



Oney Insurance (PCC) Limited

Oney Life (PCC) Limited

Oney Holding Limited

The Group Solvency and Financial Condition Report

31 December 2019

2 June 2020

Contents

Executive Summary	6
Approval by the Board of Directors of the Solvency and Financial Condition Report.....	7
A. Business and performance	8
A.1. Business	8
A.2. Performance from underwriting activities	10
A.3. Performance from investment activities	12
A.4. Performance of other activities	12
A.5. Any other information	12
B. System of Governance.....	13
B.1. General Governance Arrangements	13
B.1.1. Board of Directors	13
B.1.2. The Audit Committee	14
B.1.3. The Investment Committee	14
B.1.4. The Underwriting Committee	15
B.1.5. The Executive Committee (“COMEX”)	16
B.1.6. Material changes in the system of governance.....	16
B.1.7. Remuneration Policy	16
B.2. Fit and proper	17
B.3. Risk management system	18
B.4. ORSA	20
B.4.1. ORSA Roles and Responsibilities.....	20
B.4.2. ORSA Governance.....	20
B.5. Internal Control	21
B.5.1. Description of the Internal Control System	21
B.5.2. Implementation of the Compliance Function.....	21
B.6. Internal audit function	22
B.7. Actuarial function	23
B.8. Outsourcing	24
B.9. Any other information	25
C. Risk Profile	26
C.1. Underwriting risk	26
C.2. Market risk	27
C.3. Credit risk	28
C.4. Liquidity risk	28
C.5. Asset-Liability Management (“ALM”) risk	29
C.6. Operational risk	29

C.7. Other material risks	30
C.8. The nature of material risk concentrations	30
C.9. Risk mitigation practices	30
C.10. Risk sensitivities	31
C.11. Any other information	31
D. Valuation for Solvency Purposes	33
D.1. Assets	33
D.1.1. Cash and Cash Equivalents	34
D.1.2. Insurance and Intermediaries' Receivables	34
D.1.3. Deferred Acquisition Costs	34
D.1.4. Intangible Assets	35
D.1.5. Deferred Tax Asset	35
D.2. Technical provisions	35
D.2.1. Methodology used to calculate the technical provisions	36
D.2.2. Assumptions used to calculate the technical provisions	38
D.2.3. Areas of Uncertainty	39
D.2.4. Matching Adjustment to the EIOPA risk-free interest rates	39
D.2.5. Volatility Adjustment to the EIOPA risk-free interest rates	39
D.2.6. Transitional risk-free interest rate-term structure	39
D.2.7. Transitional deduction	39
D.2.8. Material Differences between the Solvency II and IFRS Valuations	39
D.3. Other liabilities	40
D.3.1. Deferred Tax Liabilities	41
D.3.2. Payables	41
D.4. Any other disclosures	41
E. Capital management	43
E.1. Own funds	43
E.2. Minimum Consolidated Group Solvency Capital Requirement and Solvency Capital Requirement	45
E.3. Use of the option set out in Article 304 for the calculation of the SCR	48
E.4. Differences between the standard formula and any internal models used	48
E.5. Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement	48
E.6. Any other disclosures	48
F. Quantitative Reporting Templates	50
S.02.01.02	50
S.05.01.02.01	53
S.05.01.02.02	54
S.05.02.01	55

S.23.01.22 57
S.25.01.22: 62

List of Tables

Table A.1 - Group Technical Account Summary for years end 2018 and 2019	11
Table A.2 - Group Investment Performance for years ended 2018 and 2019.....	12
Table C.3 - Cash Flows as at year end 2019.....	29
Table D.4 - Valuation of assets as at year ended 2019	33
Table D.5 - Valuation of Technical Provisions as at year end 2019	36
Table D.6 - Valuation of Other Liabilities as at year end 2019	40
Table E.7 - Opening and Closing Balance of Own Funds 2019	43
Table E.8 - Own Fund Items as at year end 2019	43
Table E.9 - Composition of Reconciliation Reserve as at year end 2019	44
Table E.10 - SCR Summary as at year end 2019	46
Table E.11 - Ratio of Own Funds to SCR as at year end 2019	47
Table E.12 - SCR and Own Funds Projection for OIL	48
Table E.13 - SCR and Own Funds Projection for OLL	49

List of Figures

Figure A.1 – Group Technical Account for years end 2018 vs 2019	12
Figure C.2 - The most significant risks of the Group	26
Figure D.3 - Split of technical provisions as at year end 2019.....	37
Figure D.4 - Combined Technical Provisions by Insurance Business Type as at year end 2019	38
Figure E.5 - Summary of Own Funds as at year end 2019	45
Figure E.6 - Solvency Capital Requirement as at year end 2019.....	46
Figure E.7 - Ratio of Eligible Own Funds to the SCR as at year end 2019	47

Executive Summary

Oney Holding Limited (“OHL”) and its subsidiary insurance companies (“the Companies”), Oney Insurance (PCC) Limited (“OIL”) & Oney Life (PCC) Limited (“OLL”) constitute an insurance group at the level of OHL (collectively “the Group” or “Oney Insurance”) in terms of Articles 218 to 258 of the Solvency II Directive 2009/138/EC.

This report is the Solvency and Financial Condition Report (“SFCR”) of the Group which has been prepared to satisfy the requirements of Articles 304 & 365 of the EU Commission Delegated Regulation 2015/35 (“CDR”).

OIL is authorised by the Malta Financial Services Authority (“the MFSA”) to carry on general business of insurance in accordance with the Insurance Business Act, Cap 403. OLL is authorised by the MFSA to carry on long-term business of insurance in accordance with the Insurance Business Act, Cap 403. The Group, through OIL and OLL, have rights to provide insurance services under the Freedom to Provide Services Legislation in terms of the European Passporting Rights in Denmark, Ireland, Italy, France, Germany, Portugal, Spain, Romania, Sweden, Poland and Hungary and are also licensed to offer reinsurance business in France, Poland and Italy.

This report details the business and performance of the Group, its system of governance, risk profile, valuation methods for solvency purposes and capital management. The Companies’ Board of Directors have ultimate responsibility for these matters, with the help of the various Committees and key functions that the Group has in place to monitor and manage the business in a sound and prudent manner.

The Companies and the Group have continuously complied with all aspects of the Solvency II regulations, effective from 1 January 2016. As at 31 December 2019, the consolidated own funds of the Group eligible to cover the SCR stood at €57.1m, compared to a Solvency Capital Requirement (“SCR”) of €34.6m. The Group SCR coverage ratio, which is regularly reviewed as part of Group’s risk monitoring and capital management systems, stood at 165%.

Projected SCR figures and available own funds over the business planning period demonstrate that the Group will maintain a comfortable buffer throughout the whole of the business planning period. The projected solvency positions also remain adequately resilient to stress scenarios chosen and carried out under the risk management system of the Group.

Approval by the Board of Directors of the Solvency and Financial Condition Report

The Directors of Oney Insurance (PCC) Ltd, which is the entity responsible for fulfilling the governance requirements of the Group, certify that the SFCR for the financial period ended 31 December 2019 has been properly prepared in all material respects in accordance with the requirements of the MFSA rules and Solvency II Regulations as applicable to the Group.

The Directors are satisfied that:

(a) throughout the financial year in question, the Group has complied in all material respects with the requirements of the MFSA rules and Solvency II Regulations as applicable to the Group; and

(b) it is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued so to comply, and will continue so to comply in future.

The SFCR was approved by the Board of Directors in 02 June 2020 and was signed on its behalf by:



David Maly Of Waly

Managing Director of Oney Insurance (PCC) Ltd & Oney Life (PCC) Ltd

A. Business and performance

A.1. Business

This Solvency and Financial Condition Report relates to OHL and its subsidiary insurance companies, OIL and OLL, which constitute an insurance group at the level of OHL, in terms of Articles 218 to 258 of the Solvency II Directive 2009/138/EC. OHL is a non-regulated limited liability holding company registered in Malta at 171, Old Bakery Street, Valletta, VLT 1455.

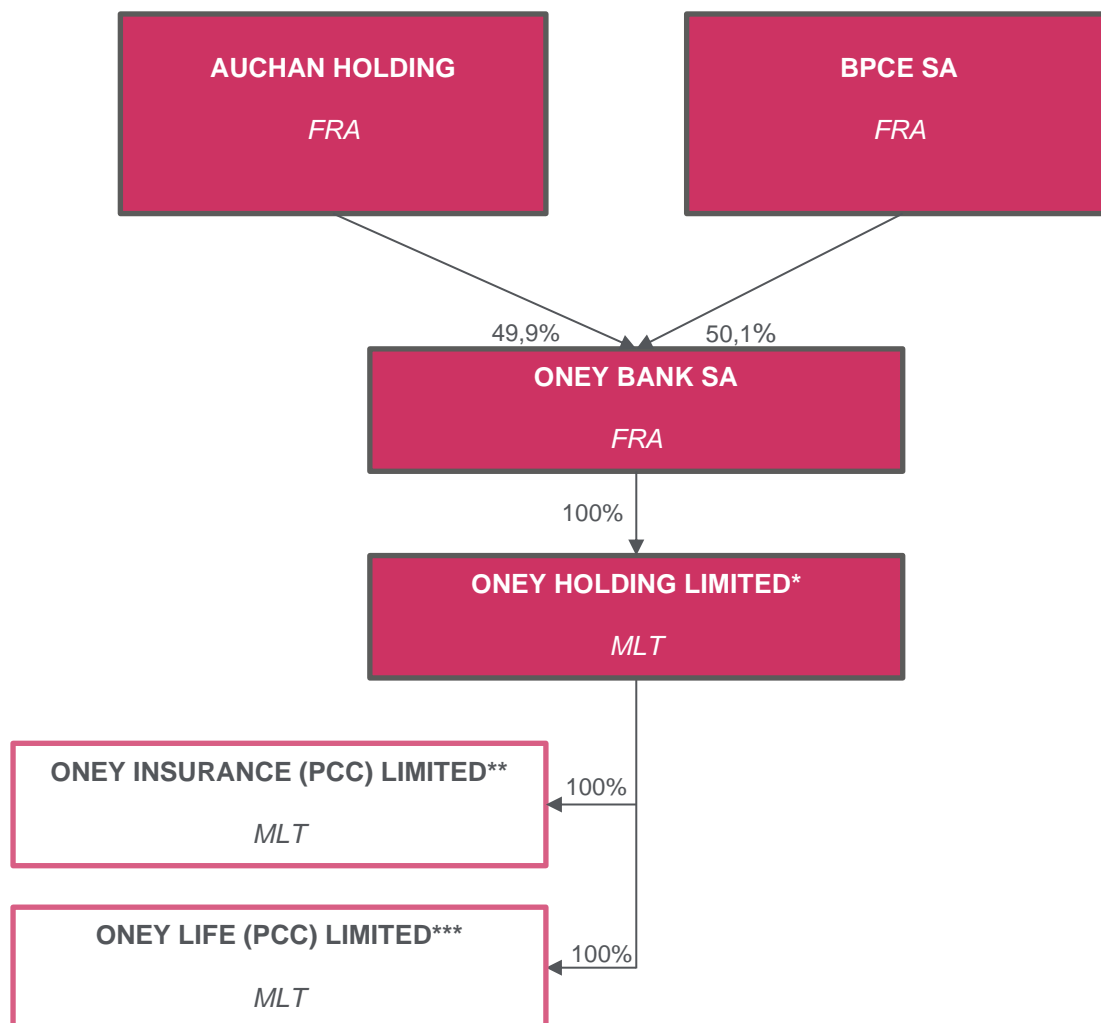
OIL is a limited liability company with Registered Office at 171, Old Bakery Street, Valletta, VLT 1455, Malta. OIL is authorised and regulated by the MFSA. The address of the MFSA is Notabile Road, Attard, BKR3000, Malta.

OLL is a limited liability company with Registered Office at 171, Old Bakery Street, Valletta, VLT 1455, Malta. OLL is authorised and regulated by the MFSA.

The MFSA is therefore the group supervisor of the insurance group at the level of OHL for Solvency II reporting purposes.

The Companies' external Auditors are PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta.

OIL and OLL are wholly owned subsidiaries of OHL. OHL is a wholly owned subsidiary of Oney Bank S.A. whose registered office is situated at 34, Avenue de Flandre, 59170 Croix, France. The Group has two shareholders which are Auchan Holding S.A. whose registered office is situated at 40, Avenue de Flandre, 59170 Croix, France and BPCE SA which is the ultimate parent company holding 50.1% of the shares. Its registered office is situated at 50 avenue Pierre Mendès France – 75201 Paris Cedex 13, France. An extract of the Group's organisation structure showing the position of the companies directly relevant to OIL & OLL is shown below:



OIL is authorised by the MFSA to carry on general business of insurance in accordance with the Insurance Business Act, Cap 403. OIL was granted rights to provide insurance services under the Freedom to Provide Services Legislation in terms of the European Passporting Rights in Denmark, Ireland, Italy, France, Germany, Portugal, Spain, Romania, Sweden, Poland and Hungary and is also licensed to offer reinsurance business in France, Poland and Italy. The operations are restricted to the following Classes:

- Class 1 - Accident
- Class 2 - Sickness
- Class 3 - Land vehicles (other than railway rolling stock)
- Class 8 - Fire and natural forces
- Class 9 - Other damage to property
- Class 16 - Miscellaneous financial loss

OIL's non-life insurance obligations fall into the following Solvency II lines of business ("LoBs"):

- Income protection insurance (health similar to non-life)
- Other motor damage insurance
- Fire and other damage to property insurance

- Miscellaneous financial loss

These Solvency II lines of business are used when reporting the premium, claims, expenses and technical provisions in the Quantitative Reporting Templates (“QRTs”).

Further details on the types of insurance contracts and the covers provided under each contract underwritten by OIL can be found in Note 4.3 of the 2019 Annual Report and Financial Statements (“Audited Financial Statements”) of Oney Insurance (PCC) Limited. OIL prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”).

OLL is authorised by the MFSA to carry on long-term business of insurance under the Insurance Business Act, Cap 403. OLL was granted rights to provide insurance services under the Freedom to Provide Services Legislation in terms of the European Passporting Rights in France, Germany, Portugal, Spain, Poland and Hungary and is also licensed to offer reinsurance business in Poland and Italy. The operations are restricted to Class I Life and Annuity.

OLL’s business provides death and accidental death cover. OLL prepares its financial statements in accordance with IFRS. Under IFRS, all business is considered to be one type of business, namely Life business. For Solvency II reporting, death cover falls under the Other Life LoB and the accidental death cover falls under income protection insurance (health similar to non-life). Further details on the types of insurance contracts and the covers provided under each contract underwritten by OLL can be found in Note 4.3 of the 2019 Annual Report and Financial Statements (“Audited Financial Statements”) of Oney Life (PCC) Limited.

In 2019, the Affinity Cell, licensed to carry out reinsurance business, was incorporated within the Company. Such cell is authorised under the Insurance Business Act 1998, for General Insurance Business Classes 8, 9 and 16 in order to issue reinsurance contracts covering any losses incurred by Insurance Companies on Affinity insurance products such as extended warranty programmes on electrical devices and material damage insurance programmes, as a result of claims incurred.

A.2. Performance from underwriting activities

The breakdown of the consolidated underwriting performance of the Companies as at 31 December 2018 and 2019 by the Solvency II LoBs is provided in Table A.1 below. Figure A.1 below also compares the underwriting performance as at year end 2019 against the underwriting performance as at year end 2018.

Technical Account	Income protection insurance € 000s	Other motor insurance € 000s	Fire and Other Damage to Property € 000s	Miscellaneous financial loss € 000s	Total Non-Life 2019 € 000s	Other Life Insurance € 000s	Total Life 2019 € 000s	Total 2019 € 000s	Total 2018 € 000s
Premiums written									
Direct Business	28,199	14,091	15,436	28,715	86,440	27,234	27,234	113,674	93,581
Proportional reinsurance accepted			2,229	1,208	3,438			3,438.00	3,049
Reinsurers' share			163		163			163.00	3,049
Total	28,199	14,091	17,502	29,924	89,715	27,234	27,234	116,949	96,630
Premiums earned									
Direct Business	27,764	2,350	15,526	24,367	70,007	26,946	26,946	96,953	83,386
Proportional reinsurance accepted			1,520	803	2,323			2,323.00	641
Reinsurers' share			43		43			43.00	3,049
Total	27,764	2,350	17,004	25,170	72,288	26,946	26,946	99,233	84,028
Claims incurred									
Direct Business	3,141	1,893	4,880	4,603	14,517	2,943	2,943	17,460	8,994
Proportional reinsurance accepted			856	430	1,286			1,286.00	552
Reinsurers' share			11		11			11.00	3,049
Total	3,141	1,893	5,726	5,033	15,793	2,943	2,943	18,735	9,547
Changes in other technical provisions									
Direct Business	1		143	174	318			318.00	3,175
Total	1		143	174	318			318.00	3,175
Expenses incurred									
Direct Business	15,342	891	7,967	14,060	38,261	14,805	14,805	53,066	45,377
Proportional reinsurance accepted			226	125	351			351.00	120
Reinsurers' share			15		15			15.00	3,049
Total	15,342	891	8,179	14,185	38,597	14,805	14,805	53,402	45,496
Gross Result	9,281	(434)	2,974	5,777	17,597	9,198	9,198	26,795	25,810
Reinsurance Share			17		17			17.00	
Net Result	9,281	(434)	2,956	5,777	17,580	9,198	9,198	26,778	25,810

Table A.1 - Group Technical Account Summary for years end 2018 and 2019

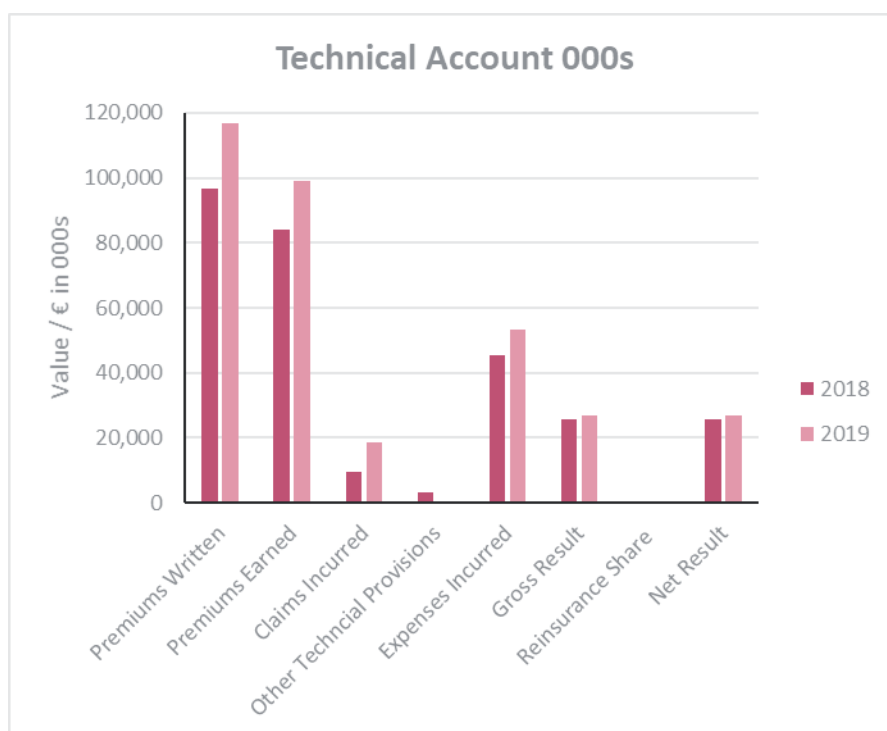


Figure A.1 – Group Technical Account for years end 2018 vs 2019

A.3. Performance from investment activities

The Group’s investments comprise solely of cash and cash equivalents. The income on these investments for the year ended 31 December 2019 has been immaterial.

Investment Performance	Total Amount € 000s		Interest Receivable € 000s		Percentage Yield € 000s	
	2019	2018	2019	2018	2019	2018
Cash and Cash Equivalents	79,141	58,295	131	221	0.17%	0.38%

Table A.2 - Group Investment Performance for years ended 2018 and 2019

A.4. Performance of other activities

The Group had no other material income and expenses from other activities in the reporting period.

A.5. Any other information

In 2019, the Company entered into a reinsurance agreement for outwards reinsurance ceding 70% on a quota share basis of a newly launched product in Italy providing material damage and extended warranty cover for electronic devices.

B. System of Governance

B.1. General Governance Arrangements

B.1.1. Board of Directors

The Board of Directors of OIL, which is the entity responsible for fulfilling the governance requirements at the level of the Group, is the focal point of the Group's corporate governance regime and is ultimately responsible for all decisions made regarding its governance. The Board may delegate some decision-making responsibility to sub-committees or senior management. However, delegating authority or responsibility does not relieve the Board of its own duties and responsibilities and it remains ultimately accountable for the performance and conduct of the Group. To this end it must have regular and robust interaction with sub-committees and management requesting information from them proactively and challenging information provided, and the status quo, where necessary, to satisfy itself that the systems established by it have been effectively implemented as intended and that compliance is being continually monitored.

The Board of Directors is responsible for:

- The effective, prudent and ethical oversight of the Companies;
- Setting the business strategy for the Companies;
- Ensuring that risk and compliance are properly managed in the Companies;
- Making all decisions regarding the governance of the Companies unless such decisions have been formally delegated by the Board as described above;

Furthermore:

- Each member of the Board shall have sufficient time to devote to the role of director and associated responsibilities;
- The Board shall ensure that a majority of its directors are reasonably available to the MFSA at short notice to explain its decisions; and
- If the Companies apply Oney Bank SA Group policies or use Oney Bank SA Group functions, the Board shall satisfy itself as to the appropriateness of these policies and functions for the Companies and in particular that these policies and functions take full account of Maltese laws and regulations and the supervisory requirements of the MFSA.

The current number of Directors is stipulated at a minimum of two Directors and a maximum of seven and the Group, by ordinary resolution from time to time, increase or reduce such parameters.

The Board of Directors is currently composed of 7 Directors as follows:

- 1 Managing Director
- 2 Independent Non-Executive Directors
- 4 Non-Executive Directors

One Independent Non-Executive Director is the Chairman of the Audit Committee and the other is the Chair of the Investment Committee. In this way, the Independent Non-Executive Directors have

significant influence on the proper conduct of Oney Insurance. The Board of Directors meet at least three times per year.

The Board may directly appoint sub-committees composed of directors and management which provide valuable hands-on assistance to the Board by taking on the burden of detailed research, investigation, analysis, guidance and oversight of particular areas of activity, thus giving the Board assurance that the business is being managed, conducted and controlled in a prudent manner and in accordance with sound administrative, insurance and accounting standards. The Board itself retains responsibility for oversight of these sub-committees, for guiding them, for setting their terms of reference and for ensuring that they operate as intended.

Based on the nature, scale and complexity of the Companies, the Board has established an Audit Committee, an Investment Committee, an Underwriting Committee and a Management Committee (“COMEX”).

B.1.2. The Audit Committee

The Board has established an Audit Committee whose members include both the Non-Executive Directors and the Independent Non-Executive Directors of the Company. The Committee operates in a manner consistent with ensuring its independence and reports its activities and decisions to the Board. The Chairman of the Audit Committee is an Independent Non-Executive Director.

The Committee has been appointed by the Board in line with the following criteria:

- The Committee shall consist of not less than three members. A quorum shall be by two members
- Shall be composed entirely of non-executive directors.
- At least one member of the Committee shall have competence in accounting and/or auditing.
- A majority of the members of the Committee shall be Independent Non-Executive Directors.
- The chairman of the Committee shall be an Independent Non-Executive Director and shall be appointed by the Board.

The Board ensures that the members of the Committee shall at all times collectively possess a diversity of qualifications, knowledge and relevant experience so that Oney Insurance is managed and overseen in a professional manner.

Meetings of the Committee are held three times a year or more often as the Committee itself deems fit. The Committee oversees the following functions and their respective duties and responsibilities:

- Financial reporting
- Internal control function
- Compliance function
- Internal audit function
- External audit function

B.1.3. The Investment Committee

The Board of Directors established an Investment Committee with an appropriate representation of Executive, Non-Executive and Independent Non-Executive Directors. The Investment Committee has, in its discretion, authority to approve and monitor the short-term liquidity of the Companies and also their medium and long-term investments. The Committee operates within the long-term policy adopted

by the Board, but also advises the Board on changes to the long-term policies and sets short term strategic and tactical policies in line with achieving specific investment goals.

Safety of principal is the foremost objective of the investment policy. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The idea of safety is to mitigate credit risk, interest rate risk, currency risk and liquidity risk.

The Group minimises credit risk, which entails the risk of loss due to the failure of a counterparty to a financial instrument, by:

- Pre-approving all financial institutions with which the Companies plan to invest and do business.
- Ensuring that the asset quality adhere to the Oney Bank SA Group policy;
- Diversifying the portfolio so that potential losses on an individual counterparty will be minimised; and
- Monitoring performance and credit ratings of counterparties.

Furthermore, the Group minimises interest rate risk, which includes the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, by:

- Investing operating funds primarily in shorter-term deposits;
- Structuring the investment portfolio so that interest bearing liabilities (if any) will be matched with interest bearing assets, where applicable.

In order to ensure that the Group minimises currency risk, which entails the risk of loss resulting from changes in exchange rates, the Group holds all of its investments in Euro or by matching assets and liabilities on non-euro denominated amounts.

Further to the above, the investment portfolio is kept sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio includes financial instruments which are callable on demand with no penalties involved, and financial instruments which could easily be traded on an open market. Funds are invested to enable the Companies to meet all liabilities as they fall due by matching term, nature and currency of the assets, to the term, nature and currency of the liabilities.

B.1.4. The Underwriting Committee

The Board of Directors delegated its responsibilities to oversee the underwriting operations of the Companies to the Underwriting Committee. The Committee is composed of no less than three members of senior management who collectively possess technical knowledge on insurance underwriting, financial and operational matters. Accordingly, the following members have been appointed to the Committee:

- Chief Executive Officer
- Head of Underwriting
- Head of Sales and Partnerships
- Chief Financial Officer
- Chief Operations Officer or delegate

The Committee is furthermore supported by the Compliance Officer, Chief Risk Officer and Consulting Actuary as permanent invitees, and any other officer or consultant as may be required for the proper execution of the Committee.

The purpose of the Underwriting Committee is to:

- Oversee the development of and adherence to underwriting guidelines prescribed in the Underwriting Policy;
- Steer the underwriting strategy in line with the overall business strategy set out by the Board;
- Establish, review and maintain underwriting criteria and limits within the parameters of the Underwriting Policy;
- Monitor exposure to underwriting risk and evolutions in the Companies' risk profile against the risk appetite established by the Board;
- Report periodically on underwriting performance to the Board providing details of key deliberations and decisions of the Committee; and
- Monitor adherence to the Companies' Product Oversight and Governance Policy and report on material deviations thereto.

B.1.5. The Executive Committee (“COMEX”)

The Executive Management Committee (“COMEX”) of the Group is composed of the Managing Director, the Chief Finance Officer, the Chief Risk Officer and the Chief Information & Operations Officer. To ensure independence of the function, the Compliance Officer is not a COMEX member but attends on invitation of the Chairman of the Committee.

The COMEX of the Group is charged with multiple responsibilities as indicated in the terms of reference of the executive committee. Some of these responsibilities include:

- Overseeing the Compliance function;
- Overseeing the Risk Management function;
- Overseeing the ICT and Operations function;
- Overseeing the Finance function;
- Overseeing the Business & Commercial Development function;
- Overseeing the Claims function; and
- Overseeing the General Management of the Companies within the Group.

B.1.6. Material changes in the system of governance

A new managing director, Mr David Maly of Waly, was appointed on 05 July 2019 whilst the outgoing managing director, Ms Edwina Leclere, was appointed as a non-executive director of the board on the same date.

B.1.7. Remuneration Policy

Under the principle of proportionality, the Group does not have a dedicated remuneration committee and the duties otherwise pertaining to such a Committee are vested by the Board of Directors which are however guided by Oney Bank SA Group's Remuneration Policy.

A Remuneration Policy is required to ensure that remuneration of staff and directors of the Companies within the Group is in line with the approved business and risk management strategies of the Group and aligned with the approved Government Framework and Policies. Furthermore, the Remuneration Policy must ensure that the terms of engagement of staff and outsourcing partners do not encourage excessive risk-taking. Finally, the Remuneration Policy is required to ensure that commitments made to staff or partners do not threaten the Insurer's ability to maintain an adequate capital base at all times.

The Remuneration Policy applies to all Independent Directors, COMEX members, employees engaged by the Group, and third-party service providers. In setting this remuneration policy, the Board recognizes the need to be competitive in an international market and hence the Board adopted a policy to set remuneration levels which ensure that persons engaged are fairly and responsibly rewarded in return for high levels of performance. Furthermore, the Remuneration Policy is designed to support key business strategies and create a strong, performance-orientated environment whilst also attracting, motivating and retaining talent.

The main principles found in the Remuneration Policy are as follows:

- Directors who are employed by the Shareholder shall receive no remuneration from the Group for their position on the Board;
- The Independent Non-Executive Directors are paid a fixed annual fee and travelling expenses relating to attending Board meetings, but shall not be entitled to any bonuses;
- The Remuneration for COMEX members shall be decided and agreed upon, jointly between the Managing Director, the Chairman of the Board of Directors as well as the Head of Human Resources of Oney Bank SA Group;
- The Remuneration for Non-COMEX members shall be decided and agreed upon, jointly between the Managing Director and the remaining COMEX members, as necessary. The Remuneration shall be in line with the Group's budget and assigned responsibilities; and
- There are currently no supplementary pension or early retirement schemes for Board members and/or other key function holders.

B.2. Fit and proper

Fit and proper requirements demand qualities in relation to the integrity demonstrated in personal behaviour and business conduct, soundness of judgment and a sufficient degree of knowledge, experience and professional qualifications.

The shareholder must ensure that persons appointed on the Board satisfy all fit and proper requirements and that it appoints persons whose integrity is above reproach. The shareholder must also ensure that it appoints people with the relevant knowledge, experience and qualifications necessary to control an insurance operation.

When appointing Key management personnel, the Board must ensure that each respective Manager or Officer has the necessary experience and knowledge to occupy that post and that all personnel are of sound integrity.

The Board also acknowledges that new appointments for Directors, persons sitting on Board Committees and Key Management Personnel, can only be effective once approval has been obtained from the MFSA.

To satisfy the fitness criteria, the collective knowledge, competence and experience of the Board of Directors and Key Management Personnel collectively, will include at a minimum the following:

- Market knowledge
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements

It is recognized that Board members and Key Management Personnel have a requirement for continuous professional development and that training is therefore an important issue. If Key Management Personnel are members of any professional body that stipulates a minimum number of CPE hours, then they are required to ensure that those requirements are met. If Key Management Personnel are not members of any professional body that manages CPE training, the Group will ensure that the individual receives relevant structured training annually to maintain their competence and keep abreast with recent developments. In any case, the training should be adequate and fit to their roles within the Group.

All Directors and Key Management Personnel will submit an annual list of relevant training attended as per the Fit and Proper Procedure. The Company acknowledges that this continued professional development is integral to its operations and will finance this training accordingly.

The Maltese resident Directors are expected to attend conferences organised by the MFSA dealing with matters that could be relevant with the Business of Insurance or General Corporate Governance Matters. The non-Executive Directors of the company which are also employees of Auchan Group are expected to attend training as organised by the Group. In addition, if the MFSA requests attendance of the non-resident Directors at certain seminars, then such Directors will do their utmost to attend.

To satisfy the propriety of a person, the Board of Directors must be satisfied with the reputation and integrity of a person. In assessing the propriety, consideration will be given to honesty, financial soundness and conflicts of interest.

The fit and proper requirement is an ongoing one and is assessed on an annual basis. The Directors and the Key Management Personnel are required to perform a self-assessment one month ahead of the meeting, to allow time for review. In addition, the Directors and the Key Management Personnel will need to confirm annually that there were no changes from the last Personal Questionnaire lodged with the Regulator, however, should during any given period, a significant change to the Personal Questionnaire occurs, the Director or Key Management Personnel is obliged to inform the Group of such changes, immediately. The decision as to whether the change is of such significance as to impact the propriety of that particular person, will rest with the Managing Director as for the Key Management Personnel, and with the Board as for a Director.

B.3. Risk management system

The Companies within the Group have established a Risk Management Framework within which the Companies' Risk Management System operates. Risk management is a central part of the Companies' strategic management, in view that as insurers, the business of the Companies is to accept risk transfer from customers and therefore the Companies are concerned with both the positive and the negative aspects of risk.

The Risk Management Function is established to secure the following strategic objectives from a risk management perspective, which are:

- To protect and generate sustainable shareholder value
- To ensure that policyholders' claims are met with the highest degree of confidence
- To ensure that regulatory solvency capital requirements are adequately satisfied at all times
- To maintain the sound reputation of the Companies.

In order to achieve these objectives, risk management system sets out to ensure that Management pursues the right levels and types of risks and that such risks can be adequately monitored and controlled.

The objectives of the Risk Management Function is to regularly review the Companies' risk management processes and procedures, and to test the appropriateness and relevance of, risk management practices, tools and methodologies employed.

The Risk Management function is maintained in-house and the Chief Risk Officer is responsible to perform this key function. Ultimate responsibility for the oversight of the Risk Management System lies with the Board.

The main roles and responsibilities of the Risk Management Function are to:

- Advise the Board of Directors on risk appetite and tolerance for future strategy, taking into account the Board of Directors' overall risk appetite and the current financial position of the Group whilst also drawing on the work of the Audit Committee and the External Auditor, the appointed Actuary and the capacity of the Group to manage and control risks within the agreed strategy;
- Coordinate and animate the processes within the Group's risk management methodology; i.e.
 - Identifying the risks the Group faces;
 - Assessing, aggregating, monitoring and helping manage/mitigate identified risks effectively; this includes assessing the Group's capacity to absorb risks with due regard to the nature, probability, duration, correlation and potential severity of risks;
 - Gaining and maintain an aggregated view on the risk profile of the Group;
 - Evaluating the internal and external risk environment on an on-going basis in order to identify and assess potential risks as early as possible;
 - Considering risks arising from remuneration arrangements and incentive structures;
 - Conducting regular stress testing and scenario analyses;
 - Regularly reporting to the Key Function holders and to the Board on the Group's risk exposures;
 - Documenting material changes to the Companies' risk management system and report them to the Board to help ensure that the framework is maintained and improved;
 - Identifying and assessing emerging risks.
- Ensure the development and on-going maintenance of an effective risk management system that is appropriate to the nature, scale and complexity of the risks inherent in the business conducted by the Group;
- Advise the Board of Directors of the effectiveness of strategies and policies in relation to maintaining, on an ongoing basis, adequate amounts, types and distribution of both internal capital and own funds to cover the risks of the Group; and
- Coordinate and conduct the processes for an effective Own Risk and Solvency Assessment.

B.4. ORSA

B.4.1. ORSA Roles and Responsibilities

The ORSA is a key process within the risk management framework of the Group. The ORSA aims to:

- Assess the Group's overall solvency need, taking into account all risks that affect the Companies within the Group, any approved risk tolerance limits and business strategies, both during the calendar year and over the business planning period;
- Test the appropriateness of the Capital Management framework over the business planning period against the results of stress and scenario testing performed;
- Carry out the internal own assessment of capital needs and assess the deviations from assumptions underlying the SCR calculation according to the standard formula;
- Express the overall own solvency needs in quantitative terms, complemented by a qualitative description of the risks, and carry out a forward-looking assessment of the overall solvency needs over the business planning period; and
- Monitor compliance with Solvency II regulatory capital requirements over the business planning period and demonstrate continuous compliance with regulatory capital requirements.

B.4.2. ORSA Governance

The Risk Management Function prepares the ORSA report for consideration by the Management and the Board of Directors, and the Board approves the methodology adopted to carry out the annual ORSA process and the results thereof. This approval is given in line with the Group ORSA policy and in accordance with paragraph 3 of Part II – Guidelines on Own Risk and Solvency Assessment of Annex I of Chapter 6 of the Insurance Rules, whereby the Board of Directors is required to take an active part in the ORSA, including steering, how the assessment is to be performed and challenging the results.

Following discussions, the Board also validates the assumptions used, as well as the stress scenarios applied in carrying out the internal own assessment of capital needs and in demonstrating the Companies' continuous compliance with regulatory capital requirements.

The ORSA process is also integrated into the business strategy of the Oney Bank SA Group. Internal discussions between the Risk Management and Finance functions of the Companies are carried out in order to review and update the assumptions applied in the 3-year business plans in light of the outcome of the initial runs of the ORSA. This process includes investigating the adequacy of own funds, the sustainability of dividend payments, testing the Group's resilience to stresses, improving the understanding of the dynamics of the business and the associated risks, and considering the risks posed by new business and the ability to absorb poorer performance than expected. The 3-year business plans are then utilised to determine the projections of the P&L, Balance Sheet and Solvency Positions under Solvency II.

B.5. Internal Control

B.5.1. Description of the Internal Control System

The Companies within the Group are equipped with a comprehensive and effective internal control system encompassing all activities, including those carried out by third party service providers, to ensure the effectiveness and efficiency of operations, continuous improvement of the activity and enhanced risk control. The five main components of the system are:

- A strong control environment and culture across all levels of the organisation, steered by the Management of the Companies;
- A framework supporting the identification, assessment and managing of risks inherent in core business processes;
- Control activities – the policies and procedures implemented to ensure management directives are carried out whilst managing and controlling the risks which the Companies are exposed to;
- Effective information and communication procedures; and
- Monitoring processes to assess the quality of the system's performance over time, accomplished through permanent and periodic control procedures.

The Companies' internal control framework includes:

- A clearly defined organisational structure wherein responsibilities are clearly assigned and defined under correctly documented, delegated authority processes, to appropriately skilled qualified and experienced personnel at the correct level of the organisation;
- Administrative and accounting procedures for the timely and accurate recording of financial information to ensure that accounts give a true and fair view of the Companies' assets and liabilities, and their financial positions;
- Physical and electronic controls to ensure the safety and security of the Companies' assets;
- Internal programmes, procedures and controls to combat money laundering and terrorist financing;
- Systems for selecting and pricing the underwriting risks which the Companies have chosen to accept. Systems for producing, checking and issuing related documentation, for collecting and paying of premium taxes and levies, for managing claims, and for handling policyholders' complaints; and
- Appropriate reporting arrangements at all levels of the undertaking.

B.5.2. Implementation of the Compliance Function

The Compliance Function is an integral part of the Company's Internal Control System as it is responsible for ensuring that the Companies within the Group are adhering to all applicable Legislation, Regulation, all supporting Rules and the General Good Practice Provisions imposed by host jurisdictions when the Companies within the Group carry out activities under freedom of services provisions in the various EU countries.

As stated in the Company's Compliance Policy, the Compliance Officer is responsible for:

- Advising the Board on compliance with applicable laws, regulations and administrative provisions adopted under current regulations and also pursuant to the Solvency II regime and other regulatory and legal requirements;

- Demonstrating independence of judgement and to exercise proper day-to-day supervision and control over the activities of the Companies within the Group;
- Identifying, assessing, monitoring and reporting on compliance risk exposures;
- Ensuring that all personnel comply with internal strategies, policies, processes and reporting procedures;
- Ensuring that the Companies within the Group have appropriate controls in place to identify, prepare for and implement legislative and regulatory changes which will affect their operations;
- Ensuring that the Companies within the Group as well as the services providers have established and are following appropriate internal controls, business policies and practices, and adequate monitoring systems to ensure commercial activities are conducted in compliance with the requirements of the relevant legislation;
- Monitoring the breach reporting processes and make recommendation to the management on the resolutions of breaches and reporting to the Board and/or COMEX;

The Compliance Officer has the authority to communicate on its own initiative with any staff member and to obtain access to any records necessary to allow it to carry out its responsibilities.

The Compliance Officer is appointed with responsibility for the implementation of the Group's Compliance Monitoring Framework and Policy. The Compliance Officer reports to the Board of Directors and Audit Committee on a regular basis; usually quarterly whilst on a continuing basis, the Compliance Officer reports and raises any issues directly to the Managing Director.

The Compliance Officer also acts as the Money Laundering Reporting Officer ("MLRO") of Oney Life (PCC) Limited and the Data Protection Officer of the Companies.

B.6. Internal audit function

The remit of the internal audit function is to objectively examine and evaluate the functioning, adequacy and effectiveness of the internal controls and all other elements of the Group's System of Governance. The internal audit function is also an important part of the Risk Management system, providing an independent assessment of the adequacy of, and compliance with internal strategies, policies, processes, reporting procedures and the Group's risk management framework.

To ensure its effectiveness as an independent function within the organisation and to enable it to carry out its duties in an objective and impartial manner, the Internal Audit Function:

- Is not subject to the instructions of the general management or the Board, except to the extent that the Board must approve all audit plans;
- Is able to exercise its assignments on its own initiative in all areas of the Companies within the Group;
- Is free to communicate directly with all staff, including those of third-party service providers and to express its opinion;
- Has a complete and unrestricted right to obtain information, which includes the prompt provision of all necessary information, the availability of all essential documentation and the ability to see into all the Companies' activities and processes relevant for the discharge of its responsibilities, including those at third party service providers;
- Is granted access to any of the Companies' records, files or data including management information and Board and Committee meeting minutes whenever relevant for the performance of its tasks, including those at the third-party service providers;
- Works under an annual audit plan, based on a methodical risk analysis, which takes into account all activities and the complete System of Governance, as well as expected developments of activities and innovations. The plan ensures that all significant activities are reviewed within a reasonable period of time, in accordance with an established audit cycle;

- Every activity and every unit of the Companies fall within its scope;
- All business units have an obligation to inform the internal audit function when control deficiencies are recognised, losses are sustained, or there is a definite suspicion concerning irregularities; and
- The internal audit reports are complemented by an adequate follow-up procedure in order to keep track of the status of remedial measures.

The responsibilities of the Internal Audit function include:

- To review, on a sample basis, the risk management arrangements, including the key controls to manage risk;
- To review the Risk Management assessment processes;
- To assess the correct implementation of strategies, management capabilities and the qualitative aspects of activities;
- To carry out investigations in all areas, either included in the internal audit plan or following a request by the Board;
- To evaluate the adequacy and effectiveness of the internal control system and other elements of the system of governance;
- To evaluate the controls which reduce the risk of fraud or abuse of the Companies' assets;
- To carry out fraud investigations at the request of the Board;
- To evaluate the compliance of activities with internal strategies, policies, processes and reporting procedures;
- To document the audits in a way that makes it possible to retrace the audit procedures undertaken and the findings produced, in order to permit a review of the effectiveness of the work of the internal audit function;
- To prepare reports from discussions with the line managers of the audited units and then provide a copy of the final report to the manager responsible for the area in question;
- To issue these written reports regardless of whether material shortcomings have been found;
- To report, at least annually, to the Board and management on efficiency, suitability of the internal control system as well as major shortcomings with regard to the compliance with internal policies, procedures and processes;
- To report also to the Board on the achievement of the internal audit function's objectives, in particular, on the execution of the audit plan;
- To make recommendations in the reports on how to remedy inadequacies and also specifically address how past points of criticism and past recommendations have been followed up;
- To generally make any recommendation that will improve the Companies' operation.

The Internal Audit function is outsourced to Oney Bank SA and the Audit Committee is responsible for the oversight of the function.

B.7. Actuarial function

The Actuarial Function is outsourced to Lane Clark & Peacock Ireland Limited ("LCP") and headed by an approved fully qualified Actuary. The Actuarial Function holder has a direct reporting line to the Board and is responsible for:

- Coordinating the calculation of technical provisions;
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions;

- Comparing best estimates of technical provisions against experience;
- Informing the Board of Directors of the reliability and adequacy of the calculation of technical provisions;
- Overseeing the calculation of technical provisions in the cases where approximations may be used in the calculation of the best estimate;
- Expressing an opinion on the overall underwriting policy and on the adequacy of the reinsurance arrangements;
- Contributing to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment; and
- Providing other assistance: in the production of quarterly and annual regulatory returns for the Companies within the Group, in designing and developing management information and product activity and in financial and business modelling.

The Companies' Chief Risk Officer is responsible for the oversight of the outsourced Actuarial function.

B.8. Outsourcing

The Companies within the Group have established an outsourcing policy to minimize risk relating to outsourcing arrangements which may impact the financial performance or the reputation of the Group. This policy applies to the delegation of critical functions from the Group to a related or third-party service provider. All outsourcing partners, whether these are related entities within the Oney Bank Group or third parties, are subject to this Outsourcing Policy.

Article 49 of the Solvency II Directive outlines the obligations of insurance and reinsurance undertakings when critical or important functions are outsourced. Such outsourcing arrangements also include the granting of underwriting and claims settlement authority to an Insurance Intermediary through a brokerage agreement or an underwriting authority agreement or a claims handling agreement. Without exception, when such functions are outsourced:

- All arrangements must be subject to the satisfactory conclusion of due diligence procedures;
- The decision to outsource critical or important functions must be authorised by the Board of Directors;
- The outsourcing must be subject to no issues being raised from the due diligence process;
- The outsourcing arrangement must be supported by a written agreement between the Companies within the Group and the service provider;
- The agreement must be reviewed and validated by the relevant COMEX members, the Compliance Function and the Legal Department; and
- Any outsourcing agreement which relates to a critical or important key function must be notified to and approved by the Malta Financial Services Authority prior to outsourcing. Notification shall include a copy of the Group contract wording, the outsourcing agreement, the respective customer notices where applicable, and an assessment of the ability and competence of the service provider to meet the Companies' requirements.

Apart from the requirements applicable to written agreements for outsourcing arrangements as specified in Article 274 of the Commission Delegated Regulation (EU) 2015, outsourcing contracts should also include terms which reflect the following:

- A specific non-disclosure agreement may be required to ensure all parties maintain confidentiality;
- The right to perform annual due diligence checks;

- Data ownership to be clearly stated in the contract;
- Any potential or perceived 'conflict of interest' issues are to be declared to or by the Board of Directors;
- A specific 'Right of Audit' in favour of the Companies within the Group and the MFSA is to be included in all contracts including regular inspection visits and/or remote data access and/or access to the Internal Control reports of the other party;
- The current Information Security Policy of the Companies is to be also referenced in all contracts;
- Service Level Agreement terms with appropriate metrics, escalation procedures and penalties;
- Personnel entrusted to perform duties for the Companies shall at all times be fit and proper persons as may be reasonably required according to the duties entrusted; and
- Clauses relating to anti-money laundering as may be required.

B.9. Any other information

There is no other material information regarding the system of governance that has not already been disclosed in Sections B.1 to B.8 above.

C. Risk Profile

The Group maintains a risk register identifying all risks to which the companies are exposed together with an assessment of likelihood and severity of impact. The register captures business and financial risks as well as operational risks and other non-financial risks. The summarised result of risk identification and risk assessment processes determine the risk profile of the Companies. As part of the monitoring process, a review of the risk register is carried out on a regular basis to identify new risks ('emerging risks') as well as changes in exposure to existing risks. The risk profile of the Companies is articulated through a risk appetite framework which prescribes the Companies' risk tolerance and limits with regard to the Group's material risks. Figure C.2 below provides an overview of the Group's most significant financial risks.

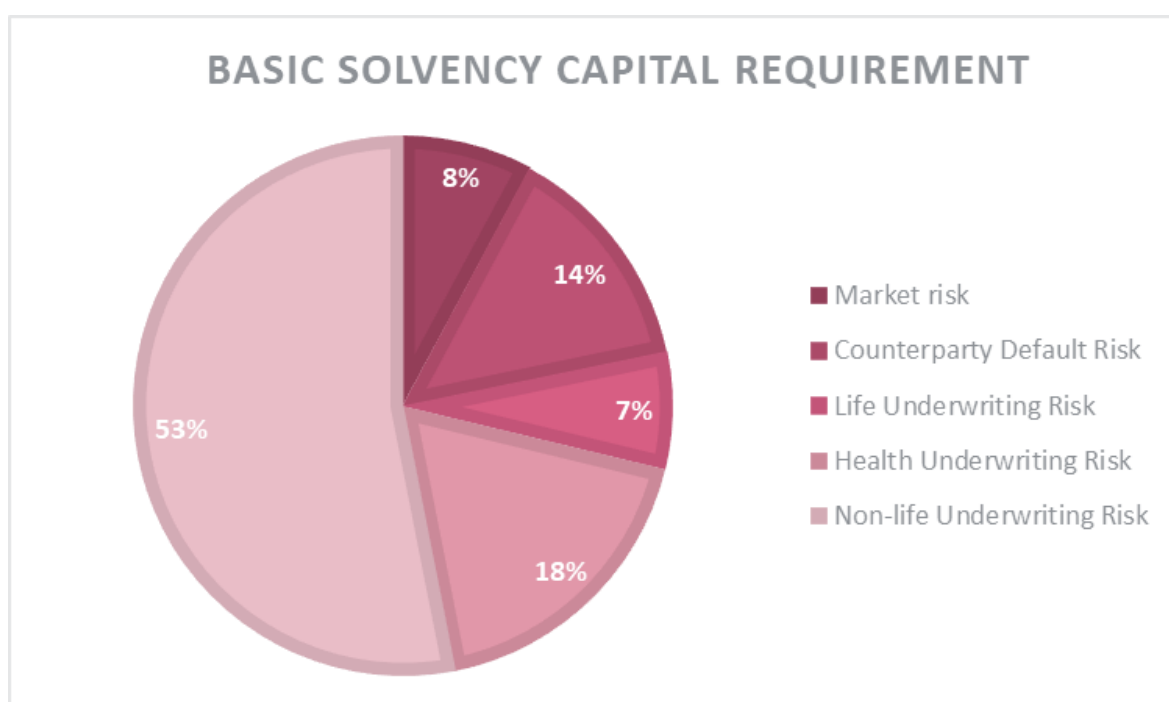


Figure C.2 - The most significant risks of the Group

C.1. Underwriting risk

Underwriting risk is the risk of loss or of adverse changes in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions (namely a deviation of actual claim payments from expected amount of claims payments).

Underwriting risk is evaluated on a regular basis and discussed during management meetings. Trends which impact the underwriting risk for the Companies, for example macroeconomic factors, policyholder and commercial preferences and changes in incidence rates are investigated regularly. Material changes to underwriting parameters are approved by the Group's Underwriting Committee subject to Board approval.

Management information, including sales volumes, premiums written, reserves, loss ratios, claims data and complaints data is regularly reviewed by the Underwriting Committee and reported to the Board on a quarterly basis. The Underwriting Committee uses this information to ensure that the performance of the business remains within the prescribed risk appetite and where necessary, action is taken to manage and mitigate underwriting risk.

The Companies decide on their underwriting acceptance criteria in order to maintain an acceptable level of insurance risk notably to minimise volatility of the results both in terms of sales and risk acceptance as well as claims performance. Where new products or developments to existing products are considered, due consideration is given to identifying past and current market performance of the prospective coverage and the overall projected impact of any changes to the profitability of the policy or programme for the Companies.

When developing new products, the Companies seek to mitigate and manage risks associated with underwriting concentrations by developing business across different LoBs, with different partners and intermediaries and in different geographical territories.

C.2. Market risk

Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Market risk comprises risk arising from the level or volatility of: foreign exchange rates (currency risk), market interest rates (interest rate risk), market prices of equities (equity risk) and property (property risk), asset concentrations (concentration risk) and the volatility of credit spreads over the risk-free interest rate term structure (spread risk).

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Companies invest in bank deposits, comprising demand and non-demand (term) fixed income deposits. The risk associated with demand deposits is assessed under Counterparty Default risk module whereas the risk associated with term deposits is assessed under spread and concentration risk modules. The term deposit portfolio is sufficiently diversified to minimize the risk of loss resulting from over-concentration of investments with a specific counterparty. Diversification strategies are periodically reviewed by the Investment Committee.

The Companies' assets and liabilities are all denominated in Euro thereby there is no exposure to currency risk. The Companies are not exposed to equity risk or property risk since there are no investments in equities or property. The discounted value of future cash-flows, in particular in the valuation of technical provisions of the Companies, is sensitive to a change in the rate at which those cash-flows are discounted. However, the Companies' business is short tailed in nature therefore the exposure to interest rate risk is deemed minimal.

There have been no material changes to market risk or how it is measured over the reporting period.

C.3. Credit risk

Credit risk is the risk of losses due to unexpected default of the counterparties and any debtors of the Companies.

The Companies have exposures to counterparty default risk in relation to the deposits with credit institutions (Type 1 exposures) and in relation to receivables from intermediaries (Type 2 exposures).

To manage these risks the Companies may invest with approved financial institutions and counterparties, provided that these institutions have a minimum Standard & Poor's (S&P) credit rating of A-. Any investments in counterparties which are downgraded below the minimum allowable credit rating of A- must be expressly approved by the Investment Committee and Board of Directors. Additionally, the investments in individual credit institutions are subject to the specified limits expressed as a proportion of the total deposit fund in order to maintain a sufficiently diversified portfolio to minimise the risk of loss resulting from over-concentration of investments with a specific counterparty.

There have been no material changes to counterparty risk or how it is measured over the reporting period.

C.4. Liquidity risk

Liquidity risk is the risk that the Companies will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Companies' approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Companies' reputation.

The Companies have procedures in place to mitigate their exposure to liquidity risk. Management monitors asset allocations, and maturity profiles of assets, in order to ensure sufficient funding is available to meet all contractual obligations. Additionally, forecasts are prepared regularly to predict the required liquidity levels over both the short- and medium-term.

The Companies' exposure to liquidity risk is considered to be very low since they maintain a high level of liquid assets to meet their liabilities.

The following table indicates the expected timing of cash flows arising from the consolidated Companies' technical provisions, and contractual cash flows arising from other liabilities.

Cash Flows	0-1 year € 000s	1-5 years € 000s	>5 years € 000s	Total € 000s
31 December 2018				
Technical provisions	11,382	3,098	111	14,591
Payables	16,246	-	-	16,246
Income tax payable	8,556	-	-	8,556
Total	36,183	3,098	111	39,392
31 December 2019				
Technical provisions	14,681	2,839	110	17,630
Payables	16,848	-	-	16,848
Income tax payable	9,450	-	-	9,450
Total	40,978	2,839	110	43,927

Table C.3 - Cash Flows as at year end 2019

The total value of receivables and bank deposits as at 31 December 2019 was €109,851,713 (2018: €87,243,622).

The Expected Profit in Future Premiums (EPIFP) of the Companies as at 31 December 2019 was €12,076,965.

C.5. Asset-Liability Management (“ALM”) risk

Since the Companies do not have interest-bearing liabilities and hold adequate levels of liquid assets in order to meet their future cash flows arising from technical provisions and other payables, the exposure to ALM risk is considered to be nil.

C.6. Operational risk

Operational risk is the risk inherent in all of the Companies’ operations in conducting business. Operational risks are analysed by operational processes and sub processes in the risk register, which assigns a risk score (and classification) to each risk. The review of likelihood and severity of each risk to determine the risk score focuses predominantly on identified operational risks. Internal controls and other mitigating measures identified in response to key operational risks are captured in the risk register. Internal controls are formalised and reviewed on a regular basis (at least quarterly).

The Risk Management Function of the Companies maintains a log of all operational risk incidents. The Operational Risk Management Policy of the Companies describes the overall incident management system linked to operational risks. Historical data of operational incidents is also utilised in the assessment of operational risk exposures. Action plans to mitigate the reoccurrence of operational incidents are put in place and the status of implementation is monitored and reported periodically by the Risk Management Function.

The quantification of operational risks is also carried out in the annual ORSA process of the Companies. Worst case costs are determined through historical incident experience, workshops held with key internal function holders, and the application of expert judgement on possible loss scenarios.

The Group has set up a business continuity plan and technical and operational contingency measures to secure the continuity of critical activities in the event of disruption. Risks to business continuity are reviewed annually and formal response plans are developed with regard to defined scenarios.

There have been no material changes to the Companies' exposure to operational risk or how it is measured over the reporting period. Furthermore, there are no specific operational risk concentrations which are considered to be significant.

C.7. Other material risks

Other material risks that were considered in the Companies' 2019 ORSA process are strategic risk, reputational risk and geographical and product concentrations. These are analysed and assessed through stress and scenario testing.

In line with the planned strategy over the business planning period, the Companies aim to mitigate geographical and product concentrations by diversifying their line of products across different geographical territories.

The Companies have in place delegated sales agreements with their Intermediaries to formalise the procedures that are to be followed. These procedures serve to reduce any reputational risk for the Companies through activities carried out by the Intermediaries on the Companies' behalf.

A strong compliance culture is adopted to mitigate any regulatory and legal risks that could have an impact on the reputation of the Companies. Internal controls are regularly monitored, as are the compliance breaches and complaints logs. The outcome of the compliance monitoring is reported to and reviewed by the Audit Committee and is also subject to internal audit. Regulatory compliance is also reviewed regularly (at least quarterly).

C.8. The nature of material risk concentrations

As described under the individual risk categories, there are no risk concentrations that are considered as material.

C.9. Risk mitigation practices

The Companies' risk mitigating measures are described under the individual risk categories in the preceding sections.

C.10. Risk sensitivities

The Companies carry out stress and scenario testing as part of the ORSA process. The 2019 ORSA process included assessing the base solvency position and the projected solvency position over the business planning period following adverse stress scenarios, chosen in order to reflect extreme outcomes for the higher risk exposures of the Companies.

In the case of underwriting risk, combinations of claim and premium stresses were applied, with larger claims stresses being applied for new products where claims experience is less certain. Also, the impact of changes to the mix of business over the business planning period was assessed.

In respect of market and credit risk, sensitivities of the capital requirements to credit rating downgrades of the Companies' counterparties were assessed.

Hypothetical stress scenarios for operational risk were also adopted to assess the financial impact if the central assessment for operational risk was subjected to a significant shock.

In addition to scenario testing, sensitivity testing was also carried out to the parameters that were chosen for the central assessment of capital requirements.

The results of the projected regulatory solvency positions under the stressed scenarios demonstrate that the Companies are sufficiently resilient to various possible outcomes of the chosen scenarios and it is only under the reverse loss ratio scenario and the extreme combined multi-year & PPI scenario where the solvency position of OIL falls under the required minimum during the business planning period, and this after applying the extreme scenarios over the whole of the business planning period whilst not allowing for any management actions to be taken throughout the same period.

A number of controls are in place within the Company which enables Management to periodically monitor extreme changes such as increase in loss ratios, acute reductions in sales or changes in the Company's portfolio composition and in turn anticipate and mitigate the potential downside of such circumstances.

Furthermore, Management contemplates a number of complementary one-off actions which could be taken should such events occur to mitigate the impact of such extreme developments.

C.11. Any other information

Whilst there were no material changes to the risk profile of the Company during 2019, it is inevitable that some lines of business will be impacted due to decreasing sales volumes across Europe arising from the COVID-19 developments. In parallel, it is expected that some portfolios will experience heightened levels of claims. Management is monitoring performance closely and is in continuous contact with its network of intermediaries and claims handlers to revise its financial outlooks for the year ending 2020 and beyond.

At the time of writing this report, Management was in the process of running a series of stress tests with a view to quantify the likely and adverse impact of the COVID-19 crisis on its forecast 2020 results solvency and financial position.

The Directors have considered the potential impact on its business plan under central and adverse conditions and are confident that with a cautious dividend retention policy, the Company's own funds

position over the business planning horizon will be sufficient to withstand shocks resulting from the COVID 19 crisis, throughout the duration of the crisis.

D. Valuation for Solvency Purposes

D.1. Assets

The Group's consolidated total assets under IFRS as at the valuation date 31 December 2019 amounted to €134,370,097. These mainly consisted of cash and cash equivalents, insurance and intermediaries' receivables, deferred acquisition costs, deferred tax assets and intangible assets. The valuation of assets under Solvency II amounted to €103,936,847.

Asset Type	IFRS € 000s	Solvency II € 000s
Deferred Tax Asset	8,095	8,095
Insurance & Intermediaries Receivable	29,420	15,995
Deposits Other than Cash Equivalents	-	23,100
Cash and Cash Equivalents	79,136	56,036
Deferred Acquisition Costs	16,295	-
Intangible Assets	713	-
Property, Plant and Equipment held for own use	474	474
Receivables (trade, not insurance)	238	238
Total	134,370	103,937

Table D.4 - Valuation of assets as at year ended 2019

The Group's financial assets relate to cash and cash equivalents and receivables (trade, not insurance). The Group classifies its financial assets as those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition.

The Group initially recognises financial assets on the date that they are originated, i.e., when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Insurance and intermediaries' receivable are recognised when due. If there is objective evidence that an insurance receivable is impaired, the Group reduces the carrying amount of the insurance and intermediaries' receivable to their recoverable value.

Financial assets (including insurance and intermediaries' receivable) and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

D.1.1. Cash and Cash Equivalents

As at the valuation date, the Group's consolidated total assets mainly consisted of cash and cash equivalents held primarily with highly rated financial institutions. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less or deposits which can be called within a three-month span. As at 31 December 2019, cash and cash equivalents, which are carried in the statement of financial position at face value, amounted to €79,135,696.

In relation to the valuation of assets under Solvency II, Table D.4 shows that the value of cash and cash equivalents in the Group's financial statements is split into deposits other than cash equivalents and into cash and cash equivalents. This is because under the Solvency II valuation a distinction is made between demand and non-demand (term) fixed income deposits (as discussed under Section C.2).

D.1.2. Insurance and Intermediaries' Receivables

Insurance and intermediaries' receivable arise when the Companies within the Group underwrite insurance contracts. Insurance contracts are those contracts in which the Companies within the Group (the insurers) have accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The Companies within the Group issue contracts that transfer significant insurance risk and have defined all their contracts as insurance contracts.

A significant amount of the Group's consolidated total assets is due to insurance and intermediaries' receivables which represent premiums owed to the Companies from intermediaries. As at 31 December 2019, these amounted to €29,420,403 under the IFRS balance sheet.

Table D.4 shows the difference between the value of insurance and intermediaries' receivable under the IFRS balance sheet and the Solvency II balance sheet. The difference between the two values is due to the fact that insurance and intermediaries' receivables under IFRS include future premiums which are not yet due in relation to written annual policies with a monthly premium collection. Under Solvency II, these future premiums are taken into consideration in the calculation of the Technical Provisions and hence these were excluded from insurance and intermediaries' receivables to avoid double counting.

D.1.3. Deferred Acquisition Costs

Deferred acquisition costs ("DAC") are derived from those direct costs incurred during the financial period arising from the writing or renewing of insurance contracts, and which are deferred to the extent that these costs are recoverable out of future earned premium. All other acquisition costs are recognised as an incurred expense.

Subsequent to initial recognition, deferred acquisition costs are amortised over the period in which the related income is earned. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC are also considered in the liability adequacy test for each reporting period. DAC are derecognised when the related contracts are either settled or disposed of.

DAC as at 31 December 2019 amounted to €16,294,773 within the IFRS balance sheet.

DAC are reported as nil in the Solvency II balance sheet as these have no residual value, and can only be recognised in the Solvency II balance sheet at a value other than zero if they can be sold separately and the Group can demonstrate that there is a value for the same or similar assets that has been derived from quoted market prices in active markets.

D.1.4. Intangible Assets

The intangible assets of the Group comprise computer software which is capitalised on the Group's IFRS balance sheet on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of four to five years. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of intangible assets. As at 31 December 2019, intangible assets amounted to €712,857.

Similar to DAC, under Solvency II, these have a value of zero and can only be recognised in the Solvency II balance sheet at a value other than zero if they can be sold separately and the Group can demonstrate that there is a value for the same or similar assets that has been derived from quoted market prices in active markets.

D.1.5. Deferred Tax Asset

The deferred tax assets are very similar to the deferred tax liabilities described below. As at 31 December 2019, deferred tax assets under IFRS and Solvency II balance sheets amounted to €8,094,933. This value is equivalent to an anticipated 30% tax refund which the Group will be entitled to receive at the level of the holding company of the Group.

D.2. Technical provisions

Table D.5 shows the breakdown of the technical provisions as at 31 December 2019:

Technical Provisions 2019	Non-Life € 000s	NSLT Health € 000s	Life € 000s	Total € 000s
Best Estimate	23,846	188	(1,992)	22,042
Risk Margin	2,306	635	353	3,294
SII Gross Technical Provisions	26,152	823	(1,639)	25,335
Reinsurance Recoverables	0	0	0	0
SII Net Technical Provisions	26,152	823	(1,639)	25,335
IFRS Net Technical Provisions	47,700	7,916	4,159	59,775

Table D.5 - Valuation of Technical Provisions as at year end 2019

Negative technical provisions arise where future premiums exceed provisions for claims and expenses.

D.2.1. Methodology used to calculate the technical provisions

The methodology used to calculate the Companies' Solvency II technical provisions is in accordance with articles 76-86 of the Solvency II directive.

The technical provisions take the Companies' Actuarial Best Estimate Reserves as a starting point. The Best Estimate reserves are determined using recognised actuarial methods and are made up of the sum of the following components:

- In Course of Payment (ICOP) – this reserve is in respect of the future payments which will need to be paid for claims with multiple payments and which are currently in course of payment as at the year end.
- Incurred but Not Reported (IBNR) – this reserve is in respect of claims which occurred prior to the financial year-end but have not yet been reported (or not yet enough reported) as at the year-end. Also included in this reserve are claims which have been reported but have not yet had any payments made as at the year-end. Therefore, there is no separate reserve for claims reported but not yet paid.
- Unearned Premium Reserve (UPR) – this reserve represents the portion of the premium that the Companies within the Group have booked as written but have not yet earned because the period on risk covered by that premium has not yet expired.
- Additional Unexpired Risk Reserve (AURR) – this is a reserve held in excess of the unearned premium reserve, in cases where the unearned premium reserve is expected to be insufficient to cover the cost of claims and expenses incurred during the period of unexpired risk. For most of the Companies' products, this reserve is nil at 31 December 2019.
- Claims Handling Reserve – this reserve covers the future cost of claims management for claims which have occurred on or prior to 31 December 2019.

The Solvency II technical provisions comprise of the sum of the Claims Provision, the Premium Provision and the Risk Margin.

The claims provision is derived from the Actuarial Best Estimate claims reserve (i.e., sum of ICOP, IBNR and claims handling reserve) by including a loading for 'events not in data' (ENID) and discounting using the risk-free discount rates published by EIOPA. The application of discounting requires a run-off pattern for outstanding claims. The run-off pattern is derived from the historical claims' payment patterns used in the calculation of the actuarial best estimate.

The Actuarial Best Estimate premium reserves is the sum of the UPR and AURR. By contrast, the Solvency II premium provisions recognise only the claims and expense components of the Actuarial Best Estimate and offset these by the future premium cashflows, for all business which is legally obliged as at the valuation date. The premium provision is calculated as claims plus commissions, administration expenses and claims expenses less premiums. Premiums, commissions and administration expenses use the same run-off pattern based on future expected premium cashflows. Claims and claims expenses use run-off patterns derived from, and consistent with, the patterns used for the claims provision. All values are discounted using risk-free rates.

The Risk Margin represents the amount that would theoretically have to be paid to another insurer in addition to the best estimate to compensate them for taking over the insurance obligations. It is based

on the cost of capital held to support the insurance obligations over their lifetime. The Commission Delegated Regulation (EU) 2015/35 specifies that the Risk Margin should be calculated as the SCR (excluding avoidable market risk) in all future years multiplied by 6%, which is the cost of capital rate prescribed by EIOPA, and discounted at the risk-free yield curve published monthly by EIOPA.

The Companies' risk margin is calculated using the following simplification, which is in line with Article 58 of the Solvency II delegated act.

- The “reference undertaking” SCR at time zero is decomposed into the following components: death underwriting risk; accidental death underwriting risk; income protection underwriting risk, fire & damage and miscellaneous underwriting risk; and operational risk.
- The SCRs for underwriting risk in each future year are projected in line with outstanding claims and exclude premium risk, catastrophe risk and lapse risk from year-two onward. SCR's are assumed to be level throughout each year.
- The projected SCRs for underwriting risk are combined using the standard formula aggregation matrix, to project an overall reference undertaking Basic Solvency Capital Requirement (BSCR).
- Operational risk is assumed to halve in year-two and to reduce in line with the projected BSCR thereafter.
- The total reference undertaking SCR is projected as the sum of the BSCR and the Operational Risk SCR.
- The risk margin is calculated as the discounted value of the total reference undertaking SCR, using a cost of capital rate of 6% and the EIOPAs risk free discount rates.
- The risk margin is calculated for the Companies as a whole and allocated to the Lines of Business in proportion to the claims' element of the Technical Provisions.

The Risk Margin is added to the Claims Provision and Premium Provision to arrive at the total Technical Provisions.

Figures D.3 and D.4 below respectively show the split of technical provisions between Best Estimate and Risk Margin and the combined technical provisions by insurance business type.

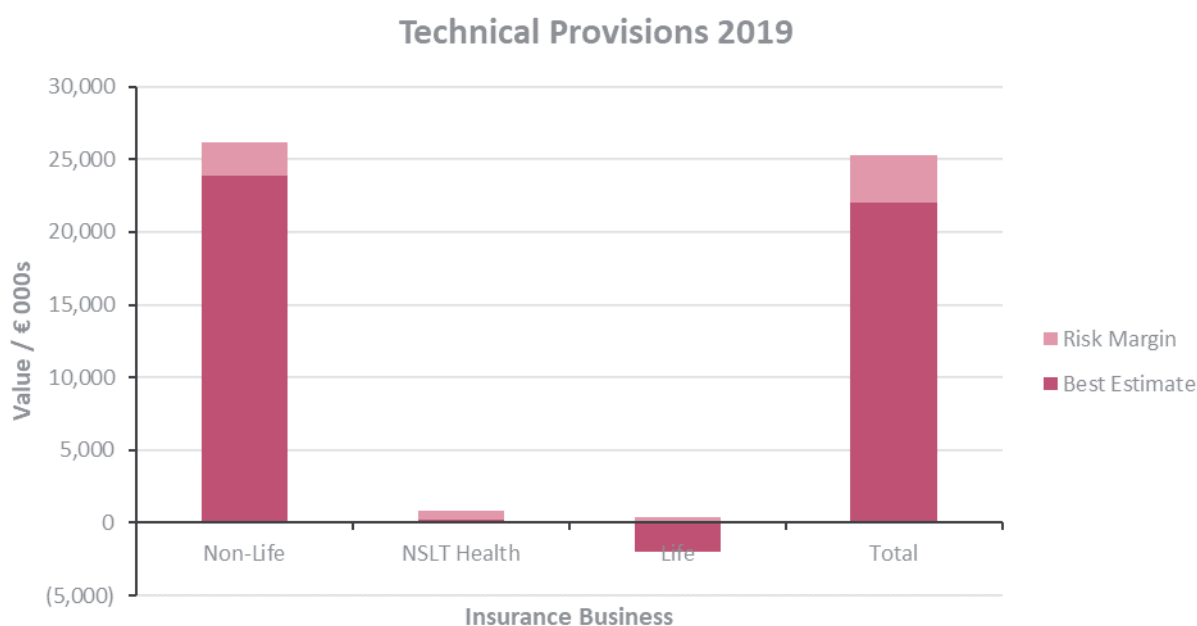


Figure D.3 - Split of technical provisions as at year end 2019

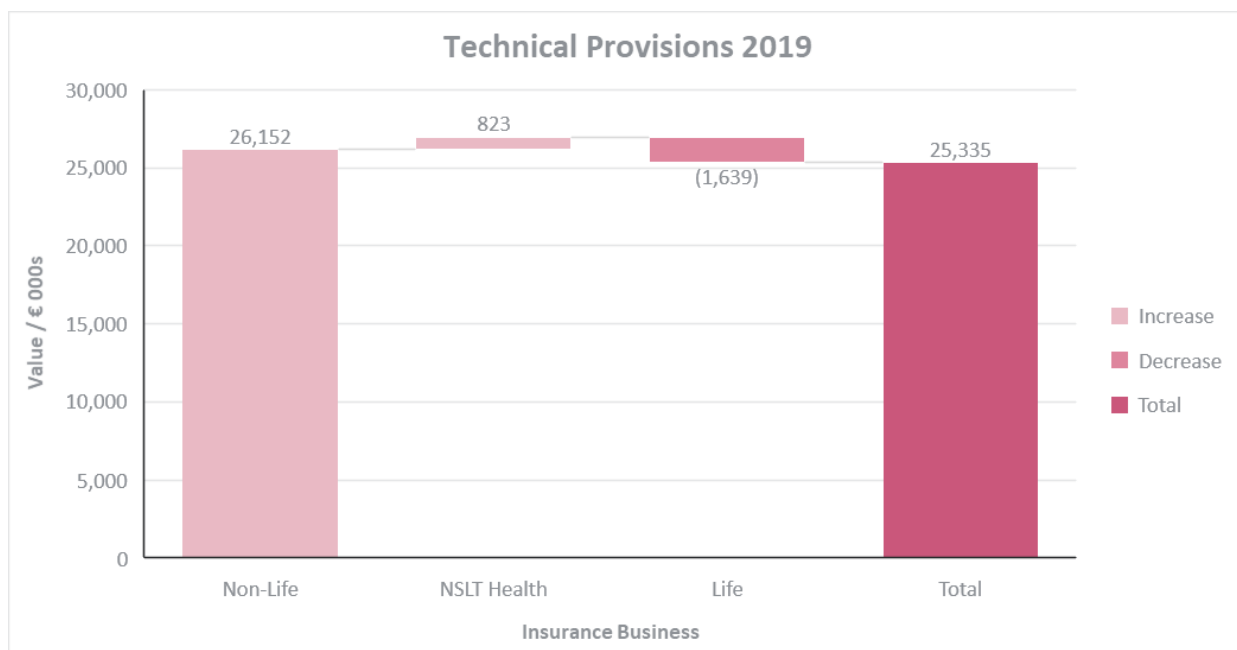


Figure D.4 - Combined Technical Provisions by Insurance Business Type as at year end 2019

D.2.2. Assumptions used to calculate the technical provisions

For the claims provision, the key assumptions are:

- the claim reporting and payment patterns seen in the historic data will be replicated in future;
- past loss ratios are a good predictor of current and future loss ratios.

These are appropriate assumptions given the stability of the Companies' business and premium rates.

For the premium provision, the key assumptions are:

- the volume of future premium and the assumed lapse rate. A significant proportion of the Companies' business is written under Group Policies which provide for a guarantee of the continuation of the current premium rate for six months into the future, with the ability for the Companies to vary premium rates thereafter. These future premiums explain the negative Technical Provisions;
- the assumption for future management expenses, which is derived from the actual values for 2019 and the Companies' business plan for 2020-22; and
- the future expected loss ratios which are derived from historical loss ratios.

Implicit in the premium provision is the assumption of a going-concern, i.e. that future business will be available to share the overhead expenses while the existing business is run-off. This is in accordance with Article 31.4 of the delegated act. Refer also to section D.4 in relation to going-concern.

The Companies' technical provisions do not require assumptions regarding:

- contractual options and guarantees;
- discretionary benefits;
- policyholder behaviour;
- future management actions; or
- amounts recoverable from counterparties.

D.2.3. Areas of Uncertainty

As with any underwriting entity, there is significant uncertainty within the claims and premium components of the technical provisions. As the policies underwritten in relation to the Group's traditional book have relatively low and fixed sums insured, the Companies within the Group are not exposed to shocks from very large individual claims. Also, owing to the geographical spread of business underwritten, it is unlikely that the portfolio would be significantly exposed to very large aggregations of claims from a single loss event. Therefore, any material deviations from the claims estimates would more likely be caused by changes in the frequency rather than the severity of claims or aggregations of claims.

No adjustments have been made to year-end reserves or Solvency II technical provisions arising from the emergence of the COVID-19 virus, which spread to Europe late February 2020 with accelerating and widespread impact during March 2020. This is consistent with COVID-19 being treated as a non-adjusting post balance sheet event, including for accounting purposes. Consequently, as a result of COVID-19, the group is subject to increased uncertainty in relation to the premium provision component within its technical provisions. Management is actively analysing and updating its assessment of the developing situation. Refer also to section D.4.

D.2.4. Matching Adjustment to the EIOPA risk-free interest rates

The Companies do not apply the matching adjustment.

D.2.5. Volatility Adjustment to the EIOPA risk-free interest rates

The Companies do not apply the volatility adjustment.

D.2.6. Transitional risk-free interest rate-term structure

The Companies do not apply the transitional risk-free interest rate-term.

D.2.7. Transitional deduction

The Companies do not apply the transitional deduction.

D.2.8. Material Differences between the Solvency II and IFRS Valuations

As discussed above, the technical provisions under Solvency II follow from the Actuarial Best Estimate. On the other hand, the technical provisions under the IFRS balance sheet are equivalent to the Booked

Reserves. The Booked Reserves and the Actuarial Best Estimate are directly comparable. The main area of difference between these is in the IBNR. The booked IBNR is based on expected ultimate loss ratios selected by the company. The gap between best estimate and booked IBNR results from:

- A desire by the Companies within the Group to hold a level of prudence in the booked reserve given the relatively short history of claims experience in the Companies within the Group, and the consequent uncertainty in the best estimate;
- Additional uncertainty arising from newer product lines where the Companies within the Group do not have an established record of claims experience; and
- The uncertainty arising from macroeconomic environments which could potentially lead to a heavier underlying claims experience and a greater propensity to claim in situations where claims may not have been made in the past.

In terms of lines of business, the difference between the Technical Provisions of the Group under Solvency II and under IFRS balance sheet result from the business being underwritten by OLL and long-duration business in OIL. OIL offers insurance business which falls under non-life insurance lines of business, Income protection, Fire and Other Damages, Other Motor Vehicle Damage and Miscellaneous financial loss and also underwrites a book of reinsurance business in France falling under Fire and other damage. In this regard, technical provisions under IFRS and Solvency II are consistent. In the case of OLL, the long-term insurance business underwritten also includes cover for accidental death. Whilst this falls under income protection insurance under the Solvency II balance sheet, under the IFRS balance sheet this business is considered under Other Life Insurance Business.

Effective 2019, management has changed its treatment on OIL's reinsurance business in France from the alternative accounting approach used by the cedant to a standard approach whereby premium is earned in line with the emergence of claims, consistent to the approach for purposes of SII technical provision.

D.3. Other liabilities

The other liabilities of the Group other than technical provisions comprise mainly of Deferred Tax Liabilities and Payables and some other liabilities.

Other Liabilities	IFRS € 000s	Solvency II € 000s
Deferred Tax Liability	79	617
Insurance & Intermediaries Payables	14,223	7,472
Payables (trade, not insurance)	9,683	9,683
Other Liabilities, not elsewhere shown	639	639
Total	24,624	18,411

Table D.6 - Valuation of Other Liabilities as at year end 2019

D.3.1. Deferred Tax Liabilities

For IFRS purposes, the deferred tax liabilities are recognised as the temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences; however, they are not recognised if they arise from the initial recognition of goodwill. Moreover, deferred tax liabilities are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. For Solvency II purposes, deferred tax is adjusted in order to account for differences between the Solvency II and IFRS balance sheet. The deferred tax liabilities under the IFRS balance sheet amount to €78,837 as at 31 December 2019. Under Solvency II deferred tax liabilities amount to €616,740.

D.3.2. Payables

The payables of the Companies within the Group consist of insurance and intermediaries' payables and other payables which relate to trade and other non-insurance payables. Insurance and intermediaries' payables include amounts due to intermediaries and as at December 2019; these amount to €14,223,371 under the IFRS balance sheet. For similar reasons as for insurance and intermediaries' receivables, the value for intermediaries' payables under Solvency II is less when compared to the value under the IFRS balance sheet and amount to €7,471,988.

Furthermore, payables relating to trade and non-insurance including balances owed in respect of salaries and other services, are recognised initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Payables also include current taxes on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date. As at 31 December 2019, these payables amounted to €9,682,713 under the IFRS balance sheet. There are no differences between the Solvency II valuation and IFRS valuation of payables (trade, not insurance) and no change in valuation approach took place during the reporting period.

D.4. Any other disclosures

There is no other material information regarding the valuation of assets and liabilities for solvency purposes that has not already been disclosed in sections D.1 to D.3 above except for the below COVID-19 considerations.

In light of the changing trends and the expected overall economic outlook expected as a result of the COVID-19 outbreak following the year end, the Group has performed an impact assessment on the financial position as of 31 December 2019, on the future profitability of the Companies within the Group after the year-end, as well as on capital adequacy.

In terms of financial assets, overall liquidity position has not changed. The Group deposits cash with highly rated financial institutions licensed and regulated in their respective countries, including a parent company. The Group invests only in short-term fixed income deposits which are denominated in Euro, and which can be withdrawn within a period of one day to three months depending on the immediate

cash requirements of the Group. Credit risk has been re-evaluated as at the date of reporting, and no deterioration has been noted to Standard and Poor's credit ratings (or equivalent).

As for insurance and intermediaries' receivables, credit terms have not changed, and no requests for changes to terms have been made by counterparties. Intermediaries continue to settle amounts due in line with set credit terms and therefore the directors do not anticipate any material future impairment of insurance and intermediaries' receivables reported as at 31 December 2019 after considering that the Group has already recovered a significant amount of the amounts receivable as at year end.

It is inevitable that some lines of business will be impacted by COVID-19, due to decreasing sales volumes across Europe and changes to risk profile. In parallel, it is expected that some portfolios will experience heightened levels of claims. In this regard, management is monitoring performance closely and is in continuous contact with its network of intermediaries and claims handlers to revise its financial outlook for the year ending 2020 and beyond.

Management has run a series of stress tests with a view to quantify the likely adverse impact of the COVID-19 crisis on its forecast 2020 solvency results and financial position. The duration of the crisis was modelled for a duration of 3 consecutive quarters with a recovery envisaged up to the end of 2020.

The Directors have considered the potential impact on the Group's business plan under their current outlook, duly sensitised for the potential for more adverse conditions, and are confident that coupled with a cautious dividend policy, the Group's own funds position in 2020 will be sufficient to withstand shocks resulting from the COVID 19 crisis, throughout the duration of the crisis.

In terms of operations, the Group's contingency plan has been activated to ensure minimal impact of the Group's ability to continue unhindered in its operations. A COVID-19 crisis committee has also been constituted on 27 February 2020, the objectives of which are to monitor and discuss local and global developments concerning the crisis and to take the necessary measures to limit or mitigate the impact on the Group's operations.

As part of a larger Banking Group, management is working hand in hand with its parent company to monitor and react to any adverse situations in the best possible way and remains fully committed to meeting its regulatory, and moreover its social obligations toward its customers and wider stakeholder group. In view of this management do not envisage any issues on the going concern of the Companies within the Group and of the Group at large.

E. Capital management

E.1. Own funds

The opening balance of equity under IFRS for year 2019 amounted to €45,677,906 split between ordinary share capital and retained earnings. The dividend paid throughout the year amounted to €21,100,000. The remaining €25,392,800 make up the profit for the period between 1 January 2019 to 31 December 2019. Table E.7 below provides a breakdown of IFRS equity for 2019.

Changes in IFRS	Total € 000s	Share Capital € 000s	Shareholder's Contribution € 000s	Retained Earnings € 000s
Balance as 31 December 2018	45,678	10,000	0	35,678
Profit for the Period	25,393	0	0	25,393
Interim Dividend Paid	(21,100)	0	0	(21,100)
Balance at 31 December 2019	49,971	10,000	0	39,971

Table E.7 - Opening and Closing Balance of Own Funds 2019

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and the minimum consolidated SCR with a comfortable buffer. The SCR is derived using EIOPA's Standard Formula for the assessment of all risks while the minimum consolidated SCR is equivalent to the sum of the MCR of the two insurance Companies within the Group, OIL and OLL. The ratio of eligible own funds over SCR and minimum consolidated SCR are reviewed regularly (at least quarterly) and reported to the Audit Committee and to the Board. Additionally, as part of the annual ORSA processes, the Companies perform financial projections of own funds under central and adverse scenarios to assess the capital required over the three-year business planning period, thereby assessing the need for actions for future funding.

The own funds should be of sufficient quality to meet the eligibility requirements in Article 82 of the Commission Delegated Regulation (EU) 2015/35. A brief overview of the own funds eligible to cover the SCR and MCR under Solvency II is shown in Table E.8 below.

Own Funds 2019	Tier 1 € 000s	Tier 2 € 000s	Tier 3 € 000s	Total € 000s
Ordinary Share Capital	10,000	0	0	10,000
Other Items Approved by S.A.	0	0	0	0
Eligible DTA to cover MCR/SCR	0	0	5,578	5,578
Reconciliation Reserves	42,096	0	0	42,096
Total	52,096	0	5,578	57,674

Table E.8 - Own Fund Items as at year end 2019

Basic own funds in 2019 amounted to €57.674m compared to 2018 which had amounted to €51.604m. This increase is attributable to a steady increase in retained earnings net of dividends distributed during the year. Basic own funds are higher than eligible own funds as a consequence of the limitation in relation to tier 3 capital consisting of the deferred tax asset. The solvency II own funds differ to the IFRS equity as a result of valuation differences pertaining to assets and liabilities as described in Chapter D. As further described in Section D.2.3, as a result of COVID-19, the group is subject to increased uncertainty in relation to Expected Profits in Future Premiums, which emanate from the premium provision component within its technical provisions.

The Group's consolidated ordinary share capital, capital contributions and reconciliation reserve are all available to cover the SCR and minimum consolidated SCR as Tier 1 unrestricted basic own funds as per Article 69 (a)(i) of the Commission Delegated Regulation (EU) 2015/35. The ordinary share capital is not subordinated and has no restricted durations while the reconciliation reserve represents retained earnings and reconciliation adjustments from IFRS balance sheet to the SII balance sheet. Table E.9 below provides the composition of the reconciliation reserve as at year end 2019.

Reconciliation Reserve	Value € 000s
Difference in the valuation of assets	(30,433)
Difference in the valuation of technical provisions	34,440
Difference in the valuation of other liabilities	6,213
Difference between SII and IFRS Balance Sheet	10,220
Retained Earnings	39,971
An amount equivalent to the Deferred Tax Asset	(8,095)
Reconciliation Reserve	42,096

Table E.9 - Composition of Reconciliation Reserve as at year end 2019

The Group has no Tier 1 restricted own funds, no Tier 2 ancillary or basic own funds but has a value equivalent to the deferred tax asset as Tier 3 own funds as per Articles 72, 76 and 80 of the Commission Delegated Regulation 2015/35 respectively. None of the Group's own funds are subject to transitional arrangements. Figure E.5 below is a visual representation of the breakdown of own fund items available within the Group.

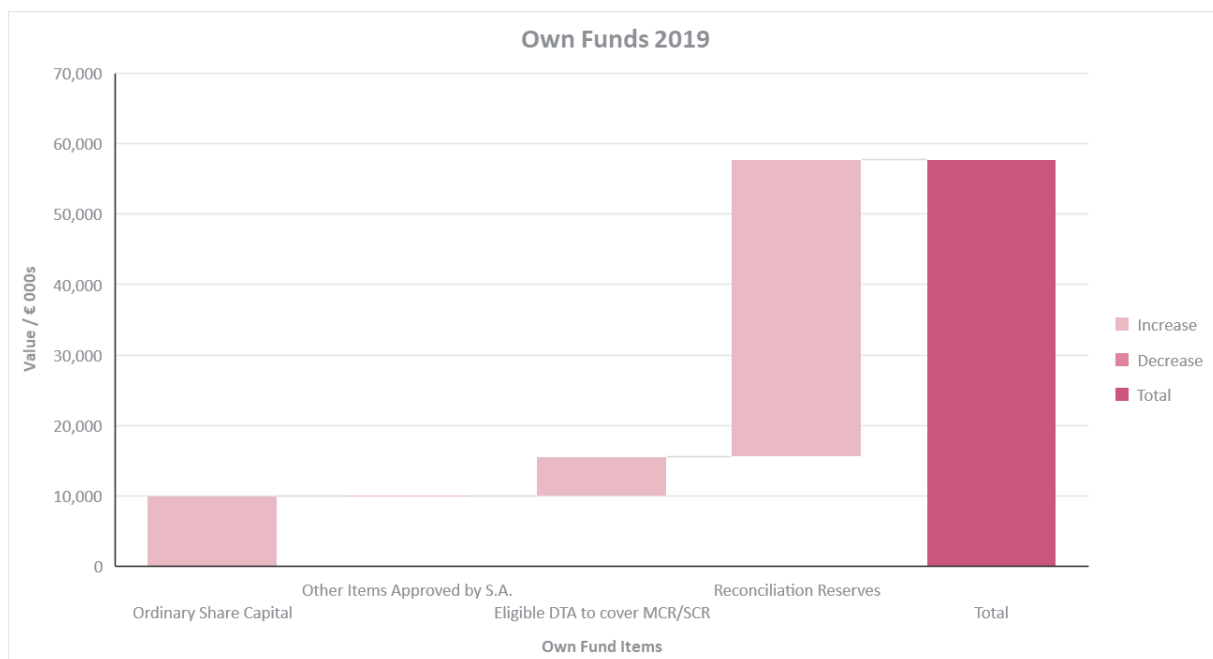


Figure E.5 - Summary of Own Funds as at year end 2019

E.2. Minimum Consolidated Group Solvency Capital Requirement and Solvency Capital Requirement

The Group SCR and the minimum consolidated Group SCR as at 31 December 2019, as calculated by the standard formula, were €37.184m and €12.021m, respectively. When compared to previous year 2018, the Group SCR increased by €7.883m mainly due to a significant increase in non-life underwriting risk and type 2 counterparty default risk in line with the increase in insurance business. Minimum consolidated Group SCR increased by €742k also in line with the increase in insurance business.

Table E.10 and Figure E.6 below provide a breakdown of the SCR by risk modules:

SCR 2019	Value € 000s
Market risk	3,736
Counterparty Default Risk	8,712
Life Underwriting Risk	3,363
Health Underwriting Risk	8,677
Non-life Underwriting Risk	26,782
Diversification	(15,452)
Basic Solvency Capital Requirement	35,817
Operational Risk	3,324
Loss-Absorbing Capacity of Deferred Taxes	(1,957)
Solvency Capital Requirement	37,184

Table E.10 - SCR Summary as at year end 2019

As already shown in Section C, Underwriting risk is the main risk exposure of the Group, making up approximately 78% of the BSCR.

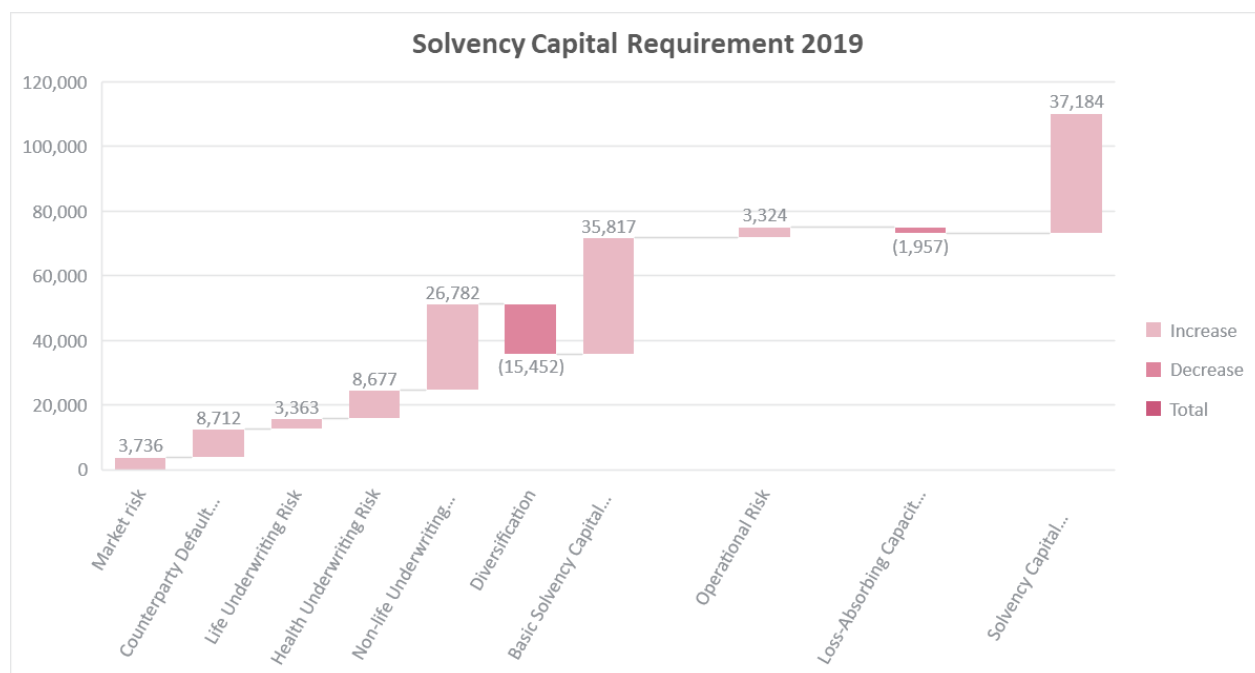


Figure E.6 - Solvency Capital Requirement as at year end 2019

The Companies do not use an internal model or undertaking-specific parameters to calculate the Group SCR. Also, no simplifications have been used to calculate the Group SCR under the standard formula. The minimum consolidated Group SCR is calculated as the sum of MCRs of the insurance Companies within the Group, i.e., OIL and OLL.

The table below shows the Solvency Capital Requirement and Minimum consolidated SCR required for the Group and the Eligible Own Funds available for both the Minimum consolidated SCR and the SCR as at end December 2019. The table shows a very comfortable buffer of eligible own funds over both the SCR and Minimum consolidated SCR.

Own Funds to SCR Ratio 2019		Value € 000s
Solvency Capital Requirement		37,184
Eligible Own Funds		57,674
Ratio of Eligible Own Funds to SCR		155%
Minimum Consolidated Group SCR		12,021
Eligible Own Funds		52,096
Ratio of Eligible Own Funds to Min Cons. Group SCR		433%

Table E.11 - Ratio of Own Funds to SCR as at year end 2019

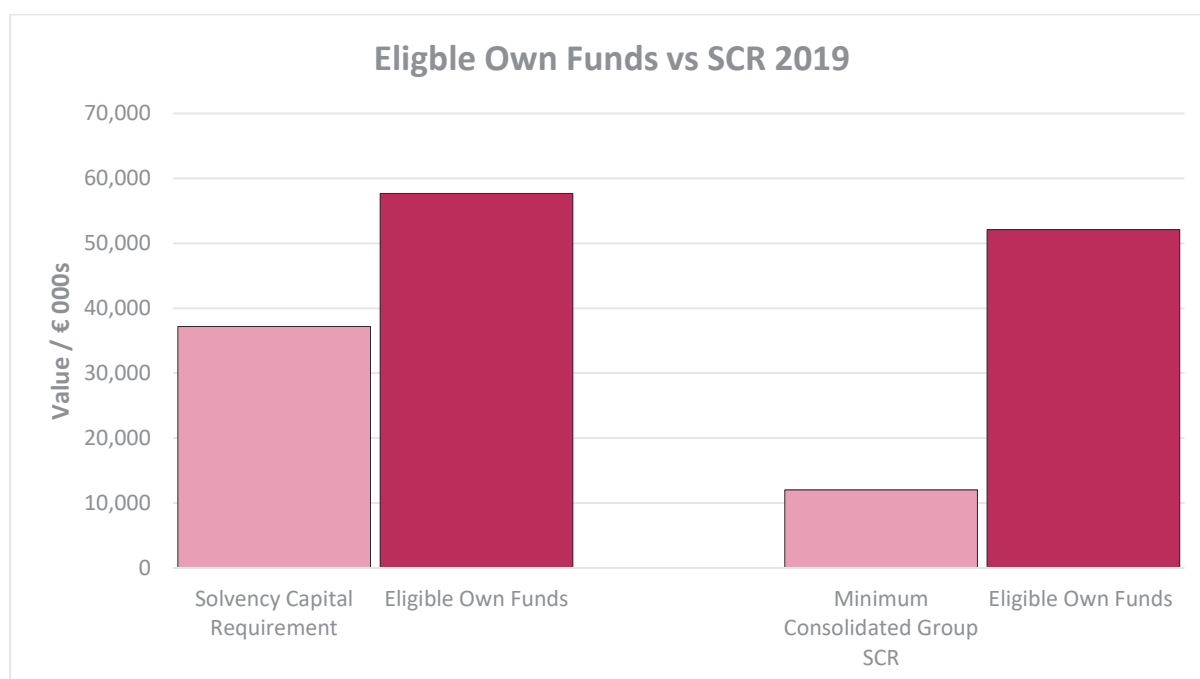


Figure E.7 - Ratio of Eligible Own Funds to the SCR as at year end 2019

Ratios of eligible own funds to Group SCR and minimum consolidated Group SCR in 2018 were 176% and 419%, respectively. The Group SCR as at 31 December 2018, as calculated by the standard formula, was €29.301m (with eligible own funds of €51,604m). The minimum consolidated Group SCR as at 31 December 2018 amounted to €11.279m (with eligible own funds of €47.209m).

E.3. Use of the option set out in Article 304 for the calculation of the SCR

The duration-based equity risk sub-module has not been applied in the calculation of the SCR.

E.4. Differences between the standard formula and any internal models used

The Companies do not currently use an internal model to calculate the Group SCR

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

Both Companies have complied with the SCR and MCR, on a solo level as well as at a consolidated group level during the financial year. The ORSA processes carried out during 2019 also show that the Companies are expected to continue to comply with the SCR and MCR throughout the business planning period.

E.6. Any other disclosures

Refer to section D.4 for the significant post year-end events, including in relation to COVID-19.

The SCR is expected to increase year on year due to the planned growth in the business, in line with the Companies' strategy.

As a result, and in line with the Group's Capital Management Policies, the own funds are expected to increase year on year by retaining in each projected year some of the distributable profits from the previous year. Both Companies are forecasting to maintain a comfortable buffer of eligible own funds over the SCR over the business planning period.

Change in SCR	2018	2019	2020	2021	2022
SCR	17,941	23,600	25,277	28,873	32,342
Own Funds	27,808	34,704	34,679	40,636	45,853
Solvency Ratio	155%	147%	137%	141%	142%

Table E.12 - SCR and Own Funds Projection for OIL

Change in SCR	2018	2019	2020	2021	2022
SCR	3,700	3,700	3,753	4,063	4,485
Own Funds	14,010	13,818	14,184	14,691	15,227
Solvency Ratio	379%	373%	378%	362%	340%

Table E.13 - SCR and Own Funds Projection for OLL

F.Quantitative Reporting Templates

S.02.01.02

Solvency II Balance Sheet 2019	Value € 000s
Assets	
Intangible assets	0.00
Deferred tax assets	8,094.93
Pension benefit surplus	0.00
Property, plant & equipment held for own use	473.82
Investments (other than assets held for index-linked and unit-linked contracts)	23,100.00
Property (other than for own use)	0.00
Holdings in related undertakings, including participations	0.00
Equities	0.00
Equities - listed	0.00
Equities - unlisted	0.00
Bonds	0.00
Government Bonds	0.00
Corporate Bonds	0.00
Structured notes	0.00
Collateralised securities	0.00
Collective Investments Undertakings	0.00
Derivatives	0.00
Deposits other than cash equivalents	23,100.00
Other investments	0.00
Assets held for index-linked and unit-linked contracts	0.00
Loans and mortgages	0.00
Loans on policies	0.00
Loans and mortgages to individuals	0.00
Other loans and mortgages	0.00
Reinsurance recoverables from:	0.00
Non-life and health similar to non-life	0.00
Non-life excluding health	0.00
Health similar to non-life	0.00
Life and health similar to life, excluding health and index-linked and unit-linked	0.00
Health similar to life	0.00
Life excluding health and index-linked and unit-linked	0.00
Life index-linked and unit-linked	0.00
Deposits to cedants	0.00
Insurance and intermediaries' receivables	15,994.78
Reinsurance receivables	0.00
Receivables (trade, not insurance)	237.62
Own shares (held directly)	0.00

Amounts due in respect of own fund items or initial fund called up but not yet paid in	0.00
Cash and cash equivalents	56,035.70
Any other assets, not elsewhere shown	0.00
Total assets	103,936.85
Liabilities	
Technical provisions – non-life	26,974.54
Technical provisions – non-life (excluding health)	26,151.66
TP calculated as a whole	0.00
Best Estimate	23,846.14
Risk margin	2,305.52
Technical provisions - health (similar to non-life)	822.88
TP calculated as a whole	0.00
Best Estimate	187.87
Risk margin	635.00
Technical provisions - life (excluding index-linked and unit-linked)	-1,639.17
Technical provisions - health (similar to life)	0.00
TP calculated as a whole	0.00
Best Estimate	0.00
Risk margin	0.00
Technical provisions – life (excluding health and index-linked and unit-linked)	-1,639.17
TP calculated as a whole	0.00
Best Estimate	-1,992.44
Risk margin	353.28
Technical provisions – index-linked and unit-linked	0.00
TP calculated as a whole	0.00
Best Estimate	0.00
Risk margin	0.00
Contingent liabilities	0.00
Provisions other than technical provisions	0.00
Pension benefit obligations	0.00
Deposits from reinsurers	0.00
Deferred tax liabilities	616.74
Derivatives	0.00
Debts owed to credit institutions	0.00
Financial liabilities other than debts owed to credit institutions	0.00
Insurance & intermediaries payables	7,471.99
Reinsurance payables	0.00
Payables (trade, not insurance)	9,682.71
Subordinated liabilities	0.00
Subordinated liabilities not in Basic Own Funds	0.00
Subordinated liabilities in Basic Own Funds	0.00

Any other liabilities, not elsewhere shown	639.17
Total liabilities	43,745.98
Excess of assets over liabilities	60,190.86

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Non-Life Premium, Claims and Expenses by LoB 2019	Income Protection €000s	Other Motor Vehicle Damage €000s	Fire and other damage to property €000s	Miscellaneous financial loss €000s	Total €000s
Premiums written					
Gross - Direct Business	28,199	14,091	15,436	28,715	86,440
Gross - Proportional reinsurance accepted			2,229	1,208	3,438
Reinsurers' share			163		163
Net	28,199	14,091	17,502	29,924	89,715
Premiums earned					
Gross - Direct Business	27,764	2,350	15,526	24,367	70,007
Gross - Proportional reinsurance accepted			1,520	803	2,323
Reinsurers' share			43		43
Net	27,764	2,350	17,004	25,170	72,288
Claims incurred					
Gross - Direct Business	3,141	1,893	4,880	4,603	14,517
Gross - Proportional reinsurance accepted			856	430	1,286
Reinsurers' share			11		11
Net	3,141	1,893	5,726	5,033	15,793
Changes in other technical provisions					
Gross - Direct Business	1		143	174	318
Gross - Proportional reinsurance accepted					
Reinsurers' share					
Net	1		143	174	318
Expenses incurred	15,342	891	8,179	14,185	38,597
Other expenses	-	-	-	-	-
Total expenses	15,342	891	8,179	14,185	38,597

S.05.01.02.02

Life Premium, Claims and Expenses by LoB 2019	Other life insurance € 000s	Total € 000s
Premiums written		
Gross	27,234	27,234
Reinsurers' share	-	-
Net	27,234	27,234
Premiums earned		
Gross	26,946	26,946
Reinsurers' share	-	-
Net	26,946	26,946
Claims incurred		
Gross	2,943	2,943
Reinsurers' share	-	-
Net	2,943	2,943
Changes in other technical provisions		
Gross	-	-
Reinsurers' share	-	-
Net	-	-
Expenses incurred	14,805	14,805
Other expenses	-	-
Total expenses	14,805	14,805

S.05.02.01

Non - Life Premiums, Claims and Expenses by Country 2019	FR	PT	ES	IT	PL	Total
Premiums written						
Gross - Direct Business	58,477	10,330	1,148	16,482	3	86,440
Gross - Proportional reinsurance accepted	3,438	-	-	-	-	3,438
Reinsurers' share	-	-	-	163	-	163
Net	61,915	10,330	1,148	16,319	3	89,715
Premiums earned						
Gross - Direct Business	55,669	10,654	875	2,795	14	70,007
Gross - Proportional reinsurance accepted	2,323	-	-	-	-	2,323
Reinsurers' share	-	-	-	43	-	43
Net	11,826	1,552	243	2,156	15	15,793
Claims incurred						
Gross - Direct Business	10,540	1,552	243	2,167	15	14,517
Gross - Proportional reinsurance accepted	1,286	-	-	-	-	1,286
Reinsurers' share	-	-	-	11	-	11
Net	11,826	1,552	243	2,156	15	15,793
Changes in other technical provisions						
Gross - Direct Business	331	-16	2	0	1	318
Gross - Proportional reinsurance accepted	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-
Net	331	-16	2	0	1	318
Expenses incurred	31,259	5,820	471	1,038	9	38,597

Non - Life Premiums, Claims and Expenses by Country 2019	FR	PT	ES	IT	PL	Total
Other expenses	-	-	-	-	-	-
Total expenses	31,259	5,820	471	1,038	9	38,597
Life Premiums, Claims and Expenses by Country 2019	FR	PT	ES		PL	Total
Premiums written						
Gross	23,325	3,182	725		2	27,234
Reinsurers' share	-	-	-		-	-
Net	23,325	3,182	725		2	27,234
Premiums earned						
Gross	23,325	3,182	416		23	26,946
Reinsurers' share	-	-	-		-	-
Net	23,325	3,182	416		23	26,946
Claims incurred						
Gross	2,449	413	81		-1	2,943
Reinsurers' share	-	-	-		-	-
Net	2,449	413	81		-1	2,943
Changes in other technical provisions						
Gross	-	-	-		-	-
Reinsurers' share	-	-	-		-	-
Net	-	-	-		-	-
Life Premiums, Claims and Expenses by Country 2018	FR	PT	ES		PL	Total
Expenses incurred	12,932	1,642	223		8	14,805
Other expenses	-	-	-		-	-
Total expenses	12,932	1,642	223		8	14,805

S.23.01.22

Own Funds 2019	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	10,000	10,000		0	
Non-available called but not paid in ordinary share capital at group level	0	0		0	
Share premium account related to ordinary share capital	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0		0	0	0
Non-available subordinated mutual member accounts at group level	0		0	0	0
Surplus funds	0	0			
Non-available surplus funds at group level	0	0			
Preference shares	0		0	0	0
Non-available preference shares at group level	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Non-available share premium account related to preference shares at group level	0		0	0	0
Reconciliation reserve	42,096	42,096			
Subordinated liabilities	0		0	0	0
Non-available subordinated liabilities at group level	0		0	0	0
An amount equal to the value of net deferred tax assets	8,095				8,095
The amount equal to the value of net deferred tax assets not available at the group level	0				0
Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0

Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
Own Funds 2019	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Non-available minority interests at group level	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					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	0	0	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	
Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
Total of non-available own fund items	0	0	0	0	0
Total deductions	0	0	0	0	0
Total basic own funds after deductions	60,191	52,096	0	0	8,095

Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Own Funds 2019	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Non available ancillary own funds at group level	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	0			0	0
Own funds of other financial sectors					
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	0	0	0	0	
Institutions for occupational retirement provision	0	0	0	0	0
Non regulated entities carrying out financial activities	0	0	0	0	
Total own funds of other financial sectors	0	0	0	0	0

Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
Own Funds 2019	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	60,191	52,096	0	0	8,095
Total available own funds to meet the minimum consolidated group SCR	52,096	52,096	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	57,674	52,096	0	0	5,578
Total eligible own funds to meet the minimum consolidated group SCR	52,096	52,096	0	0	
Minimum consolidated Group SCR	12,021				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)					
Ratio of Eligible own funds to Minimum Consolidated Group SCR	433%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	57,674	52,096	0	0	5,578
SCR for entities included with D&A method					
Group SCR	37,184				

Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	155%				
Reconciliation reserve					
Excess of assets over liabilities	60,191				
Own shares (held directly and indirectly)	0				
Forseeable dividends, distributions and charges	0				
Other basic own fund items	18,095				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
Own Funds 2019	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Other non available own funds	0				
Reconciliation reserve before deduction for participations	42,096				
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	4,728				
Expected profits included in future premiums (EPIFP) - Non- life business	7,348				
Total Expected profits included in future premiums (EPIFP)	12,077				

S.25.01.22:

Solvency Capital Requirement 2019	Gross solvency capital requirement	USP	Simplifications
	€ 000s	€ 000s	€ 000s
Market risk	3,736		
Counterparty default risk	8,712		
Life underwriting risk	3,363		
Health underwriting risk	8,677		
Non-life underwriting risk	26,782		
Diversification	-15,452		
Intangible asset risk	0		
Basic Solvency Capital Requirement	35,817		
Calculation of Solvency Capital Requirement			
Operational risk	3,324		
Loss-absorbing capacity of technical provisions	0		
Loss-absorbing capacity of deferred taxes	-1,957		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
Solvency capital requirement excluding capital add-on	37,184		
Capital add-on already set	0		
Solvency capital requirement	37,184		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	0		

Total amount of Notional Solvency Capital Requirements for remaining part	0		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
Diversification effects due to RFF nSCR aggregation for article 304	0		
Minimum consolidated group solvency capital requirement	12,021		
Information on other entities			
Capital requirement for other financial sectors (Non-insurance capital requirements)	0		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	0		
Capital requirement for non-controlled participation requirements	0		
Capital requirement for residual undertakings	0		
Overall SCR			
SCR for undertakings included via D and A	0		
Solvency capital requirement	37,184		