CNP SANTANDER INSURANCE

CNP SANTANDER INSURANCE

Insuring all our futures

Solvency and Financial Condition Report

CNP Santander Insurance Europe DAC

FOR THE YEAR ENDING

31st December 2023

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INTRODUCTION

The report is intended to provide essential information about the solvency and financial position of **CNP Santander Insurance Europe DAC** (referred to hereafter as "**the Company**") as at 31st December 2023, including information on the governance of the Company and the management and mitigation of associated risks over the reporting period.

As at 31st December 2023, the Company is rated *medium-low* under the Probability Risk and Impact SysteM ("**PRISM**") risk rating of the Central Bank of Ireland ("**CBI**").

Regulatory background

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

Submission and Disclosure

This report is disclosed to the public in accordance with Article 301 of the Delegated Regulation which sets out the requirements regarding the publication of the SFCR. Accordingly, the Company will publish a copy of the latest report on its corporate website *www.cnpsantander.com* not later than the April, 7th 2024 and will keep the SFCRs publicly available to any party who requests them for up to 5 years following the disclosure date. A copy of the SFCR will also be submitted to the CBI within the timeline specified above.

Structure of the report

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

- *Section A* provides details on the business of the Company and an assessment of the Company's performance over the reporting period;
- *Section B* provides a description of the system of governance of the Company;
- *Section C* provides details on the risk profile of the Company and the management of risk exposures;
- *Section D* describes the valuation of the assets and liabilities of the Company for solvency purposes;
- *Section E* provides details on the calculation of capital requirements, and outlines the Company's approach to capital management; and
- *Appendix A* contains the required Quantitative Reporting Templates ("**QRTs**") for the Year End 2023 for information purposes.

EXECUTIVE SUMMARY

A. Business and performance

CNP Santander Insurance Europe DAC is an international insurance company that designs and manages insurance products in 12 European countries. The Company underwrites non-life insurance policies designed to meet the needs of Santander's customers by protecting them and their families in unexpected and difficult times. More specifically they are aimed at preventing financial loss arising typically from disability and unemployment, and in the case of Guaranteed Asset Protection and Extended Warranty, to prevent financial loss, or ensuring a longer warranty, with the arising of adverse events throughout the life of their financed goods.

Gross Written Premium ("**GWP**") in 2023 amounted to €474m (2022: €384m). Insurance result - calculated as *net earned risk premium net of incurred claims* - in 2023 amounted to €56m (2022: €54m). Net Investment Return in 2023 amounted to €7.1m (2022: €-0.08m – this figure has been reinstated under IFRS9/17) while Administrative Expenses were €14.7m (2022: €12.7m).

B. System of Governance

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

The Board of Directors retains primary responsibility for business decisions and corporate governance within the Company. The Board has established two delegated committees: the Risk Committee and the Audit Committee. However, the Board retains oversight of each of the committees and each committee has a documented Terms of Reference which evidences the functions delegated to them. As at December 31st 2023, the Board is comprised of 9 members, 2 of which are Independent Non-Executive Directors.

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

As at 31st December 2023 the Executive Committee is comprised of the CEO, Deputy CEO/Chief Transformation Officer, Deputy CEO/Chief Financial Officer, Chief Information Officer, Chief Risk Officer, Head of Legal, Head of Compliance, Head of Human Resource, Chief Operations Officer, Chief Business Development Officer and the Branch Manager.

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

C. Risk profile

As at 31st December 2023, the Company is rated medium-low under the PRISM risk rating of the CBI. Section C of the report mainly details the measures, exposures, and mitigating actions for each of the following categories of risk: Underwriting Risk, Market Risk, Credit Risk, Liquidity Risk, and Operational Risk.

There was no material change in the risk profile of the Company over the reporting period, the invasion in Ukraine still represents a material risk event for the company and the whole industry. A summarised section has been included under Section C.7 of this report.

D. Valuation for solvency purpose

There are no differences between the Solvency II valuation basis and that used for International Financial Reporting Standards ("**IFRS**") with exception of the Reinsurance Assets.

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

- A claims reserve based on the accounting provisions established for claims *In Course of Payment ("**ICOP**")*, claims *Reported But Not Settled ("**RBNS**")* and claims *Incurred But Not Reported ("**IBNR**")*. This is referred to as the "*BEL - claims reserves*" for Solvency II reporting purposes; and
- A premium reserve in respect of future unearned exposure. The premium reserve is represented by the Unearned Premium Reserve ("**UPR**") on the Financial Statements. This is referred to as the "*BEL – future cashflows*" for Solvency II reporting purpose.

The *RM* is the cost of holding sufficient capital to back the SCR over the lifetime of the obligations. The cost of capital rate is set in the Solvency II Delegated Regulations to be 6% - above the risk-free rate. The cashflows are discounted using the relevant risk-free rates for each currency to obtain the BEL. As at 31st December 2023, the Technical Provisions amounted to €322m (2022: €267m), of which €296m of BEL and claims reserves, and €26m of RM.

E. Capital management

The main objective of the Company's Capital Management Policy is to ensure that capital is kept adequate at all times, in order to maintain the financial stability of the Company through a sound and effective allocation of capital along the business; sustain the execution of the Company's business plan; protect the best interest of the policyholders; and comply at all times with the regulatory requirements, as set by the CBI and EIOPA respectively at local and European level. This is achieved through a prudent management of the own funds on a continuous basis.

Quality of own funds is continuously monitored to ensure that sufficient eligible own funds are maintained at all times to cover the Solvency Capital Requirement and Minimum Capital Requirement ("**MCR**"). The Company reviews the level and eligibility of own funds at least on quarterly basis, as part of the QRT's production.

Own Funds are projected at least on an annual basis as part of the Own Risk and Solvency Assessment ("**ORSA**") process, according to the Company business plan projections, with the aim to assess the capital requirements in the medium to long term and identify any capital management action, where required. These projections provide a forward-looking

perspective on the Company's risk profile, solvency needs and level of own funds required over the business plan horizon. The results of projections made in the ORSA will be used by the Company to develop the medium-term capital management plan and define the *Target Solvency Cover* (defined as an internal prudential margin in excess of the SCR), to ensure the capital requirements are met and are aligned to with the underlying risk of the Company.

Own Funds are Tier 1 and amounted to €370m in 2023 (2022: €309m). Own Funds have slightly increased over the reporting period in line with the growth of the portfolio and are expected to grow in line with the business plan projections over the next 5 years.

The Company has used the Standard Formula for the calculation of the SCR. The SCR for the Company on 31st December 2023 is €238m (2022: €189m). The MCR for the Company on 31st December 2023 is €71m (2022: €52m).

As at 31st December 2023, the SCR coverage ratio is 155% (2022: 164%) and the MCR coverage ratio is 521% (2022: 591%).

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

Name and Legal form

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

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

The Company's operating and registered address is: *2nd Floor, Three Park Place, Hatch Street Upper, Dublin 2, Ireland*

The Company's registered number is: 488062.

The Legal Identifier Code of the Company is: 6354001NC5BJ3Z7GSG05.

Supervisory authority

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

Company Institution Code is: C85775.

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

External Auditor

Mazars Chartered Accountants and Registered Auditors.

Registered Office: *Block 3 – Harcourt Centre, Harcourt Road, Dublin 2, Ireland*

Firm Registration Number: AI221855

Shareholders structure

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

Shareholder structure	
51% Ordinary Shares	**49% Ordinary Shares**
CNP ASSURANCES S.A.	Santander Insurance S.L.

The Company was fully owned by Santander Insurance S.L. until 16th December 2014, when Santander Insurance S.L. sold 51% of its shareholding capital to one of the largest insurance companies in France, CNP Assurances S.A., as part of a long-term strategic partnership creating a powerful alliance of distribution and insurance expertise across Europe. As part of the joint venture, the Company has changed its name from *Santander Insurance Europe Limited* to *CNP Santander Insurance Europe DAC*, in accordance with the rebranding strategy and in compliance with the Companies Act, 2014.

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

Following a change of structure on the 20th December 2023, Banco Santander transferred it's shareholding to Santander Insurance S.L.

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

As a result of the joint venture transaction on 16th December 2014, the Company is classified a subsidiary of CNP Assurances S.A. as part of its Group companies. Under the terms of the agreement, Santander Consumer will distribute, on an exclusive basis and within certain European territories, a range of insurance products to be underwritten by the Company.

Holding company and holder of qualifying holdings

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

Registered Office: CNP Assurances S.A., Issy-les-Moulineaux, 4 promenade Cœur de Ville, 92130, France.

CNP Assurances' historical shareholders as from the IPO in October 1998 were Caisse des Dépôts, La Banque Postale and BPCE (whose interests were held through a joint holding company, Sopassure), and the French State. They were united by a shareholders' agreement.

As part of the creation of a major public financial centre announced by the public shareholders of CNP Assurances on 30th August 2018, exchanges and transfers of shares were carried out between the French State, Caisse des Dépôts, La Poste and La Banque Postale on 4th March 2020.

Over the course of 2020 and 2021 La Banque Postale acquired the shares from Caisse des Dépôts, the French State and the BPCE.

On 16th March 2022, La Banque Postale filed a draft public offer with the Autorité des marchés financiers (AMF) a proposed simplified public offer for the shares of CNP Assurances. At close of the simplified tender offer, La Banque Postale held 97.67% of the capital and 98.49% of the voting rights of this company. A squeeze-out process took place on 20th June 2022 resulting in the delisting of the CNP Assurances S.A share. CNP Assurances S.A is now 100% owned by La Banque Postale.

The other direct shareholder of the Company is Santander Insurance S.L.

Voting rights

As at 31st December 2023, the shareholders of the Company collectively hold 53,000,000 ordinary shares €1 each. Voting rights of the shareholders are as follows:

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

Material line of Business and geographical areas

CNP Santander Insurance Europe DAC is an international insurance company that designs and manages insurance products in 12 European countries through an exclusive distribution agreement with Santander Consumer Finance, a division of Santander Insurance S.L., which is a specialist and leading provider of consumer finance in Europe.

The Company underwrites non-life insurance policies designed to meet the needs of Santander's customers by protecting them and their families in unexpected and difficult times. More specifically they are aimed at preventing financial loss arising typically from disability and unemployment, and in the case of Guaranteed Asset Protection and Extended Warranty, to prevent financial loss, or ensuring a longer warranty, with the arising of adverse events throughout the life of their financed goods.

These products are typically packaged as credit or income protection and distributed either at the time a credit is agreed or soon afterwards via point of sales, telemarketing and digital channels.

Significant business or external events over the reporting period

CNP Assurances S.A. continues to maintain strong financial strength ratings with an A+ rating received from Standard and Poor's in November 2023, an A+ rating from Fitch received in October 2023, and an A1 rating received from Moody's in June 2023.

A.2 Underwriting Performance

Underwriting performance by material line of business and geographical area

Overall, the Company performed reasonably well from an underwriting perspective with €474m (2022: €384m) of GWP collected over the period, net of cancellations and Insurance Premium Tax, where applicable. The breakdown by country is shown below:

Gross Written Premiums* (by geographical area)	Breakdown %	2023 €M	2022 €M	Movement €M
Payment Protection Products	22.0%	104.2	159.8	-55.6
Germany	7.5%	35.4	90.7	-55.3
Poland	-0.3%	-1.4	10.7	-12.1
Spain	1.5%	7.1	0.4	6.7
Italy	3.5%	16.5	13.4	3.1
Nordics - *Norway, Denmark, Sweden, Finland*	7.6%	36.1	28.4	7.7
Austria	1.9%	8.8	14.7	-5.9
Belgium	0.2%	1.0	0.9	0.1
Portugal	0.1%	0.7	0.5	0.2
GAP and Other Ancillary	32.6%	154.4	88.2	66.2
Germany	29.7%	140.5	79.5	61.0
Spain	1.8%	8.5	6.1	2.4
Italy	1.1%	5.2	2.4	2.8
Portugal	0.0%	0.2	0.2	-0.1
Lifestyle	45.4%	214.8	135.8	79.1
Germany	41.3%	195.6	122.8	72.8
Poland	2.4%	11.3	6.0	5.3
Spain	0.0%	0.2	0.2	0.0
Italy	1.2%	5.7	5.3	0.4
Denmark	0.0%	0.0	0.0	0.0
Austria	0.4%	2.0	1.5	0.5
TOTAL	**100%**	**473.5**	**383.8**	**89.7**

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

Overall GWP has increased compared with 2022. This increase was driven by a change in business mix in Germany with new products having a greater proportion of Non-Life covers.

Underwriting performance compared to prior year as per financial statements

The underwriting performance is reflected by the *Insurance Result*, which is calculated as *net earned risk premium net of incurred claims*. The Insurance Result, including a comparison with prior year, is shown below by country:

Insurance Result (by geographical area)	2023 €M	2022 €M	Movement €M
Payment Protection Products	27.8	32.1	-4.3
Germany	17.5	18.4	-0.9
Poland	4.9	5.2	-0.3
Spain	0.3	0.3	0.0
Italy	3.1	2.4	0.7
Nordics - *Norway, Denmark, Sweden, Finland*	2.6	4.4	-1.8
Austria	-0.3	1.6	-1.9
Belgium	-0.3	-0.1	-0.1
Portugal	0.0	0.0	0.0
GAP and Other Ancillary	17.4	19.9	-2.5
Germany	15.9	18.4	-2.5
Spain	1.1	1.3	-0.2
Italy	0.3	0.1	0.2
Portugal	0.0	0.0	0.0
Lifestyle	10.9	2.6	8.3
Germany	9.9	0.9	8.9
Poland	0.2	1.4	-1.2
Spain	0.0	-0.3	0.3
Italy	0.3	0.4	-0.1
Denmark	0.0	0.0	0.0
Austria	0.5	0.2	0.3
TOTAL	**56.0**	**54.5**	**1.5**

The overall underwriting result has increased slightly compared with 2022. This is largely due to the increase in the Lifestyle channel in Germany. Germany accounts for 77% of the overall underwriting performance.

A.3 Investment Performance

Investment performance compared to prior year as per financial statements

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

The figures of the investment performance for 2023 and 2022, as reported in the Company's Financial Statements, are as follows:

Investment Return	2023 (€/000)	2022 (€/000)
Net Investment Return	**7,104**	**(79)**

The Net Investment Return, which consists of interest income on the Company's investment portfolio, has increased compared to the previous year. The significant increase is primarily due to the recognition of losses on funds in 2022 and gains in 2023. There is also an increased return on fixed income bond investments in 2023 as well as deposit interest earned.

The following investment return was recorded in the 2023 Company's Profit and Loss account:

- *Portfolio Accounting Yield 1.18% (2022: 0.57%)*

Overall, the Company's risk appetite for investments is low, assets are highly rated and average asset duration is less than 2 years matching the short-term nature of the Company's products.

Investment and expenses by asset class

The following investment income was recorded in the Company's *Statement of Comprehensive Income*:

Net Investment Income by asset class	2023 (€/000)	2022 (€/000)
Net Interest Income from Fixed Income investments	4,481	3,001
Net Income from other sources	2,623	(3,080)

Investment income comprises dividends, interest earned less premium amortised, along with gains and losses whether realised or not on collective investment undertakings and expected credit loss (ECL) movements on fixed income assets. Income is recognised in the *Statement of Comprehensive Income* in the period in which it arises. Interest is accounted for on a time proportion basis and premium on acquisition of fixed income assets is amortised to the profit and loss on a straight-line basis.

Fixed income bonds are classified as 'Fair Value Through Other Comprehensive Income Recyclable' and changes in market value are recorded in equity in accordance with IFRS. Collective Investment Undertakings are classified as 'Fair Value Through Profit and Loss' with changes in market value recorded in the statement of comprehensive income in accordance with IFRS 9.

The Company strategy is to hold assets until their maturity unless circumstances prevail that require a disposal.

Gains and losses recognised directly in equity

The following *movements* in investment gains / losses were recorded in the Company's *Statement of Financial Position*:

Gains and losses recognised directly in equity	2023 (€/000)	2022 (€/000)
Gain / (Loss) on Fixed Income Assets	21,140	(44,270)
Total unrealised gain / (loss)*	**21,140**	**(47,270)**

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

Investment in securitisation

There are no investments in securitisation.

A.4 Performance of other activities

Description of other material income

There is no other material income to report.

Description of other material expenses

Other material expenses	2023 (€/000)	2022 (€/000)
a. Administration expenses	14,657	12,749
b. Foreign exchange (gain)/loss	(1,534)	912

a. Administration expenses are comprised of expenses recharged from the service company CNP Santander Insurance Service Ireland Limited and directly attributable costs. The allocations basis for expenses is the insurance result of the Company and its sister company CNP Santander Insurance Life DAC. In line with the growth in the business, the administration expenses have increased year-on-year.

b. Exchange rate differences on monetary items are recognised in the profit and loss in the period in which they arise. The Company has operations in Poland, Norway, Denmark and Sweden that give rise to foreign exchange gains and losses.

A.5 Any other information

The Company has met all the regulatory requirements during the financial year 2023. The 2023 Financial Statements of the Company have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

There is no additional material information relating to business or performance.

B. SYSTEM OF GOVERNANCE

B.1 General information on the System of Governance

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

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

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

The Company is subject to the Corporate Governance Requirements for Insurance Undertakings 2015, as issued by the CBI, under which the Board may delegate authority to sub-committees or management to act on behalf of the Board in respect of certain matters. In this regard, the Board has established two delegated committees: Risk Committee and Audit Committee. However, the Board retains oversight of each of the Committees and each Committee has a documented Terms of Reference which evidences the functions delegated to them.

The *Risk Committee* holds responsibility for oversight and advice to the Board on the current risk exposures of the Company and related risk strategy, taking account of the Board's overall risk appetite, the current financial position of the institution and, the capacity of the Company to manage and control risks within the agreed strategy. The Risk Committee oversees the Risk Management Function, which is managed on a day-to-day basis by the CRO.

The *Audit Committee* holds responsibility for: monitoring the effectiveness and adequacy of the Company's internal control and internal audit; liaising with the external auditor particularly in relation to their audit findings; reviewing the integrity of the Company's financial statements and ensuring that they give a "true and fair view" of the financial status of the Company; reviewing any financial announcements and reports and recommending to the Board whether to approve the Company's annual accounts; and assessing auditor independence and the effectiveness of the audit process.

Further responsibilities of the Risk Committee and Audit Committee are specified in the Terms of Reference for each Committee as approved by the Board and reviewed at least on an annual basis. For reference, below is the list of Board and sub-committee membership structure as at Year End 2023:

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

*Includes Chairperson

The Board has delegated certain matters to the CEO under the Board Terms of Reference and Matters Reserved for the Board's Remit. The Executive Committee is an internal functional committee which assists the CEO in the execution of the strategy as determined by the Board and to discuss matters of significance to the Company. The Terms of Reference of the Executive Committee specify the matters which are reviewed and discussed by the members.

As at 31st December 2023, the Executive Committee is comprised of the CEO, Deputy CEO/Chief Transformation Office, Chief Financial Officer, Chief Information Officer, Chief Risk Officer, Head of Legal, Head of Compliance, Head of Human Resource, Chief Operations Officer, Chief Business Development Officer and the Branch Manager.

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

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

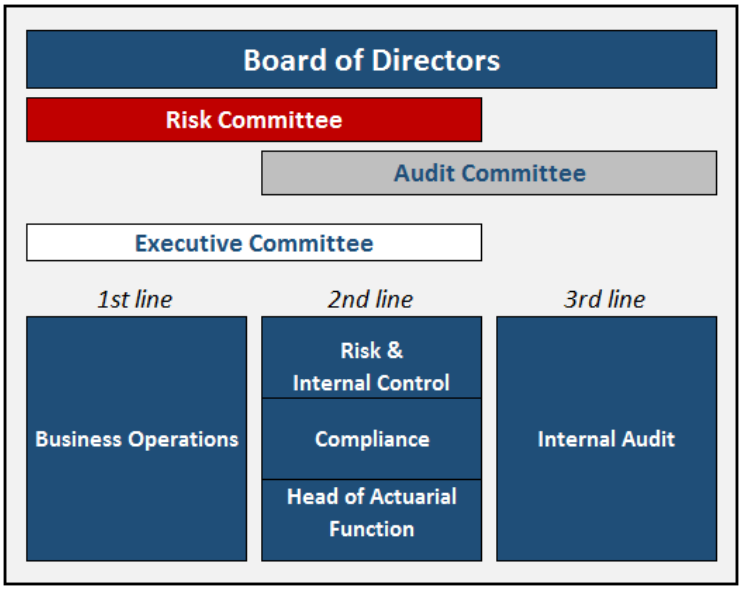
The Company has established the four key functions required under Solvency II and under the Corporate Governance Requirements for Insurance Undertakings 2015. As at 31st December 2023, the positions of the key function holders are as follows:

- **Actuarial (PCF-48):** Head of Actuarial Function ("**HoAF**") *-;* Reports to Deputy CEO/Chief Transformation Officer
- **Internal Audit (PCF-13):** Head of Internal Audit - *Outsourced;* Reports to Audit Committee
- **Risk (PCF-14):** Chief Risk Officer; Reports to CEO
- **Compliance (PCF-12):** Head of Compliance; Reports to CEO

The CEO is the individual responsible for the performance of the afore mentioned outsourced relationship within the Companies.

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

The key functions are fully implemented and integrated within the Company's internal governance structure, which operates at three levels of increasing independence, and can be described through the *three lines of defence model,* as per the following illustration:



The key function holders must comply with the "Fitness and Probity" regime of the CBI, where required. Further details are explained in section B.2.

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

The Board is responsible for oversight of the System of Governance and considers it to be effectively providing for the sound and prudent management of the business and adequate in respect of the operations, risk profile and PRISM risk rating of the Company. The Board has satisfied itself as to the appropriateness of all policies and that all key functions such as Risk Management, Internal Audit, Compliance and Actuarial maintain their independent roles and have adequate resources and authority to operate effectively.

The Company is subject to the Corporate Governance Requirements for Insurance Undertakings 2015 but does not fall in scope for the additional requirements for major institutions due to its medium-low PRISM rating at December 2023. The Company has complied with all the corporate governance requirements during the year 2023, including continuous compliance with the Pillar 2 requirements of the Directive.

The System of Governance is subject to regular internal review, the scope and frequency of which is determined by the Board. Any findings and conclusions of these reviews are reported to the Board.

In 2021, the Company established the Management Committee, an advisory and governance committee of the Company established under the specific authority of the CEO, with the primary role to assist the Executive Committee in fulfilling its responsibilities in the management of the Company.

Material changes in the governance structure since last reporting period

There were no material changes in the governance structure since last reporting period.

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

The Company has an approved Remuneration Policy in place which includes the relevant principles regarding how members of staff are remunerated.

The package includes fixed and variable remuneration, and currently includes fringe benefits such as company pension scheme, death in service benefit, medical insurance and permanent health insurance. Variable remuneration is decided separately for each eligible employee and rewards employees based on individual performance and the performance of the Company in relation to a set of objectives. It contributes to the process of rolling down strategic objectives and helps management to motivate and reward the best talents. Also, a specific scheme has been established for "*material risk takers*" in line with the new remuneration rules contained in Solvency II.

Material risk takers are considered to include the persons who effectively run the business, the heads of the four key support and control functions (*internal audit, actuarial, compliance and risk management*) and all other categories of staff whose professional activities have a material impact on the Company's risk profile.

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

There were no material transactions over the reporting period. Transactions with members of the *administrative, management and supervisory bodies* are only related to the Directors' emoluments as reported in the Financial Statements of the Company.

B.2 Fit and Proper Requirements

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

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

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit);

- they are of good repute and integrity (proper); and
- they are financially sound.

Each proposed individual is required to certify that they are aware of the Fitness and Probity Standards and agree to abide by those Standards. They are also required to certify that they are not aware of any issues that may put their fitness or probity in doubt.

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

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

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

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

- Copy of identification documents (e.g. passport);
- Evidence of their professional qualifications, education and continuous professional development, where applicable;
- Copy of their curriculum vitae;
- Interview notes and the individual's application (where applicable) for the position;
- References;
- Record of previous experience, knowledge and expertise gained both within Ireland and outside the State; and
- Searches carried out against the individual (judgment, bankruptcy and directorships searches via an external provider, searches against regulatory websites to check if the individual has not been sanctioned or worked for a company which has been sanctioned by a supervisory authority).

The Fitness & Probity Policy specifies that individuals proposed for PCF positions must receive the approval from the CBI prior to individual commencing performance of the PCF role within the Company.

Upon satisfactory completion of due diligence for an individual proposed to a PCF role, the individual must populate the Individual Questionnaire for submission to the CBI for approval. Any offers of employment issued to the individuals proposed for the performance of a PCF role will be issued subject to the following qualification: "This shall not be taken to be an offer for the purposes of Section 23 of the Central Bank Reform Act 2010 unless and until approval is granted by the Central Bank of Ireland".

Reviews of CF and PCF roles are completed at least on an annual basis. The CF and PCF must certify to the Company that there is no change in circumstances which would result in non-compliance with the Standards and agree to continue to abide by those Standards. The HR Function reviews the information and documentation provided as part of the Company's

Fitness and Probity Procedure and carries out searches against the individuals or outsourced party identified as PCF and CF holders to verify responses provided. Outcome of the annual review is reported to the Board of CNP Santander Insurance Europe DAC.

In accordance with the Regulations and CBI's Guidelines, the Company shall notify the CBI immediately if:

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

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

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

The Company's Risk Management Framework defines the way in which the various components and activities associated with risk management interact across the business ensuring effectiveness in the identification, reporting and continuous monitoring of risks. The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives by ensuring risks within the Company are effectively managed in line with the business strategy. This framework aims to ensure the business strategy is executed within the defined risk appetite and tolerance levels, according to the risk strategy as documented within the Risk Appetite Statement of the Company.

The Risk Management Framework shall include at least the following elements:

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

To this end, the Company has both a risk management framework, including risk appetite statement, and an internal control framework in place.

The main activities of the Risk Management Framework can be illustrated as follows:

Component	Activity	Minimum frequency
Risk Identification	Universe of Inherent and Residual Risks / Top Risks	Semi annually
Risk Strategy/ Risk Appetite	Risk Appetite Statement	Annually
Risk Management Policies	Documented Risk Management Policies	Annually
Risk Governance	Executive Committee Risk Committee Risk, Actuarial and Finance Forum Group Risk Technical Committee	Monthly Quarterly Quarterly Quarterly
Risk Controlling	Key Control Testing Business Process Reviews	Ongoing Annually
Risk Monitoring	Key Risk Indicators, Top Residual Risks, Risk Incident Log, Internal Control Deficiencies	Monthly Ongoing
Risk Reporting	Group Risk Reporting Solvency II: ORSA, SFCR, RSR Recovery Plan	Quarterly Annually Every 2 years
Risk Culture	Risk Culture Assessment	Semi annually

Risks are monitored on a regular basis through the Risk Dashboard. The Company has adopted the macro classification of 'PRISM Risks' of the CBI, as recommended to insurance and reinsurance undertakings. These risks are monitored on a regular basis together with the 'Top Risks' and are classified by the following categories of risk: Claims & Reserving, Pricing & Underwriting, Capital, Counterparty, Investment, Operational, Conduct, Strategic, Governance, and Environmental.

For each category of risk, qualitative and quantitative Key Risk Indicators are identified which are monitored to ensure that risk exposures fall within the risk appetite of the Company. Key Risk Indicators are reviewed by the Board and developed on an ongoing basis to ensure alignment with the evolution of the business strategy and any changes to the Company's risk profile, risk appetite and policies. Any risk exposure outside tolerance levels of the Risk Appetite Statement is escalated to the Board for review and the implementation of a potential remedial action plan is considered, where required; *material deviation* from tolerance levels shall be reported to the CBI according to the Corporate Governance Requirements. The Risk Management Function reports the status of the Company's risks which have the highest exposure, monitors the effectiveness of related controls and tracks the corresponding action plans on a regular basis, as part of the Risk Dashboard.

The Risk Management Function performs risk reporting to the Board/Risk Committee and Group Risk Division on a quarterly basis, to the Executive Committee on a monthly basis, and to the other internal committees such as the Risk, Actuarial & Finance Forum ("RAFF"). Also, it reports to the Group Risk Technical Committee on an annual basis. Roles and responsibilities are clearly defined within the Company's Risk Management Policies.

The Company has established several policies focusing on the management of business risks and also monitors a set of specific metrics on a regular basis as detailed below. This enables management to assess the overall risk exposure, the compliance with internal and regulatory requirements, to determine which risks and what level of risk the Company is prepared to accept, and the adequacy of planned mitigating strategies.

As at 31st December 2023 and in accordance with the Pillar II of the Directive, the Company has risk management policies in place in the following areas: Underwriting, Reserving, Reinsurance, Capital Management, Investment, Asset Liability

Matching and Liquidity, Valuation of Asset and Liability, Operational Risk, Outsourcing, Business Continuity, Reporting and Public Disclosure, ORSA, Risk Management, Data Quality, Internal Control, Internal Audit, Compliance, Remuneration, Fit & Proper and Deferred Tax.

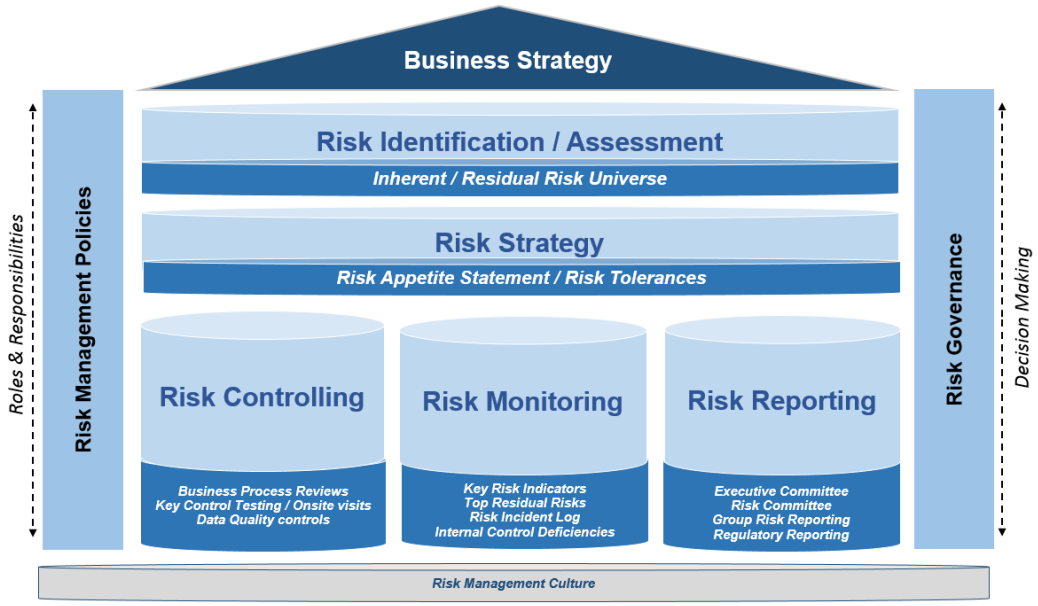
A description of how the RMS including the risk management function are implemented and integrated into the organisational structure and decision-making processes

The CRO is a member of the Executive Committee and reports directly to the CEO and Risk Committee. The Board has primary responsibility for determining the Company's risk appetite in alignment with the business strategy.

The Risk Management function interacts with other functions as a 'Key Function' - according to the *Directive* - and as a '*second line of defence'* - according to the *three lines of defence* model - with the purpose of carrying out its role of providing assurance to the business and, in a broader level, to the stakeholders, enhancing and supporting the decision-making process of the Company at the same time.

The role of the Risk Management Function is to assist the Board and management in the effective operation of the Risk Management Framework. This involves monitoring both the Risk Management Framework and the general risk profile of the Company as a whole. Other tasks of the Risk Management Function are identifying and assessing emerging risks, reporting on risk exposures, and advising in relation to strategic matters. In fulfilling its role, the Risk Management Function works closely in co-operation with the other *key functions* and operates independently from the operational areas of the business.

The link between business strategy and risk management can be illustrated through the Risk Management Framework of the Company as follows:



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

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

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

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

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

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

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

The Board uses the ORSA process in order to gain a comprehensive picture of the risks the Company is exposed to or could face in the future and to understand how these risks could translate into capital needs or alternatively require mitigation actions.

The ORSA is an integral part of the business strategy and is considered on an ongoing basis in the strategic decisions of the Company, especially in relation to the capital management of the Company. The Board has the ultimate responsibility for agreeing the ORSA shocks and for determining the Target Solvency Cover of the Company and the capital management plan in the short and long horizons, according to the key output of the ORSA process.

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

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

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

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

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

The Board considers it sufficient to perform the ORSA process on an annual basis given the nature, scale and complexity of the business. Ad-hoc Capital Management and ORSA workshop, where stress tests and results are reviewed, are carried out through the year between senior management and Directors of the Board. It is possible that an ORSA might also be required outside the regular timescales in case of specific events as set out in the circumstances below:

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

Where the above situations arise, the CEO, supported by the CRO and the HoAF, will discuss and make a recommendation to the Board of Directors on how to proceed. The timing of changes, as well as their materiality, will be taken into consideration. Depending on the event, the Board of Directors may require that an ad-hoc Board Meeting be held.

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

The evolution of the Company's risk profile and the ability to stay within the defined risk tolerances impact upon the overall solvency needs and capital management of the Company. The results of the ORSA process feed into the review of the "Target Solvency Cover" of the Company, as documented within the ORSA Report and the Risk Appetite Statement of the Company.

The annual identification and assessment of risks is a key activity of the ORSA process for the definition of stress tests and impact analysis. In this regard, the Group ORSA process requires the Company to define its own set of assumptions in relation to stress tests and financial projections according to the risk profile of the Company.

The results of projections made in the ORSA will be used by the Company to develop the medium-term capital management plan and define an additional threshold or tolerance level, internally named "Target Solvency Cover", for the Solvency II coverage ratio, with the aim of ensuring the capital requirements are met and aligned with the underlying risk of the Company. The Board and executive management are aware that any material changes to the business or deviations from the current Business Plan could lead to a reduction to solvency cover/ratio, in which situation the ORSA figures should be revisited to investigate the impact of such a change on the solvency and capital position of the Companies.

The ORSA process shall demonstrate continuous compliance with the Target Solvency Cover, including recommendations for management actions in order to meet the target during the execution of the Company Business Plan. The Target Solvency Cover is determined by the Board and documented within the Risk Appetite Statement of the Company.

In case of breach or potential breach of the Target Solvency Cover, the Board will review the capital management plan according to the regulatory requirements, after consultation with the Group and subject to the opinion of the Head of Actuarial Function.

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

The Company does not use an Internal Model.

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

The Company does not use an Internal Model.

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

The Company does not use an Internal Model.

B.4 INTERNAL CONTROL SYSTEM

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

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

- Supporting all business areas in creating, documenting and reviewing processes and identifying operational risks and controls;
- Testing all key controls throughout the year to ensure operating effectiveness;
- Managing and co-ordinating the reviews and testing for all third-party administrators ("**TPAs**") and intermediary entities in each country;
- Working closely with internal and external audit, where applicable; and
- Ensuring accurate and regular reporting to the Executive Committee, Audit Committee and Group Operational Risk & Internal Control Department.

Internal control consists of five interrelated components:

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

The controls are performed at three levels within the Company:

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

Description of how the compliance function was implemented

The Compliance Function interacts with other functions, being a *second line of defence* of the Company, and contributes to reinforcing the risk control framework of the Company. The function is responsible for the management, monitoring and reporting of compliance risks to which the Company is exposed. The function is led by the Head of Compliance who is a member of the Executive Committee and reports directly to the CEO and Chairperson of the Board Risk Committee. The Board is ultimately responsible for compliance by the Company with its legal and regulatory obligations and for creating the compliance culture within the Company. The Compliance Function carries out the following activities:

- Promotes and embeds within the Company a culture of compliance consistent with the principles of the Code of Conduct;
- Establishing written guidance to staff on the appropriate implementation of compliance laws, rules and standards through policies and procedures and other documents such as compliance processes, internal codes of conduct and practice guidelines;
- Monitoring of new regulations, regulatory changes and guidance issued by supervisory authorities in order to assess the impact of these on the Company;
- Identifying, documenting and assessing compliance risks associated with the business activities of the Company
- Ensuring ongoing compliance with regulatory requirements through ongoing risk-based monitoring and compliance reviews;
- Annual training and awareness for directors, management and staff on compliance matters;
- Attendance at regular functional committees within the Company and advising senior management and the Board on compliance with laws, regulations, standards, including upcoming regulatory developments;
- Overseeing the resolution of identified compliance issues and reporting on the investigation and remediation of issues to management and the Board;
- Reporting to the Board and its committees on compliance related matters.

B.5 Internal Audit Function

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

The Internal Audit Function operates in accordance with the Standards for Professional Practice of Internal Auditing as adopted by the institute of Internal Auditors in the UK and Ireland and other relevant codes of conduct and is independent from the operational functions.

As a *third line of defence* and as an independent, objective assurance and consulting activity, the Internal Audit Function assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The Internal Audit Function implements and maintains an audit plan setting out the audit work to be undertaken in the upcoming years, taking into account all activities and the complete system of governance. The Function takes a risk-based approach in deciding its priorities. Internal audit establishes its programme on the basis of a multi-year vision to cover the audit scope as part of a periodicity not exceeding 3 years.

The annual audit plan also systematically considers strategic guidelines within CNPSI and changes in the legal and regulatory environment. The annual plan remains flexible to consider developmental, economic, organisational, managerial, and business risks. Changes made are explained in the context of the annual review presented to the CNPSI Audit Committee. The multiyear and annual audit plan must be coordinated and reviewed by the Head of Group Internal Audit before its approval by the CNPSI Audit Committee.

Internal Audit can conduct missions on, but is not limited to, the following:

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

Each mission contains the following:

1. Mission statement – terms of reference defining the scope, nature and objectives of the mission.
2. Course of the mission – findings identified and review of recommendations addressed in a previous audit performed.
3. Draft report - findings and recommendations ranked per the residual risk level; and
4. Final report – management responses to recommendations including action plans, person responsible and due date.

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

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

Description of how its independence and objectivity is maintained

The Internal Audit Function reports directly to the Chairperson of the Audit Committee of the Company for functional purposes. The function also reports to the Head of Group Internal Audit in terms of adherence to Group framework, policies, methodologies etc., and administratively to the local CEO.

This reporting arrangement protects both the authority and the independence of the Internal Audit Function allowing Internal Audit direct and unrestricted access to senior management and the Board.

The Board member ultimately responsible for Internal Audit within the Company is an Independent Non-Executive Director - member of the Board and chair of the Audit Committee - and is subject to the Fitness & Probity regime of the CBI.

B.6 Actuarial Function

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

The Actuarial Function is implemented according to the regulatory requirements of Solvency II including the *Pre-Approved Controlled Function* (PCF-48) role of Head of Actuarial Function. The HoAF is subject to the Fitness & Probity regime of the CBI, is part of the second line of defence, reports to the Deputy CEO/Chief Transformation Officer and shall maintain its role of independence and assurance within the Company.

The actuarial teams in the Company is responsible for the day-to-day actuarial activities within the Company. With this regard, both the Head of Reserving and Capital and the Head of Pricing within the Company assume responsibilities for the first line of defence, also helping ensure that the specific aspects of the HoAF role remain independent. The HoAF has overall responsibility for the tasks of the Actuarial Function and hence overall responsibility for the reliability and adequacy of the technical provisions.

The key activities of the Actuarial Function include:

- Co-ordination and calculation of Technical Provisions;
- Ensuring the appropriateness of the assumptions, methodologies and models underlying the calculation of the Technical Provisions;
- Assessing sufficiency and quality of data used in the calculation of Technical Provisions;
- Monitoring actual versus expected experience;
- Setting the pricing for new products and monitoring their performance;
- Informing the Board of the reliability and adequacy of the calculation of Technical Provisions.

Some of the key deliverables of the Reserving team are production of quarterly and annual QRTs; definition of stress tests as part of the ORSA; production of sensitivities; review of Solvency II Reserving Risk Management Policy; review of Solvency II related processes. The Reserving and Capital team within the Finance Department is responsible for the production and review of the aforementioned items. A Technical Committee assists the CEO and Executive Committee in effectively managing the oversight of reserving, claims and capital risks as well as experience monitoring.

In relation to underwriting, the Head of Pricing, is responsible for the definition of the product pricing and the effectiveness of the operational controls related to the underwriting. In 2021, a separate Product Oversight & Governance (POG) function was established with the key objective to ensure that all Product Oversight & Governance requirements as defined within IDD are effectively met by the Company. The Head of The POG reports to the Head of Compliance. A Product Committee assists the CEO and Executive Committee in managing the oversight of the Product Oversight & Governance risks.

Sustainability risks are considered in all the work of the actuarial function.

B.7 OUTSOURCING

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

The Company has an Outsourcing Risk Management Policy and related processes in place which sets out the framework followed by the Company when entering a new outsourced relationship and for continuous monitoring of existing providers.

The outsourcing framework is developed according to the risk profile of the Company; the Directive requirements; and, the related CBI and EIOPA guidelines and requirements.

The key aspects covered by the policy include the following:

- the criteria for determining the criticality of functions and activities within the Company;
- the process for engaging new outsourcers, including all the steps required before the signing of the agreement (assessment of provider criticality; due diligence reviews; notification of material outsourcing to the regulator);
- the details to be included in the written agreement with the service provider;
- the criteria for managing cloud providers, intra-group and sub-outsourcing;
- the framework for the monitoring and management of existing outsourced services.

The Company carries out a comprehensive risk-based due diligence reviews before entering outsourcing arrangements and during the outsourced relationship with the frequency depending from the *criticality* of the service provided. The due diligence review is carried out with the aim to provide comfort that the service provider is financially sound and has all the necessary controls, processes, and measures in place to provide the required service as set out under the agreement.

Material outsourcing arrangements are notified to the CBI at least six weeks before the outsourcing is due to come into effect, in accordance with the "Notification Process for (Re)Insurance Undertakings when Outsourcing Critical or Important Functions or Activities under Solvency II" guideline.

The Company's Outsourcing Framework sets the criteria for determining the criticality of a function or activity. "Critical" activities are those deemed essential for the activity of the Company having regard to the fact that the Company could not deliver its service to its customers without these functions or activities. This definition is in line with Article 49 of the Directive.

The following activities have been identified as *critical* within the Company:

CRITICAL FUNCTIONS OR ACTIVITIES
Product design and pricing
TPA activities (claims handling, complaints handling, cancellation, policy administration)
Reserving process, including calculation of technical provisions
Information Technology Services which are required to enable the critical business services defined in the Business Continuity
Solvency II returns, including ORSA, SFCR and RSR production
Provision of storage of large quantities of sensitive and personal data as defined in the Company's Data Protection Policy
Investment and Asset management
Accounting
Tax and Banking services
Provision of on-going Risk Management, Compliance, Actuarial or Internal Audit services, all defined as Key Functions as
Other activities required to ensure compliance with the applicable regulatory obligations (e.g. AML)
Ad-hoc or one-off activities considered important for the execution of activities strictly related the business strategy of the

The list of the critical functions or activities outsourced as at Year End 2023 is as follows:

Service	Operating country	Jurisdiction	Intra group
Claims handling and insurance services	Italy	Italy France	No
Claims handling and insurance services	Germany	Germany Spain France	No
Claims handling and insurance services	Spain	Spain France	No
Claims handling and insurance services	Nordics countries (Sweden, Denmark, Norway, Finland)	Ireland / Nordics	No
Claims handling and insurance services	Belgium and The Netherlands	The Netherlands	No
Claims handling and insurance services	Poland	Poland	No
Claims handling and insurance services	Austria	Germany Spain France	No
Claims handling and insurance services	Portugal	Spain France	No
Claims handling and insurance services	Poland	Poland	No
Assistance insurance services	Germany	Germany	No
Investment Portfolio Management Services	Head office	Spain	Yes
Internal Audit Function	Head Office	Ireland	No
Fulfilment services	Germany	Germany	No
Service Management Company	Head Office	Ireland	Yes
Insurance Platform	Head Office	UK	No
IT services (Cloud Services Provider, IT support, Networking and IT Security)	Head office	Ireland	No
Cloud Platform Service	Head office	Ireland	No

B.8 ASSESSMENT OF GOVERNANCE AND ANY OTHER DISCLOSURE

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

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

Any other information for disclosure relevant to systems of governance

The Company has created a cross-functional ESG (Environmental, Social and Governance) Committee according to the increasingly interconnected and complex environmental, social and governance challenges faced by the insurance industry. The ESG Committee will co-ordinate the Company's ESG deliverables as defined in the Company's ESG Strategy and provide periodic status updates to the Executive Committee and Board.

The Company has integrated its' ESG principles in the relevant sections of the policy and process framework during 2023.

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

C. RISK PROFILE

C.1 UNDERWRITING RISK

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

The main measures to assess underwriting risks are described below:

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

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

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

The material underwriting risks for the Company are reflected in the standard formula of the SCR. For the Company these are: the lapse, catastrophe and non-life premium and reserve risk resulting from unemployment, GAP and extended warranty business and the disability; and lapse risks arising from business classified as Health business.

The values of each of the *Non-Life Underwriting Risk* sub-modules of the SCR as at 31st December 2023, including a comparison with these values as at 31st December 2022, are as follows:

SCR Non-Life Underwriting Risk sub-module	2023 €M	2022 €M	Movement €M
Lapse	27.7	24.1	3.6
Catastrophe	88.2	69.1	19.1
Non-Life Premium Reserve	197.8	154.8	43.0
Diversification Benefit	-76.2	-61.8	-14.4
Total	**237.5**	**186.2**	**51.3**

The *Non-Life Underwriting* risk charge is the highest component of the Company's SCR. This is mainly due to both the premium and reserve and catastrophe stresses applied to the unemployment, GAP and Extended Warranty covers.

The movements in the Catastrophe and Non-Life Premium Reserve risk charges over the year are due to increased earned premiums expected in line with higher volumes of Non-Life business in the 2024 budget.

A smaller increase was also observed in the *Lapse* risk module.

The values of each of the Health Underwriting Risk sub-modules of the SCR as at 31st December 2023, including a comparison with these values as at 31st December 2022, are as follows:

SCR Health Underwriting Risk sub-module	2023 €M	2022 €M	Movement €M
Mortality	0.2	0.3	-0.1
Longevity	0.0	0.1	-0.1
Disability	31.3	22.0	9.3
Lapse	24.4	17.7	6.7
Expense	1.1	0.8	0.3
Catastrophe	4.5	4.7	-0.2
Diversification Benefit	-19.7	-15.2	-4.5
Total	**41.9**	**30.4**	**11.5**

The Health Underwriting Risk has increased over the reporting period by €11.5m from €30.4m to €41.9m. Changes to the business in Germany have resulted in some changes to the SCR. However, there were no material changes in the nature of the underwriting risks over the reporting period.

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

Description of the material risk concentrations

The concentration of risks are as follows:

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

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

The main methods for mitigating underwriting risks are described below:

- *Geographical diversification:* through writing business in several countries the Company's underwriting risks are well diversified. The geographical diversification of the business mitigates the risk of high concentration of underwriting risk in a specific market;
- *Reinsurance:* reinsurance may be used as a mitigation technique for underwriting risks. When launching new types of products, the Company might enter into commercial arrangements such as reinsurance or other partnership arrangements when this would result in a cautious approach to gaining expertise in new types of products and/or improve the overall time to market and product offer of the Company.;
- *Limits per individual policy:* the Underwriting Risk Management Policy and the Risk Appetite Statement define the limits on the insured amounts and related benefit;

- *Experience analysis*: trends in claims and cancellations are monitored and reviewed on a regular basis. This represents the base for future assumptions used for pricing;
- *Reserve adequacy:* the adequacy of reserves is monitored and reviewed on a quarterly basis. This aims to ensure accuracy and appropriateness of the earning and reserving rules;
- *Product launch:* detailed processes must be followed internally by the Company to ensure certain criteria are taken into account before launching a new or materially amended product in accordance with the internal processes. The requirements of the Underwriting Risk Management Policy and Risk Appetite Statement of the Company are also taken into consideration. All aspects are considered when setting the assumptions and the terms and the conditions of the product. Sensitivity analysis and profit testing are carried out accordingly. The Company ensures that customer documentation is unambiguous and fully enforceable. This is achieved through a sound governance process and multiple reviews of the documentation;
- *Product monitoring review:* A review of product performance, including underwriting, is carried out for each material new or materially amended product 12 months after the launch. Actions are identified and reviewed by the Product Committee before escalation to the Executive Committee and Board for review and approval if required as per Underwriting Risk Management Policy;
- *Rules of delegation:* The Underwriting Risk Management Policy specifies the level of delegated authority assigned to the Company as well as the circumstances in which items are escalated to the Group, CNP Assurance S.A.;
- *Waiting period, exclusions and eligibility checks:* waiting periods and exclusions are allowed by the Underwriting Risk Management Policy and considered as a method of underwriting risk mitigation when included in the Terms and Conditions of the products. Also, eligibility checks are carried out when selling the product to ensure associated covers are suitable; and
- *Compliance with local regulation:* when launching a product in a jurisdiction, the Company engages with local law firms in order to identify the local requirements to be applied and ensure customer's documentation is aligned to the local legal and regulatory requirements.

Underwriting risks and effectiveness of mitigating actions are monitored through the following committees within the Company: *Board Risk Committee, Executive Committee*, *Technical Committee, Product Committee* and *Risk, Actuarial and Finance Forum*. Regulatory changes impacting underwriting are reviewed and monitored at the *Regulatory and Compliance Committee* and *Product Committee* as appropriate.

The CRO and the Head of Actuarial Function have primary responsibility to ensure that the Company considers all aspects of Underwriting Risk as it conducts business and that the Company's products remain within its risk appetite.

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

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

- Unemployment;
- Lapses;
- Disability; and

- GAP claim risk.

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

Any other disclosure

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

C.2 Market Risk

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

The main measures to assess market risks are described below:

- *Asset Liability Matching*: the aim of the ALM methodology chosen by the Company is to achieve a satisfactory degree of "immunisation", i.e. a state where projected liability cash flows are broadly matched by corresponding asset cash flows. This is achieved through duration matching for each different currency. The ALM methodology also includes measures for currency exposure and massive surrender risk;
- *Risk Universe review:* market risks are assessed as part of the annual review of the Risk Universe where associated risks are identified and measured through an assessment of impact and likelihood; and
- *ORSA process:* In addition to the market shocks prescribed by the Standard Formula, the ORSA process includes additional market shocks to asset values, including interest rate shock, equity shock, and spread shock. These are in addition to, not as replacements for, the Standard Formula shocks.

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

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

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

Interest Rate Risk: Interest rate risk arises where, due to a sudden increase in interest rates, the fall in the value of assets is not offset by a corresponding decrease in the value of liabilities, or vice versa. Due to the Company's policy of holding financial assets until their maturity interest rate risk is somewhat mitigated and the risk confined to a scenario of interest rate increases combined with a sudden mass lapse or other sudden cash outflow.

Currency Risk: the Company operates in five currencies: Euro; Polish Zloty; Norwegian Krone; Danish Krone; and Swedish Krona. The risk to the Company arises when an over or under exposure exists (assets versus liabilities) in a foreign currency relative to the Euro which may lead to a significant foreign exchange gain or loss.
Equity Risk: the Company holds no direct equity and no equity funds. Equity exposure is restricted to any incidental equity holdings within the debt funds held by the company.

Spread risk: the risk arises from the concentration of investments made by the Company in corporate bonds.

The Company is also exposed on a limited basis to *concentration risk.*

The market risks for the Company are captured within the standard formula of the SCR. The value of each Market SCR sub module as at Year End 2023, including a comparison with Year End 2022, is as follows:

Market SCR sub-module	2023 €M	2022 €M	Movement €M
Interest	9.8	20.6	-10.8
Equity	0.1	0.1	0
Property	0.0	0.0	0
Spread	13.4	17.6	-4.2
Currency	6.4	6.8	-0.4
Concentration	3.0	2.3	0.7
Diversification Benefit	-12.7	-17.1	4.4
Total	**20.0**	**30.3**	**-10.3**

The Market Risk has decreased over the reporting period. The main decreases were observed in the interest rate and spread risk charges, due to reductions in the value of assets subject to these risk in 2023.

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

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

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

- *Diversification strategies*: the Company's Investment Risk Management Policy requires assets to be invested within prescribed asset norm limits by asset type, credit rating, and issuer. This ensures that the Company's assets are sufficiently diversified so as to mitigate the risks borne from concentration and counterparty exposure;
- *Duration matching*: the Company aims to limit exposure to interest rate risk by ensuring that the sensitivity of asset to a change in interest rate is close to that of liabilities. As part of the ALM Risk Management Policy, the Company has a requirement for assets and liabilities to be closely matched in terms of duration within an agreed range;
- *Monitoring of currency exposure*: the Company has a strategy or near net zero assets in any foreign currency thereby establishing a natural hedge against currency fluctuations;
- *Positive cash-flow*: the Company has no appetite for any failure to meet its cash flow requirements nor for negative gaps on cumulative cash flows. The Company, therefore, aims to reduce the gap between the cash flow profile of assets and that of liabilities. Cumulative cash flows are monitored on an ongoing basis to ensure there is a continuous positive surplus; and
- *Liquidity and massive surrenders shocks*: the Company ensures adequate liquidity on an ongoing basis by measuring short term assets against liabilities with stresses applied to lapse rates for all liabilities with duration less than 1 year. Capital losses in scenario of massive surrender will be low due to holding sufficient liquid assets.

The exposure to market risk is monitored and reviewed on a monthly basis at the Investment Committee and reported to the Executive Committee and Risk Committee of the Company respectively on a monthly and quarterly basis. The Risk

Function monitor the exposure to market risk through ad-hoc Key Risk Indicators which set the limits according to the Risk Appetite Statement of the Company.

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

Assets are invested in accordance with the *prudent person principle* as prescribed by the Investment and ALM Risk Management policies, which are reviewed and approved by the Board at least on an annual basis.

Investments decisions are reviewed by the Investment Committee which meets at least on a monthly basis. The Committee ensures that Investments are made in accordance with the Investment and ALM risk management policies, Risk Appetite Statement and capital constraints under Solvency II.

The *prudent person principle* is therefore applied as follows:

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

Description of the material risk concentrations

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

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

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

- Interest rate;
- Equity; and
- Spread.

Under this scenario, market as well as underwriting shocks are combined together to give a combined stressed view of the Economic Balance Sheet.

Any other disclosure

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

C.3 Credit Risk

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

The main measures to assess credit risks are described below:

- *Credit rating*: Long term credit ratings issued by the three main rating agencies, where available, are used to assess the credit risk of the fixed income financial assets;
- *Issuer Economic Outlook*: investment advisors assess the economic and financial outlook of the issuers in support of the investment decisions; and
- *Risk Universe review:* credit risk is assessed as part of the annual review of the Risk Universe where associated risks are identified and measured through an assessment of impact and likelihood.

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

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

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

Counterparty Default Risk: the Company is exposed to default risk by having funds held by counterparties such as bond issuers, reinsurance partners, operational banks, or mutual fund issuers.

Downgrade risk: the company is exposed to risk of downgrade on any of its assets and counterparties. Such a downgrade could cause the company to be in breach of its own investment guidelines and in extreme cases require the immediate liquidation of a position, possibly at a loss. A ratings downgrade could also have an impact on the Market SCR calculated.

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

See section C.2.

Description of the material risk concentrations

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

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

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

- *Diversification*: the Company's Investment Risk Management Policy requires assets to be invested within prescribed Asset Norm limits by asset types and credit ratings. This ensures that the Company's assets are sufficiently diversified so as to mitigate the risks borne from concentrated counterparty exposure;
- *Minimum acceptable credit rating:* The Company's investment policy prohibits investment in assets lower than a minimum defined investment grade;
- *Reinsurance Risk Management Policy*: the Policy sets the limits in relation to reinsurance counterparties; and

- *Financial Due Diligence*: detailed financial Due Diligence reviews are undertaken before entering into service agreement with third parties providers, according to the Outsourcing Risk Management Policy of the Company.

The Company performs an analysis on a monthly basis on the concentration by issuer and rating in order to comply with the limits established in the Asset Norms. The Company has experienced no issue with credit default to date and limits are monitored on an ongoing basis. The counterparty risk exposure is monitored and reviewed on a monthly basis at the Investment Committee and reported to the Executive Committee and Risk Committee of the Company respectively on a monthly and quarterly basis. The Risk Function monitor the exposure to credit risk through ad-hoc Key Risk Indicators which are set in accordance with the Asset Norms and the Risk Appetite Statement of the Company.

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

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

Any other disclosure

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

C.4 Liquidity Risk

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

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

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

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

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

There are no changes to note over the reporting period.

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

The main Company's liquidity risks are as follows:

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

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

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

See section C.2.

Description of the material risk concentrations

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

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

The main methods for mitigating liquidity risks are described below:

- *Investments in liquid assets*: Investments are made primarily in liquid assets with high trade volumes on regulated markets, according to the Investment and ALM risk management policies. Investment in illiquid assets such as private equity is capped at 1% of the portfolio;
- *Investment in high credit quality*: Investment are only made in assets with a high credit rating quality (minimum BBB rated).

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

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

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

- *LCR*: this methodology, as described above, applies a stress to the liabilities for each currency. Liabilities include all technical reserves and claims reserves are stressed with the stresses derived from the most significant risk attributable to the particular reserve in question;

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

Any other disclosure

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

C.5 Operational Risk

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

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

The following measures are used to assess operational risks:

- *Risk Universe review*: operational risks to which the Company is exposed to are identified at least on an annual basis, or ad-hoc where required by changes in the business and risk profile, through an operational risk identification and mapping exercise, internally referred to as the "Risk Universe" exercise, which is carried out by Executive Committee and is validated by the Board. Inherent risks are assessed in respect of the likelihood of a given risk event occurring and the potential financial impact in the case that the defined risk events were to materialise. A comprehensive alignment of controls to the risks identified and an analysis of their effectiveness is then performed in order to determine the residual risk universe. Corresponding action plans are subsequently identified and tracked for each of the risks with the highest residual exposure ("Top Residual Risks");
- *Business processes reviews*: the Company's Internal Control system provides a comprehensive framework which helps to measure and mitigate the operational risks faced by the Company. The Company's Internal Control team has in place a suite of Key Controls which are tested on a regular basis throughout the year and are reviewed at least on an annual basis;
- *ORSA process:* Results from both the *Risk Universe* and the Group *Operational Risk Review* are used as input in the selection of the Operational Risk shock for the annual ORSA process;
- *Solvency Capital Requirement*: the SCR standard formula includes an assessment and quantification of the operational risk exposure;
- *Risk Incident Log*: managed by the Risk Function with the aim of assessing, overseeing, tracking and addressing any risk incidents in the business. The risk incident reporting tool is implemented via the Company's intranet. Guidance information is provided upon opening the tool. A specific reporting procedure is in place and is circulated on a monthly basis to all employees of the Company to ensure risk incidents are reported timely and remediated efficiently. On a quarterly basis, a self-Declaration Form is signed by the Head of each department in the Company providing confirmation of accuracy and completeness of information provided in relation to risk incidents;
- *IT Risk Register*: managed by the IT and Risk Department, this register is reviewed at least on a quarterly basis with the aim to monitor, track and report risks related to IT. Action plan are identified and accordingly deployed; and
- *Ad-hoc assessment*: operational risks are also assessed on an ad-hoc basis through questionnaires, briefings and risk analysis carried out in conjunction with the relevant business owners.

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

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

Operational risk arises because of inadequate or failed internal processes, people, or systems, or from external events. Operational risks also include outsourcing arrangements to external providers, information security and fraud. Historically, the Company has relied on outsourcing partners to deliver its services in the countries where it operates. The Company has relied on its partners' systems to provide policy administration and claims and complaints handling services. It is critical that customers should continue to receive excellent service on an ongoing basis and that information will continue to be transferred accurately from end-to-end across multiple suppliers. In respect of all outsourced activities, comprehensive Service Level Agreements (SLAs) must be, and are, in place. With this regard, the SLAs and customer service reports are monitored on a continuous basis.

Operational risks are identified at least on an annual basis as part of the Risk Universe review and are closely monitored throughout the year and exposure tolerance levels are captured in the Risk Appetite of the Company.

According to the operational risk profile of the Company, the material operational risks identified over the reporting period are:

Risk Type	Risk Universe	Changes in exposure compared to prior period
1) Outsourcing Risk	• Permanent interruption of TPA activities • High reliance on critical IT service providers	- No - No
2) Data complexity and Cyber Risk	• Data errors, including errors in reserving, TPA administration errors and financial reporting errors. • GDPR breach • Cyber incident	- No - No - No
3) IT system failure	• IT infrastructure/service failure • Business Continuity event	- No - No
4) Environmental Risk & Conduct Risk	• Macroeconomic event • Regulatory changes • Cost re unenforceable policy wording / error in T&C's • Breach of regulatory and fiscal requirements (excluding GDPR)	- No - No - Likelihood ↑ - No
5) Strategic Risk	• Reputation, economic and/or other strategic risk having a negative impact on the delivery of the Company's budget through a significant reduction in sales	- No

There were no material changes in Operational Risk over the reporting period.

Description of material risk concentrations.

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

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

There are no material future risk concentrations anticipated.

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

Exposures of all material operational risks are tracked within the Risk Dashboard. Risk appetite and tolerance levels are set out in the Risk Appetite Statement of the Company. The main risk mitigation techniques in place to mitigate operational risks are:

- ***Monitoring of Service Level Agreements:*** mitigates the risk of inadequate outsourcing services. Performance and quality of the service provided by external vendors and outsourcers are monitored and reviewed on a regular basis through dedicated reporting and governance meetings;
- Quarterly ***Key Control Testing:*** mitigates the risk of losses arising from the failure or inadequacy of business processes. Action plans are implemented to rectify any control weaknesses or failures and, once a plan has been established, the key control is tested over an agreed period to ensure sufficient remediation actions have been addressed;
- ***Group Fraud/Crime Insurance Cover:*** mitigates the impact arising from internal / external fraud;
- The Company has an ***Anti-bribery and corruption framework*** in place;
- ***Group Cyber Insurance Cover:*** mitigates the impact arising from a cyber-attack;
- Annual testing of ***Business Continuity Plan:*** mitigates the risk of business interruption. It is tested on an annual basis. There is also insurance cover in place in the event of business interruption or damage to either property or computer equipment;
- ***Outsourcing & Third-Party*** management related processes: mitigates the risk of inadequate controls and oversight when sourcing, onboarding and continuously managing third party providers.
- Regular ***Due Diligence reviews:*** mitigates the risk of inadequate outsourcing services or failure of external providers. Reviews are carried out during the provision of the services to ensure there are no significant changes within the outsourcer, or to the nature of service and to review the provider's financial stability;
- ***TPA Reversibility plan:*** mitigates the risk of discontinuity and defines the short, medium and long term actions to be taken in each territory in the event of immediate unavailability of the TPA to deliver the service required under the Service Agreement. Performed and finalised for each TPA in 2018 and is updated annually;
- ***IT Risk Management Framework:*** mitigates risks related to data and IT, including the risk of cyber-attack;
- Annual ***Company mandatory training:*** data privacy and security training mitigates the risk of cyber and data breaches;
- Annual or ad-hoc ***ORSA Process:*** it mitigates the risk of a shortfall in capital arising from operational risks;
- ***Data Quality Framework:*** Solvency II regulations place a great deal of importance on the adequacy and accuracy of the information used for all regulatory and internal calculations and reporting. Data quality requires implementing processes, procedures, and instructions for the management of information and to ensure appropriateness, completeness, accuracy and timeliness of data. Checks and controls are in place to validate data related to policies underwritten from the originator through to the final stages where the Regulatory Capital is calculated. The framework is continuously improved with the purpose of identifying and addressing any shortcomings, and with the aim of improving the homogeneity of the data checks across the entire Data Life Cycle.
- ***IT & Cybersecurity Strategy:*** The security of IT services is a key priority for the Company. The Company through its IT risk management strategy takes the technological and governance steps necessary to limit the risk of

cyber-attack and to limit the potential impact of any prospective cyber-attack. The Company has cybersecurity preventative measures in place and will continue to advance IT security practices and maintain alignment with evolving industry norms. Securing sensitive and business critical data is an ongoing critical function and technical security precautions are taken to minimise the possibility of a malicious attack. The IT department will implement all feasible measures to ensure the security of Company data, including keeping abreast of the latest cybersecurity techniques and services, and engaging with best-in-class vendors to ensure that risks to the Company's systems and data are mitigated as fully as possible.

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

The Company uses stress testing in order to investigate the potential development of its solvency needs and how it might meet its capital requirements in various scenarios as part of the ORSA process.

The approach taken into account for the Operational Risk shock scenario is fully aligned with Group guidelines.

The scenarios selected for 2023 were the following, where only the highest of the two was taken into account:

Scenario Type	Description
Critical Supplier Discontinuity	Permanent interruption of TPA activities following Kereis' strategic decision
Cyber Risk scenario	Cyber-attack in CNPSI which leads to disruption of business-critical services

The associated causes and context of the scenario were described precisely and analysed in workshops in order to determine the induced consequences and to quantify financial losses that would result, according to expert's judgment, should the selected events materialise at any point in time. Therefore, the total amount of extra capital required for this Operational Risk scenario was added to a combined ORSA shock scenario. Lastly, related action plans were also identified for each scenario, should either event materialise at any point in time.

Any other disclosure

There is no additional information to disclose.

C.6 Other material Risk

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

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

Other material risks

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

- **Environmental Risk:** This refers to global economic conditions and regulatory developments that could negatively affect the execution of the Company's business plan and to sector specific developments, including developments in the regulatory landscape. The preferred strategy to mitigate and anticipate the negative consequences of these events is by continuously monitoring the economic and sectorial conditions of all the territories in which the Company operates. This section includes any risk related to the potential breach of corporate governance requirements and the ability of the Company to continuously comply with the applicable and upcoming regulations. The Regulatory landscape is monitored by the Compliance Function on an ongoing basis. Any new regulatory developments within both the domestic and cross border markets are reported internally to the Executive Committee on a monthly basis, the Regulatory and Compliance Committee on a bi-monthly basis, and on a quarterly basis to the Risk Committee and Board.
- **Strategic Risk*:*** Changes in consumer behaviour, regulation and/or the evolution of commercial arrangements, in addition to the introduction of new types of business models into the insurance landscape, could potentially impact the sales performance of the Company. Furthermore, there is a potential risk that the high effort required for the achievement of key projects may delay the execution of the business strategy in the short term, particularly if resources, time and dependencies are not managed efficiently. All significant projects are monitored on a continuous basis through working groups and steering committees, with escalation to the Board of Directors where required, to ensure the proper execution of the business plan and achievement of the business strategy.

C.7 ANY OTHER INFORMATION

There are no material changes to note.

D. VALUATION FOR SOLVENCY PURPOSE

D.1 ASSETS

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

The following financial assets are held at fair value at 31st December 2023:

Balance Sheet Items Assets	2023 €/000	2022 €/000
Cash and Cash equivalents	148,240	68,849
Bonds: Government Bonds, Corporate Bonds, Structured Notes	479,117	484,256
Collective Investment Undertakings	11,950	11,408
Deferred tax assets	0	2,435
Insurance and intermediaries receivables	84,809	47,258
Reinsurance receivables	0	0
Receivables (trade, not insurance)	28,568	3,785
Health similar to life (Reinsurance Asset)	5	656
Non-Life excluding health (Reinsurance Asset)	1,779	1,041
Any other assets, not elsewhere shown	0	4
Total Assets	**754,468**	**619,692**

Cash and cash equivalents: Cash and cash equivalents (i.e. cash deposits) are valued at nominal value. The cash balance has increased year on year as the company adopted an asset allocation strategy of holding increased deposits and fewer bonds.

Bonds and Collective Investment Undertakings: this item includes *fixed income securities* and *mutual funds* held by the Company, traded in active liquid markets and are valued at fair value based on their available market price. A quoted price is readily available and is provided is provided by the Company's Asset Manager. Bonds have decreased year on year as the company decided to re-invest maturing bonds in like for like assets but new cash was held as deposits.

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

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

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

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

D.2 Technical Provisions

The technical provisions equal the sum of the BEL and the RM. The BEL is the expected present value of the probability-weighted average of future cash-flows, using the relevant risk-free interest rate term structure. The BEL contains two components:

- A claims reserve based on the accounting provisions established for claims *ICOP*, claims *RBNS* and claims *IBNR*. This is referred to as the "*BEL - claims reserves*" for Solvency II reporting purposes; and
- A premium reserve in respect of future unearned exposure. The premium reserve is represented by the Liability for remaining Coverage (LfRC) on the Financial Statements. This is referred to as the "*BEL – future cashflows*" for Solvency II reporting purpose.

The RM is the cost of holding sufficient capital to back the SCR over the lifetime of the obligations. The cost of capital rate is set in the Solvency II Delegated Regulations to be 6% - above the risk-free rate. Technical provisions are calculated gross of amounts recoverable from reinsurance contracts. The *reinsurance recoverable* has been considered separately below and is calculated as the present value of the probability-weighted average of future reinsurance cashflows.

Best Estimate Liabilities – Claims Reserves

The claims reserves for Year End 2023 are aligned with those established on the Financial Statements. The following are the components of the claims reserves under Solvency II:

- IBNR: The IBNR reserve is held in respect of claims from past periods of cover which are estimated to be still unreported. The calculation incorporates estimates of ultimate claims likely to emerge from each past month of cover (i.e. earned premium multiplied by loss ratio) as well as estimates of typical delays in the reporting of claims.
- RBNS: The RBNS represents the liabilities related to existing claims which have been reported but payment has neither been settled nor held in ICOP. For example, there may be claims pending decision, perhaps where a piece of documentary evidence (e.g. proof of unemployment) has not yet been received. The RBNS is calculated as the claim amounts payable multiplied by an acceptance rate assumption.
- ICOP: The ICOP reserve represents the liability to make further monthly benefit payments on claims which have already been reported and accepted.

Best Estimate Liabilities – Future Cashflows

The BEL – Future Cashflows is produced using a cashflow model created using an actuarial modelling tool which was developed in 2015 and updated for new products as launched. Future cashflows for the in-force business as at 31st December 2023 are projected at an individual coverage level. The cashflows are projected on a monthly basis and all cashflows are projected to the end of the appropriate policy term.

The projected future cashflows include:

- Income:
  - Regular premium receipts.
- Outgoing:
  - Claims payments, including expected levels of surrender (cancellation);

- Commission payments;
- Expenses (maintenance costs only); and
- Third Party Administrator fees (including claims handling fees).

The cashflows are discounted using the relevant risk-free rates for each currency to obtain the BEL.

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

The commission outflows are not a policyholder liability and therefore represent accounting provisions of the Company. The inclusion of commissions within the actuarial models enables appropriate reductions to reduce premiums when performing BEL calculations.

Given the nature of the business, and in particular the lack of investment guarantees a deterministic approach has been taken in calculating the BEL - i.e. using a single yield curve and claims modelled based on claim rates without stochastic variation.

Risk Margin

The *RM* is calculated as the cost of holding certain defined components of the SCR (defined as the SCR of the reference undertaking) over the lifetime of the obligations. As required by the Delegated Regulations, the projected SCR is calculated on the assumption that assets are selected in such a way that they minimise the SCR for market risk. The risks included in the projected SCR underlying the RM therefore relate to underwriting risk, operational risk and counterparty risk only. There is no projected capital in respect of market risk, as the market risk associated with the assets held can be fully hedged. The SCR of the '*reference undertaking'* is also adjusted to exclude the adjustment for loss-absorbing capacity of deferred tax as required by the Delegated Regulations.

Guideline 62 of the EIOPA *Level 3 Guidance* on the valuation of technical provisions sets out the hierarchy of simplifications that are allowed. The approach adopted by the Company is equivalent to *Method 3* of the hierarchy which is to:

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

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

Amount of technical provisions

The table below shows the components of the technical provisions at Year End 2023 and Year End 2022 calculated on a Solvency II basis:

Gross Technical Provisions	2023 €M	2022 €M	Movement €M
BEL - Claims Reserves	45.2	41.2	3.9
BEL - Future Cashflows	250.3	204.0	46.4
BEL - Total	**295.5**	**245.3**	**50.3**
Risk Margin	26.1	21.3	4.7
Total Technical Provisions	**321.6**	**266.6**	**55.0**

Reinsurance Asset

The following table shows the Reinsurance Asset as at Year End 2023 and Year End 2022:

Reinsurance Asset	2023 €M	2022 €M	Movement €M
Reinsurance Asset	1.4	1.2	0.2
Reinsurance Adjustment	0.0	0.2	-0.2
Claims Reserve Share	0.4	0.4	0.0
Adjusted Reinsurance Asset	**1.8**	**1.8**	**0.0**

Above figures represent value of future cashflows from the reinsurance arrangements in place.

The *Reinsurance Asset* above has been calculated using the same cashflow model and on the same basis as the technical provisions (gross of reinsurance).

The *Reinsurance Adjustment* allows for the probability of default of the reinsurers.

The *Claims Reserve Share* represents the appropriate level of the quota share reinsurance in place.

It is worth noting that the reinsurance asset is very small in comparison to the BEL, taking into consideration that almost all reinsurance treaties are in run-off.

Uncertainty & Sensitivities

There is some uncertainty associated with the amount of the Technical Provisions due to the reliance on assumptions underlying the calculations. The sensitivity of the Company's Solvency II balance sheets to a range of future scenarios is explored in detail as part of the annual ORSA process.

The Company's Technical Provisions are most sensitive to changes in claim rates (non-life and disability) and lapses, particularly mass lapse. The Technical Provisions are relatively insensitive to changes in expenses and expense inflation.

Assumptions

Several economic and demographic assumptions are used for the valuation of technical provisions of the Company. The key assumptions for the Company are the claims incidence rates. These directly affect the projected claims. In some territories, the Company has been selling business for a relatively shorter period, so there is less experience data available

from the Company's own book. However, it is felt that the assumptions have been set appropriately given this constraint, using the insurer's own and experience since the inception of the business.

The other assumptions that influence the results of the Technical Provisions, but to a lesser extent are:

- *Expenses* - Projected expenses are a component of the BEL. These are calculated at a per policy level using the budgeted maintenance expenses for 2024 and estimated December 2023 policies in force;
- *Surrender/cancellation rates* - These assumptions reflect policyholder behaviour. These rates impact the projected number of policies in force and hence the claims arising in the future (and the amounts paid on cancellation). The assumptions for surrenders/lapses were calculated based on data received from the TPAs that administer the business; and
- *Interest rates* - These rates influence the BEL as projected cashflows are discounted back to the valuation date. There is no scope for the Company to set these rates as they are prescribed by EIOPA for each valuation date; the risk-free rates set by EIOPA by currency are used without any adjustments.

Changes since last reporting period

While some claims, expenses, lapses, and economic assumptions were revised based on emerging experience, no material changes were made to the assumptions since year end 2022.

D.3 Other liabilities

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

The value of Other Liabilities as at 31st December 2023, including a comparison with the previous reporting year, is as follows:

Other Liabilities	2023 (€/000)	2022 (€/000)
Deferred tax liabilities	896	0
Insurance & intermediaries payables	31,452	26,945
Payables (trade, not insurance)	29,679	11,031
Subordinated liabilities	54,000	54,000
Provisions other than technical provisions	0	5,000
Reinsurance payables	518	1,033
Any other liabilities not elsewhere shown	1	0

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

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

D.4 Alternative methods for valuation

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

D.5 Any other information

The directors have reasonable expectations, having made appropriate enquiries that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Solvency and Financial Condition Report is authorised for issue ('the period of assessment'). The directors have made this assessment on the basis of the approved business plan in place and in considering the risks to the business through the use of stresses and scenarios in assessing capital strength. As a result, the directors consider it appropriate to adopt the going concern basis in preparing the Solvency and Financial Condition Report. In making this assessment the directors have considered, among others, the following key factors: :

- the Company's capital position and the surplus over its required solvency capital requirement and minimum capital requirement;
- the cost-of-living crisis, tightening financial conditions in most regions and other stressed scenarios might have on the surplus of capital;
- the Company's initial assessment of the impact on its business, claims and investments; and
- the Company's liquidity position.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

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

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

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

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

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

This is achieved through a prudent management of the own funds on a continuous basis. Quality of own funds is continuously monitored to ensure that sufficient eligible own funds are maintained at all times to cover the Solvency Capital Requirement and Minimum Capital Requirement. The Company reviews the level and eligibility of own funds at least on quarterly basis, as part of the QRT's production.

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

Capital Management is embedded in the ORSA annual strategic planning process and leads to the production of a medium-term capital management plan, which is revised each year by the Board. In case the Company requires an injection of capital, the below processes will be followed:

- Additional own funds to meet any increased capital requirement may take the form of an inter-company subordinated debt loan where possible, accordingly to the local regulation. Where it is not possible for

regulatory/capital constraints, additional own funds may take the form of either ordinary share capital or a capital contribution, according to the Group's procedure.

- According to Article 138 of the Directive, when there is a breach of the Solvency Capital Requirement, or when a breach is likely to occur in the next three months, a recovery program must be approved by the Board of Directors and presented to the CBI. The recovery program aims (i) to restore the level of eligible own funds equal to the SCR and/or (ii) to reduce the risk profile to ensure compliance of the SCR.

In additional, as required by the CBI, the Company is engaging in completing its first Recovery Plan which details the steps to be taken in case the Company would be exposed to a near-default event.

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

Own Funds are broken down as follows:

Own Funds	2023 (€/000)	2022 (€/000)
Ordinary Share Capital – Tier 1	53,000	53,000
Reconciliation Reserve – Tier 1	263,322	202,093
Subordinated Debt – Tier 1 Restricted	54,000	54,000
Subordinated Debt – Tier 2	0	0
Total Own Funds	**370,322**	**309,093**

The Ordinary Share Capital remained the same over the reporting period while movements in Reconciliation Reserves are explained below. The Subordinated Debt relates to loan provided by the sister company CNP Santander Insurance Life DAC to CNP Santander Insurance Europe DAC.

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

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

Reconciliation of Own Funds	2023 (€/000)	2022 (€/000)
Equity per Financial Statements	343,774	283,002
Removal of IFRS Technical Provisions and Deferred Acquisition Costs	350,157	294,711
Addition of BEL, Risk Margin and Reinsurance Asset	(319,816)	(264,893)
Deferred Tax Impact of above adjustments @ 12.5%	(3,793)	(3,727)
Total Own Funds	**370,322**	**309,093**

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

Explanation of the key elements of the reconciliation reserve

The reconciliation reserve is made up of the following components:

Reconciliation Reserves	2023 (€/000)	2022 (€/000)
Retained Earnings plus AFS Reserve per Financial Statements	236,774	176,002
Removal of IFRS Technical Provisions and Deferred Acquisition Costs	350,157	294,711
Addition of BEL, Risk Margin and Reinsurance Asset	(319,816)	(264,893)
Deferred Tax Impact of above adjustments @ 12.5%	(3,793)	(3,727)
Reconciliation Reserve	**263,322**	**202,093**

The Company's portfolio has grown over the reporting period due to an increase in the volume of non-life risks written. The increase in Reconciliation Reserve versus prior year is due to the Company continuing to grow and write new business.

E.2 Solvency Capital Requirement & Minimum Capital Requirement

Amount of SCR and MCR at Year-End

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

The aggregate SCR for the Company on 31st December 2023 is €238M, resulting in a SCR coverage ratio of 155%.

The aggregate MCR for the Company on 31st December 2023 is €71M, resulting in a MCR coverage ratio of 521%.

Amount of SCR split by risk modules

Solvency Capital Requirement (SCR) (by risk modules)	2023 €M	2022 €M
Life Underwriting	0.0	0.0
Non-Life Underwriting	237.5	186.2
Health Underwriting	41.9	30.4
Market Risk	20.0	30.3
Counterparty Default Risk	21.8	9.2
Intangibles	0.0	0.0
BSCR Diversification Benefit	-61.0	-51.5
BSCR	260.1	204.6
Operational Risk	12.3	11.0
Loss Absorbing Capacity of Deferred Taxes	-34.1	-26.9
TOTAL SCR	**238.4**	**188.6**
Minimum Capital Requirement (MCR)	**2023 €M**	**2022 €M**
TOTAL MCR	**71.1**	**52.3**

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

- The Non-Life Underwriting risk charge is the highest component of the Company's SCR. This is mainly due to both the Premium and Reserve and Catastrophe stresses applied to the unemployment, GAP and extended warranty covers.
  - The main movements in the Non-life Underwriting risk charge over the year were increases in both the Premium and Reserve risk charge and Catastrophe risk charge. The main contributor to these increases was the update of the Non-Life SCR calculation to allow for the 2024 budget with higher volumes of Non-Life business expected.
  - A smaller increase was observed in the Lapse risk module.
- The Health Underwriting SCR is the second largest component of the SCR under Solvency II. This is mainly due to the disability/morbidity stresses and, to a lesser extent, lapse stresses. The SCR has increased over the year. The main increase was observed in the disability/morbidity risk module due to increases in exposure to these risks within the Company's main market Germany;
- Market, Counterparty and Operational risk are relatively small for the Company when compared to the overall SCR charge.

Information regarding the loss-absorbing capacity of deferred taxes

- The loss-absorbing capacity of deferred taxes ("LACDT") as at year end 2023 is €34.1m for the Company. This consists of a deferred tax liability ("DTL") of €0.9m and future taxable profits of €33.2m.
- The Company relies on one of its ORSA stresses for the purpose of assessing future taxable profits following a 1-in-200 year loss event. The ORSA scenario chosen is a stress on future sales volumes. The stress assumes a 40% reduction in total new business sales in 2024, followed by a 25% reduction in 2025, a 10% reduction in 2026 before reverting to normal levels from 2027 onwards.
- The Company considers this scenario to be appropriate. While business volumes would likely fall following a 1-in-200-year loss event, it is unlikely that they would stay at the initial reduced level. The Company expects business volumes to return to normal base scenario projected levels after three years.

Information on the inputs used to calculate the MCR

The table below shows the inputs used in the calculation of the MCR as at 31st December 2023, including a comparison with the previous reporting year:

Inputs used to calculate the MCR	2023 €M	2022 €M
AMCR - *Absolute Floor of the MCR**	2.7	2.7
Linear MCR	71.1	52.3
SCR	238.4	188.6
Combined MCR	71.1	52.3
Minimum Capital Requirement	**71.1**	**52.3**

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

The *MCR* has increased due to an increase in the "Linear MCR". The Linear MCR for this company is driven mainly by Non-Life technical provisions and Non-Life premiums written in the past 12 months. Both the Non-Life written premiums and Technical Provisions have increased over the last 12 months. There was also an increase in Life TPs and capital at risk which also contribute to the Linear MCR.

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

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

Amount of any capital add-ons

There is no requirement for any capital add-ons.

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

This section is not applicable to the Company.

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

This section is not applicable to the Company.

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

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

E.6 Any other information

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

APPENDIX A – QUANTITATIVE REPORTING TEMPLATES

This Annex publicly discloses the following QRT's in respect of the year ended 31st December 2023:

QRT*	Description
S.02.01.01	Balance Sheet
S.05.01.01	Premiums, Claims and Expenses by line of business
S.12.01.01	Life and Health SLT Technical Provisions
S.17.01.01	Non-Life Technical Provisions
S.19.01.01	Non-Life Insurance Claims
S.23.01.01	Own Funds
S.25.01.01	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

**QRTs figures are fully presented in €, as reported to the Central Bank of Ireland.*

S.02.01.01
Balance sheet

		Solvency II value
	Assets	C0010
R0010	Goodwill	-
R0020	Deferred acquisition costs	-
R0030	Intangible assets	-
R0040	Deferred tax assets	-
R0050	Pension benefit surplus	-
R0060	Property, plant & equipment held for own use	-
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	491,067,256
R0080	Property (other than for own use)	-
R0090	Holdings in related undertakings, including participations	-
R0100	Equities	-
R0110	Equities – listed	-
R0120	Equities – unlisted	-
R0130	Bonds	479,116,793
R0140	Government Bonds	118,837,779
R0150	Corporate Bonds	355,409,340
R0160	Structured notes	4,869,674
R0170	Collateralised securities	-
R0180	Collective Investments Undertakings	11,950,463
R0190	Derivatives	-
R0200	Deposits other than cash equivalents	-
R0210	Other investments	-
R0220	Assets held for index-linked and unit-linked contracts	-
R0230	Loans and mortgages	-
R0240	Loans on policies	-
R0250	Loans and mortgages to individuals	-
R0260	Other loans and mortgages	-
R0270	Reinsurance recoverables from:	1,784,403
R0280	Non-life and health similar to non-life	1,778,621
R0290	Non-life excluding health	1,778,621
R0300	Health similar to non-life	-
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	5,783
R0320	Health similar to life	5,783
R0330	Life excluding health and index-linked and unit-linked	-
R0340	Life index-linked and unit-linked	-
R0350	Deposits to cedants	-
R0360	Insurance and intermediaries receivables	84,808,785
R0370	Reinsurance receivables	- 0
R0380	Receivables (trade, not insurance)	28,568,162
R0390	Own shares (held directly)	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
R0410	Cash and cash equivalents	148,239,600
R0420	Any other assets, not elsewhere shown	-
R0500	**Total assets**	754,468,207

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	173,507,108.19
R0520	Technical provisions – non-life (excluding health)	173,507,108.19
R0530	Technical provisions calculated as a whole	0
R0540	Best Estimate	151,334,267.92
R0550	Risk margin	22,172,840.27
R0560	Technical provisions - health (similar to non-life)	0
R0570	Technical provisions calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	148,093,074.39
R0610	Technical provisions - health (similar to life)	148,093,074.39
R0620	Technical provisions calculated as a whole	0
R0630	Best Estimate	144,182,085.02
R0640	Risk margin	3,910,989.37
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	Technical provisions calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	Technical provisions calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0730	Other Technical Provisions	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0.00
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	896,244.55
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0.05
R0820	Insurance & intermediaries payables	31,452,454.71
R0830	Reinsurance payables	517,763.06
R0840	Payables (trade, not insurance)	29,678,700.73
R0850	Subordinated liabilities	54,000,000.00
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	54,000,000.00
R0880	Any other liabilities, not elsewhere shown	458.51
R0900	**Total liabilities**	438,145,804.14
R1000	**Excess of assets over liabilities**	316,322,402.36

S.05.01.01

Premiums, claims and expenses by line of business

Non-Life & Accepted non-proportional reinsurance

		Line of Business for: non-life insurance & reinsurance obligations (direct business and accepted proportional reinsurance)	Total
		Miscellaneous financial loss	
		C0120	C0200
	Premiums written		
R0110	Gross - Direct Business	250,471,628.22	250,471,628.22
R0120	Gross - Proportional reinsurance accepted	31,348,357.16	31,348,357.16
R0130	Gross - Non-proportional reinsurance accepted		
R0140	Reinsurers' share	644,067.79	644,067.79
R0200	Net	281,175,917.60	281,175,917.60
	Premiums earned		
R0210	Gross - Direct Business	183,344,161.05	183,344,161.05
R0220	Gross - Proportional reinsurance accepted	17,895,864.76	17,895,864.76
R0230	Gross - Non-proportional reinsurance accepted		
R0240	Reinsurers' share	2,119,488.07	2,119,488.07
R0300	Net	199,120,537.74	199,120,537.74
	Claims incurred		
R0310	Gross - Direct Business	8,368,162.72	8,368,162.72
R0320	Gross - Proportional reinsurance accepted	6,026,408.25	6,026,408.25
R0330	Gross - Non-proportional reinsurance accepted		
R0340	Reinsurers' share	-53,075.91	-53,075.91
R0400	**Net**	14,447,646.88	14,447,646.88
R0550	**Expenses incurred**	152,525,523.09	152,525,523.09
	Administrative expenses		
R0610	Gross - Direct Business		
R0620	Gross - Proportional reinsurance accepted		
R0630	Gross - Non-proportional reinsurance accepted		
R0640	Reinsurers' share		
R0700	**Net**		
	Investment management expenses		
R0710	Gross - Direct Business	132,068.82	132,068.82
R0720	Gross - Proportional reinsurance accepted	13,041.74	13,041.74
R0730	Gross - Non-proportional reinsurance accepted		
R0740	Reinsurers' share		
R0800	**Net**	145,110.56	145,110.56
	Claims management expenses		
R0810	Gross - Direct Business	4,236,691.39	4,236,691.39
R0820	Gross - Proportional reinsurance accepted	0.00	0.00
R0830	Gross - Non-proportional reinsurance accepted		
R0840	Reinsurers' share		
R0900	**Net**	4,236,691.39	4,236,691.39
	Acquisition expenses		
R0910	Gross - Direct Business	133,941,680.40	133,941,680.40
R0920	Gross - Proportional reinsurance accepted	9,904,365.18	9,904,365.18
R0930	Gross - Non-proportional reinsurance accepted		
R0940	Reinsurers' share	2,023,929.99	2,023,929.99
R1000	**Net**	141,822,115.60	141,822,115.60
	Overhead expenses		
R1010	Gross - Direct Business	5,753,454.21	5,753,454.21

R1020	Gross - Proportional reinsurance accepted	568,151.33	568,151.33
R1030	Gross - Non-proportional reinsurance accepted		
R1040	Reinsurers' share		
R1100	**Net**	6,321,605.53	6,321,605.53
R1200	**Other expenses**		
R1300	**Total expenses**		152,525,523.09

Life

		Line of Business for: non-life insurance	Life reinsurance	Total
		Miscellaneous financial loss	Health reinsurance	
		C0120	C0270	C0300
	Premiums written			
R1410	Gross	191,379,411	312,860	191,692,270
R1420	Reinsurers' share	1,012,213	-	1,012,213
R1500	Net	190,367,197	312,860	190,680,057
	Premiums earned			
R1510	Gross	151,815,818	626,044	152,441,862
R1520	**Reinsurers' share**	2,752,904	-	2,752,904
R1600	Net	149,062,914	626,044	149,688,958
	Claims incurred			
R1610	Gross	22,920,162	243,591	23,163,753
R1620	Reinsurers' share	-145,373	-	-145,373
R1700	Net	23,065,536	243,591	23,309,127
	Changes in other technical provisions			
R1710	Gross	-	-	
R1720	Reinsurers' share	-	-	
R1800	Net	-	-	
R1900	**Expenses incurred**	116,832,276	366,812	117,199,089
	Administrative expenses			
R1910	**Gross**			
R1920	**Reinsurers' share**			
R2000	Net			
	Investment management expenses			
R2010	Gross	108,631	456	109,087
R2020	Reinsurers' share			
R2100	**Net**	108,631	456	109,087
	Claims management expenses			
R2110	Gross	3,484,810	-	3,484,810
R2120	Reinsurers' share			-
R2200	Net	3,484,810	-	3,484,810
	Acquisition expenses			
R2210	**Gross**	110,171,186	346,481	110,517,667
R2220	**Reinsurers' share**	1,664,745		1,664,745
R2300	Net	108,506,441	346,481	108,852,922
	Overhead expenses			
R2310	Gross	4,732,395	19,875	4,752,270
R2320	Reinsurers' share			-
R2400	**Net**	4,732,395	19,875	4,752,270
R2510	**Balance – other technical expenses/income**			
R2600	**Total technical expenses**			117,199,089
R2700	**Total amount of surrenders**			

S.12.01.01
Life and Health SLT Technical Provisions

		Health insurance (direct business)		Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees		
		C0160	C0170	C0200	C0210
R0010	**Technical provisions calculated as a whole**	-	-	-	-
R0020	**Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole**	-	-	-	-
	Technical provisions calculated as a sum of BE and RM	-	-	-	-
	Best Estimate	-	-	-	-
R0030	**Gross Best Estimate**	-	143,773,986	408,099	144,182,085
R0040	Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-	5,749	-	5,749
R0050	Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	-	5,749	-	5,749
R0060	Recoverables from SPV before adjustment for expected losses	-	-	-	-
R0070	Recoverables from Finite Re before adjustment for expected losses	-	-	-	-
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	5,783	-	5,783
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	-	143,768,203	408,099	144,176,302
R0100	**Risk Margin**	3,617,127	-	293,862	3,910,989
	Amount of the transitional on Technical Provisions	-	-	-	-
R0110	Technical Provisions calculated as a whole	-	-	-	-
R0120	Best estimate	-	-	-	-
R0130	Risk margin	-	-	-	-
R0200	**Technical provisions – total**	147,391,113	-	701,961	148,093,074
R0210	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total**	147,385,330	-	701,961	148,087,292
R0220	**Best Estimate of products with a surrender option**	119,855,833	-	-	119,855,833
	Gross BE for Cash flow	-	-	-	-
	Cash out-flows	-	-	-	-
R0230	Future guaranteed and discretionary benefits	109,627,010	-	404,567	110,031,577
R0240	Future guaranteed benefits	-	-	-	-
R0250	Future discretionary benefits	-	-	-	-
R0260	Future expenses and other cash out-flows	40,265,618	-	3,532	40,269,150
	Cash in-flows	-	-	-	-
R0270	Future premiums	6,118,643	-	-	6,118,643

R0280	Other cash in-flows	-	-	-	-
R0290	**Percentage of gross Best Estimate calculated using approximations**	-	-	1	-
R0300	**Surrender value**	319,936,807	-	-	319,936,807
R0310	**Best estimate subject to transitional of the interest rate**	-	-	-	-
R0320	Technical provisions without transitional on interest rate	147,391,113	-	701,961	148,093,074
R0330	**Best estimate subject to volatility adjustment**	-	-	-	-
R0340	Technical provisions without volatility adjustment and without others transitional measures	147,391,113	-	701,961	148,093,074
R0350	**Best estimate subject to matching adjustment**	-	-	-	-
R0360	Technical provisions without matching adjustment and without all the others	147,391,113	-	701,961	148,093,074
RTT01	Gross TP calculated using simplified methods			398,278	

S.17.01.01
Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance	Total Non-Life obligation
		Miscellaneous financial loss	
		C0130	C0180
R0010	**Technical provisions calculated as a whole**	-	-
R0020	Direct business	-	-
R0030	Accepted proportional reinsurance business	-	-
R0040	Accepted non-proportional reinsurance	-	-
R0050	**Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole**	-	-
	Technical provisions calculated as a sum of BE and RM	-	-
	Best estimate	-	-
	Premium provisions	-	-
R0060	Gross - Total	130,323,865	130,323,865
R0070	Gross - direct business	111,666,584	111,666,584
R0080	Gross - accepted proportional reinsurance business	18,657,281	18,657,281
R0090	Gross - accepted non-proportional reinsurance business	-	-
R0100	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	1,620,564	1,620,564
R0110	*Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses*	1,620,564	1,620,564
R0120	*Recoverables from SPV before adjustment for expected losses*	-	-
R0130	*Recoverables from Finite Reinsurance before adjustment for expected losses*	-	-
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	1,619,627	1,619,627
R0150	**Net Best Estimate of Premium Provisions**	128,704,238	128,704,238
	Claims provisions	-	-
R0160	Gross - Total	21,010,403	21,010,403
R0170	Gross - direct business	17,425,484	17,425,484
R0180	Gross - accepted proportional reinsurance business	3,584,919	3,584,919
R0190	Gross - accepted non-proportional reinsurance business	-	-
R0200	Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	158,993	158,993
R0210	*Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses*	158,993	158,993
R0220	*Recoverables from SPV before adjustment for expected losses*	-	-
R0230	*Recoverables from Finite Reinsurance before adjustment for expected losses*	-	-
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	158,993	158,993
R0250	**Net Best Estimate of Claims Provisions**	20,851,410	20,851,410
R0260	**Total Best estimate - gross**	151,334,268	151,334,268

R0270	**Total Best estimate - net**	149,555,647	149,555,647
R0280	**Risk margin**	22,172,840	22,172,840
	Amount of the transitional on Technical Provisions	-	-
R0290	**TP as a whole**	-	-
R0300	**Best estimate**	-	-
R0310	**Risk margin**	-	-
	Technical provisions - total	-	-
R0320	Technical provisions - total	173,507,108	173,507,108
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	1,778,621	1,778,621
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	171,728,488	171,728,488
	Line of Business: further segmentation (Homogeneous Risk Groups)	-	-
R0350	Premium provisions - Total number of homogeneous risk groups	12	-
R0360	Claims provisions - Total number of homogeneous risk groups	12	-
	Cash-flows of the Best estimate of Premium Provisions (Gross)	-	-
	Cash out-flows	-	-
R0370	Future benefits and claims	106,933,015	106,933,015
R0380	Future expenses and other cash-out flows	30,008,707	30,008,707
	Cash in-flows	-	-
R0390	Future premiums	6,617,857	6,617,857
R0400	Other cash-in flows (incl. Recoverable from salvages and subrogations)	-	-
	Cash-flows of the Best estimate of Claims Provisions (Gross)	-	-
	Cash out-flows	-	-
R0410	Future benefits and claims	21,010,403	21,010,403
R0420	Future expenses and other cash-out flows	-	-
	Cash in-flows	-	-
R0430	Future premiums	-	-
R0440	Other cash-in flows (incl. Recoverable from salvages and subrogations)	-	-
R0450	**Percentage of gross Best Estimate calculated using approximations**	13.71%	13.71%
R0460	**Best estimate subject to transitional of the interest rate**	-	-
R0470	Technical provisions without transitional on interest rate	173,507,108	173,507,108
R0480	**Best estimate subject to volatility adjustment**	-	-
R0490	Technical provisions without volatility adjustment and without others transitional measures	173,507,108	173,507,108
RTT01	Gross TP calculated using simplified methods	20,751,626	20,751,626

S.19.01.01

Non-life insurance claims

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

	Gross Claims Paid (non-cumulative)													
	(absolute amount)													
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year												
		0	1	2	3	4	5	6	7	8	9	10&+	In Current year	Sum of years (cumulative)
R0100	Prior											0	0	0
R0160	N-9	1,237,316	1,692,647	203,162	8,680	1,595	0	0	0	0	0		0	3,143,399
R0170	N-8	1,726,080	2,187,327	233,488	28,078	0	0	0	0	0			0	4,174,973
R0180	N-7	2,356,516	3,377,592	328,732	24,196	6,808	0	0	0				0	6,093,843
R0190	N-6	3,524,863	4,549,790	306,543	35,416	11,845	0	0					0	8,428,457
R0200	N-5	5,125,050	3,957,900	268,197	50,493	9,250	6,798						6,798	9,417,688
R0210	N-4	6,307,971	5,867,620	489,373	46,653	31,280							31,280	12,742,898
R0220	N-3	8,448,224	7,821,718	1,032,949	708,110								708,110	18,011,001
R0230	N-2	6,589,736	6,478,288	922,449									922,449	13,990,472
R0240	N-1	5,267,195	5,360,868										5,360,868	10,628,063
R0250	N	6,698,527											6,698,527	6,698,527
R0260												Total	13,728,033	93,329,322

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

	Gross undiscounted Best Estimate Claims Provisions - Development year												
	(absolute amount)												
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Year	**Development year**												
		0	1	2	3	4	5	6	7	8	9	10&+	**Year end (discounted data)**
R0100	Prior											0	0
R0160	N-9	4,714,477	1,640,448	916,916	301,953	211,667	200,416	131,419	131,520	6,835	0		0
R0170	N-8	8,503,378	3,600,720	1,197,373	426,000	395,059	154,454	154,551	23,892	13,862			13,862
R0180	N-7	10,830,712	3,126,273	671,283	505,207	142,321	140,948	4,136	1,164				1,164
R0190	N-6	14,347,550	2,031,329	584,359	125,518	124,296	4,112	193					193
R0200	N-5	15,325,799	1,721,434	179,231	142,246	47,219	37,399						37,399
R0210	N-4	17,797,779	1,397,147	220,226	118,953	86,230							86,230
R0220	N-3	18,995,341	1,218,366	191,186	119,716								119,716
R0230	N-2	16,063,854	888,838	241,826									241,826
R0240	N-1	16,770,971	1,058,348										1,058,348
R0250	N	19,421,801											19,421,801
R0260												**Total**	20,980,539

CNP SANTANDER INSURANCE

S.23.01.01
Own Funds

		Total	Tier 1 - unrestricted	Tier 1 – restricted	Tier 2
		C0010	C0020	C0030	C0040
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35				-
R0010	Ordinary share capital (gross of own shares)	53,000,000	53,000,000		-
R0030	Share premium account related to ordinary share capital	-	-		-
R0040	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-		-
R0050	Subordinated mutual member accounts	-		-	
R0070	Surplus funds	-	-		-
R0090	Preference shares	-		-	-
R0110	Share premium account related to preference shares	-		-	-
R0130	Reconciliation reserve	263,322,402	263,322,402	-	-
R0140	Subordinated liabilities	54,000,000		54,000,000	
R0160	An amount equal to the value of net deferred tax assets	-			-
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds				
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-			
	Deductions				-
R0230	Deductions for participations in financial and credit institutions	-	-	-	
R0290	**Total basic own funds after deductions**	370,322,402	316,322,402	54,000,000	-
	Ancillary own funds				-
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-			-
R0320	Unpaid and uncalled preference shares callable on demand	-			-
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-
R0390	Other ancillary own funds	-			-
R0400	**Total ancillary own funds**	-			-
	Available and eligible own funds				-

R0500	Total available own funds to meet the SCR	370,322,402	316,322,402	54,000,000	-
R0510	Total available own funds to meet the MCR	370,322,402	316,322,402	54,000,000	-
R0540	Total eligible own funds to meet the SCR	370,322,402	316,322,402	54,000,000	-
R0550	Total eligible own funds to meet the MCR	370,322,402	316,322,402	54,000,000	
R0580	**SCR**	238,391,751			
R0600	**MCR**	71,080,650			
R0620	**Ratio of Eligible own funds to SCR**	1.55			
R0640	**Ratio of Eligible own funds to MCR**	5.210			

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	316,322,402
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own fund items	53,000,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0760	Reconciliation reserve	263,322,402
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	-
R0780	Expected profits included in future premiums (EPIFP) - Non-life business	-
R0790	Total Expected profits included in future premiums (EPIFP)	-

S.25.01.01
Solvency Capital Requirement – for undertakings on Standard Formula

Basic Solvency Capital Requirement

		Solvency capital requirement
		C0030/C0040
R0010	Market risk	20,010,620
R0020	Counterparty default risk	21,794,101
R0030	Life underwriting risk	-
R0040	Health underwriting risk	41,888,675
R0050	Non-life underwriting risk	237,482,339
R0060	Diversification	- 61,034,701
R0070	Intangible asset risk	-
R0100	**Basic Solvency Capital Requirement**	260,141,034

Calculation of Solvency Capital Requirement

		Value
		C0100
R0130	Operational risk	12,306,682
R0140	Loss-absorbing capacity of technical provisions	-
R0150	Loss-absorbing capacity of deferred taxes	- 34,055,964
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
R0200	**Solvency Capital Requirement excluding capital add-on**	238,391,751
R0210	Capital add-on already set	-
R0220	Solvency capital requirement	238,391,751
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	-
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-
R0450	Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	4
R0460	Net future discretionary benefits	-

S.28.01.01

Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		MCR components
		C0010
R0010	MCR_{NL} Result	62,120,812

Background information

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance		
R0030	Income protection insurance and proportional reinsurance		
R0040	Workers' compensation insurance and proportional reinsurance		
R0050	Motor vehicle liability insurance and proportional reinsurance		
R0060	Other motor insurance and proportional reinsurance		
R0070	Marine, aviation and transport insurance and proportional reinsurance		
R0080	Fire and other damage to property insurance and proportional reinsurance		
R0090	General liability insurance and proportional reinsurance		
R0100	Credit and suretyship insurance and proportional reinsurance		
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance		
R0130	Miscellaneous financial loss insurance and proportional reinsurance	149,555,647	281,175,918
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance		
R0170	Non-proportional property reinsurance		

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_L Result	8,959,838

Total capital at risk for all life (re)insurance obligations

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance / SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	144,176,302.25	
R0250	Total capital at risk for all life (re)insurance obligations		8,474,479,103.56

Overall MCR calculation

		C0070
R0300	Linear MCR	71,080,650.06
R0310	SCR	238,391,751.27
R0320	MCR cap	107,276,288.07
R0330	MCR floor	59,597,937.82
R0340	Combined MCR	71,080,650.06
R0350	Absolute floor of the MCR	2,700,000.00
R0400	Minimum Capital Requirement	71,080,650.06