Report on Solvency and Financial Condition

NOVIS Insurance Company,
NOVIS Versicherungsgesellschaft,
NOVIS Compagnia di Assicurazioni,
NOVIS Poisťovňa a.s.

Prepared as of 31 December 2021

Table of Contents

Introduction 4
Summary 5
A. Activity and Performance 7
1. Activity 7
2. Underwriting Performance 10
3. Investment Performance 12
4. Performance in Other Areas of Activity 19
5. Other Information 19
B. System of Governance 20
1. General Information about the System of Governance 20
2. Professional Competence Requirements 23
3. Risk Management System, including the Own Risk Assessment 26
4. Internal Control System 29
5. Internal Audit Function 30
6. Actuarial Function 32
7. Outsourcing 33
8. Other Information 33
C. Risk Profile 34
1. Underwriting Risks 36
2. Market Risks 39
3. Credit Risk 40
4. Liquidity Risk 41
5. Operational Risk 42
6. Other Significant Risks 42
7. Other Information 44
D. Valuation for Solvency Purposes 46
1. Assets 46
2. Technical Provisions 46
3. Other Liabilities 47
4. Alternative Valuation Methods 48
5. Other Information 48
E. Capital Management 49
1. Own Funds 50

2. Solvency Capital Requirement and Minimum Capital Requirement 54
3. Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the Solvency Capital Requirement 56
4. Differences Between the Use of the Standard Formula and the Possible Use of an Internal Model 56
5. Non-Compliance with the Minimum Capital Requirement and Non-Compliance with the Solvency Capital Requirement 56
6. Other Information 57
ANNEXES 58

Introduction

The Solvency II regime imposes an obligation on insurance companies 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 Poisťovňa 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 10th 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 in the individual areas, 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 2021, 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 Euros, unless stated otherwise. 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 (concerning IBIPs - Insurance Based Investment Products) 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. It 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. The Insurance Company also offers pure risk life insurance.

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 under unchanged assumptions for calculating best estimate of liabilities and 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 2021, 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 of Novis in 2021.

An essential prerequisite for a portfolio growth is the ability to finance intermediaries‘ commissions. Novis continued to use financing from the consortium of reinsurance companies, which accounted for one third of the total financing needs for new production in 2021.
In 2019, the Insurance Company has already diversified its new business financing options beyond the scheme provided by the reinsurance companies and has initiated cooperation with issuers of so-called Insurance Linked Securities in the fastest growing markets (Iceland and Italy). A majority of Novis' total new production in 2021 was financed in this form.

In 2021, in the area of distribution and product development, the Insurance Company widened its offer by another internal fund and new products, which provide insurance coverage without the possibility to invest, the so-called risk life insurance. The Insurance Company’s products were sold in 6 markets, namely Slovakia, Italy, Iceland, Germany, Austria, and Sweden during 2021.

The Insurance Company issued convertible bonds, which have the character of subordinated debt and, in accordance with the rules of Solvency II, they meet the criteria of own funds, the so-called Tier 2 capital, applicable for covering the Solvency Capital Requirement. Novis placed these bonds in a volume of 5 mill. Euros during the 3rd quarter of 2021 and additional volume of 4.9 mill. Euros at the end of the 1st quarter of 2022.

By issuing a decision on 14th January 2022, the National Bank of Slovakia (hereinafter referred also as „NBS“) imposed on the Insurance company an obligation to use technical provisions at the level of -31.4 mill. Euros (minus thirty-one and four tenths million Euros) when calculating the coverage of the Solvency Capital Requirement at the end of 2021, to which correspond the own funds of the Insurance Company, exceeding the Solvency Capital Requirement. In relation to the above-mentioned decision, the SII ratio has amounted to 102% at the end of 2021, and the coverage of the Minimum Capital Requirement (MCR ratio) by own funds was 366%.

Even with the existence of the above-mentioned decision of the National Bank of Slovakia, the Insurance Company foresees the increase of the Solvency Ratio for the future, and also maintaining a positive economic result with the ongoing portfolio growth. Despite the ongoing pandemic and negative impact of information published in relation to the decisions of the National Bank of Slovakia, the number of insurance contract portfolio continued to grow, and the Company reported gross premiums earned in 2021 at the level of 56.6 mill. Euros, thus by 18% higher than in 2020, and by 10% higher than in the pre-pandemic year 2019. 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

<u>Business Name, Legal Form, Scope of Business, Management, and Supervisory Bodies of the Insurance Company</u>

Business Name:	NOVIS Insurance Company, NOVIS Versicherungsgeselschaft, NOVIS Compagnia di Assicurazioni, NOVIS Poisťovňa 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[1]:	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 Poisťovňa 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 Poisťovňa 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 *Italy* - under the freedom to provide services without establishing a branch *Iceland* - under the freedom to provide services without establishing a branch

[1] Business Register of the Slovak Republic

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

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

Supervisory Board
Ing. Karel Zvolský - Vice-Chairman
Mgr. Kristína Kupková
RNDr. Štefan Gyurik
Dr.jur. Alfred Finz
Deborah Sturman
Mag. Slobodan Ristic
Ing. Stanislav Kamenár
KR Freimut Dobretsberger

Acting on Behalf of the Company: Any two members 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 member 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: SKY PARK OFFICES 1, Bottova 2A
Bratislava 811 09
Company ID No.: 35 793 813

Description of Persons Having a Qualifying Holding in the Insurance Company

By the end of 2021, the Insurance Company has no shareholder with a qualifying holding.

Significant Business Activities or Oher Events That Have Occurred during the Reporting Period and That Had a Substantial Impact on the Insurance Company

In 2021, the Insurance Company's business was most affected 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 2021, this form of financing accounted for two thirds of Novis' total new production and exceeded the volume of new production financing through a consortium of reinsurers.

In 2021, the Insurance Company continuously focused on sales in the Italian, Icelandic, German, and Slovak markets, however, it also renewed sales in Austria.

Novis issued convertible bonds, which have the character of subordinated debt and, in accordance with the rules of Solvency II, they meet the criteria of own funds, the so-called Tier 2 capital, applicable to cover the Solvency Capital Requirement, while Novis placed these bonds in a volume of 5 mill. Euros during the 3rd quarter of 2021, and in additional volume of 4.9 mill. Euros at the end of the 1st quarter of 2022, what lead to a significant strengthening of the Company's capital position.

The Company has reassessed the recognition of a deferred tax liability arising from changes in the value of insurance contracts. Based on a detailed analysis, the Company concluded that the change in the value of insurance contracts does not result in a temporary but, on the contrary, a permanent tax difference, which in accordance with the IFRS (International Financial Reporting Standards) is not reported as a deferred tax liability. On this basis, as of 31st December 2021, the Company dissolved the related deferred tax item created during previous periods. At the same time, this limited the possibility of recognizing a deferred tax asset arising from tax losses of previous periods, which the Company also does not report as of 31st December 2021.

During 2021, the Insurance Company has been confronted with the following decisions of regulators:

- By a decision dated 13th April 2021, the Bank Board of the National Bank of Slovakia decided on the appeal of the Insurance Company against the decision of the National Bank of Slovakia on the issuance of an interim measure (issued in November 2020), by which the National Bank of Slovakia imposed on the Insurance Company the obligation to refrain from free disposal of assets within the scope of specified activities, and the submission of information and documents related to it. As a second-instance body, the Bank Board partially annulled and partially amended the first-instance decision on interim measure, in the part concerning the restriction of free disposal of assets, within which it imposed an obligation on the Insurance Company to refrain from disposing of assets outside the usual economic activities. The National Bank of Slovakia revoked this interim measure completely in January 2022 due to ceasing of the reasons for its issue.
- The decision of the National Bank of Slovakia dated 19th April 2021, by which NBS imposed a measure on the Insurance company to eliminate and remedy the identified deficiency, which consisted of supplementing the value of invested assets by investing them at least in an amount and in a manner consistent with the contractual obligation that obliges the Insurance Company to invest in the value of insurance accounts, and which arises from insurance contracts, including general insurance conditions and statutes of the Insurance Company's internal insurance funds concluded between the Insurance Company and individual clients, in the amount of 20 mill. Euros by 30th June 2021, and to the remaining extent until by 30th September 2021. The Insurance Company filed an appeal against this decision, on which the Bank Board of the National Bank of Slovakia decided on 21st June 2021 in such a way that it partially amended the first-instance decision in part of the set deadline for complying with the imposed measure. The Insurance Company filed a court proceeding against these decisions of the supervisory authority with the competent administrative court.

The National Bank of Slovakia issued a decision on 14th January 2022, imposing a measure on the Insurance Company to increase technical provisions at least to the level specified by NBS and to maintain technical provisions at this level at least until 31st December 2022, or until the supervisory authority delivers to the Insurance Company a written consent on the new assumptions based on which the Insurance Company will calculate technical provisions in a different amount. At the same time, the National Bank of Slovakia in this decision imposed a measure on the Insurance Company to eliminate and remedy the identified deficiencies in the form of the obligation to perform a SCR calculation using the minimum value of technical provisions set by the NBS, and to notify the NBS on the result by 15th March 2022, together with the obligation to increase (if that would be the case) own funds eligible to cover the SCR, to prove this increase, and also the obligation to have eligible own funds in the amount necessary for a proper coverage of the SCR, from the moment of increasing the eligible own funds (if that would be the case) until 31st December 2022. In the last part of the decision, the NBS imposed on the Insurance Company an obligation to refrain from disposing of assets outside the usual economic activities until 15th March 2022. The Insurance Company appealed against this first-instance decision of the National Bank of Slovakia.

2. Underwriting Performance

In 2021, the Company recorded earned (and received) premium in the amount of 56.6 mill. Euros, an increase by 18% compared to 2020. In terms of gross earned premium, Italy, Iceland, Hungary, and Slovakia were among the most significant markets.

Gross earned premium by geographical area

(EUR mil.)	2021	2020	Change (in %)
Italy	25,8	19,3	34%
Iceland	14,7	11,2	31%
Hungary	8,6	9,8	-12%
Slovakia	3,3	3,7	-11%
Czech Republic	1,7	1,9	-11%
Germany	1,1	1,1	6%
Sweden	1,1	0,6	98%
Austria	0,1	0,1	3%
Poland	0,1	0,1	-27%
Lithuania	0,0	0,0	3%
Finland	0,0	0,0	-59%
Total	**56,6**	**47,8**	**18%**

Gross earned premium by line of business

(EUR mil.)	2021	2020	Change (in %)
Income protection insurance	1,3	1,5	-10%
Health insurance	1,6	1,7	-4%
Insurance with profit participation	9,8	9,6	2%
Index-linked and unit-linked insurance	40,9	32,8	25%
Other life insurance	3,0	2,3	31%
Total	**56,6**	**47,8**	**18%**

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

Result of underwriting performance by line of business

(EUR mil.)	Income protection insurance	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
Premium earned						
Gross	1,3	1,6	9,8	40,9	3,0	56,6
Reinsurer's share	0,0	1,3	7,9	32,7	2,4	44,3
Net	1,3	0,3	1,9	8,1	0,6	12,3
Claims incurred						
Gross	0,6	1,7	3,2	9,9	0,8	16,2
Reinsurer's share	0,0	0,4	0,0	0,0	0,2	0,6
Net	0,6	1,3	3,2	9,9	0,6	15,6
Changes in other technical provisions						
Gross	0,1	0,8	0,5	-19,0	-2,0	-19,5
Reinsurer's share	0,0	0,0	-3,3	-15,1	0,0	-18,4
Net	0,1	0,8	3,8	-3,8	-2,0	-1,1
Expenses incurred	1,0	1,0	6,0	24,9	1,8	34,6
Other expenses						-30,1
Total expenses						4,5
Total						-8,9

The Company’s underwriting performance has reached 8.9 mill. Euros, 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 of 31st December 2021 are provided in the following table:

Income Statement according to IFRS

(EUR mil.)	2021*	2020	Change (in %)
Revenues before reinsurance share**	56,6	47,9	18%
Total revenues	86,9	108,7	-20%
Total expenses	-91,6	-97,4	-6%
Profit before tax	-4,7	11,3	-142%
Profit after tax	22,8	3,7	516%

*non audited results as at 31 December 2021

**gross earned premium adjusted for UPR

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 part of their premium payments in the Guaranteed Growth Insurance Fund and non-guaranteed Insurance Funds, while the allocation ratio for investing into the Insurance Funds is determined by the client itself.

The underlying assets of the Guaranteed Growth Insurance Fund were Slovak, Hungarian, Czech, Polish, and Austrian 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 defined in the statute of the fund.

A rate of return in non-guaranteed Insurance Funds is affected by the change of value of their underlying assets (ETF, Investment Funds). The Insurance Company follows 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 2021, 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, Czech Republic, and Poland.

Bonds	SK4120011420	SK4120007543	SK4120012691	HU0000403001	HU0000403555	AT0000A1K9F1	CZ0001001796	PL0000109492
In EUR thousands	SLOVAKIA (229) 1.625% 21/1/2031 EUR	SLOVAKIA (216) 4.35% 14/10/2025 EUR	SLOVAKIA 1.875% EUR	HUNGARY 3.25% 22/10/2031 HUF	HUNGARY 3.000% HUF	AUSTRIA 1.500% EUR	CZECH REP. 4.2% 4/12/2036 CZK	POLAND 2,25% 25.04.2022 PLN
Issue Date	21.01. 2016	14.10. 2010	9.3. 2017	22.04. 2015	27.10. 2018	23.02. 2016	04.12. 2006	28.06. 2017
Maturity Date	31.01. 2031	14.10. 2025	9.3. 2037	22.10. 2031	27.10. 2038	19.02. 2047	04.12. 2036	25.04. 2022
Standard and Poor's 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**	2,294	0	0	4,030	107	62	327	51
Bonds at FVTPL*	141	285	0	604	0	0	128	0
Total Carrying Value	**2,435**	**285**	**0**	**4,634**	**107**	**62**	**455**	**51**
Total Fair Value	**2,435**	**285**	**0**	**4,634**	**107**	**62**	**455**	**51**
Total Nominal Value	**2,077**	**237**	**0**	**5,093**	**131**	**50**	**386**	**50**

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 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 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 ETFs (Exchange Traded Funds),
- NOVIS Gold Insurance Fund invests into listed 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 funds, or investment funds and companies that are specializing in so-called impact investment projects in emerging markets,
- 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 ETFs focused on shares of companies, which develop and provide computing capacity (so-called Cloud computing) or other IT 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 (so called PIR) and thus focuses on companies operating in Italy (mainly small and medium sized enterprises).
- NOVIS DISCOVERY Insurance Fund invests primarily into stocks or stock investment funds aiming to achieve high performance, although this also means potentially higher volatility. The insurance company mainly uses investment funds that comply with the UCITS directive and exceed their reference values.

- NOVIS Co-Branded Insurance Funds are exclusively designed for customers of specific distribution partners. Currently, such insurance funds are offered 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

In EUR thousands	31. december 2021	31. december 2020
iShare MSCI WORLD ETF (USD)	8,547	4,859
iShare MSCI EM - ACC (EUR)	778	738
iShare MSCI EM - ACC (USD)	17	16
Total Carrying Value	**9,342**	**5,613**

NOVIS GOLD Insurance Fund

In EUR thousands	31. december 2021	31. december 2020
SPDR Gold Trust USD	4,547	4,227
Total Carrying Value	**4,547**	**4,227**

NOVIS Enterpreneurial Insurance Fund

In EUR thousands	31. december 2021	31. december 2020
ISHARES S&P LISTED PRIVATE USD (LN)	1,758	1,175
iShares Listed Private Equity UCITS ETF USD	1,130	756
responsAbility Micro and SME Finance Fund II	912	872
iShares Euro High Yield Corporate Bond EUR (GF)	688	161
Total Carrying Value	**4,488**	**2,964**

NOVIS Mortgage Insurance Fund

In EUR thousands	**31. december 2021**	**31. december 2020**
iShares Euro Covered Bond UCITS ETF	1,951	1,623
Dlhopisy HB REAVIS 2020	0	0
Total Carrying Value	**1,951**	**1,623**

NOVIS Family Office Insurance Fund

In EUR thousands	**31. december 2021**	**31. december 2020**
BP Family Office EUR THES (in liquidation)	2,123	2,106
ISHARES IBOXX H/Y CORP BOND FUND	1,110	430
ISHARES EURO HY CORP BND (GY) EUR	526	309
Total Carrying Value	**3,759**	**2,845**

NOVIS Digital Assets Insurance Fund

In EUR thousands	**31. december 2021**	**31. december 2020**
ELJOVI Multi-Strategy Fund	1,869	1,748
FIRST TRUST CLOUD COMPUTING FUND	2,923	2,403
ETFMG PRIME CYBER SECURITY E FUND	2,696	2,190
GLOBAL X FUTURE ANALYTICS TE FUND	1,679	1,265
Total Carrying Value	**9,166**	**7,606**

NOVIS World Brands Insurance Fund

In EUR thousands	**31. december 2021**	**31. december 2020**

H2Progressive Vermögensfreunde	689	504
H2Conservative Vermögensfreunde	653	466
Wealth Fund World Class Brands Vermögensfreunde Cap	1,280	962
Total Carrying Value	**2,622**	**1,932**

NOVIS FIXED INCOME Insurance Fund

In EUR thousands	**31. december 2021**	**31. december 2020**
Invesco Bond Fund	2,215	468
Baillie Gifford Worldwide Global Strategic Bond Fund Class A USD Acc Fonds	1,423	342
UBS (Lux) Bond Fund - Euro High Yield (EUR) I-A1-acc	2,164	538
Total Carrying Value	**5,802**	**1,348**

NOVIS GLOBAL SELECT Insurance Fund

In EUR thousands	**31. december 2021**	**31. december 2020**
Invesco Global Income Fund A EUR	892	319
UBS LUX INST-KEY GLB EQY-AAE FUND	3,321	734
BAI GIF WW LT GB GRW-AEURA FUND	1,416	221
UBS LUX B-GL ST FX USD-EHIA 1 FUND	1,622	194
UBS (Lux) Bond Fund - EUR Flexible-Q ACC FUND	0	110
Total Carrying Value	**7,252**	**1,578**

Fondo Interno NOVIS PIR

In EUR thousands	**31. december 2021**	**31. december 2020**

LYXOR FTSE ITA MID CAP PIR FUND	1,019	186
GENER SM PIR VALOR ITALIA- IX FUND	502	93
GENER SM PIR EVOLU ITALIA-IX FUND	231	189
Total Carrying Value	**1,752**	**468**

NOVIS SUSTAINABILITY Insurance Fund

In EUR thousands	31. december 2020	31. december 2020
UBS Global Sustainable Q-acc	1,714	311
Baillie Gifford Worldwide Global Stewardship Fund Class A EUR Acc	1,299	302
INVESCO Fds Inv Sust Alloc Fd A EUR Cap	412	122
Total Carrying Value	**3,425**	**735**

NOVIS DISCOVERY Insurance Fund

In EUR thousands	31. december 2021	31. december 2020
UBS (D) Equity Fund - Global Opportunity	35	0
Baillie Gifford Worldwide Positive Change Fund Class A EUR Acc	35	0
Scottish Mortgage Investment Trust plc fund	22	0
Total Carrying Value	**92**	**0**

NOVIS Co-Branded Insurance Funds

In EUR thousands	31. december 2021	31. december 2020
Fidelity Global Dividend A-Acc-EUR-Hdg	3,315	2,831
JPMorgan Global Income Fund D Acc EUR	3,267	2,922
JPMorgan Emerging Markets Dividend Fund	3,832	3,270
Concorde Hold Alapok Alapja	2,526	2,361

Fidelity Global Multi Asset Income Fund	2,281	2,112
Concorde Rövid Futamidejű Kötvény Befektetési Alap	1,503	1,474
Templeton Global Bond N Acc USD	1,717	1,503
JPMorgan Funds - Latin America Equity Fund	569	342
Fidelity Emerging Asia Fund	736	543
Total Carrying Value	**19,747**	**17,358**

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, that are available by the respective product (respective GTC). During 2021, bank deposits were reported among the underlying assets of the individual Insurance Funds, within the limit set by the Insurance Fund statutes.

Investment Income

In EUR thousands	2021	2020
Gains less losses on financial assets at FVTPL*	6,299	-1,540
Accrued Interest	231	248
Dividends	247	176
Impairment of Variable Income Securities	0	222
Other Investment Income	0	328
Total	**6,777**	**-566**

By the end of 2021, the Company has not reported any investments in securitization according to Art. 293(3), letter 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 NOVIS Guaranteed Growth Insurance Fund consist exclusively of government bonds of the countries in whose markets the Insurance Company operates, while regarding the bonds denominated in EUR, these are government bonds of Slovakia and, to a lesser extent, of Austria. 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 fully borne by the Insurance Company.

The performance of individual non-guaranteed Insurance Funds and their underlying assets during 2021 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 Non-Guaranteed Insurance Fund	(+/-) Performance in 2021	(+/-) Performance in 2020
NOVIS ETF Shares Insurance Fund	28.75%	0.52%
NOVIS GOLD Insurance Fund	3.49%	14.37%
NOVIS Entrepreneurial Insurance Fund	35.31%	-0.90%
NOVIS Mortgage Insurance Fund	-2.01%	0.49%
NOVIS Family Office Insurance Fund	4.77%	0.71%
NOVIS World Brands Insurance Fund	10.03%	1.04%
NOVIS Digital Assets Insurance Fund	17.15%	25.79%
NOVIS Fixed Income Insurance Fund	4.35%	2.96%
NOVIS Global Select Insurance Fund	17.76%	2.12%
NOVIS Fondo Interno PIR	26.42%	-1.88%
NOVIS Sustainability Insurance Fund	20.15%	
NOVIS Ázsia Fejlődő Piaci Részvény Eszközalap	2.99%	17.20%
NOVIS Latin-Amerika Részvény Eszközalap	-5.42%	-5.60%
NOVIS Vegyes Eszközalap	4.30%	1.62%
NOVIS Global Income Fund Eszközalap	9.57%	11.2%
NOVIS Abszolút hozamú Eszközalap	2.22%	9.50%
NOVIS Globális Fejlődő Piaci Részvény Eszközalap	16.62%	15.77%
NOVIS Globális Fejlett Piaci Részvény Eszközalap	16.32%	12.88%
NOVIS Globális Kötvény Eszközalap	3.31%	-2.80%
NOVIS Rövid futamidejű Magyar Kötvény Eszközalap	-1.92%	0.65%

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 Board of Directors approves the organizational structure of the Company together with the Organizational manual, which describes the internal organization 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 3 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/provisions, 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 reported period, four members of the Supervisory Board were re-elected for a further term of office, and one new member of the Supervisory Board was elected. Furthermore, one member of the Board of Directors and one member of the Supervisory Board, who was also its chairman, resigned from their function. There was also a change in the way of acting on behalf of the Company. 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 Concerned Persons."

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 General Meeting of the Company decides on the remuneration of the members of the Supervisory Board.

The main objective of the rules for remuneration of Concerned Persons (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 Concerned Persons, 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 Concerned Persons may consist of a fixed remuneration component and a variable remuneration component. The Insurance Company and the Concerned Person 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 Concerned Persons 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 Art. 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 Concerned Persons determined by the Insurance Company (KPIs).

The specification of remuneration rules is agreed between the Concerned Persons 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 Concerned Persons shall be under an obligation not to use any personal hedging strategies nor an insurance relating to remuneration and liability obligations, which 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 defense. 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.

<u>Information about Significant Transactions with Shareholders, Persons with Significant Control over the Company, and Members of the Administrative, Management, or Supervisory Body</u>

in thousands of EUR	**2021**	**2020**
Cash contribution to share capital from MB members	-	-
Cash contribution to share capital from SB members	-	-
Services provided by related party to the Company*	36	45
Salaries and remuneration of the MB members	355	382
Salaries and remuneration of the SB members	159	189
Social security contributions for MB members	100	142
Social security contributions for SB members	55	84

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, Branch Managers of the Company, the Authorised Representative (if appointed)

1.1 Individual professional competence:

- each member of the Board of Directors, the Branch Manager of the Insurance Company, the Authorised Representative (if appointed) must have completed university education and at least three years of experience in 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,
- Authorised Representative (if appointed) will not perform activities related to the key function. If the appointed Authorised Representative 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 branches 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 has at least 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 has at least 3 years of experience in actuarial field,

– **Risk Manager** – completed university education (at least second degree) of natural sciences, economics, or technology and has 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 has 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 have at least 3 years of experience in the area of financial market concerning the position.

Employees under direct management of those responsible for key function, ensuring the tasks and outputs of a key function, must have completed university 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 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 considered, 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 branch manager position 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), branch managers, 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 Assessment

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-measureable 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 so-called 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 25th 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 assesses 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.

<u>Risks Included in the Solvency Capital Requirement Calculations according to the Standard Formula</u>

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

4. Internal Control System

The Internal Control System of the Company is based on a “three lines of defense” model.

The first line of defense 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 defense is performed regularly depending on the specific activity. The three following principles apply: a) “four eyes” control – at least two employees perform significant actions, 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 defense of the Company consists of two key functions – the Risk Management function and the Compliance Function.

The Company's third line of defense 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 defense 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, which 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.

At the end of 2020, there was a change in the Solvency Ratio compared to the Solvency Ratio published in the Report on Solvency and Financial Condition at the end of 2020 due to the difference between the preliminary (the SFCR was based on) and the audited results for 2020.

The above-mentioned adjustments, or more precisely, the audited results caused a moderate decrease in the Solvency Ratio from 137% (in the table – "before adjustment") to 134% (in the table – "after adjustment"), driven by a decrease in the own funds by 1.6 mill. Euros, and a decrease in the Capital Requirement by 0.08 mill. Euros.

Solvency II ratio	December 2020 after adjustments	December 2020 before adjustments	*December 2020 after adjustments vs. December 2020 before adjustments [EUR]*	*December 2020 after adjustments vs. December 2020 before adjustments [%]*
Own funds	67,752,828	69,397,865	*-1,645,037*	*-2%*
Solvency capital requirement	50,644,542	50,725,356	*-80,813*	*0%*
SII ratio	**134%**	**137%**		*-3pp*

in EUR

The decrease in own funds has been caused by a decrease in the reconciliation reserve through a more significant decrease in the overall value of assets in comparison with a lower decrease in the overall value of liabilities.

Own funds to meet SCR	December 2020 after adjustments	December 2020 before adjustments	*December 2020 after adjustments vs. December 2020 before adjustments [EUR]*	*December 2020 after adjustments vs. December 2020 before adjustments [%]*
Own funds	67,752,828	69,397,865	-1,645,037	-2%
Reconciliation reserve	61,337,631	62,982,668	-1,645,037	-3%
Excess of assets over liabilities	70,290,557	71,935,594	-1,645,037	-2%
Ordinary share capital	6,814,200	6,814,200	0	0%
Share premium account related to ordinary share capital	1,174,986	1,174,986	0	0%

Own share	963,740	963,740	0	0%
Subordinated liabilities	0	0	0	0%
OF that do not meet the criteria to be classified as Solvency II OF	1,573,989	1,573,989	0	0%

in EUR

The decrease in the Solvency Capital Requirement was caused by a decrease of exposure in the counterparty default risk module.

Solvency capital requirement	December 2020 after adjustments	December 2020 before adjustments	*December 2020 after adjustments vs. December 2020 before adjustments [EUR]*	*December 2020 after adjustments vs. December 2020 before adjustments [%]*
Solvency capital requirement	**50,644,542**	**50,725,356**	-80,813	0%
Basic solvency requirement	62,874,143	62,976,438	-102,295	0%
Operation risk	1,232,873	1,232,873	0	0%
Loss absorbing capacity of deferred taxes	-13,462,473	-13,483,955	21,482	0%

in EUR

Solvency capital requirement	December 2020 after adjustments	December 2020 before adjustments	*December 2020 after adjustments vs. December 2020 before adjustments [EUR]*	*December 2020 after adjustments vs. December 2020 before adjustments [%]*
Non-life underwriting risk module	0	0	0	0%
Life underwriting risk module	51,087,499	51,087,499	0	0%
Health underwriting risk module	9,666,811	9,666,811	0	0%
Market risk module	18,436,313	18,436,476	-163	0%
Counterparty default risk module	2,447,753	2,735,009	-287,256	-11%
Intangible asset module	0	0	0	0%
Diversification	18,764,234	18,949,357	-185,123	-1%

in EUR

Following the changes made, the Minimum Capital Requirement coverage ratio decreased from 547% to 535%. The decrease is caused by higher decrease in own funds compared to the decrease in the Minimum Capital Requirement.

Minimum capital requirement	December 2020 after adjustments	December 2020 before adjustments	*December 2020 after adjustments vs. December 2020 before adjustments [EUR]*	*December 2020 after adjustments vs. December 2020 before adjustments [%]*
Own funds	67,752,828	69,397,865	*-1,645,037*	*-2%*
Minimum capital requirement	12,661,136	12,681,339	*-20,203*	*0%*
MCR ratio	**535%**	**547%**		*-12pp*

in EUR

Note on Values at the End of 2021

Values at the end of 2021 stated in the following parts correspond with the final SII ratio of 102% and MCR ratio of 366%, calculated in accordance with the decision of the National Bank of Slovakia dated 14th January 2022, imposing the Insurance Company an obligation to use technical provisions at the level of -31.4 mill. Euros (minus thirty-one and four tenths million Euros) when calculating the coverage of the Solvency Capital Requirement at the end of 2021.

In the part on Expected Profits Included in Future Premiums (EPIFP) and sensitivity analysis, the values at the end of 2021 are based on calculations using the Novis' best estimate liability assumptions and corresponding technical provisions, where the SII ratio at the end of 2021 would be 129%, and MCR ratio would be 500%.

1. Underwriting Risks

Life Insurance

The underwriting risks refer 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 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Life underwriting risk module	**22,603,908**	**51,087,499**	**-28,483,591**	**-56%**
Mortality risk sub-module	3,478,023	3,175,384	302,640	10%

Longevity risk sub-module	0	0	0	0%
Disability-morbidity risk sub-module	0	0	0	0%
Life-expense risk sub-module	3,342,760	3,581,851	-239,091	-7%
Revision risk sub-module	0	0	0	0%
Lapse risk sub-module	19,958,254	48,729,606	-28,771,351	-59%
Life-catastrophe risk sub-module	1,155,404	1,116,306	39,098	4%
Diversification	5,330,534	5,515,647	-185,113	-3%

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 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Health underwriting risk module	**8,763,545**	**9,666,811**	**-903,267**	**-9%**
NSLT health insurance underwriting risk sub-module	2,423,633	2,954,158	-530,525	-18%
SLT health insurance underwriting risk sub-module	6,944,606	7,442,202	-497,596	-7%
Health catastrophe risk sub-module	1,027,247	1,156,392	-129,146	-11%
Diversification	1,631,941	1,885,941	-254,000	-13%

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 surgeries.

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 most significant risk is the risk of a permanent reduction in lapse rates, mainly represented by the Slovak and Czech markets.

Solvency capital requirement	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
SLT health insurance underwriting risk sub-module	**6,944,606**	**7,442,202**	**-497,596**	**-7%**
Health mortality risk sub-module	0	0	0	0%
Health longevity risk sub-module	0	0	0	0%
Health disability-morbidity risk sub-module	4,277,978	4,567,360	-289,383	-6%
Health expense risk sub-module	130,677	185,964	-55,287	-30%

Health revision risk sub-module	0	0	0	0%
SLT health lapse risk sub-module	5,352,652	5,707,904	-355,252	-6%
Diversification	2,816,701	3,019,027	-202,327	-7%

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 actuarial methods different from the 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 2021**	**December 2020**	***December 2021 vs. December 2020 [EUR]***	***December 2021 vs. December 2020 [%]***
NSLT health insurance underwriting risk sub-module	**2,423,633**	**2,954,158**	**-530,525**	**-18%**
NSLT health premium and reserve risk sub-module	2,413,296	2,899,424	-486,128	-17%
NSLT health lapse risk sub-module	223,605	566,030	-342,424	-60%
Diversification	213,268	511,296	-298,028	-58%

in EUR

Health Catastrophe Risk

When using the standard formula calculations, the Company considers 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 participates by a fixed percentage on 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 the year, 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 one hand, already 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 considered 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 considers 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 assets and liabilities, value of which changes with increase, or more precisely, decrease in the value of foreign currency against the domestic currency.

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 EU legislation. The Company diversifies its bank deposits among a 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 2021). 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 2021, 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 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Market risk module	**10,689,332**	**18,436,313**	-7,746,981	**-42%**
Interest rate risk sub-module	10,049,355	10,810,325	-760,969	-7%
Equity risk sub-module	0	0	0	0%
Property risk sub-module	0	0	0	0%
Spread risk sub-module	0	0	0	0%
Concentration risk sub-module	0	0	0	0%
Currency risk sub-module	1,913,057	12,474,324	-10,561,268	-85%
Diversification	1,273,080	4,848,336	-3,575,256	-74%

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. Since 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 2021 by two thirds.

Leaving the impact of National Bank of Slovakia’s decision of 14th January 2022 out of account, the Expected Profit Included in Future Premiums (hereinafter referred to as “EPIFP”) would represent a significant portion of the reconciliation reserve. As of 31st December 2021, the amount of EPIFP in life insurance is 296 mill. Euros and 0.3 mill. Euros in non-life insurance – these values are based on calculations using the Novis’ best estimate assumptions of liabilities and their corresponding technical provisions, where the SII ratio at the end of 2021 would be 129%, and MCR ratio would be 500%.

Expected profits included in future premiums (EPIFP)	December 2021	December 2020
EPIFP – life	295,826,375	293,976,386
EPIFP - non-life	319,817	870,983
Total EPIFP	**296,146,192**	**294,847,369**

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.

with 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 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Solvency capital requirement	32,924,867	50,644,542	**-17,719,675**	**-35%**
Operational risk	1,213,233	1,232,873	-19,640	-2%

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, which 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 product overview and governance by 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. and 2., 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 2021, the Company has defined the most significant 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.

In the table below, the Company provides the results of the sensitivity analysis in comparison with the results at the end of 2021 which were achieved without the effect of the National Bank of Slovakia's decision dated 14th January 2022 (in the table – December 2021). 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.

Stress tests	***December 2021***	***December 2021*** *Increase in administrative unit costs per insurance contract for each year of projection by 15%*	***December 2021*** *Increase in the lapse rate for each year of projection by 15%*
SII ratio	**129%**	**122%**	**110%**

in EUR

Stress tests	***December 2021***	***December 2021*** *Increase in administrative unit costs per insurance contract for each year of projection by 15%*	***December 2021*** *Increase in the lapse rate for each year of projection by 15%*
MCR ratio	**500%**	**472%**	**423%**

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-mentioned 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 "QRT 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 31st December 2019, the Company is not presenting held government bonds within financial statements according to IFRS as HTM (Hold to Maturity), and since 2020, it reports all bonds exclusively at fair market value.

For the purpose of preparing the SII Balance Sheet, all securities are valued solely by market value. During 2021, 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

At the date of this report, the technical provisions of the Company were as at 31st December 2021 determined by the decision of the National Bank of Slovakia from 14th January 2022 at the level of -31.4 mill. Euros, and these define the level of own funds eligible for covering the Solvency Capital Requirement at the end of 2021.

In the calculation of its Solvency Capital Requirement, the Insurance Company proceeded from the calculation of the Company's best estimate liabilities (BEL) and a risk margin, while reflecting also the impact of the technical provisions imposed by the National Bank of Slovakia. BEL 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 the fact that the Company does not have a sufficiently long time series of data, it uses historical data also from external distribution partners or external experts (their 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 2021 and the size of the Insurance Company's portfolio at the end of 2021.
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 2021, 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 2021, 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 also the reinsurer's share on the insurance claims. All these figures determine the reinsurance balance, the amount of which corresponds to the contingent liability towards the reinsurer, the 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 2021, the IFRS value of the liability towards the reinsurer amounted to 75.5 mill. Euros and the SII value amounted to 78 mill. Euros.

In 2019, the possibilities of financing the distribution partners' commission were broadened by financing from providers of ILS, which technically means a sale of future premium corresponding to the amount of acquisition fees deducted from insurance account of respective insurance contracts 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 this 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 premium.

As at 31st December 2021, the Insurance Company reassessed the recognition of the deferred tax liability, based on which it dissolved this item in full, which has correspondingly reflected in the dissolution of the deferred tax liability in the SII Balance Sheet.
Due to this fact, at the end of 2021, the Insurance Company does not consider the loss absorbing capacity of deferred taxes when calculating the Capital Requirement.

4. Alternative Valuation Methods

The Company does not apply any alternative valuation methods.

5. Other Information

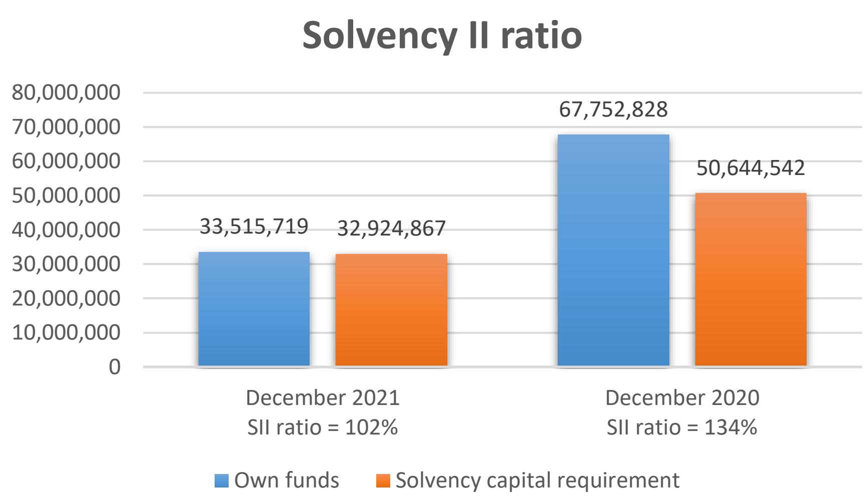
The Company does not possess any other relevant information regarding the valuation of assets and liabilities of the Insurance Company for solvency purposes.

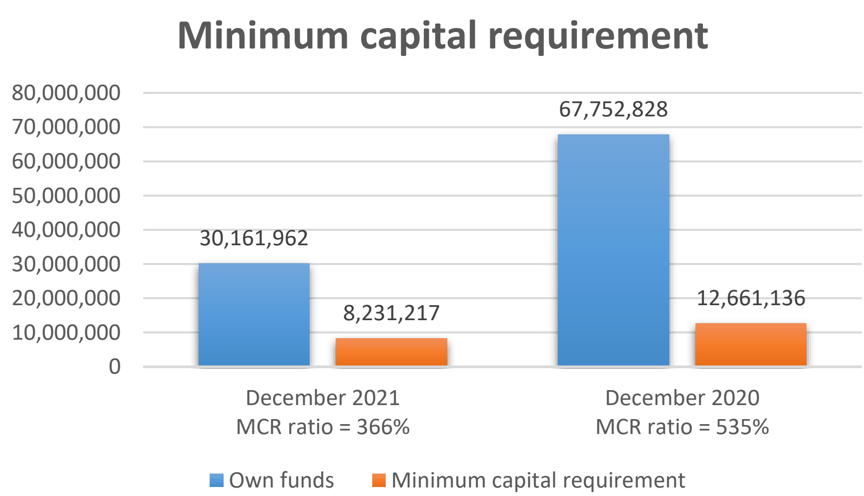
E. Capital Management

The purpose of the capital management 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 previously 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 102% at the end of December 2021 (comparing to YE 2020). The decrease is a result of the application of the NBS decision dated 14th January 2022. The Minimum Capital Requirement coverage ratio (see the tables below as "MCR ratio") also decreased to 366% at the end of 2021 as a consequence of the application of NBS decision.





The value of the Solvency Ratio as well as the Minimum Capital Requirement coverage ratio at the end of 2021 is mainly defined by the decision of the National Bank of Slovakia from 14th January 2022 and by the value of the placed subordinated bond of the Company that meets the Tier 2 capital criteria.

Solvency II ratio	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Own funds	33,515,719	67,752,828	*-34,237,109*	*-51%*
Solvency capital requirement	32,924,867	50,644,542	*-17,719,675*	*-35%*
SII ratio	**102%**	**134%**		*-32pp*

in EUR

Minimum capital requirement ratio	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Own funds	30,161,962	67,752,828	-37,590,866	-55%
Minimum capital requirement	8,231,217	12,661,136	-4,429,919	-35%
MCR ratio	**366%**	**535%**		*-169pp*

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, in other words, funds that meet the characteristics laid down in Article 93 of the Solvency II Directive and are classified in Tier 1 and Tier 2. 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 loses as well as in the case of winding-up of the Company.

Tier 2 – restricted – the Insurance Company issued convertible bonds, which have the character of subordinated debt and, in accordance with the rules of Solvency II, they meet the criteria of own funds, the so-called Tier 2 capital. Novis placed these bonds in a volume of 5 mill. Euros during the 3rd quarter of 2021 and they have been recorded in this amount in the balance sheet also at the end of 2021.

The Company did not pay out dividends in 2021 as o consequence of the dividend policy approved by the Company's General Meeting in June 2019, which does not allow the pay-out 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 2022 either.

The quantitative difference in the revaluation at the end of 2021 is shown in the table below. The reconciliation reserve represents the most significant item for the Company at the end of 2021, as well as at the end of 2020.

December 2021

in EUR	**IFRS**	**SII**	**Reconciliation IFRS a SII**
Excess of assets over liabilities	**58,101,483**	**30,176,960**	**-27,924,524**
Intangible assets	608,912	0	-608,912
Investments	9,683,825	9,683,825	0
Unit-linked assets	73,944,675	73,944,675	0
Insurance contracts assets	155,680,829	470,717	-155,210,112
Deferred acquisition costs	1,693	0	-1,693
Change in assets value			**-155,820,717**
Technical provisions - non-life	0	910,083	910,083
Technical provisions - health SLT	0	430,396	430,396
Technical provisions – life	18,906,683	4,511,660	-14,395,023
Technical provisions - index-linked and unit-linked	79,155,321	-37,256,882	-116,412,204
Reinsurance payables	75,524,360	78,058,654	2,534,294
Insurance and intermediaries payables	7,119,085	7,119,085	0
Deferred tax liabilities	0	0	0
Change in liabilities value			**-126,932,453**

December 2020

in EUR	**IFRS**	**SII**	**Reconciliation IFRS a SII**
Excess of assets over liabilities	**36,558,849**	**70,290,557**	**33,731,708**
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	156,359,475	417,067	-155,942,408
Deferred acquisition costs	14,361	0	-14,361
Change in assets value			**-156,661,174**

Technical provisions - non-life	0	-85,355	-85,355
Technical provisions - health SLT	0	-6,650,031	-6,650,031
Technical provisions – life	18,110,706	-27,717,723	-45,828,429
Technical provisions - index-linked and unit-linked	60,199,723	-67,367,038	-127,566,762
Reinsurance payables	75,622,619	77,977,973	2,355,354
Insurance and intermediaries payables	6,715,962	6,715,962	0
Deferred tax liabilities	27,457,063	15,803,144	-11,653,919
Change in liabilities value			**-189,429,142**

The Company's own funds decreased year-to-year to 33.5 mill. Euros (by 34.2 mill. Euros) at the end of 2021 due to the decision of the NBS from 14th January 2022. The reconciliation reserve represents the most significant part of the Company's own funds. The increase in subordinated liabilities is caused by the placement of a subordinated convertible bond in amount of 5 mill. Euros (August 2021).
The value of own funds at the end of 2021 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	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Own funds	33,515,719	67,752,828	-34,237,109	-51%
Reconciliation reserve	21,224,034	61,337,631	-40,113,597	-65%
Basic own funds	7,989,186	7,989,186	0	0%
Subordinated liabilities	5,000,000	0	5,000,000	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	697,501	1,573,989	-876,488	-56%

in EUR

December 2021

Own funds	TOTAL	Tier 1	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Own funds	33,515,719	28,515,719	28,515,719	0	5,000,000	0
Reconciliation reserve	21,224,034	21,224,034	21,224,034	0	0	0
Ordinary share capital	6,814,200	6,814,200	6,814,200	0	0	0
Share premium account related to ordinary share capital	1,174,986	1,174,986	1,174,986	0	0	0
Subordinated liabilities	5,000,000	0	0	0	5,000,000	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	697,501	697,501	697,501	0	0	0

in EUR

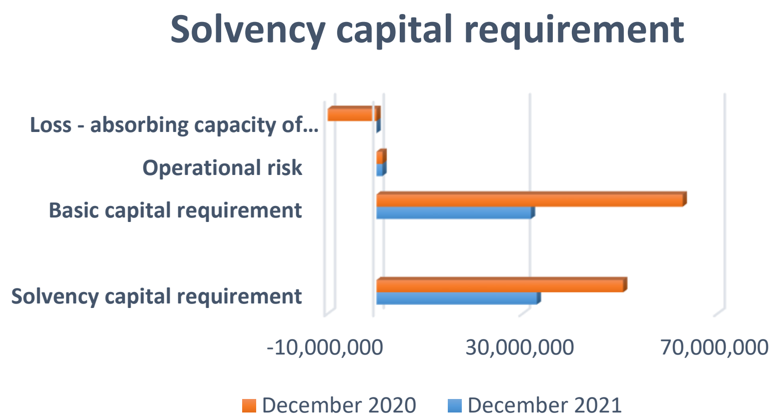
December 2020

Own funds	TOTAL	Tier 1	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Own funds	67,752,828	67,752,828	67,752,828	0	0	0
Reconciliation reserve	61,337,631	61,337,631	61,337,631	0	0	0
Ordinary share capital	6,814,200	6,814,200	6,814,200	0	0	0
Share premium account related to ordinary share capital	1,174,986	1,174,986	1,174,986	0	0	0
Subordinated liabilities	0	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	0

in EUR

2. Solvency Capital Requirement and Minimum Capital Requirement

Compared to the end of 2020, the Solvency Capital Requirement decreased by 7 mill. Euros at the end of 2021.



The decrease in the Solvency Capital Requirement was mainly caused by a decrease in the market risk module, namely in Currency Risk sub-module, which was caused by incorrect modelling of the impact of the change in the foreign currency value vis-à-vis Euro to the value of available own funds in the past, and by a decrease in the life insurance module, namely in the Lapse Risk sub-module, which is determined by the amount of technical provisions defined in the decision of the National Bank of Slovakia from 14th January 2022.

Solvency Capital Requirement

Solvency capital requirement	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Solvency capital requirement	**32,924,867**	**50,644,542**	-17,719,675	-35%
Basic capital requirement	31,711,634	62,874,143	-31,162,509	-50%
Operational risk	1,213,233	1,232,873	-19,640	-2%
Loss - absorbing capacity of deferred taxes	0	-13,462,473	13,462,473	-100%

in EUR

Basic solvency capital requirement	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Non-life underwriting risk	0	0	0	0%
Life underwriting risk	22,603,908	51,087,499	-28,483,591	-56%
Health underwriting risk	8,763,545	9,666,811	-903,267	-9%
Market risk	10,689,332	18,436,313	-7,746,981	-42%
Counterparty default risk	1,630,110	2,447,753	-817,644	-33%
Intangible asset module	0	0	0	0%
Diversification	11,975,260	18,764,234	-6,788,974	-36%

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 8.2 mill. Euros at the end of 2021.

The Company's eligible own funds covered the Minimum Capital Requirement by 366% at the end of 2021.

Minimum capital requirement	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
MCR	8,231,217	12,661,136	-4,429,919	-35%
AMCR	3,700,000	3,700,000	0	0%
MCRcomb	8,231,217	12,661,136	-4,429,919	-35%
MCRfloor	8,231,217	12,661,136	-4,429,919	-35%

MCRcap	14,816,190	22,790,044	-7,973,854	-35%
MCRlinear	1,580,042	1,113,150	466,892	42%
MCRlinear, nl	138,055	125,466	12,589	10%

in EUR

Minimum capital requirement ratio	December 2021	December 2020	*December 2021 vs. December 2020 [EUR]*	*December 2021 vs. December 2020 [%]*
Own funds	30,161,962	67,752,828	-37,590,866	-55%
Minimum capital requirement	8,231,217	12,661,136	-4,429,919	-35%
MCR ratio	**366%**	**535%**		*-169pp*

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

During 2021, the Insurance Company was not exposed to a situation of not covering the Minimum Capital Requirement and the Solvency Capital Requirement. In case that the Solvency Capital Requirement at the end of 2021 would be calculated using the best estimate assumptions of Novis and the corresponding technical provisions, the Insurance Company's own funds would exceed the Solvency Capital Requirement by 29%, and thus the SII ratio at the end of 2021 would be 129%, and the MCR ratio would be 500%. The National Bank of Slovakia issued the decision on 14th January 2022, (against which the Company appealed) and set the level of technical provisions at -31.4 mill. Euros (minus thirty-one and four tenths million Euros), which defines also the level of eligible own funds and the solvency capital requirement of Novis. Reflecting the above-mentioned decision, the SII ratio was 102% at the end of 2021, and coverage of the Minimum Capital Requirement by own funds (MCR ratio) was 366%.

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 1/2

		Solvency II value	Statutory accounts value	Reclassification adjustments
		C0010	C0020	EC0021
Assets				
Goodwill	R0010			
Deferred acquisition costs	R0020		1 693	
Intangible assets	R0030		608 912	
Deferred tax assets	R0040			
Pension benefit surplus	R0050			
Property, plant & equipment held for own use	R0060	248 883	248 883	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	9 683 825	9 683 825	
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	8 027 946	8 027 946	
Government Bonds	R0140	8 027 946	8 027 946	
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	73 944 675	73 944 675	
Loans and mortgages	R0230			
Loans on policies	R0240			
Loans and mortgages to individuals	R0250			
Other loans and mortgages	R0260			
Reinsurance recoverables from:	R0270	503 380	503 380	
Non-life and health similar to non-life	R0280	503 380	503 380	
Non-life excluding health	R0290			
Health similar to non-life	R0300	503 380	503 380	
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	74 052	74 052	
Reinsurance receivables	R0370	2 471 785	2 471 785	
Receivables (trade, not insurance)	R0380	4 090 639	4 090 639	
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	5 078 827	5 078 827	
Any other assets, not elsewhere shown	R0420	470 717	155 680 829	
Total assets	R0500	97 530 522	252 387 499	

S.02.01.02 Balance sheet - 2/2

Liabilities				
Technical provisions - non-life	R0510	910 083		
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	910 083		
Technical provisions calculated as a whole	R0570			
Best Estimate	R0580	692 988		
Risk margin	R0590	217 095		
Technical provisions - life (excluding index-linked and unit-linked)	R0600	4 942 056		
Technical provisions - health (similar to life)	R0610	430 396		
Technical provisions calculated as a whole	R0620			
Best Estimate	R0630	327 721		
Risk margin	R0640	102 675		
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	4 511 660		
Technical provisions calculated as a whole	R0660			
Best Estimate	R0670	- 2 831 307		
Risk margin	R0680	7 342 967		
Technical provisions - index-linked and unit-linked	R0690	- 37 256 882	98 062 004	
Technical provisions calculated as a whole	R0700			
Best Estimate	R0710	- 43 919 465		
Risk margin	R0720	6 662 583		
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	0	0	
Derivatives	R0790			
Debts owed to credit institutions	R0800	6 244 444	6 244 444	
Debts owed to credit institutions resident domestically	ER0801			
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	6 244 444		
Debts owed to credit institutions resident in rest of the world	ER0803			
Financial liabilities other than debts owed to credit institutions	R0810	28 063	28 063	
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	28 063		
Insurance & intermediaries payables	R0820	7 119 085	7 119 085	
Reinsurance payables	R0830	78 058 654	75 524 360	
Payables (trade, not insurance)	R0840	2 308 059	2 308 059	
Subordinated liabilities	R0850	5 000 000	5 000 000	
Subordinated liabilities not in Basic Own Funds	R0860			
Subordinated liabilities in Basic Own Funds	R0870	5 000 000	5 000 000	
Any other liabilities, not elsewhere shown	R0880			
Total liabilities	R0900	67 353 562	194 286 015	
Excess of assets over liabilities	R1000	30 176 960	58 101 483	

S.05.01.01 Premiums, Insurance Pay-outs, and Costs according to the Group of Activity

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												
		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	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written														
Gross - Direct Business	R0110		1 331 963											1 331 963
Gross - Proportional reinsurance accepted	R0120													0
Gross - Non-proportional reinsurance accepted	R0130													0
Reinsurers' share	R0140		0											0
Net	R0200		1 331 963											1 331 963
Premiums earned														
Gross - Direct Business	R0210		1 331 963											1 331 963
Gross - Proportional reinsurance accepted	R0220													0
Gross - Non-proportional reinsurance accepted	R0230													0
Reinsurers' share	R0240		0											0
Net	R0300		1 331 963											1 331 963
Claims incurred														
Gross - Direct Business	R0310		618 765											618 765
Gross - Proportional reinsurance accepted	R0320													0
Gross - Non-proportional reinsurance accepted	R0330													0
Reinsurers' share	R0340		0											0
Net	R0400		618 765											618 765
Changes in other technical provisions														
Gross - Direct Business	R0410		81 682											81 682
Gross - Proportional reinsurance accepted	R0420													0
Gross - Non- proportional reinsurance accepted	R0430													0
Reinsurers' share	R0440		0											0
Net	R0500		81 682											81 682
Expenses incurred	R0550		977 742											977 742
Administrative expenses														
Gross - Direct Business	R0610		56 194											56 194
Gross - Proportional reinsurance accepted	R0620													0
Gross - Non-proportional reinsurance accepted	R0630													0
Reinsurers' share	R0640		0											0
Net	R0700		56 194											56 194
Investment management expenses														
Gross - Direct Business	R0710		0											0
Gross - Proportional reinsurance accepted	R0720													0
Gross - Non-proportional reinsurance accepted	R0730													0
Reinsurers' share	R0740		0											0
Net	R0800		0											0
Claims management expenses														
Gross - Direct Business	R0810		6 355											6 355
Gross - Proportional reinsurance accepted	R0820													0
Gross - Non-proportional reinsurance accepted	R0830													0
Reinsurers' share	R0840		0											0
Net	R0900		6 355											6 355
Acquisition expenses														
Gross - Direct Business	R0910		701 517											701 517
Gross - Proportional reinsurance accepted	R0920													0
Gross - Non-proportional reinsurance accepted	R0930													0
Reinsurers' share	R0940		0											0
Net	R1000		701 517											701 517
Overhead expenses														
Gross - Direct Business	R1010		213 676											213 676
Gross - Proportional reinsurance accepted	R1020													0
Gross - Non-proportional reinsurance accepted	R1030													0
Reinsurers' share	R1040		0											0
Net	R1100		213 676											213 676
Other expenses	R1200													-708 645
Total expenses	R1300													269 097

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		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 insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	1 591 538	9 798 152	40 861 452	3 003 339					55 254 480
Reinsurers' share	R1420	1 275 558	7 852 854	32 748 932	2 407 064					44 284 409
Net	R1500	315 980	1 945 298	8 112 519	596 275					10 970 071
Premiums earned										
Gross	R1510	1 591 538	9 798 152	40 861 452	3 021 436					55 272 577
Reinsurers' share	R1520	1 275 558	7 852 854	32 748 932	2 407 064					44 284 409
Net	R1600	315 980	1 945 298	8 112 519	614 372					10 988 168
Claims incurred										
Gross	R1610	1 704 007	3 215 116	9 856 999	767 089					15 543 212
Reinsurers' share	R1620	390 478	0	0	175 781					566 259
Net	R1700	1 313 530	3 215 116	9 856 999	591 309					14 976 954
Changes in other technical provisions										
Gross	R1710	840 215	537 186	-18 955 598	-2 002 056					-19 580 253
Reinsurers' share	R1720	0	-3 279 800	-15 130 546	0					-18 410 346
Net	R1800	840 215	3 816 985	-3 825 052	-2 002 056					-1 169 907
Expenses incurred	R1900	981 863	5 970 027	24 860 468	1 827 695					33 640 053
Administrative expenses										
Gross	R1910	67 145	413 373	1 723 898	126 707					2 331 123
Reinsurers' share	R1920	0	0	0	0					0
Net	R2000	67 145	413 373	1 723 898	126 707					2 331 123
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	17 500	33 020	101 233	7 878					159 631
Reinsurers' share	R2120	0	0	0	0					0
Net	R2200	17 500	33 020	101 233	7 878					159 631
Acquisition expenses										
Gross	R2210	838 230	5 160 486	21 520 891	1 581 797					29 101 405
Reinsurers' share	R2220	196 330	1 208 689	5 040 624	370 489					6 816 132
Net	R2300	641 900	3 951 797	16 480 268	1 211 309					22 285 273
Overhead expenses										
Gross	R2310	255 317	1 571 838	6 555 070	481 801					8 864 026
Reinsurers' share	R2320	0	0	0	0					0
Net	R2400	255 317	1 571 838	6 555 070	481 801					8 864 026
Other expenses	R2500									-29 397 083
Total expenses	R2600									4 242 971
Total amount of surrenders	R2700	0	3 215 116	9 856 999	0					13 072 115

S.12.01.01 Technical Provisions of Life Insurance and SLT Health Insurance

			Index-linked and unit-linked insurance			Other life insurance				Accepted reinsurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations		Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations	Total (Life other than health insurance, incl. Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0	0			0									0	0					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	R0020	0	0			0									0	0					0
Technical provisions calculated as a sum of BE and RM																					
Best Estimate																					
Gross Best Estimate	R0030	21 626 393		-43 919 465	0		-24 457 700	0							-46 750 773		327 721	0			327 721
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040	0		0	0		0	0							0		0	0			0
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050	0		0	0		0	0							0		0	0			0
Recoverables from SPV before adjustment for expected losses	R0060	0		0	0		0	0							0		0	0			0
Recoverables from Finite Re before adjustment for expected losses	R0070	0		0	0		0	0							0		0	0			0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	0		0	0		0	0							0		0	0			0
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	21 626 393		-43 919 465	0		-24 457 700	0							-46 750 773		327 721	0			327 721
Risk Margin	R0100	6 775 549	6 662 583			567 419									14 005 550	102 675					102 675
Amount of the transitional on Technical Provisions																					
Technical Provisions calculated as a whole	R0110																				
Best estimate	R0120																				
Risk margin	R0130																				
Technical provisions - total	R0200	28 401 941	-37 256 882			-23 890 281									-32 745 222	430 396					430 396
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210	28 401 941	-37 256 882			-23 890 281									-32 745 222	430 396					430 396
Best Estimate of products with a surrender option	R0220	16 666 346	69 994 705			0									86 661 051	0					0
Gross BE for Cash flow																					
Cash out-flows																					
Future guaranteed and discretionary benefits	R0230		439 530 139			7 650 922									540 744 659	15 270 034					15 270 034
Future guaranteed benefits	R0240	93 563 598													93 563 598						
Future discretionary benefits	R0250	0													0						
Future expenses and other cash out-flows	R0260	9 067 042	16 063 329			17 116 564									42 246 935	3 531 608					3 531 608
Cash in-flows																					
Future premiums	R0270	81 004 248	499 512 934			49 225 186									629 742 367	18 473 921					18 473 921
Other cash in-flows	R0280	0	0			0									0	0					0
Percentage of gross Best Estimate calculated using approximations	R0290	0,00%	0,00%			0,00%										0,00%					
Surrender value	R0300	13 913 513	58 433 457			0									72 346 969	0					0
Best estimate subject to transitional of the interest rate	R0310																				
Technical provisions without transitional on interest rate	R0320																				
Best estimate subject to volatility adjustment	R0330	0	0			0									0	0					0
Technical provisions without volatility adjustment and without others transitional measures	R0340	28 401 941	-37 256 882			-23 890 281									-32 745 222	430 396					430 396
Best estimate subject to matching adjustment	R0350																				
Technical provisions without matching adjustment and without all the others	R0360																				

S.17.01.01 Technical Provisions of Non-Life Insurance

		Direct business and accepted proportional reinsurance												
		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	Total Non-Life obligation
		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		-1 203 136											-1 203 136
Gross - direct business	R0070		-1 203 136											-1 203 136
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		-1 203 136											-1 203 136
Claims provisions														
Gross - Total	R0160		1 896 124											1 896 124
Gross - direct business	R0170		1 896 124											1 896 124
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		503 380											503 380
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210		503 380											503 380
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		503 380											503 380
Net Best Estimate of Claims Provisions	R0250		1 392 744											1 392 744
Total Best estimate - gross	R0260		692 988											692 988
Total Best estimate - net	R0270		189 608											189 608
Risk margin	R0280		217 095											217 095
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		910 083											910 083
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330		503 380											503 380
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340		406 703											406 703
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		4 978 691											4 978 691
Future expenses and other cash-out flows	R0380		2 360 546											2 360 546
Cash in-flows														
Future premiums	R0390		8 542 373											8 542 373
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		1 896 124											1 896 124
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		910 083											910 083

S.19.01.21 Claims Arising from the Non-Life Insurance

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	0	0	315	0	0	0	0	0	0							
N-7	R0180	9 925	35 478	27 867	34 586	45 915	15 148	25 048	18 079								
N-6	R0190	65 140	280 675	397 370	193 684	185 937	162 915	111 772									
N-5	R0200	165 427	527 176	349 867	315 670	233 898	161 809										
N-4	R0210	116 110	332 783	347 452	235 242	142 752											
N-3	R0220	43 204	140 805	135 439	96 771												
N-2	R0230	39 396	80 259	70 922													
N-1	R0240	6 151	6 626														
N	R0250	888															

		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	0	315
N-7	R0180	18 079	212 046
N-6	R0190	111 772	1 397 493
N-5	R0200	161 809	1 753 846
N-4	R0210	142 752	1 174 340
N-3	R0220	96 771	416 220
N-2	R0230	70 922	190 577
N-1	R0240	6 626	12 777
N	R0250	888	888
Total	R0260	609 619	5 158 502

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	0	0	0	0	0	0	9 660	300								
N-6	R0190	0	0	0	0	0	200	15 671									
N-5	R0200	0	0	322	0	600	19 662										
N-4	R0210	0	0	0	0	19 092											
N-3	R0220	0	3 000	1 480	10 333												
N-2	R0230	0	1 325	1 492													
N-1	R0240	240	0														
N	R0250	235 900															

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	300
N-6	R0190	15 671
N-5	R0200	19 662
N-4	R0210	19 092
N-3	R0220	10 333
N-2	R0230	1 492
N-1	R0240	0
N	R0250	235 900
Total	R0260	302 451

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	21 224 034	21 224 034			
Subordinated liabilities	R0140	5 000 000			5 000 000	
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	697 501				
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	33 515 719	28 515 719		5 000 000	
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	33 515 719	28 515 719		5 000 000	
Total available own funds to meet the MCR	R0510	33 515 719	28 515 719		5 000 000	
Total eligible own funds to meet the SCR	R0540	33 515 719	28 515 719		5 000 000	
Total eligible own funds to meet the MCR	R0550	30 161 962	28 515 719		1 646 243	
SCR	R0580	32 924 867				
MCR	R0600	8 231 217				
Ratio of Eligible own funds to SCR	R0620	101,79%				
Ratio of Eligible own funds to MCR	R0640	366,43%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	30 176 960
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	21 224 034
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	295 826 375
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	319 817
Total Expected profits included in future premiums (EPIFP)	R0790	296 146 192

S.25.01.01.21 Solvency Capital Requirement – for undertakings that use 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	10 689 332	10 689 332	
Counterparty default risk	R0020	1 630 110	1 630 110	
Life underwriting risk	R0030	22 603 908	22 603 908	
Health underwriting risk	R0040	8 763 545	8 763 545	
Non-life underwriting risk	R0050	0	0	
Diversification	R0060	-11 975 260	-11 975 260	
Intangible asset risk	R0070	0	0	
Basic Solvency Capital Requirement	R0100	31 711 634	31 711 634	

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	1 213 233
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	32 924 867
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	32 924 867
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	138 055

		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	189 608	1 331 963
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	1 441 986

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	21 626 393	
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		916 871 041

Overall MCR calculation

		C0070
Linear MCR	R0300	1 580 042
SCR	R0310	32 924 867
MCR cap	R0320	14 816 190
MCR floor	R0330	8 231 217
Combined MCR	R0340	8 231 217
Absolute floor of the MCR	R0350	3 700 000
Minimum Capital Requirement	R0400	8 231 217