

Report on solvency and financial condition  
NOVIS Insurance Company,  
NOVIS Versicherungsgesellschaft,  
NOVIS Compagnia di Assicurazioni,  
NOVIS Poist'ovňa a.s.

Prepared as of 31 December 2020



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## Introduction

The Solvency II regime imposes an obligation on insurance undertakings to disclose a Report on solvency and financial condition (hereinafter referred to as a „Report“) on an annual basis.

NOVIS Insurance Company, NOVIS Versicherungsgesellschaft, NOVIS Compagnia di Assicurazioni, NOVIS Poist'ovňa a.s. (hereinafter referred to as the „Insurance company“, „NOVIS“ or the „Company“) has prepared the report in question on the basis of Annex XX of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (hereinafter referred to as the „Delegated Regulation“). The description of individual points included in the Report is governed by the respective Articles of the Delegated Regulation.

The Report contains a description of the activities and the performance of the undertaking, a description of the system of governance, the risk profile, the valuation for solvency purposes and a description of the capital management.

In the report in question, quantitative information is presented, which is in conformity with the quantitative statements (hereinafter referred to as „QRTs“) with a reference date at the end of 2020, which is simultaneously a financial year (a reporting period of the Company) for the purposes of this report.

Figures provided in the main text are expressed in thousands of Euro, unless otherwise stated. QRTs included in the part ANNEXES are expressed in Euro units.

## Summary

The Insurance company strictly applies a business strategy, which aims at offering in principle one uniform product in all markets that is parameterized and adapted in order to be in line with local legislation. However, the product is placed on the respective market only if the parameters and modifications of the product ensure profitability of concluded insurance contracts and the product will remain on the particular market after local rules have been changed only if further adaptation of the product would not result in a conclusion of loss-making insurance contracts.

After the Insurance company enters a particular market, it continues to test the profitability of the product by calculating the present value of expected cash-flows for all new insurance contracts at the end of each calendar quarter.

Consistent application of the above-mentioned business strategy with unchanged best estimate assumptions for liabilities and a growing portfolio results in a consistent improvement of the solvency ratio in the long run, and simultaneously defines the main competitive advantage of the Insurance company – the ability of fast and inexpensive international expansion. At the end of 2020, the Insurance company had the authorization to offer its products within the territory of Slovakia, Hungary, Czechia, Germany, Austria, Poland, Italy, Finland, Sweden, Lithuania and Iceland. Regarding the new business premium, Italy and Iceland were the most important markets in 2020.

An essential prerequisite for a portfolio growth is the ability of the Insurance Company to finance intermediaries' commissions. Novis continued to use financing from reinsurance companies, which accounted for half of the total financing for new production in 2020. The leader of the consortium was Hannover Re as well as in 2019. Starting in 2019, the consortium has been expanded to include Swiss Re, the world's second largest reinsurance company and Swiss Re has continued its financing in 2020. With the arrival of Swiss Re, the Insurance Company has gained access to worldwide insurance know-how and top-class services in the area of medical underwriting and development of new products, e.g. used to launch a pure risk product in Sweden. Mapfre Re also continued its financing during 2020. The consortium was expanded for 2020 with the addition of new members Helvetia and Swiss Life. In 2019, the Insurance Company has already diversified its new business financing options beyond the scheme provided by the aforementioned consortium and has initiated cooperation with issuers of so-called Insurance Linked Securities in the fastest growing markets (Iceland and Italy). Half of Novis' total new production in 2020 was financed in this form.

The Insurance Company's distribution and product development activities continued to focus on offering a new generation of investment life insurance products in 2020, which allow clients to invest the value of the insurance account in the new internal funds of the Insurance Company. These products were sold in 4 markets during 2020, namely Slovakia, Italy, Iceland and Germany.

Own funds of the Insurance Company exceeded and continue to exceed the solvency capital requirement - the SII ratio has amounted to 137% at the end of 2020, while the own funds covering the Minimum Capital Requirement (MCR ratio) were in the amount of 547% at the end of 2020. The above figures are significantly affected by a change in modelling and a change in the best estimate assumptions for liabilities to reflect developments during 2020.

The Insurance Company foresees the increase of the solvency ratio for the future, and also maintaining a positive economic result even with portfolio growth at the level of the pandemic year 2020. – Positive developments may be more pronounced and are a variable for further expansion in existing and potential new markets. Despite the pandemic, the Company reported gross premiums earned in 2020

almost at the level of 2019 and fulfilled the assumption of achieving a positive economic result. The impact of potential negative effects on the Company's solvency is discussed in more detail in section C.7.

## A. Activity and performance

### 1. Activity

#### **Business name, legal form, scope of business, management and supervisory bodies of the Insurance Company**

Business name:	NOVIS Insurance Company, NOVIS Versicherungsgesellschaft, NOVIS Compagnia di Assicurazioni, NOVIS Poist'ovňa a.s.
Registered office:	Námestie Ľudovíta Štúra 2 Bratislava 811 02, Slovakia
Company ID No.:	47 251 301
TIN:	2023885314
LEI:	097900BFE40000025925
Date of incorporation <sup>1</sup> :	11.10.2013
Legal form:	Joint-stock company

#### Scope of business (activities):

undertaking of insurance activity pursuant to Annex No. 1 to Act on Insurance – Classification of insurance lines according to insurance types: Part B – life insurance lines 1. Insurance a) assurance on survival to a stipulated age only, assurance on death only, assurance on survival to a stipulated age or on earlier death, life assurance with return of premiums, assurance linked to capitalisation contracts, b) annuities, c) supplementary insurance underwritten in addition to life insurance, in particular insurance against personal injury, including incapacity for employment, insurance against death resulting from an accident, and insurance disability resulting from an accident or sickness. 3. Insurance stipulated in points 1(a) and 1(b) linked to investment funds.

#### Countries of operation:

*Slovakia*  
*Czech Republic* - through branch NOVIS Poist'ovňa a.s., odštěpný závod  
*Hungary* - under the freedom to provide services without establishing a branch  
*Germany* - through branch NOVIS Versicherungsgesellschaft Niederlassung Deutschland der NOVIS Insurance Company, NOVIS Versicherungsgesellschaft, NOVIS Compagnia di Assicurazioni, NOVIS Poist'ovňa a.s.  
*Austria* - through branch NOVIS Versicherungs-AG Niederlassung Österreich  
*Poland* - under the freedom to provide services without establishing a branch  
*Finland* - under the freedom to provide services without establishing a branch  
*Sweden* - under the freedom to provide services without establishing a branch

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<sup>1</sup> Business Register of the Slovak Republic

*Italy* - under the freedom to provide services without establishing a branch  
*Iceland* - under the freedom to provide services without establishing a branch  
*Lithuania* - under the freedom to provide services without establishing a branch

Statutory body: Board of Directors  
Siegfried Fatzi – Chairman  
Ing. Slavomír Habánik – Vice-Chairman  
Ing. David Hlubocký – Member  
Rainer Norbert Alt – Member

Supervisory Board  
Thomas Polak - Chairman  
Ing. JUDr. Eva Gallová  
Mgr. Kristína Kupková  
RNDr. Štefan Gyurik  
Ing. Karel Zvolský - Vice-Chairman  
Deborah Sturman  
Mag. Slobodan Ristic  
Ing. Stanislav Kamenár  
KR Freimut Dobretsberger

Acting on behalf of the Company: The Chairman of the Board of Directors and the Vice-Chairman of the Board of Directors shall act and sign jointly on behalf of the Company. Signing on behalf of the Company shall be affected in such a way that the Chairman of the Board of Directors and the Vice-Chairman of the Board of Directors shall attach his/her manual signature to the printed or written business name of the Company and to his/her name and surname.

**Name and contact details of the supervisory authority responsible for the financial supervision of the Insurance Company**

Name of the supervisory authority: National Bank of Slovakia (NBS)  
Securities market, insurance and pension funds supervision department  
Head office: Imricha Karvaša 1  
Bratislava 813 25  
Company ID No.: 30 844 789

**Name and contact details of the external auditor of the Insurance Company**

Business name: Mazars Slovensko, s.r.o.  
Registered office: Europeum Business Centre, Suché Mýto 1  
Bratislava 811 03  
Company ID No.: 35 793 813

**Description of persons having a qualifying holding in the Insurance Company**

By the end of 2020, the Insurance Company has no shareholder with a qualifying holding.

**Significant business activities or other events that have occurred during the reporting period and that had a substantial impact on the Insurance Company**



In 2020, the Insurance Company's business was most influenced by the following:

The diversification of ways of financing new production through cooperation with issuers of so-called Insurance Linked Securities has been significant. In 2020, this form of financing accounted for half of Novis' total new production and offset the volume of new production financing through a consortium of reinsurers.

In 2020, the Insurance Company focused on offering a new generation of investment life insurance products in the Italian, Icelandic, German and Slovak markets. In the Italian market, it continued with the sale of a pure risk product, which it launched in 2019. A new pure risk product was launched in 2020 in Sweden.

During 2020, the Insurance Company has been confronted with the following decisions of regulators:

- Decision of the National Bank of Slovakia to impose a fine of EUR 50,000 for shortcomings in the area of the corporate governance system, submission of data and information to the National Bank of Slovakia, carrying out activities without authorisation outside the territory of the Slovak Republic and EU/EEA Member States, exercise of shareholders' voting rights and the accounting method used to calculate technical provisions (related to the period before 2020).
- Decision of the National Bank of Slovakia to impose a fine of EUR 50,000 for shortcomings in the area of calculation of technical provisions (related to the period before 2020).
- Decision of the National Bank of Slovakia to issue an interim measure by which the National Bank of Slovakia imposed an conditional and temporary obligation on the Insurance Company to refrain from entering into insurance contracts with investment component in case certain conditions are not fulfilled (surrender values to be covered by eligible assets) and to invest all premiums received in accordance with the agreed contractual obligations. The Insurance Company appealed against that decision, and the second-instance body, namely the Bank Board of the National Bank, decided to partially annul the interim measure, which means that the Insurance Company's obligation to refrain from concluding new insurance contracts with an investment component in the cases provided for in the interim measure was annulled. The Bank Board of the National Bank of Slovakia confirmed the interim measure in the rest.
- Decision of the National Bank of Slovakia to issue an interim measure by which the National Bank of Slovakia imposed an obligation on the Insurance Company to refrain from freely disposing of assets by other than insurance linked activities and the related submission of information and documents. The Insurance Company appealed against this decision.
- The decision of the Czech National Bank to impose a fine of CZK 1,000,000 for having committed breaches in the area of insurance distribution and in key information documents during a certain period, which was after the appeal subsequently confirmed by a secondary authority, namely the Bank Board of the Czech National Bank. The Insurance Company brought an administrative action against that decision before the competent court.

## 2. Underwriting performance

In 2020, the Company recorded premiums received of EUR 47.8 million, a decrease of 7% compared to 2019. The decrease is mainly related to the current COVID-19 pandemic and the temporary suspension of sales of investment based insurance contracts (by the sole decision of the Company) in

markets excluding Italy, Iceland, Slovakia and Germany. In terms of gross written premiums, Italy, Iceland, Hungary and Slovakia were among the most significant markets.

#### Gross premiums written (geographical area)

(EUR mil.)	2020	2019	Change (in %)
Italy	19,3	16,2	19%
Iceland	11,2	8,7	30%
Hungary	9,8	18,0	-46%
Slovakia	3,7	4,4	-15%
Czech Republic	1,9	2,4	-21%
Germany	1,1	1,1	0%
Sweden	0,6	0,0	-
Austria	0,1	0,2	-56%
Poland	0,1	0,1	-31%
Finland	0,0	0,1	-78%
Lithuania	0,0	0,0	92%
<b>Total</b>	<b>47,8</b>	<b>51,2</b>	<b>-7%</b>

#### Gross premiums written (group of business activity)

(EUR mil.)	2020	2019	Change (v %)
Income protection insurance	1,5	1,6	-5%
Health insurance	1,7	1,6	4%
Insurance with profit participation	9,6	11,5	-16%
Index-linked and unit-linked insurance	32,8	35,2	-7%
Other life insurance	2,3	1,4	64%
<b>Total</b>	<b>47,8</b>	<b>51,2</b>	<b>-7%</b>

The following table summarizes information about the underwriting performance of the Insurance Company and its division into significant lines of business:

#### Underwriting performance according to groups of business activity

(EUR mil.)	Income protection insurance	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
<b>Premiums written</b>						
Gross	1,5	1,7	9,6	32,8	2,3	47,8
Reinsurers' share	0,0	1,5	8,6	29,4	2,1	41,6
Net	1,5	0,2	1,0	3,3	0,2	6,2
<b>Claims incurred</b>						

Gross	0,9	1,9	1,8	5,2	0,7	10,5
Reinsurers' share	0,0	0,4	0,0	0,0	0,1	0,5
Net	0,9	1,5	1,8	5,2	0,5	10,0
<b>Change in other technical provisions</b>						
Gross	-0,1	-1,3	9,2	-5,0	-21,6	-18,7
Reinsurers' share	0,0	0,0	-3,8	-13,7	0,0	-17,5
Net	-0,1	-1,3	13,0	8,7	-21,6	-1,2
<b>Expenses incurred</b>	1,4	1,2	6,8	23,2	1,6	34,3
<b>Other expenses</b>						-50,7
<b>Total expenses</b>						-16,3
<b>Total</b>						11,4

The Company's underwriting performance has reached EUR 11,4 million, considering net change of the value of insurance contracts and net change of payables towards reinsurers – both being recognized in item Other expenses.

Income, expenses and profit information prepared in accordance with International Financial Reporting Standards (IFRS) for the annual reporting period as end of December 2020 are provided in the following table:

<b>Statement of comprehensive income</b>				
<b>(EUR mil.)</b>	<b>2020</b>	<b>2019 Restated*</b>	<b>2019</b>	<b>Change (in %)</b>
Gross premium income (before the reinsurer's share)**	47,9	51,5	51,5	-7.00%
Total income	104,4	126,1	129,6	-17.20%
Total expenses	-93,9	-115,8	-115,8	-18.90%
Profit before tax	10,4	10,2	13,8	2.00%
Profit after tax	2,8	3,7	6,4	-24.30%

\*results after adjusting the selected items in the previous period as of 31 December 2020

\*\*gross premiums written adjusted by the effect of UPR (unearned premium reserve)

### 3. Investment performance

Within the scope of its business activities, the Insurance Company enables its clients to invest in internal funds of the Insurance Company ("insurance funds"). Clients may invest their premium payments in the Guaranteed Growth Insurance Fund and non-guaranteed insurance funds, while the allocation ratio of premiums into the insurance funds is determined by the client.

The underlying assets of the Guaranteed Growth Insurance Fund were Slovak, Hungarian, Czech and Polish government bonds. The annual expected rate of return of the Guaranteed Growth Insurance Fund for the respective calendar year is announced and published at the end of the previous calendar year, while the rules for determining the rate of return are provided in the statute of the fund.

A rate of return in non-guaranteed insurance funds is influenced by the evolution of value of its underlying assets (ETF shares, gold ETFs, financial instruments linked with the real estate sector, investment funds). The Insurance Company pursues a strategy of simple composition of the underlying assets in individual insurance funds, meaning that one insurance fund consists of one to four underlying assets. In 2020, the Company had invested in the following securities:

## Fixed Income Securities

The Company holds fixed income securities in currencies of the markets where it operates – specifically in Euro, Hungarian Forint, Czech Koruna and Polish Zloty. NOVIS currently holds government bonds of Slovakia, Hungary, Austria, the Czech Republic and Poland.

Bonds	SK41200 11420	SK41200 07543	SK41200 12691	HU00004 03001	HU00004 03555	AT0000A1 K9F1	CZ00010 01796	PL00001 09492
<i>in thousa nds of EUR</i>	SLOVAKI A (229) 1.625% 21/1/2031 EUR	SLOVAKI A (216) 4.35% 14/10/202 5 EUR	SLOVAKI A 1.88% EUR	HUNGAR Y 3.25% 22/10/203 1 HUF	HUNGAR Y 3.000% HUF	AUSTRIA 1.50% EUR	CZECH REP. 4.2% 4/12/2036 CZK	POLAND 2,25% 25.04.202 2 PLN
Issue date	21.01.2016	14.10.2010	9.3.2017	22.04.2015	27.10.2018	23.2.2016	04.12.2006	28.06.2017
Maturity date	31.01.2031	14.10.2025	9.3.2037	22.10.2031	27.10.2038	19.2.2047	04.12.2036	25.04.2022
Standard and Poors rating*	A+	A+	A+	BBB	BBB	AA+	AA-	A-
Average Purchase Price in % of the nominal value	107	134	123	105	104	132	140	101
Bonds at FVOCI	2 421	0	0	5 024	148	70	368	53

Bonds at FVTP	149	297	0	753	0	0	144	0
<b>Total Carrying Value:</b>	<b>2 570</b>	<b>297</b>	<b>0</b>	<b>5 777</b>	<b>148</b>	<b>70</b>	<b>512</b>	<b>53</b>
Fair Value of the Bonds	2 570	297	0	5 777	148	70	512	53
Nominal value	2 077	237	0	5 167	133	50	365	50

\*Standard & Poor's up-to-date rating

### Variable Income Securities (underlying assets of non-guaranteed insurance funds)

Policyholders of the Company can choose from the following non-guaranteed insurance funds:

- NOVIS Fixed Income Insurance Fund invests directly or indirectly into government and corporate bonds with fixed interest, which form the majority of investments, while debt securities with floating interest may have minor share,
- NOVIS Global Select Insurance Fund invests directly or indirectly into stocks listed on major stock exchanges worldwide, which form the majority of investments. Minor share may be invested into corporate or government bonds.
- NOVIS Sustainability Insurance Fund invests directly or indirectly into stocks or bonds of companies, which comply with strict corporate governance, environmental and social criteria – so-called ESG criteria set by the UN,
- NOVIS ETF Shares Insurance Fund invests in listed ETF shares (Exchange Traded Funds),
- NOVIS Gold Insurance Fund invests into gold ETFs, whose change of value is linked to the change of price of gold,
- NOVIS Entrepreneurial Insurance Fund focuses on investments in private and venture equity, or tradeable funds and companies that are specializing in so-called impact investment,
- NOVIS Mortgage Insurance Fund focuses on investment in real estate and securities or any other financial instruments that are secured by real estate assets, or in other words, the value of which stems from the value of real estate or the value of companies financing real estate,
- NOVIS Family Office Insurance Fund gives customers a chance to invest in alternative investment funds, specifically Family Office funds. These funds invest significantly in non-listed shares and bonds,
- NOVIS World Brands Insurance Fund invests into mixed investment funds focused on companies with high brand value, where the brand value has not been reflected so far in the increase of the price of their shares,
- NOVIS Digital Assets Insurance Fund invests into investment funds or exchange traded funds focused on shares of companies, which develop and provide computing capacity (so-called Cloud computing) or other technology companies,

- Fondo Interno NOVIS PIR (available in Italy only) invests directly or indirectly into stocks or bonds in line with Italian regulation of individual saving plan (PIR) and thus focuses on companies operating in Italy (mainly small and medium sized enterprises).
- NOVIS Co-Branded Insurance Funds are exclusively designed for customers of specific distribution partners. Currently, such insurance funds are offered mainly to customers of the Hungarian distribution company "Quantis Consulting Zrt".

The investment strategy and asset classes are defined in the statute of each NOVIS Insurance Fund.

All assets in this class are designated at fair value through profit or loss in order to eliminate accounting mismatch with so-called Unit-linked insurance provisions.

#### NOVIS ETF Shares Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
iShare MSCI WORLD ETF (USD)	4 859	3 570
iShare MSCI EM - ACC (EUR)	738	905
iShare MSCI EM - ACC (USD)	16	15
<b>Total Carrying Value</b>	<b>5 613</b>	<b>4 490</b>

#### NOVIS GOLD Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
SPDR Gold Trust USD	4 227	2 492
<b>Total Carrying Value</b>	<b>4 227</b>	<b>2 492</b>

#### NOVIS Entrepreneurial Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
ISHARES S&P LISTED PRIVATE USD (LN)	1 175	0

iShares Listed Private Equity UCITS ETF USD	756	1 654
responsAbility Micro and SME Finance Fund II	872	783
iShares Euro High Yield Corporate Bond EUR (GF)	161	10
<b>Total Carrying Value</b>	<b>2 964</b>	<b>2 446</b>

#### NOVIS Mortgage Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
iShares Euro Covered Bond UCITS ETF	1 623	1 763
Dihopisy HB REAVIS 2020	0	21
<b>Total Carrying Value</b>	<b>1 623</b>	<b>1 783</b>

#### NOVIS Family Office Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
BP Family Office EUR THES	2 106	2 046
ISHARES IBOXX H/Y CORP BOND FUND	430	260
ISHARES EURO HY CORP BND (GY) EUR	309	267
<b>Total Carrying Value</b>	<b>2 845</b>	<b>2 573</b>

#### NOVIS Digital Assets Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
ELJOVI Multi-Strategy Fund	1 748	0
FIRST TRUST CLOUD COMPUTING FUND	2 403	2 977

ETFMG PRIME CYBER SECURITY E FUND	2 190	2 991
GLOBAL X FUTURE ANALYTICS TE FUND	1 265	1 641
<b>Total Carrying Value</b>	<b>7 606</b>	<b>7 609</b>

#### NOVIS World Brands Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
H2Progressive Vermögensfreunde	504	193
H2Conservative Vermögensfreunde	466	194
Wealth Fund World Class Brands Vermögensfreunde Cap	962	395
<b>Total Carrying Value</b>	<b>1 932</b>	<b>782</b>

#### NOVIS FIXED INCOME Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
Invesco Bond Fund	468	39
BAILLIE GIFFORD STRAT BD-BA	342	0
UBS (Lux) Bond Fund - Euro High Yield (EUR) I-A1-acc	538	40
<b>Total Carrying Value</b>	<b>1 348</b>	<b>80</b>

#### NOVIS GLOBAL SELECT Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
Invesco Global Income Fund A EUR	319	51
UBS LUX INST-KEY GLB EQY-AAE FUND	734	50



BAI GIF WW LT GB GRW-AEURA FUND	221	0
UBS LUX B-GL ST FX USD-EHIA 1 FUND	194	0
UBS (Lux) Bond Fund - EUR Flexible-Q ACC FUND	110	0
<b>Total Carrying Value</b>	<b>1 578</b>	<b>101</b>

#### Fondo Interno NOVIS PIR

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
LYXOR FTSE ITA MID CAP PIR FUND	186	20
GENER SM PIR VALOR ITALIA- IX FUND	93	60
GENER SM PIR EVOLU ITALIA-IX FUND	189	121
<b>Total Carrying Value</b>	<b>468</b>	<b>202</b>

#### NOVIS SUSTAINABILITY Insurance Fund

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
UBS Global Sustainable Q-acc	311	40
BAILLIE GIFF GB STEWARDS-BNA FUND	302	0
INVESCO Fds Inv Sust Alloc Fd A EUR Cap	122	40
<b>Total Carrying Value</b>	<b>735</b>	<b>80</b>

#### NOVIS Co-Branded Insurance Funds

<i>in thousands of EUR</i>	31. December 2020	31. December 2019
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Fidelity Global Dividend A-Acc-EUR-Hdg	2 831	3 047
JPMorgan Global Income Fund D Acc EUR	2 922	3 326
JPMorgan Emerging Markets Dividend Fund	3 270	3 676
Concorde Hold Alapok Alapja	2 361	2 649
Fidelity Global Multi Asset Income Fund	2 112	2 434
Concorde Rövid Futamidejű Kötvény Befektetési Alap	1 474	1 615
Templeton Global Bond N Acc USD	1 503	1 692
JPMorgan Funds - Latin America Equity Fund	342	337
Fidelity Emerging Asia Fund	543	383
<b>Total Carrying Value</b>	<b>17 358</b>	<b>19 160</b>

## Risk related to asset allocation

Changes in the value of assets invested within the non-guaranteed insurance funds are fully attributed to the respective customer insurance accounts, thus the policyholder carries the investment result in full. The Company places the assets in line with the statutes of the various insurance funds and the current investment policy based on considering both the return potential and the risks.

A significant risk mitigation (from the policyholder's point of view) is achieved by the diversification effect achieved by choosing all insurance funds of the Company. During 2020, bank deposits were reported among the underlying assets of the individual insurance funds, within the limit set by the insurance fund statutes.

## Investment income

<i>in thousands of EUR</i>	<b>2020</b>	<b>2019</b>
Gains less losses on financial assets at FVTPL *	-1 540	4 206
Accrued interest	248	160
Dividends	176	138
Decrease in value of variable income securities	222	-222
Other investment income	328	0
<b>Total</b>	<b>-566</b>	<b>4 282</b>

By the end of 2020, the Company has not reported any investments in securitisation according to Article 293, section 3, paragraphs a), b) and c) of the Delegated Regulation.

## Asset performance

The Company offers its clients two investment options – in two types of internal funds of the Insurance Company: i) providing a guarantee of pre-defined appreciation in the respective year, and ii) non-guaranteed insurance funds, which means that the effects of appreciation, or depreciation, are fully borne by the policyholder. The underlying assets of the guaranteed fund consist exclusively of government bonds issued by the countries in whose markets the Insurance Company operates. Regarding the bonds denominated in Euro, these are government bonds of Slovakia. Any difference between the yield of the underlying assets of NOVIS Guaranteed Growth Fund and the stated appreciation of the NOVIS Guaranteed Growth Fund for the respective calendar year is considered a share in profits and is fully borne by the Insurance Company.

The performance of individual non-guaranteed insurance funds and their underlying assets during 2020 is provided in the following table (the performance is calculated in the currency of the particular fund, i.e. EUR or, alternatively, HUF):

Name of the non-guaranteed Insurance fund	(+/-) appreciation of a non-guaranteed insurance fund in 2020	(+/-) appreciation of a non-guaranteed insurance fund in 2019
NOVIS ETF Shares Insurance Fund	0.52%	30.20%
NOVIS GOLD Insurance Fund	14.37%	20.11%
NOVIS Entrepreneurial Insurance Fund	-0.90%	33.75%
NOVIS Mortgage Insurance Fund	0.49%	2.68%
NOVIS Family Office Insurance Fund	0.71%	4.68%
NOVIS World Brands Insurance Fund	1.04%	10.84%
NOVIS Digital Assets Insurance Fund	25.79%	4.64%
NOVIS Fixed Income Insurance Fund	2.96%	NA
NOVIS Global Select Insurance Fund	2.12%	NA
NOVIS Fondo Interno PIR	-1.88%	NA
NOVIS Sustainability Insurance Fund		
NOVIS Ázsia Fejlődő Piaci Részvény Eszközalap	17.20%	25.08%
NOVIS Latin-Amerika Részvény Eszközalap	-5.60%	34.54%
NOVIS Vegyes Eszközalap	1.62%	10.73%
NOVIS Global Income Fund Eszközalap	11.20%	13.50%
NOVIS Abszolút hozamú Eszközalap	9.50%	3.25%

NOVIS Globális Fejlődő Piaci Részvény Eszközalap	15.77%	27.27%
NOVIS Globális Fejlett Piaci Részvény Eszközalap	12.88%	28.38%
NOVIS Globális Kötvény Eszközalap	-2.80%	5.25%
NOVIS Rövid futamidejű Magyar Kötvény Eszközalap	0.65%	1.34%

#### 4. Performance in other areas of activity

The Company does not engage in any other activity.

#### 5. Other information

No other relevant information concerning the activity and performance of the Insurance Company is known.

## B. System of governance

### 1. General information about the system of governance

The organizational structure of the Company is approved by the Board of Directors together with the Organizational manual, which describes the internal organisation and management of the Company.

The Board of Directors is the administrative and management body of the Company, which, as a statutory body of the Company, shall manage its operations in accordance with the generally binding regulations. The Boards of Directors shall take decisions concerning any matter of the Company, unless such matters are reserved to the authority of the General Meeting or to the Supervisory Board by the Commercial Code or the Articles of Association. The Board of Directors has 4 members.

Roles and responsibilities of the Board of Directors include managing the Company, ensuring due keeping of the Company's accounting records, submitting the Annual Report to the General Meeting and publishing the Annual Report, ensuring the convocation of the General Meeting as well as the Extraordinary General Meeting, approving the financial business plan, approving the rules for the creation and use of funds and reserves, submitting the information to the Supervisory Board, proposing the approval or removal of an auditor reviewing the Company's financial statements based on the recommendation of the Supervisory Board, as well as performing other activities resulting from the generally binding regulations or from the resolutions of the General Meeting.

The Supervisory Board is the controlling body of the Company. The Board supervises the activities of the Board of Directors as well as business activities of the Company. Moreover, the Supervisory Board advises the Board of Directors regarding the appointment of an auditor who would audit the Company's financial statements. The Supervisory Board has nine members. In addition to the above-mentioned, the Supervisory Board performs the duties of the Company's Audit Committee.

The Company has not established any other committee or commission.

#### **Significant changes of the corporate governance system that have occurred over the reporting period**

During the period under review, two members of the Board of Directors were re-elected for a further term of office. In June 2020, elections were held in which the employees of the Insurance Company were able to elect three members of the Supervisory Board for a new term of office. Two employee representatives were re-elected and there was a change in the case of the third. In October 2020, a change to the organisational structure was approved, with the cancelation/integration of some departments. These were not large changes. No other significant changes in the corporate governance system have occurred during the reporting period.

#### **Remuneration policy**

The Remuneration system of the Company is governed by an internal directive "Remuneration of employees and persons concerned".

Employee remuneration consists of a fixed and variable component.

The basic salary represents the fixed component of employee remuneration. The amount of the basic salary is agreed with the employee in the employment contract and depends on the qualifications

required, responsibilities and complexity of the performance of the function of the employee. The amount of basic salary also corresponds to individual abilities of a particular employee, assessing in particular the education achieved, work experience, availability on the labour market and language skills.

Rules governing the payment of wage surcharges are laid down in the relevant provisions of the Slovak Labour Code.

The variable wage component is an incentive tool of the Insurance Company intended to increase the personal commitment of employees in fulfilling their specified tasks, and to encourage better work performance. It may be provided in the following forms:

- monthly bonus,
- annual bonus,
- extraordinary reward.

The remuneration of the members of the Supervisory Board is decided by the General Meeting of the Company.

The main objective of the rules for remuneration of Persons concerned (i.e. members of the Board of Directors, holders of key functions and heads of divisions of the Insurance Company) is to define and set up a balanced, performance-oriented remuneration system of the Persons concerned, taking into account the individual performance, business strategy, risk management system, achieving long-term interests and objectives of the Insurance Company, and to do so in accordance with generally binding legal regulations.

The total remuneration of Persons concerned may consists of a fixed remuneration component and a variable remuneration component. The Insurance Company and the Person concerned may agree on the remuneration without the variable component.

In case the total remuneration consists of both, a fixed component of remuneration and a variable component of remuneration, the fixed component of the total remuneration shall constitute a sufficiently high proportion of the total remuneration so as to ensure a flexible policy in the remuneration system and be proportionately balanced with the variable component of the total remuneration. The amount of the variable remuneration component for the relevant calendar year may not exceed the fixed remuneration component for that calendar year. The variable component of remuneration is divided into an unconditional part (60%) and conditional part (40%). This division shall not apply in respect of a person holding a key function, provided that the variable remuneration component does not exceed EUR 5,000 in a calendar year. In such a case, the total amount of the variable component of remuneration of a person holding a key function shall be deemed to be unconditional.

The amount of the variable remuneration component of the Persons concerned depends on the fulfilment of objectives set by the Insurance Company in accordance with the long-term business strategy, the interests of the Insurance Company that are reflected in the risk management system and corresponding to the current and future risks arising from the activities of the Insurance Company, the ability of the Insurance Company to fulfil its obligations under Article 63 of the Act No. 39/2015 Coll. on Insurance (eligible amount of own funds required to cover the Minimum Capital Requirement) and the key performance indicators of the Persons concerned determined by the Insurance Company (KPIs).

The specification of remuneration rules is agreed between the Persons Concerned and the Insurance Company in the contracts on the performance of a function and in employment contracts.

Remuneration rules are reflected in the risk management system of the Insurance Company, thereby supporting the system.

The Persons concerned shall be under an obligation not to use any personal hedging strategies nor an insurance relating to remuneration and liability obligations, that would be in conflict with the rules for risk mitigations.

The variable component of remuneration of the Insurance Company's employees holding key functions must not depend on the performance of the operational units nor the areas they supervise.

The Company does not provide contributions to supplementary pension insurance for employees; members of the administrative or supervisory body and key functions holders retire according to the valid legislation of the Slovak Republic.

### **Information about the key functions**

In accordance with the applicable legislation, the Company had set up the following four key functions: Risk Manager function, Internal Audit function, Compliance function and Actuarial function. Every employee holding a key function is obliged to perform that function in an objective, honest and independent way. The heads of Compliance, Internal Audit, Risk Management and Actuarial department simultaneously hold key functions in the respective area. Each department is organizationally assigned to a division directly managed by one of the members of the Board of Directors, with the exception of the Internal Audit Department, which reports directly to the Board of Directors of the Insurance Company.

#### **Internal Audit function**

Internal audit is an objective assurance and consulting activity, independent of the operations and business processes of the Insurance Company, which is aimed at the improvement of work processes and procedures and the enhancement of the effectiveness of risk management as well as other governance mechanisms of the Insurance Company. Internal audit is one of the fundamental control processes of the Insurance Company. It is an independent department that is accountable to the Board of Directors of the Insurance Company. The head of the Internal Audit Department, the key function holder, is responsible for the performance of the department's activities. The Supervisory Board manages the Internal Audit Department and is authorized to request the department to conduct an inspection. The Internal Audit Department is obliged to inform the Supervisory Board and the National bank of Slovakia, without an undue delay, about the violation of obligations of the Insurance Company determined by the generally binding regulations and about the fact, which may affect the proper conduct of the insurance activity of the Company. The internal audit function shall submit an annual plan of the activities of the Internal Audit department for the following calendar year as well as the report on the results of its activities for the previous calendar year to the meeting of the Board of Directors and the Supervisory Board for their approval. Moreover, the department shall participate in risk detection, improvement of work processes, activities and procedures aimed at the enhancement of process efficiency and risk management and in proposing measures to remedy the identified deficiencies in the control mechanisms of the internal control system of the Insurance Company.

#### **Compliance function**

The compliance function is part of the internal control system, forming the second line of defence. The head of the Compliance Department, the key function holder, has the task of advising the Board of Directors or the Supervisory Board on the compliance with the generally binding regulations pertaining to insurance and consumer protection, assessing the possible impact of any changes in the generally binding regulations on the Company's activities, identifying and assessing the risk of non-compliance

with the generally binding legislation. The activity of the Compliance Department is regulated by an internal regulation. The compliance function shall annually submit to the Board of Directors a report on its activities, which is based on an annual activity plan approved by the Board of Directors. Furthermore, it is obliged to immediately inform the Board of Directors of the Insurance Company about any material findings. The Compliance Department's competency is to communicate and request information from all employees of the Insurance Company in order to ensure the proper performance of the department's functions.

#### Actuarial function

The actuarial function is held by the head of the Actuarial Department. It is an independent function, which forms the second line of defence. Its responsibilities include the coordination of calculation and validation of technical provisions, informing the Board of Directors about the reliability and adequacy of the calculation of the technical provisions, assessment of the overall underwriting concept, assessment of the adequacy of reinsurance programs, assessment of the adequacy, quality and accuracy of the data used to calculate the technical provisions, comparison of the best estimate of technical provisions with reality and provision of assistance in ensuring the implementation of an effective risk management system. The actuarial function shall annually submit a written report on its activities to the Board of Directors and inform the Board of Directors about any identified deficiencies without an undue delay.

#### Risk Management function

The risk management function is responsible for informing the Board of Directors about the most significant identified risks, advising the Board of Directors on issues of risk management, submitting detailed reports on risk exposures to the Board of Directors, implementing and enforcing of an effective risk management system and for the coordination of the ORSA process. Moreover, it serves as a contact person for reporting adverse events. The risk management function is an independent function, which forms the second line of defence. It is obliged to immediately inform the Board of Directors of the Insurance Company about any material findings arising from its activities. It closely cooperates with the actuarial function, the compliance function and the persons managing the Insurance Company.

### **Information about significant transactions with shareholders, persons with significant control over the Company and members of the administrative, management or supervisory body**

<i>In thousand of EUR</i>	<b>2020</b>	<b>2019</b>
Cash contribution to registered capital from the BoD members	-	-
Cash contribution to registered capital from the SB members	-	-
Services provided by related party to the Company	45	211
Salaries and remuneration of the BoD members	382	416
Salaries and remuneration of the SB members	189	149
Social security contributions for the BoD members	142	144
Social security contributions for the SB members	84	69

## 2. Professional competence requirements

The Insurance Company lays down in its internal regulation the following requirements for professional competence of individual groups of persons assessed:



**1. Members of the Board of Directors of the Company, Head of Branches of the Company, the Procurator (if appointed)**

1.1 Individual professional competence:

- each member of the Board of Directors, the Head of the Branch of the Insurance Company, the Procurator (if appointed) must have completed university education and at least three years of experience on financial market or completed full secondary education or other professional education abroad and at least six years of experience in the financial market, from which three years on a managerial position,
- procurator (if appointed) will not perform activities related to the key function. If the appointed procurator already held a position in the Insurance Company, which requires an assessment of professional competence or credibility within the meaning of the internal policy, a reassessment of professional competence and credibility is not required if the person fulfils conditions set out in the previous paragraph.

1.2 Collective professional competence:

- all members of the Board of Directors must have expertise, at least, in the five following areas:
  - a. insurance market and other financial markets,
  - b. business strategy and business model,
  - c. governance and management system,
  - d. financial and actuarial analysis,
  - e. regulation of insurance and financial services.
- at least one member of the Board of Directors must have at least five years of experience in the field of insurance.

**2. Managers, who manage the individual divisions of the Insurance Company**

Completed university education (at least first degree) and three years of managerial experience or full secondary education and at least five years of managerial experience.

**3. Key functions and employees in their direct management and other persons performing activities of specific importance to the Insurance Company**

Persons responsible for key functions:

– **Internal audit** – completed university education (at least second degree) of natural sciences, humanities, economics, technical or law specialization and minimum 3 years of experience in the field of insurance, of which at least 1 year in the position of auditor,

– **Actuary** – completed university education (at least second degree) or completed foreign vocational education preferably in the field of actuarial science, mathematics, statistics, insurance and/or financial mathematics, regression analysis or related field and minimum 3 years of experience in actuarial field,

- **Risk manager** – completed university education (at least second degree) of natural sciences, economics or technology and at least 3 years of experience in the field of risk management in insurance,
- **Compliance manager** – completed university education (at least second degree) of natural sciences, humanities, economics, technical or law specialization and at least 2 years of experience in financial law.

Persons performing activities of specific importance to the Insurance Company, if the Board of Directors of the Insurance Company decides, must have completed university education (at least second degree) of natural sciences, economics, humanities, technical or legal specialization and at least 3 years of experience in the area of financial market concerning the position.

Employees in direct management of those responsible for key function, ensuring the tasks and outputs of a key function, must have completed higher education (at least the first degree) of the same specialization as that assigned to the key function under which they work.

The above-mentioned requirements are specified in the Company's internal regulation prepared in accordance with the Act No. 39/2015 Coll. on insurance and amending certain laws (hereinafter referred to as "Act on Insurance").

The requirements for trustworthiness of a natural person are set out in Article 24 of the Act on Insurance.

Simultaneously, when assessing the requirements for professional competence and trustworthiness, the nature, complexity and the scope of the Insurance Company's activities are taken into account, as well as the job position of the particular person.

The Company ensures that all persons assessed meet the following requirements throughout the performance of their functions:

- an adequate professional competence, including knowledge and experience, which enables reliable and cautious management and performance of their functions;
- trustworthiness.

The Company conducts an individual and regular assessment, an assessment of the professional competence and trustworthiness, in accordance with the procedure set out in the relevant internal regulation of the Company. This assessment is carried out by the head of the HR Department in a close cooperation with the head of the Compliance Department. The professional competence and trustworthiness of a candidate applying for a key function or a management position or a head of a branch is assessed before the candidate starts working in the Company. The appointment of such a candidate is subject to approval of the Board of Directors. The verification of professional competence and trustworthiness is based on the publicly available information and information provided by the candidate, including the information provided in the declaration of honour. Any changes to the persons who manage the Insurance Company (management of the Company), heads of branches or persons holding key functions, shall be notified to the National Bank of Slovakia by the Company.

In accordance with the Articles of Association of the Company, the General Meeting of the Company elects and removes the members of the Board of Directors, taking into consideration all materials collected by the head of the Compliance Department that prove the suitability and expertise of the candidates.

### 3. Risk management system, including the own risk management

#### **Risk management system**

The purpose of the risk management system is an effective management of the risks, to which the Company is or could be exposed in the future. Proper risk management shall be carried out with regard to the nature, extent and complexity of the risks. The risk management is in line with the risk strategy of the Company consisting of the following processes and procedures:

#### **a. Risk identification**

The objective of this process is to identify significant risks. Throughout the identification process, the current risk profile of the company must be taken into account. In order to ensure a comprehensive analysis of the risk profile, all relevant departments, called risk owners, should be involved in the risk identification and all processes, insurance products and systems related to their responsibilities should be taken into account. The process is performed through cooperation of individual employees, the risk owners. When identifying risks, the Company is assessing whether the risk is measurable or non-measurable and measures aimed at the management and elimination of risks are implemented. The risk identification process is recorded in a risk catalogue, in which the risks are defined, measures for the management of identified risk are proposed and risk owners are assigned to the individual risks.

#### **b. Measuring the risks**

The Company uses the standard formula approach in order to calculate the amount of required solvency capital for risks, to which the Company is exposed. The standard formula approach is described in the Solvency II Delegated Regulation and defines individual stress scenarios with a confidence level of 99,5% over a one-year period. The amount of required capital determined by the method in question represents the capital requirement. For risks that are not measurable or the Company does not have a suitable model for their quantification, the Company implements measures aimed at managing and eliminating these risks.

#### **c. Monitoring and managing the risks**

The aim of the risk management is the performance of the Company's activities in accordance with the risk strategy, which defines the risk appetite, the level of risk that the Company is prepared to accept. The risk appetite is defined at the Board of Directors level and determines the boundaries of the aggregate level of risk or individual types of risk that the company is willing to take in order to achieve its strategic objectives. Subsequently, it is transformed to appropriate levels of risk tolerance and risk limits for individual risks, so it is understandable for the managerial employees of the Company. The said setting allows for the monitoring and risk management to be conducted at the Board of Directors and management level.

#### **d. Risk control**

The control mechanism consists of an assessment of risks having regard to the risk appetite and different levels of risk tolerance and risk limits. The frequency of risk controls depends on the risk category and data availability.

#### **Risk management**

The Company focuses on managing risks in accordance with the risk strategy of the Company that aims to:

- mitigate risks to which the Company is exposed,

- prevent harming clients' interests and
- protect the financial stability of the Company.

In order to fulfil its objectives, the Company has integrated risk management into its organizational structure, which clearly defines the roles and responsibilities. The organizational structure of the Company defines roles and responsibilities increasing the effectiveness of risk management and ensuring the flow of information.

In order to meet its objectives, the Company has integrated the risk management into the organizational structure that clearly defines roles and responsibilities. The Company's organizational structure defines roles and responsibilities that help the effective risk management and the flow of information.

The risk management is subject to key risk management function based on the requirements defined in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up of the business of insurance and reinsurance (hereinafter referred to as the "SII Directive") and delegated regulation. The key risk management function is directly accountable to the Company's Board of Directors and is performed through the Head of the Risk Management Department. The function has the following roles and responsibilities:

- encouraging and promoting effective and efficient risk management system,
- supporting the development of a risk culture,
- coordination of the process of Own Risk and Solvency Assessment (ORSA)
- submission of the ORSA report to the Board of Directors,
- informing the management of the Company about the results of the ORSA process,
- monitoring and evaluation of the risk profile of the Company,
- informing the management of the Company about the risk profile of the Company and
- participating in decision-making processes.

### **Own risk and solvency assessment**

Own risk and solvency assessment (hereinafter referred to as "ORSA") is an integral part of the risk management system. The aim of the ORSA procedures and processes is to assess the capital adequacy, i.e. the sufficiency of capital to cover the risks associated with insurance activities. The Company also conducts an assessment of the current risk profile as well as a forward-looking assessment of the risk profile. The ORSA process is designed to encompass any significant risk the Company is exposed to. In terms of risk assessment, the Company distinguishes between the risks that are included in the calculation of the solvency capital requirement and those that are not included in the solvency capital requirement calculation. The Company applies the standard formula approach in order to quantify the risks included in the solvency capital requirement. For the purpose of quantification of changes in the capital adequacy, the Company conducts stress testing and reverse stress testing. The results of the assessment serve as an effective tool in formulating a business strategy, managing and decision-making by the Board of Directors and the Company's management.

The quality of the non-financial risk management system will be monitored by an internal control system (hereinafter: "ICS"). It will be a process management system consisting of 4 steps (identification, assessment, management/monitoring and reporting), with primary responsibility for their execution resting with the first line of defence. The ICS will contain a list of all the main processes and the key risks defined within these processes, with each risk having its own set of controls. The effectiveness of these controls will be tested by both the first and second line of defence. Setting as well as the actual implementation of the ICS will be one of the key objectives of the company for 2021.

The success of ORSA processes depends upon the following procedures:

- formulation of a business plan and business strategy for the following period by the Board of Directors,
- adoption of decisions by the Board of Directors and the Company's management that are in accordance with the risk appetite and business strategy of the Company,
- cooperation of the actuarial function – supporting the management through an adequate calculation of technical provisions, regular re-evaluation of assumptions, compliance with data quality requirements and maintenance of the current actuarial model,
- cooperation of the compliance function – informing about regulatory changes, compliance checks and ensuring an effective internal control system,
- cooperation of the internal audit function – setting up and implementation of an internal audit plan supporting corporate governance,
- early identification, reporting and monitoring of risks by risk owners,
- compliance with internal regulations.

The ORSA process is conducted at least once a year, resulting in an ORSA report. Following the approval of the ORSA report by the Board of Directors of the Company, it is submitted to the supervisory authority. Once the report is approved by the Board of Directors of the Company and submitted to the supervisory authority, the risk management function shall inform the management of the Company about the results of ORSA. The Company is required to conduct an ORSA report following any significant change in the risk profile of the Company.

**Risks included in the solvency capital requirement calculations according to the standard formula**

Risks included in the standard formula	Life underwriting risk	Mortality risk		Life-expense risk	Life Lapse risk	Life-catastrophe risk	
	Health underwriting risk	SLT health insurance risk	NSLT health insurance risk	Health catastrophe risk			
	SLT health insurance underwriting risk		Disability-morbidity risk	Life-expense risk	SLT health lapse risk		
	NSLT health insurance underwriting risk	Health premium and reserve risk	NSLT health lapse risk				

	Market risk	Interest rate risk	Equity risk			Currency risk	
	Counterparty default risks	Counterparty default risk					
	Operational risk	Operational risk resulting from the amount of earned premium, reserves and administrative costs	Premium risk	Technical provisions risk			

#### **Risks not included in the solvency capital requirement calculations according to the standard formula**

Regarding non-quantifiable risks, the Company monitors and manages these risks through measures aimed at their elimination.

Risks not included in the standard formula	Strategic risk	Regulatory risk	Reputational risk	Liquidity risk	Other risks
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## 4. Internal control system

The internal control system of the Company is based on a “three lines of defence” model.

The first line of defence is performed directly by employees of individual organizational units of the Company as their primary responsibility within the scope of their employment that is determined by internal regulations of the Company and by a job title. The first line of defence is performed regularly depending on the specific activity. The three following principles apply: a) “four eyes” control – significant actions are performed by at least two employees, b) control by the superior – activity of individual employees is monitored and controlled by the head of the relevant organizational unit and c) – substitutability – a substitutability of individual employees is ensured in cases of long-term absence.

The second line of defence of the Company consists of two key functions – the risk management function and the compliance function.

The Company's third line of defence is ensured by an external audit and the internal audit function, which provides an independent assessment and assurance for the Company's Board of Directors. The activities of individual organizational units are regulated by the Company's internal regulations that are binding and communicated to all employees.

The head of the compliance department simultaneously holds a key function - the compliance function. The compliance function forms the second line of defence with the internal control system. The Compliance department's activities are governed by an internal regulation, which regulates all areas that the compliance function is engaged in, particularly: advising all organizational units of the Company, communicating regulatory changes that have an impact on the Company's activities, monitoring compliance of the Company's activities with the generally binding regulations as well as its internal regulations in accordance with the approved compliance plan and subsequent submission of an annual report to the Board of Directors of the Company, activities in the field of prevention of legalization of proceeds of criminal activity and terrorist financing, coordination of communication with supervisory authorities, communication with other competent authorities and external legal service providers, handling and investigation of complaints, personal data protection, monitoring the Company's activity in the area of competition law, monitoring of the anti-corruption measures adopted by the Company, and participation in the drafting of internal regulations of the Company. The compliance function is directly accountable to the Board of Directors of the Company.

## 5. Internal audit function

### **Description of how the Company's internal audit function is performed**

Internal audit is a key function within the Insurance Company's internal control system. Internal audit is an independent, objective, assurance and consulting activity designed to add value and improve the Company's operation. It helps the Insurance Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit department performs its activities in accordance with the Company's Articles of Association, internal regulations and an approved activity plan.

Staff of the Internal Audit department shall have access to the information systems of the Insurance Company as well as to information in written, electronic and oral form to the extent necessary for the proper performance of their duties and for the proper performance of the audit.

The internal audit function shall be carried out with adequate resources and by employees of the Insurance Company who have the required experience, knowledge and competencies so as to perform their work with due professional care. The Internal Audit department manager is a person who fulfils the requirements of local legislation and Solvency II Directive as well as the requirements of the Insurance Company.

The internal audit function shall be responsible for the assessment of adequacy and effectiveness of the internal control system and other elements of the governance system, in particular:

- proposes and implements an annual and medium-term internal audit plan,
- applies a risk-based approach to decision-making,
- submits an internal audit plan and, at least once a year, an internal audit report on the results of the work conducted, which contains the findings and recommendations as well as an information

on the implementation of these recommendations, to the Board of Directors and the Supervisory Board,

- participates in risk detection, improvement of work processes, activities and procedures in order to increase the efficiency of processes and risk management.
- proposes measures to remedy the identified deficiencies in the control mechanisms of the internal control system of the Insurance Company,
- verifies the compliance of the Board of Director's decisions adopted on the basis of the recommendations of internal audit,
- may conduct an internal audit, which was not planned, on its own initiative,
- provides assessments and recommendations regarding the internal control system, the increase of the effectiveness of risk management, management and control mechanisms and the corporate governance system of the Insurance Company,
- supervises the process of investigating suspected internal and external fraud and any other illegal activity,
- may inform the Board of Directors about its findings without any restrictions,
- issues an internal audit report, containing information regarding the purpose of the internal audit, control activities, procedures performed, findings and recommendations, which is submitted to the department under review as well as to the Board of Directors, and
- supervises the implementation of measures taken by the Board of Directors to remedy the identified deficiencies.

During the preparation of internal documents of the Insurance Company (internal regulations, methodological guidelines, internal rules, GTCs, forms, contracts, etc.), the Internal Audit department has been making suggestions and recommendations in order to improve the quality of the internal control system of the Insurance Company and to prevent or mitigate risks.

Employees performing internal audit activities:

- inform the head of the department under review about the nature, purpose and scope of the audit,
- discuss the organizational and technical conditions necessary for the performance of the audit with the head of the department under review,
- ascertain the true state of affairs according to the program and control procedure,
- review, analyse and evaluate their findings, and
- draw up a report on the results of the internal audit.

The results of the audit are discussed with the head of the department under review. In case some objections to the results of the audit are raised, these will be included in the final section of the audit report. The employee conducting the internal audit shall consider the objections raised, if any, in order to decide on their acceptance or, if appropriate, non-acceptance. The audit results report, including the proposed measures and recommendations together with the time period set for addressing the identified deficiencies, is submitted to the Board of Directors by the manager of Internal Audit department. Further explanations regarding the audit findings and risks shall be provided where necessary.

The Manager of Internal Audit Department shall submit a summary report on the results of the activities of the Internal Audit department and the measures taken in the previous calendar year, as well as a plan of activities of the Internal Audit department for the following calendar year and a medium-term plan of activities of the Internal Audit department for the following three years, for the approval at the Board of Director's and the Supervisory Board's meetings. The planning methodology is based on an analysis of risks arising from the strategy and goals of the Company, a risk map, changes in the external environment, experience of managers and auditors, requirements of the Insurance Company's management and internal audit proposals. At the same time, one of the important objectives of the



Insurance Company and the Internal Audit department is to conduct an audit in each area of activity, at least once every 3 to 5 years, depending on the risk and the capacity of the Internal Audit department's staff.

**Description of how the Company's internal audit function maintains its independence and objectivity from the activities it reviews**

The Internal Audit department is an independent department, which is not subordinate to any unit or department of the Insurance Company as it is directly accountable to the Supervisory Board of the Insurance Company. The Internal Audit department is organizationally located under the Board of Directors and the Supervisory Board. The independence of the internal audit function is ensured by the fact that it reports directly to the management of the Insurance Company. It is not part of routine controls; rather it is a "control" over other controls.

Moreover, activities that are not related to the internal audit of the Company and that could affect its independence are not carried out by the Internal Audit department. The objectivity and impartiality of the Internal Audit department is further ensured by the fact that internal auditors are not directly involved in the Insurance Company's operations, decision-making, development or implementation of a risk management strategy and internal control mechanisms. However, internal auditors are not prevented from advising in these areas.

Internal auditors must avoid any conflict of interest. Internal auditors should not accept gifts or favours that may affect their objectivity when auditing individual areas/processes. Internal auditors should not be involved in any activity or relationship that may impair or be presumed to impair their unbiased assessment. Such involvement refers to activities and relationships that may be considered to conflict the Company's interest. Internal auditors should not issue an opinion that may impair or be presumed to impair their professional judgement. Internal auditors shall disclose all material facts and potential risks known to them that, if not disclosed, may distort the reporting of activities under review and thereby adversely affect the development of the Company.

Regarding the independence and objectivity, the Insurance Company applies the following rules in addition to the above-mentioned: The Manager of Internal Audit Department may not have any other managerial responsibilities and the persons performing the internal audit function shall not assume responsibility for any other function.

The internal audit function is permanent and it is not outsourced.

## 6. Actuarial function

The actuarial function is held by the head of the Actuarial department, that reports directly to the Board of Directors of the Company. The actuarial function is a key function of the Company and its main roles and responsibilities include:

- a) coordination of the calculation of technical provisions,
- b) ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions,
- c) assessment of the sufficiency and quality of the data used in the calculation of technical provisions,
- d) comparison of best estimates against experience,
- e) informing the Board of Directors of the reliability and adequacy of the calculation of technical provisions,
- f) overseeing the calculation of technical provisions in the cases set out in the Act on Insurance,

- g) assessment of the overall underwriting policy,
- h) assessment of the adequacy of reinsurance arrangements,
- i) contribution to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in the Act on Insurance.

The actuarial function shall annually submit a written report on its activities to the Board of Directors, in which it describes the findings and conclusion from the performance of the above-mentioned tasks. The intermediate results obtained from these tasks are used by the risk management key function in the implementation of the Insurance Company's risk management system.

## 7. Outsourcing

In order to comply with the Act on Insurance, the Insurance Company has adopted an internal regulation regarding its outsourcing policy that lays down the criteria, procedures, conditions, responsibilities, requirements and control mechanisms for outsourcing of critical or important operational functions or activities.

The Company has not outsourced any function or activity during the reporting period.

## 8. Other information

The Company considers its system of governance to be adequate having regard to the principle of proportionality and materiality.

The Company does not record any other significant information regarding the system of governance.

## C. Risk profile

The risk profile of the Company described in the following sections represents quantitative and qualitative information about the Company's risk exposures and changes in the Company's risk profile.

The Company uses the standard formula to measure quantitative risks. The individual risk exposures represent individual sub-modules of the solvency capital requirement and are listed in sub-sections of this section.

As a result of the SII audit performed at year-end 2019, the modelling adjustments of a more significant nature have been made, and so the Company has also proceeded to recalculate the solvency ratio as at year-end 2019 (the solvency ratio before summarising the adjustments is shown in the table below in the "before adjustment" column and the solvency ratio after including the adjustments is shown in the "after adjustment" column). The Company has made adjustments for:

- i. Modelling the clawback of commission from brokers in the event of early termination of the contract.
- ii. Modelling the payment of acquisition commission spread over a number of years.
- iii. Modelling the maintenance commission for the Icelandic market.
- iv. Modelling the attribution of appreciation for the four new in-house funds that the Company began offering to clients in late 2019.
- v. The application of discounting in the calculation of the risk margin.

The adjustments mentioned in points i. - v. above resulted in a decrease in the solvency ratio from 169% to 159%, driven by a decrease in the value of own funds of EUR 8.8 million and a decrease in the capital requirement of EUR 3.2 million.

Solvency II ratio	December 2019 after changes in risk profile	December 2019 before changes in risk profile	December 2019 after changes vs. December 2019 before changes [EUR]	December 2019 after changes vs. December 2019 before changes [%]
Own funds	52 911 882	61 693 415	-8 781 533	-14%
Solvency capital requirement	33 290 976	36 489 943	-3 198 967	-9%
<b>SII ratio</b>	<b>159%</b>	<b>169%</b>		<b>-10pp</b>

in EUR

The decrease in own funds has been caused by adjustments i. - iv. which resulted in a decrease in the reconciliation reserve through a decrease in the market value of liabilities (specifically BEL – Best Estimate of Liabilities). Adjustment v. resulted in a decrease in the reconciliation reserve due to an increase in the risk margin.

Own funds	December 2019 after changes in risk profile	December 2019 before changes in risk profile	December 2019 after changes vs. December 2019 before changes [EUR]	December 2019 after changes vs. December 2019 before changes [%]
<b>Own funds</b>	52 911 882	61 693 415	-8 781 533	-14%
<b>Reconciliation reserve</b>	44 722 696	53 504 229	-8 781 533	-16%
<b>Basic own funds</b>	7 989 186	7 989 186	0	0%
<b>Subordinated liabilities</b>	200 000	200 000	0	0%

in EUR

The decrease in the solvency capital requirement was due to the adjustments described in points i. - iv.

Solvency capital requirement	December 2019 after changes in risk profile	December 2019 before changes in risk profile	December 2019 after changes vs. December 2019 before changes [EUR]	December 2019 after changes vs. December 2019 before changes [%]
<b>Solvency capital requirement</b>	<b>33 290 976</b>	<b>36 489 943</b>	<b>-3 198 967</b>	<b>-9%</b>
<b>Basic solvency requirement</b>	40 103 378	44 152 704	-4 049 325	-9%
<b>Operation risk</b>	2 037 097	2 037 097	0	0%
<b>Loss absorbing capacity of deferred taxes</b>	-8 849 500	-9 699 858	850 358	-9%

Solvency capital requirement	December 2019 after changes in risk profile	December 2019 before changes in risk profile	December 2019 after changes vs. December 2019 before changes [EUR]	December 2019 after changes vs. December 2019 before changes [%]
<b>Non-life underwriting risk module</b>	0	0	0	0%
<b>Life underwriting risk module</b>	31 520 461	35 046 323	-3 525 863	-10%
<b>Health underwriting risk module</b>	9 177 579	9 470 901	-293 322	-3%
<b>Market risk module</b>	11 227 268	12 410 330	-1 183 062	-10%
<b>Counterparty default risk module</b>	1 156 288	1 190 562	-34 274	-3%
<b>Intangible asset module</b>	0	0	0	0%
<b>Diversification</b>	12 978 218	13 965 413	-987 195	-7%

in EUR

Following the changes made, the Minimum Capital Requirement coverage ratio decreased from 676% to 636%. The decrease is due to a higher decrease in own funds compared to the decrease in the Minimum Capital Requirement.

Minimum capital requirement	December 2019 after changes in risk profile	December 2019 before changes in risk profile	December 2019 after changes vs. December 2019 before changes [EUR]	December 2019 after changes vs. December 2019 before changes [%]
Own funds	52 911 882	61 693 415	-8 781 533	-14%
Minimum capital requirement	8 322 744	9 122 486	-799 742	-9%
<b>MCR ratio</b>	<b>636%</b>	<b>676%</b>		<b>-41pp</b>

in EUR

## 1. Underwriting risks

### Life insurance

The underwriting risk refers to the risk of adverse change in the value of insurance liabilities resulting from inadequately selected assumptions used for the calculation of insurance premiums and life insurance technical provisions. Given assumptions depend on the development of

- biometric risks,
- average administrative costs per insurance policy,
- the use of early cancellation of the insurance contract (lapse risk) and
- catastrophic events.

In terms of the solvency capital requirement for life underwriting risks, the most significant risk was the permanent increase in lapse rates and its year-on-year increase is mainly driven mainly by the new Italian business.

Solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
<b>Life underwriting risk module</b>	<b>51 087 499</b>	<b>31 520 461</b>	<b>19 567 038</b>	<b>62%</b>
Mortality risk sub-module	3 175 384	4 789 880	-1 614 496	-34%
Longevity risk sub-module	0	0	0	0%
Disability-morbidity risk sub-module	0	0	0	0%
Life-expense risk sub-module	3 581 851	5 932 443	-2 350 592	-40%
Revision risk sub-module	0	0	0	0%
Lapse risk sub-module	48 729 606	27 218 753	21 510 853	79%
Life-catastrophe risk sub-module	1 116 306	946 935	169 370	18%
Diversification	5 515 647	7 367 550	-1 851 903	-25%

in EUR

## Health insurance

In relation to the health underwriting risks, the Company reflects these risks in the following risk sub-modules: the SLT health insurance underwriting sub-module, the NSLT health insurance underwriting risk sub-module and the health catastrophe risk sub-module.

Solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
<b>Health underwriting risk module</b>	<b>9 666 811</b>	<b>9 177 579</b>	<b>489 232</b>	<b>5%</b>
NSLT health insurance underwriting risk sub-module	2 954 158	3 814 701	-860 543	-23%
SLT health insurance underwriting risk sub-module	7 442 202	6 183 114	1 259 088	20%
Health catastrophe risk sub-module	1 156 392	1 256 295	-99 903	-8%
Diversification	1 885 941	2 076 531	-190 590	-9%

in EUR

## SLT health insurance

The SLT health insurance underwriting risks refer to the level of uncertainty of assumptions used for the calculation of insurance premiums and technical provisions. Within the SLT health insurance, the Company differentiates between risks associated with disability-morbidity, critical illnesses and operations.

In order to calculate insurance premiums and technical provisions for health insurance, the Company uses the similar to life techniques.

For SLT health insurance risks, the largest risk is the risk of a permanent reduction in lapse rates. Increase of lapse risk as end of the year 2020 is mainly driven by the Slovak and Czech markets.

Solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
<b>SLT health insurance underwriting risk sub-module</b>	<b>7 442 202</b>	<b>6 183 114</b>	<b>1 259 088</b>	<b>20%</b>
Health mortality risk sub-module	0	0	0	0%
Health longevity risk sub-module	0	0	0	0%
Health disability-morbidity risk sub-module	4 567 360	4 634 966	-67 606	-1%
Health expense risk sub-module	185 964	1 101 057	-915 093	-83%
Health revision risk sub-module	0	0	0	0%
SLT health lapse risk sub-module	5 707 904	2 725 961	2 981 944	109%
Diversification	3 019 027	2 278 870	740 157	32%

in EUR

## NSLT health insurance

Within the scope of its activities, the Company offers an insurance coverage for accidents and accidental death. As with the life underwriting risks and the SLT health insurance underwriting risks, the Company is exposed to the NSLT health insurance underwriting risks. These risks depend on the selection of assumptions used for the calculation of insurance premiums and technical provisions for accidents and accidental death, but also on the choice of method for the calculation of technical provisions, the period running from the occurrence of an insured event until the insurer has been notified of such an event, as well as the period running from the date of notification until the claim is closed.

In order to calculate premium and reserves, the Company uses methods non similar to life techniques

The NSLT health premium and reserve risk sub-module represents the largest share of the capital requirement for the NSLT health insurance. The most significant decrease of the lapse risk sub-module is mainly due to the development of the Slovak and Czech portfolios and the related revised assumptions.

Solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
<b>NSLT health insurance underwriting risk sub-module</b>	<b>2 954 158</b>	<b>3 814 701</b>	<b>-860 543</b>	<b>-23%</b>
NSLT health premium and reserve risk sub-module	2 899 424	3 730 840	-831 416	-22%
NSLT health lapse risk sub-module	566 030	795 473	-229 444	-29%
Diversification	511 296	711 612	-200 316	-28%

*in EUR*

## Health catastrophe risk

When using the standard formula calculations, the Company takes into account the degree of uncertainty regarding the occurrence of extreme and exceptional events within the scope of the health catastrophe risk.

In relation to the concentration of risks associated with life insurance, SLT health insurance and NSLT health insurance, the increased level of risks concerns mainly the Slovak Republic and the Czech Republic. In the countries in question, the Company records the highest concentration of insurance coverage within the clients' insurance contracts.

## Mitigation of underwriting risks

In order to mitigate risks, the Company has entered into a reinsurance agreement with a consortium of reinsurance companies. The purpose of the reinsurance agreement is to transfer some of the Company's risks to other parties, thereby ensuring risk diversification. In relation to the risk of death, the participation of the reinsurer in the payment of insurance claims is based on a "quota share" arrangement (the reinsurer assumes a fixed percentage of each and every claim), while in cases of injury and critical illnesses, with the exception of operations and daily allowance, the Company uses a

“surplus share” arrangement. The reinsurance agreement is reviewed and updated on an annual basis so as to correspond with the risk profile of the Company.

Furthermore, the Company also mitigates the underwriting risks by setting its risk coverage fees in such a way that the insurance claims are expected to reach an amount representing 50% of the risk fees across all markets in the long run. The Company is aware of the fact that there can be significant differences among markets in relation to risk coverages, risk fees and time periods when the expected goal is reached.

The elimination of risks is enhanced by geographical diversification of insurance activity, defined by the number of countries in which the Company operates, as well as by the use of database and know-how of the member of the insurance consortium Swiss Re, with which the Company collaborates in the areas of medical underwriting and new product development.

For the purpose of reducing the lapse risk, the Company assesses each potential distribution partner in respect of the quality of its advisory services before the commencement of business partnership. Moreover, the geographical diversification of the Company's activities and significant differences in lapse rates in individual markets are also contributing to the elimination of lapse risk.

In order to mitigate the mass lapse risk Company uses mass-lapse-risk cover provided reinsurer HannoverRe.

## 2. Market risks

### Interest rate risk

Interest rate risk refers to the impact of an adverse development of interest rates on the value of assets and liabilities and, at the end of 2020, it is the most significant risk among markets risks. The Company is exposed to the interest rate risk in connection with the holding of government bonds within the Guaranteed Growth Insurance Fund.

On the one hand, during 2018, the Company had eliminated the negative impact of the development of interest rates by establishing limits for investing in the Guaranteed Growth Insurance Fund, on the other hand, this risk has increased in respect of the concerned contracts as a result of the revision of the Guaranteed Growth Insurance Fund's statute and the introduction of rules for determining the guaranteed appreciation for the following calendar year.

During 2019, the Company has further eliminated the interest rate risk by stopping the sale of products that offered guaranteed appreciation, and by launching new products in the relevant markets that do not provide the clients with an option to invest in a guaranteed insurance fund.

### Equity risk

Equity risk is defined as a risk resulting from investing in shares.

According to the Solvency II Delegated Regulation, the value of office equipment is taken into account within the equity risk sub-module. This approach can be used in case the respective asset cannot be included in any other module of the standard formula.

The Insurance Company classifies the risk of the investment in a daughter company Novis Tech a.s. as risk related to strategic investments.



In calculating the equity risk, the Company takes into account a decline in share prices, which would lead to a loss of own funds of the Company in accordance with the requirements of the Solvency II Delegated Regulation.

### Currency risk

Currency risk refers to the impact of changes in exchange rates of foreign currencies vis-à-vis the domestic currency. The Company is exposed to currency risks in respect to its assets and liabilities denominated in foreign currencies.

## 3. Credit risk

Credit risk presents the possibility that the debtor (counterparty) will fail to meet its obligations in a timely manner.

Credit risk of the Company can be split into four categories:

- Banks - due to the increased risk arising from the participation of bank creditors in bearing the losses (so-called “Bail-in”), allowed by the new EU legislation, which is in force since the beginning of 2016, the Company launched a process of diversifying its bank deposits among a steadily increasing number of banks in various countries.
- Government bonds – it is set by the Company’s risk management policy that the Company is not investing in government bonds of countries having a substantial current account deficit (NOVIS has invested in government bonds of Slovakia, Hungary, Czech Republic, Poland and Austria by the end of 2020). This approach is based on an observation that countries that at least balanced current accounts did not declare bankruptcy during peacetime.
- Corporate bonds – do not represent a direct risk for the Company, as these bonds are held as underlying assets for non-guaranteed insurance funds, thus any change in value will affect the performance of the respective fund and this effect is fully borne by the client, therefore, the Company’s profit or the equity will not be adversely affected. In 2020, the Company did not hold any corporate bonds.
- Claims towards distribution partners – past due receivables from distribution partners are actively enforced by legal means, unless there is a realistic prospect that the open claim will be compensated by further commissions for new insurance contracts.

The Company invests its assets in accordance with the statutes of insurance funds and the principle of professional care.

Solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
Market risk module	18 436 476	11 227 268	7 209 207	64%
Interest rate risk sub-module	10 810 325	7 341 701	3 468 623	47%

Equity risk sub-module	0	1 176 446	-1 176 446	-100%
Property risk sub-module	0	0	0	0%
Spread risk sub-module	0	0	0	0%
Concentration risk sub-module	0	1 766 060	-1766060,183	-100%
Currency risk sub-module	12 474 522	6 366 516	6 108 006	96%
Diversification	4 848 371	5 423 455	-575 084	-11%

in EUR

## 4. Liquidity risk

The Company is exposed to liquidity requirements arising from potential insurance claims and obligations to other entities. Liquidity risk is the risk that cash may not be available at a reasonable cost in order to settle obligations when they fall due.

In terms of business expansion, the Company is also exposed to the liquidity risk resulting from business growth and the need to finance intermediaries' commissions. As a tool for mitigating the liquidity risk, the Company uses a reinsurance scheme, so-called financing reinsurance, which provides the Company with sufficient resources to finance its new business, while the amount of reinsurance premium, through which the financing is repaid, is fully in line with the development of the portfolio. In 2019, the Company has significantly expanded the possibilities of financing its business expansion to include financing from the issuers of so-called Insurance-linked Securities, which contributed to the financing of new production in 2020 to the same extent as financing reinsurance.

Expected profits included in future premiums (hereinafter referred to as "EPIFP") represent a significant portion of the reconciliation reserve. As of 31.12.2020, the amount of EPIFP in life insurance is EUR 294 million and EUR 0,9 million in non-life insurance.

Expected profits included in future premiums (EPIFP)	December 2020	December 2019
EPIFP - life	293 976 386	294 514 541
EPIFP - non-life	870 983	9 108 697
<b>Total EPIFP</b>	<b>294 847 369</b>	<b>303 623 238</b>

in EUR

In order to eliminate the liquidity risk, the level of liquidity is monitored constantly and any unexpected need for liquid funds is reported directly to the CFO in advance.

## 5. Operational risk

Operational risk refers to the risk of loss arising from inadequate internal processes, controls or systems, as well as from external events, which could prevent the performance of ordinary business activities.

Having regard to the continued business expansion, the Company has identified a risk associated with the ever-expanding data processing and reporting requirements. Consequently, it is essential for the Company to focus on the automation of processes in order to reduce the time required for the collection of data and reporting itself, as well as to enhance the analysis and control of inputs and outputs.

In order to eliminate this risk, the Company has taken the following measures:

- Close monitoring of legislative changes by the legal department (including laws in the ongoing legislative process).
- Focusing on compliance with customer protection regulations
- Proactive communication with the regulator

The Company is naturally confronted with numerous minor operational risks. Many of them are mitigated by the internal rules of the Company.

The Company has identified one significant operational risk: the possibility that its IT system will not be able to keep pace with its international business development and related requirements.

In order to eliminate this risk, the Company has developed and implemented its own insurance software and continues to develop it, with an emphasis on achieving the highest level of security and data quality.

The capital requirement calculated according to the standard formula is provided in the following table:

Solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
<b>Solvency capital requirement</b>	50 725 356	33 290 976	17 434 380	52%
<b>Operational risk</b>	1 232 873	2 037 097	-804 225	-39%

in EUR

## 6. Other significant risks

### Strategic risk

Strategic risk is the risk to which the Company is exposed in regard to the feasibility of its business expectations and the fulfilment of business plans. The risk is determined by the success of the business activities in individual countries in which the Company operates, as well as in countries into which the Company would like to expand.

The Company faces another potential risk, that being the possibility that a portion of its insurance contracts will not be profitable. For this reason, the following approach is applied when entering new markets:

Intelligence phase: when approaching a new market, the Company tries to find out whether the conditions in a potential new market will enable the Company to fine-tune its product to make it attractive both for its potential clients, as well as for distribution partners, while remaining profitable.

In case the Intelligence phase does not bring a satisfactory result, meaning that the product would not be sufficiently attractive to clients and distribution partners while maintaining its profitability, the Company does not enter the new market. It can be seen that the Company is pursuing a purely opportunistic expansionary strategy and, therefore, there is no market (country) that the Company would enter without being convinced that its insurance activity in this country will be profitable.

Once the Company has entered a particular market, it continues to test the profitability of the product using the calculation of the Present value of Expected Cash Flow (hereinafter referred to as “PVECF”), as well as the calculation of capital requirement based on selected SII stress scenarios, for all new insurance contracts. In case of negative PVECF of the new contracts, the Company would adjust the product’s features and/or the conditions for distribution partners so as to regain profitability of the product. Should this prove impossible, the Company would leave the market in question.

Another tool for elimination of the strategic risk is a continuous improvement of services provided to clients, enhancement of product features in order to make it more attractive to both the client and the intermediary, as well as enabling investments in assets, which are usually not made accessible by the Company’s competitors in the relevant markets.

### **Regulatory risk**

Regulatory risk refers to the impact of regulatory changes or, alternatively, interventions of regulators, which may hamper the Company’s position within the competitive environment. This risk is clearly identified; however, the Company does not currently have a model that would allow its quantification. Despite the fact that the Company mitigates this risk by sufficient diversification of markets in which it operates, the new regulations, mainly IDD, PRIIPs and GDPR, impose a burden on the Company, especially in relation to the capacity of staff and increased costs of specific legal services.

As the insurance sector is highly regulated, the Company is more vulnerable to the risk of non-compliance. To meet the legal requirements, the Company cooperates in each country with a local law firm specializing in the field of insurance so as to achieve an optimal combination of adapting its insurance product to local requirements and, at the same time, preserving the product’s uniqueness.

The simultaneous activity of NOVIS in various European countries provides its employees, key functions and the management of the Company with an opportunity to expand their knowledge and gain experience that could not be acquired within the insurance company operating only in one country.

### **Reputational risk**

Reputational risk means the risk of loss caused by a damage to the reputation of the Company on the financial and/or insurance market. The Company is aware of the existence of reputational risk due to the publication of decisions of individual regulators and also due to the sale of insurance contracts exclusively through external distribution networks. This sales strategy carries the risk of mis-selling and other risks, which may result in an increase in the lapse rate. The Company does not currently have a model for quantification of reputational risk, however, in order to mitigate the risk in question, it has implemented a process of assessing the quality of external distribution partners, which is carried out before the cooperation between the Company and the distribution partner is commenced. Moreover, new rules concerning the management and supervision of product distribution as well as a clear definition of target markets for newly launched products were introduced.

## **7. Other information**

The Company conducts a sensitivity analysis in order to quantify changes in the Solvency Ratio. The sensitivity analysis consists in changing one parameter, while other parameters remain unchanged: This approach was applied to test parameters 1. – 3., which are defined below.

The selection of parameters is based on the degree of uncertainty that could adversely affect the achievement of business objectives and, at the same time, undermine the Company's risk strategy.

In order to perform a sensitivity analysis by the end of 2020, the Company has defined the following parameters:

1. Risk of an increase in administrative unit costs per insurance contract – a 15% increase in unit costs per contract for each year of projection.
2. Lapse risk – a 15% increase in the lapse rate for each year of projection.
3. Risk of an increase in the mortality rate by 10% for each year of projection.

In the table below, the Company provides the results of the sensitivity analysis in comparison with the results reported at the end of 2020 (December 2020). The result of the testing in question is a decrease of the solvency ratio, which is caused by a lower reconciliation reserve that forms part of the Company's own funds (OF). For this reason, the value of own funds is decreasing at a higher pace than the capital requirement (SCR) and Minimum Capital Requirement (MCR). The most significant impact was the risk of increasing lapse rates in each year of the projection.

<b>Stress tests</b>	<b>December 2020</b>	<b>December 2020</b> <i>Increase in administrative unit costs per insurance contract for each year of projection by 15%</i>	<b>December 2020</b> <i>Increase in the lapse rate for each year of projection by 15%</i>	<b>December 2020</b> <i>Increase in the mortality rate by 10%</i>
<b>OF</b>	69 397 865	65 191 706	57 121 575	67 847 037
<b>SCR</b>	50 725 356	49 840 074	46 767 828	49 976 223
<b>SII ratio</b>	<b>137%</b>	<b>131%</b>	<b>122%</b>	<b>136%</b>

in EUR

<b>Stress tests</b>	<b>December 2020</b>	<b>December 2020</b> <i>Increase in administrative unit costs per insurance contract for each year of projection by 15%</i>	<b>December 2020</b> <i>Increase in the lapse rate for each year of projection by 15%</i>	<b>December 2020</b> <i>Increase in the mortality rate by 10%</i>
<b>OF</b>	69 397 865	65 191 706	57 121 575	67 847 037
<b>MCR</b>	12 681 339	12 460 019	11 691 957	12 494 056
<b>MCR ratio</b>	<b>547%</b>	<b>523%</b>	<b>489%</b>	<b>543%</b>

in EUR

The Company has no exposure arising from off-balance sheet positions. The Company has listed all significant risks related to the Company's risk profile in the above chapters.

## D. Valuation for solvency purposes

Pursuant to the internal regulation of the Insurance Company's Chief Executive Officer, all variables required for the calculation of Solvency Capital Requirement ratio (SCR ratio) are determined on the basis of "*Standard formula calculator documentation*" and "*Quarterly reporting documentation*" provided by Tools4F, which are fully derived from the Solvency II Directive and the Delegated Regulation. Therefore, all the items provided below and their calculations correspond to the definitions set out in the Delegated Regulation

### 1. Assets

The differences in the valuation of assets as compared to the statements prepared in accordance with the IFRS are as follows: in the SII Economic Balance Sheet, intangible assets are valued at zero and also insurance policies are valued at zero as their value is reflected in the negative best estimate liability (BEL). As of 31.12.2019, the Company is not presenting held government bonds within financial statements according to IFRS as HTM (Hold to maturity) and in 2020 reports all bonds exclusively at fair market value.

For the purpose of preparing the SII Balance Sheet, all securities are valued solely at market value. During 2020, market values for the last working day of valuation were provided by Tatra Banka, or by a particular fund manager (for example CAIAC Fund management AG).

### 2. Technical provisions

Technical provisions for Solvency II purposes correspond to the best estimate of the Company's liabilities (BEL), which is determined as the present value of expected future cash flows for individual insurance contracts, whereas the future cash flows are weighted by probabilities and discounted to the present value by using discount factors derived from EIOPA Risk Free Rate Curve published by EIOPA for individual foreign currencies.

The Company determines the assumptions for the calculation of technical provisions considering the portfolio development to date. Given that the Company does not have a sufficiently long time series of data, it uses historical data from external distribution partners or external expert opinion to determine some assumptions or values for later projection years (e.g. lapse rates for later projection years).

Unit costs are determined on the basis of an expense ratio derived from market data, which defines the costs associated with managing the existing portfolio relative to the premiums written. The unit cost assumption is determined through the given expense ratio, the Insurance Company's written premiums for 2020 and the size of the Insurance Company's portfolio at the end of 2020.

The evolution of the behaviour of policyholders regarding voluntary terminations of contracts (so-called lapses) in individual markets is based on the assumption of different lapse rates in respective countries (often very different), which are based either on the previous experience of the Insurance Company itself or on the information provided by relevant distribution partners, and are also a reflection of the products' features and local specifics stemming mainly from the regulation in the area of financial intermediation and advisory services.

At the end of 2020, the risk margin for Solvency II purposes was calculated in accordance with the Delegated Regulation and the “Cost of capital” principle.

The Company does not apply the matching adjustment referred to in Article 77b of the Solvency II Directive.

The Company does not apply the volatility adjustment referred to in Article 77d of the Solvency II Directive.

The Company does not apply a transitional adjustment to the risk-free interest rate time structure as well as the volatility adjustment referred to in Article 308c of the Solvency II Directive.

The Company does not apply a transitional deduction referred to in Article 308d of the Solvency II Directive

### 3. Other liabilities

Also in 2020, the Insurance Company has been using a reinsurance scheme in cooperation with a consortium of reinsurance companies. The reinsurance agreement is based on a continuous financing of commissions for the distribution partners through commissions paid by the reinsurer in exchange for a share of the Company's acquisition costs and risk coverage fees deducted from the insurance accounts of policyholders in accordance with the general terms and conditions.

The amount of the acquisition cost is deducted from the insurance account during the first five years of the insurance contract. This amount corresponds roughly to the commission received from the reinsurer, as well as to the amount of the upfront commission paid to the distribution partner.

The Company, together with the reinsurer, keeps a record of reinsurance commissions, as well as of all components of the insurance premium to which the reinsurer is entitled and the reinsurer's share of the insurance claims. All of these figures determine the reinsurance balance, the amount of which corresponds to the contingent liability towards the reinsurer, so-called Loss Carried Forward (LCF).

The LCF is a contingent liability because its repayment does not occur according to a predefined scheme (e.g. annuity) but depends solely on the future premium payments and biometric development of the Company's portfolio. For the purpose of preparing the Solvency II Balance Sheet, the reinsurance part of the liability towards the reinsurer, which is calculated as time value, and the financing part are reported separately. At the end of 2020, the IFRS value of the liability towards the reinsurer amounted to EUR 77,4 million and the SII value amounted to EUR 79,8 million.

In 2019, the possibilities of financing the distribution partners' commission were broadened to include financing from providers of ILS, which technically means a sale of future acquisition fees applied within the insurance for which the commission is being financed this way. The repayment depends solely on the premium received. In the IFRS Balance Sheet, the current value of financing reduces the item – Value of Insurance Contracts. In the SII Balance Sheet, the value of BEL reflects the reduction of future cash flows of premiums by the value of sold acquisition fees.

Deferred tax liability represents the corporate tax related to income in future years and, as of the end of 2020, this liability is driven purely by the change of value of insurance contracts of the Company.



For the purpose of preparing the SII balance sheet, the Insurance Company recognizes a deferred tax liability, which does not correspond to the deferred tax liability reported in the IFRS Balance Sheet, but is calculated separately from the items of the SII Balance Sheet. As of 31.12.2020, its IFRS value amounted to EUR 27,5 million and its SII value amounted to EUR 17,4 million.

#### 4. Alternative valuation methods

The Company does not apply any alternative valuation methods.

#### 5. Other information

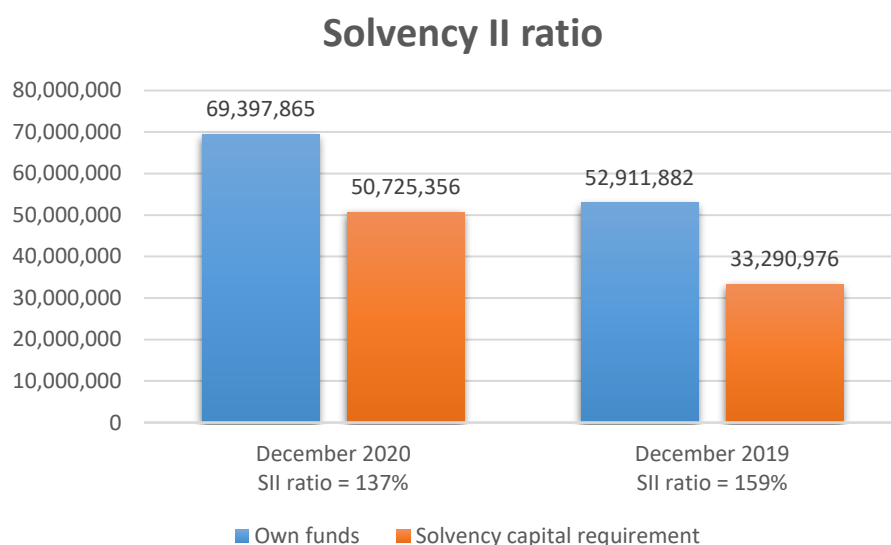
The Company does not possess any other relevant information regarding the valuation of assets and liabilities of the Insurance Company for solvency purposes.

## E. Capital management

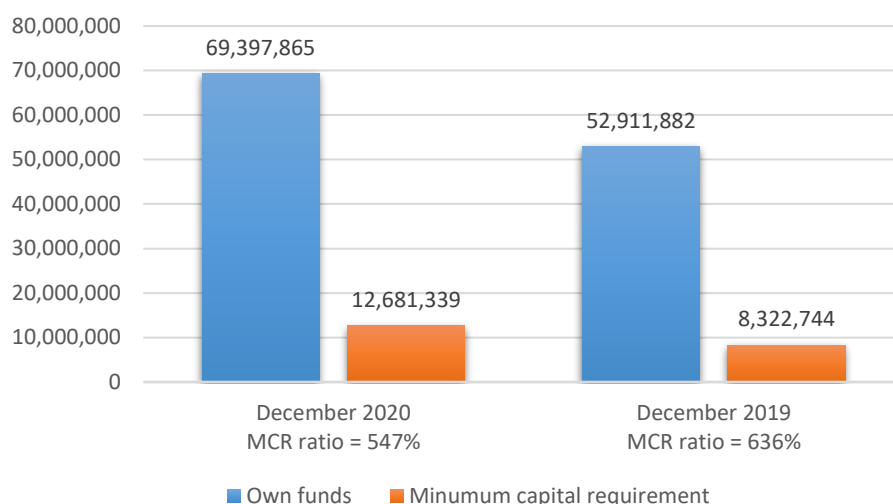
The purpose of the management of the Company's capital is to ensure a sufficient amount of the Company's own funds eligible for covering the solvency capital requirement and the minimum capital requirement.

A thorough application of the above-mentioned business strategy consisting of selling one uniform product, which is parametrized and adapted to local legislation, while meeting the necessary condition of maintaining profitability, is, in case of a long-term growth of the portfolio, reflected in a consistent increase of the Company's own funds through an increase of the reconciliation reserve that exceeds the increase of the capital requirement.

The solvency ratio (see the tables below "SII ratio") declined to 137% at end-December 2020. The decrease was due to a larger increase in the solvency capital requirement compared to the increase in own funds. The Minimum Capital Requirement coverage ratio (see the tables below "MCR ratio") decreased to 547% at the end of 2020. The decrease in the MCR coverage ratio is due to the more significant increase in the minimum capital requirement compared to the increase in own funds covering the minimum capital requirement.



## Minimum capital requirement



The value of the solvency ratio as well as the minimum capital requirement coverage ratio at the end of 2020 is mainly defined by the following changes compared to 2019:

- i. The changes described in the introduction to the *Risk Profile* section.
- ii. Non-application of the previously used unbundling approach, i.e. the unbundling of insurance liabilities, into individual lines of business using the respective present values of claims. The Company has incorporated the unbundling of individual parts of insurance contracts prior to the standalone calculation of the best estimate of liabilities at the end of 2020.
- iii. Changing the methodology for determining the unit cost per contract, which is determined based on an expense ratio derived from market data that defines the costs associated with managing the existing portfolio relative to the premiums written. Through a given expense ratio, the Company's 2020 written premiums and the size of the Insurance Company's portfolio at the end of 2020, a unit cost assumption is determined that is applied equally to all policies regardless of the Insurer's market.
- iv. Modifying the modelling of premium payments upon termination of the obligation to pay premiums for whole-life insurance contracts. The Company has abandoned premium payment after the premium payment obligation period for all countries except Iceland, for which it has gathered an expert opinion. For those countries for which the Company does not have an expertise, the Company does not consider premium payments in excess of the agreed premium payment period for whole-life insurance contracts.
- v. Eliminating follow up commission payments for master distributors in the Italian and Icelandic markets based on written agreements between the Company and the master distributors.
- vi. By reassessing assumptions and changing methodology in critical illness modelling.
- vii. Reducing the value of own funds by the value of balances of bank accounts with limited disposal (e.g. pledged accounts).

Solvency II ratio	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
Own funds	69 397 865	52 911 882	16 485 983	31%
Solvency capital requirement	50 725 356	33 290 976	17 434 380	52%
<b>SII ratio</b>	<b>137%</b>	<b>159%</b>		<b>-22pp</b>

in EUR

Minimum capital requirement ratio	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
Own funds	69 397 865	52 911 882	16 485 983	31%
Minimum capital requirement	12 681 339	8 322 744	4 358 595	52%
<b>MCR ratio</b>	<b>547%</b>	<b>636%</b>		<b>-89pp</b>

in EUR

## 1. Own funds

In order to determine and classify its own funds, the Insurance Company is governed by the Solvency II Directive and the Solvency II Delegated Regulation. The Insurance Company's own funds consist of basic own funds only, in other words, funds that meet the characteristics laid down in Article 93 of the Solvency II Directive and are, therefore, classified in Tier 1. Tier 1 represents the highest quality own funds. The Insurance Company assesses the quality of own funds in the following way:

**Tier 1 – unrestricted** – includes items such as the reconciliation reserve (revaluation reserve), ordinary share capital and share premium account related to the ordinary share capital. The availability of reconciliation reserve for the purpose of absorbing losses is correlated to the revaluation of assets, technical provisions and other items in the SII Balance Sheet, the amount of which affects the amount of own funds of the Company. The ordinary share capital and share premium account are available to the Insurance Company for the purpose of absorbing losses as well as in the case of winding-up of the Company.

The Insurance Company does not record any subordinated debt at the end of 2020. The subordinated debt of EUR 200,000 that the Company recorded at the end of 2019 was repaid in February 2020. The Company did not pay out dividends in 2020 and, due to the dividend policy approved by the General Meeting of the Insurance Company in June 2019, which does not allow the payout of dividends in case the payment would cause the SII ratio to fall below 170%. The Company does not plan to pay out dividends in 2021 either.

The quantitative difference in the revaluation at the end of 2020 is shown in the table below. The reconciliation reserve constitutes the most significant item for the Company at the end of 2020, as well as at the end of 2019.

## December 2020

in EUR

	IFRS	SII	Reconciliation IFRS a SII
<b>Excess of assets over liabilities</b>	<b>35 656 327</b>	<b>71 935 594</b>	<b>36 279 267</b>
Intangible assets	704 405	0	-704 405
Investments	11 082 813	11 082 813	0
Unit-linked assets	48 296 113	48 296 113	0
Insurance contracts assets	152 725 411	913 067	-151 812 344
Deferred acquisition costs	14 361	0	-14 361
<b>Change in assets value</b>			<b>-152 531 110</b>
Technical provisions - non-life	0	-83 465	-83 465
Technical provisions - health SLT	0	-6 650 031	-6 650 031
Technical provisions - life	18 110 706	-27 694 056	-45 804 762
Technical provisions - index-linked and unit-linked	60 199 723	-67 332 989	-127 532 712
Reinsurance payables	77 426 654	79 782 007	2 355 354
Insurance and intermediaries' payables	4 760 123	4 760 123	0
Deferred tax liabilities	27 491 445	17 360 424	-10 131 021
<b>Change in liabilities value</b>			<b>-187 846 637</b>

## December 2019

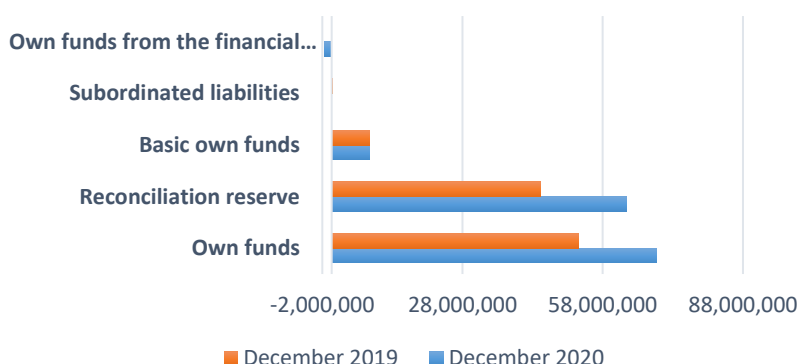
in EUR

	IFRS	SII	Reconciliation IFRS a SII
<b>Excess of assets over liabilities</b>	<b>36 217 624</b>	<b>53 675 622</b>	<b>17 457 999</b>
Intangible assets	948 222	0	-948 222
Investments	17 924 836	17 924 836	0
Unit-linked assets	41 816 405	41 816 405	0
Insurance contracts assets	132 314 490	734 747	-131 579 743
Deferred acquisition costs	76 709	0	-76 709
<b>Change in assets value</b>			<b>-132 604 674</b>
Technical provisions - non-life	0	-909 293	-909 293
Technical provisions - health SLT	0	-14 920 815	-14 920 815
Technical provisions - life	15 182 907	-108 996 478	-124 179 384
Technical provisions - index-linked and unit-linked	44 035 569	40 211 537	-3 824 032
Reinsurance payables	74 850 771	80 236 784	5 386 013
Insurance and intermediaries' payables	5 348 197	5 348 197	0
Deferred tax liabilities	20 746 328	10 094 908	-10 651 421
<b>Change in liabilities value</b>			<b>-149 098 932</b>

The Company's own funds have increased to EUR 69,4 million (by EUR 16,5 million) at the end of 2020. The reconciliation reserve constitutes the most significant share of the Company's own funds. The positive increase of the reconciliation reserve is due to the increase in new business, for which the market value of liabilities is negative. In 2020, the Italian market in particular contributed to the increase in the reconciliation reserve. The decrease in subordinated liabilities is caused by the repayment of one subordinated debt of EUR 200,000 in February 2020.

The value of own funds at the end of 2020 is reduced by the value of the bank accounts with limited disposal (in the table below "Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds").

## Own funds



Own funds	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
<b>Own funds</b>	<b>69 397 865</b>	<b>52 911 882</b>	<b>16 485 983</b>	<b>31%</b>
Reconciliation reserve	62 982 668	44 722 696	18 259 972	41%
Basic own funds	7 989 186	7 989 186	0	0%
Subordinated liabilities	0	200 000	-200 000	-100%
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	-1 573 989	0	-1 573 989	0%

in EUR

### December 2020

Own funds	TOTAL	Tier 1	Tier 1 unrestricted	Tier 1 restricted	Tier 2
<b>Own funds</b>	<b>69 397 865</b>	<b>69 397 865</b>	<b>69 397 865</b>	<b>0</b>	<b>0</b>

Reconciliation reserve	62 982 668	62 982 668	62 982 668	0	0
Ordinary share capital	6 814 200	6 814 200	6 814 200	0	0
Share premium account related to ordinary share capital	1 174 986	1 174 986	1 174 986	0	0
Subordinated liabilities	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	1 573 989	1 573 989	1 573 989	0	0

in EUR

#### December 2019

Own funds	TOTAL	Tier 1	Tier 1 unrestricted	Tier 1 restricted	Tier 2
<b>Own funds</b>	<b>52 911 882</b>	<b>52 911 882</b>	<b>52 711 882</b>	<b>200 000</b>	<b>0</b>
Reconciliation reserve	44 722 696	44 722 696	44 722 696	0	0
Ordinary share capital	6 814 200	6 814 200	6 814 200	0	0
Share premium account related to ordinary share capital	1 174 986	1 174 986	1 174 986	0	0
Subordinated liabilities	200 000	200 000	0	200 000	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0	0	0	0	0

in EUR

## 2. Solvency capital requirement and minimum capital requirement

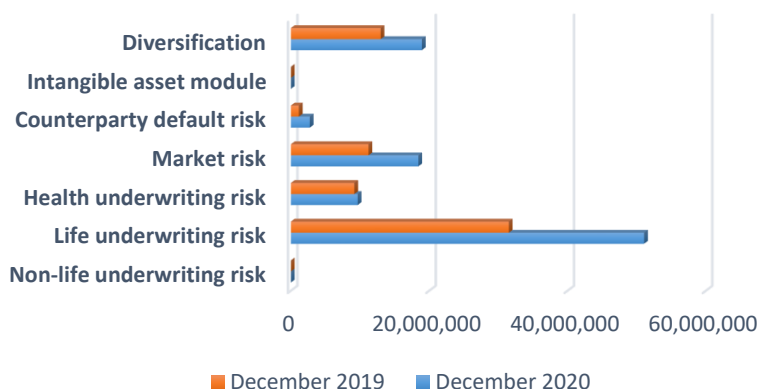
Compared to the end of 2019, the solvency capital requirement increased by EUR 17,4 million at the end of 2020.

## Solvency capital requirement



The increase in the solvency capital requirement was caused by an increase in the life insurance module, in particular the lapse risk sub-module, the increase of which is caused mainly by the growth of the Italian portfolio.

## Basic capital requirement



## Solvency capital requirement

Solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
<b>Solvency capital requirement</b>	<b>50 725 356</b>	<b>33 290 976</b>	<b>17 434 380</b>	<b>52%</b>
<b>Basic capital requirement</b>	<b>62 976 438</b>	<b>40 103 378</b>	<b>22 873 060</b>	<b>57%</b>
<b>Operational risk</b>	<b>1 232 873</b>	<b>2 037 097</b>	<b>-804 225</b>	<b>-39%</b>
<b>Loss - absorbing capacity of deferred taxes</b>	<b>-13 483 955</b>	<b>-8 849 500</b>	<b>-4 634 455</b>	<b>52%</b>

in EUR



Basic solvency capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
Non-life underwriting risk	0	0	0	0%
Life underwriting risk	51 087 499	31 520 461	19 567 038	62%
Health underwriting risk	9 666 811	9 177 579	489 232	5%
Market risk	18 436 476	11 227 268	7 209 207	64%
Counterparty default risk	2 735 009	1 156 288	1 578 721	137%
Intangible asset module	0	0	0	0%
Diversification	18 949 357	12 978 218	5 971 138	46%

in EUR

### Minimum capital requirement

The calculation of the minimum capital requirement shall be carried out in accordance with the Solvency II Delegated Regulation on the basis of the amount of insurance premium for accident cover, death cover, technical provisions for unit-linked life insurance and capital at risk for life insurance obligations.

The resulting amount of the Company's minimum capital requirement constitutes 25% of the solvency capital requirement, this being the absolute floor of the minimum capital requirement calculated in accordance with the methodology described in the Solvency II Delegated Regulation.

The minimum capital requirement (hereinafter referred to as „MCR“) amounts to EUR 12,7 million at the end of 2020.

The Company's own funds eligible to cover the minimum capital requirement amount to 547% at the end of 2020.

Minimum capital requirement	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
MCR	12 681 339	8 322 744	4 358 595	52%
AMCR	3 700 000	3 700 000	0	0%
MCRcomb	12 681 339	8 322 744	4 358 595	52%
MCRfloor	12 681 339	8 322 744	4 358 595	52%
MCRcap	22 826 410	14 980 939	7 845 471	52%
MCRlinear	1 113 150	1 012 537	100 612	10%
MCRlinear, nl	125 466	132 709	-7 243	-5%

in EUR

Minimum capital requirement ratio	December 2020	December 2019	December 2020 vs. December 2019 [EUR]	December 2020 vs. December 2019 [%]
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Own funds	69 397 865	52 911 882	16 485 983	31%
Minimum capital requirement	12 681 339	8 322 744	4 358 595	52%
<b>MCR ratio</b>	<b>547%</b>	<b>636%</b>		<b>-89pp</b>

in EUR

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

The Company has not opted to use the duration-based equity risk sub-module in the calculation of the solvency capital requirement.

### 4. Differences between the use of the standard formula and the possible use of an internal model

The solvency capital requirement of the Company is calculated using the standard formula approach. The Company does not use partial nor internal model.

### 5. Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

There was no breach of the solvency capital requirement, and hence the minimum capital requirement, during 2020.

### 6. Other information

For the calculation of the solvency capital requirement, the Company does not apply undertaking-specific parameters to determine the capital requirement.

## ANNEXES

### S.02.01.02 Balance sheet ½

		Solvency II value	Statutory accounts value	Reclassification adjustments
		C0010	C0020	EC0021
Assets				
Goodwill	R0010			
Deferred acquisition costs	R0020		14 361	
Intangible assets	R0030		704 405	
Deferred tax assets	R0040			
Pension benefit surplus	R0050			
Property, plant & equipment held for own use	R0060	256 489	256 489	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	11 082 813	11 082 813	
Property (other than for own use)	R0080			
Holdings in related undertakings, including participations	R0090	1 655 879	1 655 879	
Equities	R0100			
Equities - listed	R0110			
Equities - unlisted	R0120			
Bonds	R0130	9 426 934	9 426 934	
Government Bonds	R0140	9 426 934	9 426 934	
Corporate Bonds	R0150			
Structured notes	R0160			
Collateralised securities	R0170			
Collective Investments Undertakings	R0180			
Derivatives	R0190			
Deposits other than cash equivalents	R0200			
Other investments	R0210			
Assets held for index-linked and unit-linked contracts	R0220	48 296 113	48 296 113	
Loans and mortgages	R0230			
Loans on policies	R0240			
Loans and mortgages to individuals	R0250			
Other loans and mortgages	R0260			
Reinsurance recoverables from:	R0270	481 327	481 327	
Non-life and health similar to non-life	R0280	481 327	481 327	
Non-life excluding health	R0290			
Health similar to non-life	R0300	481 327	481 327	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310			
Health similar to life	R0320			
Life excluding health and index-linked and unit-linked	R0330			
Life index-linked and unit-linked	R0340			
Deposits to cedants	R0350			
Insurance and intermediaries receivables	R0360	538 266	538 266	
Reinsurance receivables	R0370	6 762 624	6 762 624	
Receivables (trade, not insurance)	R0380	4 023 297	4 023 297	
Own shares (held directly)	R0390	963 740		
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400			
Cash and cash equivalents	R0410	8 071 999	8 071 999	
Any other assets, not elsewhere shown	R0420	913 067	152 725 411	
Total assets	R0500	81 389 735	232 957 105	

## S.02.01.02 Balance sheet - 2/2

		Solvency II value	Statutory accounts value	Reclassification adjustments
Liabilities				
Technical provisions - non-life	R0510	- 83 465		
Technical provisions - non-life (excluding health)	R0520			
Technical provisions calculated as a whole	R0530			
Best Estimate	R0540			
Risk margin	R0550			
Technical provisions - health (similar to non-life)	R0560	- 83 465		
Technical provisions calculated as a whole	R0570			
Best Estimate	R0580	- 972 076		
Risk margin	R0590	888 611		
Technical provisions - life (excluding index-linked and unit-linked)	R0600	- 34 344 087		
Technical provisions - health (similar to life)	R0610	- 6 650 031		
Technical provisions calculated as a whole	R0620			
Best Estimate	R0630	- 6 725 355		
Risk margin	R0640	75 324		
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	- 27 694 056		
Technical provisions calculated as a whole	R0660			
Best Estimate	R0670	- 39 057 172		
Risk margin	R0680	11 363 116		
Technical provisions - index-linked and unit-linked	R0690	- 67 332 989	78 310 429	
Technical provisions calculated as a whole	R0700			
Best Estimate	R0710	- 85 123 879		
Risk margin	R0720	17 790 891		
Other technical provisions	R0730			
Contingent liabilities	R0740			
Provisions other than technical provisions	R0750			
Pension benefit obligations	R0760			
Deposits from reinsurers	R0770			
Deferred tax liabilities	R0780	17 360 424	27 491 445	
Derivatives	R0790			
Debts owed to credit institutions	R0800	7 000 000	7 000 000	
Debts owed to credit institutions resident domestically	ER0801			
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	7 000 000		
Debts owed to credit institutions resident in rest of the world	ER0803			
Financial liabilities other than debts owed to credit institutions	R0810	39 483	39 483	
Debts owed to non-credit institutions	ER0811			
Debts owed to non-credit institutions resident domestically	ER0812			
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813			
Debts owed to non-credit institutions resident in rest of the world	ER0814			
Other financial liabilities (debt securities issued)	ER0815	39 483		
Insurance & intermediaries payables	R0820	4 760 123	4 760 123	
Reinsurance payables	R0830	79 782 007	77 426 654	
Payables (trade, not insurance)	R0840	2 272 645	2 272 645	
Subordinated liabilities	R0850			
Subordinated liabilities not in Basic Own Funds	R0860			
Subordinated liabilities in Basic Own Funds	R0870			
Any other liabilities, not elsewhere shown	R0880			
Total liabilities	R0900	9 454 141	197 300 778	
Excess of assets over liabilities	R1000	71 935 594	35 656 327	

S.05.01.01 Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

S.05.01.02 Life

		Line of Business for: Life insurance obligations						Life reinsurance obligations			
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to other than health insurance obligations	Health reinsurance	Life reinsurance	Total	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300	
Premiums written											
Gross	R1410	1 657 381	9 603 705	32 765 637	2 300 523					46 327 246	
Reinsurers' share	R1420	1 489 460	8 630 687	29 445 923	2 667 441					41 633 511	
Net	R1500	167 921	973 018	3 319 714	233 082					4 693 734	
Premiums earned											
Gross	R1510	1 657 381	9 603 705	32 765 637	2 389 591					46 416 315	
Reinsurers' share	R1520	1 489 460	8 630 687	29 445 923	2 067 441					41 633 511	
Net	R1600	167 921	973 018	3 319 714	322 151					4 782 803	
Claims incurred											
Gross	R1610	1 898 462	1 813 149	5 214 068	675 932					9 601 612	
Reinsurers' share	R1620	363 018	0	0	129 249					492 267	
Net	R1700	1 535 445	1 813 149	5 214 068	546 683					9 109 345	
Changes in other technical provisions											
Gross	R1710	-1 290 205	9 202 022	-4 997 578	-21 552 769					-18 638 929	
Reinsurers' share	R1720	0	-3 285 375	-13 715 007	0					-17 500 382	
Net	R1800	-1 290 205	12 987 398	8 717 029	-21 552 769					-1 138 547	
Expense incurred	R1900	12 028 733	68 127 948	232 324 434	1 634 001,12					32 885 825,96	
Administrative expenses											
Gross	R1910	174 440	1 010 792	3 448 589	242 130					4 875 951	
Reinsurers' share	R1920	0	0	0	0					0	
Net	R2000	174 440	1 010 792	3 448 589	242 130					4 875 951	
Investment management expenses											
Gross	R2010	0	0	0	0					0	
Reinsurers' share	R2020	0	0	0	0					0	
Net	R2100	0	0	0	0					0	
Claims management expenses											
Gross	R2110	31 964	30 527	87 787	11 380					161 658	
Reinsurers' share	R2120	0	0	0	0					0	
Net	R2200	31 964	30 527	87 787	11 380					161 658	
Acquisition expenses											
Gross	R2210	1 239 156	7 180 300	24 497 535	1 720 007					34 636 999	
Reinsurers' share	R2220	438 054	2 538 308	8 660 123	608 040					12 244 525	
Net	R2300	801 102	4 641 992	15 837 412	1 111 968					22 392 475	
Overhead expenses											
Gross	R2310	195 182	1 130 983	3 858 656	270 922					5 455 743	
Reinsurers' share	R2320	0	0	0	0					0	
Net	R2400	195 182	1 130 983	3 858 656	270 922					5 455 743	
Other expenses											
Total expenses	R2500									-49 083 984	
Total amount of surrenders	R2700	0	1 813 149	5 214 068	0					-16 198 158	
										7 027 217	

[illegible]

## S.17.01.01 Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0180
Technical provisions calculated as a whole	R0010			0										0
Direct business	R0020			0										0
Accepted proportional reinsurance business	R0030			0										0
Accepted non-proportional reinsurance	R0040													0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050			0										0
Technical provisions calculated as a sum of BE and RM														
Best estimate														
Premium provisions														
Gross - Total	R0060		-2 446 995											-2 446 995
Gross - direct business	R0070		-2 446 995											-2 446 995
Gross - accepted proportional reinsurance business	R0080		0											0
Gross - accepted non-proportional reinsurance business	R0090													0
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100		0											0
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110		0											0
Recoverables from SPV before adjustment for expected losses	R0120		0											0
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130		0											0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		0											0
Net Best Estimate of Premium Provisions	R0150		-2 446 995											-2 446 995
Claims provisions														
Gross - Total	R0160		1 474 919											1 474 919
Gross - direct business	R0170		1 474 919											1 474 919
Gross - accepted proportional reinsurance business	R0180		0											0
Gross - accepted non-proportional reinsurance business	R0190													0
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200		481 327											481 327
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210		481 327											481 327
Recoverables from SPV before adjustment for expected losses	R0220		0											0
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230		0											0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		481 327											481 327
Net Best Estimate of Claims Provisions	R0250		993 592											993 592
Total Best estimate - gross	R0260		-972 076											-972 076
Total Best estimate - net	R0270		-1 453 403											-1 453 403
Risk margin	R0280		888 611											888 611
Amount of the transitional on Technical Provisions														
TP as a whole	R0290													
Best estimate	R0300													
Risk margin	R0310													
Technical provisions - total														
Technical provisions - total	R0320		-83 465											-83 465
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330		481 327											481 327
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340		-564 792											-564 792
Line of Business: further segmentation (homogeneous Risk Groups)														
Premium provisions - Total number of homogeneous risk groups	R0350		1											
Claims provisions - Total number of homogeneous risk groups	R0360		1											
Cash-flows of the Best estimate of Premium Provisions (Gross)														
Cash out-flows														
Future benefits and claims	R0370		5 609 355											5 609 355
Future expenses and other cash-out flows	R0380		1 849 851											1 849 851
Cash in-flows														
Future premiums	R0390		9 906 201											9 906 201
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400		0											0
Cash-flows of the Best estimate of Claims Provisions (Gross)														
Cash out-flows														
Future benefits and claims	R0410		1 474 919											1 474 919
Future expenses and other cash-out flows	R0420		0											0
Cash in-flows														
Future premiums	R0430		0											0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440		0											0
Percentage of gross Best Estimate calculated using approximations	R0450		0,00%											
Best estimate subject to transitional of the interest rate	R0460													
Technical provisions without transitional on interest rate	R0470													
Best estimate subject to volatility adjustment	R0480		0											0
Technical provisions without volatility adjustment and without others transitional measures	R0490		-83 465											-83 465

## S.19.01.01 Gross Claims Paid (non-cumulative) - Development year (absolute amount)



Line of business	Z0010	Income protection insurance [direct business and accepted proportional reinsurance] {s2c_LB:x52}
Accident year / Underwriting year	Z0020	Underwriting year [UWY] {s2c_AM:x88}
Currency	Z0030	Total/NA {s2c_CU:x0}
Currency conversion	Z0040	Not applicable / Expressed in (converted to) reporting currency {s2c_CA:x0}

		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160
Prior	R0100																
N-14	R0110																
N-13	R0120																
N-12	R0130																
N-11	R0140																
N-10	R0150																
N-9	R0160																
N-8	R0170																
N-7	R0180	0	0	315	0	0	0	0	0	0							
N-6	R0190	9 925	35 478	27 867	34 586	45 915	15 148	24 037									
N-5	R0200	63 469	271 398	383 950	187 626	180 344	157 232										
N-4	R0210	158 866	508 161	337 110	303 682	224 060											
N-3	R0220	112 842	323 498	337 901	227 282												
N-2	R0230	42 445	138 080	131 607													
N-1	R0240	39 155	79 323														
N	R0250	5 054															

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100		
N-14	R0110		
N-13	R0120		
N-12	R0130		
N-11	R0140		
N-10	R0150		
N-9	R0160		
N-8	R0170		
N-7	R0180	0	315
N-6	R0190	24 037	192 956
N-5	R0200	157 232	1 244 019
N-4	R0210	224 060	1 531 879
N-3	R0220	227 282	1 001 524
N-2	R0230	131 607	312 131
N-1	R0240	79 323	118 478
N	R0250	5 054	5 054
Total	R0260	848 595	4 406 356

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

Line of business	Z0010	Income protection insurance [direct business and accepted proportional reinsurance] {s2c_LB:x52}
Accident year /	Z0020	Underwriting year [UWY] {s2c_AM:x88}
Currency	Z0030	Total/NA {s2c_CU:x0}
conversion	Z0040	Not applicable / Expressed in (converted to) reporting currency {s2c_CA:x0}

		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350
Prior	R0100																
N-14	R0110																
N-13	R0120																
N-12	R0130																
N-11	R0140																
N-10	R0150																
N-9	R0160																
N-8	R0170																
N-7	R0180																
N-6	R0190	0	0	0	0	0	950	10 260									
N-5	R0200	0	0	0	8 709	10 835	8 800										
N-4	R0210	0	26 675	8 950	7 697	7 195											
N-3	R0220	0	5 576	9 214	15 235												
N-2	R0230	8 076	10 463	11 731													
N-1	R0240	1 700	15 351														
N	R0250	282 250															

Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative)

		Year end (discounted data)
		C0360
Prior	R0100	
N-14	R0110	
N-13	R0120	
N-12	R0130	
N-11	R0140	
N-10	R0150	
N-9	R0160	
N-8	R0170	
N-7	R0180	
N-6	R0190	10 260
N-5	R0200	8 800
N-4	R0210	7 195
N-3	R0220	15 235
N-2	R0230	11 731
N-1	R0240	15 351
N	R0250	282 250
Total	R0260	350 822

### S.23.01.01.01 Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	6 814 200	6 814 200			
Share premium account related to ordinary share capital	R0030	1 174 986	1 174 986			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	62 982 668	62 982 668			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	1 573 989				
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	69 397 865	69 397 865			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	69 397 865	69 397 865			
Total available own funds to meet the MCR	R0510	69 397 865	69 397 865			
Total eligible own funds to meet the SCR	R0540	69 397 865	69 397 865			
Total eligible own funds to meet the MCR	R0550	69 397 865	69 397 865			
SCR	R0580	50 725 356				
MCR	R0600	12 681 339				
Ratio of Eligible own funds to SCR	R0620	136,81%				
Ratio of Eligible own funds to MCR	R0640	547,24%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	71 935 594
Own shares (held directly and indirectly)	R0710	963 740
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	7 989 186
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	62 982 668
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	293 976 386
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	870 983
Total Expected profits included in future premiums (EPIFP)	R0790	294 847 369

S.25.01.01.21 Solvency Capital Requirement – standard formula

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	18 436 476	18 436 476	
Counterparty default risk	R0020	2 735 009	2 735 009	
Life underwriting risk	R0030	51 087 499	51 087 499	
Health underwriting risk	R0040	9 666 811	9 666 811	
Non-life underwriting risk	R0050	0	0	
Diversification	R0060	-18 949 357	-18 949 357	
Intangible asset risk	R0070	0	0	
Basic Solvency Capital Requirement	R0100	62 976 438	62 976 438	
		Value		
		C0100		
Adjustment due to RFF/MAP nSCR aggregation	R0120			
Operational risk	R0130	1 232 873		
Loss-absorbing capacity of technical provisions	R0140	0		
Loss-absorbing capacity of deferred taxes	R0150	-13 483 955		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160			
Solvency Capital Requirement excluding capital add-on	R0200	50 725 356		
Capital add-on already set	R0210	0		
Solvency capital requirement	R0220	50 725 356		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400	0		
Total amount of Notional Solvency Capital Requirements for remaining part	R0410			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430			
Diversification effects due to RFF nSCR aggregation for article 304	R0440			
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	No adjustment {s2c_AP:x38}		
Net future discretionary benefits	R0460	0		

### S.28.01.01 Minimum capital requirement

		MCR components
		C0010
MCRNL Result	R0010	125 466

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	1 476 075
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

### Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	987 683

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

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	10 055 648	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		879 463 156

## Overall MCR calculation

		C0070
Linear MCR	R0300	1 113 150
SCR	R0310	50 725 356
MCR cap	R0320	22 826 410
MCR floor	R0330	12 681 339
Combined MCR	R0340	12 681 339
Absolute floor of the MCR	R0350	3 700 000
Minimum Capital Requirement	R0400	12 681 339

