



Oney Life (PCC) Limited

Annual Report and Financial Statements

31 December 2019

Oney Life (PCC) Limited

Company General Information

For the year ended 31 December 2019

Company Secretary	Elizabeth Carbonaro Willis Towers Watson Management (Malta) Limited Willis Group, 3rd Floor, Development House, St. Anne Street, Floriana FRN 9010, Malta
Registered Office	171, Old Bakery Street, Valletta VLT 1455, Malta
Auditors	PricewaterhouseCoopers, 78, Mill Street, Qormi QRM 3101, Malta
External Actuarial Function Holder	Declan Lavelle Lane Clark & Peacock Ireland Ltd. 2, Grand Canal Wharf, South Dock Road, Dublin 4, Ireland

Oney Life (PCC) Limited

	Pages
Annual Report and Financial Statements	
Directors' Report	1 - 4
Independent Auditor's Report	5 - 12
Financial Statements:	
Statement of Comprehensive Income – Technical Account Long Term Business	13
Statement of Comprehensive Income – Non-Technical Account	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 44

Oney Life (PCC) Limited

Directors' Report

For the year ended 31 December 2019

The directors present their report of Oney Life (PCC) Limited (the "Company") for the year ended 31 December 2019.

Board of directors

The directors of the Company who held office during the year were as follows:

Gilles Marion (Chairman)
Jerome Guillemard
Desmond Murray
Edwina Leclere
John Bonett
Monique Huyghe
David Maly Of Waly (appointed 1 August 2019)

Principal activities

The Company's principal activity is that of carrying on long-term business of insurance falling within Class I of the Insurance Business Act, 1998 (Chapter 403, Laws of Malta). The Company was licensed to transact long-term business and in accordance with the Companies Act (Cell companies carrying on business of insurance) Regulations, 2010 was granted a license to act as a cell company in June 2011.

Review of business development and financial position

The results for the year are set out in the statement of comprehensive income on pages 13 and 14, while the financial position as at close of the reporting year is set out on page 15.

During the year ended 31 December 2019, the Company wrote a total premium income of €28,956,991 (2018: €29,128,050). An amount of €28,954,883 (2018: €29,090,594) was written on payment protection insurance of which €25,268,433 (2018: €24,606,727) was written in France, €2,961,154 (2018: €2,695,374) was written in Portugal and €725,296 (2018: 1,788,493) was written in Spain. The other €2,108 premium (2018: €37,456) was written in Poland on a term-life program launched in 2017.

Gross claims paid excluding claims handling costs amounted to €2,664,585 (2018: €2,597,430) of which €2,240,455 (2018: €2,267,279) were paid in France, €328,285 (2018: €309,527) were paid in Portugal and €91,304 (2018: €13,797) were paid in Spain on payment protection insurance. The remaining balance of €4,541 (2018: €6,827) was paid in Portugal for term-life program.

Finance income for the year amounted to €36,530 (2019: €77,597). All finance income consisted of deposit interest earned on term deposits placed with various financial institutions in accordance with an investment strategy approved by the board of directors.

As a result of its operations during this year the Company generated a profit before tax amounting to €9,733,004 (2018: €10,079,948). After accounting for a tax charge of €3,400,617 (2018: €3,515,373), the profit after tax amounted to €6,332,387 (2018: €6,564,575).

The directors are confident that the Company will continue to achieve satisfactory results during the next financial period in line with its revised financial projections considering the Covid-19 impact.

Oney Life (PCC) Limited

Directors' Report - continued

For the year ended 31 December 2019

Review of business development and financial position - continued

At the reporting date, the Company had total assets amounting to €20,416,966 (2018: €19,914,653). These consisted of cash and cash equivalents amounting to €16,687,594 (2018: €16,066,139), insurance and other receivables amounting to €2,777,217 (2018: €3,054,008) and deferred acquisition costs amounting to €952,155 (2018: €794,506).

These were financed by capital and reserves amounting to €10,582,387 (2018: €10,814,575) and liabilities amounting to €9,834,578 (2018: €9,100,078), out of which €4,159,110 (2018: €3,444,656) consist of technical provisions.

The Company is subject to the requirements of the EU Solvency II directive. The Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. At 31 December 2019, the Company's unaudited eligible own funds adequately covered the required SCR and amounted to €13,817,811 (unaudited) (2018: €14,010,486 (unaudited)). The audited Group SCR will be reported in the group-wide Solvency and Financial Condition Report (SFCR) in due course.

Risks and uncertainty

Management carefully selects and implements underwriting strategies which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

The future development of claims is an aggregation of a large number of contingent events, the financial impact of which cannot be determined in advance. The models that management used in its analysis, in part, rely on the assumption that claims will emerge in the future as they have emerged in the past. While management have attempted to quantify the effects of changes in future claims development from that in the past, actual development may differ from our estimates. These differences may come about for a number of reasons including changes in the social, legal, political, technological environment or economic and health factors (such as a pandemic).

Financial risk management

Information pertaining to the entity's financial risk management is included within Notes 3.3 and 4.4 to these financial statements.

Events after the reporting date

On 27 January 2020, the board approved a payment of a net interim dividend, subject to the approval of MFSA, to Oney Holding Limited of €6,332,387.

The outbreak of COVID-19 viral pneumonia, which has been spreading across Europe since January but the extent and duration of which is still unknown, poses a risk of a severe turnaround. In particular, mobility restrictions in the affected areas, the clear impact on value chains of the prolonged economic disruption in the affected areas and the spread of the health crisis to the services sector should result in a downturn in the economy at least in the first half of 2020.

As part of a larger Banking Group, the Company is working hand in hand with the Group 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 and as disclosed in Note 21 to the financial statements, the directors do not envisage any issues on the going concern of the Company.

Oney Life (PCC) Limited

Directors' Report - continued

For the year ended 31 December 2019

Future developments

The directors intend to continue to operate in line with the Company's current business plan that is to increase the significance of programmes other than the payment protection insurance business relative to the whole portfolio. Therefore, besides reducing product concentration, the Company is also aiming to achieve diversification benefits across different lines of business and across geographical territories.

Dividend

An interim dividend of €6,564,575 (2018: €6,235,144) was paid during the year under review.

Reserves

The directors propose that the balance of retained earnings amounting to €6,332,387 (2018: €6,564,575) be carried forward to the next financial year. They also acknowledge that an interim dividend was approved for distribution in January 2020 as disclosed above.

External actuarial function holder

The Company's external actuarial function holder is Mr. Declan Lavelle FSAI, a partner of Lane Clark & Peacock Ireland Ltd.

Statements of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) and Insurance Business Act, 1998 to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386) and the Insurance Business Act, 1998. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Oney Life (PCC) Limited for the year ended 31 December 2019 are included in the Annual Report 2019, which is published in hard-copy printed form and may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the financial statements on the website in view of their responsibility for the controls over, and in the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Oney Life (PCC) Limited

Directors' Report - continued

For the year ended 31 December 2019

Auditors

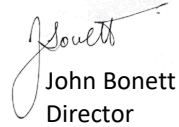
The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting.

Approved by the Board of Directors on 27 April 2020 and signed on its behalf by:

David Maly of Waly
Managing Director



Registered Office
171,
Old Bakery Street,
Valletta VLT 1455
Malta



John Bonett
Director



Independent auditor's report

To the Shareholders of Oney Life (PCC) Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- Oney Life (PCC) Limited's financial statements give a true and fair view of the Company's financial position as at 31 December 2019, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Oney Life (PCC) Limited's financial statements, set out on pages 13 to 44, comprise:

- the statement of comprehensive income for the year ended 31 December 2019;
- the statement of financial position as at 31 December 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

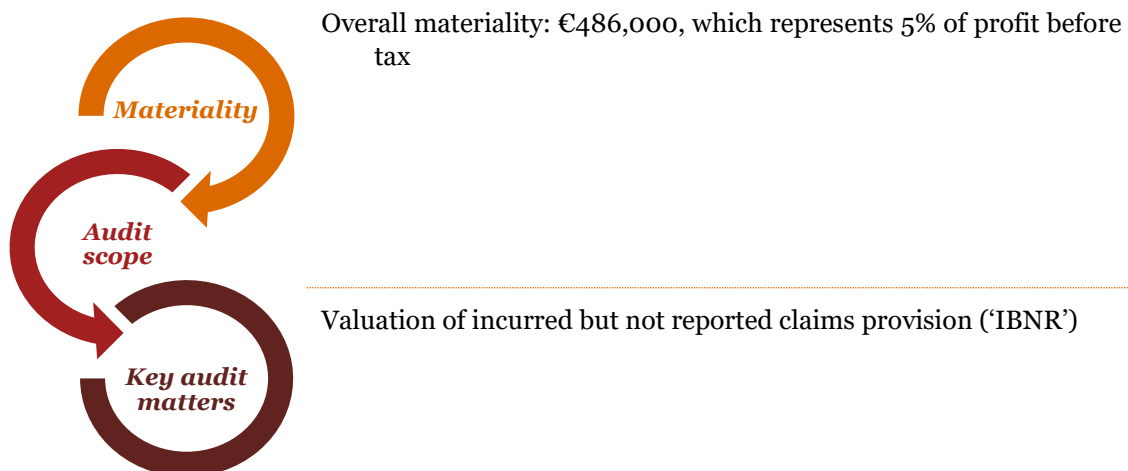
The non-audit services that we have provided to the Company, in the period from 1 January 2019 to 31 December 2019 are disclosed in Note 8 to the financial statements.

Emphasis of matter

We draw attention to Note 21 to these financial statements that refers to the uncertainties associated with COVID-19. Our opinion is not modified in respect of this matter.

Our audit approach

Overview





Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality</i>	€486,000
<i>How we determined it</i>	5% of profit before tax
<i>Rationale for the materiality benchmark applied</i>	We chose profit before tax as the benchmark, as in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €48,600 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Valuation of incurred but not reported claims provision ('IBNR')

Valuation of insurance provisions is judgemental and requires a number of assumptions to be made that carry estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported to the Company as some claims can take some time to emerge or develop.

As described in notes 2.4 and 20 to the financial statements, the ultimate cost of insurance claims is estimated by using recognised actuarial methods, including analysis of historical claims experience and relevant benchmarks of similar businesses. Claims provisions are separately analysed by product type. The claims projection assumptions are adjusted by a risk margin and therefore exceed a best estimate of the expected outcome by including qualitative judgement to assess the extent to which past trends may not apply in the future. The Company's gross incurred but not reported provision is disclosed in note 11.1 at €2.3m, and favourable variations arising from prior year technical provisions of €0.3m are disclosed in note 11.3 to the financial statements. Further information on the development of the ultimate cost of claims over the years, and the sensitivity of key assumptions is disclosed in note 20.

We focused on this area due to its inherent subjectivity.

Our audit procedures addressing the valuation of the Company's IBNR provision included the following procedures involving our actuarial expert team members:

- we applied our industry knowledge and experience in understanding and evaluating the methodology, models and assumptions used;
- for the largest product types, for which independent projections were performed in prior years, we tested the reasonableness of loss ratios taking note of fluctuations not within our expectations;
- we tested the accuracy of the underlying data utilised for the purposes of the Company's actuarial models, and read the Company's actuarial function report and engaged in related discussion with the Company's actuary;
- we considered the quality of historical reserving by reviewing variations arising from prior year technical provisions; and
- we considered the extent of related disclosures to the financial statements.

Based on the work performed, we found the recorded IBNR provision to be consistent with the explanations and evidence obtained.



Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Other information

The directors are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.



Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent auditor's report - continued

To the Shareholders of Oney Life (PCC) Limited

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

Appointment

We were first appointed as auditors of the Company on 19 April 2013. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 7 years.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

A handwritten signature in blue ink, appearing to read 'Romina Soler', with a large loop at the end.

Romina Soler
Partner

27 April 2020

Oney Life (PCC) Limited

Statement of Comprehensive Income – Technical Account Long Term Business

For the year ended 31 December

	Notes	2019 €	2018 €
Earned premium			
Gross premium written	5	28,956,991	29,128,050
Change in the gross provision for unearned premium	11	(342,908)	(1,535,281)
Earned premium		28,614,083	27,592,769
Total technical income		28,614,083	27,592,769
Claims incurred			
Claims paid - gross amount	11	(3,082,154)	(3,012,806)
Change in the provision for claims - gross amount	11	(371,546)	437,553
Gross claims incurred		(3,453,700)	(2,575,253)
Net operating expenses	7	(14,912,176)	(14,401,837)
Total technical charges		(18,365,876)	(16,977,090)
Balance on the long term business technical account		10,248,207	10,615,679

Oney Life (PCC) Limited

Statement of Comprehensive Income – Non-Technical Account (continued)

For the year ended 31 December

	Notes	2019 €	2018 €
Balance on the long term business technical account		10,248,207	10,615,679
Finance income	6	36,530	77,597
Administrative expenses	8	(551,733)	(613,328)
Profit before taxation		9,733,004	10,079,948
Income tax expense	10	(3,400,617)	(3,515,373)
Profit for the financial year attributable to shareholders – total comprehensive income		6,332,387	6,564,575

The Company did not have other comprehensive income in the current and comparative year.

The notes on pages 18 to 44 are an integral part of these financial statements

Oney Life (PCC) Limited

Statement of Financial Position

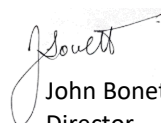
As at 31 December

	Notes	2019 €	2018 €
ASSETS			
Deferred acquisition costs	12	952,155	794,506
Insurance and other receivables:			
- arising out of direct insurance operations	13	2,725,255	3,026,586
- other receivables	13	51,962	27,422
Cash at bank	14	16,687,594	16,066,139
Total assets		20,416,966	19,914,653
EQUITY			
Capital and reserves			
Called up share capital	15	4,250,000	4,250,000
Retained earnings		6,332,387	6,564,575
Total equity		10,582,387	10,814,575
LIABILITIES			
Technical provisions	11	4,159,110	3,444,656
Insurance and other payables:			
- arising out of direct insurance operations	16	1,672,443	1,715,304
- other payables	16	602,410	424,746
Income tax payable		3,400,616	3,515,372
Total liabilities		9,834,578	9,100,078
Total equity and liabilities		20,416,966	19,914,653

The notes on pages 18 to 44 are an integral part of these financial statements.

The financial statements on pages 13 to 44 were approved and authorised for issue by the Board of Directors on 27 April 2020 and signed on its behalf by:


David Maly of Waly
Managing Director


John Bonett
Director

Oney Life (PCC) Limited

Statement of Changes in Equity

For the year ended 31 December

	Notes	Total €	Share Capital €	Retained earnings €
Balance at 01 January 2018		10,485,144	4,250,000	6,235,144
Total comprehensive income for the year				
Profit for the year		6,564,575	-	6,564,575
Transaction with owners				
Interim dividend paid	17	(6,235,144)	-	(6,235,144)
Balance at 31 December 2018		10,814,575	4,250,000	6,564,575
Balance at 01 January 2019		10,814,575	4,250,000	6,564,575
Total comprehensive income for the year				
Profit for the year		6,332,387	-	6,332,387
Transaction with owners				
Interim dividend paid	17	(6,564,575)	-	(6,564,575)
Balance at 31 December 2019		10,582,387	4,250,000	6,332,387

The notes on pages 18 to 44 are an integral part of these financial statements.

Oney Life (PCC) Limited

Statement of Cash Flows

For the year ended 31 December

	Notes	2019 €	2018 €
Cash flows from operating activities			
Cash generated from operating activities	18	10,666,002	10,099,819
Interest received		35,401	93,592
Income tax paid		(3,515,373)	(3,336,811)
Net cash generated from operating activities		7,186,030	6,856,600
Cash flows from financing activities			
Payment of interim dividend	17	(6,564,575)	(6,235,144)
Net cash used in financing activities		(6,565,575)	(6,235,144)
Net increase in cash and cash equivalents		621,455	621,456
Cash and cash equivalents at beginning of year		16,066,139	15,444,683
Cash and cash equivalents at end of year	14	16,687,594	16,066,139

The notes on pages 18 to 44 are an integral part of these financial statements.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

	Pages
1 Reporting entity	18
2 Basis of preparation	18 - 19
3 Significant accounting policies	19 - 27
4 Management of insurance and financial risk	28 - 33
5 Particulars of business	34
6 Finance income	34
7 Net operating expenses	34
8 Administrative expenses classified by nature	35
9 Employee benefit expenses	35
10 Income tax expense	36
11 Insurance liabilities and reinsurance assets	36 - 37
12 Deferred acquisition costs	38
13 Insurance and other receivables	38
14 Cash and cash equivalents	39
15 Share capital	39
16 Insurance and other payables	40
17 Dividend	40
18 Cash generated from operating activities	40
19 Related party disclosures	41
20 Insurance terms, assumptions and sensitivities	42 - 43
21 Events after reporting period	44

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

1 Reporting entity

Oney Life (PCC) Limited is a limited liability Company incorporated and domiciled in Malta. The principal activities of the Company are described in Note 4. The Company was incorporated on 21 June 2011.

The registered office of the Company is 171, Old Bakery Street, Valletta VLT 1455, Malta.

Oney Life (PCC) Limited is a wholly owned subsidiary of Oney Holding Limited which is registered at 171, Old Bakery Street, Valletta VLT 1455, Malta. On 22 October 2019, BPCE S.A. whose registered office is 50, Avenue Pierre-Mendes-France 75013 Paris, France, acquired 50.1% share in Oney Bank S.A thus since then is the Group's ultimate parent company. Following BPCE S.A. acquisition, Groupe Auchan S.A. whose registered office is situated at 40, Avenue de Flandre, 59170 Croix, France holds 49.9% share in Oney Bank S.A. These financial statements are consolidated within the consolidated financial statements of Oney Bank S.A. which is registered at 34, Avenue de Flandre, 59170 Croix, France.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU ("the applicable framework"). All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Maltese Companies Act (Cap. 386) and the Insurance Business Act, 1998 (Chapter 403, Laws of Malta).

The financial statements of Oney Life (PCC) Limited include the financial performance and financial position of the core operations. As at 31 December 2019 and 2018, the Company had no cells.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. The standard is effective for accounting periods beginning on or after 1 January 2018. However, insurers have been granted some relief from applying IFRS 9 to their investment portfolios prior to adopting the new insurance contracts standard, IFRS 17.

As the activities of the Company are predominantly connected with insurance and that the Company has not previously adopted IFRS 9, the Company has applied the temporary exemption (deferral approach) from IFRS 9.

The temporary exemption was initially assessed at the annual reporting date immediately preceding 1 April 2016. As at 31 December 2015, 97% of the Company's total liabilities were made up of insurance related liabilities thus qualifying for the temporary exemption. Reassessment was not required in the subsequent annual reporting dates given that there were no changes in the Company's activities.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

2 Basis of preparation - continued

2.2 Basis of measurement

Assets and liabilities are measured at historical cost.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1, other than the estimate of the ultimate liability arising from claims made under insurance contracts.

There are several sources of uncertainty that need to be considered in the estimate of liabilities that the Company will ultimately pay for insurance claims. Following changes to certain policy terms during 2019, the Company is no longer able to decline cover on the basis of certain policyholder attributes. This gives rise to increased uncertainty as it is likely that future claims experience will differ to historical trends.

The Company uses recognised actuarial models, appropriately adjusted by a risk margin, in order to determine the ultimate liability of claims as further described in Note 4.3. The directors believe that the liability arising from claims under insurance contracts is adequately reserved as at the financial year end. Further detail is provided in Notes 11 and 20 to these financial statements, including sensitivities to key variables.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Product classification

Insurance contracts are those contracts in which the Company (the insurer) has 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 Company issues contracts that transfer significant insurance risk and has defined all its contracts as insurance contracts.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

3 Significant accounting policies - continued

3.1 Product classification - continued

Insurance contracts - Life business

The results for life business are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premium, net of reinsurance as follows:

- Premium written for payment protection insurance is recognised on a monthly basis, premium written for term life product is recognised when the policy incepts. Premium written is stated net of cancellations.
- Unearned premium represent the proportion of premium written in the period that relate to unexpired terms of policies in force at the reporting date, calculated on a time apportionment basis.
- Commissions and other acquisition costs that vary with and are related to securing new contracts are deferred over the period in which the related premium is earned. These are capitalised and shown as deferred acquisition costs ("DAC") in the statement of financial position. DAC is amortised over the term of the policies as the premium is earned. All other costs are recognised as expenses when incurred.
- Claims incurred comprise claims and related expenses paid in the period and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported (IBNR) and related expenses.
- Provision is made at the period-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the Company. The estimated cost of claims includes expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analysis for the claims incurred but not reported. The valuation is carried out in conjunction with the Company's external actuarial function.

Liability adequacy test

All insurance contracts are subject to a liability adequacy test, which is conducted by the Company's actuarial function at each reporting date. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses. Adjustments to the liabilities at each reporting date are recorded in the income statement. The liability in respect of an individual contract is derecognised when the contract expires, is discharged or is cancelled.

The above method of provisioning satisfies the minimum liability adequacy test as required by IFRS 4 – Insurance Contracts.

Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from intermediaries.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

3 Significant accounting policies - continued

Receivables and payables related to insurance contracts -continued

If there is objective evidence that an insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the process described for financial assets held at amortised cost (see Note 3.4).

3.2 Deferred expenses

3.2.1 *Deferred acquisition costs ("DAC")*

Those direct costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premium. All other acquisition costs are recognised as an expense as incurred.

Subsequent to initial recognition, DAC 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.

3.3 Financial instruments and equity

3.3.1 *Financial assets*

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

The Company initially recognises loans and receivables on the date that they are originated.

The Company 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 Company is recognised as a separate asset or liability in the statement of financial position.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

3.3.1.1 *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

3 Significant accounting policies - continued

3.3 Financial instruments and equity - continued

3.3.1 Financial assets - continued

3.3.1.1 Loans and receivables - continued

no intention of trading the asset. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3.4.1).

3.3.1.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalent 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.

3.3.2 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39.

Such financial liabilities 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.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company's financial liabilities consist of trade and other payables.

3.3.3 Share capital and shareholder's contribution

3.3.3.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3.3.2 Shareholder's contributions

Shareholder's contributions are classified as equity and are recognised at the fair value of the consideration received.

Amounts advanced by the shareholders by way of contribution which do not include a contractual obligation to settle in cash or another financial asset, are classified within equity. Balances which contain an obligation to transfer resources are classified as liabilities.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

3 Significant accounting policies - continued

3.4 Impairment

3.4.1 Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and/or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.4.2 Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Revenue recognition

3.5.1 Gross premium written

Premium written are accounted for in the period in which the risks are assumed and the premium becomes due, net of premium taxes. Premium recognition is described in Note 3.1 dealing with insurance contracts.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

3 Significant accounting policies - continued

3.5 Revenue recognition - continued

3.5.2 Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.6 Benefits, claims and expenses recognition

3.6.1 Gross benefits and claims

Insurance claims include all claims occurring during the year, whether reported or not, as well as related internal and external claims handling costs that are directly related to the processing and settlement of claims. For life insurance contracts, the liability is calculated on the basis of a prudent, prospective actuarial method, using assumptions regarding mortality and maintenance expenses and includes margins for adverse deviations. The liability is recalculated at each period end and is determined by the Company's external actuarial function.

3.7 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from 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. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity where there is an intention to settle the balances on a net basis.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

3 Significant accounting policies - continued

3.8 Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.9 Leases

Accounting policy applied starting 1 January 2019

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of lease payments which include, among other, fixed payments and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses as a starting point third-party financing rate applicable had the Company received financing and makes adjustments specific to the lease such as the lease term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received (if any), any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company has no material outstanding lease within the context of IFRS 16 as at 31 December 2019.

Accounting policy applied until 31 December 2018

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

3 Significant accounting policies - continued

3.10 Employee benefits

The Company contributes towards a defined contribution state pension plan in accordance with Maltese legislation. The Company does not have a commitment beyond the payment of fixed contributions. Related costs are recognised as an expense during the period in which these are incurred.

3.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which an obligation to pay a dividend is established.

3.12 New standards and interpretations not yet adopted

Standards, interpretations and amendments to published standards effective in 2019

In 2019, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2019. While the adoption of these revisions to the requirements of IFRSs as adopted by the EU resulted in changes to the Company's accounting policies, these changes did not result in significant adjustments to the Company's financial statements.

The Company had to adopt IFRS 16 on Leases from its mandatory adoption date of 1 January 2019. The Company applied the simplified transition approach without restating comparative amounts for the year prior to first adoption. IFRS 16 resulted in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is now removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company has no material lease agreements within the context of IFRS 16 as at 31 December 2019.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2019. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application, other than as described below.

IFRS 17 is currently effective from 1 January 2021. However, the IASB is considering delaying the mandatory implementation date by two years and has discussed additional changes to the standard as compared to the latest version issued. The Company is in the process of starting to assess the impact of IFRS 17. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts. The Standard will require the Company to measure insurance contracts under the general model or, if eligible, using a simplified Premium Allocation Approach.

IFRS 17 together with IFRS 9 will result in a profound change to the measurement and disclosures within IFRS financial statements for insurance companies and industry practice and interpretation of IFRS 17 is still developing. Management is considering the implications of this standard as well as IFRS 9 and their impact on the Company's financial results and position.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

4 Management of insurance and financial risk

4.1 Overview

This note presents information about the Company's exposure to insurance and financial risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

4.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To align the profile of assets and liabilities taking account of risks inherent in the business;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders;
- To maintain healthy capital ratios in order to support its business objectives and maximise shareholders value;
- To comply with the insurance capital requirements required by the Maltese Insurance Regulator (i.e., Malta Financial Services Authority or MFSA).

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders.

The Company is required to hold regulatory capital for its insurance business in compliance with the rules issued by the MFSA. The minimum capital requirement must be maintained at all times throughout the year. The Company monitors its capital level on a regular basis, by ensuring that sufficient assets are maintained to match insurance liabilities and to provide solvency cover. Any transactions that may potentially affect the Company's solvency position are immediately reported to the directors and shareholders for resolution prior to notifying the MFSA.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

4 Management of insurance and financial risk - continued

4.2 Risk management framework - continued

Capital management objectives, policies and approach - continued

The Company defines capital as the excess of assets over liabilities as valued in accordance with the respective regulatory requirements.

The Company is subject to the requirements of the EU Solvency II directive. The Solvency II regime establishes a new set of EU-wide capital requirements, risk management and disclosure standards. The Company must hold eligible own funds to cover the solvency capital requirement (SCR) and eligible basic own funds to cover the minimum capital requirement (MCR). The SCR shall be calculated either in accordance with the standard formula or using a full or partial internal model (PIM) as approved by the Regulator. The Company must immediately inform the Regulator where it observes that its SCR or MCR are no longer complied with or where there is risk of non-compliance in the following six months for SCR and three months for MCR.

The Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. At 31 December 2019, the Company's unaudited eligible own funds adequately covered the required SCR and amounted to €13,817,811 (unaudited) (2018: €14,010,486 (unaudited)). The audited group SCR will be reported in the group-wide Solvency and Financial Condition Report (SFCR) in due course. The Company was compliant with its regulatory capital requirements throughout the financial year.

4.3 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual benefits paid. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The contracts provide insurance cover to customers to repay outstanding financial commitments up to specified maximum amounts in the event of death.

The above risk exposure is mitigated by diversification of insurance contracts in different geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines and claim review policies.

The Company principally underwrites payment protection insurance covering death to clients of its parent undertaking, Oney Bank S.A. registered and incorporated in France; branch of a parent, Oney Bank S.A. (Portugal branch) registered and incorporated in Portugal; and fellow subsidiary Oney Servicios Financieros registered and incorporated in Spain. Risks are written under annually renewable group policies although premium is invoiced on a monthly basis. As at the end of the year the Company was operating in France, Portugal and Spain.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

4 Management of insurance and financial risk - continued

4.3 Insurance risk - continued

The variability of risks is improved by careful selection and implementation of underwriting strategies. The Company's business is underwritten through an intermediary network consisting of mainly Group companies. Internal underwriting guidelines are in place to enforce appropriate risk selection criteria and are reinforced by controls that are in place at an intermediary level. The cover provided is limited by factors such as age, term of finance, benefit amount and cause of death. Further, strict claim review practices to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims processes are in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Company engages an external actuarial function in the determination of the ultimate cost of insurance claims as further described in Notes 11 and 20 to the financial statements.

The Company considers reinsurance as part of its risk mitigation program but does not have any active outward reinsurance as at 31 December 2019.

4.4 Financial risks

The most important components of financial risk are credit risk, liquidity risk and market risk (including interest rate risk). The risk management policies employed by the Company to manage these risks are discussed below.

4.4.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company deposits cash with highly rated financial institutions licensed and regulated in their respective countries, including a parent company as described in Note 14.

The Company mainly underwrites payment protection insurance through related parties in France and Portugal. The Company therefore has no major counterparty insurance credit risk to parties outside the Auchan Group thereby reducing substantially its credit risk. Amounts receivable at year end represent between one to three months' premium and are considered to be fully recoverable.

The Company's insurance receivables are mainly from its parent undertaking, Oney Bank S.A. registered and incorporated in France and regulated by the Autorité de Contrôle Prudentiel (ACP) and branch to a parent, Oney Bank S.A. (Portugal branch) registered and incorporated in Portugal and regulated by ORIAS in France. In order to limit its credit risk over third parties, management ensures that it works with a limited number of international reputable brokers with a sound historical financial background. As at 31 December 2019, only 0.3% (2018: 0.6%) of receivables arising from insurance operations relate to third party receivables.

Commission payable to intermediaries is netted off against amounts receivable, given the Company's right to settle on a net basis.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

4 Management of insurance and financial risk - continued

4.4 Financial risks - continued

4.4.1 Credit risk - continued

Credit exposure

The table below shows the maximum exposure to credit risk for the respective components of the statement of financial position as at 31 December.

	Notes	2019 €	2018 €
Insurance and other receivables	13	2,777,217	3,054,008
Cash at bank	14	16,687,594	16,066,139
Total credit risk exposure		19,464,811	19,120,147

Credit exposure by credit rating

The succeeding table provides information regarding the credit risk exposure of the Company at 31 December by classifying assets according to the Standard and Poor's credit ratings (or equivalent) of the counterparties. AAA is the highest possible rating. Cash and cash equivalents classified as unrated are held with an unrated subsidiary of a financial institution with a credit rating of A.

31 December 2019

	A+ €	AA- €	A €	BBB €	Not rated €	Total €
Receivables	-	-	-	2,294,818	482,399	2,777,217
Cash at bank	7,452,298	4,554,149	617,009	3,960,161	103,977	16,687,594
Total	7,452,298	4,554,149	617,009	6,254,979	586,376	19,464,811

31 December 2018

	A+ €	A €	BBB+ €	Not rated €	Total €
Receivables	-	-	2,077,115	976,893	3,054,008
Cash at bank	3,974,335	8,370,661	3,333,459	387,684	16,066,139
Total	3,974,335	8,370,661	5,410,574	1,364,577	19,120,147

As at 31 December 2019 and 2018, no credit exposure limits were exceeded. The Company actively manages its product mix to ensure that there is no significant non-related party concentration of credit risk.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

4 Management of insurance and financial risk - continued

4.4 Financial risks - continued

4.4.1 Credit risk - continued

Past due or impaired financial assets

At 31 December 2019 and 2018, none of the Company's assets were past due or impaired.

4.4.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is a minor liquidity risk associated with the timing differences between gross cash outflows and the liquidation of the investment. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has procedures in place to mitigate the Company's exposure to liquidity risk. Management monitors asset allocations and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance contract and other contractual obligations.

The following table indicates the expected timing of cash flows arising from the Company's technical provisions and contractual cash flows arising from other liabilities:

31 December 2019

	0-1 year €	1-5 years €	>5 years €	Total €
Technical provisions*	1,903,100	314,698	36,583	2,254,381
Payables	2,274,853	-	-	2,274,853
Total	4,177,953	314,698	36,583	4,529,234

*Excluding provision for unearned premium

31 December 2018

	0-1 year €	1-5 years €	>5 years €	Total €
Technical provisions*	1,628,108	245,250	9,477	1,882,835
Payables	2,140,050	-	-	2,140,050
Total	3,768,158	245,250	9,477	4,022,885

*Excluding provision for unearned premium

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

4 Management of insurance and financial risk - continued

4.4 Financial risks - continued

4.4.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises risk arising from changes to: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in short-term fixed income deposits thereby exposes itself to interest rate risk, while it has no interest-bearing liabilities. The Company's assets and liabilities are all denominated in Euro thereby leaving the Company with no currency exposure. On the other hand the Company is not exposed to price risk since it has no investments in equities.

4.4.3.1 Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. The Company invests primarily in short-term deposits which are re-priced at renewal of the deposit.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial assets was as follows:

	Carrying Amount 2019 €	Carrying amount 2018 €
Fixed rate instruments		
Financial assets	5,100,000	6,700,000
Variable rate instruments		
Financial assets	11,587,594	9,366,139

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

4 Management of insurance and financial risk - continued

4.4 Financial risks - continued

4.4.3 Market risk - continued

4.4.3.1 Interest rate risk - continued

Fair value sensitivity analysis for fixed and variable rate instruments

Fixed interest instruments are measured at amortised cost. Although these investments give rise to fair value interest rate risk, any change in market interest rates will accordingly not impact the Company's profit or loss or equity. The Company's interest rate risk principally arises from cash and cash equivalents at variable rates which expose the Company to cash flow interest rate risk.

Management monitors the impact of changes in market interest rates on amounts reported in the income statement in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The Company's interest-bearing instruments are short-term in nature and accordingly the level of interest rate risk is contained. The Company's operating cash flows are substantially independent of changes in market interest rates.

4.5 Fair values

At 31 December 2019 and 2018 the carrying amounts of financial assets and liabilities reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

5 Particulars of business

Life business

Gross premium written and earned by class of business are analysed as follows:

	2019 €	2018 €
Direct insurance		
Life	28,956,991	29,128,050

All gross premium written for direct business emanate from contracts concluded in or from the EU.

6 Finance income

	2019 €	2018 €
Bank interest income	36,530	77,597
Finance income allocated to the non-technical account	36,530	77,597

7 Net operating expenses

	2019 €	2018 €
Commission expense	(14,463,767)	(14,573,885)
Change in deferred acquisition costs (Note 12)	157,649	786,544
Administrative expenses (Note 8)	(1,157,791)	(1,227,824)
Total net operating expenses	(15,463,909)	(15,015,165)
Allocated to		
Income statement – technical account long term business	(14,912,176)	(14,401,837)
Income statement – non-technical account	(551,733)	(613,328)
Total other operating and administrative expenses	(15,463,909)	(15,015,165)

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

8 Administrative expenses classified by nature

	2019 €	2018 €
Computer operational costs	(128,797)	(157,223)
Professional fees	(166,580)	(192,030)
Directors' fees	(27,950)	(26,950)
Employee benefit expenses (Note 9)	(513,473)	(488,122)
Depreciation and amortisation	(154,393)	(166,491)
Other expenses	(166,598)	(197,008)
	(1,157,791)	(1,227,824)

Administrative expenses were allocated as follows:

	2019 €	2018 €
Technical account	(606,058)	(614,496)
Non-technical account	(551,733)	(613,328)
	(1,157,791)	(1,227,824)

Professional fees include fees, excluding VAT charged by the auditor for services rendered during the financial period ended 31 December relating to the following:

	2019 €	2018 €
Annual statutory audit	(28,659)	(17,756)
Other assurance services	(7,333)	(13,600)
Tax advisory and compliance services	(3,334)	(1,500)
	(39,326)	(32,856)

9 Employee benefit expenses

During the year, Oney Insurance (PCC) Limited, a fellow subsidiary, employed an average number of 30 employees (2018: 25 employees), 6 key management personnel, 15 middle management and 9 clerical. During its course of operations Oney Insurance (PCC) Limited seconded employees to the Company to carry out related duties. As a result, wages and salaries, secondment fees and related benefits amounting to €513,473 (2018: €488,122) were recharged to the Company.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

10 Income tax expense

The income tax expense for the year comprises:

	2019 €	2018 €
Current tax expense		
Tax at 35%	(3,400,617)	(3,515,373)
Income tax expense	(3,400,617)	(3,515,373)

The income tax expense for the year and the result of the accounting profit multiplied by the tax rate applicable in Malta, the Company's country of incorporation, are reconciled as follows:

	2019 €	2018 €
Profit before taxation	9,733,004	10,079,948
Tax using the domestic income tax rate of 35%	(3,406,551)	(3,527,982)
Adjusted for tax effect of: - FRFTC	5,934	12,609
Income tax expense	(3,400,617)	(3,515,373)

The balance of income tax payable of €3,400,616 (2018: €3,515,372) is non-current in nature.

11 Insurance liabilities

11.1 Technical provisions

	2019 €	2018 €
Gross technical provisions		
Technical provisions:		
- claims incurred but not reported	2,254,381	1,882,835
- provision for unearned premium	1,904,729	1,561,821
Total technical provisions, gross	4,159,110	3,444,656

Expected settlement patterns for technical provisions are disclosed in Note 4.4.2.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

11 Insurance liabilities - continued

11.2 Movement in technical provisions

The movement in technical provisions is analysed as follows:

	2019 €	2018 €
Gross and net technical provisions		
Business written by Company as at 01 January	1,882,835	2,320,388
Release to claims paid during the year	(3,082,154)	(3,012,806)
Movement in estimate of ultimate claims for the year	3,453,700	2,575,253
Business written by Company as at 31 December	2,254,381	1,882,835

11.3 Variations occur when compared to prior year claims estimates due to a combination of factors including claims being settled for different amounts than estimated, and changes made to reserve estimates as more information becomes available. Favourable movements are indicative of a prudent reserving methodology in prior years. Variations arising from technical provisions exclusive of claims handling costs amounted to a favourable movement of €307,472 during 2019 (2018: €712,687 favourable), primarily arising from an adjustment to actuarial models after considering historical experience.

Further information on claims developments is provided in Note 20 to these financial statements.

A provision for claims handling expenses of €241,916 (2018: €195,697) is included in the gross claims incurred but not reported reserve.

The outstanding claims are estimated using statistical actuarial techniques. The long-term business provision is subject to an annual statutory valuation undertaken by the external actuarial function based on data and information provided by the Company.

11.4 Movement in technical provisions – unearned premium

Provision for unearned premium on direct insurance and the movements for the year are summarised as follows:

	2019 €	2018 €
At 01 January	1,561,821	26,540
Premium written during the year	28,956,991	29,128,050
Premium earned during the year	(28,614,083)	(27,592,769)
At 31 December	1,904,729	1,561,821

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

12 Deferred acquisition costs

Deferred acquisition on direct insurance contracts and the movements for the year are summarised as follows:

	2019 €	2018 €
At 01 January	794,506	7,962
Amount credited to profit or loss (Note 7)	157,649	786,544
At 31 December	952,155	794,506

Deferred acquisition costs are current in nature.

13 Insurance and other receivables

	2019 €	2018 €
Receivables arising from direct insurance operations		
- due from a parent company	2,294,818	2,077,115
- due from a branch of a parent	262,214	721,282
- due from a fellow subsidiary of parent	160,321	208,939
- due from other brokers	7,902	19,250
	2,725,255	3,026,586
Other receivables		
- other receivables	51,962	27,422
	2,777,217	3,054,008

These amounts are current in nature, unsecured, interest free and payable on demand.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

14 Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	2019 €	2018 €
Cash at bank	11,587,594	9,366,139
Short-term deposits (time deposits)	5,100,000	6,700,000
Total cash and cash equivalents	16,687,594	16,066,139

Short-term deposits are made for varying periods and can be withdrawn within a period of one day to three months depending on the immediate cash requirements of the Company. Deposits are subject to an average interest rate of 0.23% (2018: 0.51%). The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

At year end a fixed deposit of €2,500,000 (2018: €3,000,000) and demand deposits amounting to €1,460,161 (2018: €333,459) were held with a parent company.

15 Share capital

	2019 €	2018 €
Authorised share capital		
4,250,000 ordinary shares of €1 each	4,250,000	4,250,000
Issued and fully paid up share capital		
4,250,000 ordinary shares of €1 each	4,250,000	4,250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

16 Insurance and other payables

	2019 €	2018 €
Payables arising out of insurance operations:		
Payable to a parent company	1,272,812	1,130,088
Payable to a branch of a parent	161,372	436,910
Payable to a fellow subsidiary of parent	185,712	133,279
Payable to other brokers	29,813	4,027
Other insurance payables	22,734	11,000
	1,672,443	1,715,304
Other payables:		
Payables to fellow subsidiary	497,783	295,800
Payable to immediate parent	24,264	39,153
Other creditors	80,363	89,793
	602,410	424,746

The above amounts are unsecured, interest free and payable on demand.

Insurance and other payables are current in nature.

17 Dividend

	2019 €	2018 €
Net interim dividend paid on ordinary shares	6,564,575	6,235,144
Dividend per share	1.54	1.47

18 Cash generated from operating activities

	2019 €	2018 €
Profit before taxation	9,733,004	10,079,948
Adjustment for:		
Interest income (Note 6)	(36,530)	(77,597)
Movements in items in the statement of financial position:		
Decrease/ (increase) in insurance and other receivables, and deferred acquisition costs	157,979	(1,568,270)
Increase in technical provisions	714,454	1,097,728
Increase in insurance and other payables	97,095	568,010
Cash generated from operating activities	10,666,002	10,099,819

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

19 Related party disclosures

The Company enters into transactions with its parent, group undertakings and directors in the normal course of business. Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operating decisions.

The related party transactions during the financial year ended 31 December are analysed as follows:

	2019	2018
	€	€
Income from insurance contracts and other services		
Sale of insurance contracts to a parent company	25,268,433	24,606,727
Sale of insurance contracts to a branch of a parent	2,961,154	2,695,374
Sale of insurance contracts to a fellow subsidiary of parent	725,296	1,788,493
Finance income from a parent company	28,361	32,183
<hr/>		
Expenses related to insurance contracts and other services		
Claims incurred - parent company	1,948,206	2,027,015
Claims incurred - branch of a parent	328,285	309,527
Claims incurred - fellow subsidiary of parent	91,304	13,797
Commission paid to a parent company	12,634,225	12,303,378
Commission paid to a branch of a parent	1,480,577	1,344,796
Commission paid to fellow subsidiary of parent	348,017	908,856
Recharge of operating expenses from a fellow subsidiary	939,359	973,028
Recharge of operating expenses from the immediate parent	24,264	39,153
<hr/>		

Deposits held with a parent company (as disclosed in Note 14) earn an average interest of 0.8% (2018: 0.9%).

Director's fees are disclosed in Note 8 to these financial statements.

Related party balances

Information on amounts due to and by related parties is set out in Notes 13, 14 and 16 to these financial statements.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

20 Insurance terms, assumptions and sensitivities

Terms

Claims provisions are established to cover the expected ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on the known facts at the end of the reporting period. The provisions established cover reported claims and associated loss adjustment expenses, as well as claims incurred but not yet reported to the Company, and are based on undiscounted estimates of future claim payments.

The ultimate cost of insurance claims, including incurred but not reported claims is estimated by using recognised actuarial methods including analysis of historical claims terms. Where there is a lack of reliable historic data on which to estimate claims development, relevant benchmarks of similar business are used in developing claims estimates. Claims provisions are separately analysed by product type. The claims projection assumptions are intended to be prudent and exceed a "best estimate" of the expected outcome, by including qualitative judgement to assess the extent to which past trends may not apply in the future.

Assumptions

The principal assumptions underlying the estimated insurance liabilities are based on the past claims experience within the book of business, combined with a short term view of the outlook for the French, Portuguese, Spanish and Polish economies.

The key assumptions are loss ratios, claims handling costs, claim payment delays, management expenses and mortality rates.

The requirement for an unexpired risk reserve (URR) is tested separately for each product by reference to the combined ratio, i.e. the combined cost of claims and expenses in relation to premium.

This calculation allows for product specific claims loss ratios, claims handling expenses, and commissions as well as a contribution to overall administration expenses.

As the combined ratios are below 100%, the required URR is nil for each of the group payment protection insurance policies and also for the term life program.

Sensitivities

The life insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain variables like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the end of the reporting period.

Consequently, the ultimate liabilities will vary, possibly materially, as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent years' financial statements. Reproduced below is an exhibit that shows the development of claims over a period of time on a gross basis.

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

20 Insurance terms, assumptions and sensitivities - continued

Sensitivities - continued

This exhibit treats the business written as a seamless continuation of the business originally written in Ireland up to year 2011.

Accident year	2012 & Prior	2013	2014	2015	2016	2017	2018	2019	Claims Handling Fees €	Total
	€	€	€	€	€	€	€	€		€
Cumulative Paid Claims										
as at end 2012 - in Malta	9,975,564								833,288	10,808,852
as at end 2013 - in Malta	10,631,502	1,464,554							1,215,838	13,311,894
as at end 2014 - in Malta	10,737,235	2,281,696	1,247,116						1,601,539	15,867,586
as at end 2015 - in Malta	10,697,919	2,382,432	2,191,252	1,440,113					1,975,168	18,686,884
as at end 2016 - in Malta	10,703,697	2,391,196	2,256,244	2,046,377	1,286,958				2,363,087	21,047,559
as at end 2017 - in Malta	10,712,842	2,391,196	2,297,697	2,122,069	2,114,945	1,268,471			2,756,854	23,664,074
as at end 2018 - in Malta	10,713,624	2,391,196	2,310,141	2,140,443	2,208,352	2,228,533	1,512,362		3,172,229	26,676,880
as at end 2019 - in Malta	10,715,849	2,393,196	2,314,616	2,145,539	2,225,476	2,348,093	2,536,824	1,489,643	3,589,798	29,759,034
O/S Claims										
as at end 2012 - In Malta	2,442,778								88,075	2,530,853
as at end 2013 - in Malta	751,804	1,584,424							192,455	2,528,683
as at end 2014 - in Malta	313,965	439,685	1,877,251						211,920	2,842,821
as at end 2015 - in Malta	115,881	108,462	299,038	1,670,908					207,361	2,401,650
as at end 2016 - in Malta	60,700	40,974	89,158	303,827	1,631,034				221,702	2,347,395
as at end 2017 - in Malta	34,346	25,830	45,654	112,367	321,302	1,599,100			181,789	2,320,388
as at end 2018 - in Malta	488	8,621	20,465	42,194	66,257	202,818	1,346,295		195,697	1,882,835
as at end 2019 - in Malta	4,656	4,029	6,099	8,368	15,531	36,993	168,518	1,768,271	241,916	2,254,381
Estimate of Ultimate Claims Costs										
as at end 2012 - in Malta	12,418,342								921,363	13,339,705
as at end 2013 - in Malta	11,383,306	3,048,978							1,408,293	15,840,577
as at end 2014 - in Malta	11,051,200	2,721,381	3,124,367						1,813,459	18,710,407
as at end 2015 - in Malta	10,813,800	2,490,894	2,490,290	3,111,021					2,182,528	21,088,533
as at end 2016 - in Malta	10,764,397	2,432,170	2,345,402	2,350,204	2,917,992				2,584,789	23,394,954
as at end 2017 - in Malta	10,747,188	2,417,026	2,343,351	2,234,436	2,436,247	2,867,571			2,938,643	25,984,462
as at end 2018 - in Malta	10,714,112	2,399,817	2,330,606	2,182,637	2,274,609	2,431,351	2,858,657		3,367,926	28,559,715
as at end 2019 - in Malta	10,720,505	2,397,225	2,320,715	2,153,907	2,241,007	2,385,086	2,705,342	3,257,914	3,831,714	32,013,415

The table below indicates the impact of changes in certain key assumptions in respect of life assurance business whilst other assumptions remain unchanged.

Sensitivities factor		Impact on profit	Impact on profit
		before tax	before tax
		2019	2018
		€'000	€'000
IBNR Loss Ratio - Death	Increase by 1% nominal	267	257
IBNR Loss Ratio - Accidental Death	Increase by 1% nominal	19	19
Total Outstanding Claims	Increase by 10%	225	188

The IBNR sensitivities show the impact on the total IBNR of changing the loss ratio on the most recent full year (i.e., 2019 for the current year and 2018 for the comparative).

Oney Life (PCC) Limited

Notes to the Financial Statements

For the year ended 31 December

21 Events after reporting period

On 27 January 2020, the board approved a payment of a net interim dividend, subject to the approval of MFSA, to Oney Holding Limited of €6,332,387.

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 Company has performed an impact assessment on the financial position as of 31 December 2019, on the future profitability of the Company after the year-end, as well as on its capital adequacy.

In terms of financial assets, overall liquidity position has not changed. The Company deposits cash with highly rated financial institutions licensed and regulated in their respective countries, including a parent company. The Company 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 Company. 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 disclosed in Note 4.4.1.

As for insurance and other 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 other receivables reported as at 31 December 2019 after considering that the Company has already recovered a significant amount of the amounts receivable as at year end.

Whilst there were no material changes to the risk profile of the Company during 2020, it is inevitable that some lines of business will be impacted by COVID-19, due to decreasing sales volumes across Europe. 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 Company'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 Company'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 Company's contingency plan has been activated to ensure minimal impact of the Company'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 Company's operations.

As part of a larger Banking Group, the Company is working hand in hand with the Group 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 Company.