BBVA RE SOCIETAS EUROPAEA

Solvency & Financial Condition Report

For year ending 31st December 2018

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Executive Summary

Introduction

This Solvency Financial Condition Report ("**SFCR**") for BBVA Re SE (the "**Company**") is based on the financial position as at 31st December 2018.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate Administrative Body that has the responsibility for all of these matters is the Company's Board of Directors, with the help of various governance and control functions that it has put in place to monitor and manage the business.

The principal activity of the Company is the provision of reinsurance cover to BBVA Group companies in respect of Employee Fraud and Theft, Directors & Officers, Bankers Blanket Bond ('BBB'), ATM Theft, Public Liability, Property Damage, and Credit Risk.

The principal risks and uncertainties that the Company faces are, by the very nature of the business, those for which it provides or has provided reinsurance cover. The Company seeks to ensure that it collects sufficient premium income to meet the cost of potential claims over time, but the uncertainty surrounding the severity and frequency of claims can lead to significant variation in the Company's performance in the short term.

i) Underwriting

The Company has experienced a difficult year settling a number of significant claims and increasing existing reserves for a further two. This has resulted in a year ended 31st December 2018 where the Company has recorded pre-tax losses for the year of €5,511,322 as per the Company's financial statements, with no tax liability for 2018.

These results include Gross Written Premiums which were €639,094 higher than the previous year whilst Net Incurred Losses deteriorated by €16,707,323 from 2017 to 2018, contributing to the Company recording a heavy Underwriting Loss of €5,096,312.

General Administration Expenses rose markedly by €233,424 in 2018 as the cost of external audit and consultancy fees increased for the year.

ii) Investments

Income from investments in 2018 dropped by €105,603 compared to the previous year, a decrease that reflects the tighter returns from the Company's corporate and sovereign bond portfolio as well as a decrease in the volume of investments, In addition, an FX loss of €95,597 in 2018 resulted in a net reduction year-on-year of €219,760 in interest and FX income.

The Company's total financial assets decreased by €3,310,145 from €71,024,050 in 2017 to €67,713,905 in 2018 as a result of the Company's obligations to meet the settlement of a number of significant claims.

iii) Reserving

Total technical provisions increased by €2,191,782, up from €22,738,661 in 2017 to €24,930,443 in 2018. This modest increase in reserving is principally due to the settlement of claims outstanding under the Bankers Blanket Bond Latin America at the outset of 2018 netted against new claims reported over the course of this same year.

iv) Solvency Capital Requirements

For the period ended 31st December 2018 the Company has own funds of €45,544,418 compared to a solvency capital requirement of €13,453,421 and a minimum capital requirement of €3,700,000. On this basis the Ratios of Eligible own funds to SCR and MCR are 339% and 1,231% respectively.

Summary

Despite the difficult year experienced in terms of claims settlements, the directors are satisfied that the Company is well placed to meet its future liabilities.

Significant factors affecting the results for the period are born primarily out of the underwriting activity and the performance of the investment portfolio.

It was been a comparatively volatile year with a number of significant claims being settled throughout the year, as well as new claims being registered, and follows the pattern of the previous six months. The total of claims brought forward from y/end 2017 that were settled during the period included 2 significant claims, with 3 new significant claims being registered in 2018.

Of the claims settled in 2018, one in particular stood out as amounting to the maximum indemnity limit under the Bankers Blanket Bond Latin America for any one single claim – US$ 10,640,000. The Company's net incurred losses for 2018 are largely attributable to the settlement of this one claim in question.

The overall quality of the investment portfolio continues to be good due to the continuing policy of purchasing investment grade rated bonds. The profitability of the euro denominated portfolio is considered to be good given the current climate, and that of the US dollar denominated investments continue to remain above the Company's targets.

The Bankers Blanket Bond for the Group's Latin American franchises dominates the Company's reserving requirements and it is anticipated that this pattern will continue and that the level of outstanding claims will remain constant.

The Company complies with all aspects of the Solvency II regulations and the Board continues to introduce and improve policies, controls and procedures to meet the on-going requirements of the Solvency II regime.

Re-domiciliation

Following a review of its strategic and regulatory requirements, the BBVA Group is aiming to streamline and simplify the current corporate structure to facilitate the global supervision of the Group, This process includes the relocation of the Company from Ireland to Spain, which in order to take effect, required its transformation from a Designated Activity Company to a European Company.

The Company converted to a Public Limited Company ("PLC") on the 30th July 2018. This intermediate step was necessary to facilitate its conversion into a Societas Europaea by way of a merger.

Effective the 20th December 2018, BBVA Re PLC merged with Domilicia Trebolblue SA, a Spanish company owned wholly by the BBVA Group, to form BBVA Re SE.

A. Business & Performance

1. Business

1.1. The Company, incorporated in the Republic of Ireland on the 19th December 2000, is the Captive Reinsurance Undertaking of Banco Bilbao Vizcaya Argentaria SA **("BBVA")**, a Spanish global financial services group.

1.2. The Company's operating address is:

3 George's Dock, ground floor,
IFSC,
Dublin D01 X5X0,
Republic of Ireland.

1.3. The Company's registered address is:

The Metropolitan Building, 3rd floor,
James Joyce Street,
Dublin 1,
Republic of Ireland.

1.4. The Company is regulated by the Central Bank of Ireland (the **"CBI"**), whose address is:

Insurance Supervision Division,
P.O. Box 11517,
Spencer Dock,
Dublin 1,
Republic of Ireland.

1.5. External auditor to the Company is KPMG, whose address is:

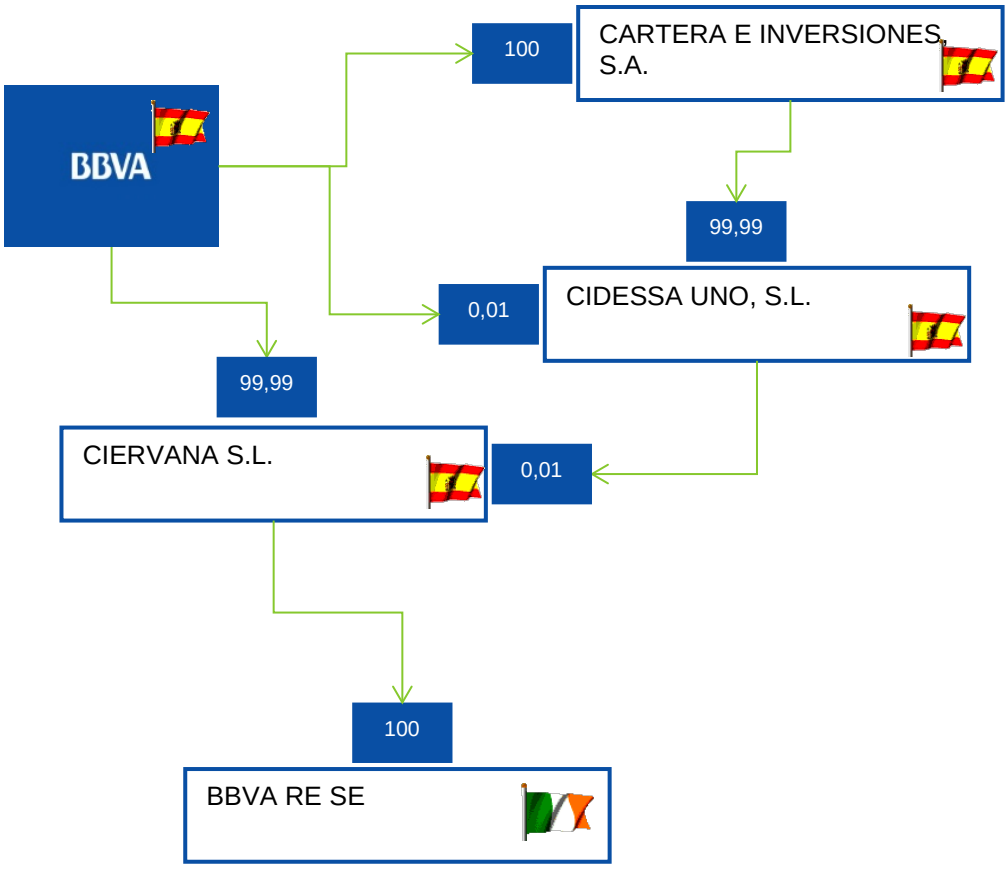
1 Harbourmaster Place,
IFSC,
Dublin 1,
Republic of Ireland.

1.6. The Company is a wholly owned subsidiary of Ciervana SL (**"Ciervana"**), a company incorporated in Spain. In turn, Ciervana SL is wholly owned by BBVA, a company also incorporated in Spain, and which is regarded as the ultimate parent company.

BBVA is a private-law entity subject to the laws and regulations governing banking entities operating in Spain. It carries out its activity through branches and agencies across the country and abroad.

In addition to the transactions it carries out directly, BBVA heads a group of subsidiaries, joint venture and associates that perform a wide range of activities and which together with BBVA constitute the Banco Bilbao Vizcaya Argentaria Group (the **"BBVA Group"**).

The shareholder structure is as follows:



1.7. The following is a description of the material lines of business carried out by the Company, none of which are retroceded, with reference to the principal geographical areas associated with each:

Bankers Blanket Bond Spain - cover for losses caused by improper or fraudulent acts (including computer fraud) by employees of BBVA, its subsidiaries, branches and representative offices domiciled in Spain, Europe and Rest of the World, excluding Latin America and Turkey.

Bankers Blanket Bond LatAm – cover for losses caused by improper or fraudulent acts (including computer fraud) by employees of the Group's subsidiaries in Latin America and Turkey.

Directors & Officers – covers directors, management and employees of the Group globally (BBVA, subsidiaries and branches) against possible damages (fines, penalties, criminal bail, legal costs and liability) incurred as a result of damages caused unintentionally to third parties whilst exercising their activities.

Bank Agents - covers the agency network of BBVA in Spain against compensation claims made by third parties for errors or omissions resulting from the exercising of their professional duties.

Rest of Business: Automated Self Service Machines – cover limited to the territory of Spain and insures against material damage to the automatic teller machines due to vandalism, theft or fire.

Rest of Business: Treasury – cover limited to the territory of Spain and insures BBVA branches against theft of cash whilst deposited inside their vaults, safes, cash desks and coin machines.

1.8. As a result of the BBVA Group's decision to streamline and simplify its current corporate structure, the Company will re-domicile in 2019 from its current base in Ireland to Spain. In order for the relocation to take place, the Company took the following measures over the course of 2018:

- The conversion from a Designated Activity Company ("DAC") to a Public Limited Company ("PLC") taking effect from the 30th July 2018; and

- The merger of BBVA Re PLC with Domilicia Trebolblue SA, a Spanish company owned wholly by the BBVA Group, to form BBVA Re SE, a Societas Europaea, effective 20th December 2018.

The Board of the Company will initiate the re-domiciliation process early in 2019 with the objective of completing the relocation before the close of the second quarter of 2019.

2. Underwriting Performance

2.1. Existing policyholders are located principally in Europe and Latin America. The seven most significant countries being Spain, Mexico, Colombia, Chile, Peru, Argentina and Turkey. None of the reinsurance policies underwritten by the Company are retroceded.

2.2. The Gross Written Premiums by line of business for the years ended 31st December 2018 and 31st December 2017 are as follows:

	2018	**2017**
Lines of Business	€'000	€'000
Bankers Blanket Bond Spain	1,451	1,451
Bankers Blanket Bond Latam	5,970	6,353
Directors & Officers	3,920	2,828
Bank Agents	279	279
Rest of Business: Self Services	199	244
Rest of Business: Treasury	579	575
Rest of Business: Other	49	79
Total	12,447	11,809

2.3. The Gross Written Premiums by line of business and by territory for the year ended 31st December 2018 are as follows:

	Argentina	Chile	Colombia	Spain	Mexico	Peru	Paraguay	Turkey	Rest
Lines of Business - 2018	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Bankers Blanket Bond Spain	-	-	-	1,451	-	-	-	-	-
Bankers Blanket Bond Latam	478	280	1,003	-	2,604	653	522	331	99
Directors & Officers	-	-	-	3,920	-	-	-	-	-
Bank Agents	-	-	-	279	-	-	-	-	-
Rest of Business: Self Services	-	-	-	199	-	-	-	-	-
Rest of Business: Treasury	-	-	-	579	-	-	-	-	-
Rest of Business: Other	-	-	-	49	-	-	-	-	-
Total	478	280	1,003	6,477	2,604	653	522	331	99

2.4. The Gross Written Premiums by line of business and by territory for the year ended 31st December 2017 are as follows:

	Argentina	Chile	Colombia	Spain	Mexico	Peru	Paraguay	Turkey	Rest
Lines of Business - 2017	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Bankers Blanket Bond Spain	-	-	-	1,451	-	-	-	-	-
Bankers Blanket Bond Latam	529	772	1,108	-	2,461	721	288	366	108
Directors & Officers	-	-	-	2,828	-	-	-	-	-
Bank Agents	-	-	-	279	-	-	-	-	-
Rest of Business: Self Services	-	-	-	244	-	-	-	-	-
Rest of Business: Treasury	-	-	-	575	-	-	-	-	-
Rest of Business: Other	-	-	-	79	-	-	-	-	-
Total	529	772	1,108	5,456	2,461	721	288	366	108

2.5. The Underwriting Results broken down by line of business and the summary of the Technical Account for the years ending 31st December 2018 and 31st December 2017 are as follows:

	2018	**2017**
Lines of Business	€'000	€'000
Bankers Blanket Bond Spain	1,302	11,115
Bankers Blanket Bond Latam	-9,506	-3,473
Directors & Officers	2,246	1,952
Bank Agents	247	224
Rest of Business	615	669
Total Underwriting Result	-5,096	10,487

	2018	**2017**
Source of income & expenditure	€'000	€'000
Net Earned Premium	12,618	11,370
Underwriting Expenses	-1,466	-1,342
Net Incurred Losses	-16,248	459
Total Underwriting Result	-5,096	10,487
Administration Expenses	-715	-482
Balance on the Technical Account	-5,811	10,005

3. Investment Performance

3.1. Asset selection for inclusion in the Company's investment portfolio is based on the criteria as set out in the Company's investment policy and dictates the nature of the asset type including fixed income instrument, counterparty, rating and diversification.

The following table sets out the Company's investment portfolio by asset class as at the years ended 31st December 2018 and 31st December 2017:

	2018		2017	
Asset Class	Amount €'000	%age of Portfolio	Amount €'000	%age of Portfolio
Government Bonds	22,015	32.5%	11,471	16.2%
Financial Institution Bonds	35,884	53.0%	48,208	67.9%
Corporate Bonds	8,949	13.2%	9,137	12.9%
Short Term Deposits	0	0.0%	0	0.0%
Cash	867	1.3%	2,208	3.1%
Totals	67,714	100.0%	71,024	100.0%

3.2. Investment income comprises income received and receivable for the financial year and corresponds to bank, bond and term deposit interest earned.

The following table sets out the Company's investment return by asset class as at the years ended 31st December 2018 and 31st December 2017:

	2018	2017
Asset Class	Amount €	Amount €
Government Bonds	239,763	241,538
Financial Institution Bonds	140,940	238,304
Corporate Bonds	26,034	78,648
Short Term Deposits	0	0
Cash	0	0
Totals	406,737	558,490

4. Performance of other activities

4.1. There have been no other significant activities undertaken by the Company other than its captive reinsurance and related activities.

5. Any other information.

5.1. There are no other material matters in respect to the business or performance of the Company and no further events have occurred since the reporting date.

B. System of Governance

1. General information on the system of governance

1.1. Overview – the Company is classified as a Low Risk firm under the Central Bank of Ireland's risk-based framework for the supervision of regulated firms, 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.

1.2. The Company is governed by a Board of Directors comprised of 5 members – three executive directors, including the Chairman and General Manager ("CEO"), one non-executive director and one independent non-executive director. The Board of Directors carry responsibility for the oversight of the business and convene three to four times a year.

Board of Directors:
Chairman & Executive Director
General Manager & Executive Director
Executive Director
Non-Executive Director
Independent Non-Executive Director

1.3. There are two sub-committees of the Board – Audit and Investment:

The Audit Sub-Committee's ("ASC") responsibilities are set by the Board through its terms of reference. These include assisting the Board of Directors in the Board's oversight responsibilities relating to the integrity of the Company's financial statements, reporting process, and systems of internal accounting and financial controls. The ASC meets twice annually.

The Investment Sub-Committee's ("ISC") responsibilities are set by the Board through its terms of reference. These include assisting the Board in implementing the investment policy and reviewing the investment portfolio for performance and compliance relative to objectives. The ASC meets twice annually.

Audit Sub-Committee:
Comprising 3 members, including 2 from the Board.

Investment Sub-Committee:
Comprising 3 members, including 2 from the Board and the Chief Investment Officer of BBVA Seguros SA.

1.4. In addition to the Board of Directors and the two sub-committees, the Company has designated roles for the key Pre-Approved Controlled Functions of Compliance, Risk, Internal Audit and Head of Actuarial.

Pre-Approved Control Functions:

PCF-12	Compliance Officer
PCF-13	Head of Internal Audit Function
PCF-14	Chief Risk Officer
PCF-48	Head of Actuarial Function

1.5. Whilst consideration to the formation of a remuneration committee has been given, the Board of Directors has decided that this committee would be unnecessary given the scale and structure of the Company.

It is the Board of Directors that determines all aspects of the salaries and fees of the Executive and Non-Executive Board members, including the terms of appointment and termination. Directors' remuneration will be approved by the Board and any Director shall abstain from discussion and decisions regarding his/her own remuneration to avoid conflicts of interest.

Directors' fees were paid to the non-executive directors totalling €30k during the reporting period. The remaining executive Board members, as employees of the BBVA Group, do not receive any additional remuneration as a result of their appointment to the Board of the Company.

Directors are not covered by any type of incentive or performance based remuneration. Furthermore, in addition to the basic fee, executive and non-executive directors do not receive compensation for membership on one or more of the Board's committees.

1.6. No dividend was paid to the parent company during the reporting period to 31st December 2018.

2. Fit and Proper Requirements

2.1. The Company has developed a Fit and Proper Framework to ensure that individuals appointed as Directors and in key positions of responsibility have the appropriate skills, experience and knowledge for their roles and act with honesty and integrity. This Fit and Proper Framework comprises the following documents:

Policy document;
Fit and Proper Questionnaires for Directors and Key Individuals;
BBVA Group Code of Conduct;
Financial Regulator Fit & Proper Requirements Paper; and
Register of Directors, Key Individuals and Service Providers

2.2. The Board is responsible for developing, approving and reviewing, on an annual basis, the documents within the Company's Fit and Proper Framework and monitoring performance against these documents. The Board will formally review its overall performance on an annual basis. This review will focus on the following areas:

- How the Board as a whole has overseen the business of the Company in an effective, prudent and ethical manner;
- How the Board has set and delivered the business strategy of the Company; and
- How the Board as a whole has ensured that risk and compliance are properly managed in the Company.

2.3. All directors are required to satisfy the fitness and probity standards as enunciated by the Central Bank of Ireland Fitness and Probity Standards, Guidelines and Regulations, including:

- Being competent and capable;
- Being honest, ethical and acts with integrity;
- Being financially sound.

2.4. In respect of the fitness of directors, the Board is committed to ensuring that each director is capable to the extent that they have a full understanding of the nature of the Company's business, activities and related risks, have a full understanding of their individual direct and indirect responsibilities and collective responsibilities; and have an understanding of the Company's financial statements.

3. Risk Management System including the Own Risk & Solvency Assessment (ORSA)

3.1. Risk Management Roles and Responsibilities

The Board is responsible for the Risk Management of the Company and has developed a Risk Framework to a level proportionate to the complexity, nature and size of the business. The CEO and Chief Risk Officer ("CRO") are responsible for the function and effectiveness of the Risk Framework on behalf of the Board.

Should any risk management tasks be outsourced, the CEO is also responsible for the outsourced relationship, including monitoring the scope of work, service levels and for challenging the results.

The CEO with the support of the CRO reviews, monitors and updates as required, all the components of the Risk Framework, engaging other members of the Board, key function or key role holders, as necessary, and oversees the ORSA process. However, the Board collectively are responsible for the implementation of the Risk Framework's components.

3.2. Risk Register

The Company has defined a Risk Register tailored to its risk profile. The Risk Register is a central log of all risks identified in the business. It is owned by and is the responsibility of the Board and risk management key function holder to maintain and review the document. It includes the risk description, risk events, risk controls and measures.

3.3. Risk Management Process

The process of risk management is continuous, comprising 5 elements:

a) Identification – the Board ensure that all risks are identified relating to their respective areas of responsibility, and in addition collectively identify risks to the overall business, including risks outside the control of the company.

b) Assessment - only risks material to the business are included in the Risk Register. Risks are assessed according to a matrix evaluating the severity of their impact on the business if they materialised, and the probability of the risk materialising.

c) Monitoring - a register of all identified risk events is maintained by the CEO. The Directors will review all items contained therein at least quarterly at the appropriate meeting of the Board.

d) Reporting - all directors will report risk events as and when they occur, and ensure they are considered at the appropriate meeting. They will ensure the Risk Register is updated with regard to states and degree of risk

e) Response - all risk events will be dealt with as and when they arise, by the responsible director, CEO, CRO, the function holder, or the Board as appropriate. Decisions will be recorded on the Risk Register and detailed in the minutes of the relevant meeting.

3.4. Risk Appetite and Tolerances

Risk Appetite

Risk appetite is the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives and those risks that it wants to actively engage with. The Board's risk appetite for the areas of risk within the business is stated in the Risk Appetite Statement.

The Board updates the Company's risk appetite annually as part of its review of its codes, policies and agreements. The conclusions of the review are recorded in the Risk Appetite Statement and approved by the Board at the corresponding meeting.

Risk Tolerances

Risk tolerance is the boundaries of risk taking outside of which the Company is not prepared to venture in pursuit of its business objectives; the amount of risk the Board will allow the Company to deal with.

The Board considers the Company's material risks and chooses those for which a risk tolerance is relevant and meaningful for the business, and which can be measured and monitored. In doing this it also takes into account the risks assessment undertaken in the risk management process. The conclusions of the discussion are recorded in the Risk Appetite Statement and recommended to the Board for approval.

Risk tolerances are monitored by the CEO and CRO. Should the level of a risk have breached the tolerance levels, or be about to breach them, the Board is alerted and decides an appropriate course of action, or amends the risk tolerance, as deemed apposite.

3.5. Own Risk & Solvency Assessment ('ORSA')

The ORSA has been carried out in accordance with the ORSA policy (the "Policy") agreed by the Board and last reviewed on the 9th February 2018. The ORSA shall be conducted at minimum on an annual basis. Thereafter, additional ORSAs can and should be performed in the event that any of the triggers described in the escalation process are activated. The ORSA will be undertaken more frequently if these specific triggers occur which are set out in the Policy. However, none of these events have occurred since the last ORSA was prepared.

ORSA governance and submission

Overall responsibility for the ORSA rests with the Board. The Board shall review and approve the results and conclusions of the ORSA, after which the Company shall submit the ORSA Reporting Template for Low and Medium Low Undertakings to the Central Bank of Ireland (the "CBI"). This submission is required to be made within 2 weeks of the Board having reviewed and approved the assessment.

The ORSA process

The objective of the ORSA process is to enable the Board to assess its 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 meaningful reports on the adequacy of the Company's capital and risk sensitivities that can be used in shaping strategy and risk appetite.

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

- Board strategy, policies and plans;
- Identification of the key risks;
- Board review to challenge and approve the test scenarios to be included in the ORSA;
- Solvency II Balance Sheet standard model results, and base assumptions used;
- Solvency II SCR and MCR standard model results, and base assumptions used;
- Management, Risk Function & Actuarial Function assessment of the outputs and consequent preparation of ORSA Internal Report;
- Board assessment of the output and resultant capital, strategy and risk appetite review; and

- ORSA Reporting to the Company's regulator, the Central Bank of Ireland.

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

- Decisions in relation to capital;
- Reassessment of risk profile and appetite;
- Additional risk mitigation actions;
- Reassessment of investment strategy

The results and conclusions contained in the ORSA Report and the Board's resultant actions and decisions, are communicated to all relevant staff, including outsourced control functions and other key personnel from BBVA and BBVA Seguros in Head Office, Spain.

The Company determined that the Solvency II standard formula would be used to calculate the required solvency capital and to assess the overall solvency needs. A three 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 and challenged by the Board.

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

4. Internal Control System

Internal controls are implemented at a level proportionate to the complexity, nature and size of the business and the level of risk. As a minimum, sound reporting and accounting procedures enable the Board to adequately monitor the business.

The Company has a system of internal controls which are used to manage the risks faced by the Company to within the documented risk appetite. The Internal Controls Framework for the Company has three elements.

Board-level Controls

The Company has implemented policies, codes and agreements which describe the Board's approach to key areas of the business, and procedures, where appropriate, which describe how the Board fulfils its policies. These policies and reports form the principal framework within which the Board operates, with all measures and decisions taken by the Board and its Sub-Committees being minuted accordingly.

The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control system, however day-to-day oversight is provided by the compliance key function holder.

Compliance Function

The Compliance Function, headed by the Compliance Officer ("CO") is part of the Company's overall internal control framework.

The CO is responsible for ensuring that all company policies, codes and agreements are reviewed at least annually to make certain that they are still fit for purpose. All reviews are recorded and the latest versions controlled. All amendments are submitted to the Board or relevant Committee for approval.

The Compliance Function's aim is to:

- Ensure the Company's continuing compliance in relation to its regulatory and legal obligations consistent with the Company's agreed appetite for regulatory or legal risk;
- Minimise the risks to the Company of material financial loss or damage to reputation arising from the potential failure to comply with regulatory or legal requirements;
- Ensure that the Company's arrangements in relation to compliance are sufficiently robust, proportionate, efficient and effective;
- Ensure that the Company's arrangements in relation to compliance are subject to review at appropriate intervals to ensure their continuing fitness for purpose; and
- In conjunction with the Board, to ensure an organisational culture is in place which promotes a high standard of business integrity and regulatory compliance.

The CO is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficacy through the Compliance Monitoring Programme. The CO reports to the Board at each meeting.

The Board supports the compliance function and shall make available such resource as is necessary, and provide access to all relevant documentation and information from the business, including the Compliance and Regulatory Update Report provided by AON Insurance Managers (Dublin) Ltd ("AIMD"), for the Compliance Function to fulfil its aims.

Controls over Outsourced Activities

The Company requires that any outsourcing partner, be they a BBVA Group Company or not, manages its control environment to at least the same standards as it would employ and to adhere to the Company's policies and procedures, and employ fit and proper people in its control functions. The Board reviews all Service Level Agreements on an annual basis and requires that its main service providers immediately report to it any material incident or exposure occurrence relating to the Fitness and Probity of its Control Functions.

5. Internal Audit Function

The Company's internal audit function operates a risk-based internal audit cycle. The Head of Internal Audit is a qualified internal auditor with BBVA SA, the Ultimate Parent Company, with extensive experience in the financial sector. The Head of Internal Audit reports to the Audit Group.

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

- Risk management processes at all levels, which have been implemented by Management, are operating as intended;
- The risk management processes are of sound design;
- 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;

- A sound framework of controls is in place to sufficiently mitigate those risks which management wishes to treat.

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; recommendations and suggestions for continuous improvement; and will conduct investigations on an ad hoc basis as requested by management.

To carry out its work effectively and to retain integrity of the function, Internal Audit acts independently of line management.

Internal Audit findings and recommendations are reported to the management body, who must respond to those findings and recommendations. An internal audit report is prepared and issued by the Internal Auditor following the conclusion of each internal audit, including any management responses. These reports are presented to the Audit Sub-Committee at the next meeting or sooner if matters arising require immediate attention.

A log of all internal audit recommendations raised during individual audits is collated and the status of action points is monitored to completion by the Audit Sub-Committee.

The Audit Sub-Committee ("ASC") and the key function holder are responsible for the planning, management and performance of Internal Audit and have a direct reporting line to the Board to raise any issues identified. The majority of ASC members and the key function holder are non-executive directors and therefore independent of the day-to-day running of the business.

The Committee has the following duties and responsibilities:

- To review and discuss financial statements and other financial information.
- To discuss the results of the annual audit, any issues raised by the external auditors from the annual audit and any other matters required to be communicated to the committee.
- To review and discuss with the external auditor, material changes to the Company's accounting policies and practices which may significantly affect the financial statements; the effect of changes in accounting standards that may materially affect the financial reporting practices; and the Company's procedures with respect to appropriateness and adequacy of financial controls
- To pre-approve all auditing services to be performed for the Company by the external auditor.
- To review and evaluate the performance of the work carried out by the external auditor.
- To review with the external auditor any significant regulatory exposures including regulatory inquiries or concerns regarding the financial statements or accounting policies
- To receive and review any reports produced by Internal Audit.
- The Committee shall perform such other functions as assigned to it from the Board from time to time.
- The Committee shall review annually the Audit Committee's responsibilities and duties, as well as the general terms of reference, and recommend any changes to the Board.
- To recommend to the Board approval of the audit fee.

6. Actuarial Function

The Company's actuarial function is the responsibility of the Head of Actuarial Function, who reports directly to the Board. The actuarial services to support the Company are outsourced to AON Global Risk Consulting.

The actuarial function is responsible for:

a) Coordination of the calculation of technical provisions;
b) Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
c) Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
d) Comparing best estimates against experience;
e) Informing the Board of the reliability and adequacy of the calculation of technical provisions;
f) Expressing an opinion on the overall underwriting policy;
g) Expressing an opinion on the adequacy of reinsurance arrangements; and

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Board in an internal actuarial report.

7. Outsourcing

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the company. The third party to whom an activity is outsourced is a 'service provider'.

The Board ensures that an outsourcing arrangement shall not diminish the company's ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator.

Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the company's processes, and the final responsibility for clients, shall not be outsourced.

As the Company is reliant on a number of material service providers it has adopted an Outsourcing Policy to establish the requirements for identifying, justifying and implementing material outsourcing arrangements.

This Policy sets out the following:

- Board and management responsibility
- Due Diligence
- Offshoring
- Business Continuity Management (BCM)
- Contractual Agreements
- Management reporting and control of the Outsourcing Relationship
- Final Approval

The Company's outsourcing arrangements are subject to an annual review and the findings of this report are reviewed by the Board.

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

Material Service Providers in the Reporting Period

Service Provider	Service Provided	Jurisdiction Located
BBVA Ireland p.l.c.	Insurance Management (Accounting, inc Financial Statements, Regulatory Reporting, Underwriting & Claims Administration, Provision of Office Space, IT Support)	Republic of Ireland
BBVA Seguros SA	Investments Management & Administration Risk Function	Spain
BBVA SA	Internal Audit Function	Spain
BBVA Broker	Broker Support	Spain
Aon Insurance Managers (Dublin) Limited	Non-Executive Director Company Secretarial Services Compliance and Regulatory Consultancy Sces	Republic of Ireland
Aon UK Limited *	Head of Actuarial Function	Republic of Ireland
Analistas Financieros Internacionales SA	IT Support - Solvency II (Quantitative and Qualitative)	Spain

* The person carrying out the role of Head of Actuarial Function is resident in the Republic of Ireland but is contracted to the firm Aon UK Limited Risk Consulting that is registered in the UK.

8. Any other information

The Company 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.

Notwithstanding, the Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and recommendations are made to the Board(s) regarding enhancing

C. Risk Profile

The Company uses the Solvency II standard formula to calculate the required solvency capital and to assess the overall solvency needs. The calculations of the solvency capital requirements for each of the individual risk drivers are set out in section E of this report, Capital Management.

These results are further subjected to a range of stress scenario testing that are reviewed and challenged by the Board. The conclusions of these tests are set out in clause 7.1 of this very section of the report.

The Company has developed a risk management system the framework of which is set out in section B of this report, Systems of Governance, specifically under clauses 3.1 to 3.4.

Given the consistent business activities and business plan of the Company, a three year base case projection of the Solvency II Balance Sheet and SCR position is produced to project the risk profile of the Company over this period, the results of which are set out in clause 7.2 of this very section of the report.

1. Underwriting Risk

Underwriting risk arises from two sources - adverse claims development (reserve risk) and inappropriate underwriting (premium risk) – and is the Company's largest individual risk accounting for the largest proportion of solvency capital requirements.

The Company's principal line of business is the Banker's Blanket Bond ("BBB") for Latin America which covers fraud and theft in the BBVA Group's major franchises in Central and South America as well as Turkey. This contract accounts for the greatest volume of claims handled by the Company, both in terms of number and size.

Reserve risk associated with BBB Latam is managed by the Company's policy of prudent reserving of individual claims. Conservative reserves are established at the outset of a claim and consequently adjusted in line with the recommendations included in the comprehensive reports received from the loss adjuster appointed to investigate the individual claim. In addition, frequent reviews of estimates are undertaken by the senior claims officer in BBVA Broker.

Prudent contingency reserves (Incurred But Not Reported – IBNR) are also maintained at confidence levels consistent with the Company's underwriting and reserving policy. For all major lines of business, with the exception of Directors and Officers ("D&O") cover, the Company calculates an IBNR for the most recent underwriting year with nil IBNR assumed for all prior years. For D&O the Company holds IBNR for a maximum of five underwriting years to reflect the long tailed nature of this line of business.

All lines of business are renewed on the 1st January for a term of one year with the exception of the BBB for Latin America and Spain which run form the 1st April to 31st March, and Bank Agents which runs from the 1st July to the 30th June. All premiums are receivable on the date of renewal.

Prior to the enactment of the Solvency II regime, the Company has engaged external actuaries to independently review claims reserves at least annually and will continue with this practise under Solvency II.

The Company is not exposed to lapse risk on its lines of business.

2. Market Risk

Market risk refers to the risk of losses on the Company's investment portfolio, arising from fluctuations in the market value of the underlying investments. The Company has a clear investment strategy that is reviewed regularly and enshrined in its investment policy.

The principal objective is to match the life term of the assets with that of the liabilities in such a manner that the cash flows from the assets are sufficient in volume and frequency as to meet the projected cash flows of the liabilities. Investments will be tailored to meet the liquidity requirements of the policy contracts, as sufficient funds must always be available for the company to meet its commitments which vary greatly in size and currency.

Due consideration must also be given to preserving the integrity of the portfolio, and to do so the recommendation is that the average remaining life term of the investment portfolio should be kept short, between 6 months and 2 years, whilst maintaining a diversified and high-quality portfolio.

The Company has identified four risks that together form the overall market risk – Currency, Interest Rate, Concentration and Spread.

a) Currency risk

Currency risk is the risk that arises from the change in price of one currency against another resulting in higher or lower returns for the Company as a direct or indirect result of fluctuations in the value of, or income from, specific assets net of liabilities arising from these changes in underlying exchange rates.

The Company is exposed to two currencies, the Euro ("EUR") and the US Dollar ("USD"). As the Company's accounting is in EUR all investments in this currency do not present currency risk to the Company. However, it is exposed to currency risk in USD as the Company holds a significant percentage of its investments in this currency as well as reserving for claims notified under the BBB Latam policy, which is underwritten in USD.

As referenced previously in this SFCR under the section on outsourcing, the Company has entered into a Service Level Agreement with BBVA Seguros SA to receive investment management and administration services from the Investment Department of BBVA Seguros SA, ("Investment Service Provider") and includes management of the Company's weighted position in USD versus the EUR.

The currency risk has fluctuated considerably over the reporting period due to the economic conditions in the EU and the United States, requiring sale and purchase transactions of USD accordingly in order to mitigate and control excessive negative impact on the Company's profitability.

b) Interest Rate risk

Interest rate risk is the risk that the Company is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

The Company is primarily exposed to interest rate risk on its investments in the bond market, primarily in sovereign and corporate bonds.

The interest yield curves in Europe have decreased in the reporting period which reflects the decreases in base rates applied by Central Banks, including the European Central Bank. The decline in interest yield curves has

continued to date as a result of continuing economic uncertainty resulting from the continuing Brexit negotiations and the policies of the current US Presidential Administration.

The Company's Investment Service Provider has strived to maximise the profitability of the investment portfolio by searching for positive yields around the short term yield curve; looking to new bond issues and striking a balance between fixed and floating instruments. Over the course of the reporting period investment in USD has concentrated on US sovereign debt.

c) Concentration risk

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

The Company's investment policy sets the parameters regarding the composition of the investment portfolio including guidance on the level of diversification and minimum external rating requirements.

Assets are properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole.

Investments in assets issued by the same issuer, or by issuers belonging to the same group, shall not expose the insurance undertakings to excessive risk concentration.

In addition, the Company imposes a minimum external rating of BBB- demanded of its counterparties for investment purposes thereby widening the scope for the Investment Service Provider in deciding where and in which entities to invest and allowing a greater variety of counterparties in which to invest and reduce the pressure on concentration risk whilst still maintaining an investment grade quality portfolio.

The ISC reviews the investment portfolio and assesses its diversification and credit quality to ensure that the terms of the investment policy are met and concentration risk that the Company is exposed to remains within acceptable limits. The ISC reviews the investment policy at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Concentration risk has changed over the reporting period as the investment mix has changed with the addition of further investment in US Treasury bonds.

Concentration of counterparties in respect of cash and reinsurance exposures is considered with credit risk.

d) Spread risk

Spread risk is the sensitivity of the values of investments, primarily sovereign, corporate and covered bonds to changes in the level or in the volatility of credit spreads. As credit spreads will typically be narrower for well rated securities compared to poorly rated securities and for short duration rather than long duration securities, the Company specifies external credit quality limits for its counterparties.

The ISC reviews the investment portfolio and assesses its credit quality to ensure that the terms of the investment policy are met and spread risk remains within acceptable limits. The Investment Policy is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Prudent Person Principle

The Company is required to invest the assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'.

The prudent person principle defines that the assets must be invested in a manner that a 'prudent person' would – that is that the decisions are generally accepted as being sound for the average person.

The Company forecasts the balance sheet over a three year horizon taking into account liquidity of the assets. The bond portfolio in particular is invested in short and long term dated fixed income instruments which, along with the cash and cash equivalents held, are designed to approximate the nature and duration of the insurance liabilities.

In particular, these liabilities consist of reserves covering current and future claims payable on the Bankers Blanket Bond for Latin America contract which are denominated in US Dollars. Investments are diversified among both Euro and US Dollar denominated instruments to reflect the future requirements of the Company in meeting its payment obligations.

The distribution of investment assets as at the 31st December 2018 is as follows:

	2018	
Asset Nature and Duration	Amount €'000	%age of Portfolio
Short Term Bonds Euro (< 1 year to maturity)	15,903	23.5%
Long Term Bonds Euro (> 1 year to maturity)	40,854	60.3%
Short Term Bonds US Dollar (< 1 year to maturity)	10,090	14.9%
Long Term Bonds US Dollar (> 1 year to maturity)	0	0.0%
Short Term Deposits	0	0.0%
Cash	867	1.3%
Totals	67,714	100.0%

3. Credit Risk

Credit risk is the risk of a change in value due to actual credit losses deviating from expected credit losses due to the failure to meet contractual debt obligations.

The Company is exposed to counterparty default risk types 1 & 2, the key areas being:

· Amounts held with banks and other financial institutions; and
· Amounts due from insurance intermediaries.

The Company holds foreign currency current accounts with BBVA SA London branch and BBVA SA Head Office Madrid, both A rated, the balances of which correspond to counterparty default risk Type I. Credit risk under this scenario is mitigated by keeping the balances to a minimum, although sufficient funds are maintained in the short term for the Company to be able to meet its immediate payment obligations in settling claims.

Amounts due from insurance intermediaries relate to gross written premiums receivable and correspond to counterparty default risk Type II. Credit risk presented by insurance intermediaries is mitigated by:

- some insurance intermediaries being connected parties;
- ensuring counterparties are of an investment grade standing; and
- on-going monitoring of premium receivables.

Credit risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded. See Risk Management Framework above for further detail.

The risk mitigation measures outlined above are reviewed at least annually by the Board to ensure that they are still effective and appropriate for the Company and the risk environment in which it operates.

4. Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost.

The Company's objective is to ensure that it has sufficient liquidity over short-term and medium-term time horizons to meet the needs of the business. Meeting its claims payment obligations represents the greatest requirement to avail of liquidity and is principally managed by:

- reviewing balances in bank accounts and investments against expected requirements;
- bearing in mind maturities of investments and notice periods for withdrawals; and
- ensuring that the Company's investments are of a suitable marketability.

The Company's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities.

The Investment Committee sets guidelines for the management of liquidity in the Investment Policy. The Investment Policy is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Liquidity risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded. See Risk Management Framework above for further detail.

5. Operational Risk

Operational risk covers the risks arising from the failure of internal processes, people or systems, or from external events.

Operational risk is identified, assessed and monitored by the CEO with oversight from the Board, and recorded on the Risk Register.

Key operational risks are:

Material service provider risk (A material service provider fails to meet its contractual obligations or goes into liquidation.) mitigated by:

- using a range of service providers to avoid reliance on any single provider.

Regulatory & legal risk mitigated by:

- having sound corporate governance and internal controls, and a strong compliance culture.
- internal controls are regularly monitored and are also subject to internal audit.
- regulatory compliance is reviewed regularly by the Board.

The Company has Directors & Officers insurance in place to mitigate the risk of litigation against directors and key role holders.

There have been no material changes to the operational risks the Company is exposed to over the reporting period.

6. Other Material Risks

Cyber Risk / Business Interruption

The Company does not have its own website and IT support in respect to the applications it uses is provided by the relevant areas in BBVA Madrid Head Office, BBVA London branch and Analistas Financieras Internacionales.

Disaster recovery and business continuity planning is a priority for the Company. Adequate processes are in place to manage the recovery, resumption and maintenance of all aspects of the business.

7. Any Other Information

7.1. Stress Scenarios

The Board of the Company recognizes a series of credible adverse business scenarios exist that would significantly impact the individual solvency capital requirement of one or more of the key risk components inherent with its reinsurance operations.

The Board has identified the following 5 scenarios that form the basis of the Company's stress and scenario testing policy:

- Scenario 1 – a greater sensibility in catastrophe risk by increasing risk factor for all insurance risk groups by 50%;

- Scenario 2 – the application of the maximum historic annual indemnity payment under all lines of business;

- Scenario 3 – the application of the maximum overall indemnity limit for the BBB Latin America line of business;

- Scenario 4 - a deterioration in the European and/or global economies that impact negatively on the external ratings of the Company's investment portfolio; and

- Scenario 5 – deterioration in the foreign exchange rate of the Euro against the US Dollar.

Re-calculations of the Company's SCR under the aforementioned stress scenarios are as follows:

	Unstressed	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
	Amount €	Amount €	Amount €	Amount €	Amount €	Amount €
Market Risk						
Spread risk	1,171,095	1,171,095	1,171,095	1,171,095	2,844,469	1,171,095
Currency risk	1,216,629	1,216,629	1,216,629	1,216,629	1,216,629	2,433,257
Concentration risk	1,161,833	1,161,833	1,161,833	1,161,833	3,093,880	1,161,833
Interest rate risk	565,383	565,383	565,383	565,383	565,383	565,383
Correlation Matrix - Diversification	-1,617,020	-1,617,020	-1,617,020	-1,617,020	-2,909,392	-1,905,713
Market Risk Total	2,497,920	2,497,920	2,497,920	2,497,920	4,810,968	3,425,855
Counterparty Risk						
Counterparty risk type 1	58,143	58,143	58,143	58,143	127,264	58,143
Counterparty risk type 2	8,384	8,384	8,384	8,384	8,384	8,384
Correlation Matrix - Diversification	-1,858	-1,858	-1,858	-1,858	-1,981	-1,858
Counterparty Risk Total	64,670	64,670	64,670	64,670	133,667	64,670
Non-Life Underwriting Risk						
Catastrophe risk	8,031,583	12,047,374	8,031,583	8,031,583	8,031,583	8,031,583
Non-Life Premium and Reserve risk	7,092,803	7,092,803	11,232,061	14,767,417	7,092,803	7,092,803
Correlation Matrix - Diversification	-3,153,700	-3,707,358	-3,908,803	-4,308,846	-3,153,700	-3,153,700
Non-Life Underwriting Risk Total	11,970,686	15,432,819	15,354,841	18,490,154	11,970,686	11,970,686
Basic SCR Diversification	-1,674,546	-1,723,670	-1,722,793	-1,752,496	-2,873,330	-2,178,597
Operational Risk	594,693	594,693	1,037,305	1,401,680	594,693	594,693
Solvency Capital Requirement	13,453,422	16,866,431	17,231,941	20,701,927	14,636,684	13,877,306
Excess Assets over Liabilities	45,544,418	45,544,418	30,790,684	18,644,855	45,544,418	45,544,418
Solvency Ratio	338.53%	270.03%	178.68%	90.06%	311.17%	328.19%

The Board of the Company is satisfied that sufficient capital is held to meet the minimum and solvency capital requirements as at the reporting date in the event that these adverse scenarios were to materialise.

7.2. Risk Profile Projections

When projecting the risk profile of the Company over the next 3 year period, the following assumptions are made In order to obtain accurate and meaningful projections:

- all lines of business are renewed for a further year unless specifically contemplated in the Company's business plan;
- the income from the Company's investment portfolio remains constant from one year to the next;
- no impairment charges result from the non-performance of any of the Company's investments; and
- no dividend payments are effected unless specifically contemplated in the Company's business plan.

All of the above variables impact on the Company's profit and loss line and thereby its ability to generate capital.

7.3. There are no other material matters in respect to the risk profile of the Company.

D. Valuation for Solvency Purposes

1. Assets

1.1. As at 31st December 2018 the Company held the following assets:

	Statutory Accounts Value	Solvency II Valuation adjustment	Solvency II Value
Asset Class	Amount €	Amount €	Amount €
Deferred Acquisition Costs	204,631	-204,631	0
Government Bonds	25,072,573	134,140	25,206,713
Corporate Bonds	41,774,371	194,932	41,969,303
Insurance and Intermediaries Receivables	9,316	0	9,316
Receivables (trade, not insurance)	329,073	-329,073	0
Cash & Cash Equivalents	866,961	0	866,961
Other Assets, not elsewhere shown	24,832	0	24,832
Totals	68,281,757	-204,632	68,077,126

1.2. The valuation principles applied to these assets are consistent with those used under International Financial Reporting Standards, worthy of note:

1.2.1. Deferred Acquisition Costs of €0.2m are excluded from the valuation of assets for solvency purposes. This is one of only two material differences between the valuation for solvency purposes and the valuation in the financial statements.

1.2.2. Government and corporate bonds – these are quoted instruments in active markets and therefore the market price as at 31st December 2018 has been applied. The valuation for solvency purposes includes the accrued interest on these securities and is the second material difference between solvency and financial statement valuation.

1.2.3. Insurance and Intermediaries Receivables – the outstanding balance corresponds to the premium receivable on the Bank Agents line of business renewable annually on the 1st July.

1.2.4. Receivables, trade not insurance – see above item 1.2.2.

1.2.5. Cash and Cash Equivalents – valued at the amount held at the period end, translated using the year end exchange rate where appropriate.

1.2.6. Other Assets – corporation tax receivable valued at the amount held at the period end.

2. Technical Provisions

2.1. As at 31st December 2018 the Company held the following technical provisions by line of business:

	Best Estimate Technical Provisions (exc Risk Margin)	Risk Margin	Best Estimate Technical Provisions
Segmentation	Amount €	Amount €	Amount €
7. Fire & other damage to property insurance	16,524,924	1,604,299	18,129,223
8. General liability insurance	3,310,133	374,858	3,684,991
12. Miscellaneous Financial Loss	-11,967	1,697	-10,270
Totals	19,823,090	1,980,854	21,803,944

2.2. The Best Estimate Liabilities ("BEL") methodology considers two different reserves - the premium provision and the claims provision - and is broken down in the Company at the end of the period as follows:

2.2.1. Premium Provision

The premium provision is the best estimate of the total cash flows due to claims occurred after the valuation date. The calculation includes benefits, expenses and premiums. The provision includes estimated losses corresponding to the unearned premium provision and claims relating to the future premiums.

2.2.2. Claims Outstanding Provision

Two different methodologies have been used – the Chain Ladder Method and the Bornhuetter-Ferguson based proxy. The use of these methodologies is considered appropriate under the Solvency II Directive. It is important to note that the criteria used in the calculation of BEL are not the same as those used in the calculation of the statutory reserves. Even though the total amount of reserves is very similar, there can be differences at an individual level due to these calculation differences.

- The Chain Ladder Method is a free distribution and widely used method of loss reserving. The chain ladder method is based on a cumulative run-off triangle of known claims. The aim is to calculate the outstanding claims reserves for claims which have occurred but which have not yet been totally settled. It is used in lines of business where data is ample and sufficiently developed.

- The Bornhuetter-Ferguson based proxy is a market approach applicable to those lines of business under Solvency II that have a significant income from premiums but not sufficient data to apply the chain-ladder methodology.

2.2.3. Breakdown of BEL

	BEL Premium	BEL Reserve
Segmentation	Amount €	Amount €
7. Fire & other damage to property insurance	830,875	15,694,050
8. General liability insurance	-356,916	3,667,049

12. Miscellaneous Financial Loss	-28,566	16,599
Totals	445,393	19,377,698

2.3. The Risk Margin is an addition to the Best Estimate Liabilities to ensure that the technical provisions as a whole are equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

The Company follows the simplified methodology calculating the risk margin as the amount of capital needed to support the Solvency Capital Ratio over the lifetime of the business at a prescribed cost of capital rate of 6% pa.

2.4. The technical provisions in the valuation for solvency amounts to €21.8m, compared to statutory reserves of €24.9m in the financial statements. The difference of €3.1m between these two valuations is equal to the net of the risk margin, calculated as €2.0m, and the difference between the statutory reserves and the BEL.

2.5. The key areas of uncertainty in the value of technical provisions are as follows:

2.5.1. Estimation of the losses relating to claims which have been incurred but not reported ("IBNR") – this is generally subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of reserving.

2.5.2. Claims volatility – the Bankers Blanket Bond Latin America is the policy under which the Company receives its greatest volume of claims by number and these can vary significantly in terms of magnitude and duration. The Company manages this risk via on-going monitoring and reviewing of claims.

2.6. The Company does not have any retrocession arrangements in place with third party retrocessionaires.

2.7. The Company has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

3. Other Liabilities

In 2017 no dividend was paid and the Board does not envisage any further dividends in 2018.

4. Alternative Methods for Valuation

Not applicable to the Company.

5. Any Other Information

No further information on valuation issues to report.

E. Capital Management

1. Own Funds

1.1. The Company undertakes an Own Risk and Solvency Assessment ("ORSA") exercise at least annually. The ORSA exercise incorporates projections of the Solvency II balance sheet and solvency capital requirements typically over a three year time horizon.

1.2. The Company classifies its own funds as tier 1 unrestricted and is broken down as follows:

Own Funds Item	Tier	Amount €'s	%
Ordinary Share Capital	1	4,507,700	9.9%
Voluntary Reserves	1	13,941	0.0%
Reconciliation Reserve	1	41,022,777	90.1%
	Total	45,544,418	100.0%

The reconciliation reserve represents retained earnings and reconciliation adjustments from the statutory accounts balance sheet to Solvency II balance sheet.

1.3. Tier 1 Own Funds are eligible to meet the Company's Solvency and Minimum Capital Requirements.

2. SCR and Minimum Capital Requirement

2.1. The SCR of the Company was €13,453,421 as at the 31st December 2018 and €13,479,594 as at the 31st December 2017. Each is made up as follows:

2.1.1. The Company is exposed to market risks derived from the assets held by the Company to meet its insurance liabilities.

	2018
Market Risk	Amount €
Spread risk	1,171,095
Currency risk	1,216,629
Concentration risk	1,161,833
Interest rate risk	565,383
Correlation Matrix - Diversification	-1,617,020
Market Risk Total	2,497,920

2.1.2. The Company is exposed to counterparty risks in the form of cash current accounts (type 1) and from receivables from intermediaries and other debtors (type 2).

	2018
Counterparty Risk	Amount €
Counterparty risk type 1	58,143
Counterparty risk type 2	8,384

Correlation Matrix - Diversification	-1,858
Counterparty Risk Total	64,670

2.1.3. The Company is exposed to non-life underwriting risk as a result of the reinsurance policies it underwrites and is based on volatility around earned premium and claims reserves, and to catastrophe events to which the Company may be exposed.

	2018
Non-Life Underwriting Risk	Amount €
Catastrophe risk	8,031,583
Non-Life Premium and Reserve risk	7,092,803
Correlation Matrix - Diversification	-3,153,700
Non-Life Underwriting Risk Total	11,970,686

2.1.4. The final solvency capital requirement of the Company is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification, and then an additional charge to represent the operational risks faced by the Company.

	2018
SCR Summary	Amount €
Market Risk	2,497,920
Counterparty Risk	64,670
Non-Life Underwriting Risk	11,970,686
Basic SCR Diversification	-1,674,546
Operational Risk	594,693
Solvency Capital Requirement	13,453,422

2.2. The linear MCR of the Company was €3,065,094 as at the 31st December 2018 and €2,882,502 as at the 31st December 2017. Each is broken down by line of business as follows:

	2018
Line of Business	Amount €
7. Fire and other damage to property insurance	2,168,683
8. General liability insurance	891,052
12. Miscellaneous financial loss insurance	5,359
Minimum Capital Requirement	3,065,094

2.2.1. The inputs used to calculate the linear MCR of the Company are as follows:

	2018	
	Net Best Estimate & Technical Provisions	Net Written Premiums in the last 12 months
Line of Business	Amount €	Amount €
7. Fire and other damage to property insurance	16,524,924	8,204,536

8. General liability insurance	3,310,133	4,199,300
12. Miscellaneous financial loss insurance	0	43,923
Minimum Capital Requirement	19,835,057	12,447,759

2.2.2. The calculation of the linear MCR of the Company is as follows:

	2018				
	Net Best Estimate & Technical Provisions		Net Written Premiums in the last 12 months		Combined Total
Line of Business		Amount €		Amount €	Amount €
7. Fire and other damage to property insurance	9.4%	1,553,343	7.5%	615,340	2,168,683
8. General liability insurance	10.3%	340,944	13.1%	550,108	891,052
12. Miscellaneous financial loss insurance	18.6%	0	12.2%	5,359	5,359
Minimum Capital Requirement		1,894,287		1,170,807	3,065,094

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

The Company does not use the duration-based equity sub-module in the calculation of the SCR.

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

The Company does not use internal models.

5. Non-compliance with the MCR and Non-compliance with the SCR

The Company has maintained capital sufficient to meet its minimum and solvency capital requirements throughout the period covered by this report.

In addition, the Company has maintained capital sufficient to meet its solvency capital requirements when applying the conditions referenced under the stress scenarios identified by the Board as being wholly credible.

6. Any other information

As previously reported under section D on the valuation of the Company's liabilities, the Company was not required to pay a dividend to its principal shareholder in 2017 and the Board does not envisage any dividend payment in 2018.

F. Quantitative Reporting Templates

General Information

Undertaking Name	BBVA Re Designated Activity Company
Identification Code	6354002FGDU5BVKZFE16
Type of Identification Code	LEI
Type of Undertaking	Non-Life Reinsurance Captive
Country of Authorisation	Republic of Ireland
Language of Reporting	English
Reporting Reference Date	31st December 2018
Currency of Reporting	Euro
Method of Calculation of the SCR	Standard Formula
Use of undertaking specific parameters	No use of undertaking specific parameters
Ring-fenced funds	No Ring-fenced activity
Matching adjustment	No use of Matching adjustment
Volatility adjustment	No use of Volatility adjustment
Transitional measure on the risk-free interest rate	No use of Transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of Transitional measure on technical provisions

List of Quantitative Reported Templates

S.02.01.02 - Balance Sheet
S.05.01.02 - Premiums, Claims and Expenses by Line of Business
S.05.02.01 - Premiums, Claims and Expenses by Country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Claims Paid & Best Estimate Claims Provisions
S.23.01.01 - Own Funds
S.25.01.21 - Basic Solvency Capital Requirement
S.28.01.01 - Overall Minimum Capital Requirement

NB. Where there is no activity for certain Lines of Business, the relevant columns have been omitted from the published templates.

S.02.01.02. Balance Sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0.00
Deferred tax assets	R0040	0.00
Pension benefit surplus	R0050	0.00
Property, plant & equipment held for own use	R0060	0.00
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	67,176,016.59
Property (other than for own use)	R0080	0.00
Holdings in related undertakings, including participations	R0090	0.00
Equities	R0100	0.00
Equities - listed	R0110	0.00
Equities - unlisted	R0120	0.00
Bonds	R0130	67,176,016.59
Government Bonds	R0140	25,206,713.28
Corporate Bonds	R0150	41,969,303.31
Structured notes	R0160	0.00
Collateralised securities	R0170	0.00
Collective Investments Undertakings	R0180	0.00
Derivatives	R0190	0.00
Deposits other than cash equivalents	R0200	0.00
Other investments	R0210	0.00
Assets held for index-linked and unit-linked contracts	R0220	0.00
Loans and mortgages	R0230	0.00
Loans on policies	R0240	0.00
Loans and mortgages to individuals	R0250	0.00
Other loans and mortgages	R0260	0.00
Reinsurance recoverables from:	R0270	0.00
Non-life and health similar to non-life	R0280	0.00
Non-life excluding health	R0290	0.00
Health similar to non-life	R0300	0.00
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0.00
Health similar to life	R0320	0.00
Life excluding health and index-linked and unit-linked	R0330	0.00
Life index-linked and unit-linked	R0340	0.00
Deposits to cedants	R0350	0.00
Insurance and intermediaries receivables	R0360	9,316.00
Reinsurance receivables	R0370	0.00
Receivables (trade, not insurance)	R0380	0.00
Own shares (held directly)	R0390	0.00
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0.00
Cash and cash equivalents	R0410	866,961.00
Any other assets, not elsewhere shown	R0420	24,832.01
Total assets	R0500	68,077,125.60

S.02.01.02. Balance Sheet (continued)

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	21,803,944.24
Technical provisions – non-life (exc health)	R0520	21,803,944.24
Technical provisions calculated as a whole	R0530	0.00
Best Estimate	R0540	19,823,090.46
Risk margin	R0550	1,980,853.78
Technical provisions - health (similar to non-life)	R0560	0.00
Technical provisions calculated as a whole	R0570	0.00
Best Estimate	R0580	0.00
Risk margin	R0590	0.00
Technical provisions - life (exc index and unit-linked)	R0600	0.00
Technical provisions - health (similar to life)	R0610	0.00
Technical provisions calculated as a whole	R0620	0.00
Best Estimate	R0630	0.00
Risk margin	R0640	0.00
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0.00
Technical provisions calculated as a whole	R0660	0.00
Best Estimate	R0670	0.00
Risk margin	R0680	0.00
Technical provisions – index and unit-linked	R0690	0.00
Technical provisions calculated as a whole	R0700	0.00
Best Estimate	R0710	0.00
Risk margin	R0720	0.00
Other technical provisions	R0730	
Contingent liabilities	R0740	0.00
Provisions other than technical provisions	R0750	0.00
Pension benefit obligations	R0760	0.00
Deposits from reinsurers	R0770	0.00
Deferred tax liabilities	R0780	367,089.27
Derivatives	R0790	0.00
Debts owed to credit institutions	R0800	0.00
Debts owed to credit institutions resident domestically	ER0801	0.00
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	0.00
Debts owed to credit institutions resident rest of world	ER0803	0.00
Financial liabilities other than debts owed to credit institutions	R0810	0.00
Debts owed to non-credit institutions	ER0811	0.00
Debts owed to non-credit institutions resident domestically	ER0812	0.00
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	0.00
Debts owed to non-credit institutions resident rest of world	ER0814	0.00
Other financial liabilities (debt securities issued)	ER0815	0.00
Insurance & intermediaries payables	R0820	0.00
Reinsurance payables	R0830	0.00
Payables (trade, not insurance)	R0840	0.00
Subordinated liabilities	R0850	0.00
Subordinated liabilities not in Basic Own Funds	R0860	0.00
Subordinated liabilities in Basic Own Funds	R0870	0.00
Any other liabilities, not elsewhere shown	R0880	361,674.17
Total liabilities	R0900	22,532,707.68
Excess of assets over liabilities	R1000	45,544,417.92

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			
		Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	Total
		C0070	C0080	C0120	C0200
Premiums written					
Gross - Direct Business	R0110				
Gross - Proportional reinsurance accepted	R0120	8,204,536.00	4,199,300.00	43,923.00	12,447,759.00
Gross - Non-proportional reinsurance accepted	R0130				
Reinsurers' share	R0140				
Net	R0200	8,204,536.00	4,199,300.00	43,923.00	12,447,759.00
Premiums earned					
Gross - Direct Business	R0210				
Gross - Proportional reinsurance accepted	R0220	8,374,734.00	4,199,300.00	43,923.00	12,617,957.00
Gross - Non-proportional reinsurance accepted	R0230				
Reinsurers' share	R0240				
Net	R0300	8,374,734.00	4,199,300.00	43,923.00	12,617,957.00
Claims incurred					
Gross - Direct Business	R0310				
Gross - Proportional reinsurance accepted	R0320	14,753,735.00	-	-	14,753,735.00
Gross - Non-proportional reinsurance accepted	R0330				
Reinsurers' share	R0340				
Net	R0400	14,753,735.00	-	-	14,753,735.00
Changes in other technical provisions					
Gross - Direct Business	R0410				
Gross - Proportional reinsurance accepted	R0420	-341,667.00	-1,180,884.00	28,062.00	-1,494,489.00
Gross - Non- proportional reinsurance accepted	R0430				
Reinsurers' share	R0440				
Net	R0500	-341,667.00	-1,180,884.00	28,062.00	-1,494,489.00
Expenses incurred	R0550	1,405,887.00	762,906.00	12,372.00	2,181,165.00
Other expenses	R1200				
Total expenses	R1300				2,181,165.00

S.05.02.01. Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
			Spain	Mexico	Colombia	Paraguay	Peru	
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	-	6,478,076.00	2,604,143.00	1,002,474.00	521,980.00	652,783.00	11,259,456.00
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	R0200	-	6,478,076.00	2,604,143.00	1,002,474.00	521,980.00	652,783.00	11,259,456.00
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	-	6,482,680.00	2,578,751.00	1,027,898.00	471,849.00	669,338.00	11,230,516.00
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240							
Net	R0300	-	6,482,680.00	2,578,751.00	1,027,898.00	471,849.00	669,338.00	11,230,516.00
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	-	8,978.00	4,967,550.00	-	-	2,269.00	4,978,797.00
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	R0400	-	8,978.00	4,967,550.00	-	-	2,269.00	4,978,797.00
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420	-	-1,352,677.00	6,266,807.00	-	-271,031.00	-543,099.00	4,100,000.00
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500	-	-1,352,677.00	6,266,807.00	-	-271,031.00	-543,099.00	4,100,000.00
Expenses incurred	R0550	-	1,447,619.00	308,366.00	113,617.00	67,832.00	62,627.00	2,000,061.00
Other expenses	R1200							
Total expenses	R1300	-	1,447,619.00	308,366.00	113,617.00	67,832.00	62,627.00	2,000,061.00

S.17.01.02. Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance			
		Fire&other damage to property ins.	General liability insurance	Miscellaneous financial loss	Total
		C0080	C0090	C0130	C0180
Technical provisions calculated as a whole	R0010				
Total Recoverables from reinsurance/SPV & Finite Re after adj for expected losses due to counterparty default associated to TP calculated as a whole	R0050				
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross - Total	R0060	830,874.70	-356,916.18	-28,565.76	445,392.76
Total recoverable from reinsurance/SPV & Finite Re after adj for expected losses due to c'party default	R0140				
Net Best Estimate of Premium Provisions	R0150	830,874.70	-356,916.18	-28,565.76	445,392.76
Claims provisions					
Gross - Total	R0160	15,694,049.64	3,667,049.16	16,598.90	19,377,697.70
Total recoverable from reinsurance/SPV & Finite Re after adj for expected losses due to c'party default	R0240				
Net Best Estimate of Claims Provisions	R0250	15,694,049.64	3,667,049.16	16,598.90	19,377,697.70
Total Best estimate - gross	R0260	16,524,924.33	3,310,132.99	-11,966.86	19,823,090.46
Total Best estimate - net	R0270	16,524,924.33	3,310,132.99	-11,966.86	19,823,090.46
Risk margin	R0280	1,604,298.82	374,858.16	1,696.80	1,980,853.78
Amount of the transitional on Technical Provisions					
TP as a whole	R0290				
Best estimate	R0300				
Risk margin	R0310				
Technical provisions - total					
Technical provisions - total	R0320	18,129,223.15	3,684,991.15	-10,270.06	21,803,944.24
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330				
Technical provisions minus recoverables from reinsurance/SPV & Finite Re- total	R0340	18,129,223.15	3,684,991.15	-10,270.06	21,803,944.24

S.19.01.21. Gross Claims Paid (non-cumulative)

LoB Z0010 Fire and other damage to property insurance
Ccy Z0030 EUR

		0	1	2	3	4	5	6	7	8	9	10
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160	175,379.30	1,310,986.60	382,623.54	193,222.63		-	-	-	-	-	-
N-8	R0170	373,869.46	1,281,055.78	69,834.40		-	-	-	-	-	-	-
N-7	R0180	333,406.77	5,922,275.94	594,745.05	1,891.25	6,648.80		-	-	-		-
N-6	R0190	532,931.35	1,070,367.82	719,748.34		-	232,303.50	23,963.68		-		-
N-5	R0200	53,286.79	1,150,508.78	3,742,071.12		-	-	-				-
N-4	R0210	51,196.47	2,118,839.90	1,047,996.43	916,959.77	17,670.00						-
N-3	R0220	28,072.50	268,064.80	9,767,627.35	2,529.23							-
N-2	R0230	580,462.74	719,496.52	384,074.13								-
N-1	R0240	101,369.73	14,376,752.29									-
N	R0250	8,048.90										-

S.19.01.21. Gross Claims Paid (non-cumulative)

LoB Z0010 General liability insurance
Ccy Z0030 EUR

		0	1	2	3	4	5	6	7	8	9	10
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160		- 22,725.39		-	-	-	-	- 358,925.28		-	-
N-8	R0170		-	-	-	-	-	-	-	-	-	
N-7	R0180		-	-	-	-	-	-	-	-		
N-6	R0190		-	-	-	-	-	-	-			
N-5	R0200		-	-	-	-	-	-				
N-4	R0210		-	-	-	-	-					
N-3	R0220	119,355.07		- 10,955.21		-						
N-2	R0230		-	-	-							
N-1	R0240		-	-								
N	R0250		-									

S.19.01.21. Gross Claims Paid (non-cumulative)

LoB Z0010 Miscellaneous financial loss
Ccy Z0030 EUR

		0	1	2	3	4	5	6	7	8	9	10
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160		-	-	-	-	-	-	-	-	-	-
N-8	R0170		-	-	-	-	-	-	-	-	-	-
N-7	R0180		-	-	-	-	-	-	-	-		-
N-6	R0190	8,810.10	3,714.75	39,850.99		-	-	-	-			-
N-5	R0200		-	85,796.88		-	-	-				-
N-4	R0210		-	85,796.88		-	-					-
N-3	R0220		-	85,796.88		-						-
N-2	R0230		-	75,072.27								-
N-1	R0240		-	-								-
N	R0250		-									-

S.19.01.21. Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

Line of business	Z0010	Fire and other damage to propoerty insurance
Currency	Z0030	EUR

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	-	-
N-9	R0160	-	2,062,212.57
N-8	R0170	-	1,724,759.64
N-7	R0180	-	6,858,967.31
N-6	R0190	-	2,579,314.69
N-5	R0200	-	4,945,866.69
N-4	R0210	- 17,670.00	4,117,322.57
N-3	R0220	2,529.23	10,066,293.88
N-2	R0230	384,074.13	1,684,033.39
N-1	R0240	14,376,752.29	14,478,122.02
N	R0250	8,048.90	8,048.90
Total	R0260	14,753,734.55	72,895,090.98

S.19.01.21. Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

Line of business	Z0010	General liability insurance
Currency	Z0030	EUR

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	-	-
N-9	R0160	-	381,650.67
N-8	R0170	-	-
N-7	R0180	-	-
N-6	R0190	-	-
N-5	R0200	-	-
N-4	R0210	-	-
N-3	R0220	-	130,310.28
N-2	R0230	-	-
N-1	R0240	-	-
N	R0250	-	-
Total	R0260	-	531,164.83

S.19.01.21. Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

Line of business	Z0010	Miscellaneous financial loss
Currency	Z0030	EUR

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	-	-
N-9	R0160	-	-
N-8	R0170	-	-
N-7	R0180	-	-
N-6	R0190	-	52,375.84
N-5	R0200	-	85,796.88
N-4	R0210	-	85,796.88
N-3	R0220	-	85,796.88
N-2	R0230	-	75,072.27
N-1	R0240	-	-
N	R0250	-	-
Total	R0260	-	431,949.82

S.19.01.21. Gross undiscounted Best Estimate Claims Reserves - Development year (absolute amounts)

LoB Z0010 Fire and other damage to property insurance
Ccy Z0030 EUR

		0	1	2	3	4	5	6	7	8	9	10
		C0400	C0410	C0420	C0430	C0440	C0450	C0460	C0470	C0480	C0490	C0500
Prior	R0100											
N-9	R0160		-	-	-	-	-	-	-	-	-	-
N-8	R0170		-	-	-	-	-	-	-	-	-	-
N-7	R0180		-	-	-	-	-	-	-	-		-
N-6	R0190		-	-	-	-	-	-	-			-
N-5	R0200		-	-	-	-	-	-				-
N-4	R0210		-	-	-	3,191.12	-					-
N-3	R0220		-	-	5,412.14	2,194.22						-
N-2	R0230		-	3,491,862.02	4,688,881.85							-
N-1	R0240	12,420,908.04	5,512,916.20									-
N	R0250	6,683,845.16										-

S.19.01.21. Gross undiscounted Best Estimate Claims Reserves - Development year (absolute amounts)

LoB Z0010 General liability insurance
Ccy Z0030 EUR

		0	1	2	3	4	5	6	7	8	9	10
		C0400	C0410	C0420	C0430	C0440	C0450	C0460	C0470	C0480	C0490	C0500
Prior	R0100											
N-9	R0160		-	-	-	-	-	-	-	-	-	-
N-8	R0170		-	-	-	-	-	-	-	-	-	-
N-7	R0180		-	-	-	-	-	-	-	-		-
N-6	R0190		-	-	-	-	-	-	-			-
N-5	R0200		-	-	-	-	-	-				-
N-4	R0210		-	-	-	-	-					-
N-3	R0220		-	-	-	-						-
N-2	R0230		-	-	-							-
N-1	R0240	2,811,787.38		-								-
N	R0250	3,683,691.21										-

S.19.01.21. Gross undiscounted Best Estimate Claims Reserves - Development year (absolute amounts)

LoB Z0010 Miscellaneous financial loss
Ccy Z0030 EUR

		0	1	2	3	4	5	6	7	8	9	10
		C0400	C0410	C0420	C0430	C0440	C0450	C0460	C0470	C0480	C0490	C0500
Prior	R0100											
N-9	R0160		-	-	-	-	-	-	-	-	-	-
N-8	R0170		-	-	-	-	-	-	-	-	-	-
N-7	R0180		-	-	-	-	-	-	-	-		-
N-6	R0190		-	-	-	-	-	-	0.00			-
N-5	R0200		-	-	-	-	-	-				-
N-4	R0210		-	-	-	-	-					-
N-3	R0220		-	-	-	-						-
N-2	R0230		-	1,616.98	-							-
N-1	R0240		-	2,656.11								-
N	R0250	14,061.45										-

S.19.01.21. Gross discounted Best Estimate Claims Provisions

- Current year, sum of years (cumulative)

Line of business	Z0010	Fire and other damage to propoerty insurance
Currency	Z0030	EUR

		Year end (discounted data)
		C0360
Prior	R0100	-
N-9	R0160	-
N-8	R0170	-
N-7	R0180	-
N-6	R0190	-
N-5	R0200	-
N-4	R0210	-
N-3	R0220	2,182.42
N-2	R0230	4,363,742.00
N-1	R0240	5,119,105.11
N	R0250	6,209,020.11
Total	R0260	15,694,049.64

S.19.01.21. Gross discounted Best Estimate Claims Provisions

- Current year, sum of years (cumulative)

Line of business	Z0010	General liability insurance
Currency	Z0030	EUR

		Year end (discounted data)
		C0360
Prior	R0100	-
N-9	R0160	-
N-8	R0170	-
N-7	R0180	-
N-6	R0190	-
N-5	R0200	-
N-4	R0210	-
N-3	R0220	-
N-2	R0230	-
N-1	R0240	-
N	R0250	3,667,049.16
Total	R0260	3,667,049.16

S.19.01.21. Gross discounted Best Estimate Claims Provisions

- Current year, sum of years (cumulative)

Line of business	Z0010	Miscellaneous financial loss
Currency	Z0030	EUR

		Year end (discounted data)
		C0360
Prior	R0100	-
N-9	R0160	-
N-8	R0170	-
N-7	R0180	-
N-6	R0190	-
N-5	R0200	-
N-4	R0210	-
N-3	R0220	-
N-2	R0230	-
N-1	R0240	2,640.01
N	R0250	13,958.90
Total	R0260	16,598.90

S.23.01.01.01. Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	4,507,700.00	4,507,700.00		0.00	
Share premium account related to ordinary share capital	R0030	13941.00	13941.00		0.00	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0.00	0.00		0.00	
Subordinated mutual member accounts	R0050	0.00		0.00	0.00	0.00
Surplus funds	R0070	0.00	0.00			
Preference shares	R0090	0.00		0.00	0.00	0.00
Share premium account related to preference shares	R0110	0.00		0.00	0.00	0.00
Reconciliation reserve	R0130	41,022,776.92	41,022,776.92			
Subordinated liabilities	R0140	0.00		0.00	0.00	0.00
An amount equal to the value of net deferred tax assets	R0160	0.00				0.00
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0.00	0.00	0.00	0.00	0.00
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0.00				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0.00				
Total basic own funds after deductions	R0290	45,544,417.92	45,544,417.92	0.00	0.00	0.00

S.23.01.01.01. Own Funds (continued)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	45,544,417.92	45,544,417.92	0.00	0.00	0.00
Total available own funds to meet the MCR	R0510	45,544,417.92	45,544,417.92	0.00	0.00	
Total eligible own funds to meet the SCR	R0540	45,544,417.92	45,544,417.92	0.00	0.00	0.00
Total eligible own funds to meet the MCR	R0550	45,544,417.92	45,544,417.92	0.00	0.00	
SCR	R0580	13,453,421.39				
MCR	R0600	3,700,000.00				
Ratio of Eligible own funds to SCR	R0620	338.53%				
Ratio of Eligible own funds to MCR	R0640	1230.93%				

S.23.01.01. Reconcilaition Reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	45,544,417.92
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	4,521,641.00
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	41,022,776.92
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	-

S.25.01.21. Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	2,497,919.56		
Counterparty default risk	R0020	64,669.53		
Life underwriting risk	R0030	0.00		
Health underwriting risk	R0040	0.00		
Non-life underwriting risk	R0050	11,970,685.85		
Diversification	R0060	-1,674,546.26		
Intangible asset risk	R0070	0.00		
Basic Solvency Capital Requirement	R0100	12,858,728.68		

S.25.01.21. Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	594,692.71
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	13,453,421.39
Capital add-on already set	R0210	
Solvency capital requirement	R0220	13,453,421.39
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01. MCR Calculation

		MCR components
		C0010
MCRNL Result	R0010	3,065,093.74

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0.00	0.00
Income protection insurance and proportional reinsurance	R0030	0.00	0.00
Workers' compensation insurance and proportional reinsurance	R0040	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	R0050	0.00	0.00
Other motor insurance and proportional reinsurance	R0060	0.00	0.00
Marine, aviation and transport insurance and proportional reinsurance	R0070	0.00	0.00
Fire and other damage to property insurance and proportional reinsurance	R0080	16,524,924.33	8,204,536.46
General liability insurance and proportional reinsurance	R0090	3,310,132.99	4,199,300.00
Credit and suretyship insurance and proportional reinsurance	R0100	0.00	0.00
Legal expenses insurance and proportional reinsurance	R0110	0.00	0.00
Assistance and proportional reinsurance	R0120	0.00	0.00
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0.00	43,923.11
Non-proportional health reinsurance	R0140	0.00	0.00
Non-proportional casualty reinsurance	R0150	0.00	0.00
Non-proportional marine, aviation and transport reinsurance	R0160	0.00	0.00
Non-proportional property reinsurance	R0170	0.00	0.00

		C0070
Linear MCR	R0300	3,065,093.74
SCR	R0310	13,453,421.39
MCR cap	R0320	6,054,048.42
MCR floor	R0330	3,363,360.23
Combined MCR	R0340	3,363,360.23
Absolute floor of the MCR	R0350	3,700,000.00
Minimum Capital Requirement	R0400	3,700,000.00