OCTIUM

Octium Life DAC

Solvency and Financial Condition Report ("SFCR")

For the financial year ended 31 December 2017

SUMMARY 4

A. BUSINESS AND PERFORMANCE 6
A.1. Business 6
A.2. Underwriting performance 7
A.3. Investment performance 8
A.4. Performance of other activities 10
A.5. Any other information 11

B. SYSTEM OF GOVERNANCE 12
B.1. General information on the System of Governance 12
B.2. Fit and proper requirements 17
B.3. Risk management system including the Own Risk and Solvency Assessment 18
B.4. Internal control system 20
B.5. Internal Audit 22
B.6. Actuarial Function 23
B.7. Outsourcing / Key Third Party Agreements 24
B.8. Any other information 25

C. RISK PROFILE 26
C.1. Underwriting risk 28
C.2. Market risk 29
C.3. Credit risk 31
C.4. Liquidity Risk 31
C.5. Operational risk 32
C.6. Other Material Risks 34

D. VALUATION FOR SOLVENCY PURPOSES 35
D.1. Assets 35
D.2. Technical provisions 36
D.3. Other liabilities 38
D.4. Alternative methods for valuation 38
D.5. Any other information 38

E. CAPITAL MANAGEMENT 39
E.1. Own funds 39
E.2. Solvency capital requirement (SCR) and minimum capital requirement (MCR) 40
E.3. Any other information 41

F. APPENDIX: ANNUAL QUANTITATIVE REPORTING TEMPLATES 42
F.1. QRT – P02.01.02 – Balance Sheet Information 42

F.2. QRT – P02.01.02 – Balance Sheet Information (continued) 43
F.3. QRT – S05.01.02 – Premiums, claims and expenses by line of business 44
F.4. QRT – S05.02.02 – Premiums, claims and expenses by country (Annual) 44
F.5. QRT – S12.01.02 – Information on Technical Provisions 45
F.6. QRT – S23.01.01 – Own Funds 46
F.7. QRT – S25.01.21 – Solvency Capital Requirement (Annual) 47
F.8. QRT – S28.01.01 – Minimum Capital Requirement 48

Summary

Octium Life DAC is a unit linked life assurance company. Octium is registered in Ireland and regulated by the Central Bank of Ireland. The Havilland Group, a financial services group, acquired Octium from UBS in May 2017. Octium provides life products to High Net Worth individuals. Octium distributes its products through banks and other suitable intermediaries seeking wealth planning solutions for their clients.

Below is a summary of the business profile, key changes and events in 2017.

Business and performance

Octium made a profit before tax for the year ended 31 December 2017 of €9.7m (2016: €11.4m). The assets under management declined from €4.9bn to €4.5bn.

System of governance

Octium's Board of Directors has responsibility for compliance with the regulatory requirements and the governance arrangements. The Board has established effective governance and control systems to manage business activities and risks.

Risk profile

Octium is exposed to risks outlined in section C below. The most significant risks are market and lapse risk. Octium has established a robust risk management and internal control system to monitor and manage these risks.

Valuation for solvency purposes

Octium is required to hold sufficient assets to match its policyholder liabilities at all times. Octium is also required to keep a buffer in excess of policyholder liabilities to cover potential losses arising from business risks. The Board ensures that Octium's capital is adequate to cover the expected requirements in the short to medium term.

Capital management

Octium's capital requirements are assessed by its Head of Actuarial Function and the solvency ratio at 31 December 2017 was 169% (2016: 152%). The solvency ratio indicates the amount of excess capital relative to regulatory requirements. Octium declared a dividend of €6.9m on 24 April 2018 and this is reflected in the solvency ratio. It is expected that the capital is adequate at this time and for the short to medium term and it is monitored quarterly.

Other information

Octium's financial year runs to 31 December each year and it reports its results in Euros. Octium's financial statements are prepared on the basis of Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102).

During 2017, Octium was subject to an acquisition process which was finalised on 8th May 2017. Octium is now part of the Havilland Group.

The transfer of ownership did not have any significant changes in the business model with continuity of the existing products, retention of UBS as distributor, asset manager and custodian for the vast majority of the policyholders. Further distribution networks were added with one in Spain in 2017. Octium will continue to add new products markets and distributors in 2018 albeit with very focussed and limited targets.

In January 2018 Octium implemented the requirements of the EU PRIIPS Directive, a regulation requiring a standardised three-page product information document to be provided to each policyholder prior to entering a contract.

A. Business and performance

A.1. Business

A.1.1. Company background

Octium is a life insurance company, limited by shares, incorporated in Ireland.

Octium was authorised to write life assurance business on 1 April 2003 and holds licences for class I (Life cover and life annuities), class III (Unit Linked) and class IV (Capital Redemption). Octium writes Unit Linked policies on a cross border basis under the EU freedom of services legislation, (Article 56 TFEU).

In November 2015, Octium took over the assets of a then sister company, UBS Global Life AG, based in Liechtenstein, through a portfolio transfer. The portfolio taken over had been offering similar Insurance products, with a similar business model for distribution, asset management and custody.

Registered office
1st Floor College Park House,
South Frederick Street,
Dublin 2.

Supervisor
The Central Bank of Ireland ("CBI") is responsible for the supervision of Octium. The CBI's address is:

Central Bank of Ireland,
New Wapping Street,
North Wall Quay,
Dublin 1.
Ireland.

External Auditor
Deloitte
29 Earlsfort Terrace
Dublin 2
Ireland, D02 AY28

Octium changed auditors in 2017. Deloitte, who are auditors to the new group of which Octium is a part, were appointed.

A.1.2. Shareholdings

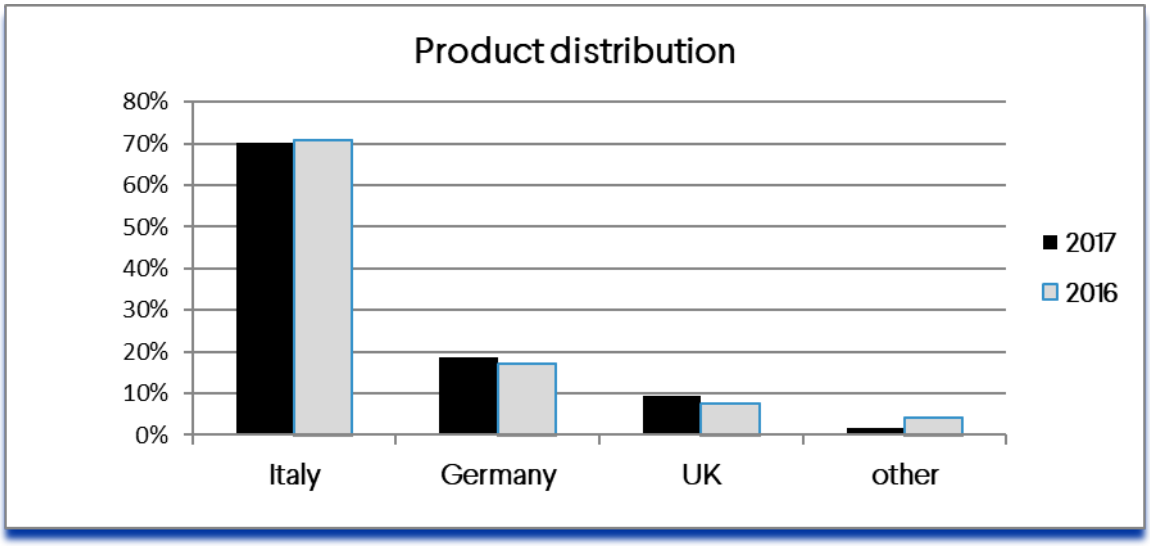
Octium is a life insurance provider, originally established in Dublin in 2003 as UBS International Life Ltd (name subsequently changed to UBS International Life DAC). In May 2017, UBS International Life DAC was acquired by the Havilland Group and changed its name to Octium Life DAC.

Our ownership is unique. A family-focused, privately owned group, that understands the needs of today's wealthy families. A service-oriented company specialising in planning for High Net Worth clients and families.

Octium's financial year end is 31 December.

A.1.3. Products

Octium provides unit linked life assurance products. The majority of policyholders reside in Italy, Germany and UK. There are a small number of policyholders residing in other countries.



A.1.4. Significant events

During 2017, Octium established in-house the functions that were previously provided by UBS to Octium's' Head Office in Dublin. Those functions were Product Development, Information Technology Network Management (ITNM), CRO and Internal Audit. The Internal Audit is outsourced to KPMG and supervised by the CFO, Information Technology Network Management is outsourced to Ergo and supervised by the IT Manager. During 2017, Octium recruited new staff into Product Development, IT and Risk.

The outsourcing of ITNM to Ergo is consistent with Octium's business model. Octium has a small number of employees, products and customers and consequently a small number of daily, but complex, transactions. The hardware, computational power and systems requirements are much lower than most other life companies and it does not make sense to keep a fully-fledged IT department responsible for setting up, maintenance and development of an IT platform. However, due to the importance of IT systems, customer data and efficient transaction processing, Octium has recruited an IT Manager to supervise and manage the 3rd party provider, our systems and data.

A.2. Underwriting performance

Under relevant accounting standards, Octium's unit linked policies are classified as investment contracts. Premiums and claims are shown as deposits to and payments from investment contracts.

A.2.1. Underwriting performance

Octium has minimal exposure to mortality risk which is limited by product design. Octium's unit linked products offer death benefit which is generally a percentage of the surrender value of the policy. The average death benefit percentage at 31 December 2017 was less than 1% although

individual policies can have a death benefit of up to 10%. Octium further reduces its underwriting exposure by reinsuring most of this risk in line with its risk appetite. Octium's maximum exposure is €30k per policy. Octium's main source of income is from fees charged for the administration of the policies.

The underwriting result for 2017 is outlined below.

	2017 €'000	2016 €'000
Risk fees received	736	661
Reinsurance premiums	(354)	(309)
Death claims paid	(151)	(76)
Death claims reinsured	102	45
Underwriting result	**333**	**321**

A.2.2. Movement in technical provisions for linked liabilities

The following table summarises business activity during the year in terms of the movement in technical provisions for linked liabilities (as per financial statements):

	2017 €'000	2016 €'000
Gain/(Loss) in Italian withholding tax	(754)	1,984

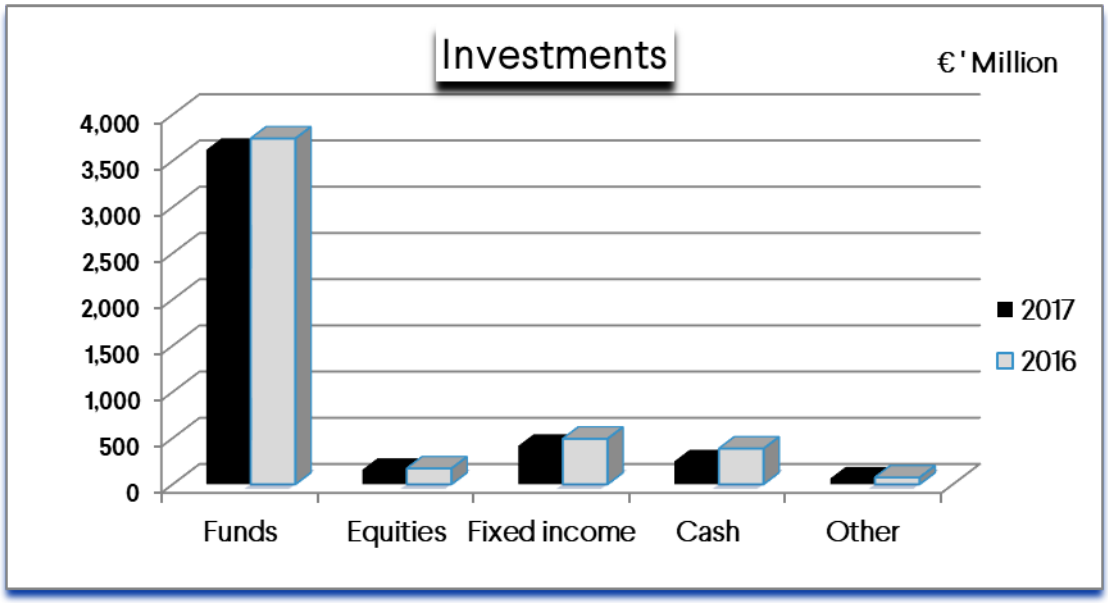
Investment return includes dividend and interest income as well as net realised and unrealised gains and losses on unit linked assets. It also includes related investment management fees and other account-keeping charges.

A.3. Investment performance

Octium does not provide investment advice. The investments are selected by the client, or their adviser, from a pre-approved list of funds or an investment manager is appointed to invest in assets in accordance with an investment mandate. The funds or the investment mandate selected must suit the risk profile of the policyholder. Octium matches all liabilities under unit linked policies with the underlying assets and the policies are valued by reference to the market value of those assets.

The performance of the policies therefore depends on the performance of the assets selected and the expense relating to asset management, custody of assets and policy administration fees.

The following table details unit linked assets held at 31 December 2017 and 2016.



A.3.1. Description of assets

The funds hold a mixture of equities, bonds, cash and other securities. The table below provides further analysis of the total asset base, including looking through the funds to the assets they are invested in.

	2017		2016	
	%	€'000	%	€'000
Cash	9.7%	437	10.0%	491
Property	0.0%	0	0.0%	0
Type 1 Equities	25.3%	1,139	22.0%	1,050
Type 2 Equities	17.0%	765	49.0%	2,397
Bonds – Government	12.8%	576	11.0%	515
Bonds – Corporate	35.2%	1,584	8.0%	408
Total assets	**100.0%**	**4,501**	**100.0%**	**4,862**

A.3.2. Investment return

Investment income comprises interest, dividends and other income receivable, realised and unrealised gains and losses on investments and is net of related investment management fees and other account-keeping charges. The table below shows the split between technical and non-technical income.

	2017		2016	
	Technical account	Non Technical account	Technical account	Non Technical account
	€'000	€'000	€'000	€'000
Interest income / (expense)	0	(62)	0	9
Other investment income, gains and losses	125,858	0	107,164	0
Investment return	**125,858**	**(62)**	**107,164**	**9**

A.4. Performance of other activities

Octium's only activity is that of a unit linked life assurance company.

Income is mainly in respect of fees charged to the policyholders for policy administration. Fees are charged based on a percentage of the policy value and are therefore affected by the performance of the underlying assets as well as premium and claim levels. The income for the current and previous years is shown below:

A.4.1. Other technical income net of reinsurance

	2017 €'000	2016 €'000
Administration fees	18,294	19,908
Reinsurance premiums, profit share & claims	(252)	(264)
Retrocessions received	468	632
Other technical income	**18,510**	**20,275**

Administration fee income was down in comparison with 2016 in line with reduced assets under management.

A.4.2. Operating expenses

	2017 €'000	2016 €'000
Acquisition and administration	5,145	7,578
Commission paid	2,696	3,156
Death claims	148	76
Legal provision	0	14
Operating expenses	**7,989**	**10,824**

The reduction of expenses year-on-year is mostly attributable to IT. In 2016 €1.9m was expensed relating to the migration to a new policy administration system. The new system and related IT infrastructure resulted in lower operating costs during the year.

A.4.3. Change in value of the Italian substitute tax asset

As a withholding tax agent for the Italian business, Octium makes advance payments to the Italian tax authorities. Recovery is made against future policyholder exit tax on chargeable gains. The value of the resulting asset is determined by discounting the expected future cash flows of these tax recoveries. The change in value of the tax asset each year gives rise to a gain or loss in Octium's Income Statement.

There are a number of factors impacting the valuation including the amount of unrealised gains in the relevant policies and the discount rates applied. During 2017 there was a loss of €754k.

	2017 €'000	2016 €'000
Gain/(Loss) in Italian withholding tax	(754)	1,984

A.5. Any other information

None.

B. System of Governance

B.1. General information on the System of Governance

B.1.1. Overview

Octium is classified as a medium high-risk firm under the Central Bank of Ireland's risk-based framework known as PRISM (Probability Risk and Impact SysteM) and is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015.

The Board of Directors is responsible for the overall direction, management and control of Octium. The Board is also responsible for ensuring Octium complies with applicable laws, rules and regulations. The strategy, risk appetite, organisational structures and the system of internal control are proposed by Management and approved by the Board.

The Board has ultimate responsibility for the success of Octium and for delivering sustainable shareholder value within a framework of prudent and effective controls. It decides on the strategic aims and the necessary financial and human resources upon recommendation of the Chief Executive Officer. Octium sets ethical values and standards to ensure that its obligations to all stakeholders are met and conducted in accordance with these values.

B.1.2. Board of Directors:

Jean- Francois Willems (Chairman and Non-Executive Director) appointed Chairman 24 April 2018
Ciarán McGettrick (Independent Non-Executive Director)
Dara Hurley (CEO)
Seamus Hughes (Independent Non-Executive Director)
Massimoluca Mattioli (Independent Non-Executive Director appointed in 2018)

Brendan McCarthy (resigned 23 April 2018)
Alain Robert (UBS; resigned 8 May 2017)
Bernhard Buchs (UBS; resigned 8 May 2017)

To enhance its corporate governance structure the Board in 2017 formed separate audit and risk committees. These sub-committees report directly to the Board. The Board will continue to consider whether any changes should be made to the membership and/or roles of the Board or its sub-committees.

Audit committee

Seamus Hughes (Chair)
Ciaran McGettrick
Massimoluca Mattioli (2018)

Risk committee

Ciaran McGettrick (Chair)
Seamus Hughes
Massimoluca Mattioli (2018)

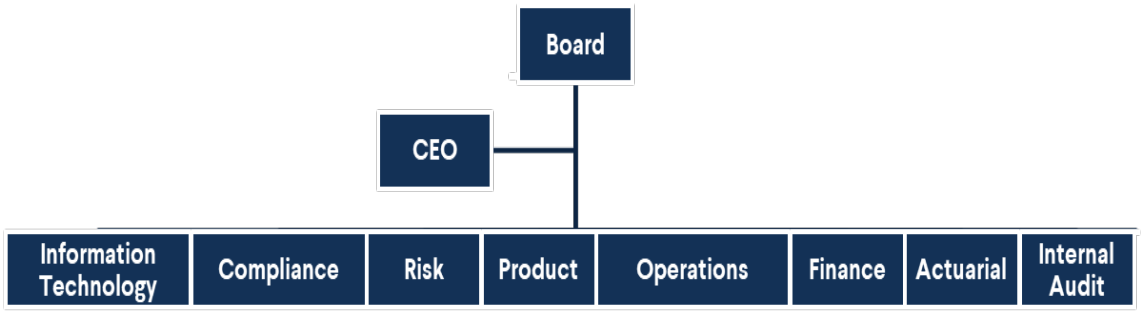
Jean-Francois Willems resigned as a member of Risk and Audit Committees on his appointment as Chairman of the Board on 24 April 2018. He was previously appointed a Director in May 2017.

Company Secretary
Ruth Quinn

B.1.3. Board self-assessment

At least annually, the Board reviews its own performance, as well as the performance of each of the Committees. Such a review seeks to determine whether the Board and the Committees function effectively and efficiently.

B.1.4. Organisation structure



Octium is committed to high standards of corporate governance. The Board has completed an annual review of Governance and its Committee structures in accordance with the Corporate Governance Requirements for Insurance Undertakings 2015. Octium has also appointed a Head of its Actuarial Function as required by Fitness and Probity Amendments for Insurance Undertakings 2015 issued by the CBI.

B.1.5. Committees

The following Committees and Control Functions have been established by the Board for the discharging of its obligations and have operated throughout the year under review. Each Committee operates under defined terms of reference and reports at each Board meeting.

The Audit Committee and the Risk Committee met on four and five occasions respectively during the financial year. The Chair of each Committee is an Independent Non-Executive Director:

1. Audit Committee Chairman: Seamus Hughes
2. Risk Committee Chairman: Ciaran McGettrick

Audit committee

The Audit Committee ensures that there is a framework for accountability, examining and reviewing all systems and methods of financial control, for ensuring Octium is complying with its Articles of Association, with all aspects of the law, relevant regulations and good practice. The Audit Committee assists the Board in discharging its responsibilities for:

1. The effectiveness of Octium's internal controls.
2. Monitoring the adequacy of financial reporting systems and processes of accounting and financial controls.
3. Assessing the overall integrity of the financial statements and disclosures of the financial condition of Octium.

4. Monitoring the independence and performance of Octium's External Auditors.
5. Monitoring the independence and performance of Octium's Internal Audit function.
6. Investigate any activity within its remit as defined in the Terms of Reference.
7. Compliance with the legal and regulatory requirements.

Risk committee

The Risk Committee "RC" assists the Board in discharging its responsibilities for:

1. Fostering and protecting Octium's risk framework,
2. Oversight and assessment of Risk Function, risk policies and their implementation,
3. Review material risk exposures, controls and monitoring management actions against such exposures.
4. Providing leadership, direction and oversight of the Octium's risk appetite.
5. Reviewing the risk measurement methodology.
6. Reviewing the stress testing of risks and procedures for assessing capital requirements and solvency.
7. Receiving notification of breaches and approving remedial actions where such cases have been escalated to the Committee.

B.1.6. Senior Management team

The Senior Management team consists of the CEO, Head of Finance, Head of Compliance, Head of Risk, Head of Product Development and Operations Controller. The Senior Management team has responsibility for:

1. Ensuring compliance with regulatory and legal obligations and that there is adequate monitoring and reporting of breaches.
2. Financial management and reporting.
3. Day to day operations
4. Product development and marketing
5. Overseeing the services received or provided by Octium and resolving any issues arising.

B.1.7. Independent control functions

Octium has established the four key independent control functions

1. Risk Management.
2. Compliance.
3. Actuarial.
4. Internal Audit.

These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to Octium's risk management and internal control frameworks.

B.1.8. Risk Management

The Chief Risk Officer oversees the implementation of Octium's risk management policy, reporting to the Risk Committee and Octium's CEO. The responsibilities of the Chief Risk Officer include:

1. Development of an effective risk management framework that meets the needs of Octium and is aligned with CBI expectations.
2. Preparing and seeking approval for Octium risk appetite statement.
3. Acting in timely manner to mitigate risk exposures and escalate breaches to appropriate levels.

4. To be the focal point for risk reporting, identifying emerging risks, such that these can be assessed, and material issues reported to the Board Risk Committee.
5. Educating all employees in risk management principles and methodologies.
6. Identifying and communicating potentially material risk exposures to the CEO and ultimately the Risk Committee.
7. Ensuring that accurate risk data / information is communicated to and exchanged between the various risk management functions.
8. Operational handling of the ORSA & SFCR processes.

B.1.9. Compliance

The Head of Compliance, with responsibility for the implementation of Octium's Compliance Policy; as well as for anti-money laundering and terrorist financing, reports to the Audit Committee and the Board, and raises issues as they arise, to Octium's CEO. The responsibilities of the Head of Compliance include:

1. The design, implementation and execution of a risk-based compliance monitoring plan including reporting and escalation of issues to the Board of Octium and Octium senior management.
2. Assist senior management in identifying the legal (external counsel will be used to assist where necessary), regulatory and code requirements which Octium is required to comply with and advising senior Management of new regulations and standards and of potential implications to Octium.
3. Acting as Money Laundering Reporting Officer (MLRO) and in that capacity, the filing of suspicious activity reports with the proper authorities in accordance with legislation and Octium Anti Money-Laundering Procedures ("AML Procedures").
4. Providing approval from a compliance point of view of new client on boarding procedures, business lines and marketing material where relevant.
5. Providing training to employees in respect of the compliance procedures and other relevant compliance topics as necessary to meet local legal and regulatory requirements and internal standards.
6. Liaison and maintenance of relationship with regulatory authorities, in particular, the CBI.
7. Providing advice and support to Board, senior Management and employees on compliance issues.
8. Promoting a culture of compliance.

B.1.10. Actuarial

The Head of Actuarial Function ("HoAF"): is Brian Morrissey of KPMG (Ireland). The requirements of the HoAF are in line with guidance from the Central Bank of Ireland and the Society of Actuaries, and include, but are not limited to, the following matters:

1. Coordinating the calculation of the firm's technical provisions.
2. Providing an opinion on the underwriting policy and reinsurance arrangements.
3. Assessing the consistency and quality of the data used in the calculation of technical provisions.
4. The provision of advice and support to Octium on its solvency requirements.
5. Continuous monitoring of the solvency position of Octium and the required level of statutory reserves.
6. Contributing to the effective implementation of the risk management process especially risk modelling of the SCR/MCR and contributing to the ORSA process.

B.1.11. Internal Audit

The Internal Audit function is outsourced to KPMG. The function provides independent and objective assurance services, in respect of Octium's processes, whether carried out by its service providers or by employees of Octium, with due regard to the adequacy of the governance, risk management and internal control framework.

Audits are conducted within a Board approved 'Internal Audit Charter' framework. The Head of Internal Audit reports to the Chairman of the Audit Committee. The Audit Committee oversees the 'risk based' Audit Plan and reports and monitors implementation of recommendations.

Internal Audit reports highlight any significant control failings or weaknesses identified and the impact they have had or may have and the actions and timings which Management have agreed to take to rectify them.

B.1.12. Other Control Functions

Octium has four other Control Functions, based in its Head Office in Dublin:

1. CEO

The CEO has overall responsibility for all the management of Octium and reports directly to the Board.

2. Finance

The Head of Finance is responsible for financial management and reporting.

3. Operations

The Operations manager is responsible for the day to day customer services, administration of policies, premiums, claims and investments.

4. Product Development

The Head of Product Development is responsible for ensuring that new and existing products are consistent with the business model of the company and product literature is compliant with applicable EU and target market legislation.

B.1.13. Remuneration, Employee Benefits and Practices

Octium provides a range of benefits to employees, including salary, life cover, permanent health insurance and paid holiday arrangements. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Octium has a defined contribution pension plan and makes contributions to employee pensions funds based on a percentage of salary. Once the contributions have been paid Octium has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plan are held separately from Octium in independently administered funds. Employees may also make contributions to the pension plan to suit their personal requirements.

Octium operates an annual bonus scheme alongside a competitive basic salary. Octium remuneration structure is aligned with its strategic priorities and balances the priorities of its employees with those of its shareholders. Octium seeks to reward behaviour that helps build and protect the firm's reputation. As such, the approach to remuneration focuses on sound risk management practices. The bonus is based on individual, team and company performance. There is no share or share option scheme in place.

Independent non-executive directors only receive a fixed fee for their services. Non-executive directors receive no remuneration from Octium.

B.1.14. Material transactions (with connected persons)

Prior to May 2017 when the Shareholder was UBS there were material transactions arising from payment for commissions for distribution of products, the support services for those outsourced functions and employee benefits as mentioned above.

There were no material transactions with the new Shareholder (from May 2107: Havilland Group) or with persons who exercise a significant influence on the undertaking or with members of the Board.

B.2. Fit and proper requirements

The purpose of Octium's Fit and Proper assessment is to ensure that the person who is holding or may hold a position of responsibility has the following qualities to properly perform their duties: competence, capability, honesty, integrity, fairness, ethical behaviour and financial soundness. In addition, the person does not have a conflict of interest or if there is a conflict of interest, this will not create a material risk

The recruitment process for a candidate for any Control Function (CF) or a Pre-Approval Control Function (PCF) role includes the following:

1. A written job description outlining the duties and responsibilities of the role.
2. An assessment of the level of fitness and probity required for the role, based on the formally documented job description and person specification.
3. A number of meeting / interviews/ assessments to ensure that the person matches the requirements of the role.
4. Verification of identity, relevant qualifications, experience, references and professional memberships.
5. Octium will consider the fitness and probity of a person with reference to the position being offered.
6. Enquiries should not be made about a matter that is unlikely to be material. The burden of documenting information and the risk of unnecessary disclosure of personal information should be weighed against the possibility that the information might be material.
7. If insufficient information is available to prudently conclude that the "Fit and Proper" criteria have been met, particularly because of lack of cooperation from the person concerned, Octium will conclude that the Fit and Proper criteria have not been met.
8. Where Octium determines that a person is not fit and proper for a particular role, this decision will not automatically exclude the person from other responsible person roles.
9. Notwithstanding guideline (8) above, if a person is found to be not fit and proper due to a lack of diligence, honesty, or integrity, or because of poor judgment or poor reputation, it will normally be the case that the person will not be suitable for any responsible person position.
10. Any finding with respect to a person's fitness and propriety must be based upon appropriate evidence and must be considered in the context of the role for which the person is being considered, or already fills.

For certain key control functions (referred to as Pre-Approval Control Functions or "PCFs"), approval from the CBI is required prior to appointment.

Members of the Board are all PCF functions. Outsourced service providers that perform PCF roles annually attest to Octium in respect of fitness and probity.

All PCF positions are required to confirm their fitness and probity annually.

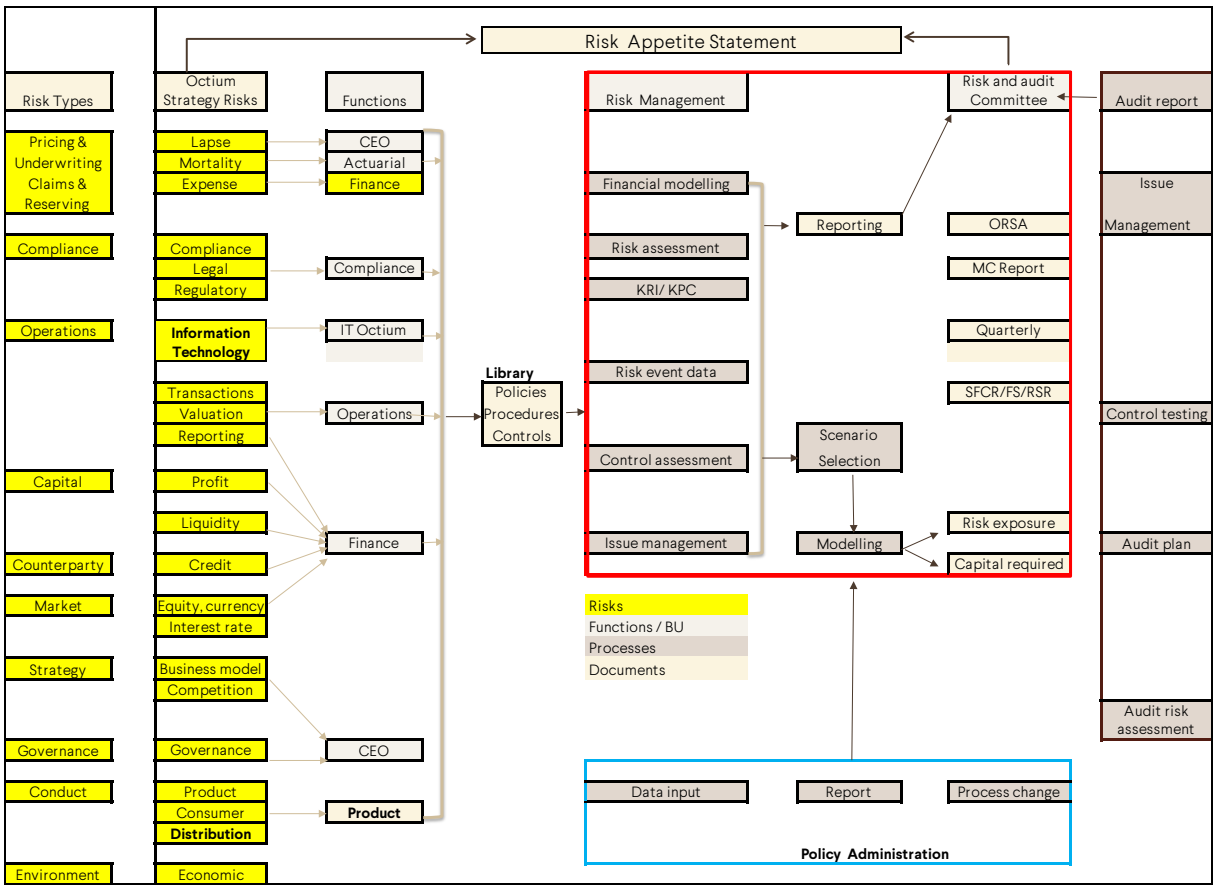
B.3. Risk management system including the Own Risk and Solvency Assessment

Octium's Risk management system has been developed to enable the Board and Management to understand, appropriately manage and mitigate the risks associated with Octium's objectives over the short, medium and longer term.

The Risk Committee receives regular reporting from Octium's Chief Risk Officer in relation to the outcome of the periodic risk assessments undertaken by Management.

B.3.1. Risk management framework

The risk management framework seeks to identify, measure, manage, report risks on a continuous basis. The Risk Management Framework comprises of systems, controls, processes and reports as shown in the diagram below.



B.3.2. Risk Appetite Statement

The Risk Appetite Statement is a statement of the material risks Octium is willing to accept to achieve its objectives. It also includes the expectations of all stakeholders (shareholders,

policyholders, CBI, Distributors and employees). The statement describes the risks and the level of tolerance for each risk.

B.3.3. Monitoring and reporting risks

Monitoring of top risks and risk appetite

The top risks and risk appetite are monitored quarterly. The risk categories and risk appetite are reviewed at least annually. In addition to the risk categories being monitored, risks that run across these categories, such as resource risk and reputational risk, are also considered in the risk report. Resource and reputational risks are addressed by the CEO and reported at management meetings, Board meetings, Risk committee and through risk reports.

ORSA and risk reports

Octium's Own Risk and Solvency Assessment (ORSA) is a significant risk assessment exercise conducted annually and considering all risks, scenarios analysis and review of results. There are many reports that monitor and control risk such as the RSR, SFCR, RAS and the CRO quarterly Risk report.

Risk events

Risk events are recorded, root cause identified, and remedial action taken.

Risk assessments

Risk self-assessments are conducted quarterly be individual business functions and reviewed by the CRO. Specific risk assessments are performed to identify new or emerging risks.

Risk culture and training

The awareness of risk is set by many policies and risk training for each employee. The policies on fitness and probity, ethics and conduct are embedded in Octium over many years.

B.3.4. Independent assurance

Risk, Compliance and Internal and External Auditors provide independent assessment of the risk management system and report directly to the Board.

B.3.5. Own Risk Solvency Assessment ("ORSA")

Octium prepares an ORSA annually and it is subject to interim update if circumstances materially change. The objective of the ORSA process is to enable the Board to assess its capital requirements and capital adequacy in the light of its assessments of its risks and the potential impacts of its risk environment and enable it to make appropriate strategic decisions. The Board requires that the ORSA process produces reports on the adequacy of Octium's capital and risk sensitivities that can be used in shaping strategy and risk appetite. Key decisions and actions arising from the ORSA process and associated stress scenarios were:

1. Importance on maintaining an excellent service to the main distributor to ensure continued sales and low lapse rates.
2. Consideration of the impact of decisions across multiple risk categories following the transition of Octium out of the UBS Group e.g. migration of activities to own Product Development & Marketing, Risk and IT functions.
3. Development of Risk Appetite Statement is derived from ORSA results.
4. Octium has increased the amount of operational risk capital held from €1m under the standard formula to €3m in Octium's "Own Solvency Needs".

Octium determined that the Solvency II standard formula would be used to calculate the required solvency capital and to assess the overall solvency needs. A five-year base case projection of the

Solvency II Balance Sheets and Solvency Capital Requirements ('SCR') position is produced using the standard formula. The results are subjected to a range of scenario testing that is reviewed by Management and the Board prior to formal approval and, where appropriate, potential management actions are noted, and conclusions drawn.

Assessments to date indicate that, under the scenarios presented by Management to the Risk Committee, Octium is adequately capitalised.

The ORSA process is a circular process that relies on key elements of the business:

1. Board strategy, policies and financial plans.
2. The Solvency II Balance Sheet is prepared under the assumptions included in the standard formula.
3. The senior Management team propose initial stress test scenarios.
4. The Risk Committee reviews, challenges and approves the test scenarios.
5. The Actuarial Function run the stress tests on the Balance Sheet and produces a report on the capital requirements and commentary on the impact of the stress tests.
6. The Risk Function, Actuarial Function and Management assess the outputs and prepare the ORSA report.
7. The Risk Committee assess the draft ORSA report, capital requirements and their impact on strategy and risk appetite.

The Board reviews the draft ORSA report and considers appropriate action for the business such as:

1. Decisions in relation to capital and dividends.
2. Consideration of the business strategy and future capital requirements.
3. Reassessment of risk profile and appetite.
4. Additional risk mitigation actions.
5. The final ORSA reports is sent to Octium's regulator, the Central Bank of Ireland.

The results and conclusions contained in the ORSA Report and the Board's actions and decisions, are communicated to all relevant staff, including outsourced activities once the report has been considered and approved by the Board.

B.4. Internal control system

The Internal Control Framework for Octium has the following attributes:

B.4.1. Roles and responsibilities

Octium has set out clear roles and responsibilities for each function and the requirement for reporting activities to the Board. The Board directs and controls Octium through policies it approves and monitors performance against those policies. The senior Management team has clear accountability for the implementation of the policies and strategies approved by the Board. The CEO is responsible for effective communication of the policies. Compliance ensures adherence to these policies and reviews and update them on a timely basis as required.

B.4.2. Management integrity

Management integrity, the moral character of persons of authority, sets the overall tone for the organisation. Management integrity is communicated to employees through employee handbooks, polices, procedural manuals and meetings. In communicating the strategy and risk

management objectives through statements and policies it facilitates training of employees. Management's effective implementation of policies is the most significant indicator of Octium's commitment to a successful internal control system.

B.4.3. Competent personnel

Octium's ability to recruit and retain competent personnel indicates Management's intent to create a stable, reliable environment. In addition, the retention of employees increases the understanding of the strategy and risks, and financial information. The retention of experienced and skilled staff should enhance the quality, reliability and timeliness of data records from year to year. Competent personnel reduce the risk of a material misstatement in the entity's financial statements.

B.4.4. Segregation of duties

Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions. An effective system of internal control separates authoritative, accounting and custodial functions. For instance, the processing, payment and reporting of claims are segregated.

B.4.5. Supervision and review

Throughout the company there are several levels of supervision and review:

- The Risk and Audit Committees of the Board and the Board itself offer supervision and review
- There are monthly Management meetings where the monitoring of internal controls is a key focus
- The CEO has bi-weekly meetings with the Heads of each function
- The Head of each function delegates tasks, reviews checklists and reports and has frequent meetings with their staff to identify and report on their responsibilities.
- Compliance advises the Board on legislative requirements and conducts assessments of the possible impact of any changes to laws applicable to the Company.

Annually, the CRO reviews the entire risk framework taking into consideration changes in Octium's strategy, its operating environment and any emerging risks. Brainstorming sessions are held with senior management to ensure that risks that are identified and managed are aligned with strategy and consider all relevant laws and regulations.
Quarterly self-assessments are conducted by risk owners to identify and manage changes to risks. A risk-rating system is in place to evaluate the impact and probability of the risks identified.

B.4.6. Records maintenance

Maintaining appropriate records ensures that proper documentation exists for each business transaction. Records management involves storing, safeguarding and eventually destroying tangible or electronic records. There are also procedures that deter employees or Management from creating erroneous transactions in the underlying accounting records. A good records management program reduces operating costs, improves efficiency and minimizes the risk of litigation.

B.4.7. Physical and cyber security

Safeguards prevent unauthorised personnel from accessing valuable company assets. Safeguards are physical, such as locks on cabinet doors and office door; Clean desk policy (no documents containing personal client data can be left on the employee's desk or can be accessible after working hours); or intangible, such as computer software passwords and log in access smart cards. In addition, there is an IT strategy that includes the security and protection of company data and

systems from unauthorised access. There are also protocols relating to passing information in and out of Octium system by email.

B.4.8. Controls over outsourced activities

Octium requires that outsourced activities are managed to the same standard as internal activities and employ fit and proper people in its control functions. Octium has established an outsourcing policy which is intended to manage the outsourcing arrangements in a prudent manner. For all critically important service providers that are appointed, there is a due diligence and approval process prior to appointment, agreements are entered into which clearly set out the responsibilities of each party and the monitoring of the services to be provided. There is various monitoring of outsourced services which include daily control checks on data received from outsourced activities and reports on business transacted online.

Service providers are also required to certify the Fitness and Probity of its Control Functions, where applicable. Agreements require the outsource provider to immediately report any material incident or exposure. Further details of the controls over outsourced activities can be found in "B.7. Outsourcing".

B.5. Internal Audit

The Internal Audit function has been outsourced to KPMG who operate in accordance with the International Standards for the Professional Practice of Internal Auditing and other relevant codes of conduct.

As an independent, objective assurance and consulting activity the Internal Audit function provides analysis and evaluation of the adequacy, effectiveness, efficiency and quality of risk management, internal control and governance systems and processes.

The ultimate goal of the Internal Audit function is to provide independent assurance to the Board that:

1. The risk management processes are of sound design.
2. Risk management processes at all levels, which have been implemented by Management, are operating as intended.
3. The responses, which Management have made to risks, in particular risk treatments, are both adequate and effective in reducing those risks to an acceptable level, according to defined risk appetite.
4. A sound framework of controls is in place to sufficiently mitigate those risks which Management wishes to treat.

Internal Audit findings and recommendations are reported to the Management body, who must respond to those findings and recommendations.

The Audit Committee considers Internal Audit plans, reporting, resourcing and performance. Any matters of concern that cannot be resolved through normal channels are escalated to the Board.

As the Internal Audit function is outsourced to KPMG, regular meetings occur to ensure appropriate oversight of this outsourced service.

The effectiveness of the Internal Audit Function as an assurance service depends upon its independence from the day-to-day operations of the business, which allows the objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system or other subject matter. The Head of Internal Audit is required to provide confirmation to Octium's Board, on at least an annual basis, of the organisational independence of the Internal Audit Department. This confirmation is undertaken through reporting to the Audit Committee and relevant representations by the Chairman of the Audit Committee to the Board.

B.6. Actuarial Function

The role of Head of Actuarial Function ("HoAF") is outsourced to KPMG (Ireland).

The key requirements of the HoAF include:

1. Co-ordination of the calculation of technical provisions. This consists of assessing the sufficiency of the provisions, assessing the uncertainty in the estimates and justifying the differences between successive periods.
2. Review the appropriateness of the models and assumptions, consider the sufficiency and quality of data, and interpret deviations of best estimates against experience. There is also a requirement to consider the verifiability of assumed management actions.
3. The Head of Actuarial Function must produce an annual report for the Board. The report should cover all the information necessary for the Board to form its own opinion on the adequacy of technical provisions and on the underwriting and reinsurance arrangements.
4. In addition to responsibilities in relation to the technical provisions, and the requirements to express opinions on underwriting policy and reinsurance arrangements, the HoAF contributes to the effective implementation of the risk management system of Octium. In particular:
5. In relation to the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), the HoAF reviews the output of the model used by Octium to calculate the SCR and MCR. Specifically, any perceived or possible inconsistencies or issues identified in the model results are raised.
6. ORSA - the Chief Risk Officer and the HoAF together, establish the procedures processes and controls to produce the ORSA report in compliance with Solvency II requirements. They also agree the format, the supporting appendices and working papers.

   In addition to the above, the HoAF attends Risk Committee and Board meetings and interacts with Finance and the CRO to provide advice and support to the business consistent with the above requirements.

B.7. Outsourcing / Key Third Party Agreements

Octium outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so, and where the risk can be effectively managed. A due diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. This addresses all material factors that would impact on the potential service provider's ability to perform the business activity.

The outsourcing policy establishes the requirements for identifying, justifying and implementing material outsourcing arrangements. This policy has been adopted by Octium and sets out the following:

1. Certain activities that may not be outsourced
2. A responsible person is appointed for managing/oversight of the outsourced activity
3. A risk assessment of the outsourced activity
4. An assessment as to the materiality of an outsourcing arrangement must take into consideration the extent to which such an arrangement has potential regulatory, financial, reputational or operational impact.
5. Notification to CBI of any material outsourcing arrangement
6. Monitoring and reporting of services provided.

Octium's outsourcing arrangements are subjected to an annual review and risk assessment, and the findings of this report are presented to the Board.

The following is a list of the critical or important operational functions Octium has outsourced together with the jurisdiction in which the third-party service providers of such functions or activities are located.

Key Third Party Agreements at 31 Dec 2017			
Service Provided	**Supplier**	**Person Responsible in Octium**	**Suppliers' Country**
Sales - Insurance distribution	Valiro	Head of Product	Spain
	UBS		Italy
			Switzerland
			Germany
			UK
			Other
Asset management			Italy
			Switzerland
			Germany
			Hong Kong
	FIMs -Non UBS		Italy
	FIMs -Non UBS		Switzerland
	Julius Baer		
Legal	A&L Goodbody		Ireland
	DLA Piper		Italy
	Cuatrecasas		Spain
	1291 group		UK
IT- Life administration system	Lifeware	Business Analyst	Switzerland
IT - Network and BCP	Ergo	IT Manager	Ireland
Actuarial	KPMG	CFO	
Internal audit			
Tax	PWC		UK
	Fidiger		Italy
	Fides Abogados		Spain
Anti- money laundering	UBS/Valiro	Head of Compliance	Policyholders' Country

B.8. Any other information

Octium has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations.

C. Risk profile

Octium's strategy is to provide unit linked products to High Net Worth customers. Octium operates a low risk model where most of the risk is assumed by the policyholders.

Overall responsibility for risk exposure is vested in the Board. To support it in this role, a risk management framework is in place comprising risk identification, risk assessment, control and reporting processes. The Board has established the Audit and Risk Committees with defined terms of reference to assist in the risk management process.

Management objectives and risk policies

Octium's risk management objective is to protect the key resources at its disposal:

1. Policyholders' assets.
2. Shareholders' assets.
3. Capital and profits.
4. Reputation.

Policyholders' assets - Prudent Person Principle

The majority of the assets on Octium's balance sheet are held in respect of unit linked contracts where the policyholder or their agent has selected the assets to be linked to their policies.

The policyholder bears the financial risks of the funds and investments they select for inclusion in their policy.

The policyholder's assets are managed by prudently selecting asset managers and funds suitable for policyholders.

Each fund at launch has a fully documented set of rules that specify how assets are to be invested within each fund to support the policyholder benefits.

The Product Development & Marketing team monitors funds and assets managers. Any breaches to investment mandates or limits are escalated for resolution to ensure investments always lie within the parameters set.

The Insurance distributors are responsible for ensuring the funds selected are suitable to clients' needs on a continuous basis.

The Finance team must be comfortable that well defined and appropriate valuation methods have been developed for those instruments where external pricing information is not readily available.

Shareholders' Assets

The shareholders' assets are invested in short-term cash deposits with a number of highly-rated Irish domiciled banks as well as with UBS Group banks. These deposits bear a small amount of counterparty risk.

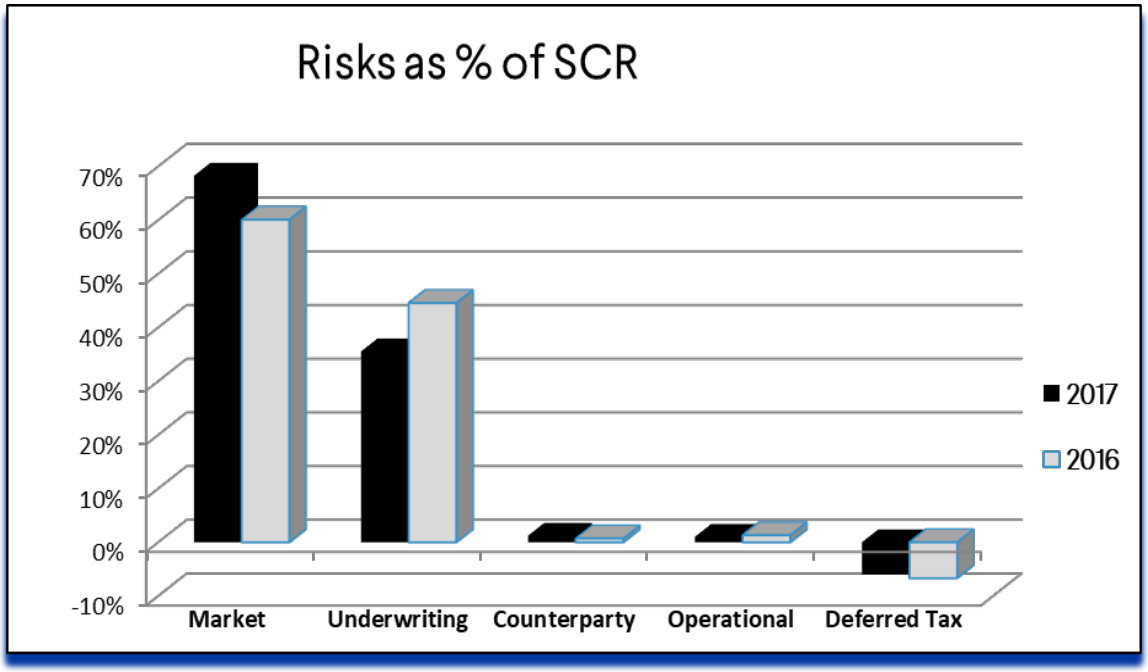
A significant part of shareholders' funds is held in the Italian substitute tax asset which arises as a result of Octium acting as a withholding tax agent for Italian capital gains tax.

Capital and profits

Octium assesses the risks to its capital and profits through its Own Risk and Solvency Assessment, ORSA. The table below shows the risk profile of Octium and the Solvency Capital Requirement from the ORSA report 2017. Octium uses the Standard formula prescribed by the Solvency II regulations to assess its Solvency Capital Requirement (SCR).

Solvency capital requirement	2017 €'000	2016 €'000
Market risk	55,069	60,917
Counterparty risk	985	728
Underwriting risk	28,667	45,165
Diversification effects	-16,267	-22,160
Basic SCR	68,454	84,650
Operational risk	822	1,330
Deferred tax adjustment	-4,878	-6,767
Solvency capital requirement	**64,398**	**79,213**

Improved fund look-through data has resulted in a lower market risk capital requirement as assets where no look-through was available previously were assigned the highest market risk level. Underwriting risk has decreased due to an increase in the assumed lapse rate and a change in planned expense reduction in the event of a mass lapse. The table below shows the main risks having adjusted for the diversification effect on a proportional basis.

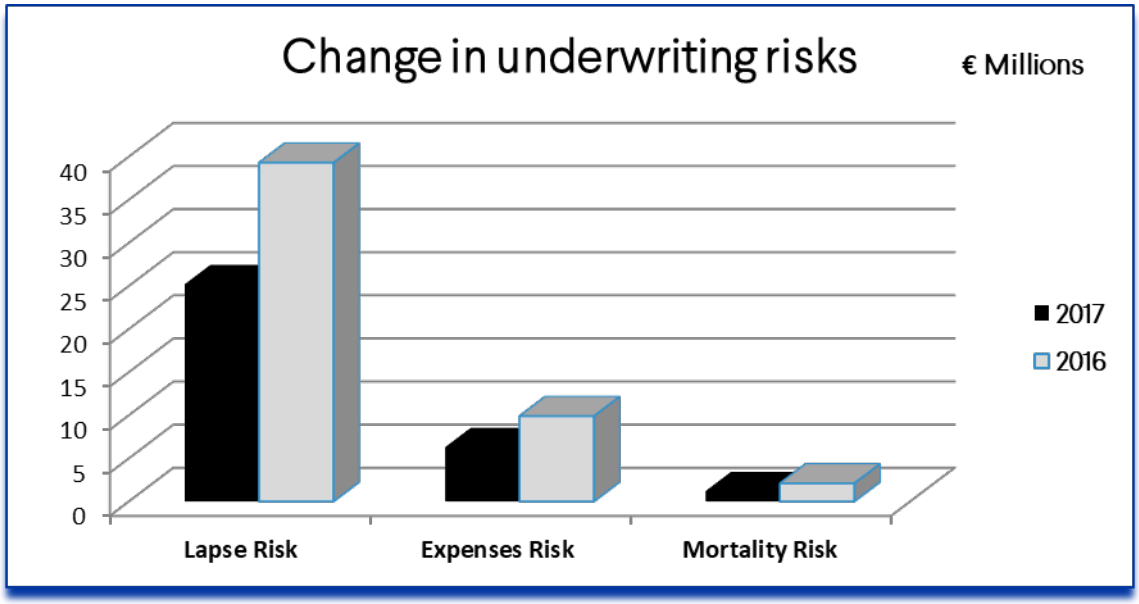


Reputation

The reputation of Octium is managed by having good governance structures and effective risk management and reporting. Octium adopts a risk culture that demands compliance with regulations, company standards and fair treatment of customers.

C.1. Underwriting risk

The table below shows the impact of insurance risks on the Solvency Capital Requirement (SCR).



C.1.1. Lapse risk

The primary risk is a mass lapse risk which would reduce the assets and the income. A secondary risk arising from a mass lapse risk is the expenses per policy would increase giving rise to expense risk. Lapse rates are monitored and regularly reported. The actual lapse rate in 2017 was 12%.

C.1.2. Expense risk

Expense risk can arise through mis-estimation, higher than expected inflation, lower volumes of business than expected, expense overruns, regulatory change and changes in mix of business.

Expenses are managed in line with the agreed business plan. The board reviews the accounts quarterly including an assessment of the level of expenses.

The financial impact of worse-than-expected expense performance is a reduction in own funds and thus a reduced level of solvency cover.

C.1.3. Mortality risk

The risks that mortality rates are higher than expected giving rise to an increase in death cover payments. The products are designed not to have a significant amount of mortality risk. The amount of death cover is small (average less than 1% of policy surrender value). Octium has a very low appetite for mortality risk and monitors through regular reporting of exposures.

Higher mortality experience can arise through mis-estimation, adverse trends and risk concentrations (geographic and occupational) to the risk of some kind of catastrophe, for example a pandemic

Total sums assured risk at 31 December 2017 is €28.5m of which €26.1m is covered by reinsurance.

C.2. Market risk

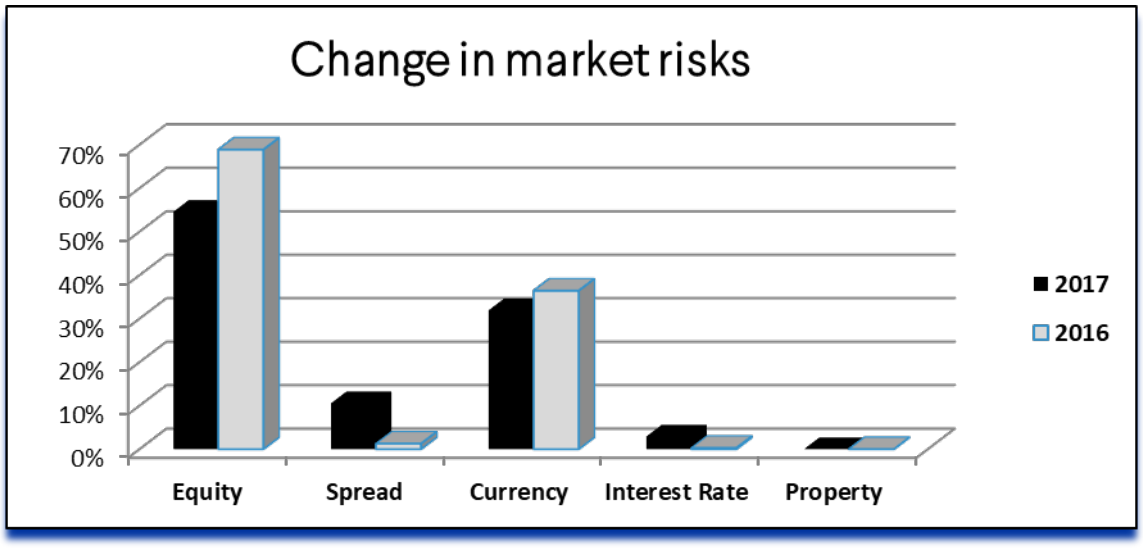
Market risk is the risk of lower returns or losses arising from movements in market prices, analysed in this section in terms of price, currency and interest rate risk. Octium has minimal direct exposure to market risk but has significant indirect exposure as is evidenced by Octium's capital requirement that is attributed to market risk (65% of undiversified basic SCR as at 31 December 2017).

Market risk relating to unit linked assets is borne by the policyholder as any change in the value of these assets results in an equivalent change in Octium's obligation under the related policies. However, Octium does have an indirect exposure to market risk in respect of the policies relating to administration fees earned and its ability to recover the Italian substitute tax. Octium accepts this risk as an inherent element of the products it issues.

Octium has a minimal appetite for market risk on financial assets net of liabilities that are held outside of unit linked assets and support shareholder equity other than when this risk is necessary to support other objectives. These assets consist of on-demand deposits with a number of highly-rated Irish and UBS Group banks as well as other assets and liabilities, most significantly the Italian substitute tax asset.

For the Italian book of business, market risk can have an impact on the recoverability of the Italian substitute tax asset. Adverse movements in asset values reduce any gains which would be subject to capital gains tax when the policy lapses and which is retained by Octium as a recovery of taxes already prepaid.

C.2.1. Market risk sensitivity analysis



C.2.2. Price risk

A decrease in the price of unit linked assets has a corresponding impact on administration fee income earned by Octium as fees are calculated as a percentage of the asset values. This is the most significant market risk that Octium's income stream is exposed to, particularly the price risk of equities with 54% of the undiversified market risk SCR attributed to equities as at 31 December 2017 (2016: 64%). If asset values were 10% lower due to price risk in 2017, administration fees earned for the year would have been lower by approx. €1.8m (2016: €1.9m).

C.2.3. Currency risk

Octium is directly exposed to currency risk where Octium has net assets or net liabilities in currencies other than EUR. This will arise when Octium earns income or incurs expenses in foreign currencies. Octium does not have a direct exposure relating to unit linked assets as any currency risk on the assets is borne by the policyholder. However, it does have an indirect impact similar to price risk, as discussed below.

Fee income is charged in the underlying currency of the policy. Policies are predominantly denominated in EUR with 90% of policy values at 31 December 2017 being EUR-denominated. GBP-denominated policies accounted for 9% of the total with USD-denominated policies making up the balance of 1%.

Expenses can be incurred in currencies other that EUR particular in CHF as Octium's main IT supplier (policy administration system) is a Swiss-based company.

Currency risk exposure

Non-EUR net assets or liabilities, including cash, fee receivables and expense liabilities, are monitored on an ongoing basis and material exposures are hedged as required.

Octium has an indirect exposure to currency risk to the extent that unit linked assets are denominated in currencies other than Euro. A decrease in the value of the asset currency relative to Euro will result in a decrease in the value of assets in Euro and hence the amount of fees charged on those policies.

Currency risk accounts for 31% of the undiversified market risk SCR as at 31 December 2017 (2016: 34%).

Direct currency exposure as at 31 December 2017:

	2017 CHF '000	2016 CHF '000	2017 GBP '000	2016 GBP '000	2017 USD '000	2016 USD '000
Gross assets	1,555	167	2	(5)	362	141
Matching currency liabilities	(1,424)	(1,694)	0	(5)	(0)	(17)
Uncovered currency exposures	131	(1,527)	2	(10)	362	124
Euro equivalent of exposure	**112**	**(1,425)**	**2**	**(12)**	**302**	**118**

C.2.4. Interest rate risk

Octium's on-demand cash deposits are valued at par and are therefore unaffected by movements in interest rates. A change in interest rates however does change the interest income generated from these deposits. A summary of our cash deposits is presented in the next section.

Similarly, cash deposits held in unit linked assets are held at par value. Interest rate risk is less than 2% of the undiversified market risk SCR as at 31 December 2017 (2016: 1%).

C.3. Credit risk

Credit risk is the risk of lower returns or loss if another party fails to perform its financial obligations to Octium.

Credit risk on unit linked assets is borne by the policyholder similar to market risk. Unit linked assets held in cash are largely deposited in UBS Group banks and the credit risk is not material to the value of the assets and therefore to the related fee income.

Octium has an exposure to credit risk in relation to its deposits with credit institutions and amounts receivable under reinsurance arrangements.

While the contractual counterparty to the Italian substitute tax asset is the Italian Tax Authorities, the asset is repaid as a result of retaining capital gains tax applied to relevant policies on surrender or death and is therefore more exposed to market risk, as discussed above, and lapse risk.

Credit risk contributes 1% to the undiversified basic SCR as at 31 December 2017 (2016: 1%).

C.3.1. Cash

Octium manages credit risk on its cash reserves by holding them in on-demand deposit accounts across a number of highly-rated Irish and UBS Group banks. Cash balances and the ratings of the counterparty are reviewed on a regular basis to ensure the counterparties remain highly rated and the deposits are sufficiently diversified.

Cash and Cash Equivalent Balance as at 31 December (excl. unit linked assets):

	2017 €'000	2016 €'000
Cash and cash equivalents	32,689	17,884

C.3.2. Reinsurance

Octium has a reinsurance agreement with Swiss Re Europe S.A. which applies to the mortality risk of its unit linked products. This creates a credit risk exposure to the extent that there are unsettled reinsurance claims or profit-share amounts outstanding, but this risk is relatively immaterial given the limited mortality risk.

Swiss Re Europe S.A. was rated AA- by S&P with a stable outlook on 24 Nov 2017 and this is risk is further mitigated by quarterly settlement of outstanding amounts.

C.4. Liquidity Risk

Liquidity risk is the risk that Octium does not have sufficient liquidity to meet its obligations when they fall due or would have to incur excessive costs or trading losses to do so. Octium's objective is to ensure that it has sufficient liquidity to meet the short- and medium-term requirements of the business. Octium maintains a prudent liquidity position to meet these requirements notwithstanding strong projected net cash inflows each year to 2020. Octium held €32.7m in on-demand cash deposits at 31 December 2017 (2016: €17.9m).

The liquidity risk associated with unit linked assets is borne by the policyholder as policy contracts are linked to the liquidity of the underlying assets as well as the value. The requirements of the Italian substitute tax have been one of the most significant strains on the business liquidity. However, given a reducing cap and the 5-year roll-over relief which became effective in 2016, there is a significant reduction in the annual requirements going forward and consequently liquidity is projected to improve over the next number of years.

Liquidity risk is principally managed in the following ways:

1. Assets of a suitable marketability are held to meet liabilities as they fall due.
2. Forecasts are prepared regularly to predict required liquidity levels over both the short and medium term.
3. A liquidity buffer is maintained to cover unforeseen events
4. Ongoing monitoring allows mitigating actions to be taken at an early stage if required.

Octium's projected cash position is expected to improve significantly over the next five years. Octium is expecting to have sufficient cash inflows to meet its liquidity needs even in the event of expected tax recoveries being substantially lower than expected.

In Octium's October 2017 ORSA report the stress scenario most detrimental to Octium's liquidity position was an increase in the substitute tax payment rate by 30 bps and results in a liquidity position deteriorating to approximately €1m by 2021. Although the likelihood of this scenario occurring is deemed low there are a number of actions Octium could take to mitigate the impact. In all other stress scenarios Octium's liquidity position is sufficient. This testing indicates Octium's liquidity position holds up strongly against a diverse range of stress scenarios.

Octium's tax asset is expected to reduce by €13.8m over the next four years. This is due to expected recoveries and as a result of Octium's tax asset payments reducing over time as Octium reaches the tax asset cap, the progressive reduction of the cap, and the projected reduction in funds under management.

C.5. Operational risk

Risk identification, measurement, monitoring, managing and reporting is based on the specific risks within the risk categories and these are scored against the Board's set risk appetite. The Risk appetite is reviewed annually by the Board resulting from a review of the outcomes of the Own Risk and Solvency Assessment (ORSA) required annually under Solvency II.

C.5.1. Outsourcing risks

This is the risk that entities providing services to Octium do not perform to the required standards. The risk includes a failure by Octium itself to adequately manage, monitor and oversee those outsourcing arrangements. Given that information technology infrastructure and software, product distribution, investment management and custody are being outsourced this risk could be significant.

The outsourcing of services must not result in a poorer overall quality of service to policyholders or weakened financial controls compared to Octium performing the relevant activities and services in-house. The quality and terms of outsourced services are clearly defined.

Financially, the cost of outsourcing reflects efficiencies in processing and is met from policy margins. The expense should be appropriate for the service being provided.

Octium has agreement and separate service level agreement where appropriate for key outsourced activities. Octium adequately manages monitors and oversees its outsourcing arrangements at its monthly management meeting and at least annually at Board level. A responsible person is assigned to ensure each key outsourced activity is performed to the required standard.

C.5.2. IT and Cyber Security Risk

Octium has recently outsourced its IT services to Ergo.
With the increase of dependence on electronic communications and volume of electronic data storage, there is increasing exposure to cyber security risk of data theft, malicious data and service disruption within the industry.

Some of the key risks associated with a cybersecurity attack are:

1. Disruption to critical infrastructure and damage to service provision to clients.
2. Theft of funds, data and corporate intellectual property.
3. Cost of responding to a breach, legal fees, potential lawsuits, forensics and potential fines.
4. Brand damage, declining public confidence and damage to reputation

The following are the core elements of the mitigation for cybersecurity risk:

1. Application security.
2. Information and data security.
3. Network security.
4. Business continuity planning
5. End user education.

. Our Business Continuity Plan includes a "hot site" which reduces reliance on Ergo, Octiums' main IT network provider, and hence concentration risk.
Accountability sits with the Board. IT security is taken seriously, and mitigating measures are in place, together with a fully documented and robustly tested Business Continuity and Disaster Recovery Plan.

C.5.3. Legal risks

Risks connected with existing and possible new legislation concerning the expense of managing claims, the expense in the event of loss, the uncertainty and possible contagion. Each case is managed based on their merit, with due regard for ongoing, as distinct from settlement, expenses, and the implication of the result.

C.5.4. Process execution, delivery and management

The risk of failing to carry out operational processes in a timely, accurate and complete manner and incurring a loss or damage to reputation as a result. There is robust system of internal controls to ensure transactions are processed in an accurate, timely and complete manner.

C.5.5. Financial and regulatory reporting risk

This is the risk that the reports are inaccurate and/or not prepared and submitted on time. There is a robust and stable process for the production of financial and regulatory reporting. The system of internal controls is reviewed by Internal Audit, Risk Management and External Audit. Octium has no appetite for regulatory breaches. There were no breaches of reporting requirements in 2017.

C.6. Other Material Risks

C.6.1. Strategic risks

Octium prepares and approves an annual plan and budget and performance is monitored against this plan throughout the year. Octium is significantly dependent on UBS for distribution of its products, bringing concentration risk. Octium accepts these risks as part of the strategy. The financial impact of these risks materialising is lower profit and reduced solvency. Octium monitors key metrics such as lapses, claims and new business.

C.6.2. Governance risks

The risk of a failure in oversight or control by Management, most probably as a result of failed processes, structures and information flows at Board and/or senior Management level and including failure to understand and ensure compliance with relevant legislation, regulation and applicable guidance, potentially resulting in regulatory censure and/or reputational damage.

The processes, structures and information flow demonstrably support sound and prudent management of the business, including compliance with regulation. The primary financial impact of poor governance is increased expense. Other consequences include damage to reputation.

C.6.3. Conduct risks

Risks connected with the handling of policyholder communications, statements, valuations, other documents including complaints. This would include risks that the product is not suitable or was sold in an inappropriate manner.

Policyholder relationships are managed with proper regard for the provision of accurate and timely information, having considered the individual circumstances. All communications and sales are conducted by appropriately trained personnel. The personnel have mandatory training programmes which are monitored. Historically Octium has experienced a very low level of complaints which reflects the effectiveness of the supervisory and review controls over the sales and administration process.

C.6.4. Emerging Risks

Octium holds regular workshops with business units to assist in identifying emerging risks. The key emerging risks identified in 2017 related to changes in strategy, new regulations (GDPR & Insurance Distribution Directive) and continuing cybersecurity threats. Plans have been developed in consultation with external service providers where necessary to ensure that any material impact of these risks is adequately mitigated.

D. Valuation for Solvency Purposes

D.1. Assets

The valuation of assets for solvency purposes is required to be on a market consistent fair value basis. In general, this is determined in accordance with the financial statements. Octium's financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and Irish statute comprising the Companies Act 2014, including the EU (Insurance Undertakings: Financial Statements) Regulations 2015 (the 'Regulations') which cover the format and content of insurance company accounts.

Certain assets are measured and presented to comply with Solvency II principles and differ from the measurement and presentation in the financial statements.

Reconciliation of the assets in financial statements to Solvency II	2017 €'000	2016 €'000	Valuation approach	Notes
POLICYHOLDER ASSETS				
Assets held to cover linked liabilities	4,500,622	4,861,657	Fair Value	D.1.1
SHAREHOLDER ASSETS				
Cash at bank and in hand	32,689	17,884	Amortised Cost	
Italian substitute tax asset	62,720	61,784	Fair Value	
Other debtors and receivables	2,078	931	Fair Value	
Tangible assets	572	453	Amortised Cost	
Total assets per financial statements	**4,598,682**	**4,942,708**		
Adjustments for Solvency II:				
Reinsurance recoverables	3,552	3,613	Fair Value	D.1.2
Tax asset discounting	754	0	Fair Value	D.1.3
Total assets per Solvency II	**4,602,988**	**4,946,321**		

D.1.1. Assets held for index-linked and unit-linked contracts

Unit linked assets are measured at fair value for Solvency II purposes as well as in Octium's financial statements.

Approximately 40% of these assets are valued based on quoted prices obtained from an active market (recognised and active exchange). The remaining assets are mostly held in unlisted funds that are valued based on the NAV produced by the fund manager. 1% of assets are structured products or derivatives which are priced by the issuer or counterparty where the main valuation inputs include risk-free and benchmark interest rates, bond and equity prices, foreign currency exchange rates, asset index prices and expected price volatilities and correlations.

The objective of the valuation techniques applied is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

No Policyholders' Funds are valued using significant unobservable inputs.

D.1.2. Reinsurance recoverables

This amount represents the reinsurers' share of technical provisions. Recoverables are valued using the Solvency II criteria which take into account the expected cash flows connected to recoveries, discounted according to the risk-free rate curve. No provision is required in Octium's financial statements for benefits paid above the value of unit linked assets in the case of death as the amounts, net of reinsurance, are immaterial and there are sufficient profits arising from the policies to cover any costs.

D.1.3. Withholding Tax Asset

Octium, as an Italian Withholding Tax Agent is required to make an annual tax prepayment to the Italian Tax Authorities of 0.45% of the Italian assets under administration at 31 December. Contributions to the Italian Revenue are recognised as a tax prepayment asset. This asset has been discounted in the statutory financial statements to arrive at a value-in-use valuation. In the Solvency II balance sheet, the asset is held at face value and the discounting is applied using the Solvency II criteria within Best Estimate Liabilities element of technical provisions.

D.2. Technical provisions

The technical provisions have been calculated as the sum of a best estimate plus a risk margin in accordance with Articles 75 to 86 of the Solvency II Directive. They represent a realistic estimate of the company's future obligations with an allowance for some deviation for plausible changes in estimation in the form of the risk margin.

The table below sets out the components of Octium's technical provisions as at 31 December.

	2017 €'000	2016 €'000
BEL per policy reserves	(45,061)	(70,740)
BEL Italian tax asset	1,800	3,300
BEL (net surplus arising from policies)	(43,261)	(67,440)
BEL unit linked policies	4,441,961	4,713,365
BEL total	4,398,700	4,645,925
Risk margin	8,546	16,920
Technical provisions	**4,407,246**	**4,662,845**

The key sources of uncertainty for Octium are expenses and policyholder behaviour assumptions. The BEL per policy reserves has reduced significantly from 2016 primarily due to an increased lapse rate assumption and reduced funds under management both reducing the present value of future fee income.

D.2.1. Best Estimate Liabilities (BEL)

The BEL represents unit linked liabilities less the projected future surplus arising from fees from the existing policies.

The main assumption in calculating the future surplus from the unit linked policies is regarding the level and duration of future expenses and policy lapse rates.

The calculations have been performed on a best estimate basis in accordance with the Solvency II Directive. The underlying policyholder behaviour assumptions are based on Policyholder behaviour experience (e.g. surrenders/lapses, fund choices). Economic assumptions have been set consistent with economic conditions prevailing at 31 December 2017. The calculations do not make any allowance for transitional measures or assumed management actions.

D.2.2. Risk Margin

The Risk Margin is an addition to the BEL to ensure that the technical provisions are equivalent to the amount that an insurance undertaking would be expected to be paid in order to take over the insurance liabilities and administer the payment of these obligations as they fall due. The risk margin is calculated as the amount of capital needed to support the SCR over the lifetime of the business.

In calculating the technical provisions Octium does not apply the following:

1. Matching adjustment referred to in Article 77b of Directive 2009/138/EC.
2. Volatility adjustment referred to in Article 77d of Directive 2009/138/EC.
3. Transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.
4. Transitional deduction referred to in Article 308d of Directive 2009/138/EC.

The difference between financial statements and the Solvency II valuation of technical provisions is set out in the table below.

	2017 €'000	2016 €'000
Technical provisions in financial statements	4,500,622	4,861,657
Solvency II adjustments		
- Provisions other than technical provisions	(58,661)	(148,292)
- BEL	(43,261)	(67,440)
- Risk Margin	8,546	16,920
Solvency II technical provisions	**4,407,246**	**4,662,845**

D.3. Other liabilities

D.3.1. Other liabilities

These comprise of payments due to policyholders and intermediaries, other creditors such as tax and social insurance and accruals for expenses incurred prior to year-end. No adjustment is required to these valuations for solvency purposes as the amounts held under IFRS principles are deemed to be approximations of fair value.

	2017 €'000	2016 €'000
Creditors arising from insurance	58,661	148,292
Other creditors	14,402	5,378
Accruals	2,256	2,646
Deferred tax	4,878	6,767
Other liabilities	80,197	163,084

D.3.2. Contingent liabilities

For the valuation for solvency purposes, material contingent liabilities must be recognised as liabilities, unlike accounting principles under which they are only recognised if the payment of a liability is probable (more likely than not) and can be estimated reliably. Under Solvency II valuation principles, contingent liabilities are valued on the expected present value of future cash flows required to settle the liabilities over their lifetimes.

Octium had no contingent liabilities at 31 December 2017 or 31 December 2016.

D.4. Alternative methods for valuation

Octium does not use any alternative methods for valuation.

D.5. Any other information

No additional information.

E. Capital management

E.1. Own funds

Octium has a put a formal Capital Management Policy in place, which is approved by the Board and subject to review on at least an annual basis. The purpose of the policy is to provide a framework which will ensure that Octium, at all times, complies with the legal and regulatory requirements relating to the level and type of own funds held, and to ensure that own funds are managed effectively and efficiently in order to safeguard the financial soundness and support the strategic objectives of Octium.

Octium is a single shareholder entity whose shares are fully paid up. It has no debt financing and does not have any plans to raise debt or issue new shares in the short or medium term. Own fund items (other than the value arising from the existing policies and the Italian tax assets) are invested in bank deposits according to a Board approved liquidity policy.

Octium is at all times required to have own funds equal to at least 100% of its Own Solvency Needs (OSN), being the aggregate of the Solvency Capital Requirement (SCR) and any additional capital needs determined by the Board. Octium sets internal target capital levels above the level of OSN to ensure timely action can be taken to address a deteriorating capital position.

Own funds are comprised of paid-in ordinary share capital, a paid up irrevocable capital contribution and a reconciliation reserve, as detailed in the table below.

	2017 €'000	2016 €'000
Share Capital	1,000	1,000
Capital contribution	5,000	5,000
Total	6,000	6,000
Reconciliation reserve	102,646	114,392
Own funds available to meet SCR	**108,646**	**120,392**

The reconciliation reserve is made up of retained earnings as per the financial statements and the projected future surplus arising from fees from the existing policies (i.e. technical provisions excluding unit reserves) net of deferred tax liabilities. A reconciliation between equity as shown in the financial statements and the Solvency II excess of assets over liabilities is show below.

The eligible amount of own funds available to cover the OSN, SCR and the Minimum Capital Requirement (MCR) at 31 December 2017 was €108.6m (2016: €120.4m). This is comprised entirely of Tier 1 Basic Own Funds and is net of a dividend of €6.9m declared on 24 April 2018.

The reduction in own funds from 31 December 2016 to 31 December 2017 was mainly from the following:

- Increase of €8.4m in respect of accounting profits for 2017
- Decrease of €23.5m due to a reduction of the value of in-force policies included in the technical provisions, driven by lower fee income due to lower assets under management and an increase in the lapse rate assumption from 6.5% to 10%.
- Increase of €8.4m due to a reduced risk margin, driven by a reduced SCR and an increased lapse rate assumption.

- Decrease due to a dividend of €6.9m declared on 24 April 2018 (reduces 31 December 2017 Own Funds).

E.1.1. Reconciliation of equity in the financial statements and Own Funds

	2017 €'000	2016 €'000
Total equity in financial statements	**81,402**	**73,026**
Solvency II BEL	43,261	67,440
Solvency II Risk Margin	(8,546)	(16,920)
Deferred tax liability	(4,878)	(6,767)
Reinsurance recoverables	3,552	3,613
Tax asset discounting	754	0
Excess of assets over liabilities	**115,546**	**120,392**
Forseeable dividends	(6,900)	0
Own funds	**108,646**	**120,392**

Octium's own funds bear the following features:

1. They are not subject to transitional arrangements.
2. No deductions have been applied to own funds
3. There are no ancillary own funds.

E.2. Solvency capital requirement (SCR) and minimum capital requirement (MCR)

The amount of Octium's SCR and MCR at 31 December 2017 are €64.4m and €29.0m respectively (2016: €79.2m and €32.5m). Octium's Own Solvency Needs at 31 December 2017 was €66.6m (2016: €79.2m).

The table below shows the components of the SCR (using the Standard Formula) at 31 December 2017.

Solvency capital requirement	2017 €'000	2016 €'000
Market risk	55,069	60,917
Counterparty risk	985	728
Underwriting risk	28,667	45,165
Diversification effects	-16,267	-22,160
Basic SCR	68,454	84,650
Operational risk	822	1,330
Deferred tax adjustment	-4,878	-6,767
Solvency capital requirement	**64,398**	**79,213**

The SCR decreased during 2017 due mainly to the following:

- A decrease in market risk due to improved fund look-through data which resulted in a lower market risk capital requirement as assets where no look-through was available previously were assigned the highest market risk level.
- Underwriting risk has decreased due to an increase in the assumed lapse rate which means there is less exposure to a mass lapse shock scenario and a change in planned expense reduction in the event of a mass lapse.

E.3. Any other information

Octium uses EIOPA's Solvency II Standard Formula. It does not use specific parameters and does not use simplified calculations in its computation of capital requirements. Octium has not opted to use the duration-based equity risk sub-module, of the Solvency II regulations. There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

F. Appendix: Annual Quantitative Reporting Templates

F.1. QRT – P02.01.02 – Balance Sheet Information

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	572
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	0
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	4,500,622
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	3,552
R0280	Non-life and health similar to non-life	0
R0290	Non-life excluding health	0
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	3,552
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	566
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	32,689
R0420	Any other assets, not elsewhere shown	64,987
R0500	**Total assets**	4,602,989

F.2. QRT – P02.01.02 – Balance Sheet Information (continued)

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	0
R0520	Technical provisions – non-life (excluding health)	0
R0530	TP calculated as a whole	0
R0540	Best Estimate	0
R0550	Risk margin	0
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	4,407,246
R0700	TP calculated as a whole	0
R0710	Best Estimate	4,398,700
R0720	Risk margin	8,546
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	58,661
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	4,878
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	14,402
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	2,256
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	4,487,443
R1000	**Excess of assets over liabilities**	115,546

F.3. QRT – S05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for:	
		Index-linked and unit-linked insurance	**Total**
		C0230	C0300
	Premiums written		
R1410	Gross	247,088	247,088
R1420	Reinsurers' share	0	0
R1500	Net	247,088	247,088
	Premiums earned		
R1510	Gross	0	0
R1520	Reinsurers' share	0	0
R1600	Net	0	0
	Claims incurred		
R1610	Gross	631,583	631,583
R1620	Reinsurers' share	0	0
R1700	Net	631,583	631,583
	Changes in other technical provisions		
R1710	Gross	0	0
R1720	Reinsurers' share	0	0
R1800	Net	0	0
R1900	**Expenses incurred**	6,426	6,426
R2500	**Other expenses**		1,563
R2600	**Total expenses**		7,989

F.4. QRT – S05.02.02 – Premiums, claims and expenses by country (Annual)

		Home Country	Top 5 countries (by amount of gross premiums					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C019	C020	C0210
R1400			IT	0	0	0	0	
		C0220	C0230	C0240	C0250	C026	C027	C0280
	Premiums written							
R1410	Gross	219,307	27,781	0	0	0	0	247,088
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	219,307	27,781	0	0	0	0	247,088
	Premiums earned							
R1510	Gross	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0
	Claims incurred							
R1610	Gross	425,832	197,050	0	0	0	0	622,882
R1620	Reinsurers' share	0	0	0	0	0	0	0
R1700	Net	425,832	197,050	0	0	0	0	622,882
	Changes in other technical provisions							
R1710	Gross	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	3,378	2,531	0	0	0	0	5,909
R2500	**Other expenses**							1,548
R2600	**Total expenses**							7,456

F.5. QRT – S12.01.02 – Information on Technical Provisions

		Index-linked and unit-linked insurance			Total (Life other than health insurance, including Unit-Linked)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees		
		C0030	C0040	C0050	C0150	C0210
R0010	**Technical provisions calculated as a whole**	0			0	0
R0020	**Total Recoverables from reinsurance/SPV and Finite Re** after the adjustment for expected losses due to counterparty default associated to TP as a whole	0			0	0
	Technical provisions calculated as a sum of BE and RM					
	Best Estimate					
R0030	**Gross Best Estimate**		4,398,700	0	4,398,700	0
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		3,552	0	3,552	0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total		4,395,148	0	4,395,148	0
R0100	**Risk Margin**	8,546			8,546	0
	Amount of the transitional on Technical Provisions					
R0110	Technical Provisions calculated as a whole	0			0	0
R0120	Best estimate		0	0	0	0
R0130	Risk margin	0			0	0
R0200	**Technical provisions - total**	4,407,246			4,407,246	0

F.6. QRT – S23.01.01 – Own Funds

		Total	Tier 1 - unrestricted
		C0010	C0020
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of		
R0010	Ordinary share capital (gross of own shares)	1,000	1,000
R0030	Share premium account related to ordinary share capital	0	0
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0
R0050	Subordinated mutual member accounts	0	
R0070	Surplus funds	0	0
R0090	Preference shares	0	
R0110	Share premium account related to preference shares	0	
R0130	Reconciliation reserve	102,646	102,646
R0140	Subordinated liabilities	0	
R0160	An amount equal to the value of net deferred tax assets	0	
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	5,000	5,000
	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	
	Deductions		
R0230	Deductions for participations in financial and credit institutions	0	0
R0290	**Total basic own funds after deductions**	108,646	108,646
	Ancillary own funds		
R0300	Unpaid and uncalled ordinary share capital callable on demand	0	
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	
R0320	Unpaid and uncalled preference shares callable on demand	0	
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0	
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0	
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	
R0390	Other ancillary own funds	0	
R0400	**Total ancillary own funds**	0	
	Available and eligible own funds		
R0500	Total available own funds to meet the SCR	108,646	108,646
R0510	Total available own funds to meet the MCR	108,646	108,646
R0540	Total eligible own funds to meet the SCR	108,646	108,646
R0550	Total eligible own funds to meet the MCR	108,646	108,646
R0580	**SCR**	64,398	
R0600	**MCR**	28,979	
R0620	**Ratio of Eligible own funds to SCR**	1.6871	
R0640	**Ratio of Eligible own funds to MCR**	3.7491	

		C0060	
	Reconciliation reserve		
R0700	Excess of assets over liabilities	115,546	
R0710	Own shares (held directly and indirectly)	0	
R0720	Foreseeable dividends, distributions and charges	6,900	
R0730	Other basic own fund items	6,000	
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0	
R0760	**Reconciliation reserve**	102,646	
	Expected profits		
R0770	Expected profits included in future premiums (EPIFP) - Life business	0	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0	

F.7. QRT – S25.01.21 – Solvency Capital Requirement (Annual)

		Gross solvency capital requirement
		C0110
R0010	Market risk	55,069
R0020	Counterparty default risk	985
R0030	Life underwriting risk	28,667
R0040	Health underwriting risk	0
R0050	Non-life underwriting risk	0
R0060	Diversification	-16,267
R0070	Intangible asset risk	0
R0100	**Basic Solvency Capital Requirement**	68,454

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	822
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-4,878
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	64,398
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	64,398
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

F.8. QRT – S28.01.01 – Minimum Capital Requirement

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCRL Result	30,768

		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	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	4,395,148	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		2,402

	Overall MCR calculation	C0070
R0300	Linear MCR	30,768
R0310	SCR	64,398
R0320	MCR cap	28,979
R0330	MCR floor	16,099
R0340	Combined MCR	28,979
R0350	Absolute floor of the MCR	3,700

		C0070
R0400	**Minimum Capital Requirement**	28,979