estimate	82,569,908.49
R0640	Risk margin	2,645,999.99
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0.00
R0660	Technical provisions calculated as a whole	0.00
R0670	Best Estimate	0.00
R0680	Risk margin	0.00
R0690	Technical provisions – index-linked and unit-linked	0.00
R0700	Technical provisions calculated as a whole	0.00
R0710	Best Estimate	0.00
R0720	Risk margin	0.00
R0730	Other Technical Provisions	0.00
R0740	Contingent liabilities	0.00
R0750	Provisions other than technical provisions	0.00
R0760	Pension benefit obligations	0.00
R0770	Deposits from reinsurers	0.00
R0780	Deferred tax liabilities	5,446,035.92
R0790	Derivatives	0.00
R0800	Debts owed to credit institutions	0.00
R0810	Financial liabilities other than debts owed to credit institutions	-0.04
R0820	Insurance & intermediaries payables	10,826,654.27
R0830	Reinsurance payables	0.00
R0840	Payables (trade, not insurance)	9,767,576.34
R0850	Subordinated liabilities	54,000,000.00
R0860	Subordinated liabilities not in Basic Own Funds	0.00
R0870	Subordinated liabilities in Basic Own Funds	54,000,000.00
R0880	Any other liabilities, not elsewhere shown	0.00
R0900	**Total liabilities**	249,429,547.34
R1000	**Excess of assets over liabilities**	134,339,442.20

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

Non-Life & Accepted non-proportional reinsurance

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	Total
		Miscellaneous financial loss	
		C0120	C0200
	Premiums written		
R0110	Gross - Direct Business	106,095,259.69	106,095,259.69
R0120	Gross - Proportional reinsurance accepted	4,999,613.38	4,999,613.38
R0130	Gross - Non-proportional reinsurance accepted		
R0140	Reinsurers' share	-177,781.00	-177,781.00
R0200	Net	111,272,654.08	111,272,654.08
	Premiums earned		
R0210	Gross - Direct Business	95,287,363.21	95,287,363.21
R0220	Gross - Proportional reinsurance accepted	5,169,646.72	5,169,646.72
R0230	Gross - Non-proportional reinsurance accepted		
R0240	Reinsurers' share	11,801,118.57	11,801,118.57
R0300	Net	88,655,891.36	88,655,891.36
	Claims incurred		
R0310	Gross - Direct Business	11,371,114.17	11,371,114.17
R0320	Gross - Proportional reinsurance accepted	391,600.96	391,600.96
R0330	Gross - Non-proportional reinsurance accepted		
R0340	Reinsurers' share	712,896.77	712,896.77
R0400	Net	11,049,818.36	11,049,818.36
	Changes in other technical provisions		

R0410	Gross - Direct Business	322,844.11	322,844.11
R0420	Gross - Proportional reinsurance accepted		
R0430	Gross - Non- proportional reinsurance accepted		
R0440	Reinsurers' share		
R0500	Net	322,844.11	322,844.11
R0550	**Expenses incurred**	66,038,105.81	66,038,105.81
R1200	**Other expenses**		
R1300	**Total expenses**		66,038,105.81

Life

		Line of Business for: life insurance obligations	**Life reinsurance obligations**	**Total**
		Health insurance	**Health reinsurance**	
		C0210	C0270	C0300
	Premiums written			
R1410	Gross	122,223,134.28	10,866,969.07	33,090,103.34
R1420	Reinsurers' share	-937,517.79	-	-937,517.79
R1500	Net	123,160,652.07	10,866,969.07	34,027,621.13
	Premiums earned			
R1510	Gross	107,642,966.90	6,928,167.08	14,571,133.99
R1520	Reinsurers' share	15,220,728.48	-	15,220,728.48
R1600	Net	92,422,238.42	6,928,167.08	99,350,405.50
	Claims incurred			
R1610	Gross	14,261,729.24	379,260.75	14,640,989.99
R1620	Reinsurers' share	894,120.01	-	894,120.01
R1700	Net	13,367,609.23	379,260.75	13,746,869.98
	Changes in other technical provisions			
R1710	Gross	336,559.41	-	336,559.41
R1720	Reinsurers' share	-	-	-
R1800	Net	336,559.41	-	336,559.41
R1900	**Expenses incurred**	68,715,267.84	5,316,002.68	74,031,270.52
R2500	**Other expenses**			
R2600	**Total expenses**			74,031,270.52

S.05.02.01
Premiums, claims and expenses by country

Non-life obligations for home country

		Total for top 5 countries and home country (by amount of gross premiums written)	**Top 5 countries (by amount of gross premiums written) – Non-life obligations**				
			Germany	**Norway**	**Austria**	**Italy**	**Denmark**
		C0140	C0090	C0090	C0090	C0090	C0090
	Premiums written						
R0110	Gross - Direct Business	97,286,267.14	84,501,230.03	460,534.39		7,129,350.78	5,195,151.94
R0120	Gross - Proportional reinsurance accepted	4,999,613.38	1,540,256.27		3,459,357.12		
R0130	Gross - Non-proportional reinsurance accepted	-					
R0140	Reinsurers' share	1,098,573.79	1,648,132.19	-43,365.21		-221,967.37	-284,225.81
R0200	Net	101,187,306.73	84,393,354.11	503,899.60	3,459,357.12	7,351,318.15	5,479,377.76
	Premiums earned						
R0210	Gross - Direct Business	86,446,894.22	76,541,406.67	1,364,902.25		5,787,845.43	2,752,739.87

R0220	Gross - Proportional reinsurance accepted	5,169,646.72	3,712,092.84		1,457,553.87		
R0230	Gross - Non-proportional reinsurance accepted	-					
R0240	Reinsurers' share	10,880,325.78	8,168,532.17	276,127.62		1,984,069.43	451,596.56
R0300	Net	80,736,215.16	72,084,967.34	1,088,774.63	1,457,553.87	3,803,776.00	2,301,143.32
	Claims incurred						
R0310	Gross - Direct Business	10,566,772.24	6,925,035.09	2,383,694.09		840,087.18	417,955.88
R0320	Gross - Proportional reinsurance accepted	391,600.96	-132,441.94		524,042.90		
R0330	Gross - Non-proportional reinsurance accepted	-					
R0340	Reinsurers' share	597,431.37	-277,823.78	524,172.73		263,588.15	87,494.26
R0400	Net	10,360,941.83	7,070,416.93	1,859,521.36	524,042.90	576,499.03	330,461.61
	Changes in other technical provisions						
R0410	Gross - Direct Business	322,844.11	322,844.11				
R0420	Gross - Proportional reinsurance accepted	-					
R0430	Gross - Non-proportional reinsurance accepted	-					
R0440	Reinsurers' share	-					
R0500	Net	322,844.11	322,844.11				
R0550	**Expenses incurred**	62,778,400.34	53,939,621.63	3,753,060.97	1,872,073.07	2,481,489.57	732,155.10
R1200	**Other expenses**	-					
R1300	**Total expenses**	-					

Life obligations for home country

		Total for top 5 countries and home country (by amount of gross premiums written)	**Top 5 countries (by amount of gross premiums written) - Life obligations**				
			Germany	**Norway**	**Austria**	**Italy**	**Denmark**
		C0280	C0230	C0230	C0230	C0230	C0230
	Premiums written						
R1410	Gross	129,955,767.13	109,582,153.63	4,321,600.00	9,685,543.75	6,288,455.65	78,014.09
R1420	Reinsurers' share	-1,483,326.62	-2,087,929.00	406,934.00	-	193,400.25	4,268.14
R1500	Net	131,439,093.75	111,670,082.63	3,914,666.00	9,685,543.75	6,095,055.41	73,745.95
	Premiums earned						
R1510	Gross	111,434,771.72	89,345,310.85	12,808,080.59	4,080,874.38	5,159,168.81	41,337.10
R1520	Reinsurers' share	14,674,919.65	10,348,269.00	2,591,148.76	-	1,728,720.40	6,781.49
R1600	Net	96,759,852.07	78,997,041.85	10,216,931.83	4,080,874.38	3,430,448.41	34,555.60
	Claims incurred						
R1610	Gross	13,632,178.83	8,557,158.01	2,989,645.45	507,529.16	1,053,643.09	524,203.12
R1620	Reinsurers' share	749,302.51	-348,448.48	657,421.03	-	330,594.06	109,735.91
R1700	Net	12,882,876.32	8,905,606.49	2,332,224.42	507,529.16	723,049.03	414,467.22
	Changes in other technical provisions						
R1710	Gross	336,559.41	336,559.41				
R1720	Reinsurers' share	-					
R1800	Net	336,559.41	336,559.41	-	-	-	-
R1900	**Expenses incurred**	70,377,014.64	60,468,401.88	4,207,326.49	2,098,666.31	2,781,845.77	820,774.19
R2500	**Other expenses**	-					
R2600	**Total expenses**	-					

S.12.01.02

Life and Health SLT Technical Provisions

		Health insurance (direct business)		Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees		
		C0160	C0170	C0200	C0210
R0010	**Technical provisions calculated as a whole**	-		-	-
R0020	**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**	-		-	-
	Technical provisions calculated as a sum of BE and RM				
	Best Estimate				
R0030	**Gross Best Estimate**		78,095,927.28	4,473,981.22	82,569,908.49
R0040	Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default		9,864,398.75	-	9,864,398.75
R0050	Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses		9,864,398.75	-	9,864,398.75
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		9,860,439.63	-	9,860,439.63
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re		68,235,487.64	4,473,981.22	72,709,468.86
R0100	**Risk Margin**	2,510,227.16		135,772.83	2,645,999.99
	Amount of the transitional on Technical Provisions				
R0110	Technical Provisions calculated as a whole	-		-	-
R0120	Best estimate		-	-	-
R0130	Risk margin	-		-	-
R0200	**Technical provisions - total**	80,606,154.43		4,609,754.05	85,215,908.48

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance	Total Non-Life obligation
		Miscellaneous financial loss	
		C0130	C0180
R0010	**Technical provisions calculated as a whole**	-	-
R0050	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	-	-

	Technical provisions calculated as a sum of BE and RM		
	Best estimate		
	Premium provisions		
R0060	Gross - Total	49,570,882.52	49,570,882.52
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	4,432,586.49	4,432,586.49
R0150	Net Best Estimate of Premium Provisions	45,138,296.04	45,138,296.04
	Claims provisions		
R0160	Gross - Total	19,213,417.26	19,213,417.26
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	2,139,056.81	2,139,056.81
R0250	**Net Best Estimate of Claims Provisions**	17,074,360.46	17,074,360.46
R0260	**Total Best estimate - gross**	68,784,299.79	68,784,299.79
R0270	**Total Best estimate - net**	62,212,656.49	62,212,656.49
R0280	**Risk margin**	15,389,072.58	15,389,072.58
	Amount of the transitional on Technical Provisions		
R0290	**TP as a whole**	-	-
R0300	**Best estimate**	-	-
R0310	**Risk margin**	-	-
	Technical provisions - total		
R0320	Technical provisions - total	84,173,372.37	84,173,372.37
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	6,571,643.29	6,571,643.29
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	77,601,729.08	77,601,729.08

S.19.01.01

Non-life insurance claims

Z0010	Line of business	12
Z0020	Accident year / Underwriting year	1
Z0030	Currency	Total
Z0040	Currency conversion	2

Gross Claims Paid (non-cumulative)

(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**												
		0	1	2	3	4	5	6	7	8	9	10 & +	**In Current year**	**Sum of years (cumulative)**
R0100	Prior											0.00	0.00	0.00
R0160	N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
R0170	N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00
R0180	N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00	0.00
R0190	N-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00
R0200	N-5	249,698.45	700,007.25	98,158.23	5,541.84	0.00	0.00						0.00	1,053,405.77
R0210	N-4	843,219.24	1,190,832.08	126,144.04	13,452.57	4,580.50							4,580.50	2,178,228.43
R0220	N-3	1,237,315.59	1,692,647.00	203,161.57	8,680.33								8,680.33	3,141,804.49
R0230	N-2	1,726,080.09	2,187,326.90	233,487.97									233,487.97	4,146,894.96
R0240	N-1	2,356,516.14	3,377,591.95										3,377,591.95	5,734,108.09
R0250	N	3,524,863.08											3,524,863.08	3,524,863.08
R0260												**Total**	7,149,203.83	19,779,305

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
	Year	**Development Year**												
		0	1	2	3	4	5	6	7	8	9	10 & +		**Year end (discounted data)**
R0100	Prior													0.00
R0160	N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
R0170	N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00
R0180	N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00
R0190	N-6	0.00	0.00	0.00	1,687.50	0.00	0.00	2,493.75						2,493.75
R0200	N-5	586,357.90	147,988.16	49,378.33	34,240.02	131,142.36	75,768.05							75,768.05
R0210	N-4	2,661,090.11	757,401.40	470,909.24	207,211.81	162,007.14								162,007.14
R0220	N-3	4,714,476.69	1,640,447.78	916,915.72	301,952.79									301,952.79
R0230	N-2	8,503,378.16	3,600,720.49	1,197,373.07										1,197,373.07
R0240	N-1	10,830,711.70	3,126,272.53											3,126,272.53
R0250	N	14,347,549.93												14,347,549.93
R0260													**Total**	19,213,417.26

S.23.01.01

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
R0010	Ordinary share capital (gross of own shares)	53,000,000.00	53,000,000.00		-	
R0030	Share premium account related to ordinary share capital	-	-		-	
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-		-	
R0050	Subordinated mutual member accounts	-		-	-	-
R0070	Surplus funds	-	-			
R0090	Preference shares	-		-	-	-
R0110	Share premium account related to preference shares	-		-	-	-
R0130	Reconciliation reserve	81,339,442.20	81,339,442.20			
R0140	Subordinated liabilities	54,000,000.00		33,584,860.55	20,415,139.45	-
R0160	An amount equal to the value of net deferred tax assets	-				-
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
	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	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	-				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	-	-	-	-	

R0290	**Total basic own funds after deductions**	188,339,442.20	134,339,442.20	33,584,860.55	20,415,139.45	
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-			-	
R0320	Unpaid and uncalled preference shares callable on demand	-			-	
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0390	Other ancillary own funds	-			-	
R0400	**Total ancillary own funds**	-			-	
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	188,339,442.20	134,339,442.20	33,584,860.55	20,415,139.45	
R0510	Total available own funds to meet the MCR	188,339,442.20	134,339,442.20	33,584,860.55	20,415,139.45	
R0540	Total eligible own funds to meet the SCR	188,339,442.20	134,339,442.20	33,584,860.55	20,415,139.45	
R0550	Total eligible own funds to meet the MCR	174,987,663.64	134,339,442.20	33,584,860.55	7,063,360.89	
R0580	**SCR**	141,267,217.72				
R0600	**MCR**	35,316,804.43				
R0620	**Ratio of Eligible own funds to SCR**	133%				
R0640	**Ratio of Eligible own funds to MCR**	495%				

Reconciliation reserve

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	134,339,442.20
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own fund items	53,000,000.00
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0760	**Reconciliation reserve**	81,339,442.20
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	-
R0780	Expected profits included in future premiums (EPIFP) - Non-life business	-
R0790	**Total Expected profits included in future premiums (EPIFP)**	-

S.25.01.21

Solvency Capital Requirement – for undertakings on Standard Formula

Basic Solvency Capital Requirement

		Gross solvency capital requirement
		C0040
R0010	Market risk	14,876,531.43
R0020	Counterparty default risk	6,113,415.93
R0030	Life underwriting risk	0.00
R0040	Health underwriting risk	24,605,690.63
R0050	Non-life underwriting risk	143,106,107.71
R0060	Diversification	-35,122,708.01
R0070	Intangible asset risk	0.00
R0100	**Basic Solvency Capital Requirement**	153,579,037.69

Calculation of Solvency Capital Requirement

		Value
		C0100
R0130	Operational risk	7,869,211.14
R0140	Loss-absorbing capacity of technical provisions	0.00
R0150	Loss-absorbing capacity of deferred taxes	-20,181,031.10
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0.00
R0200	**Solvency Capital Requirement excluding capital add-on**	141,267,217.72
R0210	Capital add-on already set	0.00
R0220	Solvency capital requirement	141,267,217.72
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0.00
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0.00
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0.00
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0.00
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0.00

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

		MCR components
		C0010
R0010	MCR_{NL} Result	26,530,589.70

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
R0020	Medical expense insurance and proportional reinsurance		
R0030	Income protection insurance and proportional reinsurance		
R0040	Workers' compensation insurance and proportional reinsurance		
R0050	Motor vehicle liability insurance and proportional reinsurance		
R0060	Other motor insurance and proportional reinsurance		
R0070	Marine, aviation and transport insurance and proportional reinsurance		
R0080	Fire and other damage to property insurance and proportional reinsurance		
R0090	General liability insurance and proportional reinsurance		
R0100	Credit and suretyship insurance and proportional reinsurance		
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance		
R0130	Miscellaneous financial loss insurance and proportional reinsurance	62,212,656.49	122,615,045.80
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance		
R0170	Non-proportional property reinsurance		

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_{L} Result	4,881,088.39

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
R0210	Obligations with profit participation - guaranteed benefits		

R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	72,709,468.86	
R0250	Total capital at risk for all life (re)insurance obligations		4,791,699,342.15

Overall MCR calculation

		C0070
R0300	Linear MCR	31,411,678.08
R0310	SCR	141,267,217.72
R0320	MCR cap	63,570,247.98
R0330	MCR floor	35,316,804.43
R0340	Combined MCR	35,316,804.43
R0350	Absolute floor of the MCR	3,700,000.00
R0400	**Minimum Capital Requirement**	35,316,804.43

For information purposes, below are reported the quantitative reporting templates in respect of the year ended 31st December 2016:

QRT	Description
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, Claims and Expenses by line of business
S.05.02.01	Premiums, Claims and Expenses by Country
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Insurance Claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

S.02.01.02
Balance sheet

		Solvency II value
	Assets	C0010
R0010	Goodwill	
R0020	Deferred acquisition costs	
R0030	Intangible assets	0.00
R0040	Deferred tax assets	0.00
R0050	Pension benefit surplus	0.00
R0060	Property, plant & equipment held for own use	0.00
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	244,211,403.82
R0080	Property (other than for own use)	0.00
R0090	Holdings in related undertakings, including participations	0.00
R0100	Equities	0.00
R0110	Equities - listed	0.00
R0120	Equities - unlisted	0.00
R0130	Bonds	232,185,036.87
R0140	Government Bonds	76,820,961.28
R0150	Corporate Bonds	151,002,767.24
R0160	Structured notes	4,361,308.35
R0170	Collateralised securities	0.00
R0180	Collective Investments Undertakings	12,026,251.55
R0190	Derivatives	0.00
R0200	Deposits other than cash equivalents	0.00
R0210	Other investments	0.00
R0220	Assets held for index-linked and unit-linked contracts	0.00
R0230	Loans and mortgages	0.00
R0240	Loans on policies	0.00
R0250	Loans and mortgages to individuals	0.00
R0260	Other loans and mortgages	0.00
R0270	Reinsurance recoverables from:	24,278,995.22
R0280	Non-life and health similar to non-life	9,200,434.49
R0290	Non-life excluding health	9,200,434.49
R0300	Health similar to non-life	0.00
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	15,078,560.74
R0320	Health similar to life	15,078,560.74
R0330	Life excluding health and index-linked and unit-linked	0.00
R0340	Life index-linked and unit-linked	0.00
R0350	Deposits to cedants	0.00
R0360	Insurance and intermediaries receivables	16,123,311.98
R0370	Reinsurance receivables	519,802.19
R0380	Receivables (trade, not insurance)	77,347.43
R0390	Own shares (held directly)	0.00
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0.00
R0410	Cash and cash equivalents	64,164,602.82
R0420	Any other assets, not elsewhere shown	28,688.48
R0500	**Total assets**	349,404,151.94

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	75,867,596.90
R0520	Technical provisions – non-life (excluding health)	75,867,596.90
R0530	Technical provisions calculated as a whole	0.00
R0540	Best Estimate	62,955,899.87
R0550	Risk margin	12,911,697.02
R0560	Technical provisions - health (similar to non-life)	12,911,697.02
R0570	Technical provisions calculated as a whole	0.00
R0580	Best Estimate	0.00
R0590	Risk margin	0.00
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0.00
R0610	Technical provisions - health (similar to life)	87,480,359.57

R0620	Technical provisions calculated as a whole	87,480,359.57
R0630	Best Estimate	84,884,257.89
R0640	Risk margin	2,596,101.69
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0.00
R0660	Technical provisions calculated as a whole	0.00
R0670	Best Estimate	0.00
R0680	Risk margin	0.00
R0690	Technical provisions – index-linked and unit-linked	0.00
R0700	Technical provisions calculated as a whole	0.00
R0710	Best Estimate	0.00
R0720	Risk margin	0.00
R0730	Other Technical Provisions	
R0740	Contingent liabilities	0.00
R0750	Provisions other than technical provisions	659,403.52
R0760	Pension benefit obligations	0.00
R0770	Deposits from reinsurers	0.00
R0780	Deferred tax liabilities	3,913,049.91
R0790	Derivatives	0.00
R0800	Debts owed to credit institutions	0.00
R0810	Financial liabilities other than debts owed to credit institutions	30,368.78
R0820	Insurance & intermediaries payables	14,131,321.64
R0830	Reinsurance payables	0.00
R0840	Payables (trade, not insurance)	11,416,654.40
R0850	Subordinated liabilities	0.00
R0860	Subordinated liabilities not in Basic Own Funds	0.00
R0870	Subordinated liabilities in Basic Own Funds	54,000,000.00
R0880	Any other liabilities, not elsewhere shown	0.00
R0900	**Total liabilities**	247,498,754.72
R1000	**Excess of assets over liabilities**	101,905,397.22

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

Non-Life & Accepted non-proportional reinsurance

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	Total
		Miscellaneous financial loss	
		C0120	C0200
	Premiums written		
R0110	Gross - Direct Business	121,943,279.78	121,943,279.78
R0120	Gross - Proportional reinsurance accepted	7,787,162.09	7,787,162.09
R0130	Gross - Non-proportional reinsurance accepted		-
R0140	Reinsurers' share	2,296,493.40	2,296,493.40
R0200	Net	127,433,948.47	127,433,948.47
	Premiums earned		
R0210	Gross - Direct Business	78,332,809.75	78,332,809.75
R0220	Gross - Proportional reinsurance accepted	2,378,109.89	2,378,109.89
R0230	Gross - Non-proportional reinsurance accepted		-
R0240	Reinsurers' share	13,895,500.44	13,895,500.44
R0300	Net	66,815,419.20	66,815,419.20
	Claims incurred		
R0310	Gross - Direct Business	9,066,043.44	9,066,043.44
R0320	Gross - Proportional reinsurance accepted	295,110.55	295,110.55
R0330	Gross - Non-proportional reinsurance accepted		
R0340	Reinsurers' share	1,244,909.98	1,244,909.98

R0400	Net	8,116,244.01	8,116,244.01
	Changes in other technical provisions		
R0410	Gross - Direct Business	- 311,098.68	- 311,098.68
R0420	Gross - Proportional reinsurance accepted		-
R0430	Gross - Non- proportional reinsurance accepted		-
R0440	Reinsurers' share		-
R0500	Net	- 311,098.68	- 311,098.68
R0550	**Expenses incurred**	51,220,089.70	51,220,089.70
R1200	**Other expenses**		
R1300	**Total expenses**		51,220,089.70

Life

		Line of Business for: life insurance obligations	**Life reinsurance obligations**	**Total**
		Health insurance	**Health reinsurance**	
		C0210	C0270	C0300
	Premiums written			
R1410	Gross	122,208,477.73	4,880,513.34	127,088,991.07
R1420	Reinsurers' share	904,758.21	-	904,758.21
R1500	Net	121,303,719.52	4,880,513.34	126,184,232.86
	Premiums earned			
R1510	Gross	94,877,121.70	1,490,452.74	96,367,574.44
R1520	Reinsurers' share	20,070,844.43	-	20,070,844.43
R1600	Net	74,806,277.28	1,490,452.74	76,296,730.01
	Claims incurred			
R1610	Gross	12,945,224.03	480,364.68	13,425,588.71
R1620	Reinsurers' share	2,281,762.55	-	2,281,762.55
R1700	Net	10,663,461.48	480,364.68	11,143,826.16
	Changes in other technical provisions			
R1710	Gross	-348,304.84		-348,304.84
R1720	Reinsurers' share			-
R1800	Net	-348,304.84		-348,304.84
R1900	**Expenses incurred**	52,301,126.99	3,866,017.37	56,167,144.36
R2500	**Other expenses**			
R2600	**Total expenses**			56,167,144.36

S.05.02.01
Premiums, claims and expenses by country

Non-life obligations for home country

		Total for top 5 countries and home country (by amount of gross premiums written)	Top 5 countries (by amount of gross premiums written) – Non-life obligations				
			Germany	Norway	Austria	Italy	Denmark
		C0080	C0090	C0090	C0090	C0090	C0090
	Premiums written						
R0110	Gross - Direct Business	113,853,723.65	97,538,279.86	1,174,394.78		9,380,968.83	5,760,080.18
R0120	Gross - Proportional reinsurance accepted	7,787,162.09			7,787,162.09		
R0130	Gross - Non-proportional reinsurance accepted	0.00					
R0140	Reinsurers' share	1,508,301.65	-2,047,381.17	258,706.00		2,022,138.12	1,274,838.70
R0200	Net	120,132,584.09	99,585,661.03	915,688.77	7,787,162.09	7,358,830.72	4,485,241.48
	Premiums earned						
R0210	Gross - Direct Business	71,135,330.26	59,966,751.95	575,746.61		8,897,350.49	1,695,481.21
R0220	Gross - Proportional reinsurance accepted	2,378,109.89			2,378,109.89		
R0230	Gross - Non-proportional reinsurance accepted	0.00					
R0240	Reinsurers' share	13,060,325.43	8,560,054.16	127,111.05		4,003,188.35	369,971.87
R0300	Net	60,453,114.72	51,406,697.79	448,635.56	2,378,109.89	4,894,162.14	1,325,509.34
	Claims incurred						
R0310	Gross - Direct Business	8,353,364.41	5,623,383.30	1,867,880.19		595,087.32	267,013.60
R0320	Gross - Proportional reinsurance accepted	295,110.55			295,110.55		
R0330	Gross - Non-proportional reinsurance accepted	0.00					
R0340	Reinsurers' share	1,195,921.60	518,891.02	466,970.05		151,047.18	59,013.35
R0400	Net	7,452,553.36	5,104,492.28	1,400,910.14	295,110.55	444,040.14	208,000.24
	Changes in other technical provisions						
R0410	Gross - Direct Business	-311,098.68	-311,098.68				
R0420	Gross - Proportional reinsurance accepted	0.00					
R0430	Gross - Non-proportional reinsurance accepted	0.00					
R0440	Reinsurers' share	0.00					
R0500	Net	-311,098.68	-311,098.68				
R0550	**Expenses incurred**	47,372,009.81	40,911,093.43	2,744,074.54	1,185,390.95	2,096,832.42	434,618.48
R1200	**Other expenses**						
R1300	**Total expenses**	47,372,009.81	40,911,093.43	2,744,074.54	1,185,390.95	2,096,832.42	434,618.48

Life obligations for home country

		Total for top 5 countries and home country (by amount of gross premiums written)	Top 5 countries (by amount of gross premiums written) - Life obligations				
			Germany	Norway	Austria	Italy	Denmark
		C0220	C0230	C0230	C0230	C0230	C0230
	Premiums written						
R1410	Gross	124,734,824.37	99,274,173.65	19,238,604.89	4,880,513.34	1,255,035.18	86,497.31
R1420	Reinsurers' share	457,611.52	-4,063,089.31	4,238,048.97		263,508.01	19,143.85
R1500	Net	124,277,212.85	103,337,262.96	15,000,555.93	4,880,513.34	991,527.16	67,353.46
	Premiums earned						
R1510	Gross	93,953,611.62	81,846,551.58	9,431,718.98	1,490,452.74	1,159,427.81	25,460.51
R1520	Reinsurers' share	19,597,199.14	16,987,684.15	2,082,297.44		521,661.80	5,555.75
R1600	Net	74,356,412.48	64,858,867.43	7,349,421.54	1,490,452.74	637,766.01	19,904.76
	Claims incurred						
R1610	Gross	12,424,592.46	8,088,558.96	2,613,338.97	480,364.68	872,320.56	370,009.29
R1620	Reinsurers' share	2,051,682.90	1,012,000.91	653,334.74		286,091.10	100,256.15
R1700	Net	10,372,909.56	7,076,558.05	1,960,004.23	480,364.68	586,229.46	269,753.15
	Changes in other technical provisions						
R1710	Gross	-348,304.84	-348,304.84				
R1720	Reinsurers' share	0.00					
R1800	Net	-348,304.84	-348,304.84				
R1900	**Expenses incurred**	51,947,400.51	44,862,461.27	3,009,108.95	1,299,881.06	2,299,353.44	476,595.78
R2500	**Other expenses**						
R2600	**Total expenses**						

S.12.01.02

Life and Health SLT Technical Provisions

		Health insurance (direct business)		Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees		
		C0160	C0170	C0200	C0210
R0010	**Technical provisions calculated as a whole**	-		-	-
R0020	**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**	-		-	-
	Technical provisions calculated as a sum of BE and RM				
	Best Estimate				
R0030	**Gross Best Estimate**		80,143,615.06	4,740,642.83	84,884,257.89
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		15,078,560.74	-	15,078,560.74
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re		65,065,054.32	4,740,642.83	69,805,697.15
R0100	**Risk Margin**	2,466,860.20		129,241.49	2,596,101.69
	Amount of the transitional on Technical Provisions				
R0110	Technical Provisions calculated as a whole	-		-	-
R0120	Best estimate		-	-	-
R0130	Risk margin	-		-	-
R0200	**Technical provisions - total**	82,610,475.25		4,869,884.32	87,480,359.57

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance	Total Non-Life obligation
		Miscellaneous financial loss	
		C0130	C0180
R0010	**Technical provisions calculated as a whole**	-	-
R0050	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	-	-
	Technical provisions calculated as a sum of BE and RM		

	Best estimate		
	Premium provisions		
R0060	Gross - Total	48,258,159.90	48,258,159.90
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	6,515,377.94	6,515,377.94
R0150	Net Best Estimate of Premium Provisions	41,742,781.96	41,742,781.96
	Claims provisions		
R0160	Gross - Total	14,697,739.97	14,697,739.97
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	2,685,056.55	2,685,056.55
R0250	**Net Best Estimate of Claims Provisions**	12,012,683.42	12,012,683.42
R0260	**Total Best estimate - gross**	62,955,899.87	62,955,899.87
R0270	**Total Best estimate - net**	53,755,465.39	53,755,465.39
R0280	**Risk margin**	12,911,697.02	12,911,697.02
	Amount of the transitional on Technical Provisions		
R0290	**TP as a whole**	-	-
R0300	**Best estimate**	-	-
R0310	**Risk margin**	-	-
	Technical provisions - total		
R0320	Technical provisions - total	75,867,596.90	75,867,596.90
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	9,200,434.49	9,200,434.49
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	66,667,162.41	66,667,162.41

CNP SANTANDER INSURANCE

S.19.01.21

Non-life insurance claims

Z0010	Line of business	12 - 12 and 24 Miscellaneous financial loss
Z0020	Accident year / Underwriting year	1 - Accident year
Z0030	Currency	EUR
Z0040	Currency conversion	1 - Original currency

Gross Claims Paid (non-cumulative)

(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**												
		0	1	2	3	4	5	6	7	8	9	10 & +	**In Current year**	**Sum of years (cumulative)**
R0100	Prior											0.00	0.00	0.00
R0160	N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
R0170	N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00
R0180	N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00	0.00
R0190	N-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00
R0200	N-5	0.00	0.00	0.00	0.00	0.00	0.00						0.00	0.00
R0210	N-4	238,697.91	1,002,727.60	149,095.50	5,541.84	0.00							0.00	1,396,062.85
R0220	N-3	1,396,428.02	3,226,917.54	382,527.02	49,551.84								49,551.84	5,055,424.42
R0230	N-2	2,157,660.26	5,258,610.55	636,530.09									636,530.09	8,052,800.90
R0240	N-1	3,847,885.04	5,973,870.86										5,973,870.86	9,821,755.90
R0250	N	2,671,317.93											2,671,317.93	2,671,317.93
R0260												**Total**	9,331,270.71	26,997,361.99

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
	Year	**Development Year**												
		0	1	2	3	4	5	6	7	8	9	10 & +		**Year end (discounted data)**
R0100	Prior													0.00
R0160	N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
R0170	N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00
R0180	N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00
R0190	N-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00
R0200	N-5	0.00	0.00	0.00	1,687.50	0.00	0.00							0.00
R0210	N-4	586,357.90	147,988.16	49,378.33	34,240.02	131,142.36								131,142.36
R0220	N-3	2,661,090.11	757,401.40	470,909.24	207,211.81									207,211.81
R0230	N-2	4,714,476.69	1,640,447.78	916,915.72										916,915.72
R0240	N-1	8,503,378.16	3,600,720.49											3,600,720.49
R0250	N	10,830,711.70												10,830,711.70
R0260													**Total**	15,686,702.08

S.23.01.01

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
R0010	Ordinary share capital (gross of own shares)	53,000,000.00	53,000,000.00		0.00	
R0030	Share premium account related to ordinary share capital	0.00	0.00		0.00	
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0.00	0.00		0.00	
R0050	Subordinated mutual member accounts	0.00		0.00	0.00	0.00
R0070	Surplus funds	0.00	0.00			
R0090	Preference shares	0.00		0.00	0.00	0.00
R0110	Share premium account related to preference shares	0.00		0.00	0.00	0.00
R0130	Reconciliation reserve	48,905,397.22	48,905,397.22			
R0140	Subordinated liabilities	54,000,000.00		25,476,349.31	28,523,650.69	0.00
R0160	An amount equal to the value of net deferred tax assets	0.00				0.00
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0.00	0.00	0.00	0.00	0.00
	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	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	0.00				
	Deductions					

R0230	Deductions for participations in financial and credit institutions	0.00	0.00	0.00	0.00	
R0290	**Total basic own funds after deductions**	155,905,397.22	101,905,397.22	25,476,349.31	28,523,650.69	
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0.00			0.00	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0.00			0.00	
R0320	Unpaid and uncalled preference shares callable on demand	0.00			0.00	0.00
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0.00			0.00	0.00
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0.00			0.00	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0.00			0.00	
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0.00			0.00	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0.00			0.00	
R0390	Other ancillary own funds	0.00			0.00	
R0400	**Total ancillary own funds**	0.00			0.00	
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	155,905,397.22	101,905,397.22	25,476,349.31	28,523,650.69	
R0510	Total available own funds to meet the MCR	155,905,397.22	101,905,397.22	25,476,349.31	28,523,650.69	
R0540	Total eligible own funds to meet the SCR	155,905,397.22	101,905,397.22	25,476,349.31	28,523,650.69	
R0550	Total eligible own funds to meet the MCR	133,321,892.00	101,905,397.22	25,476,349.31	5,940,145.47	
R0580	**SCR**	118,802,909.35				
R0600	**MCR**	29,700,727.34				
R0620	**Ratio of Eligible own funds to SCR**	1.31				
R0640	**Ratio of Eligible own funds to MCR**	4.49				

Reconciliation reserve

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	101,905,397.22
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own fund items	53,000,000.00
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0760	**Reconciliation reserve**	48,905,397.22
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	-
R0780	Expected profits included in future premiums (EPIFP) - Non-life business	-
R0790	**Total Expected profits included in future premiums (EPIFP)**	-

S.25.01.21

Solvency Capital Requirement – for undertakings on Standard Formula

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
R0010	Market risk	11,981,029.46		0.00
R0020	Counterparty default risk	6,610,887.90		
R0030	Life underwriting risk	0.00	0.00	0.00
R0040	Health underwriting risk	23,789,974.21	0.00	0.00
R0050	Non-life underwriting risk	118,319,301.84	0.00	0.00
R0060	Diversification	-32,231,697.55		
R0070	Intangible asset risk	0.00		
R0100	**Basic Solvency Capital Requirement**	128,469,495.86		

Calculation of Solvency Capital Requirement

		Value
		C0100
R0130	Operational risk	7,305,257.68
R0140	Loss-absorbing capacity of technical provisions	0.00
R0150	Loss-absorbing capacity of deferred taxes	-16,971,844.19
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0.00
R0200	**Solvency Capital Requirement excluding capital add-on**	118,802,909.35
R0210	Capital add-on already set	0.00
R0220	Solvency capital requirement	118,802,909.35
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0.00
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0.00
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0.00
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0.00
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0.00

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

		MCR components
		C0010
R0010	MCR_{NL} Result	24,342,854.64

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
R0020	Medical expense insurance and proportional reinsurance		
R0030	Income protection insurance and proportional reinsurance		
R0040	Workers' compensation insurance and proportional reinsurance		
R0050	Motor vehicle liability insurance and proportional reinsurance		
R0060	Other motor insurance and proportional reinsurance		
R0070	Marine, aviation and transport insurance and proportional reinsurance		
R0080	Fire and other damage to property insurance and proportional reinsurance		
R0090	General liability insurance and proportional reinsurance		
R0100	Credit and suretyship insurance and proportional reinsurance		
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance		
R0130	Miscellaneous financial loss insurance and proportional reinsurance	53,755,465.39	117,576,541.60
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance		
R0170	Non-proportional property reinsurance		

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_{L} Result	4,835,309.62

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
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	69,805,697.15	
R0250	Total capital at risk for all life (re)insurance obligations		4,813,414,262.74

Overall MCR calculation

		C0070
R0300	Linear MCR	29,178,164.26
R0310	SCR	118,802,909.35
R0320	MCR cap	53,461,309.21
R0330	MCR floor	29,700,727.34
R0340	Combined MCR	29,700,727.34
R0350	Absolute floor of the MCR	3,700,000.00
R0400	**Minimum Capital Requirement**	29,700,727.34